

6/21/06 DATE IN	SUSPENSE	WILL JONES ENGINEER	6/21/06 LOGGED IN	DHC TYPE	APP NO. PTDSC617259978
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ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



### ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

#### Application Acronyms:

**[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

#### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement  
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify \_\_\_\_\_

#### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☐ Offset Operators, Leaseholders or Surface Owner  
 [C] ☐ Application is One Which Requires Published Legal Notice  
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☐ Waivers are Attached

#### [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note:** Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

District I  
1625 N. French Drive, Hobbs, NM 88240

District II  
1301 W. Grand Avenue, Artesia, NM 88210

District III  
1000 Rio Brazos Road, Amos, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE

☒ Single Well

☐ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

BLACK HILLS GAS RESOURCES, INC. c/o Mike Pippin LLC (agent), 3104 N. Sullivan, Farmington, NM 87401

Operator

Address

JICARILLA 29-02-33 #2

Lease

2005 JUN 21 PM 12 13

D SEC. 33 T29N R02W

Rio Arriba

County

OGRID No. 013925 Property Code 28884 API No. 30-039-26819 Lease Type: ☒ Federal ☐ State ☐ Fee

THIS IS PART OF THE BLACK HILLS CLEAN-UP PROGRAM

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		<del>East Blanco Pictured Cliffs</del>
Pool Code	71629		<del>29-02</del>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3508'-34'		3560'-88'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1165		1175
Producing, Shut-In or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 8/24/05 Rates: 47 MCF/D	Date: Rates:	Date: 8/26/05 Rates: 98 MCF/D
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 0% 24%	Oil Gas % %	Oil Gas 100% 76%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes ☒ No ☐

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☐ No ☒

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools

List of all operators within the proposed Pre-Approved Pools

Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.

Bottomhole pressure data.

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

SIGNATURE Mike Pippin TITLE Petroleum Engineer - Agent DATE June 19, 2006

TYPE OR PRINT NAME Mike Pippin TELEPHONE NO. ( 505 ) 327-4573

E-MAIL ADDRESS mike@pippinllc.com

**District I**  
1625 N. French Dr., Hobbs, NM 88240

**District II**  
1301 W. Grand Avenue, 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 & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-039-26819		<sup>2</sup> Pool Code 71629		<sup>3</sup> Pool Name Basin Fruitland Coal	
<sup>4</sup> Property Code 28884		<sup>5</sup> Property Name Jicarilla 29-2-33			<sup>6</sup> Well Number 2
<sup>7</sup> OGRID No. 013925		<sup>8</sup> Operator Name Black Hills Gas Resources, Inc.			<sup>9</sup> Elevation 7258' GL

<sup>10</sup> **Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	33	29-N	2-W		770'	North	725'	West	Rio Arriba

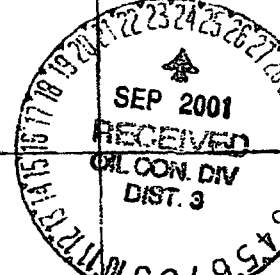
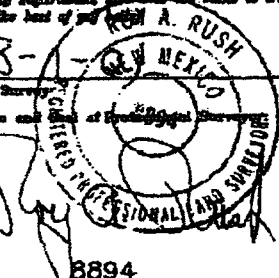
<sup>11</sup> **Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 320 - N/2	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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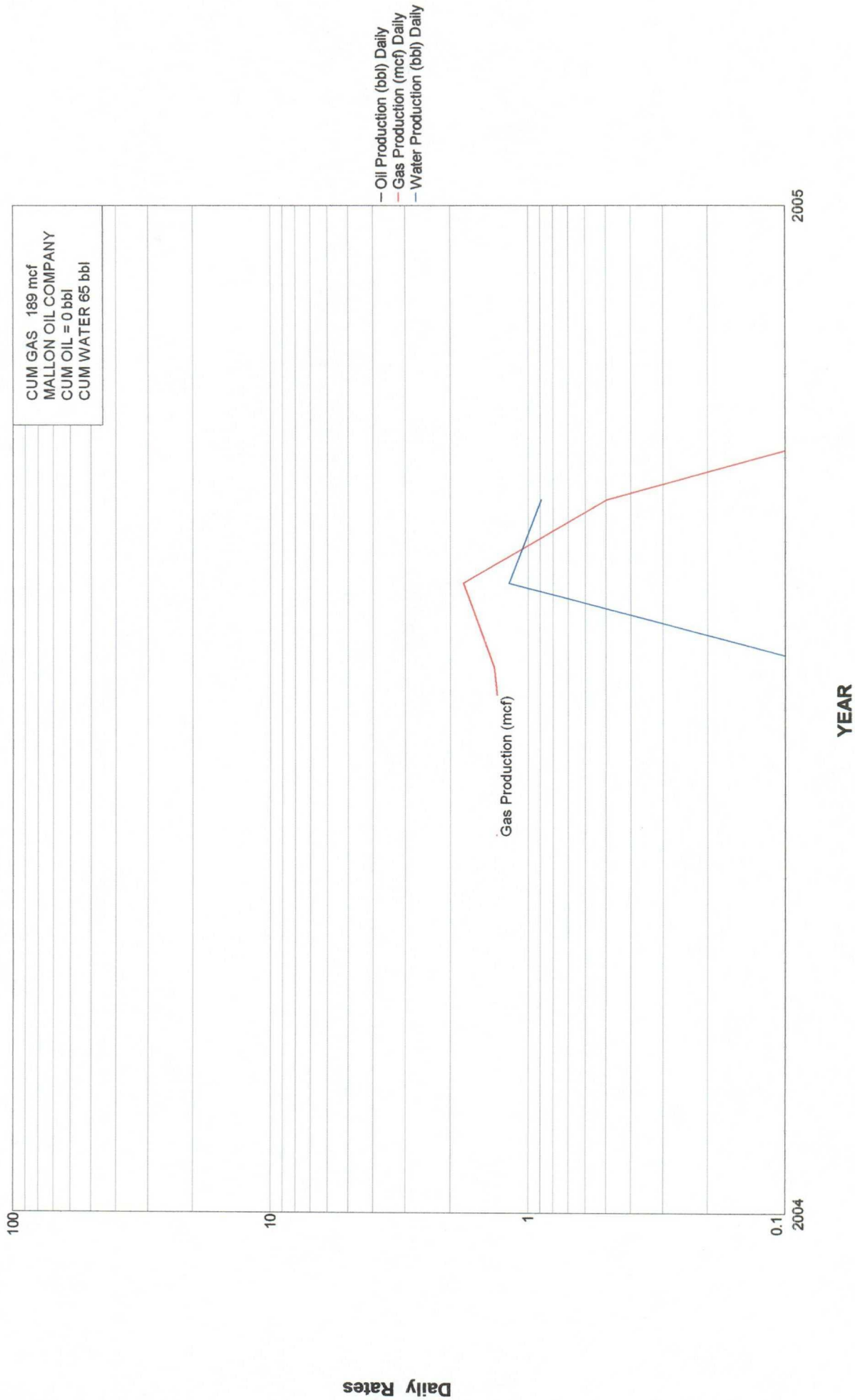
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	<p><sup>17</sup> <b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <u>Mike Pippin</u> Date: <u>6-17-06</u></p> <p>Printed Name: <u>Mike Pippin</u></p>	
	<p><sup>18</sup> <b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number: _____</p>	

