

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

AUG 25 2006

DIST. 3

APPLICATION FOR PERMIT TO DRILL OR REENTER

Bureau of Land Management
Farmington Field Office

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. -02-0014
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. Indian, Allottee or Tribe Name Jicarilla Apache Nation
2. Name of Operator Williams Production Company, LLC		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 640 Aztec, NM 87410		8. Lease Name and Well No. JAECO 26-3 22 #1A
3b. Phone No. (include area code) (505) 634-4208		9. API Well No. 30-039-30050
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 790' FSL & 1850' FEL At proposed prod. zone same		10. Field and Pool, or Exploratory Blanco MV/Basin Dakota
14. Distance in miles and direction from nearest town or post office* 16 miles from Lindrith, NM		11. Sec., T., R., M., or Blk. and Survey or Area Section 22, T26N R3W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 790'	16. No. of Acres in lease 320	12. County or Parish Rio Arriba
17. Spacing Unit dedicated to this well 320 (E/2)	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2900'	13. State NM
19. Proposed Depth 6,561'	20. BLM/BIA Bond No. on file B001576	
21. Elevations (Show whether DF, K, B, RT, GL, etc.) 7,362' GR	22. Approximate date work will start* November 1, 2006	23. Estimated duration 1 month

AA

24. Attachments

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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 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 8-25-06
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Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 12/19/06
Title Drilling COM	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 drill a vertical well to develop the Blanco Mesa Verde/Basin Dakota formation at the above described location in accordance with the attached drilling and surface use plans.

The surface is located on Jicarilla Apache Nation lands.

This location has been archaeologically surveyed by Velarde Energy.

A 2867.5 foot pipeline tie would be required for this location and it is also located on Jicarilla Apache Nation Lands.

2310' of improvements to the trail road and 558' of new access road will be needed to access this well.

File pit permit application on NM OCP form C-103 prior to constructing location

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

NMOCOD

B 12/22/06

This action is subject to technical and procedural review pursuant to 43 CFR §165.9 and appeal pursuant to 43 CFR §165.4

RCVD DEC 21 06
OIL CON. DIV.
DIST. 3

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

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-30050		Pool Code 72319	Pool Name BLANCO MESAVERDE
Property Code 36210	Property Name JACO		Well Number 1A
GRID No. 120782	Operator Name JACO Williams Production Co. LLC		Elevation 7362

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
0	22	26N	3W		790	SOUTH	1850	EAST	RIO ARriba

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

Dedicated Acres E/2.320	Joint or Infill	Consolidation Code	Order No.
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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	5285.58	SECTION 22	5280.00	5280.00	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Larry Higgins</i> Signature LARRY HIGGINS Printed Name DRILLING CORP Title and E-mail Address 8-25-06 Date
					Diagram showing well location with dimensions: 790' (vertical), 1850' (horizontal), and 5284.07 (bottom-left corner).

