

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

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| 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. 30-039-29481 |
| 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other | | 5. Indicate Type of Lease: FEDERAL STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator BLACK HILLS GAS RESOURCES, INC. | | 6. State Oil & Gas Lease No. FEDERAL: JIC. MDA-701-98-0013 |
| 3. Address of Operator: c/o Agent, Mike Pippin LLC 3104 N. Sullivan, Farmington, NM 87401 505-327-4573 | | 7. Lease Name or Unit Agreement Name JICARILLA 29-02-18 |
| 4. Well Location Unit Letter <u>B</u> : <u>685</u> feet from the <u>North</u> line and <u>2345</u> feet from the <u>East</u> line Section <u>18</u> Township <u>29N</u> Range <u>2W</u> NMPM Rio Arriba County | | 8. Well Number: #13 |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>7357' GL</u> | | 9. OGRID Number: <u>013925</u> |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> | | |
| Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ | | |
| Pit Liner Thickness: <u>12</u> 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.

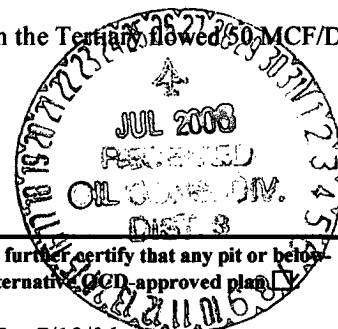
This is part of the Black Hills Permit Clean-up Program.

Black Hills requests administrative approval to downhole commingle the East Blanco Pictured Cliffs (72400) and La Jara Canyon Tertiary (97036), 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.

These Gas & Oil allocations are based on choke tests taken during rig operations in March 2006, in which the Tertiary flowed 50 MCF/D & the PC flowed 438 MCF/D. See attached calculations. This Tertiary pool does not produce oil.

GAS: Pictured Cliffs 90%
GAS: Tertiary 10%

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 NMOCD-approved plan ☐.

SIGNATURE Mike Pippin TITLE Agent, Petroleum Engineer DATE 7/19/06
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. 3 DATE JUL 26 2006
Conditions of Approval (if any): DH C2354AZ

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 29-02-18 #13 PC / TERTIARY
B Section 18 T29N R02W
7/19/2006
API#: 30-039-29481

Commingle Allocation Calculations

OIL

The La Jara 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 in March 2006, stabilized gas choke tests were taken on the PC alone, then on the Tertiary alone

The **Pictured Cliffs** choke test stabilized at 55 psi on a 1/2" choke for a 16 hour period on 3/14/06.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 1/2" \text{ choke} = 112.72 \\ P = \text{gauge pressure} + 15 \text{ psi} = 70 \text{ psi.} \end{array}$$

$$Q = .0555 \cdot 112.72 \cdot 70 = 438 \text{ MCF/D.}$$

The **Tertiary** choke test stabilized at 19 psi on a 1/4" choke on 3/21/06.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 1/4" \text{ choke} = 26.51 \\ P = \text{gauge pressure} + 15 \text{ psi} = 34 \text{ psi.} \end{array}$$

$$Q = .0555 \cdot 26.51 \cdot 34 = 50 \text{ MCF/D.}$$

$$\text{Total gas} = 438 + 50 = 488 \text{ MCF/D.}$$

$$\% \text{ Pictured Cliffs} = \frac{438}{488} = 90\%$$

$$\% \text{ Tertiary} = \frac{50}{488} = 10\%$$