

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

5. Lease Serial No.

SF-078769

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☒ DRILL

☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other

☒ Single Zone

☐ Multiple Zone

2. Name of Operator

Williams Production Company, LLC

3a. Address

P.O. Box 640 Aztec, NM 87410

3b. Phone No. (include area code)

(505) 634-4208

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface 1145' FNL & 2305' FEL

At proposed prod. zone same as above

14. Distance in miles and direction from nearest town or post office*

approximately 36 miles northeast of Blanco, New Mexico

15. Distance from proposed*

location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

1145'

16. No. of Acres in lease

2,560.00

17. Spacing Unit dedicated to this well

320.0 (E/2)

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

2500'

19. Proposed Depth

3,575'

20. BLM/BIA Bond No. on file

UT0847

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

6641 GR

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

22. Approximate date work will start*

June 1, 2007

23. Estimated duration

1 month

24. Attachments

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Name (Printed/Typed)

Date

Title

Larry Higgins

11-9-06

Drilling COM

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

3/17/08

FFO

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Williams Exploration and Production Company, LLC, proposes to drill a well to develop the Basin Fruitland Coal formation at the above described location in accordance with the attached drilling and surface use plans.

The surface is under jurisdiction of the U.S. Forest Service, Jicarilla Ranger District, Carson National Forest.

This location has been archaeologically surveyed La Plata Archaeological Consultants Copies of their report have been submitted directly to the USFS, Jicarilla Ranger District.

This APD is also serving as an application to obtain road, and gas and water pipelines rights-of-way. Also required for this location is a 2050-foot access road, as well as gas and water pipelines of 2103.30 feet each; to be placed in the same ditch, adjacent to the access road.

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

NMOCD

MAR 24 2008

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2006 NOV 13 PM 4 32 AMENDED REPORT

RECEIVED
WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------|---|------------------------------------|
| *API Number 30-039-30112 | *Pool Code 71629 | *Pool Name BASIN FRUITLAND COAL |
| *Property Code 17033 | *Property Name ROSA UNIT | *Well Number 374 |
| *GRID No. 120782 | *Operator Name WILLIAMS PRODUCTION COMPANY | *Elevation 6641' |


10 Surface Location

| | | | | | | | | | |
|--------------------|---------------|-----------------|-------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------------|
| UL or lot no. B | Section 16 | Township 31N | Range 5W | Lot Idn | Feet from the 1145 | North/South line NORTH | Feet from the 2305 | East/West line EAST | County RIO ARriba |
|--------------------|---------------|-----------------|-------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------------|

11 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 |
| 12 Dedicated Acres 320.0 Acres - (E/2) | | | | | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. | | |

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

| | | | | |
|----------|----------|--|----------|--|
| 16 | 5283.96' | 1145' | 2305' | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature <u>Larry Higgins</u> Printed Name <u>LARRY HIGGINS</u> Title <u>DRILLING COM</u> Date <u>11-9-06</u> |
| 5280.00' | 16 | LAT: 36.90362 °N LONG: 107.36654 °W DATUM: NAD1983 | 5280.00' | 18 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: JANUARY 21, 2006 Date of Survey: JUNE 18, 2002 Signature and Seal of Professional Surveyor  <u>JASON C. EDWARDS</u> Certificate Number 15269 |
| | 5287.26' | LEASE SF-078769 | | |

