

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
Well
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107A
Revised June 10, 2003

APPLICATION TYPE
 Single

Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

DHC-3643
PWT 0604729543

Black Hills Gas Resources, Inc. PO Box 249 Bloomfield, NM 87413
Operator Address

Jicarilla 29-02-05 44 P-5-29N-02W Rio Arriba, NM
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 013925 Property Code 97036 API No. 30-039-29104 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE <i>UNDERS</i> La Jara Canyon Tertiary	INTERMEDIATE ZONE Basin Fruitland <i>COALS</i>	<i>UNDERS</i> LOWER ZONE <i>EAST BLANCO</i> Pictured Cliffs
Pool Name	La Jara Canyon Tertiary	Basin Fruitland <i>COALS</i>	Pictured Cliffs
Pool Code	97037	71629	72400
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1422'-1490'	3678'-3700'	3732'-3814'
Method of Production (Flowing or Artificial Lift)	Flowing	Flowing	Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	440 PSI	1140 PSI	1156 PSI
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	Producing	Producing	Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 6/6/05 Rates: 313 MSCFD	Date: 5/12/05 Rates: 138 MSCFD	Date: 5/10/05 Rates: 411 MSCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % 36%	Oil Gas % 16%	Oil Gas % 48%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Agatha Snell TITLE Admin Tech. DATE 9/27/05

TYPE OR PRINT NAME Agatha Snell TELEPHONE NO. (505) 634-1111 ext.24
E-MAIL ADDRESS asnell@bhgp.com



Black Hills Gas Resources, Inc.
A Black Hills Corporation Enterprise
 3200 N. 1st
 P.O. Box 249
 Bloomfield, NM 87413

FACSIMILE COVER PAGE

To: Wes/Conrad

Company: _____

Fax: (505) 476-3462

Date: 2/16/06

Pages: 2 (Including Cover Sheet)

Regarding: C107A - Picavilla 29-22.05 #44

Note:

If you need additional information
please let me know!

THANK YOU -

Agatha Swell