

UNITED STATES
DEPARTMENT OF INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUL 21 2009

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

SUNDRY NOTICE AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION TO DRILL" for permit for such proposals

Lease Designation and Serial No
NMSF-078769

6 If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE

7. If Unit or CA, Agreement Designation
Rosa Unit

1. Type of Well
Oil Well Gas Well X Other

8. Well Name and No.
Rosa Unit 189

2. Name of Operator
WILLIAMS PRODUCTION COMPANY

9. API Well No.
30-039-30186

3. Address and Telephone No.
PO Box 640 Aztec, NM 87410-0640

10 Field and Pool, or Exploratory Area
BLANCO MV/BASIN MC/BASIN DK

4. Location of Well (Footage, Sec , T , R , M , or Survey Description)
1455' FNL & 1780' FEL, T31N, R5W, Sec 21

11. County or Parish, State
Rio Arriba, New Mexico

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

X Notice of Intent

Subsequent Report

Final Abandonment

Abandonment

Recompletion

Plugging Back

Casing Repair

Altering Casing

X Other Commingle

Change of Plans

New Construction

Non-Routine Fracturing

Water Shut-Off

Conversion to Injection

Dispose Water

(Note Report results of multiple completion
on Well Completion or Recompletion Report
and Log form)

13 Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)*

Williams Production plans to commingle the Blanco Mesa Verde, Basin Mancos and Basin Dakota on this well as per attached procedure. Commingle authorization has been filed with the NMOCD. (copy attached)

RCVD AUG 5 '09
OIL CONS. DIV.

DIST. 3

DHC3192AZ

14. I hereby certify that the foregoing is true and correct

Signed Larry Higgins
Larry Higgins

Title Drilling COM

Date 7-21-09

(This space for Federal or State office use)

Approved by Joe Hewitt

Title Geo

Date 8-5-09

Conditions of approval, if any:

NMOCD



Exploration & Production

Production Allocation Recommendation Rosa # 189(DK/MC/MV)

WELLNAME: Rosa #189
LOCATION: Sec.21, T31N,R05W
API No.: 03-039-30186

FIELD: Rosa Blanco
COUNTY: Rio Arriba, NM
Date: 7-21-09

Current Status: Williams is currently completing the Rosa #189 in the Dakota, Mancos, and Mesa Verde formations. Williams recommends tri-mingling the well after the proposed completion work has been completed.

Commingle Procedure:

1. Acidize & fracture stimulate the DK, MC, and MV formations
2. Flow back and clean up each formation prior to completion.
3. TIH w/ work string and remove CIBP
4. Clean out to PBTD
5. Complete with single string 2-3/8" tubing, landed below DK perms
6. NDBOP. NUWH.
7. Turn well over to production as a tri-mingle

Allocation Method: Williams has assembled historic production data used to forecast Mancos production. Williams used this production data to come up with an initial allocation for this tri-mingle. Williams recommends that a spinner survey be performed after production has stabilized, so that allocation percentages can be corrected if need be.

After 18 months of production:

Total Production from well = 364,108 Mcf
Total Production from DK = 86,405 Mcf
Total Production from MC = 136,202 Mcf
Total Production from MV = 141,500 Mcf

DK allocation = $\text{DK prod} / \text{Total prod} = 86,405 \text{ Mcf} / 364,108 \text{ Mcf} = 24\%$
MC allocation = $\text{MC prod} / \text{Total prod} = 136,202 \text{ Mcf} / 364,108 \text{ Mcf} = 37\%$
MV allocation = $\text{MV prod} / \text{Total prod} = 141,500 \text{ Mcf} / 364,108 \text{ Mcf} = 39\%$



ENERGY SERVICES
Exploration & Production
June 9, 2009

Initial allocation of production for Rosa Unit new drills completed in the Dakota, Mancos and MesaVerde

Using historic production from recently (after Jan 2003) completed wells and forecasted production from Mancos wells very recently completed (late 2008), an allocation percentage was calculated for all three zones. This allocation will be used for the first 12-18 months of production on the well. After this time a production logging tool will be run (spinner survey or equivalent) to better estimate the production allocation percentage. (See attached production plot and forecast for allocation data.)

For the first 12 months

Total Production from well	= 274.325 MMcf
Total Production from Dakota	= 60.205 MMcf
Total Production from Mancos	= 106.644 MMcf
Total Production from MesaVerde	= 107.475 MMcf

Dakota allocation = Dakota prod / Total prod = $60.205 \text{ MMcf} / 274.325 \text{ MMcf} = 22\%$

Mancos allocation = Mancos prod / Total prod = $106.644 \text{ MMcf} / 274.325 \text{ MMcf} = 39\%$

MesaVerde allocation = MesaVerde prod / Total prod = $107.475 \text{ MMcf} / 274.325 \text{ MMcf} = 39\%$

Other methods of allocation considered:

Flow test through a separator – Differences in decline rates between the reservoirs may lead to a large difference in allocation at the end of a year. Additionally, stimulation fluid that remains in the near-wellbore formation may mask the reservoirs true potential in the short term.

Extended isolated flow (flowing each zone individually for 3-6 months) – This method may yield better results than the immediate flow through the separator, there is still the concern about the formation potential in the short term. Additionally, as the lower formations sit under bridge plugs for a year or more the formation may be damaged by not effectively removing the stimulation fluids and ultimately less reserves would be recovered.