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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FEB 04 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

Bureau of Land Management

5. Lease Serial No NMNM 23044
6. If Indian, Allottee or Tribe Name
7. If Unit or CA Agreement, Name and No.
8. Lease Name and Well No Schalk 32 #1A
9. API Well No 30-039-30915
10. Field and Pool, or Exploratory Basin Fruitland Coal
11. Sec, T., R., M., or Blk. and Survey or Area E Section 32, 31N, 4W
12. County or Parish Rio Arriba
13. State NM

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 1965' FNL & 660' FWL

At proposed prod. zone

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

approximately 31 miles northeast of Blanco, New Mexico

15. Distance from proposed*

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

660'

16. No. of Acres in lease

640.0

17. Spacing Unit dedicated to this well

320.0 - (N/2)

RCVD MAR 18 '10
OIL CONS. DIV.

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

2638' Rosa 313

19. Proposed Depth

3,892'

20. BLM/BIA Bond No. on file

UT0899

DIST. 3

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

6978' GR

This section 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*

April 1, 2009

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 <i>Larry Higgins</i>	Name (Printed/Typed) Larry Higgins	Date 2-5-10
Title Drilling COM		
Approved by (Signature) <i>D. Mankin</i>	Name (Printed/Typed)	Date 3/18/2010
Title AFEM	Office 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 Production Company, LLC, proposes 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 Carson National Forest, Jicarilla Ranger District

This location has been archaeologically surveyed by La Plata Archaeological Consultants. Copies of their report have been submitted directly to the CNF.

A new access road of 402.1 feet will be required for this proposed well.

This APD is also serving as an application to obtain a pipeline right-of-way. An associated pipeline tie of 510.5 feet would be required for this well.

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

MAR 19 2010

NMOCD

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

District I
1625 N French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, 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 & Natural Resources Department

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

Bureau of Land Management
Farmington Field Office

Form C-102
Revised October 12, 2005
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

RECEIVED

SEP 04 2010

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-30915	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 301345	⁵ Property Name SCHALK 32	⁶ Well Number 1A
⁷ OGRID No. 120782	⁸ Operator Name WILLIAMS PRODUCTION COMPANY	⁹ Elevation 6978'

