

UNITED STATES
DEPARTMENT OF INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICE AND REPORTS ON WELLS **AUG 19 2008**

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

Bureau of Land Management
Fertig, NM Field Office

SUBMIT IN TRIPLICATE

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

2. Name of Operator
WILLIAMS PRODUCTION COMPANY, LLC

3. Address and Telephone No.
PO BOX 640, AZTEC, NM 87410 (505) 634-4200

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2320' FNL & 180 FEL SEC 21, T31N, R5W
1650' FNL & 990 FWL SEC 22, T31N, R5W

5. Lease Designation and Serial No
NMSF-078770

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation
Rosa Unit

8. Well Name and No.
258A

9. API Well No
30-039-30142

10. Field and Pool, or Exploratory Area
Basin Fruitland Coal

11. County or Parish, State
Rio Arriba, NM

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

| TYPE OF SUBMISSION | TYPE OF ACTION |
|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | Abandonment |
| <input type="checkbox"/> Subsequent Report | Recompletion |
| <input type="checkbox"/> Final Abandonment | Plugging Back |
| | Casing Repair |
| | Altering Casing |
| | <input checked="" type="checkbox"/> Other - Cavitation & pump/rods |
| | 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 Company drilled this well earlier this year. We then moved in drilled out, underreamed and put this well on open hole production. Williams now plans to move on to cavitate, run production casing, run production tubing, pump and rods as per attached procedure.

RCVD AUG 25 '08
OIL CONS. DIV.
DIST. 3

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.

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

Signed Larry Higgins
Larry Higgins

Title Drilling COM

Date August 19, 2008

(This space for Federal or State office use)

Approved by [Signature]

Title Petr. Eng

Date 8/21/08

Conditions of approval, if any

NMOCB



Exploration & Production
Cavitation Procedure

| | | | |
|---|--|-------------------------------|----------------------|
| <u>Well Name:</u> | Rosa Unit #258A | <u>DATE:</u> | 8/19/2008 |
| <u>Location Surface:</u> | 2320 FNL, 180' FEL Sec 21- T31N - R05W Rio Arriba County, NM | <u>Field:</u> | Basin Fruitland Coal |
| <u>Location Btm Hole:</u> | 1595' FNL, 1059' FWL Sec 22- T31N - R05W Rio Arriba County, NM | <u>API Number:</u> | 30-039-30142 |
| <u>Elevation:</u> | 6539' GR | <u>Surface:</u> | USFS |
| <u>Driller KB:</u> | 12' AGL | <u>Minerals:</u> | Fed/NMSF-078770 |
| <u>Driller TD:</u> | 3299' | <u>AFE Number:</u> | WT 8066 |
| <u>Drill Rig/Cnsltnt:</u> | United #29/Cockrell&Mock | <u>Amount:</u> | \$1,174,065 |
| <u>Drill Spud/Fin:</u> | 7/14/08-7/23/08 | <u>DCT:</u> | \$586,965 |
| <u>DO&UR Rig/Cnsltnt:</u> | AWS #204/Higgins | <u>DO&URT:</u> | \$96,369 |
| <u>DO&UR St/Fin:</u> | 8/8/08-8/16/08 | <u>OGRE ID:</u> | 4379 |
| <u>DO &UR TD:</u> | 3810' | <u>Oracle ID:</u> | 62170792 |
| <u>1st Delivered:</u> | 8/16/08 | <u>METER No:</u> | 82378-014 |
| <u>Evaluation Logs:</u> | Mud Log | <u>Prod Team Lead:</u> | Matt Lain |
| | | <u>Prod Tech:</u> | Art Alsup |
| | | <u>Inv Rtg Code:</u> | NXEKK334711 |

Casing Record:

| TYPE | SIZE | WT | GRADE | THRD | SET AT | OH SIZE | TOC |
|--------------|-------|----|-------|------|--------|---------|---------|
| Surface | 9 5/8 | 36 | K-55 | LT&C | 339 | 12 1/4 | surface |
| Intermediate | 7 | 23 | K-55 | LT&C | 3,576 | 8 3/4 | surface |
| Liner | None | | | | | | |
| Prod Tubing | None | | | | | | |

Formation Tops:

| | | | |
|-----------|-----|----------------|-------|
| Ojo Alamo | N/A | Fruitland | N/A |
| Kirtland | N/A | Picture Cliffs | N/A |
| | | TD | 3,810 |

Rosa Unit #258A Well Cavitation Procedure

WORK OBJECTIVE: Cavitate and install Beam Pumping Unit System.

Current Status: The well was drilled out, under reamed and put on production without cavitation being done.

Pre-Job Planning: Notify BLM 24 hrs prior to moving in. Contact Matt Lain, CBM team lead to discuss job scope and logistics. Confirm all surface facilities are secure prior to MIRU. Review liner and tubular requirements with John Keating.

Safety Reminders: Safe operations are very important at all Williams Production Company properties and facilities. To further this goal, the wellsite supervisor or rig tool pusher at the location shall request tailgate safety meetings prior to initiation of work and also prior to any critical operations. All company, contract, and service personnel present at the location shall attend these tailgate safety meetings. All parties shall review proposed upcoming steps, procedures, and potentially hazardous situations. Occurrence of these meetings shall be recorded in the Daily Report.

Hold daily safety meetings to discuss job scope and emergency response plans. If the procedure changes or critical tasks are involved revisit safety concerns before continuing work.

Smoking is not allowed except in areas designated by the wellsite supervisor or rig toolpusher. Hard hats and steel toed shoes will be worn on location. Personnel arriving on location shall check in with the wellsite supervisor or rig toolpusher.

EH&S Reminders: Fill out daily pit inspection report and email with Daily Completion Well Report.

Pre-Job Planning and Notes: Notify Matt Lain, Team Leader a minimum of 48 hours prior to commencing any work and after job is completed.

Lock-out and tag-out surface facilities per Williams E&P Safety Policy and Procedures.

Ensure that rectifier for cathodic protection is turned off before any work is performed. Notify cathodic protection personnel after job is complete so cathodic protection can be re-activated.

Notify BLM 24 hours prior to moving in. Have rig anchors tested 5 days prior to moving on location. Confirm that the rig pit is ready.

Rosa Unit #258A Well Cavitation Procedure

1. MIRU service unit and air package.
2. Kill well as necessary.
3. ND wellhead and NU BOP, HCR Valve ("Cav" package) and choke manifolds. Perform BOP test as per SOP (function test pipe ram and blind ram).
4. Note: Tubing was not run on this well.
5. PU 6-1/4" bit on 2-7/8" DP and DCs and TIH. Clean out to original TD.
6. PUH into 7" and start natural/pressure buildup surges as the well dictates. Repeat process and discuss with engineer for specific process going forward.
7. PU 5-1/2" liner on 2-7/8" DP. RIH with liner and LA set shoe, rotate down if necessary. Land at TD with ~100' of overlap in 7" csg. TOOH w/ DP and LD.
8. MIRU perforating crew. Hold safety meeting. Perforate 4 spf over intervals specified by Engineer. Use Hollow Steel Carrier with 11 gram charge for a .53 hole.
9. Run production tubing, pump and rods according to procedure to be provided by production engineer.
10. RDMO. Notify CBM team.