JAECO

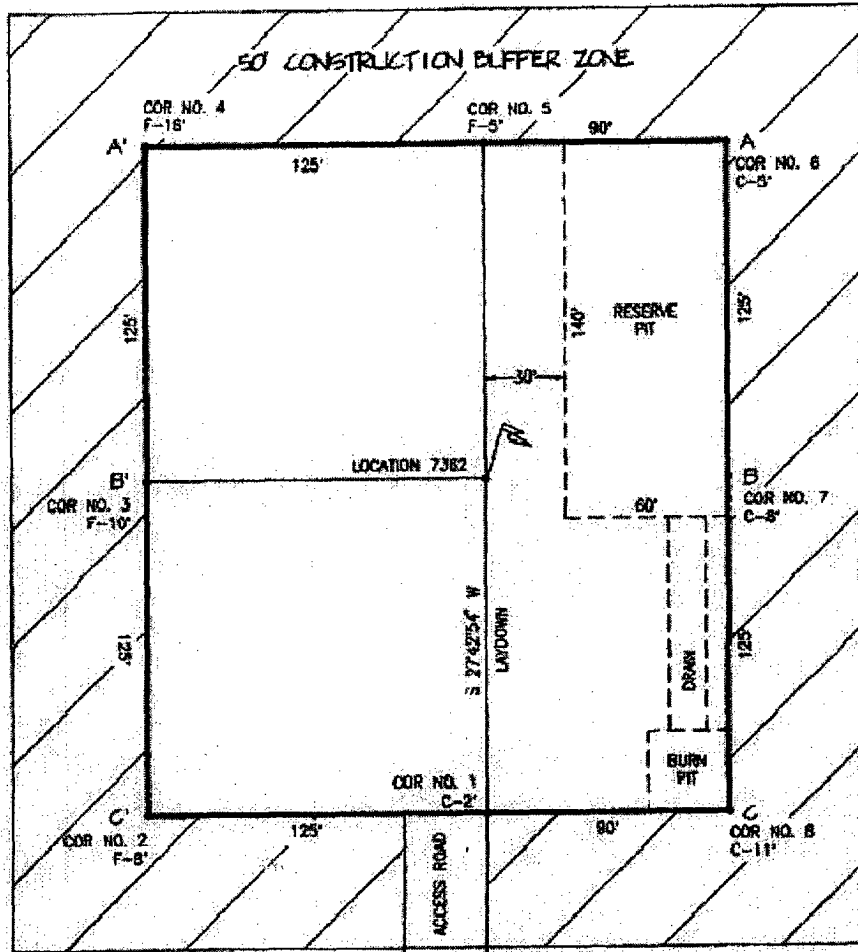
26-3 22 #1A

790 FSL & 1850 FEL

SECTION 22 T26N R3W NMPM

RIO ARRIBA COUNTY, NEW MEXICO

ELEVATION: 7362



LATITUDE: 36°28'01" N
 LONGITUDE: 107°07'47" W
 NGS 84
 VERT. DATUM: NAD 1921

A-A'	
1312	
1362	
1352	

B-B'	
1312	
1362	
1352	

C-C'	
1312	
1362	
1352	



WILLIAMS PRODUCTION COMPANY

Operations Plan

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

DATE: 8/11/2006 **FIELD:** Blanco MV
WELL NAME: JAECO 26-3 22 #1A **SURFACE:** BOIA
BH LOCATION: SWSE Sec 16-26N-3W **MINERALS:** Jicarilla Apache
Rio Arriba, NM
ELEVATION: 7,362' GR **LEASE #** MDA # 701-02-0014
MEASURED DEPTH: 6,561'

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

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

Name	MD	Name	MD
Ojo Alamo	3,576	Cliff House	5,661
Kirtland	3,741	Menefee	5,781
Fruitland	3,776	Point Lookout	6,111
Picture Cliffs	3,926	Mancos	6,386
Lewis	4,131	TD	6,561

B. **MUD LOGGING PROGRAM:** None

C. **LOGGING PROGRAM:** HRI/GR, D-N from surface to int. casing. High Resolution Dual Induction log from intermediate shoe to TD. High Resolution Induction/ GR and Density/ Neutron log over zones of interest. Onsite geologist will pick Density/ Neutron log intervals on both logging runs.

D. **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. 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 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	4,351	7	20	K-55
Liner	6 1/4	4,251 6,561	4 1/2	10.5	J-55

B. FLOAT EQUIPMENT:

- SURFACE CASING:** 9-5/8" notched regular pattern guide shoe. Run (1) standard centralizer on each of the bottom (3) joints of Surface Casing.
- 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).
- PRODUCTION CASING:** 4-1/2" & 5-1/2" whirler 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.

IV. CEMENTING:

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

- SURFACE:** Slurry: 150_{sx} (205 cu.ft.) of "Type III" + 2% CaCl₂ + 1/4 # 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.
- INTERMEDIATE:** Lead - 560_{sx} (1,168 cu.ft.) of "Premium Light" 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 (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 = 1,238 cu.ft. Bump Plug to 1,500 psi. Notify engineering if cement is not circulated to surface.
- PRODUCTION LINER:** 10 bbl Gelled Water space. Cement: 140_{sx} (215 ft³) of Premium Light HS + 1% FL-52 + .2% CD-32, 0.1% R-3, 3 #/sk CSE, 1/4 #/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 300 ft³. WOC 12 hours

