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Form 3160-5
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAY 05 2016

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

Farmington Field Office
Bureau of Land Management
Lease Serial No.
NMNM 23044

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

OIL CONS. DIV DIST. 3

MAY 12 2016

2. Name of Operator

Williams Production Company, LLC

3a. Address

PO Box 640 Aztec, NM 87410

3b. Phone No. (include area code)

505-634-4208

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1965' FNL & 660' FWL, section 32, T31N, R4W

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.

Schalk 32 #1A

9. API Well No.

30-039-30915

10. Field and Pool or Exploratory Area
Basin Fruitland Coal

11. Country or Parish, State
Rio Arriba

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	RECONFIGURE - COIL TUBING C/O/ AMENDED PLANS
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

5/5/16- WPX spoke with AG (BLM) and received verbal approval to proceed with the amended plans going forward.

Our initial plan was to reconfigure the well with 3-1/2" flush joint tubing into the lateral with a 2-1/16" tubing string to be used as a velocity string. Our hope was to be able to clean out the lateral with an 1-1/4" coil tubing unit through tubing. We were able to effectively land the tubing and begin the cleanout. However, we encountered a hard bridge at 3852', about 500' inside the lateral. We tried multiple tools, but were unable to break through the bridge. We decided that we needed to see what was down there, and ran a downhole camera. The camera run showed slips from a bridge plug in the lateral resting on top of a coal fines bridge. After much thought, our plan was to move the rig off and bring in a 2" coil tubing unit equipped with a 3-7/8" mill to mill the slips up and push everything to bottom. We were able to make some hole over the course of several days and ultimately reached a depth of 3904'. During that time, we ran a venturi junk basket tool in hopes of circulating the debris from the slips into the basket. However, when running this tool on May 4th we found that we were in fact outside the liner when the venturi basket brought back a 10" x 1-3/4" core of the formation. This confirmed our worst case scenario that our liner had parted.

At this point it is uneconomical for us to continue with remediation work, and we have decided to put the well back on production with the 3-1/2" tubing inside the lateral with 2-1/16" inside the 3-1/2". We will produce the 500' of lateral we have left until commodity prices increase and all us an opportunity to remedy this issue. We will be running this tubing in hopefully sometime next week depending on the rig schedule.

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Lacey Granillo

Title Permit Tech III

Signature

Date 5/5/16

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Abdelgadir Elmadani

Title PE

Date 5/9/16

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office FFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)