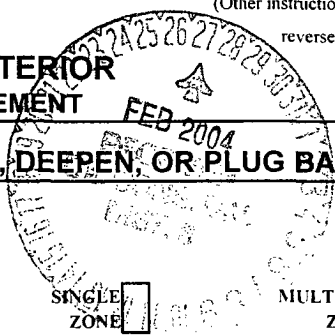


**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**



APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK **DRILL** **DEEPEN**

1b. TYPE OF WELL
OIL WELL **GAS WELL** **OTHER**
SINGLE ZONE **MULTIPLE ZONE**

2. NAME OF OPERATOR
Williams Production Company LLC

3. ADDRESS OF OPERATOR
P.O. Box 316 - Ignacio, Colorado 81137 - Phone (970) 563-3308

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At Surface *1025' FSL & 1835' FWL*
 At proposed Prod. Zone *660' FSL & 660' FWL*

5. LEASE DESIGNATION AND SERIAL NO.
NM-03189

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Cox Canyon

8. FARM OR LEASE NAME, WELL NO.
#5B

9. API WELL NO.
30045 32142

10. FIELD AND POOL OR WILDCAT
Blanco Mesa Verde/Basin Dakota

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
N Sec. 21, T32N, R11W

12. COUNTY OR PARISH
San Juan

13. STATE
NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
660'

16. NO. OF ACRES IN LEASE
1384.60

17. NO. OF ACRES ASSIGNED TO THIS WELL
320 W 2

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT.
1200'

19. PROPOSED DEPTH
8479'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6880'

22. APPROX. DATE WORK WILL START*
February 15, 2004

23. **PROPOSED CASING AND CEMENTING PROGRAM**

| SIZE OF HOLE | SIZE OF CASING | WEIGHT/FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|----------------|----------------|---------------|-----------------|--|
| <i>14-3/4"</i> | <i>10-3/4"</i> | <i>32.75#</i> | <i>~300 ft</i> | <i>~356 cu.ft. Type III with 2% CaCl₂</i> |
| <i>9-7/8"</i> | <i>7-5/8"</i> | <i>26.4#</i> | <i>~4304 ft</i> | <i>~1570 cu.ft. 65/35 poz & ~139 cu.ft. Type III</i> |
| <i>6-3/4"</i> | <i>5-1/2"</i> | <i>17.0#</i> | <i>~8479 ft</i> | <i>~428 cu.ft. Premium Light HS w/ additives</i> |

HOLD C1M FOR Directional Survey

Williams Production Company proposes to drill a directional well to develop the Mesa Verde and Dakota formation at the above described location in accordance with the attached drilling and surface use plans.

This location has been archaeologically surveyed by Independent Contract Archaeology. Copies of their report have been submitted directly to your office.

This APD also is serving as an application to obtain BLM road and pipeline right-of-ways. This well will be accessed by approximately 150' of new road. This road joins an existing road that crosses the West half Sec 21, the SW qtr of Sec 16, West half Sec 17, The SE qtr Sec 8, the SW & SE qtrs of sec 9, T32N, R11W, (NM) the SE qtr of Sec 24, T32N, R10W (Colo) where it joins San Juan County road #2300 in the SE qtr of sec 10, T32N, R11W (New Mexico)

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM : If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Larry Higgins* TITLE *Larry Higgins, Drlg COM* DATE *1/21/2004*

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY *David J. Markiewicz* TITLE _____ DATE *FEB 24 2004*

***See Instructions On Reverse Side**

Title 18 U.S.C. Section 1001, makes 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.

