

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
May 27, 2004

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

WELL API NO. 30-039-29305
5. Indicate Type of Lease: FEDERAL STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Jicarilla 464-32
8. Well Number #15
9. OGRID Number 013925
10. Pool name or Wildcat E. Blanco PC & 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.**
c/o Mike Pippin LLC - Agent

3. Address of Operator
3104 N. Sullivan, Farmington, NM 87401

4. Well Location

Unit Letter I : 1890 feet from the South line and 980 feet from the East line
Section 32 Township 30N Range 03W NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
7040' GL

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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 COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Administrative Downhole Commingle ☒

OTHER: ☐

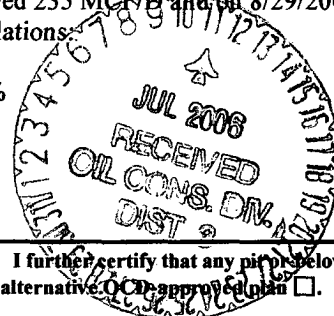
13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Black Hills requests administrative approval to downhole commingle the East Blanco, Pictured Cliffs (72400) and Cabresto Canyon, Tertiary (97037), which are both included in the pre-approved pools established by Division Order R-11363. Both intervals have common ownership and produce essentially dry gas. We have not experienced any significant cross flows between these two intervals, and all the fluids are compatible. Downhole commingling will improve recovery of liquids and gas, eliminate redundant surface equipment and maximize productivity. Notice has been filed concurrently on form 3160-5 with the BLM.

This gas allocation is based on flow tests taken during rig operations on 8/9/2005, in which the PC flowed 235 MCF/D and on 8/29/2005, in which the Tertiary flowed 255 MCF/D. This Tertiary pool does not produce oil. See attached calculations.

GAS: Pictured Cliffs 48%
GAS: Tertiary 52%

OIL: Pictured Cliffs 100%
OIL: Tertiary 0%



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OGD approved plan ☐.

SIGNATURE Mike Pippin TITLE Agent - Petr Engr DATE 6/27/06

Type or print name Mike Pippin

E-mail address: mike@pippinllc.com

Telephone No. 505-327-4573

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 2 DATE JUL 11 2006

Conditions of Approval (if any):

B

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 464-32 #15 PC/TERTIARY
I Section 32 T30N R03W
6/27/2006

Commingle Allocation Calculations

OIL

The Cabresto Canyon Tertiary gas pool does not make any oil in the vicinity of the subject well. The East Blanco Pictured Cliffs gas pool does produce a little oil. Therefore, any and all oil will be assigned to the Pictured Cliffs.

GAS

During completion operations on 8/9/2006, a stabilized test was taken on the East Blanco, Pictured Cliffs and on 8/29/2006, a stabilized test was taken on the Cabresto Canyon, Tertiary.

Flow gas test on Pictured Cliffs: 235 MCF/D.

Flow gas test on Tertiary: 255 MCF/D.

Total gas = 235 + 255 = 490 MCF/D

$$\% \text{ Pictured Cliffs} = \frac{235}{490} = 48\%$$

$$\% \text{ Tertiary} = \frac{255}{490} = 52\%$$