

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

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

Form C-103
Revised June 10, 2003

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.)		WELL API NO. 30-039-27729
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 Gas Resources, Inc.		6. State Oil & Gas Lease No. Jicarilla Contract 451
3. Address of Operator 350 Indiana St, Suite 400 Golden, CO 80401		7. Lease Name or Unit Agreement Name
4. Well Location Unit Letter P: 660 feet from the South line and 660 feet from the East line Section 4 Township 29N Range 03W NMPM Rio Arriba County		8. Well Number Jicarilla 451-04 No. 44
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7048' GL		9. OGRID Number 013925
		10. Pool name or Wildcat East Blanco; Pictured Cliffs and Cabresto Canyon, Tertiary

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 Gas Resources, Inc. intends to complete the subject well and downhole commingle 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 60 percent to the East Blanco; Pictured Cliffs formation and 40 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 9/27/2004

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. IV DATE OCT -1 2004
Conditions of approval, if any:

C103 Supplemental Information

Jicarilla 451-04 #44

Production and Pressure Data

Pictured Cliffs and Tertiary Formations

The Pictured Cliffs formation was perforated at intervals 3651' - 3671' 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 2782 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 180 psig, 650 MCFPD, and <12 BWPD.

The Tertiary formation was perforated at intervals 1012'-1014', 1306'-1312', 1984'-1986', 2070'-2072', 2075'-2077', 2088'-2092', 2218'-2220, 2226'-2230', 2358'-2362', 2366'-2370', 2404'-2408', 2554'-2558', 2662'-2672', 2746'-2750', 2756'-2762' with 2 jspf. Based upon the pressure data obtained from the fracture stimulation treatment of the formation, the fracturing pressure of the Upper Nacimiento formation (2218-2558) is 1791 psi at the mid perforation of 2388' with a fracture gradient of 0.75 psi/ft. The fracturing pressure of the Nacimiento Sandstone formation (2662-2762) is 2034 psi at the mid perforation of 2712' with a fracture gradient of 0.75 psi/ft. The fracturing pressure of the San Jose formation is 883 psi at the mid perforation of 1162' with a fracture gradient of 0.76 psi/ft. After fracture stimulation of the Cabresto Canyon tertiary formation a stabilized flow test was conducted for twenty-four hours. FTP 50 psig, 433 MCFPD, and 72 BWPD.

The allocation method that has been agreed upon between Black Hills Gas Resources, 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	650	<12	60%
Tertiary	433	72	40%
Total	1083	<84	100.000%