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

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

NMOC

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised February 21, 1994

District II
PO Drawer 00, Artesia, NM 88211-0719

Submit to Appropriate District Office

Instructions on back

State Lease - 4 Copies

Fee Lease - 3 Copies

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

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

AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|------------------------------------|---|-----------------------------|---|
| *API Number 30-045-32142 | | *Pool Code 72319 / 71599 | *Pool Name BLANCO MESAVERDE / BASIN DAKOTA |
| *Property Code 17036 | *Property Name COX CANYON UNIT | | *Well Number 58 |
| *OGRID No. 120782 | *Operator Name WILLIAMS PRODUCTION COMPANY | | *Elevation 6880' |

¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| N | 21 | 32N | 11W | | 1025 | SOUTH | 1835 | WEST | SAN JUAN |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| M | 21 | 32N | 11W | | 660 | SOUTH | 660 | WEST | SAN JUAN |

| | | | |
|--|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 320.0 Acres - (W/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.

Larry Higgins
Signature

LARRY HIGGINS
Printed Name

DRILLING COM
Title

1-21-04
Date

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.

Revised: NOVEMBER 11, 2003
Date of Survey: AUGUST 9, 2002

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
Certificate Number 15269

II. DRILLING

- A. **MUD PROGRAM:** Clear water with benex to 7" casing point. Convert to a LSND mud to log and run pipe. Treat for lost circulation as necessary. Obtain 100% returns prior to cementing. Notify Engineering of any mud losses. Use air w/Air Hammer from 7 in. csg.to TD.
- B. **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 rams will be tested to 1500 psi. The surface and intermediate casing strings will be pressure tested to 1500 psi in conjunction with the BOP test before drilling out cement. The drum brakes will be inspected and tested each tour. All tests, inspections and SPR's 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 (MD)</u> | <u>CASING SIZE</u> | <u>WT. & GRADE</u> |
|--------------------|------------------|-------------------|--------------------|------------------------|
| Surface | 14-3/4" | +/- 300' | 10-3/4" | 32.75# H-40 |
| Intermediate | 9-7/8" | +/-4304' | 7-5/8" | 26.4# K-55 |
| Prod. Casing | 6-3/4" | +/- 8479' | 5-1/2" | 17.0# N-80 |

B. **FLOAT EQUIPMENT:**

1. **SURFACE CASING:** 9-5/8" notched regular pattern guide shoe. Run (1) standard centralizer on each of the bottom (3) 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 one Turbulent centralizer on each of the bottom (3) joints and one standard centralizer every (4) joints to the surface casing. Total centralizers = (26) regular and (3) turbulent.
3. **PRODUCTION CASING:** 4-1/2" whirler type cement nose guide shoe with a latch collar on top of 20" bottom joint. Place marker joint above 5630'. Place one positive standoff turbolizer every other joint. Total turbolizers is 34.

C. CEMENTING:

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

1. **SURFACE:** Slurry: 255sx (356 cu.ft.) of "Type III" + 2% CaCl₂ + ¼ # of cello-flake/sk (Yield = 1.39 cu.ft./sk, Weight = 14.5 #/gal.). The 100% excess should circulate cement to the surface. WOC 12 hours. Test csg to 1500psi.
2. **INTERMEDIATE:** Lead - 750 sx (1570) 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 - 100 sx (139cu.ft.) of "Type III" with 1/4# cello-flake/sk, and 1% CaCl₂ (Yield = 1.4 cu.ft./sk, Weight = 14.5#/gal.). Use **100% excess in Lead Slurry** to circulate to surface. **No excess in Tail Slurry.** Total volume = 1,709 cu.ft. Bump Plug to 1,500 psi. Notify engineering if cement is not circulated to surface.
3. **PRODUCTION LINER:** 10 bbl Gelled Water space. Scavenger: 50sx (130ft³) of Premium Light HS + 1% FL-52 + .2% CD-32, 0.1% R-3, 3 #/sk CSE, ¼ #/sk cello flake and 4% Phenoseal. (Yield = 2.59 cu.ft./sk, Weight = 11.6 #/gal.). Cement: 200 sx (430 ft³) of Premium Light HS + 1% FL-52 + .2% CD-32, 0.1% R-3, 3 #/sk CSE, ¼ #/sk cello flake and 4% Phenoseal. (Yield = 2.15 ft³/sk, Weight = 12.3 #/gal.). Displace cement at a minimum of 8 BPM. The 20% excess in lead and tail should cover 100 ft into intermediate casing. Total volume 428ft³. WOC 12 hours

IV COMPLETION

A. CBL

1. Run Cement Bond Log across all intervals to be perforated and find Top of Cement behind all casing strings if cement not circulated to surface..