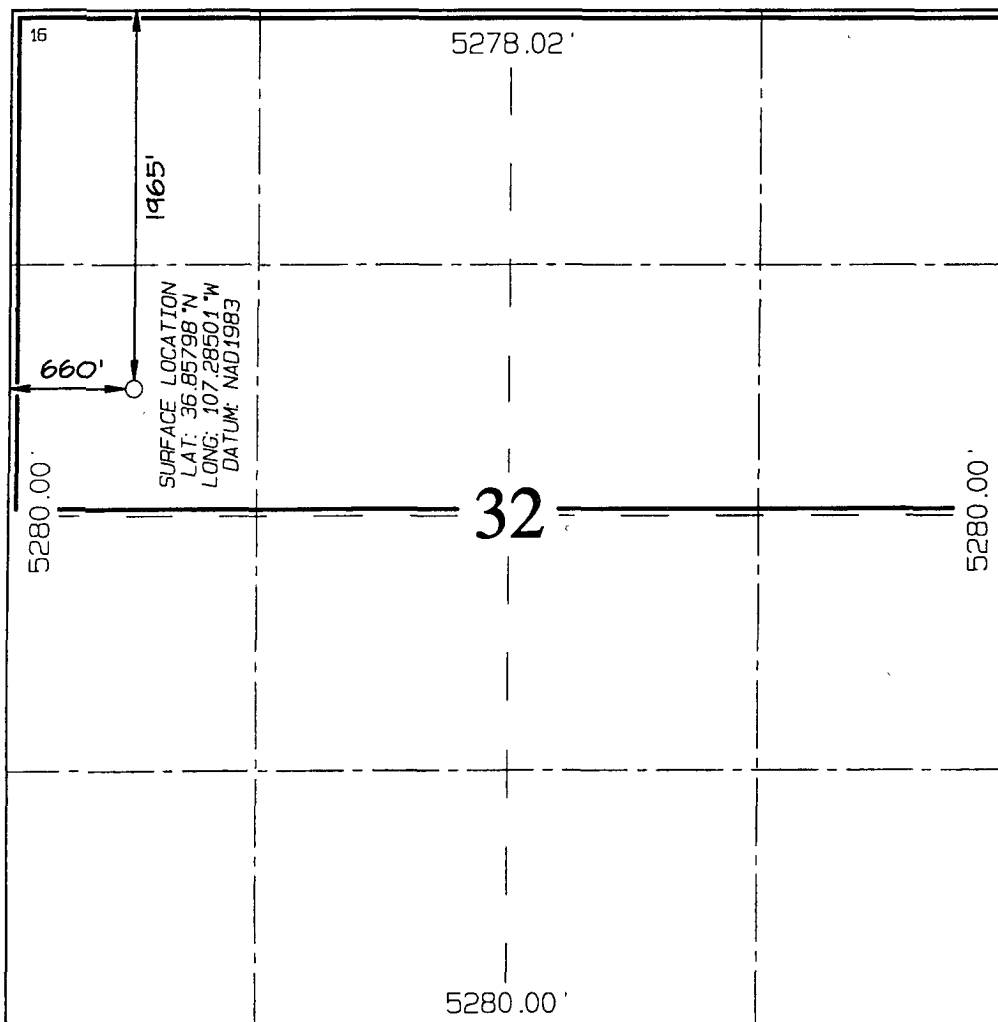
¹⁰ Surface Location

UL or lot no E	Section 32	Township 31N	Range 4W	Lot Idn	Feet from the 1965	North/South line NORTH	Feet from the 660	East/West line WEST	County RIO ARriba
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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 - (N/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



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Larry Higgins 2-5-10
Signature Date
LARRY HIGGINS
Printed Name

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.

Survey Date: SEPTEMBER 9, 2008

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269



WILLIAMS PRODUCTION COMPANY

Operations Plan

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

DATE: 11/11/2009

WELLNAME: Schalk 32 #1A **FIELD:** Basin Fruitland Coal

BH LOCATION: SWNW Sec. 32-T31N-4W **SURFACE:** USFS
Rio Arriba, NM

ELEVATION: 6,978' GR **MINERALS:** BLM

TOTAL DEPTH: 3,907' **LEASE #**

I. **GEOLOGY:** Surface formation - San Jose

A. **FORMATION TOPS:** (KB)

NAME	MD	NAME	MD
San Jose	Surface	Top Coal	3,767
Nacimiento	1,942	Bottom Coal	3,807
Ojo Alamo	3,172	Pictured Cliffs	3,807
Kirtland	3,287	TD	3,907
Fruitland	3,667		

B. **LOGGING PROGRAM:** HRD from TD to Intermediate casing. DSN from TD to surface casing.

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

D. **MUD LOGGING PROGRAM:** Mud logger will be on location at drill out below 7" casing to TD. Mud log 5"=100'. Mud logger to pick TD.

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 3,747', **DO NOT** drill deeper until Engineering is contacted.

B. **DRILLING FLUID:** Coal section will be drilled with Fruitland Coal water.

- C. **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:

CASING TYPE	OH SIZE (IN)	DEPTH (MD) (FT)	CASING SIZE (IN)	WEIGHT(LB)	GRADE
Surface	12 1/4	300	9 5/8	36	K-55
Intermediate	8 3/4	3,747	7	23	K-55
Liner	6 1/4	3,647 3,907	5 1/2	15.5	J-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: 5-1/2" whirler type cement nose guide shoe with a latch collar on top of 20' bottom joint. Place centralizers as needed across selected production intervals.

C. CEMENTING:

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

1. SURFACE: Use 125 sx (224 cu.ft.) of "Type III" + 2% Cal-Seal 60 + 1/4 # of poly-e-flake/sk + 0.3% Versaset + 2% Econolite + 6% Salt (Yield = 1.796 cu.ft./sk, Weight = 13.5 #/gal.). The 100% excess should circulate cement to the surface. WOC 12 hours. Test csg to 1500psi. **For 30 min**
2. INTERMEDIATE: Lead - 245 sx (667 cu.ft.) of "EXTENDACEM" + 5 #/sk pheno-seal + 5% Cal-Seal 60 (Yield = 2.723 cu.ft./sk, Weight = 11.5 #/gal.). Tail - 100 sx (117.8cu.ft.) of Premium cement + 0.125 #/sk Poly-E-Flake, (Yield = 1.178 cu.ft./sk, Weight = 15.6#/gal.). **NO EXCESS PUMP AS WRITTEN SHOULD CIRCULATE TO SURFACE** Total volume = 785 cu.ft. Bump Plug to 1,500 psi. Notify engineering if cement is not circulated to surface **and run CBL**
3. PRODUCTION LINER: Open hole completion. No cement.

IV. COMPLETION

A. PRESSURE TEST

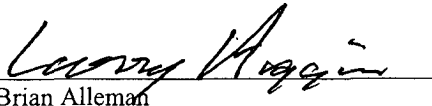
1. Pressure test 7" casing to 1500# for ¹/₅ minutes as per state regulations. **/BLM**

B. STIMULATION

1. Cavitate well with reciprocation and rotation. Surge wells with water and air and then flow back. Cavitate for 2 to 3 weeks. Maximum pressure not expected to exceed 2,000 psi.

C. RUNNING TUBING

1. Fruitland Coal: Run 2-7/8", 6.5#, J-55, EUE tubing with a SN on top of bottom joint. Land tubing approximately 50' above TD.


for Brian Alleman
Drilling Engineer

Well Control Equipment Schematic for 2M Service

Attachment to Drilling Technical Program

Exhibit #1 Typical BOP setup

Location: San Juan Basin, New Mexico

Date: August 20, 2001

By: John Thompson (Walsh E&P)

