

DATE IN <b>4-21-11</b>	SUSPENSE	ENGINEER <b>DB</b>	LOGGED IN <b>5/20/11</b>	TYPE <b>SD</b>	APP NO. <b>111152859</b>
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



*Williams Prod Co,*  
*120282*  
*Schalt 32 #1A*

**ADMINISTRATIVE APPLICATION CHECKLIST** *30-039-30915*

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

2011 APR 20 P 2:53

RECEIVED OGD

*E-32-31A-40*  
*Re Arrive Fed.*

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

*Ocean Munds-Dry* *Ocean Munds-Dry* *A Horney* *4-20-11*  
 Print or Type Name      Signature      Title      Date  
*omundsdry@hollandhart.com*  
 e-mail Address

April 20, 2011

**HAND-DELIVERED**

Jami Bailey  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application of Williams Production Company for Administrative Approval of the Simultaneous Dedication of the North-Half of Section 32, Township 31 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico to its proposed Schalk 32 Well No. 1A and the existing Schalk 32 Well No. 1.

Dear Ms. Bailey:

Williams Production Company is the operator of a 320-acre spacing unit in the Basin Fruitland Coal Pool (**Pool Code 71629**) comprised of the north-half of Section 32, Township 31 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico. This spacing unit is dedicated to Williams' Schalk 32 Well No. 1 which has been vertically drilled and produces from the Fruitland Coal formation.

Williams seeks administrative approval of the simultaneous dedication of this 320-acre spacing unit to the following two gas wells:

- A. the existing **SCHALK 32 Well No. 1 (API No. 30-039-25257)** vertically drilled from a surface location 790 feet from the North line and 1055 feet from the East line of said Section 32; and
- B. the proposed **SCHALK 32 Well No. 1A (API No. 30-039-30915)** to be horizontally drilled from a surface location 1965 feet from the North line and 660 feet from the West line to a proposed end point or bottomhole location 1800 feet from the North line and 1500 feet from the East line of said Section 32.



The Schalk 32 Well No. 1 is at a standard location in the Fruitland Coal formation pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool. Williams now intends to horizontally drill and complete its proposed Schalk 32 Well No. 1A to be drilled to the targeted subsurface end-point or bottomhole location 1800 feet from the North line and 1500 feet from the East line (Unit G) of Section 32. EOG proposes to drill this well in compliance with the set-back requirements of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool.

Attached hereto as **Exhibit A** is a copy of Division Form C-102 for this well that shows the proposed surface and bottomhole location of the well.

**Exhibit B** is a map of offset operators around the spacing unit in Section 32. Williams is the operator of all offsetting properties. Williams is the only working interest owner in all offsetting properties except for in the E/2 of Section 29 which is in within the Rosa Unit where Williams is the designated operator.

The simultaneous dedication of the North-Half of said Section 32 to the Schalk 32 Well Nos. 1 and 1A will afford Williams the opportunity to efficiently produce the Fruitland Coal formation under this spacing unit. Williams' proposed simultaneous dedication of these wells does not exceed the number of wells allowed by Division Rule for this spacing unit.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry  
Attorney for Williams Production Co.

Enclosures

District I  
1625 N. French Dr., Hobbs, NM 88240

District II  
1301 W. Grand Avenue, Artesia, NM 88210

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

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised October 12, 2005  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name SCHALK 32		*Well Number 1A
*OGRID No. 120782	*Operator Name WILLIAMS PRODUCTION COMPANY		*Elevation 6978

