

APPLICATION FOR QUALIFICATION OF WELL WORKOVER PROJECT
AND CERTIFICATION OF APPROVAL

- I. Operator: SCHALK DEVELOPMENT CO. OGRID # 020389
Address: P. O. Box 25825, Albuquerque, NM 87125
Contact Party: Steve Schalk Phone: (505) 881-6649
- II. Name of Well: Schalk 41 #2A API # 30-039-22127
Location of Well:
Unit Letter e, 1,850 Feet from the north line and 1,190 feet from the west line,
Section 8, Township 25N, Range 3W, NMPM, Rio Arriba County
- III. Date Workover Procedures Commenced: 5/16/96
Date Workover Procedures were Completed: 5/17/96
- IV. Attach a description of the Workover Procedures undertaken to increase the production from the Well.
- V. Attach an estimate of the oil and gas production rate of the Well (a production decline curve or other acceptable method, and table showing monthly oil and/or gas Production Projection) based on at least twelve (12) months of established production which shows the future rate of production based on well performance prior to performing the Workover.
- VI. Pool(s) on which Production Projection is based: Blanco Mesa Verde

VII. AFFIDAVIT:

State of New Mexico)
County of Bernalillo) ss.
Steve Schalk)

RECEIVED
APR - 8 1997

OIL CON. DIV.
D-107-0

Steve Schalk, being first duly sworn, deposes and states:

1. I am the Operator or authorized representative of the Operator of the above referenced Well.
2. I have made, or caused to be made, a diligent search of the production records which are reasonably available and contain information relevant to the production history of this Well.
3. To the best of my knowledge, the data used to prepare the Production Projection for this Well is complete and accurate and this projection was prepared using sound petroleum engineering principles.

(Name)

General Manager

(Title)

SUBSCRIBED AND SWORN TO before me this 5 day of JANUARY, 1997

Karen Johnston
Notary Public

My Commission expires: AUGUST 26, 2000

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 5/17, 1996

[Signature]
District Supervisor, District 3
Oil Conservation Division

Date: 5/1/97

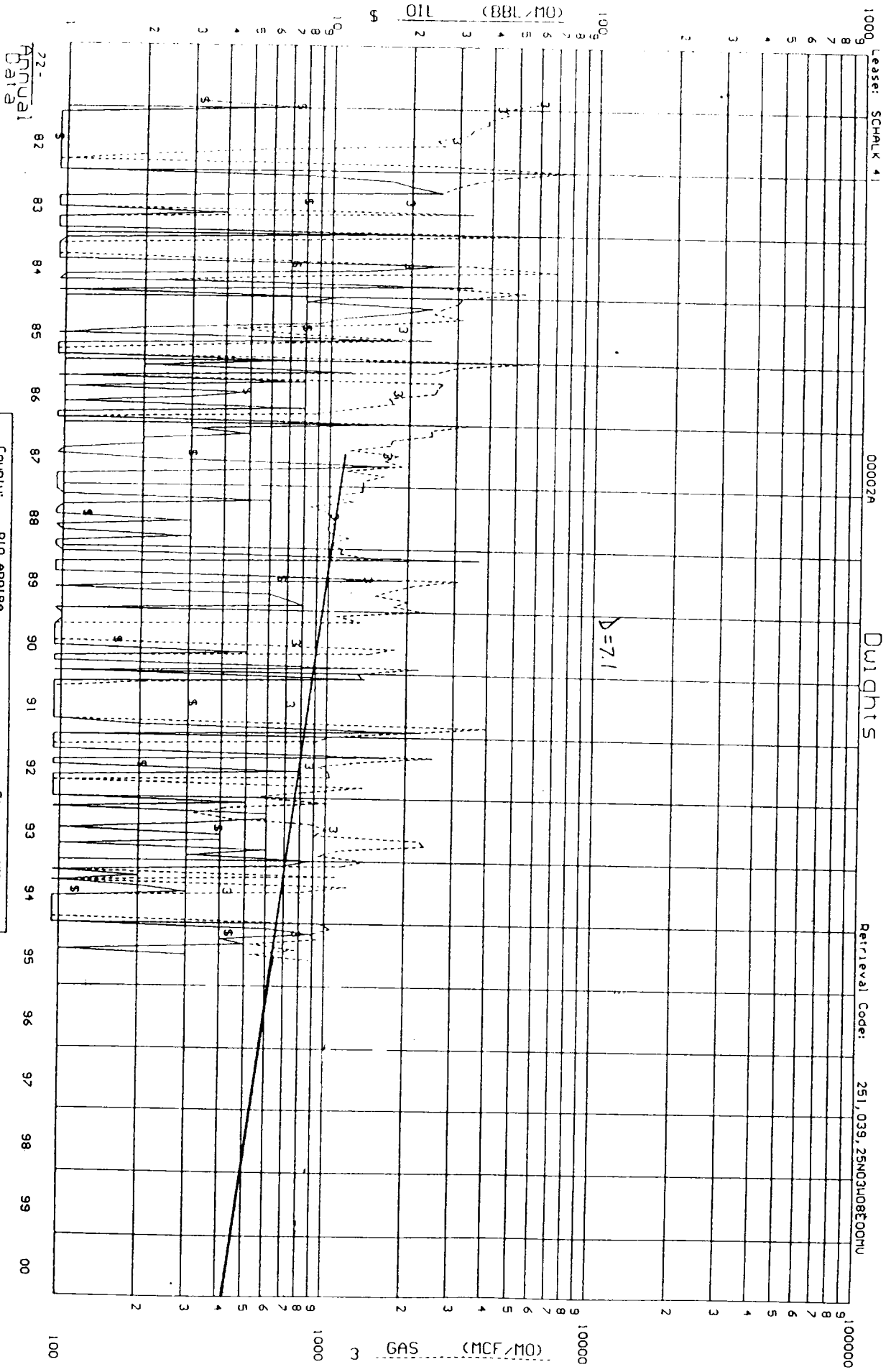
IX. NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