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

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

Form C-103
May 27, 2004

| | | |
|--|--|---|
| 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.) | | WELL API NO. 30.039.30112 |
| 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other | | 5. Indicate Type of Lease FEDERAL <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator Williams Production Company, LLC | | 6. State Oil & Gas Lease No. SF-078769 |
| 3. Address of Operator P.O. Box 640 Aztec, NM 87410 | | 7. Lease Name or Unit Agreement Name Rosa Unit |
| 4. Well Location Unit Letter B: 1145 feet from the north line and 2305 feet from the east line Section 16 Township 31N Range 5W NMPM County Rio Arriba | | 8. Well Number 374 |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6,641' GR | | 9. OGRID Number 120782 |
| Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/> | | |
| Pit type <u>reserve</u> Depth to Groundwater <u>>100'</u> Distance from nearest fresh water well <u>>1,000'</u> Distance from nearest surface water <u>>1,000'</u> | | |
| Pit Liner Thickness: 12 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: | | SUBSEQUENT REPORT OF: | |
|--|--|--|--|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input checked="" type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Drilling/Completion pit to be located approximately 50 to 75 feet from well head. Pit multi-use drilling and completion to avoid additional site disturbance and pit will be considered out of service once production tubing set. Pit to be constructed, operated and closed in accordance with NMOCD guidelines and Williams procedures.

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 Larry Higgins TITLE Drilling COM DATE 11-9-06
Type or print name Larry Higgins E-mail address: larry.higgins@williams.com Telephone No. (505) 634-4208

For State Use Only

APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE MAR 24 2008
Conditions of Approval (if any):



WILLIAMS PRODUCTION COMPANY

Operations Plan

(Note: This procedure will be adjusted on site based upon actual conditions)

DATE: 10/25/2006

WELLNAME: Rosa Unit #374 **FIELD:** Basin Fruitland Coal

LOCATION: NWNE Sec. 16-T31N-5W
Rio Arriba, NM **SURFACE:** USFS

ELEVATION: 6,641' GR **MINERALS:** BLM

TOTAL DEPTH: 3,575' **LEASE #** SF-078769

I. GEOLOGY: Surface formation - San Jose

A. FORMATION TOPS: (KB)

| NAME | DEPTH | NAME | DEPTH |
|------------|---------|-----------------|-------|
| San Jose | Surface | Top Coal | 3,345 |
| Nacimiento | 1,590 | Bottom Coal | 3,475 |
| Ojo Alamo | 2,765 | Pictured Cliffs | 3,475 |
| Kirtland | 2,875 | TD | 3,575 |
| Fruitland | 3,250 | | |

B. LOGGING PROGRAM: GR and Density/ Neutron log from intermediate shoe to TD. Density/ Neutron log from surface casing to TD. Onsite geologist will pick Density/ Neutron log intervals on both logging runs.

C. NATURAL GAUGES: Gauge any noticeable increases in gas flow. Record all gauges in Tour book and on morning reports.

II. DRILLING

A. MUD PROGRAM: Clear water with benex to 7" casing point. Treat for lost circulation as necessary. Expect 100% returns prior to cementing. Notify Engineering of any mud losses. If coal is detected before 3,325' DO NOT drill deeper until Engineering is contacted.

B. Drilling Fluid: Coal section will be drilled with Fruitland Coal water.

C. MUD LOGGING PRORAM: Mud logger will be on location at drill out below 7" casing to TD.

- D. **BOP TESTING:** While drill pipe is in use, the pipe rams and the blind rams will be function tested once each trip. The anticipated reservoir is expected to be less than 1300 psi, so the BOPE will be tested to **250 psi (Low) for 5 minutes** and **1500 psi (High) for 10 minutes**. Utilize a BOPE Testing Unit with a recording chart and appropriate test plug for testing. The drum brakes will be inspected and tested each tour. **All tests and inspections will be recorded in the tour book as to time and results.**

III. MATERIALS

A. CASING PROGRAM:

| <u>CASING TYPE</u> | <u>HOLE SIZE</u> | <u>DEPTH</u> | <u>CASING SIZE</u> | <u>WT. & GRADE</u> |
|--------------------|------------------|--------------------|--------------------|------------------------|
| Surface | 12-1/4" | +/- 300' | 9-5/8" | 36# K-55 |
| Intermediate | 8-3/4" | +/- 3,374' | 7" | 20# K-55 |
| Prod. Liner | 6-1/4" | +/- 3,274'- 3,475' | 5-1/2" | 15.5# K-55 |

