

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
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1301 W. Grand Ave., Artesia, NM 88210
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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. 30-039-26865
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 Exploration & Production dba Mallon Oil Company		6. State Oil & Gas Lease No.
3. Address of Operator 350 Indiana St, Suite 400 Golden, CO 80401		7. Lease Name or Unit Agreement Name MDA 701-98-0013
4. Well Location Unit Letter D:800feet from the North line and 460 feet from the West line		8. Well Number Jicarilla 29-02-09 #2
Section 9 Township 29N Range 02W NMPM Rio Arriba County		9. OGRID Number 013925
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7366' GL		10. Pool name or Wildcat Pictured Cliffs and La Jara Canyon, Tertiary

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: Downhole Commingle formations <input checked="" type="checkbox"/>

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 Exploration and Production dba Mallon Oil has completed the subject well and downhole commingled the Tertiary and Pictured Cliffs under Division Order R-11445. All gas production is to be allocated based on initial production tests as 25.5 percent to the Pictured Cliffs formation and 74.5 percent to Tertiary formation. See attached Supplemental Data Sheet for the information fracture pressures and flow test.

DHC 1319 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 9/19/2003

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. 43 DATE OCT - 2 2003
Conditions of approval, if any:

C103 Supplemental Information

Jicarilla 29-02-09 #2

Production and Pressure Data
Picture Cliffs and Tertiary Formations

The Pictured Cliffs formation was perforated at intervals 3628 – 3632 and 3635 – 3640 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 2762 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 110 psig, 184 MCFPD, and 12 BWPD.

The Tertiary formation was perforated at intervals 1283 – 1358 and 1384 – 1304 with 2 jspf. Based upon the pressure data obtained from the fracture stimulation treatment of the formation the fracturing pressure of the tertiary formation is 1059 psi at the mid perforation of 1394' with a fracture gradient of 0.76 psi/ft. After fracture stimulation of the Tertiary formation a stabilized flow test was conducted for twenty-four hours FTP 102 psig, 536 MCFPD, and 0 BWPD.

The allocation method that has been agreed upon between Black Hills Exploration and Production dba Mallon Oil Company 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	184	12	25.555%
Tertiary	536	0	74.445%
Total	720	12	100.000%