

Submit 3 Copies To Appropriate District Office -

District I

525 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

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

Form C-103  
Revised March 25, 1999

WELL API NO.

30039071260000

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

Federal

7. Lease Name or Unit Agreement Name

Northwest

8. Well No. 1

8. Pool name or Wildcat

Blanco Mesa Verde and BS Mesa Gallup

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.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Cordillera Energy Inc.

3. Address of Operator

8450 E. Crescent Parkway, Suite 400 Greenwood Village, Colorado 80111

4. Well Location

Unit Letter G : 1850 feet from the North line and 1850 feet from the East line

Section 7 Township 26N Range 40W NMPM Rio Arriba County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)  
6804' GL

11. 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: Down hole Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. 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 recompilation.

Down hole commingle the Blanco Mesa Verde (72319) and BS Mesa Gallup (72920) pools in this well bore. These are pre-approved pools as per NMOCD Order # 11563.

Attached are the following documents:

1. A well bore diagram showing the perforated intervals and well bore configuration.
2. The allocation method proposed and supporting data.
3. Statement of commingling showing no reduced value of the total remaining production.
4. Statement attesting that notice was sent to all interest owners and no objections were received.
5. Statement attesting a copy of this form was sent to the BLM

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

SIGNATURE

TITLE Vice President of Operations

DATE May 1, 2003

Type or print name J.C. Ridens

Telephone No. 303-290-0990

APPROVED BY

TITLE

DEPUTY OIL & GAS INSPECTOR, DIST. 4

DATE

Conditions of approval, if any:

MAY - 5 2003

## Northwest 1

### Based on total production

#### Fixed Percentage Allocation Formula

	<table><tr><td>Oil</td><td></td></tr><tr><td>Barrels</td><td>%</td></tr></table>	Oil		Barrels	%	<table><tr><td>Gas</td><td></td></tr><tr><td>MCF</td><td>%</td></tr></table>	Gas		MCF	%
Oil										
Barrels	%									
Gas										
MCF	%									
Mesa Verde	485 85.7	612,074 71.1								
Gallup	81 14.3	248,705 28.9								
TOTAL	566 100.0	860,779 100.0								

### January 2003 Production

#### Fixed Percentage Allocation Formula

	<table><tr><th>Oil</th><th></th></tr><tr><th>Barrels</th><th>%</th></tr></table>	Oil		Barrels	%	<table><tr><th>Gas</th><th></th></tr><tr><th>MCF</th><th>%</th></tr></table>	Gas		MCF	%
Oil										
Barrels	%									
Gas										
MCF	%									
Mesa Verde	4 100.0	769 100.0								
Gallup	0 0.0	0 0.0								
TOTAL	4 100.0	769 100.0								

### Suggested Future Production

#### Fixed Percentage Allocation Formula

	<table><tr><td>Oil</td><td></td></tr><tr><td>Barrels</td><td>%</td></tr></table>	Oil		Barrels	%	<table><tr><td>Gas</td><td></td></tr><tr><td>MCF</td><td>%</td></tr></table>	Gas		MCF	%
Oil										
Barrels	%									
Gas										
MCF	%									
Mesa Verde	2 100.0	770 93.9								
Gallup	0 0.0	50 6.1								
TOTAL	2 100.0	820 100.0								

## **Statement of Commingling**

The commingling of the Blanco Mesa Verde (72319) and BS Mesa Gallup (72920) Pools in this well bore will not reduce the value of the remaining production. Commingling these two pools should actually increase the value of the remaining reserves due to using the remaining reservoir energy in both zones to effectively plunger lift this well. The installation of one string of 2-3/8" tubing, instead of two strings of 1-1/2" and 1" tubing, should result in a much more efficient plunger lift operation. Commingling operations conducted on other wells similar to this have resulted in increased production rates and greater reserve recovery than producing each zone separately to depletion.


Commingling will help the Gallup zone in this well, as it has not produced in several years due to suspected fluid loading. Removing the packer and small tubing strings will allow swabbing on the zone. The subsequent installation of 2 3/8" tubing and a plunger lift system should result in the Gallup being returned to production at expected levels.

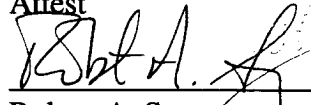
Previous commingling operations we have conducted in the San Juan Basin have shown improvement in most cases and in a minority of cases no improvement. We have not conducted a commingle that has resulted in reduced production rates or reserve recovery.

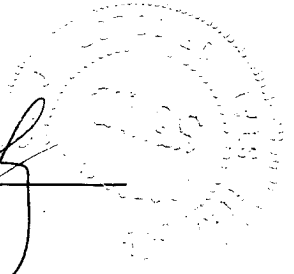
### Statement of Notification

The interests in these two pools are identical. A list of all parties affected by this commingling is attached. They were all notified by certified mail of our intention to commingle these two zones. No objections were received to this operation.

Further, a copy of the Division Form 103C has been filed with the Bureau of Land Management using Sundry Notice Form 3160-5.

  
\_\_\_\_\_  
J.C. Ridens  
Vice President of Operations

Attest  
  
\_\_\_\_\_  
Robert A. Seavy  
Secretary



May 1, 2003