B. FLOAT EQUIPMENT:

1. **SURFACE CASING:** 9-5/8" notched regular pattern guide shoe. Run (1) standard centralizer on each of the bottom (4) joints of Surface Casing.
2. **INTERMEDIATE CASING:** 7" cement nose guide shoe with a self-fill insert float. Place float collar one joint above the shoe. Install (1) Turbulent centralizer on each of the bottom (3) joints and one standard centralizer every (3) joints to 2,500 ft. Run (1) Turbulent centralizer at 2,700 ft., 2,500 ft., 2,300ft., 2,000ft., 1,500 ft., and 1,000 ft. (**NTL-FRA 90-1**).
3. **PRODUCTION LINER / CASING:** 4-1/2" & 5-1/2" whirl type cement nose guide shoe with a latch collar on top of 20' bottom joint. Place marker joint above 5,400'. Place centralizers as needed across selected production intervals.

C. CEMENTING:

(Note: Volumes may be adjusted onsite due to actual conditions)

1. **SURFACE:** Use 190 sx (264 cu.ft.) of "Type III" with 2% CaCl₂ and 1/4# of cello-flake/sk (Yield = 1.41 cu.ft./sk, Weight = 14.5 #/gal.). Use **150% excess** to circulate the surface. WOC 12 hours. Total volume = 206 cu.ft. Test to 1500#.
2. **INTERMEDIATE:** Lead - 460 sx (961 cu.ft.) of "Type III" 65/35 poz with 8% gel, 1% CaCl₂ and 1/4# cello-flake/sk (Yield = 2.09 cu.ft./sk, Weight = 12.1 #/gal.). Tail - 50 sx (70cu.ft.) of "Type III" with 1/4# cello-flake/sk, and 1% CaCl₂ (Yield = 1.4 cu.ft./sk, Weight = 14.5#/gal.). Use **120% excess in Lead Slurry** to circulate to surface. **No excess in Tail Slurry**. Total volume = 1,031 cu.ft. Bump Plug to 1,500 psi. Notify engineering if cement is not circulated to surface.
3. **PRODUCTION LINER:** Open hole completion. No cement.

GENERAL ROSA DRILLING PLAN

Rosa Unit boundaries:

T31N, R4W: all except sections 32-36

T31N, R5W: all except sections 1 & 2

T31N, R6W: all except sections 6,7,18,20, & 27-36

T32N, R6W: sections 32-36

| FORMATION | LITHOLOGY | WATER | GAS | OIL/COND | OVER-PRES | LOST CIRC |
|-----------------|--|----------|----------|----------|-----------|-----------|
| Nacimiento | Interbedded shales, siltstones and sandstones | Possible | Possible | No | No | No |
| Ojo Alamo | Sandstone and conglomerates with lenses of shale | Fresh | No | No | No | No |
| Kirtland | Shale W/interbedded sandstones | No | Possible | No | No | No |
| Fruitland | Inter, SS, SiltSt, SH & Coals w/carb, SS, SiltSt, SH | Yes | Yes | No | Possible | Possible |
| Pictured Cliffs | Massive Sandstone w/thin interbedded shales | Possible | Yes | Possible | No | Possible |
| Lewis | Shale w/thin interbedded sandstones and siltstones | No | Possible | No | No | No |
| Cliff House | Transgressive sandstones | Possible | Yes | No | No | No |
| Menefee | Sandstones, carb shales and coal | Possible | Yes | No | No | No |
| Point Lookout | Regressive coastal barrier sandstone | Possible | Yes | Possible | No | Yes |
| Mancos | Marine shale and interbedded sandstone | No | Possible | Possible | No | Possible |
| Upr Dadota | Marine sand and shales | No | Yes | Possible | No | Possible |
| Lwr Dakota | Fluvial sands, shales, & coal | Possible | Yes | Possible | No | Possible |

