

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

5. Lease Serial No.

SF-078095A

6. If Indian, Allottee or Tribe Name

7. If Unit or OA/Agreement, Name and/or No.

RECEIVED

8. Well Name and No.

Horton #1A

9. API Well No.

30-045-2195500SI

10. Field and Pool, or Exploratory Area

Blanco-Mesaverde, Basin-Dakota

11. County or Parish, State

San Juan, New Mexico

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Hallador Petroleum, LLP

3a. Address

1660 Lincoln St., Suite 2700, Denver CO 80264

3b. Phone No. (include area code)

303 839-5504 ext. 317

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1850' fml, 1690' fel Sec 7 T31N R11W

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☐ Other

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.

PRE APPROVED POOLS.
ALLOCATIONS ARE GOOD.
NO CAS

OHC Pending

Hallador Petroleum, LLP proposes to downhole commingle the Basin Dakota and the Blanco Mesaverde pools per the attached documents 10/20/04.

I TALKED WITH TIM LOVSETH, WITH HALLADOR PETROLEUM, TO INFORM HIM OUR DATA SA THE WELL IS PRODUCING FROM MV ZONE. TIM SAID THEY INSTALLED PACKER IN WELL. 11/02, E A DAKOTA IS PRODUCING. I CHECKED DATA FROM "60 TELL" ON-BOARD. DWIGHT'S DATA TO VERIFY IT SHOWED ONLY MV AS PRODUCING ZONE. TIM SAID THEY WOULD CHECK ON PROBLEM & MAKE NEEDED CORRECTION.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Timothy Lovseth

Title

Exploration Manager

Signature

Date

October 12, 2004

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Office

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1901, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOC



HALLADOR PETROLEUM, LLP

HALLADOR PETROLEUM COMPANY

HALLADOR PRODUCTION COMPANY

October 13, 2004

Mr. Mark E. Fesmire, P.E.
State of New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval for Downhole Commingling
Basin Dakota and Blanco Mesaverde Pools
Horton #1A
Unit G Section 7 T31N R11W
San Juan County, New Mexico

Dear Mr. Fesmire:

Hallador Petroleum, LLP requests administrative approval for downhole commingling of the Basin Dakota and the Blanco Mesaverde Pools in the subject well bore. The following information is provided in support of this application.

The Horton #1A was drilled and completed in 1976. The Dakota was perforated from 7396' to 7436' and stimulated. The Dakota's initial potential was 887 mcfpd. A bridge plug was set above the Dakota and the Mesaverde was perforated from 4394' to 5408' and stimulated. The initial potential of the Mesaverde was 1150 mcfpd. The Mesaverde was produced until October 2002. During November 2002, the bridge plug was drilled out and the Dakota was isolated by means of a retrievable packer. Since November 2002, this well has produced from the Dakota.

The attached C-102 plat shows the east half of section 7, T31N R11W as the 320 acre spacing unit for the Dakota and the Mesaverde.

The attached table (form C-107A) shows the proposed allocation percentages for each pool. The proposed allocation is based on the last full monthly volume and stabilized rate for the Mesaverde (September 2002) and the Dakota (August 2004). A decline curve is attached showing monthly production from January 2001 to August 2004.

Dakota and Mesaverde fluids have been generally determined to be compatible across the basin based on previously approved applications. In the event commingle causing some minor reactions, chemical treatments have proved to be successful in mitigating scaling/precipitate problems.

The current casing pressure is 285 psi which is a measurement of the long term shut-in reservoir pressure of the Mesaverde. The estimated current reservoir pressure of the

Dakota is about 290 psi based on a recent shut-in test. Because the Dakota and Mesaverde formation pressures are about equal, we do not expect cross-flow to be a problem.

All working, royalty and overriding royalty interest owners have been notified by certified mail.

Commingling of the Basin Dakota and the Blanco Mesaverde pools will minimize operation costs and add reserves by extending the life of the well. In addition, correlative rights will be protected. We therefore respectfully request your approval of this application.

If you have any questions or need additional information, please call me at (303) 839-5504 ext. 317.

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy Lovseth', with a stylized flourish at the end.

Timothy Lovseth
Exploration Manager

Attachments:

- Form C-107A
- Form C-102
- Decline curve
- Notification list of interest owners
- Form 3160-5

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

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

District III
1000 Rio Brazos Road, Aztec, 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
x__ Single Well
___ Establish Pre-Approved Pools
EXISTING WELLBORE
x__ Yes ___ No

APPLICATION FOR DOWNHOLE COMMINGLING

Hallador Petroleum, LLP 1660 Lincoln Street, Suite 2700, Denver CO 80264

Operator Address
Horton 1A G Section 7 T31N R11W San Juan
Lease 012672 Well No. 005619 Unit Letter-Section-Township-Range 30-045-21955 County
OGRID No. _____ Property Code _____ API No. _____ Lease Type: x__ Federal ___ State ___ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco-Mesaverde		Basin-Dakota
Pool Code	72319		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4394' to 5408'		7396' to 7436'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)	Not Required		Not Required
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1.242 BTU		1.152 BTU
Producing, Shut-In or New Zone	Shut-In		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: September 2002 Rates: 3798 mcf 0 bo 240 bw	Date: Rates:	Date: August 2004 Rates: 4618 mcf 12 bo 60 bw
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 % 45 %	Oil Gas % %	Oil Gas 100 % 55 %

N MEXICO OIL CONSERVATION COMMISS.
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-101
Effective 1-1-75

All distances must be from the outer boundaries of the Section.

