RCVD OCT27'06
OIL CONS. DIV.

Submit 3 Copies
To Appropriate
District Office
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
811 South First, Artesia NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised 1-1-89

WELL API NO.
30-039-25583

5. Indicate Type of Lease
STATE ☐ FEE ■

6. State Oil & Gas Lease No.

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

7. Lease Name or Unit Agreement Name:
ROSA UNIT

1. Type of Well:
Oil Well ☐ Gas Well ■ Other

2. Name of Operator
WILLIAMS PRODUCTION COMPANY

8. Well No.
159

3. Address of Operator
P O BOX 3102, MS 25-2, TULSA, OK 74101

9. Pool name or Wildcat
BLANCO MV/BASIN DK

4. Well Location (Surface)
Unit letter O : 790 feet from the SOUTH line & 1850 feet from the EAST line Sec 19-31N-05W RIO ARRIBA, NM

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
6327' GR

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK	PLUG AND ABANDON	REMEDIAL WORK	ALTERING CASING
TEMPORARILY ABANDON	CHANGE PLANS	COMMENCE DRILLING OPNS.	PLUG AND ABANDONMENT
PULL OR ALTER CASING		CASING TEST AND CEMENT JOB	
OTHER: **COMMINGLE**		OTHER: _____	

12. 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.

Williams Production Company proposes to commingle the Mesa Verde and Dakota zones in this well. These zones are part of the pre-approved pools for commingling. The production packer currently installed will be removed along with the Dakota and Mesa Verde tubing strings and will be replaced by one string of tubing landed at 8022'. Attached is all necessary information requested by rule 19.15.5.303 C(3)(b)

DHC 2443 AZ

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

SIGNATURE Tracy Ross TITLE: SR. Production Analyst DATE: October 20, 2006

Type or print name TRACY ROSS Telephone No: (918) 573-6254

(This space for State use)

APPROVED BY _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE OCT 27 2006

Conditions of approval, if any:

P.O. Box 3102, MS 25-2, Tulsa, OK 74101

Operator — Address

Rosa Unit | 159 | O - 19 - 31N - 5W | Rio Arriba

Lease | Well No. | Unit Letter-Section-Township-Range | County

OGRID No. 120782 Property Code 17033 API No. 30-039-255-83 Lease Type: ___Federal ___State X Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco MV		Basin Dakota
Pool Code	72319		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5413' – 5985'		7880' – 8030' (8042' – 8055' below CIBP)
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1004 BTU		984 BTU
Producing, Shut-In or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 5/26/2006 Rates: 152 MCF	Date: Rates:	Date: 5/26/2006 Rates: 105
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil % Gas 35 %	Oil % Gas %	Oil % Gas 65 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes___ No X

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes X No___

Are all produced fluids from all commingled zones compatible with each other? Yes X No___

Will commingling decrease the value of production? Yes___ No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No___

NMOCD Reference Case No. applicable to this well: _____

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

Exploration & Production

Production Allocation Recommendation
Rosa #159 (MV/DK)

WELLNAME:	Rosa #159	**FIELD:**	Rosa DK & Blanco MV
LOCATION:	SW/4 SE/4 Sec.19, T31N,R05W	**COUNTY:**	Rio Arriba, NM
API No.:	30-039-25583	**Date:**	May 24, 2006

Current Status: The Rosa #159 is currently a dual completion well producing from the Dakota and Mesaverde formations. The Production Optimization and Enhancement Team recommends commingling this well upon completion of the work-over.

Commingle Procedure:

- Dakota tubing will be pulled
- MesaVerde tubing will be pulled
- Production packer will be milled and pulled out of hole (if possible)
- Casing integrity will be tested between MV and DK perforations
- Casing integrity will be tested above the MV perforations
- Well will be cleaned out to CIBP
- A single string of 2-3/8" tubing will be run to ~8022'
- One set of wellhead facilities will be removed
- Well will be produced as a MV/DK commingle

Allocation Method: Historic production data from both zones on this well was gathered and analyzed. Monthly production data from Jan 2000 to Jun 2004 was considered as this represented a time when both zones appear to be free from loading problems and each zone was producing optimally. During this time frame the Dakota accounted for approximately 65% of the total production of the well, while the MesaVerde contributed the remaining 35% during the same time.

From Jan 2000 – Jun 2004
Total Production from well = **506,568** Mcf
Total Production from DK = **327,203** Mcf
Total Production from MV = **179,364** Mcf

DK allocation = DK prod / Total prod = 327,203 Mcf / 506,568 Mcf = **64.93%**

MV allocation = MV prod / Total prod = 179,364 Mcf / 506,568 Mcf = **35.07%**

ENERGY SERVICES
Exploration & Production

MEMORANDUM

To: Sterg Katirgis, Mike Turnbaugh, and Bob Revella
From: Production Optimization Team
Date: 5/22/2006

Subject: Rosa Unit # 159 (MV/DK)

Recommendation

We recommend pulling the 1-1/4" MV and the 1-1/2" DK production tubing out of the well, lay down, mill packer, test casing integrity and run new tubing to commingle.

