

APPLICATION FOR QUALIFICATION OF WELL WORKOVER PROJECT
AND CERTIFICATION OF APPROVAL

- I. Operator: JOHN E. SCHALK OGRID # 011996
Address: P.O. Box 25825, Albuquerque, NM 87125
Contact Party: Steve Schalk Phone: (505) 881-6649
- II. Name of Well: Schalk Gulf #3 API # 30-039-22390
Location of Well:
Unit Letter 0, 1120 Feet from the south line and 1520 feet from the east line,
Section 6, Township 25N, Range 3W, NMPM, Rio Arriba County
- III. Date Workover Procedures Commenced: 5/24/96
Date Workover Procedures were Completed: 5/25/96
- 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.
DIST. 3

_____, being first duly sworn, upon oath 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)

Agent

(Title)

SUBSCRIBED AND SWORN TO before me this 3 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 5/25, 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 Gulf #3

On May 24, 1996 a plunger lift system was installed on the Schalk Gulf #3 to remove produced water from the wellbore more efficiently and allow for increased production.

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

Schalk Gulf #3
 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	565	January	515	January	470	January	429	January	392	January	358
June	595	February	560	February	511	February	467	February	426	February	389	February	355
July	591	March	556	March	507	March	463	March	423	March	386	March	352
August	586	April	552	April	504	April	460	April	420	April	383	April	349
September	582	May	548	May	500	May	456	May	416	May	380	May	347
October	578	June	543	June	496	June	453	June	413	June	377	June	344
November	573	July	539	July	492	July	449	July	410	July	374	July	342
December	569	August	535	August	489	August	446	August	407	August	371	August	339
		September	531	September	485	September	443	September	404	September	369	September	336
		October	527	October	481	October	439	October	401	October	366	October	334
		November	523	November	478	November	436	November	398	November	363	November	331
		December	519	December	474	December	433	December	395	December	360	December	329

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>							
January	326	January	298	January	272	January	248	January	226	January	207	January	189
February	324	February	296	February	270	February	246	February	225	February	205	February	187
March	321	March	293	March	268	March	244	March	223	March	204	March	186
April	319	April	291	April	266	April	243	April	221	April	202	April	184
May	317	May	289	May	264	May	241	May	220	May	201	May	183
June	314	June	287	June	262	June	239	June	218	June	199	June	182
July	312	July	285	July	260	July	237	July	216	July	197	July	180
August	309	August	282	August	258	August	235	August	215	August	196	August	179
September	307	September	280	September	256	September	233	September	213	September	194	September	178
October	305	October	278	October	254	October	232	October	211	October	193	October	176
November	302	November	276	November	252	November	230	November	210	November	192	November	175
December	300	December	274	December	250	December	228	December	208	December	190	December	174

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>							
January	172	January	157	January	143	January	131	January	119	January	109	January	100
February	171	February	156	February	142	February	130	February	119	February	108	February	99
March	170	March	155	March	141	March	129	March	118	March	107	March	98
April	168	April	154	April	140	April	128	April	117	April	107	April	97
May	167	May	152	May	139	May	127	May	116	May	106	May	97
June	166	June	151	June	138	June	126	June	115	June	105	June	96
July	164	July	150	July	137	July	125	July	114	July	104	July	95
August	163	August	149	August	136	August	124	August	113	August	103	August	94
September	162	September	148	September	135	September	123	September	112	September	103	September	94
October	161	October	147	October	134	October	122	October	112	October	102	October	93
November	160	November	146	November	133	November	121	November	111	November	101	November	92
December	158	December	145	December	132	December	120	December	110	December	100	December	92

