

DATE IN 11-12-04	SUSPENSE	ENGINEER Stoener	LOGGED IN 11-16-04	TYPE NSL	APP NO. PSEM0432147194
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

2004 NOV 12 PM 5 02

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify HORIZONTAL DRILLING - BASIN - FRUITLAND COAL GAS POOL
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>William F. Carr</u> Print or Type Name	<u>William F. Carr</u> Signature	<u>Andrew</u> Title	<u>11/12/04</u> Date
<u>wcarr@hollandhart.com</u> e-mail Address			



November 12, 2004

HAND DELIVERED

Mark Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Williams Production Company, L.L.C. for Administrative Approval of Horizontal Drilling and an Unorthodox Surface and Bottomhole Location in the Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

Dear Mr. Fesmire:

Pursuant to the provisions of Division Rule 111.C(2) and Rules 8 and 9 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768 dated October 17, 1988, Williams Production Company, L.L.C. hereby files its application for an administrative exception to the requirements of Rule 7 as amended by Division Order No. R-8768-B, effective February 10, 2000, for the drilling of its San Juan 29-7 Unit Well No. 565S as an intentionally deviated horizontal wellbore on a standard coalbed methane gas spacing unit comprised of the W/2 of Section 26, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. This spacing unit will be the Project Area for this horizontal well.

Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool provides that wells shall be located in the NE/4 or SW/4 of a single governmental section and shall be located no closer than 660 feet to any outer boundary of the spacing unit nor closer than 10 feet to any interior quarter or quarter-quarter section line.

The San Juan 29-7 Unit Well No. 565S will be drilled by Williams Production Company pursuant to a Designation of Agent from Burlington Resources Oil & Gas Company LP ("Burlington"), operator of the San Juan 29-7 Unit, dated April 19, 2004. Due to topographic conditions, the surface location for the well will be unorthodox. However, the horizontal portion of the wellbore of the San Juan Unit Well No. 565S will be entirely confined to the NW/4 of Section 26. The spacing unit for the well and all offsetting acreage has been committed to the San Juan 29-7 Unit. The surface



location for the proposed San Juan Unit Well No. 565S well is 2500 feet from the North line and 2600 feet from the West line of Section 26, Township 29 North, Range 7 West, and it therefore does not comply with Rule 7 of the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool. The point of entry into the Fruitland Coal of the horizontal portion of the wellbore will be 2415 feet from the North line and 2110 feet from the West line of Section 26. The wellbore is therefore unorthodox under to Division Rule 111.C (2).

Williams proposes to drill a vertical well to a kick-off point at a depth of 2623 feet and build a curve at a rate of 12.00 degrees per 100 feet and drill until a 90 degree curve is achieved at a true vertical depth of 3357 feet. Williams proposes to then drill a lateral in a westerly direction along an azimuth of 280 degrees for a bottomhole displacement of approximately 2000 feet to a terminus in the NW/4 of Section 26 at an unorthodox location 2065 feet from the North line and 140 feet from the West line of said Section 26.

The spacing unit for the proposed horizontal well comprised of the W/2 of said Section 26 is located within the San Juan 29-7 Unit, a voluntary exploratory unit operated by Burlington Resources Oil & Gas Company. This spacing unit/project area is offset on the east and west by the Fruitland Coal Participating Area and on the north and south tracts operated by Burlington Resources Oil & Gas Company LP. Pursuant to Rules 8 and 9(A) of the Special Pool Rules for the Basin Fruitland Coal Gas Pool, all owners in the Fruitland Coal Gas Participating Area and all offsetting operators have been notified of this application by certified mail and have been advised that if they have objections to this application the objection must be filed in writing with the Santa Fe Office of the Division located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within 20 days of the date of this application or the application may be approved.