B. PRESSURE TEST

1. Pressure test 7 5/8" & 5-1/2" casing to 3300# for 15 minutes.

C. STIMULATION

1. Stimulate Dakota with approximately 70,000# of 20/40 sand in x-link foam.
2. Isolate Dakota with a RBP.
3. Stimulate Point Lookout with approximately 80,000# of 20/40 sand in slick water.
4. Isolate Point Lookout with a RBP.
5. Perforate the Menefee/Cliff House as determined from the open hole logs.
6. Stimulate with approximately 80,000# of 20/40 sand in slick water.
7. Test each zone before removing bridge plugs.

D. RUNNING TUBING

1. **Dakota:** Run 2-1/16", 3.25#, J-55, IJ tubing with 1/2 mule shoe on bottom, SN with pump-out plug on top of adeem joint and 5 Seal Units. Land tubing approximately 100' below top Dakota perf.
2. **Mesa Verde:** Run 2-1/16", 2.9#, J-55, EUE tubing with a SN (1.91" ID) on top of bottom joint. Land tubing approximately 25' above the bottom Point Lookout perforations.

Larry Hagg
800 Gary Sizemore
Sr. Drilling Engineer

Williams Production Company, LLC

Well Control Equipment Schematic for 2M Service

Attachment to Drilling Technical Program

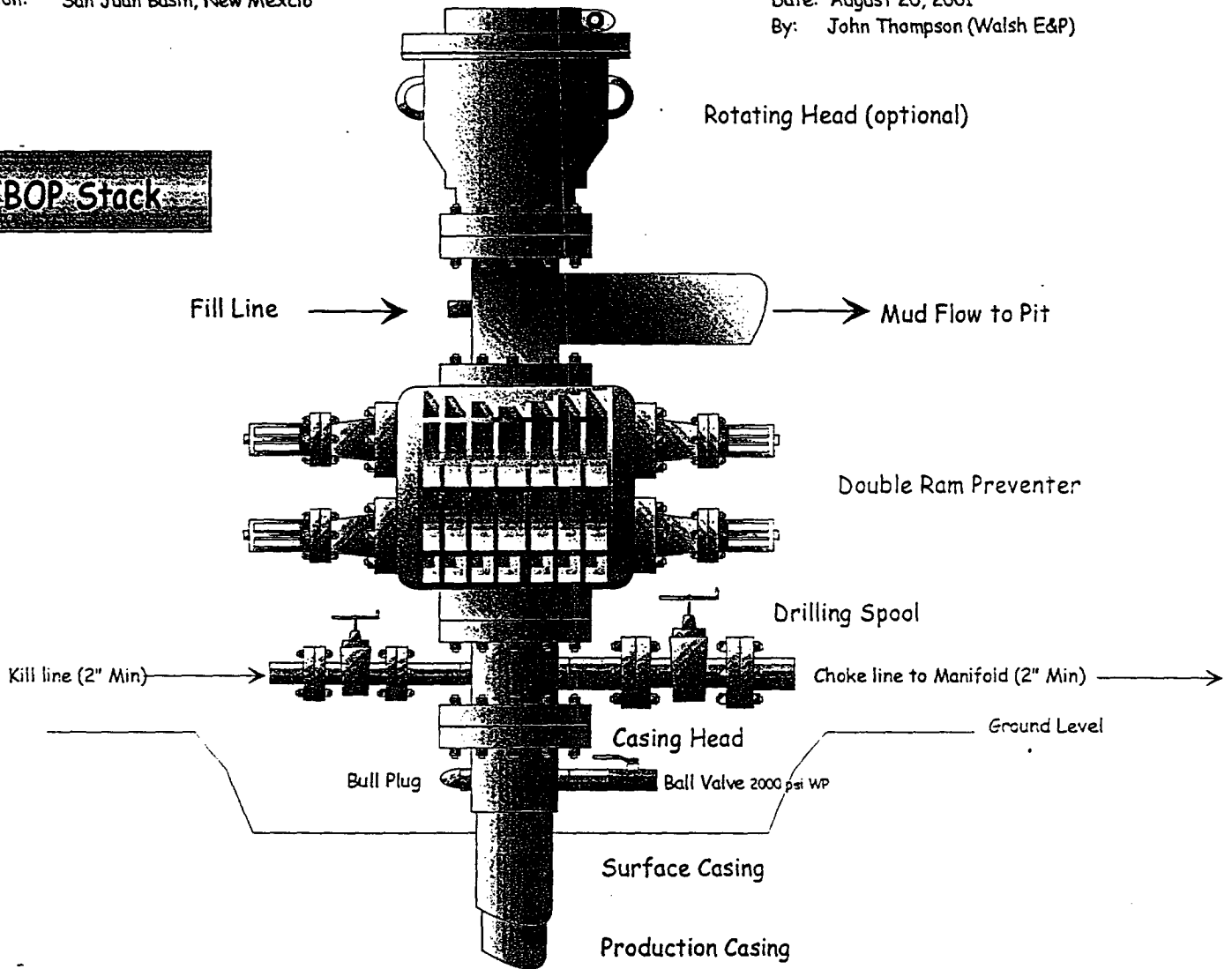
Typical BOP setup

Location: San Juan Basin, New Mexico

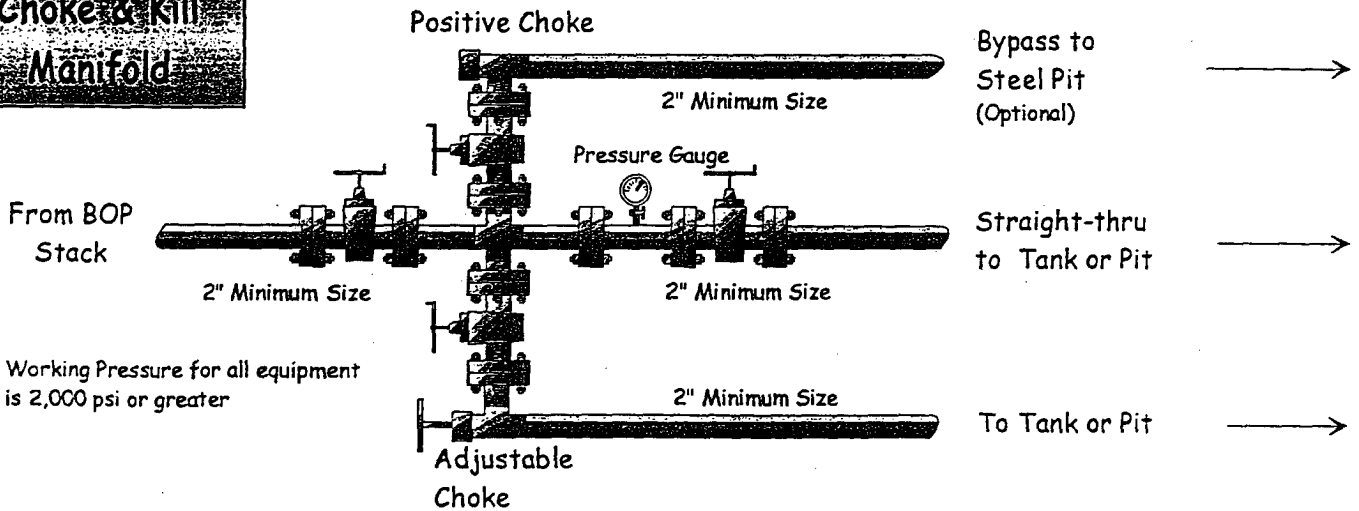
Date: August 20, 2001

By: John Thompson (Walsh E&P)

BOP Stack



Choke & Kill Manifold



Working Pressure for all equipment is 2,000 psi or greater