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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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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

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.)		WELL API NO. 30-039-27826
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"/>	6. State Oil & Gas Lease No. MDA 701-98-0013
2. Name of Operator Black Hills Gas Resources, Inc.	7. Lease Name or Unit Agreement Name	8. Well Number Jicarilla 30-03-36 No. 3
3. Address of Operator 350 Indiana St, Suite 400 Golden, CO 80401	9. OGRID Number 013925	10. Pool name or Wildcat East Blanco; Pictured Cliffs and Cabresto Canyon, Tertiary
4. Well Location Unit Letter B: 1250 feet from the North line and 4450 feet from the East line Section 36 Township 30N Range 03W NMPM Rio Arriba County		
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7282' GL		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO: 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"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENTS: 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 25 percent to the East Blanco; Pictured Cliffs formation and 75 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 1818 AZ

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 3/3/2005

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. 43 DATE MAR - 7 2005
Conditions of approval, if any:

C103 Supplemental Information

Jicarilla 30-03-36 #3

Production and Pressure Data Pictured Cliffs and Tertiary Formations

The Pictured Cliffs formation was perforated at intervals 3622' – 3642' and 3668' – 3678' with 4 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 2774 psi with a fracture gradient of 0.76 psi/ft. After fracture stimulation and clean up the Pictured Cliffs formation was flow tested for twenty-four hours, 25 MCFPD.

The Tertiary formation was perforated at intervals 1120' – 1122', 1170' – 1172', 1202' – 1204', 1262' – 1264', 1304' – 1306', 1312' – 1314', 1756' – 1758', 1770' – 1772', 1844' – 1846', 1994' – 1996' and 2018' – 2020' with 2 jspf, 2341' – 2343', 2860' – 2862' and 3123' – 3125' with 4 jspf. Based upon the pressure data obtained from the fracture stimulation treatment of the formation the fracturing pressure of the Upper San Jose, Tertiary formation (1120-1314) is 913 psi at the mid perforation of 1217' with a fracture gradient of 1.0 psi/ft. The Lower San Jose (1756-2020), Tertiary formation was not fracture stimulated. The Nacimiento (2341-3125), Tertiary formation was not fracture stimulated. After fracture stimulation of the Tertiary formation, a stabilized flow test was conducted for twenty-four hours, 75 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	25		25%
Tertiary	75		75%
Total	100		100%