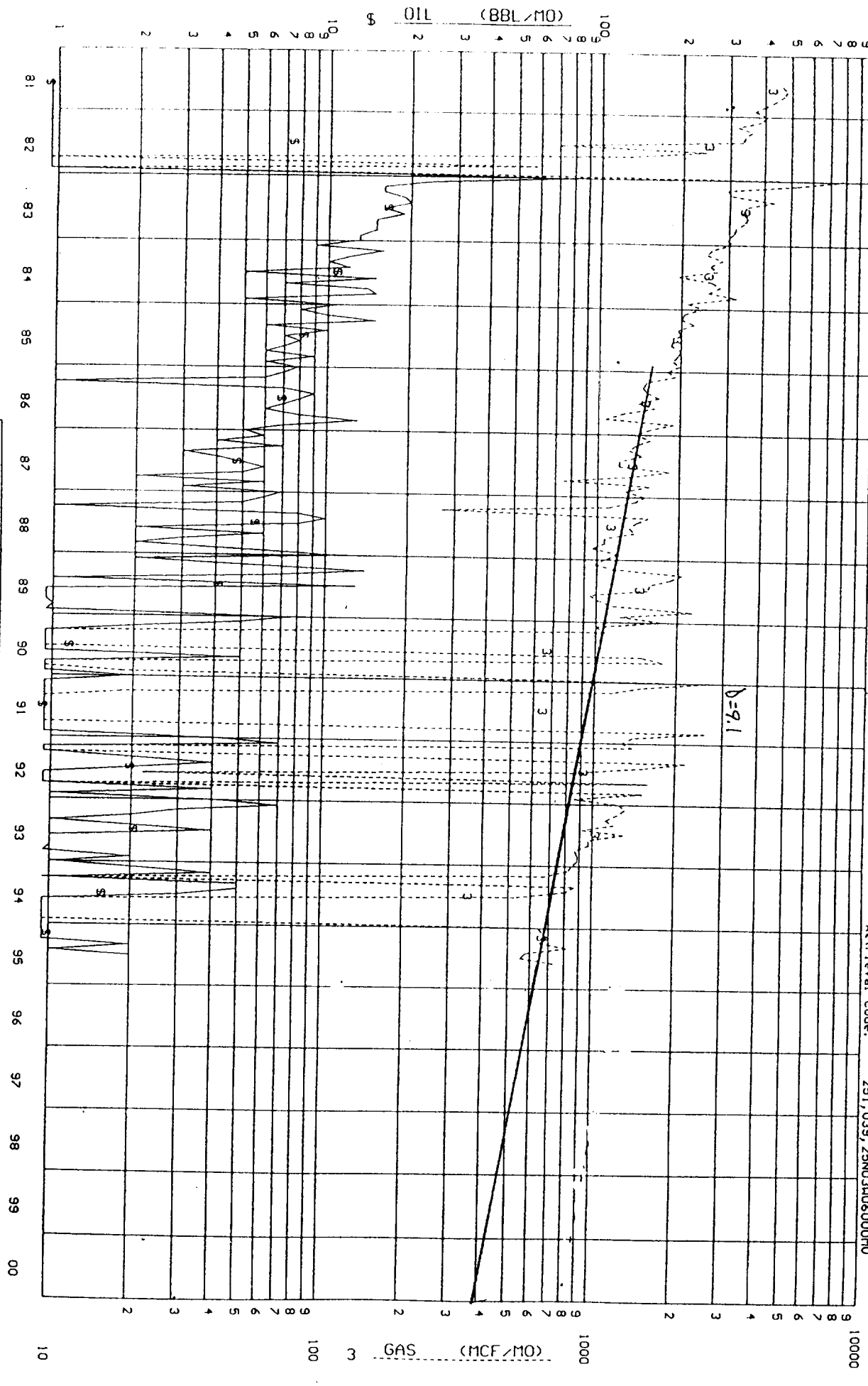
Lease: SCHALK GULF

000003

Dwights

Retrieval Code:

251,039,25N03106000HU



F.P. Date 06-81

County: RIO ABRIBA
 Field: BLANCO (HESAVERDE) NU
 Reservoir: HESAVERDE
 Operator: SCHALK JOHN E
 Oil Cum: 875
 Gas Cum: 270853
 Location: 60 25N 31

State: NH

HISTORICAL