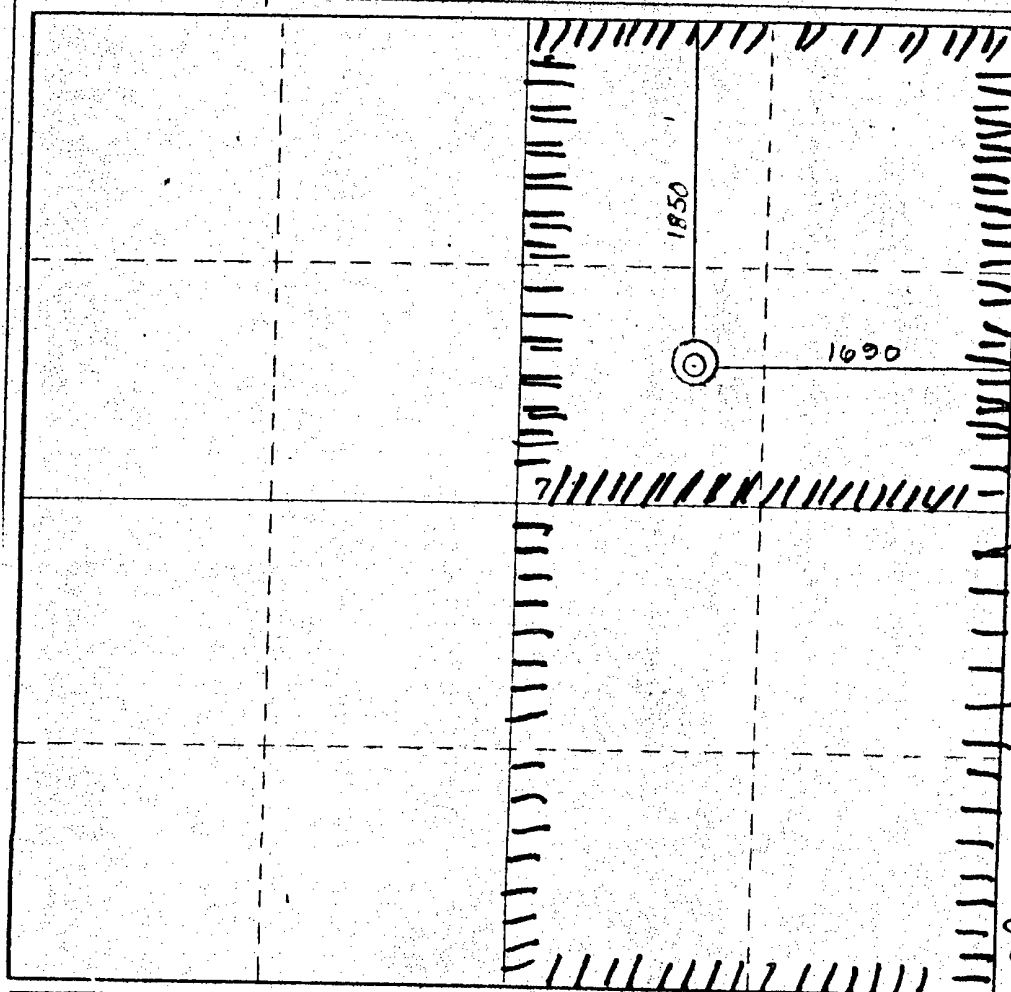
Operator KIMBARK OPERATING COMPANY			Lease HORTON		Well No. 51A
Unit Letter G	Section 7	Township 31 NORTH	Range 11 WEST	County SAN JUAN	
Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 1850 feet from the NORTH line and 1690 feet from the EAST line </div>					
Ground Level Elev. 6256	Producing Formation MESA VERDE-DAKOTA DUAL			Pool	Dedicated Acreage Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Walter K. Arbuckle

Name

Walter K. Arbuckle

Position

President

Company

Kimbark Operating Co.

Date

12/19/75

Dakota

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 knowledge and belief.

Date Surveyed

10 December 1975

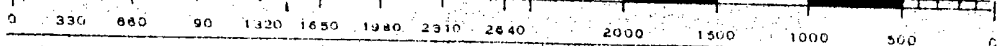
Registered Professional Engineer and Certified Surveyor

James P. Leese

James P. Leese

Certificate No.

1463



UWI: 3004521955 Name: HORTON Num: 1-A Label: 1-A

