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

WELL API NO.
30-039-26731

5. Indicate Type of Lease
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
MDA 701-98-0013

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.)

7. Lease Name or Unit Agreement Name

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

8. Well Number
Jicarilla 29-03-11 No. 2

2. Name of Operator
Black Hills Gas Resources, Inc.

9. OGRID Number
013925

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

10. Pool name or Wildcat
Cabresto Canyon, Tertiary and Basin Fruitland Coal

MAR 2005 RECEIVED OIL CONS. DIV. DIST. 3

4. Well Location

Unit Letter H: 2050 feet from the North line and 630 feet from the East line

Section 11 Township 29N Range 03W NMPM Rio Arriba County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
7208' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	PLUG AND ABANDONMENT	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPLETION	☐	CASING TEST AND CEMENT JOB	☐		
OTHER: Downhole Commingle Formations			☒	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 Basin Fruitland Coal. All gas production is to be allocated based on initial production tests as 1 percent to Cabresto Canyon; Tertiary formation and 99 percent to the Basin, Fruitland 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.

DHC 531A AZ

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 3/11/2005

Type or print name: Allison Newcomb E-mail address: anewcomb@bhep.com Telephone No. 720-210-1308

(This space for State use)

APPPROVED BY _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE MAR 14 2005

Conditions of approval, if any:

C103 Supplemental Information

Jicarilla 29-03-11 #3
Production and Pressure Date
Tertiary and Fruitland Formations

The Fruitland Basin formation was perforated at intervals 3604' – 3608' and 3634' – 3642' with 4 jspf. Based upon pressure data obtained from the breakdown and fracture stimulation treatment the fracturing pressure of the Fruitland Basin formation at mid-perforation is 3623 psi with a fracture gradient of 1.0 psi/ft. After fracture stimulation and clean up the Fruitland Basin formation was flow tested for twenty-four hours, MCFPD.

The Tertiary formation was perforated at intervals 1200' – 1202', 1226' – 1228', 1259' – 1261', 1704' – 1706', 1712' – 1714', 1718' – 1720', 1753' – 1755', 1758' – 1760', 2047' – 2049' and 2170' – 2174' with 4 jspf. Based upon the pressure data obtained from the fracture stimulation treatment of the San Jose, Tertiary formation (1200-1760), the fracturing pressure of the Tertiary formation is 1043 psi with a fracture gradient of 0.75 psi/ft. Based upon the pressure data obtained from the fracture stimulation treatment of the Nacimiento, Tertiary formation (2047-2174), the fracturing pressure of the Tertiary formation is 2108 psi with a fracture gradient of 0.75 psi/ft. After fracture stimulation of the Tertiary formation, a stabilized flow test was conducted for twenty-four hours, TSTM MCFPD.

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
Tertiary	TSTM		1%
Basin, Fruitland	139		99%
Total			100.000%