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 To Appropriate
 District Office
DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-103
 Revised 1-1-89

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

DISTRICT II
 811 South First, Artesia NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-039-31046
5. Indicate Type of Lease STATE <input type="checkbox"/> FED <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Rosa Unit
8. Well No. Rosa Unit 072C
9. Pool name or Wildcat BLANCO MV//BASIN DK

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
 WILLIAMS PRODUCTION COMPANY

3. Address of Operator
 P.O. Box 640, Aztec, NM 87410

4. Well Location (Surface)
 Unit letter B : 1675 feet from the SOUTH line & 745 feet from the WEST line Sec 6 -31N-5W RIO ARRIBA, NM

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
 6441' GR

Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK	REMEDIAL WORK
PLUG AND ABANDON	ALTERING CASING
TEMPORARILY ABANDON	COMMENCE DRILLING OPNS.
CHANGE PLANS	PLUG AND ABANDONMENT
PULL OR ALTER CASING	CASING TEST AND CEMENT JOB
X OTHER: <u>COMMINGLING AUTHORIZATION</u>	OTHER: _____

1) Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). Data below to satisfy NM OCD Rule 303.C.3 (b) (i)-(vii)

- Pre-approved Pool Division Order R-13122.
- Pools to be commingled: Blanco MV 72319, Basin Dakota 71599.
- Perforated intervals: Blanco MV 5620-5980', Basin Dakota 8094'-8166'.
- Fixed percentage allocation based upon production data of 62% Blanco MV and 38% Basin Dakota. This is based on the historic production of all wells that have MV/DK production. See attached recommendation for details. This allocation may be adjusted at a later date based on a spinner survey after production has stabilized.
- Commingling will not reduce the value of reserves.
- Interest owners in the spacing unit have not been notified of the intent to downhole commingle per order R-12991.
- The BLM has been notified on sundry notice form 3160-5.

RCVD AUG 10 '11
 OIL CONS. DIV.
 DIST. 3

DHC 3638 AZ

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

SIGNATURE Larry Higgins TITLE: Permit Supv DATE: 8/10/11

Type or print name Larry Higgins Telephone No: (505) 634-4208

(This space for State use)

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE AUG 19 2011

Conditions of approval, if any:
A



Exploration & Production

Production Allocation Recommendation Rosa Unit #072C (DK/MV)

WELLNAME: Rosa Unit #072C
LOCATION: Sec. 6, T31N,R05W
API No.: 03-039-31046

FIELD: Rosa Unit
COUNTY: Rio Arriba, NM
Date: 8/10/11

Current Status: Williams is currently completing the Rosa Unit #072C in the Dakota and Mesa Verde formations. Williams recommends commingling the well after the proposed completion work has been completed.

Commingle Procedure:

1. Acidize & fracture stimulate the DK and MV formations
2. Flow back and clean up each formation prior to completion.
3. TIH w/ work string and remove CIBP
4. Clean out to PBTD
5. Complete with single string 2-3/8" tubing, landed below DK perms
6. NDBOP. NUWH.
7. Turn well over to production as a commingle

Allocation Method: Williams has assembled historic production data from MV and DK wells that have been drilled after Jan 2003. Williams used this production data to come up with an initial allocation for this commingle. Williams recommends that a spinner survey be performed after production has stabilized, so that allocation percentages can be corrected if need be.

After 18 months of production:

Total Production from well = 227,905 Mcf
Total Production from DK = 86,405 Mcf
Total Production from MV = 141,500 Mcf

DK allocation = $\text{DK prod} / \text{Total prod} = 86,405 \text{ Mcf} / 227,905 \text{ Mcf} = 38\%$

MV allocation = $\text{MV prod} / \text{Total prod} = 141,500 \text{ Mcf} / 227,905 \text{ Mcf} = 62\%$