Attached to this application are the following documents:

- Exhibit A.** Plats showing the proposed spacing unit, the unorthodox surface location, projected horizontal wellbore and the proposed lateral end of the wellbore and the boundary of the offsetting Fruitland Coal Participating Area;
- Exhibit B.** A list of all operators in the Fruitland Coal Participating Area and the operators or owners of undrilled offsetting non-participating tracts - all of which have voluntarily committed their respective interests to the San Juan Unit;



- Exhibit C.** A copy of Division Form C-102 identifying the proposed 320-acre standard gas spacing or proration unit/project area to be dedicated to the well;
- Exhibit D.** The Halliburton Sperry-Sun Proposal Report for the San Juan Well No. 565S which contains schematic drawings of the proposed well that fully describe the casing, tubing, perforated or openhole interval, kick-off point, and proposed trajectory of the directional drainhole;
- Exhibit E.** A topographic map that shows the surface conditions that require the drilling of this well at the proposed surface location; and
- Exhibit F.** The Designation of Agent from Burlington Resources Oil & Gas Company LP dated April 19, 2004.

Enclosed in hard copy and on disc is a proposed order granting this application.

Your attention to this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr
Attorney for Williams Production
Company

Enclosures

cc: Oil Conservation Division-Aztec

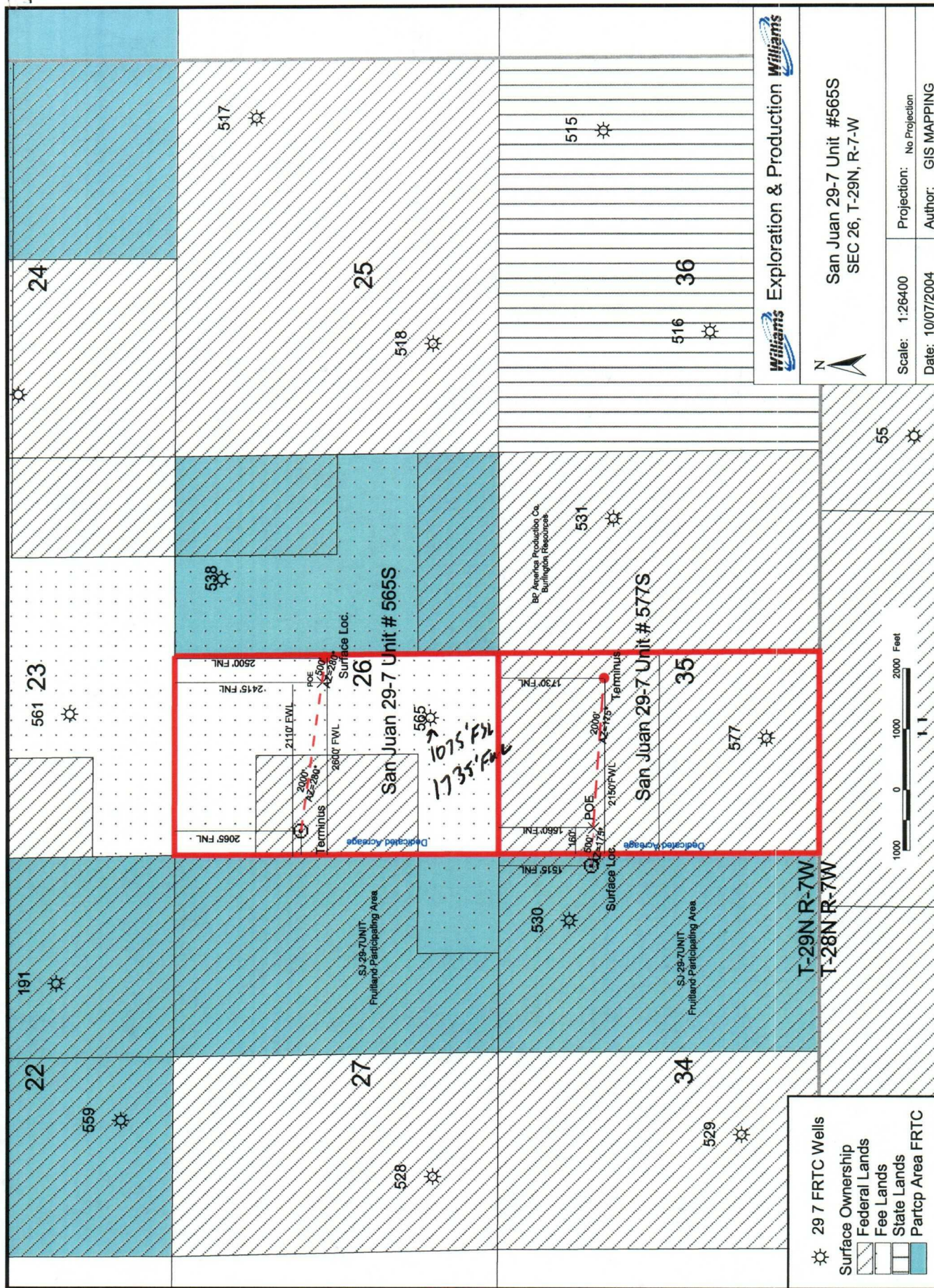


EXHIBIT A

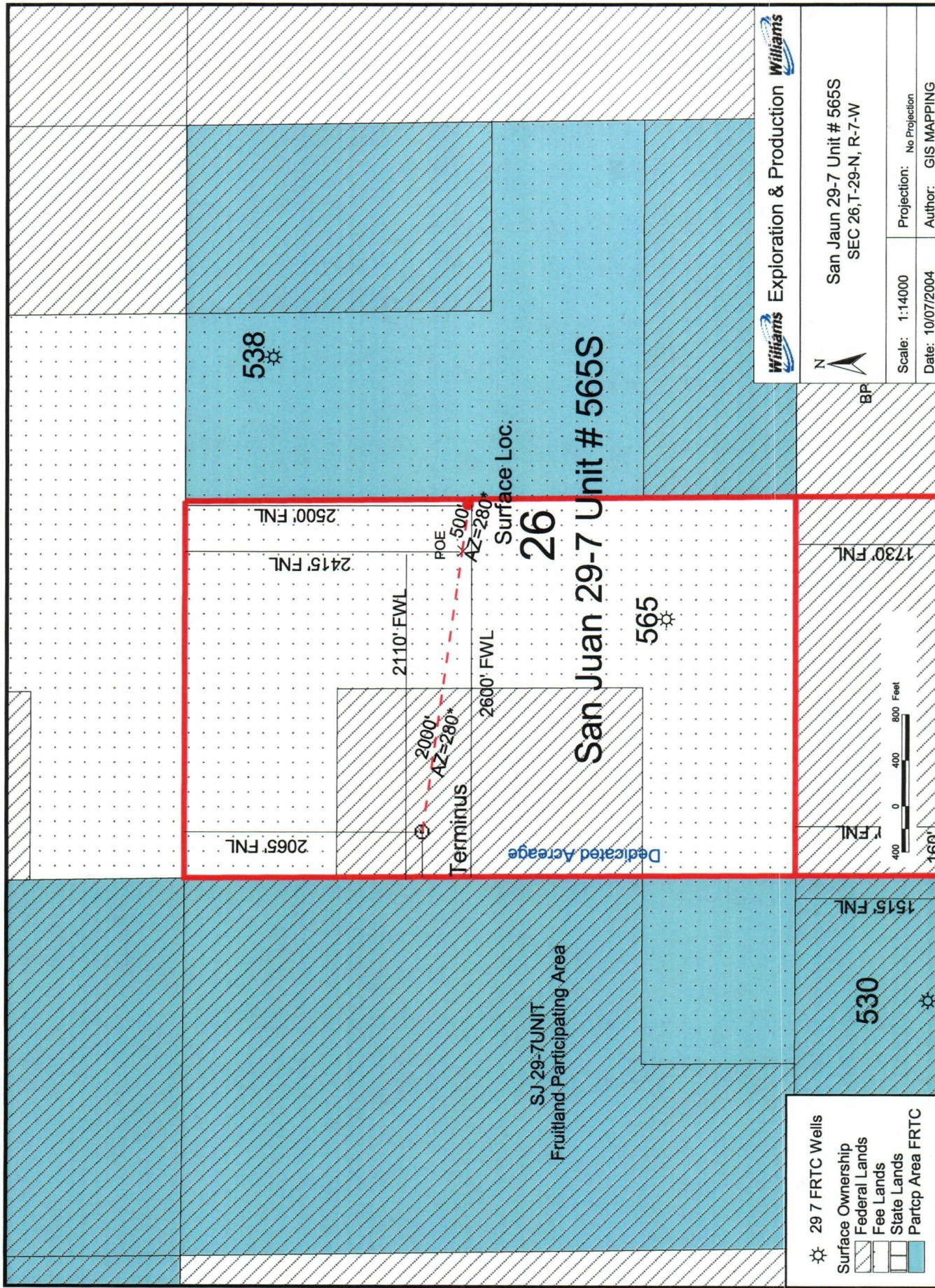


EXHIBIT B

Application of Williams Production Company, LLC
for Administrative Approval of Horizontal Drilling and an Unorthodox Surface and
Bottomhole Location in the Basin-Fruitland Coal Gas Pool,
Rio Arriba County, New Mexico.

NOTIFICATION LIST

Bolack Minerals Co.
Attn: Tommy Bolack
3901 Bloomfield Highway
Rt. 3, Box 47
Farmington, NM 87401

Lance Reemtsma
2601 Grant Street
Berkeley, CA 94703-1915

ConocoPhillips Company
Attn: Chief Landman San Juan/
Rockies
Post Office Box 2197
Houston, TX 77252-2197

BP America Production Company
Attn: Bryan G. Anderson, OSO
Engineer
San Juan BU, Westlake 1, Rm 19-
114
501 Westlake Park Boulevard
Houston, TX 77079

David A. Pierce
Citizens Bank Agent
P. O. Box 4140
Farmington, NM 87499

Phillips-San Juan Partners
c/o ConocoPhillips
Attn: Chief Landman San
Juan/Rockies
Post Office Box 2197
Houston TX 77252-2197

Four Star Oil & Gas Company
Attn: Barbara Nelms
Post Office Box 36366
Houston, TX 77236

Bureau of Land Management
1235 LaPlata Highway
Farmington, New Mexico 87401

