

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

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

DISTRICT II
811 South First, Artesia NM 88210

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

WELL API NO. 30-045-32142
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: COX CANYON
8. Well No. #5B
9. Pool name or Wildcat BLANCO MV/BASIN DK

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 checked="" type="checkbox"/> Other	
2. Name of Operator WILLIAMS PRODUCTION COMPANY	
3. Address of Operator P O BOX 3102, MS 25-4, TULSA, OK 74101	
4. Well Location (Surface) Unit letter <u>M</u> : 1025 feet from the <u>SOUTH</u> line & 1835 feet from the <u>WEST</u> line Sec 21-32N-R11W SAN JUAN, NM	
10. Elevation (Show whether DF, RKB, RT, GR, etc. 6880' GR	

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK
PLUG AND ABANDON
TEMPORARILY ABANDON
CHANGE PLANS
PULL OR ALTER CASING
X OTHER: COMMINGLE

SUBSEQUENT REPORT OF:

REMEDIAL WORK
ALTERING CASING
COMMENCE DRILLING OPNS.
PLUG AND ABANDONMENT
CASING TEST AND CEMENT JOB
OTHER: _____

12. 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-11363.
- Pools to be commingled: Blanco MV 72319, Basin Dakota 71599.
- Perforated intervals: Blanco MV 5302' - 5356', Basin Dakota 8271' - 8402'.
- Fixed percentage allocation based upon production data of 84% Blanco MV and 16% Basin Dakota. See attached information for details. This allocation may be adjusted at a later date based on further testing.
- Commingling will not reduce the value of reserves.
- All interest owners in the spacing unit have been notified of the intent to downhole commingle.
- The BLM has been notified and has approved the work on sundry notice form 3160-5.

Please see attached for commingle procedure:

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

SIGNATURE Rachel Lipperd TITLE: Engineering Technician II DATE: November 25, 2008

Type or print name Rachel Lipperd Telephone No: (918) 573-3046

(This space for State use) APPROVED

BY [Signature] TITLE Deputy Oil & Gas Inspector,
Conditions of approval, if any: District #3

JAN 14 2009
DATE



EXPLORATION & PRODUCTION

COMMINGLE MV/DK

COX CANYON 5B

SAN JUAN, NEW MEXICO

NOVEMBER 2008

WELLBORE STATUS:

PBTD 8,425' MD

2-3/8", 4.7#/FT, J-55 & N-80 EUE 8 RD TO 8,358' MD

MV ESTIMATED; SIBHP = 350± PSIG

DK ESTIMATED; SIBHP = 1000± PSIG

5-1/2" 17#/FT N-80 LT&C PRODUCTION CASING

OBJECTIVE: Pull tubing, cleanout to PBTD, acid stimulate MV/DK if needed and complete as a commingle and install Plunger Lift System.

- 1) MIRU, kill well, ND tree, & NU BOP's.
- 2) Release & remove Production packer (Baker 5 1/2" Model R-3)
- 3) Pull Dakota tubing.
- 4) Clean out to PBTD
- 5) Acid stimulate each formation
- 6) Complete with single string 2-3/8" tubing, landed tubing ~ 8358'
- 7) ND BOP's & NU tree
- 8) Release rig.
- 9) Return to production as MV/DK commingle

PRIOR TO PRIMARY JOB

- 1) Test rig anchors.
- 2) Verify location is OK for rig operations.
- 3) Ensure JSA, ECP's and lockout procedures are in place for the flow line and other energized piping or equipment.

SAFETY NOTICE

PERSONNEL SAFETY IS THE NUMBER ONE JOB.
NO EXCEPTIONS!!!

PROCEDURE:

Note: A safety meeting shall be held each morning before work and subsequent "tailgate" safety meetings are to be held during the day when operation objectives shift in nature and intent (i.e. beginning/ending fishing operations, squeeze jobs, rigging down, etc.)

