

Submit 3 Copies To Appropriate District Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
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1301 W. Grand Ave., Artesia, NM 88210  
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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

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

Form C-103  
Revised June 10, 2003

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM 10-10) FOR SUCH PROPOSALS.)		WELL API NO. 30-039-26115
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Black Hills Exploration & Production dba Mallon Oil Company		6. State Oil & Gas Lease No.
3. Address of Operator 350 Indiana St, Suite 400 Golden, CO 80401		7. Lease Name or Unit Agreement Name MDA 701-98-0013
4. Well Location  Unit Letter L: 1768 feet from the South line and 437 feet from the West line  Section 29 Township 29N Range 02W NMPM Rio Arriba County		8. Well Number Jicarilla 29-02-29 #1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7076' GL		9. OGRID Number 013925
10. Pool name or Wildcat East Blanco, Pictured Cliffs and Fruitland Coal		

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 COMPLETION ☐  
OTHER: Downhole Commingle formations ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐  
CASING TEST AND 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.

Black Hills Exploration and Production dba Mallon Oil intends to complete the subject well and downhole commingle the East Blanco, Pictured Cliffs and Fruitland Coal formations under Division Order R-11363. All gas production is to be allocated based on initial production tests as 63 percent to the East Blanco, Pictured Cliffs formation and 37 percent to Fruitland Coal formation. Commingling will not reduce the value of the total remaining production. A Sundry Notice Form 3160-5 has been sent to the BLM. See attached Supplemental Data Sheet for the information fracture pressures and flow test.

DHC 1387AZ

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Allison Newcomb TITLE Engineering Technician DATE 1/7/2004

Type or print name: Allison Newcomb E-mail address: anewcomb@bhep.com Telephone No. 720-210-1308  
(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #8 DATE JAN 12 2004  
Conditions of approval, if any:

## C103 Supplemental Information

Jicarilla 29-02-29 #1

Production and Pressure Data

Pictured Cliffs and Fruitland Coal Formations

The Pictured Cliffs formation was perforated at intervals 3442-3464 with 2 jspf. Based upon pressure data obtained from the breakdown and fracture stimulation treatment the fracturing pressure of the Pictured Cliffs formation at mid-perforation is 2244 psi with a fracture gradient of 0.65 psi/ft. After fracture stimulation and clean up the Pictured Cliffs formation was flow tested for twenty-four hours. FTP 18 psig, 112 MCFPD, and 0 BWPD.

The Fruitland Coal formation was perforated at intervals 3414-3418 with 4 jspf, 3400-3410 with 2 jspf, and 3388-3390 with 4 jspf. Based upon the pressure data obtained from the fracture stimulation treatment of the formation the fracturing pressure of the fruitland coal formation is 3743 psi at the mid perforation of 3403' with a fracture gradient of 1.1 psi/ft. After fracture stimulation of the Fruitland Coal formation a stabilized flow test was conducted for twenty-four hours. FTP 30 psig, 66 MCFPD, and 72 BWPD.

The allocation method that has been agreed upon between Black Hills Exploration and Production dba Mallon Oil Company and the Jicarilla Apache Nation is to use a percent based on the initial test for allocation of the produced volumes from the downhole commingled formations. In summary, the following calculations reflect the allocation percentages for the subject well.

Formation Name	Gas Flow Rate (MCFPD)	Water Rate (BWPD)	Allocation Factor
Pictured Cliffs	112	0	63%
Fruitland Coal	66	72	37%
<b>Total</b>	<b>178</b>	<b>72</b>	<b>100.000%</b>