

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.  
30-039-29421  
5. Indicate Type of Lease: **FEDERAL**  
STATE ☐ FEE ☐  
6. State Oil & Gas Lease No.  
**FEDERAL:** MDA 701-98-0013 Tract 2

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.**

3. Address of Operator: c/o Agent, Mike Pippin LLC  
3104 N. Sullivan, Farmington, NM 87401 505-327-4573

4. Well Location

Unit Letter B : 115 feet from the North line and 2195 feet from the East line

Section 28 Township 29N Range 2W NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
7158' 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: 12 mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

7. Lease Name or Unit Agreement Name  
**JICARILLA 29-02-28**

8. Well Number: **#13**

9. OGRID Number: 013925

10. Pool name or Wildcat  
E.Blanco PC & Burro Canyon Tertiary

RCVD AUG 1 '08  
OIL CONS. DIV.  
DIST. 3

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 ☐

OTHER: Administrative Downhole Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/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 requests administrative approval to downhole commingle the East Blanco Pictured Cliffs (72400) and Burro Canyon Tertiary (97035), 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 completion operations in March 2006, in which the PC averaged 80 MCF/D & the Tertiary flowed 154 MCF/D. See attached calculations. The Tertiary pool does not produce oil.

GAS: Pictured Cliffs 34%  
GAS: Tertiary 66%

OIL: Pictured Cliffs 100%  
OIL: Fruitland Coal 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 NMOC guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Mike Pippin TITLE Agent, Petroleum Engineer DATE 7/31/08  
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,  
Conditions of Approval (if any): District #3 DATE AUG 01 2008

BLACK HILLS GAS RESOURCES, INC.  
JICARILLA 29-02-28 #13 PC / Tertiary  
B Section 28 T29N R02W  
7/31/08

## Commingle Allocation Calculations

### OIL

The Burro 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

The Tertiary was tested on 3/20/06 at 90 psi on a 1/4" choke for 154 MCF/D.

$$Q = .0555 * C * P \quad \begin{array}{l} C = \text{coefficient for } 1/4" \text{ choke} = 26.51 \\ P = \text{gauge pressure} + 15 \text{ psi} = 105 \text{ psi} \end{array}$$

$$Q = .0555 * 26.51 * 105 = \underline{154 \text{ MCF/D}} = \text{Tertiary.}$$

The Pictured Cliffs was tested on 3/10/06 on a 3/16" choke at 85 psi for 80 MCF/D.

$$Q = .0555 * C * P \quad \begin{array}{l} C = \text{coefficient for } 3/16" \text{ choke} = 14.44 \\ P = \text{gauge pressure} + 15 \text{ psi} = 100 \text{ psi} \end{array}$$

$$Q = .0555 * 14.44 * 100 = \underline{80 \text{ MCF/D}} = \text{Pictured Cliffs.}$$

Total gas is  $154 + 80 = 234 \text{ MCF/D}$

$$\% \text{ Pictured Cliffs} = \frac{80}{234} = 34\%$$

$$\% \text{ Tertiary} = \frac{154}{234} = 66\%$$