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District I  
1625 N. French Dr., Hobbs, NM 88240  
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1301 W. Grand Ave., Artesia, NM 88210  
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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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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. 30-039-25763
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 Gas Resources, Inc.		6. State Oil & Gas Lease No. Jicarilla Contract 459
3. Address of Operator 350 Indiana St, Suite 400 Golden, CO 80401		7. Lease Name or Unit Agreement Name 22211
4. Well Location  Unit Letter G: 1850 feet from the North line and 2510 feet from the East line  Section 17 Township 30N Range 03W NMPM Rio Arriba County		8. Well Number Jicarilla 459-17 No. 9
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7165' GL		9. OGRID Number 013925
10. Pool name or Wildcat East Blanco; Pictured Cliffs and Cabresto Canyon, Tertiary		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
<b>NOTICE OF INTENTION TO:</b> 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: Downhole Commingle Formations <input checked="" type="checkbox"/>	<b>SUBSEQUENT REPORT OF:</b> 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: <input 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 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 90 percent to the East Blanco; Pictured Cliffs formation and 10 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.

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 3/8/2005

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. IV DATE MAR 10 2005  
Conditions of approval, if any:

# C103 Supplemental Information

Jicarilla 459-17 #9

## Production and Pressure Data Pictured Cliffs and Tertiary Formations

The Pictured Cliffs formation was perforated at intervals 3735' – 3737', 3759' – 3767' and 3789' – 3799' 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 2449 psi with a fracture gradient of 0.63 psi/ft. After fracture stimulation and clean up the Pictured Cliffs formation was flow tested for twenty-four hours, 150 MCFPD.

The Tertiary formation was perforated at the interval 1562' – 1596', 1596' – 1606', 1614' – 1624' and 3190' – 3232' 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 1300 psi with a fracture gradient of 0.75 psi/ft. Based upon the pressure data obtained from the fracture stimulation treatment of the formation the fracturing pressure of the Ojo Alamo, Tertiary formation is 2094 psi with a fracture gradient of 0.76 psi/ft. A stabilized flow test was conducted for twenty-four hours, 17 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	150		90%
Tertiary	17		10%
<b>Total</b>	<b>167</b>		<b>100%</b>