1. Spot equipment, MIRU.
2. Blow down gas on well as possible to kill.
3. Set BPV's as necessary and pump into tubing string and backside to load well with filtered FLSW + 2% KCl as necessary to kill well.

Note: Steps 2 & 3 are to be performed each day before work begins and as necessary throughout the workday (with expected departure(s) when tubing is out of the hole).

4. ND tree and NU BOP's (blind & pipe rams).
5. Function test BOP's for operation and have shop test report for pressure on location.

Note: Step 5 is to be performed each time BOP stack is nipped up.

6. P/U on tubing (2-3/8" 4.7#/ft) and attempt to pull out of packer not to exceed 35,000 lbs over string weight.
7. POOH with 2-3/8" production tubing & LD tubing & packer.

ATTENTION

Only use pipe dope on the pins. **Do not dope the couplings.** If pipe dope gets on the exterior of the couplings or the pipe it should be wiped clean from the pipe or coupling. Do not use excess pipe dope and only dope the threads on the pins.

Note:

Rabbit all tubing RIH.

8. MU 2-3/8" production string w/ F-Nipple - RIH rabbiting to insure adequate gauged tubing, and end of tubing at ~8358'.
9. N/D BOP's and N/U wellhead.
10. R/D, move off location.
11. Return well to production.



Exploration & Production

Production Allocation Recommendation Cox Canyon 5B (MV/DK)

WELLNAME: Cox Canyon 5B
LOCATION: SW/4 SW/4 Sec.21, T32N,R11W
API No.: 03-045-32142

FIELD: Blanco
COUNTY: San Juan, NM
Date: November 5, 2008.

Current Status: The Cox Canyon 5B is currently a dual completion well producing from the Mesa Verde and Dakota formations. The Dakota formation is currently producing up tubing and the Mesa Verde formation is producing up the casing. Williams plans to commingle the Mesa Verde and Dakota zones, increasing the ability to produce the well more efficiently. Williams recommends commingling the well.

Commingling Procedure:

1. Pull Dakota tubing.
2. Remove Production packer
3. Clean out to PBTD
4. Acid stimulate each formation
5. Complete with single string 2-3/8" tubing, landed ~ 8358', in the DK perms
6. Return to production as MV/DK commingle

Allocation Method: Historic production data from both zones on this well was gathered and analyzed. Monthly production data from February 2007 through December 2007 was considered because 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 Mesa Verde accounted for approximately 84% of the total production, while the Dakota contributed the remaining 16% of production.

