

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W Grand Ave., 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 and Natural Resources

Form C-103
 May 27, 2004

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

WELL API NO.
 30-039-27609
 5. Indicate Type of Lease
 STATE FEE
 6. State Oil & Gas Lease No.
 SF-078764

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) 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/>		7. Lease Name or Unit Agreement Name Rosa Unit
2. Name of Operator WILLIAMS PRODUCTION COMPANY, LLC		8. Well Number 23C
3. Address of Operator P.O. Box 640, Aztec, NM 87410		9. OGRID Number 120782
4. Well Location 2060' FSL & 220' FWL Section 29L Township 31N Range 05W NMPM County RIO ARRIBA		10. Pool name or Wildcat Blanco MV/Basin Dakota
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6399' GR		
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

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

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: <input checked="" type="checkbox"/> Commingle	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> RCVD NOV 15 '11 OIL CONS. DIV. OTHER: <input type="checkbox"/>
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DIST. 3

- i. Pre-approved Pool Division Order R-13122.
- ii. Pools to be commingled: Blanco MV 72319, Basin Dakota 71599.
- iii. Perforated intervals: Blanco MV 5209'-5866', Basin Dakota 7898'-8080'.
- iv. Fixed percentage allocation based upon production data of 58% Blanco MV and 42% Basin Dakota. This is based on the historic MV/DK of this well. See attached recommendation for details. This allocation may be adjusted at a later date based on a spinner survey after production has stabilized.
- v. Commingling will not reduce the value of reserves.
- vi. Interest owners in the spacing unit have not been notified of the intent to downhole commingle per order R-12991.
- vii. The BLM has been notified on sundry notice form 3160-5.

DHC 3674 AZ

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE *Ben Mitchell* TITLE Regulatory Specialist DATE 11/14/2011

Type or print name Ben Mitchell E-mail address: ben.mitchell@williams.com Telephone No. 505-333-1806
For State Use Only

APPROVED BY: *Charles R. [Signature]* TITLE **SUPERVISOR DISTRICT # 3** DATE 11-18-11

Conditions of Approval (if any):

If no 2011 PLT Approved, test CSG between parts 2 top part to surface

W

P.T.



Exploration & Production

**Production Allocation Recommendation
Rosa Unit #23C
Mesa Verde/Dakota**

WELLNAME: Rosa Unit #23C

LOCATION: NW/4 SW/4 Section 29(L), T31N, R5W

API No.: 30-039-27609

FIELD: San Juan

COUNTY: Rio Arriba

Date: November 3, 2011

Current Status: The Rosa Unit #23C is currently a dual completion well producing from the Mesa Verde and Dakota formations. Williams recommends commingling this well.

Commingle Procedure:

- Mesa Verde tubing will be pulled
- Dakota tubing will be pulled
- Production packer will be removed
- Well will be cleaned out to PBTD at 8085'
- A single string of 2-3/8" tubing will be run to ~8055'
- 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 in this well was gathered and analyzed. Cumulative production was considered to calculate baseline allocations. Williams will run a completion profiler once the well is commingled to re-evaluate allocation percentages.

Cumulative production used for baseline allocation:

Total Production from well = 448.397 MMcf

Total Production from MV = 260.567 MMcf

Total Production from DK = 187.830 MMcf

MV allocation = MV production / Total production = 260.567 MMcf / 448.397 MMcf = **58%**

DK allocation = DK production / Total production = 187.830 MMcf / 448.397 MMcf = **42%**