<div style="display: flex; justify-content: space-between;"> <span>18</span> <span>N 89-48-40 E</span> <span>5403.1' (M)</span> </div> <div style="margin-top: 20px;"> <p>FD. 3 1/4" AC STAMPED "LS8894"</p> <p>770'</p> <p>725'</p> <p>628'</p> <p>502'</p> </div>	<div style="text-align: center;"> <p>FD. MARKED STONE</p> </div> <div style="text-align: center; margin-top: 100px;">  </div>	<div> <p>17 <b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> </div> <div style="margin-top: 20px;"> <p>Signature _____</p> <p>David F. Banko</p> <p>Printed Name _____</p> <p>Agent for Mallon Oil Co.</p> <p>Title _____</p> <p>August 30, 2001</p> <p>Date _____</p> </div>
<div style="display: flex; justify-content: space-between;"> <span>5087.7' (M)</span> <span>33</span> </div> <div style="margin-top: 20px;"> <p>LAT. 36°41'13"N LONG. 107°03'18"W</p> </div>	<div style="text-align: center;"> <p>SEP 2001 RECEIVED OIL CON. DIV DIST. 3</p> </div>	<div> <p>18 <b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> </div> <div style="margin-top: 20px;"> <p>8-1</p> <p>Date of Survey _____</p> <p>Signature and Seal of Registered Surveyor _____</p> <div style="text-align: center;">  </div> <p>8894</p> <p>Certificate Number _____</p> </div>
<p>5 00-38-37 E</p> <p>CALC'D CORNER</p>		

Lease Name: JIC 29 02 33  
 County, State: RIO ARBA, NM  
 Operator: MALLON OIL COMPANY  
 Field: BLANCO EAST  
 Reservoir: PICTURED CLIFFS  
 Location: 33 29N 2W SE NW NW

JIC 29 02 33 - 2 33 29N 2W SE NW NW PICTURED CLIFFS 05/2004



BLACK HILLS GAS RESOURCES, INC.  
JICARILLA 29-02-33 #2 PC / FRTC  
D Section 33 T29N R02W  
6/18/2006

## Commingle Allocation Calculations

### OIL

The Basin Fruitland Coal gas pool does not make any oil in the vicinity of the subject well. The East Blanco Pictured Cliffs gas pool does produce a little oil. Therefore, any and all oil will be assigned to the Pictured Cliffs.

### GAS

During workover operations in July & August 2005, stabilized choke gas tests were taken on the FRTC alone, then on the FRTC and Pictured Cliffs together.

Choke gas test on FRTC alone: 47 MCF/D.

Choke gas test on Pictured Cliffs and FRTC together: 145 MCF/D.

Total gas = 47 + 145 = 192 MCF/D.

$$\% \text{ Pictured Cliffs} = \frac{192-47}{192} = 76\%$$

$$\% \text{ FRTC} = \frac{47}{192} = 24\%$$