WORK-OVER PROJECT - Schalk 41 Well No. 2A

On May 16, 1996 a plunger lift system was installed on the Schalk 41 #2A to remove produced water from the wellbore more efficiently and allow for increased production.

B & R Wireline Service was used to first broach the tubing and to run and set a bottom hole spring assembly at the end of the tubing. A plunger was dropped from the surface and a full control panel was installed along with a psiton catcher. Third party services were released once it was determined that the plunger would surface.



Lease: SCHALK 41

00002A

Dwights

Retrieval Code: 251, 039, 25M03H08E00MU

72-
Annual
Data

County: RIO ARriba
Field: BLANCO (MESAVERDE) MU
Reservoir: MESAVERDE
Operator: SCHALK DEU CO
Oil Cum: 783 Gas Cum: 358430
Location: BE 25N 3W

State: NM

HISTORICAL

F.P. Date 04-80

Schalk 41-2A
Projected Production without work-over
(Work-over completed May 1996)

<u>1996</u>		<u>1997</u>		<u>1998</u>		<u>1999</u>		<u>2000</u>		<u>2001</u>		<u>2002</u>	
May	600	January	572	January	533	January	496	January	462	January	430	January	401
June	596	February	569	February	530	February	493	February	459	February	428	February	398
July	593	March	565	March	527	March	490	March	457	March	425	March	396
August	589	April	562	April	523	April	487	April	454	April	423	April	394
September	586	May	559	May	520	May	485	May	451	May	420	May	391
October	582	June	555	June	517	June	482	June	449	June	418	June	389
November	579	July	552	July	514	July	479	July	446	July	415	July	387
December	576	August	549	August	511	August	476	August	443	August	413	August	384
		September	546	September	508	September	473	September	441	September	410	September	382
		October	542	October	505	October	470	October	438	October	408	October	380
		November	539	November	502	November	468	November	436	November	406	November	378
		December	536	December	499	December	465	December	433	December	403	December	375
<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>	
January	373	January	348	January	324	January	301	January	281	January	261	January	243
February	371	February	346	February	322	February	300	February	279	February	260	February	242
March	369	March	343	March	320	March	298	March	277	March	258	March	241
April	367	April	341	April	318	April	296	April	276	April	257	April	239
May	364	May	339	May	316	May	294	May	274	May	255	May	238
June	362	June	337	June	314	June	293	June	273	June	254	June	236
July	360	July	335	July	312	July	291	July	271	July	252	July	235
August	358	August	333	August	311	August	289	August	269	August	251	August	234
September	356	September	331	September	309	September	287	September	268	September	249	September	232
October	354	October	330	October	307	October	286	October	266	October	248	October	231
November	352	November	328	November	305	November	284	November	265	November	246	November	229
December	350	December	326	December	303	December	282	December	263	December	245	December	228
<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>		<u>2016</u>	
January	227	January	211	January	197	January	183	January	171	January	159	January	148
February	225	February	210	February	195	February	182	February	170	February	158	February	147
March	224	March	209	March	194	March	181	March	169	March	157	March	146
April	223	April	207	April	193	April	180	April	168	April	156	April	145
May	221	May	206	May	192	May	179	May	167	May	155	May	144
June	220	June	205	June	191	June	178	June	166	June	154	June	144
July	219	July	204	July	190	July	177	July	165	July	153	July	143
August	218	August	203	August	189	August	176	August	164	August	152	August	142
September	216	September	201	September	188	September	175	September	163	September	151	September	141
October	215	October	200	October	186	October	174	October	162	October	151	October	140
November	214	November	199	November	185	November	173	November	161	November	150	November	139
December	212	December	198	December	184	December	172	December	160	December	149	December	139