DRILLING

Potential Hazards:

1. There are no overpressured zones expected in this well.
2. No H₂S zones will be penetrated while drilling this well.

Mud System:

1. Surface - The surface hole will be drilled with a low-solids, non-dispersed system with starch and lost circulation material as needed. Expected mud weights will be in the 8.4 to 9.0 lb per gal range. Viscosities will be in the 30 to 60 sec/qrt range as needed to remove drill cuttings.
2. Intermediate - The intermediate hole will be drilled with clear water and Benex to TD where the well will be mudded up to log and run casing. The mud system will be low-solids, non-dispersed with mud weights in the 9 to 10 lb per gal range as needed to control the well. Viscosities will be in the 45 to 55 range as needed to support any weight material. The weight material will consist of Barite.
3. Production - The well will be drilled using air from the intermediate casing point to TD. For Fruitland Coal wells, the coal section will be drilled with air/mist.

WALSH PRODUCTION COMPANY, LLC
Well Control Equipment Schematic for 2M Service

Attachment to Drilling Technical Program

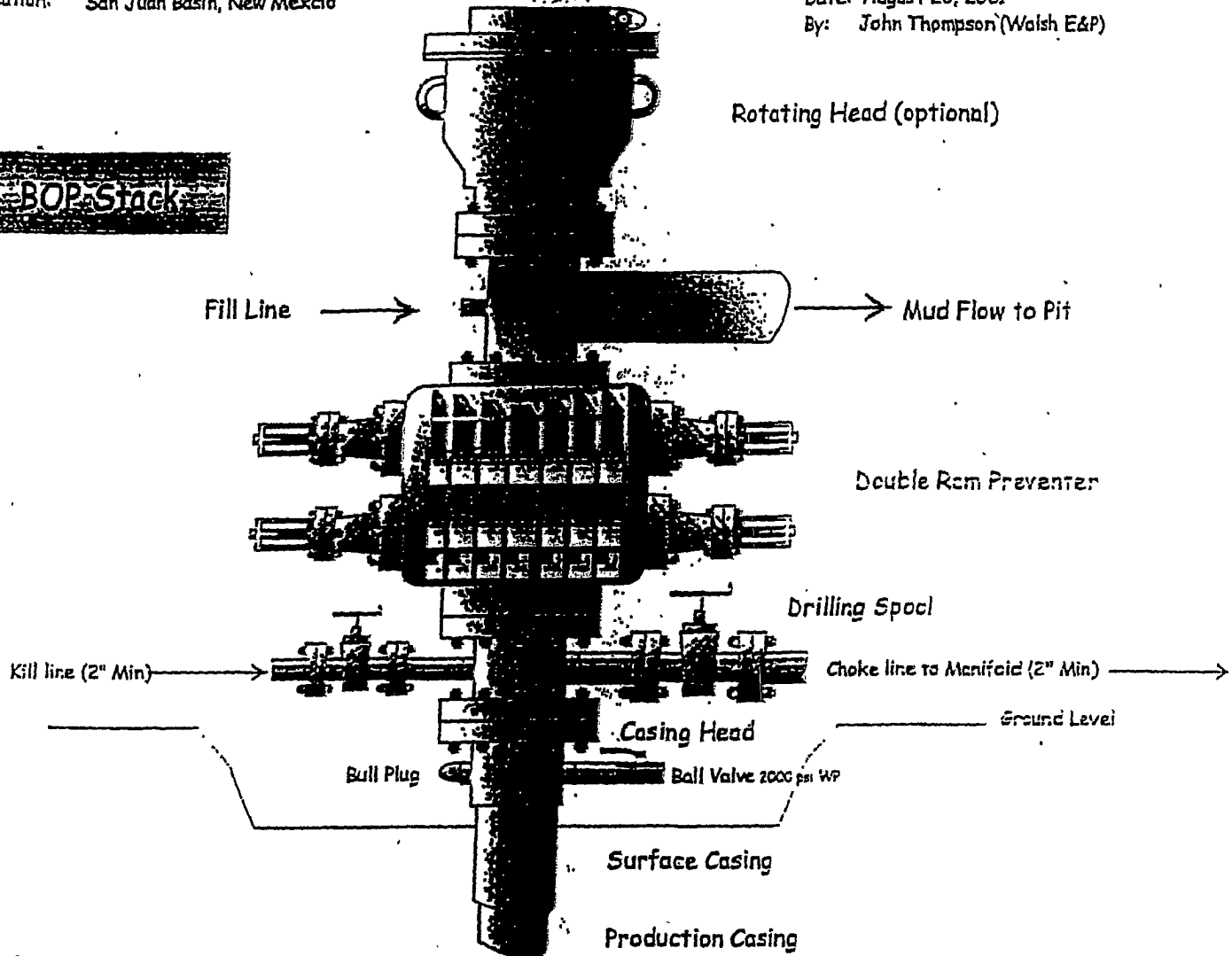
Typical BOP setup

Location: San Juan Basin, New Mexico

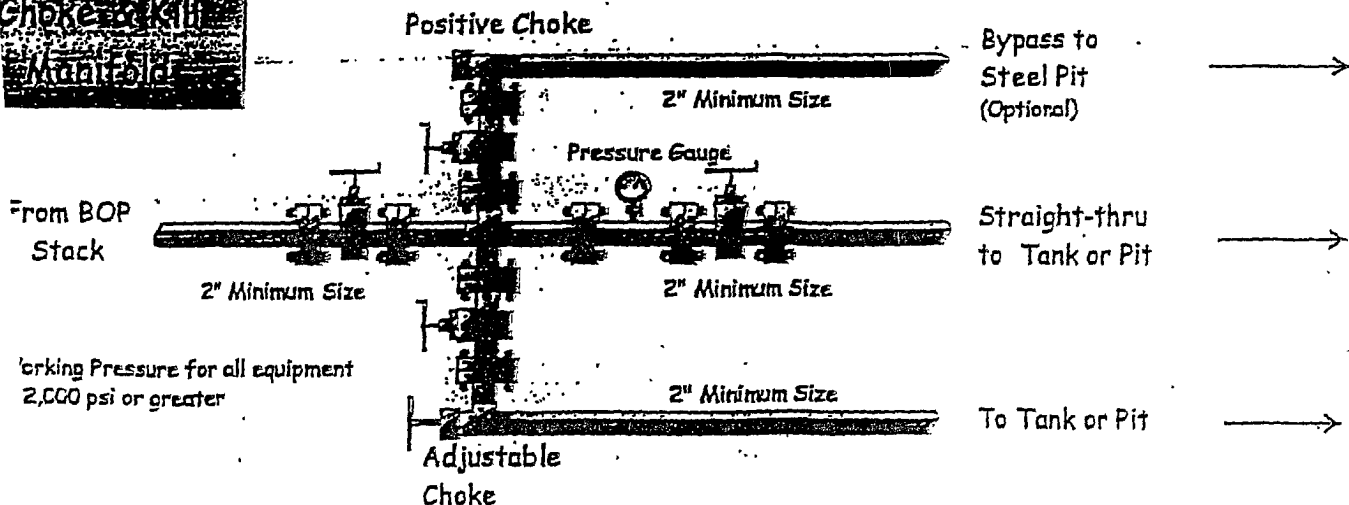
Date: August 20, 2001

By: John Thompson (Walsh E&P)