<sup>10</sup> Surface Location

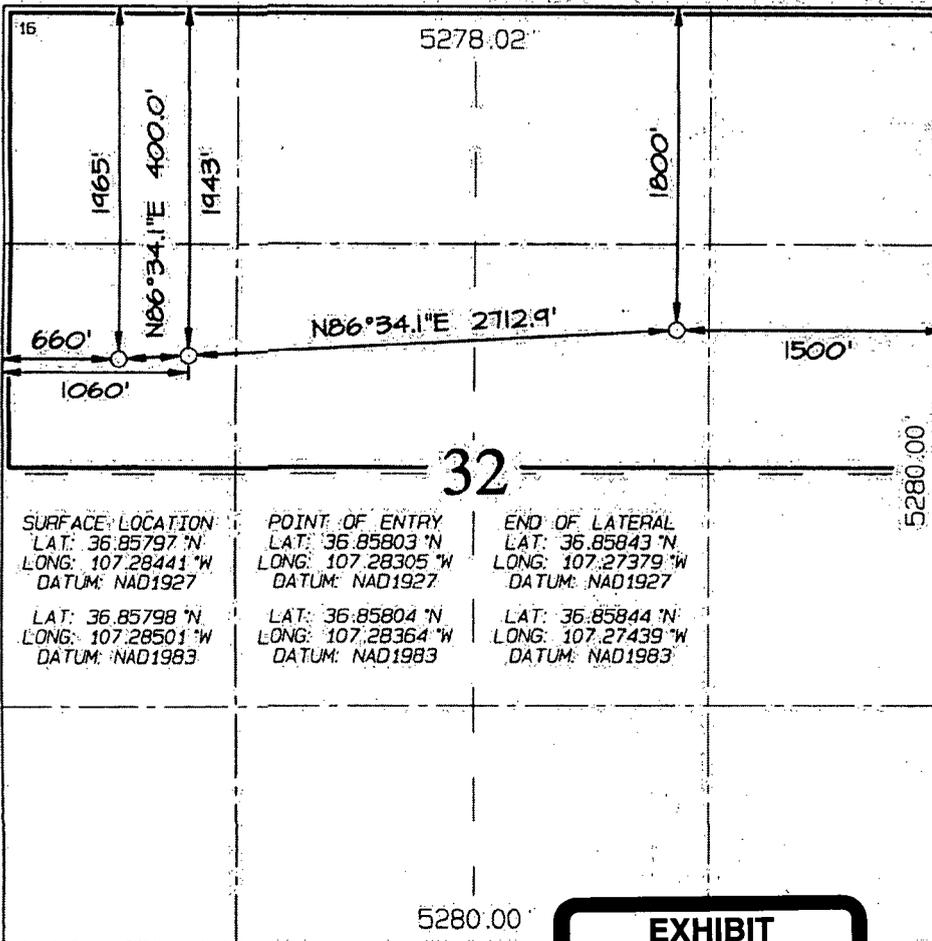
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	32	31N	4W		1965	NORTH	660	WEST	RIO ARRIBA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	32	31N	4W		1800	NORTH	1500	EAST	RIO ARRIBA

<sup>12</sup> Dedicated Acres 320.0 Acres - (N/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



<sup>17</sup> OPERATOR CERTIFICATION

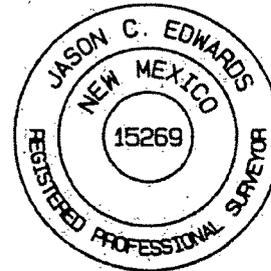
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Caray Higgins* 4-7-11  
Signature Date  
Caray Higgins  
Printed Name

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Date Revised: APRIL 1, 2011  
Survey Date: SEPTEMBER 9, 2008  
Signature and Seal of Professional Surveyor



