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FAX COVER SHEET

DATE: 2/22/07# OF PAGES (INCLUDING COVER) 5TO: Will JonesFROM: MIKE PIPPINCOMPANY: OCDPHONE #: 505-327-4573FAX #: (505) 476-3462FAX#: 505-564-8656

C107A for:

Jicarilla 464-31 #11

District I
1025 N. French Drive, Natchez, NM 88440

District II
1701 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Grande Road, Artesia, NM 88210

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

Form C-107A
Revised June 10, 2003

APPLICATION TYPE

☒ Single Well

☐ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

REQUEST TO AMEND DHC-3458

BLACK HILLS GAS RESOURCES, INC. c/o Mike Pippin LLC (agent), 3104 N. Sullivan, Farmington, NM 87401
Operator Address

JICARILLA 464-31 #11 C SEC. 31 T30N R03W Rio Arriba County
Lease Well No. Unit Letter-Section-Township-Range

OGRID No. 013925 Property Code 34022 API No. 30-039-27731 Lease Type: ☒ Federal ☐ State ☐ Fee

THIS IS PART OF THE BLACK HILLS CLEAN-UP PROGRAM

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		East Blanco Pictured Cliffs
Pool Code	71629		72400
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3756'-66'		3820'-40'
Method of Production (Flowing or Artificial Lift)	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)	1130		1150
Oil Gravity or Gas BTU (Degrees API or Gas BTU)	1165		1175
Producing, Shut-In or New Zone	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: 1/22/05 Rates: 389 MCF/D	Date: Rates:	Date: 8/18/04 Rates: 316 MCF/D
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 0% 55%	Oil Gas	Oil Gas 100% 45%

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 commingled 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 Mike Pippin TITLE Petroleum Engineer - Agent DATE February 22, 2007

TYPE OR PRINT NAME Mike Pippin TELEPHONE NO. (505) 327-4573

E-MAIL ADDRESS mike@pippinllc.com

BLACK HILLS GAS RESOURCES, INC.
JICARILLA 464-31 #11 PC / FRTC
C Section 31 T30N R03W
2/8/07

Commingle Allocation Calculations

Requested Amendment to DHC-3458

The Tertiary perfs (3292'-3340') are shut-in in the annulus above a packer.

OIL

The Basin Fruitland Coal 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 August 2004, a stabilized gas test was taken on the PC alone.

The Pictured Cliffs (only) choke test stabilized at 200 psi on a 1/4" choke for a 12 hour period on 8/18/04.

$$Q = .0555 \cdot C \cdot P \quad C = \text{coefficient for } 1/4" \text{ choke} = 26.51 \\ P = \text{gauge pressure} + 15 \text{ psi} = 215 \text{ psi}$$

$$Q = .0555 \cdot 26.51 \cdot 215 = \underline{316 \text{ MCF/D}} = \text{Pictured Cliffs.}$$

During extended completion operations on January 22, 2005, a stabilized choke gas test was taken on the FRTC & PC together for 705 MCF/D.

Therefore, the Fruitland Coal portion is $705 - 316 = \underline{389 \text{ MCF/D}}$.

$$\% \text{ Pictured Cliffs} = \frac{316}{705} = 45\%$$

$$\% \text{ FRTC} = \frac{389}{705} = 55\%$$

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1901 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Amar, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-27731	*Pool Code 71629	*Pool Name Basin, Fruitland
*Property Code	*Property Name JICARILLA 464-31	*Well Number 11
*OGRD No. 013925	*Operator Name Black Hills Gas Resources, Inc.	*Elevation 7138'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	East/West line	County
C	31	30-N	3-W		660	NORTH	1050	WEST	RIO ARriba

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 271.31					*Label or Infill		*Consolidation Code		*Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

S 00-01-33 W 5303.7' LOT 1 LOT 2 LOT 3 LOT 4	FD. 2 1/2" BC 1917 GLO S 89-38-18 E 4316.10' LAT. = 36-46-25 N. (NAD 83) LONG. = 107-11-37 W 1050'	FD. MARKED STONE	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Allison Newcomb</u> Signature Allison Newcomb Printed Name Engineering Technician Title March 10, 2005 Date
	31		18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. 12 DAVID A. JOHNSON Date of Survey Signature and Seal of Professional Surveyor: 14827 Certificate Number
	31		
	FD. 3 1/2" BC 1917 GLO		

DISTRICT I
1600 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1201 V. Grand Avenue, Artesia, N.M. 88210

DISTRICT III
1000 Rio Grande Rd., Aztec, N.M. 87410

DISTRICT IV
1200 South St. Francis Dr., Santa Fe, NM 87505

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Form C-102
Revised June 10, 2003

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State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-27731		*Pool Code 72400	*Pool Name East Blanco: Pictured Cliffs
*Property Code 24245	*Property Name JICARILLA 464-31		*Well Number 11
*ORDER No. 013925	*Operator Name MALLON OIL CO.		*Elevation 7135'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
C	31	30-N	3-W		660	NORTH	1050	WEST	RIO ARriba

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 111.31					*Joint or Infill		*Consolidation Code		*Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 FD. 2 1/2" BC 1917 GLO S 00-01-33 W 8303.7' LOT 1 1050' LOT 2 LOT 3 LOT 4 FD. 3 1/2" BC 1917 GLO		S 00-30-18 E 4316.10' LAT. = 36-48-25 N. (NAD 83) LONG. = 107-11-37 W 31	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Kathy L. Schneebeck</u> Signature Kathy L. Schneebeck Printed Name Agent for Mallon Oil Company Title February 20, 2004 Date
		18 MAY 2004 RECEIVED OIL CONSERV. DIV. DIST. 5	19 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. <u>DAVID A. JOHNSON</u> Date of Survey Signature and Seal of Registered Surveyor 14827 Certificate Number