

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
Revised June 10, 2003

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

WELL API NO. 30-039-2759#3
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. MDA 701-98-0013
7. Lease Name or Unit Agreement Name 23926
8. Well Number Jicarilla 29-03-02 No. 3
9. OGRID Number 013925
10. Pool name or Wildcat East Blanco; Pictured Cliffs and Cabresto Canyon, Tertiary

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
Black Hills Gas Resources, Inc.

3. Address of Operator
350 Indiana St, Suite 400 Golden, CO 80401

4. Well Location

Unit Letter P:335 feet from the South line and 960 feet from the East line

Section 2

Township 29N

Range 03W

NMPM

Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
7279' GL

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.

Mallon Oil Company, an indirect wholly owned subsidiary of Black Hills Exploration & Production, Inc. intends to complete the subject well and downhole commingled the Cabresto Canyon; Tertiary and East Blanco; Pictured Cliffs under Division Order R-11363. All gas production is to be allocated based on initial production tests as 5.1 percent to the East Blanco; Pictured Cliffs formation and 94.9 percent to Cabresto Canyon; Tertiary formation. See attached Supplemental Data Sheet for the information fracture pressures and flow test. The commingling will not reduce the value of the total remaining production. A Sundry Notice form 3160-5 has been sent, notifying the BLM of downhole commingling formations.

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 9/1/2004

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. 40 DATE OCT - 4 2004
Conditions of approval, if any: please supply completed C-102 Form prior to recompletion for Cabresto Canyon Tertiary

C103 Supplemental Information

Jicarilla 29-03-02 #3
Production and Pressure Date
Pictured Cliffs and Tertiary Formations

The Pictured Cliffs formation was perforated at intervals 3738'-3756' with 4 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 2848 psi with a fracture gradient of 0.76 psi/ft. After fracture stimulation and clean up the Pictured Cliffs formation was flow tested for twenty-four hours. FTP 0 psig, 46 MCFPD.

The Tertiary formation was perforated at intervals 1091'-1093', 1095'-1097, 1236'-1242', and 1308'-1316' with 2 jspf. Based upon the pressure data obtained from the fracture stimulation treatment of the formation the fracturing pressure of the Tertiary formation is 915 psi at the mid perforation of 1204' with a fracture gradient of 0.76 psi/ft. After fracture stimulation of the Tertiary formation a stabilized flow test was conducted for twenty-four hours FTP 0 psig, 864 MCFPD.

The allocation method that has been agreed upon between Mallon Oil Company, an indirect wholly owned subsidiary of Black Hills Exploration and Production, Inc. 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	46		5.1%
Tertiary	864		94.9%
Total	910		100 %