V. IV COMPLETION**A. CBL**

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

Well Control Equipment Schematic for 2M Service

Attachment to Drilling Technical Program

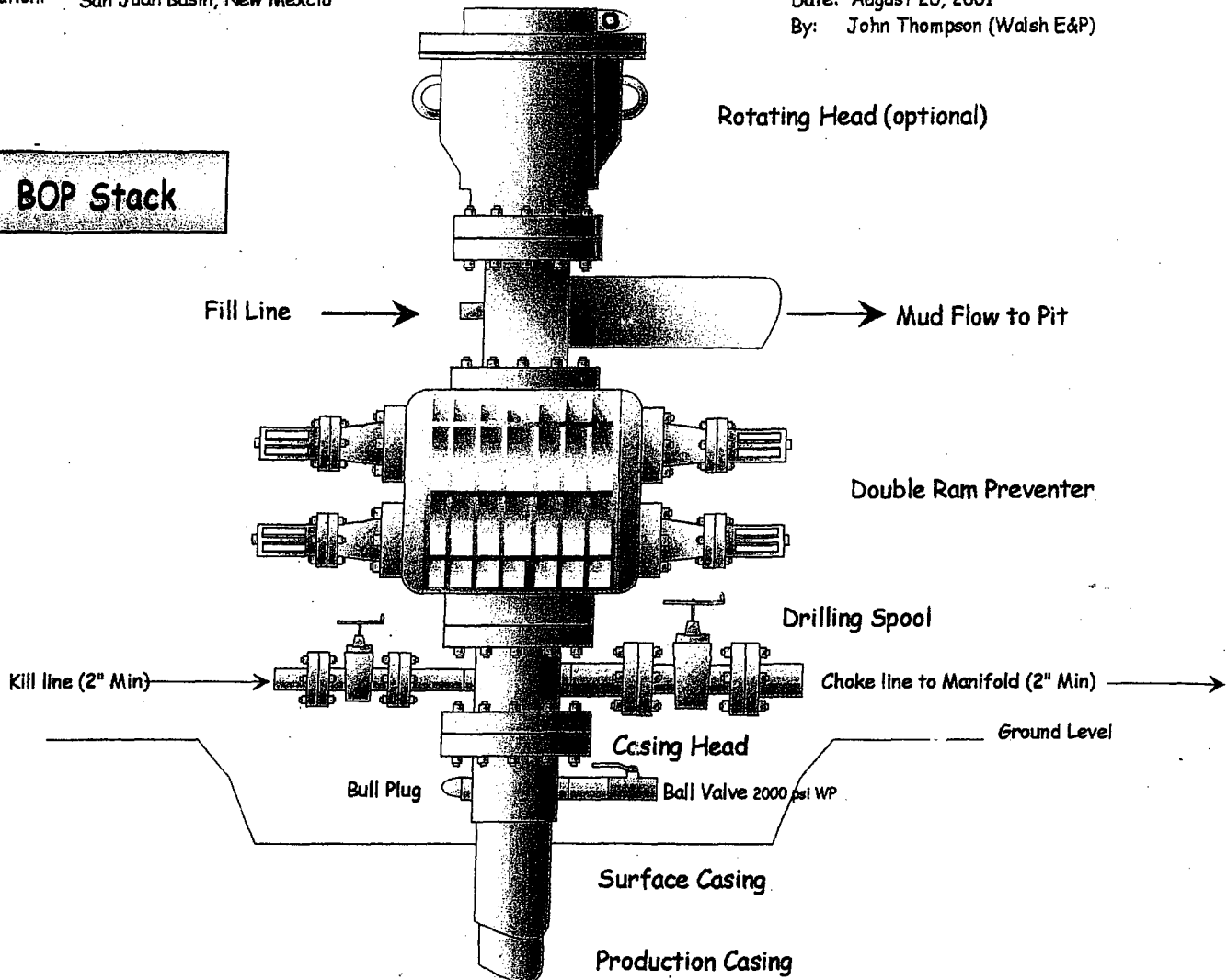
Exhibit #1 Typical BOP setup

Location: San Juan Basin, New Mexico

Date: August 20, 2001

By: John Thompson (Walsh E&P)

BOP Stack



**Choke & Kill
Manifold**