JASON C. EDWARDS  
Certificate Number 15269



OFFSETS IN SECTION 32

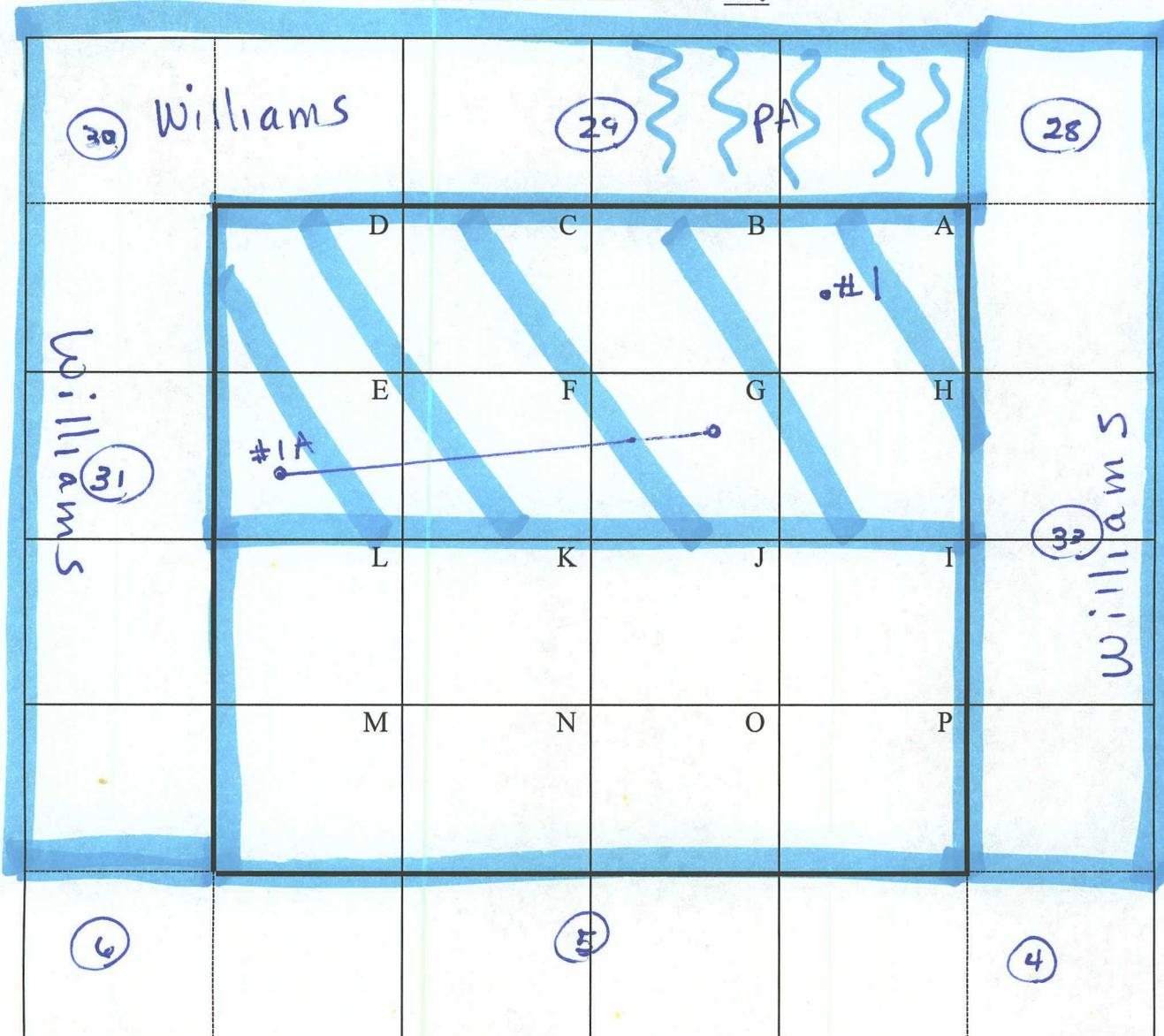


EXHIBIT  
tabbles®  
**B**

**Brooks, David K., EMNRD**

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**From:** Brooks, David K., EMNRD  
**Sent:** Thursday, April 21, 2011 9:07 AM  
**To:** 'Ocean Munds-Dry'  
**Subject:** Schakk 32 #1, 1A; SD application

Dear Ocean

For simultaneous dedication applications, since well density is affected, we require notice to affected persons in all offsetting units. Since according to your map one of the offsetting units is in the PA for the Rosa Unit, it would seem that notice to other working interest owners in the Rosa Unit PA is required.

Sincerely

David

**Brooks, David K., EMNRD**

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**From:** Ocean Munds-Dry [Omundsdry@hollandhart.com]  
**Sent:** Friday, May 20, 2011 10:40 AM  
**To:** Brooks, David K.; EMNRD  
**Subject:** RE: Schakk 32 #1, 1A; SD application

David: On this date, Williams gave notice of its application to the following working interest owners of its simultaneous dedication application:  
(We will send you a copy)

WORKING INTEREST OWNERS  
ROSA UNIT FRUITLAND COAL PARTICIPATING AREA  
TWENTY-FIRST EXPANSION

BP AMERICA PRODUCTION CO.  
ATTN: DONNA JONES  
P.O. BOX 3092  
HOUSTON, TX 77253

MR. FRED E. TURNER, L.L.C.  
4925 GREENVILLE AVENUE, SUITE 852  
DALLAS, TX 75206-4079

MS. ELIZABETH T. CALLOWAY  
P.O. BOX 191767  
DALLAS, TX 75219-1767

MR. J. GLENN TURNER, JR., L.L.C.  
4809 COLE, SUITE 212  
DALLAS, TX 75205

MR. JOHN TURNER  
P.O. BOX 329  
PORT ARANSAS, TX 78373

SACRAMENTO MUNICIPAL UTILITIES DISTRICT  
ATTN: BARRY BRUNELLE  
P.O. BOX 15830  
SACRAMENTO, CA 95852-1830

MARY FRANCES TURNER, JR TRUST  
ATTN: SHERI ANDERSON  
TX1-2931  
P.O. BOX 660197  
DALLAS, TX 75266-0197

OMIMEX PETROLEUM, INC.  
ATTN: CLARK P. STORMS  
7950 JOHN T. WHITE ROAD  
FORT WORTH, TX 76120

CONOCOPHILLIPS COMPANY  
ATTN: CHIEF LANDMAN, SAN JUAN/ROCKIES  
P.O. BOX 4289  
FARMINGTON, NM 87499-4289

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**From:** Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]  
**Sent:** Thursday, April 21, 2011 9:07 AM  
**To:** Ocean Munds-Dry  
**Subject:** Schakk 32 #1, 1A; SD application

Dear Ocean

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Sincerely

David