

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

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. 30-039-30185
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"/> FED <input checked="" type="checkbox"/>	
2. Name of Operator WILLIAMS PRODUCTION COMPANY	6. State Oil & Gas Lease No.	
3. Address of Operator P.O. Box 640, Aztec, NM 87410	7. Lease Name or Unit Agreement Name: Rosa Unit	
4. Well Location (Surface) Unit letter <u>M</u> : 1090 feet from the <u>SOUTH</u> line & 1145 feet from the <u>WEST</u> line Sec 21-31N-5W RIO ARRIBA, NM	8. Well No. Rosa Unit #187C	
10. Elevation (Show whether DF, RKB, RT, GR, etc. 6801' GR		9. Pool name or Wildcat BLANCO MV/BASIN MANCOS/BASIN DK

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	
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 Mancos 97232, Basin Dakota 71599.
 - Perforated intervals: Blanco MV 5950'-6442', Basin Mancos 7083'-8210', Basin Dakota 8414'-8522'.
 - Fixed percentage allocation based upon production data of 39% Blanco MV, 37% Basin Mancos, and 24% Basin Dakota. This is based on the historic production of all wells that have MV/MC/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
 - All 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 APR 30 '10
OIL CONS. DIV.
DIST. 3

DOC 3407A2

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

SIGNATURE Larry Higgins TITLE: Permit Supervisor DATE: 4-30-10

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 APR 30 2010

Conditions of approval, if any:

4/30



ENERGY SERVICES
Exploration & Production
June 9, 2009

Initial allocation of production for Rosa Unit new drills completed in the Dakota, Mancos and MesaVerde

Using historic production from recently (after Jan 2003) completed wells and forecasted production from Mancos wells very recently completed (late 2008), an allocation percentage was calculated for all three zones. This allocation will be used for the first 12-18 months of production on the well. After this time a production logging tool will be run (spinner survey or equivalent) to better estimate the production allocation percentage. (See attached production plot and forecast for allocation data.)

For the first 12 months

Total Production from well	=	274.325 MMcf
Total Production from Dakota	=	60.205 MMcf
Total Production from Mancos	=	106.644 MMcf
Total Production from MesaVerde	=	107.475 MMcf

Dakota allocation = Dakota prod / Total prod = 60.205 MMcf / 274.325 MMcf = **22%**

Mancos allocation = Mancos prod / Total prod = 106.644 MMcf / 274.325 MMcf = **39%**

MesaVerde allocation = MesaVerde prod / Total prod = 107.475 MMcf / 274.325 MMcf = **39%**

Other methods of allocation considered:

Flow test through a separator – Differences in decline rates between the reservoirs may lead to a large difference in allocation at the end of a year. Additionally, stimulation fluid that remains in the near-wellbore formation may mask the reservoirs true potential in the short term.

Extended isolated flow (flowing each zone individually for 3-6 months) – This method may yield better results than the immediate flow through the separator, there is still the concern about the formation potential in the short term. Additionally, as the lower formations sit under bridge plugs for a year or more the formation may be damaged by not effectively removing the stimulation fluids and ultimately less reserves would be recovered.