

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  
Revised June 10, 2003

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO. 30-039-25786
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Jicarilla Contract 459
7. Lease Name or Unit Agreement Name 22862
8. Well Number Jicarilla 459-20 No. 7
9. OGRID Number 013925
10. Pool name or Wildcat East Blanco; Pictured Cliffs and Cabresto Canyon, Tertiary

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  
350 Indiana St, Suite 400 Golden, CO 80401

4. Well Location

Unit Letter G: 1535 feet from the North line and 2255 feet from the East line

Section 20

Township 30N

Range 03W

NMPM

Rio Arriba

County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
7239' GL

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 COMPLETION ☐

OTHER: Downhole Commingle Formations ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND 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 Gas Resources, Inc. intends to complete the subject well and downhole commingle the Cabresto Canyon; Tertiary and East Blanco; Pictured Cliffs under Division Order R-11363. All gas production is to be allocated based on initial production tests as 95 percent to the East Blanco; Pictured Cliffs formation and 5 percent to Cabresto Canyon; Tertiary formation. See attached Supplemental Data Sheet for the information fracture pressures and flow test. The commingling will not reduce the value of the total remaining production. A Sundry Notice form 3160-5 has been sent, notifying the BLM of downhole commingling formations.

DHC 1713AZ

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 11/3/2004

Type or print name: Allison Newcomb  
(This space for State use)

E-mail address: anewcomb@bhep.com

Telephone No. 720-210-1308

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 30

Conditions of approval, if any:

DATE NOV - 8 2004

# C103 Supplemental Information

Jicarilla 459-20 #7

## Production and Pressure Data Pictured Cliffs and Tertiary Formations

The Pictured Cliffs formation was perforated at intervals 3777' - 3782', 3787' - 3795', 3809' - 3813', 3830' - 3840' 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 2263 psi with a fracture gradient of 0.75 psi/ft. After fracture stimulation and clean up the Pictured Cliffs formation was flow tested for twenty-four hours, 810 MCFPD.

The Tertiary formation was perforated at intervals 1692' - 1778' and 3252' - 3289' with 4 jspf. Based upon the pressure data obtained from the fracture stimulation treatment of the formation the fracturing pressure of the San Jose, Tertiary formation is 1288 psi at the mid perforation of 1735' with a fracture gradient of 0.76 psi/ft. The Ojo Alamo, Tertiary formation was not fracture stimulated. After fracture stimulation of the Tertiary formation a stabilized flow test was conducted for twenty-four hours, 40 MCFPD.

The allocation method that has been agreed upon between Black Hills Gas Resources, Inc. 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	810		95%
Tertiary	40		5%
<b>Total</b>	<b>850</b>		<b>100.000%</b>

CONFIDENTIAL