

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-039-26099
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease: FEDERAL STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator BLACK HILLS GAS RESOURCES, INC.		6. State Oil & Gas Lease No. FEDERAL: JIC. MDA-701-98-0013
3. Address of Operator: c/o Agent, Mike Pippin LLC 3104 N. Sullivan, Farmington, NM 87401 505-327-4573		7. Lease Name or Unit Agreement Name JICARILLA 30-03-27
4. Well Location Unit Letter <u>P</u> <u>847</u> feet from the <u>South</u> line and <u>855</u> feet from the <u>East</u> line Section <u>27</u> Township <u>30N</u> Range <u>3W</u> NMPM Rio Arriba County		8. Well Number: #1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>7157' GL</u>		9. OGRID Number: 013925
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: Administrative Downhole Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This is part of the Black Hills Permit Clean-up Program.

Black Hills requests administrative approval to downhole commingle the East Blanco Pictured Cliffs (72400) and Cabresto Canyon Tertiary (97037), which are both included in the pre-approved pools established by Division Order R-11363. Both intervals have common ownership and produce essentially dry gas. We have not experienced any significant cross flows between these two intervals, and all the fluids are compatible. Downhole commingling will improve recovery of liquids and gas, eliminate redundant surface equipment, and maximize productivity. Notice has been filed concurrently on form 3160-5 with the BLM.

These Gas & Oil allocations are based on choke tests taken during rig operations in November 2005 and October 2000 in which the PC flowed 435 MCF/D & the Tertiary flowed 125 MCF/D respectively. See attached calculation. The Tertiary does not produce oil.

GAS: Pictured Cliffs 78%
GAS: Tertiary 22%

OIL: Pictured Cliffs 100%
OIL: Tertiary 0%

01/10/05 AZ

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OGD-approved plan ☐.

SIGNATURE *Mike Pippin*

TITLE Agent, Petroleum Engineer DATE 9/1/06 ST. S.

Type or print name Mike Pippin

E-mail address: mike@pippinllc.com

Telephone No.: 505-327-4573

For State Use Only

APPROVED BY: *[Signature]*

TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3

DATE SEP 06 2006

Conditions of Approval (if any):

8
9-27

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 30-03-27 #1 PC/TERTIARY
P Section 27 T30N R3W
9/4/2006
API#: 30-039-26099

Commingle Allocation Calculations

OIL

The Cabresto Canyon Tertiary gas pool does not make any oil in the vicinity of the subject well. Therefore, all oil will be allocated to the PC.

GAS

During completion operations in October 2000 and November 2005, stabilized gas tests were taken from both the PC and the Tertiary.

The Pictured Cliffs (only) choke test stabilized at 15 psi on a 3/4" choke for a 12 hour period on 11/21/05.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 3/4" \text{ choke} = 260.99 \\ P = \text{gauge pressure} + 15 \text{ psi} = 30 \text{ psi} \end{array}$$

$$Q = .0555 \cdot 260.99 \cdot 30 = 435 \text{ MCF/D.}$$

The Tertiary (only) choke test stabilized at 5 psi on a 1/2" choke for a 24 hour period on 10/17/00.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 1/2" \text{ choke} = 112.72 \\ P = \text{gauge pressure} + 15 \text{ psi} = 20 \text{ psi} \end{array}$$

$$Q = .0555 \cdot 112.72 \cdot 20 = 125 \text{ MCF/D.}$$

$$\text{Total gas} = 435 + 125 = 560 \text{ MCF/D.}$$

$$\% \text{ PC} = \frac{435}{560} = 78\%$$

$$\% \text{ Tertiary} = \frac{125}{560} = 22\%$$