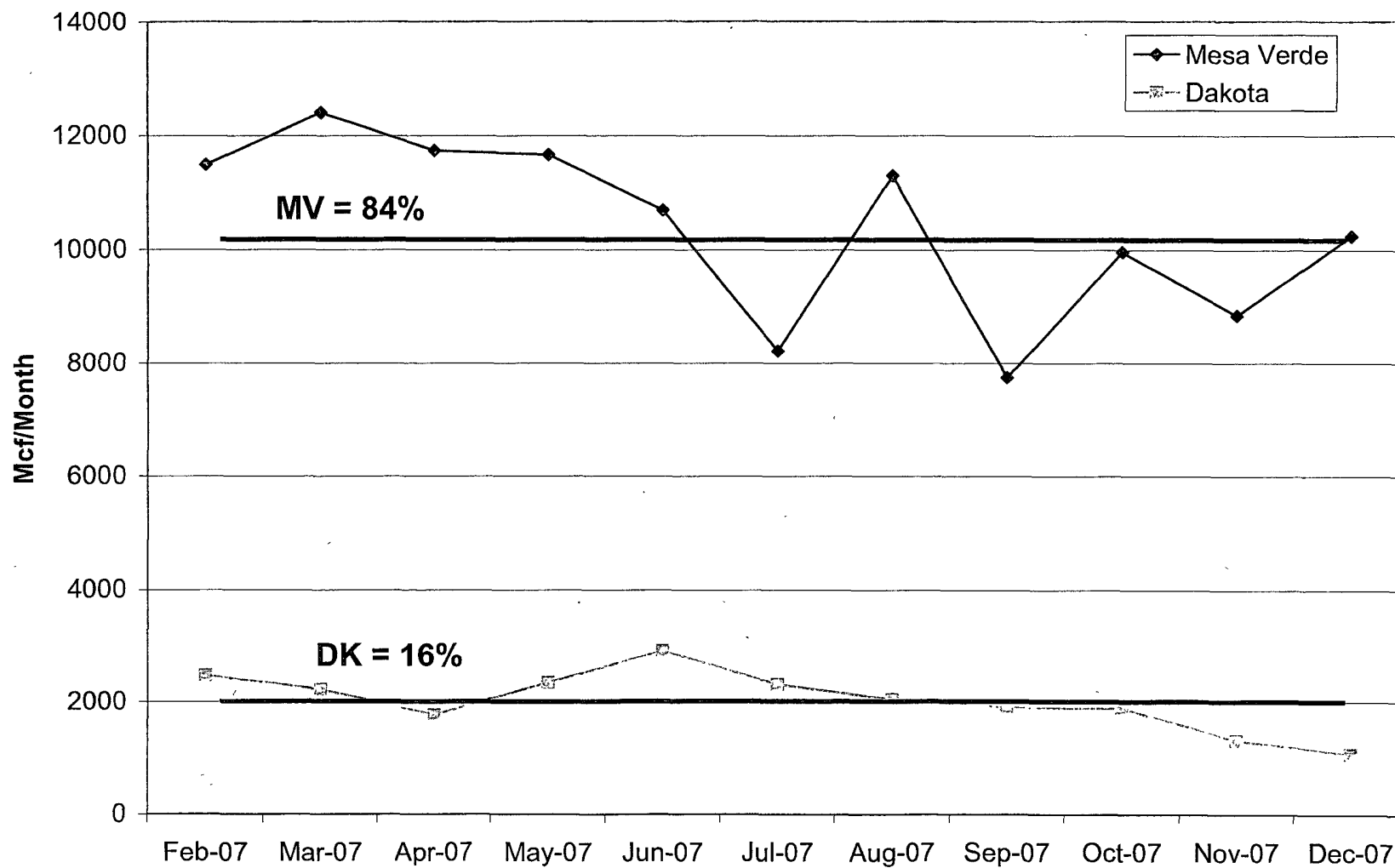
From February 2007 – December 2007

Total Production from well = 136,460 Mcf
Total Production from MV = 114,271 Mcf
Total Production from DK = 22,189 Mcf

MV allocation = MV prod / Total prod = 114,271 Mcf / 136,460 Mcf = **84%**

DK allocation = DK prod / Total prod = 22,189 Mcf / 136,460 Mcf = **16%**

Cox Canyon 5B MV/DK Production Evaluation Comparison Period





REC-157
DEC 10 2008
Bureau of Land Management
Farmington Field Office

PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

December 5, 2008

Williams Production Company, LLC
P.O. Box 3102
Tulsa, OK 74101-3102

Attn: Mr. Brennan West

Re: Downhole Commingling Application
Cox Canyon Unit Well No. 5 B (API # 30-045-32142)
Unit Letter M, Section 21-32N-11W
Blanco Mesaverde and Basin Dakota Pools
San Juan County, New Mexico

Dear Mr. West:

Thank you for your application to downhole commingle the Blanco Mesaverde and Basin Dakota pools from the referenced well in San Juan County, New Mexico.

Since it appears that all the New Mexico Oil Conservation's (OCD) rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your application is approved. Any deviation from the substance of your application will be cause for rescinding our approval, and approval is subject to like approval by the OCD and The Bureau of Land Management.

Please submit a filing fee in the amount of \$30.00.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
PL/IB/jm
Enclosure

xc: Reader File OCD—Ed Martin, BLM-Farmington

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Sahne Lands • Water Reservoirs • Western New Mexico University