BOP Stack



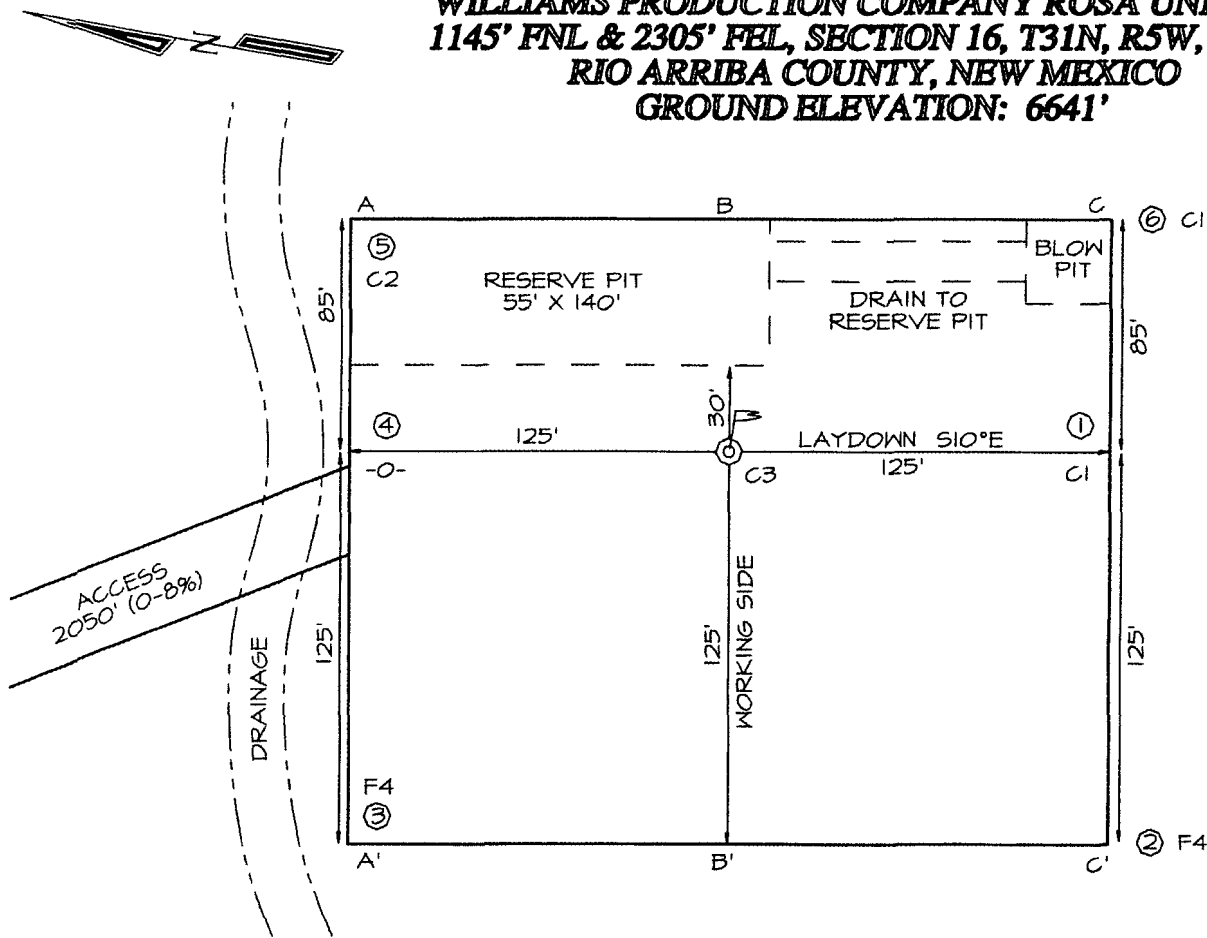
Choke & Kill
Manifold



Working Pressure for all equipment
2,000 psi or greater

WILLIAMS PRODUCTION COMPANY ROSA UNIT #374
1145' FNL & 2305' FEL, SECTION 16, T31N, R5W, NMPM
RIO ARriba COUNTY, NEW MEXICO
GROUND ELEVATION: 6641'

PLAZ #1



LATITUDE: 36°54'13"
LONGITUDE: 107°21'57"
 DATUM: NAD1927