This well was drilled and completed in 1996. In 2006 they performed a packer-leakage test which failed. OCD gives the operators 90 days to fix any packer problems in wells; therefore, this well will be shut–in if no repair procedure is done to the well within that period of time. In order to maintain the combined production, avoid further packer repair costs and avoid production losses due to mandatory shut in, it is recommended to downhole commingle this well. This well has cumulated 466 MMcf and 834 MMcf, with projected remaining reserves of 115 MMcf and 315 MMcf from the MV and DK zones respectively. Currently this well is averaging 177 Mcfd (up the casing) and 117 Mcfd from the MV and DK zones respectively.

WPX has a WI of 58.194719% and NRI of 49.85441% in the Mesaverde and has a WI of 0% and NRI of 0% in the Dakota. The estimated cost for this project is 83.3M$ (24.2M$ net to WPX) and has an ATAXROR of 26.1%.

ENERGY SERVICES
Exploration & Production

Workover Procedure
Rosa Unit # 159 (MV/DK)

790' FSL and 1850' FEL
SW/4 SE/4 Sec 19 (O), T31N, R5W
Rio Arriba, New Mexico

Purpose for Work: Pull MV and DK tubing. Test casing integrity. Run new 2-3/8" tubing and commingle.

Deliver to Location: 8022' 2-3/8" 4.7# J55 EUE 8 Rd tubing.

Last Workover (9/24/1996): Land dual production strings post new well fracs.

Workover Procedure:

1. Check/Install rig anchors as necessary.
2. MIRUSU. Order 2-3/8" workstring.
3. Hold safety meeting daily. Discuss job scope and hazards. If job task changes or job task is not routine hold additional safety meetings to discuss concerns.
4. Kill tubing. ND wellhead and NU BOP. Rig up flowback tank.
5. TOH and LD 1-1/4" MV tubing. Visually inspect and return tubing to inventory.
6. Unseat Model "D" packer.
7. TOH and LD with 1-1/2" DK tubing. Visually inspect and return to inventory.
8. Convert from dual tubing string to a single, 2-3/8" tubing string. . If tubing seal assembly does not release from packer notify Wireline Specialty services and prepare to fish packer assembly. Fish seal assembly and tail pipe as necessary.
9. TIH with mill assembly on 2-3/8" workstring and mill Packer @ 6050'. Make an attempt to POOH packer. If fail to POOH packer then push packer down on top of CIBP set at 8035' or below bottom perf at 8030'.
10. TOH with workstring and unseat mill assembly.
11. PU 5-1/5" RBP and isolation packer combo.
12. RIH with workstring and set RBP @ 7800'.
13. PUH and set isolation packer @ ~~7450'~~ 6020'.
14. Pressure test to 500#. Hold for 15 min.
15. Bleed off pressure.
16. Release isolation packer.
17. RBIH and latch RBP. PUH and set RBP @ 5400.
18. PUH workstring and pressure test annulus from surface casing valve to 500#.

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19. Bleed off Pressure.
20. RBIH and latch RBP, POOH.
21. RIH and run 2-3/8" tubing. Set tubing @ 8022' w/ SN 1 jt up.
22. RDMO.
23. MI swabbing unit to kick off well.
24. Return well to production.

Formation Tops:

Ojo Alamo	2464'	Menefee	5440'
Kirtland	2578'	Point Lookout	5649'
Fruitland Coal	2894'	Mancos	6118'
Pictured Cliffs	3200'	Greenhorn	7698'
Lewis	3615'	Graneros	7751'
Cliff House	5398'	Dakota	7862'

Casing and Tubing current record:

	Depth (ft)	Weight (#/Ft)	Type	OD (in)	ID (in)	Drift (in)	Burst (psi)
Surf Csg	342	40.50	J-55	10 3/4	10.05	9.894	3,130
Int Csg	4185	26.40	K-55	7 5/8	6.969	6.844	4,140
Lng Strg Csg	8096	17.00	N-80	5 1/2	4.892	4.767	7,740
DK Tbg	7959	2.90	J-55	1 1/2	1.61	1.516	7,350
MV Tbg	5946	2.33	J-55	1 1/4	1.38	1.286	8,120

G.L. 6327'.

LOGGING RECORD: ISE/GR CDL/CNL IND/GR & CDL/SNL

STIMULATION:

CH/Menefee: 5413'-5638', 82,000# of 20/40 sand in 1683 bbls of slick water.

Point Lookout: 5650'-5985', 82,220# of 20/40 sand in 1890 bbls of slick water.

Dakota: 7880'-8021', 90,300# of 20/40 sand in 505 bbls of 35# CMHPG gel X-Linked w/ Zirconium in a 60 quality foam.

PRODUCTION HISTORY:

The MV and DK were IP tested making 1930 Mcfd and 694 Mcfd respectively on 10/12/1996. The MV and DK first delivered on 11/6/96. The MV has cumulated 466 MMcf and has projected remaining reserves of 115 MMcf. Currently the MV is averaging 177 Mcfd up the casing. The Dakota has cumulated 835 MMcf and has projected remaining reserves of 315 MMcf. Currently the DK is averaging 117 Mcfd. A packer-leakage test was performed indicating communication between the zones.

May 25, 2006

ROSA UNIT #159
MV/DK

Location: 790' FSL, 1850' FEL
SW/4 SE/4 Section 19, T31N, R5W
Rio Arriba, NM
Elevation: 6327' GR
KB=14'

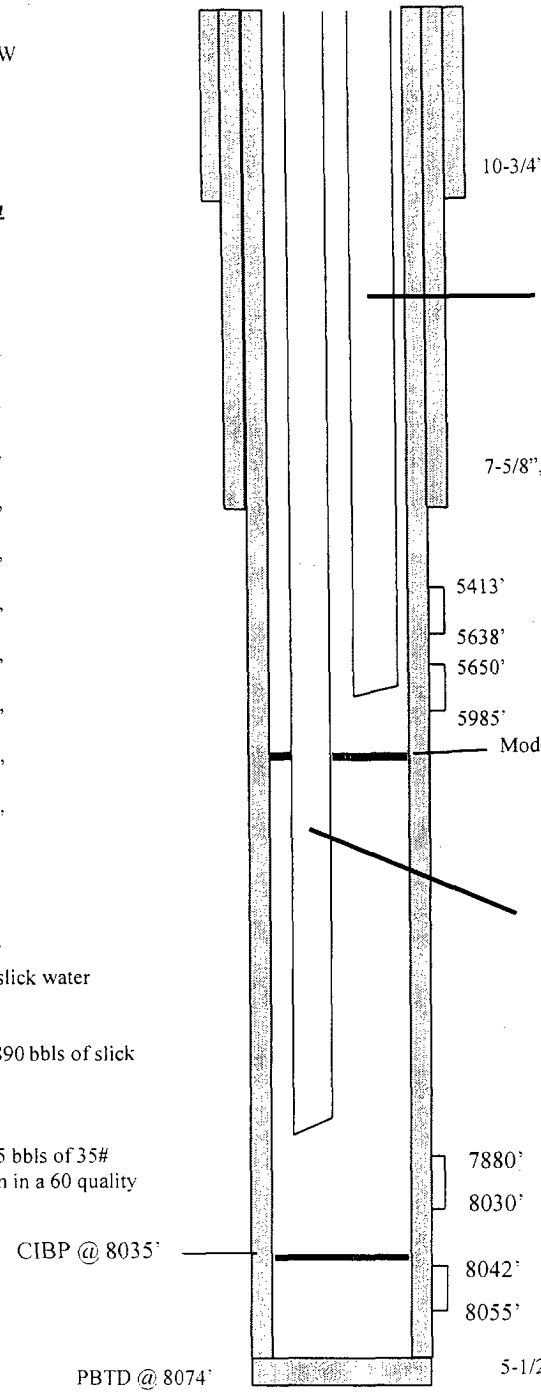
Tops	***Depth***
Ojo Alamo	2464'
Kirtland	2578'
Fruitland	2894'
Pictured Cliffs	3200'
Lewis	3615'
Cliff House	5398'
Menefee	5440'
Point Lookout	5649'
Mancos	6113'
Greenhorn	7698'
Graneros	7751'
Dakota	7862'

STIMULATION

Cliff House/Menefee: 5413' - 5638'
82,000# 20/40 sand in 1683 bbls of slick water

Point Lookout: 5650' - 5985'
82,220# of 20/40 Arizona sand in 1890 bbls of slick water

Dakota: 7880' - 8021'
90,300# of 20/40 Ottawa sand in 505 bbls of 35# CMHPG gel X-Linked w/ Zircodium in a 60 quality foam.



Spudded	7-25-1996
MV/PC Completed	9 -24-1994
1st Delivery	11-06-1996

HOLE SIZE	CASING	CEMENT	VOLUME	CMT TOP
14-3/4"	10-3/4" 40.5#	285 sx	336 CU.FT	SURFACE
9-7/8"	7-5/8" 26.4#	805 sx	1548 CU.FT	SURFACE
6-3/4"	5-1/2" 17#	440 sx	614 CU.FT	2950' (CBL)

JC 01-18-2006