Dirk VanHorn Reemtsma
556 Crestwood Drive
Oceanside, CA 92054

Burlington Resources Oil & Gas
Company LP
Post Office Box 4289
Farmington, New Mexico 87499-
4289



**Williams Production Co.
New Mexico
Rio Arriba County, NM
Sec. 26 T29N R7W
San Juan 29-7 Unit #565S
Version 1**

Revised: 23 September, 2004

Sperry-Sun

Proposal Report

23 September, 2004

Surface Coordinates: 109997.40 S, 592282.01 E (30° 41' 50.0000" N, 107° 32' 23.0000" W)
Grid Coordinate System: NAD27 New Mexico State Planes, Western Zone

Kelly Bushing Elevation: 6341.00ft above Mean Sea Level

Proposal Ref: pro10635

HALLIBURTON

EXHIBIT D

NOV-12-2004 11:01
District I
PO Box 1980, Hobbs, NM 88241-1980

WILLIAMS PRODUCTION

State of New Mexico
Energy, Minerals & Natural Resources Department

918 573 1963 P.02

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name SAN JUAN 29-7 UNIT		*Well Number 5655
*GRID No.	*Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY, LP		*Elevation 5326'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
F	26	29N	7W		2500	NORTH	2600	WEST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
E	26	29N	7W		2065	NORTH	140	WEST	RIO ARriba

¹² Dedicated Acres 320.0 Acres - (W/2)	¹³ Joint or Infill	¹⁴ Correlation Code	¹⁵ 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

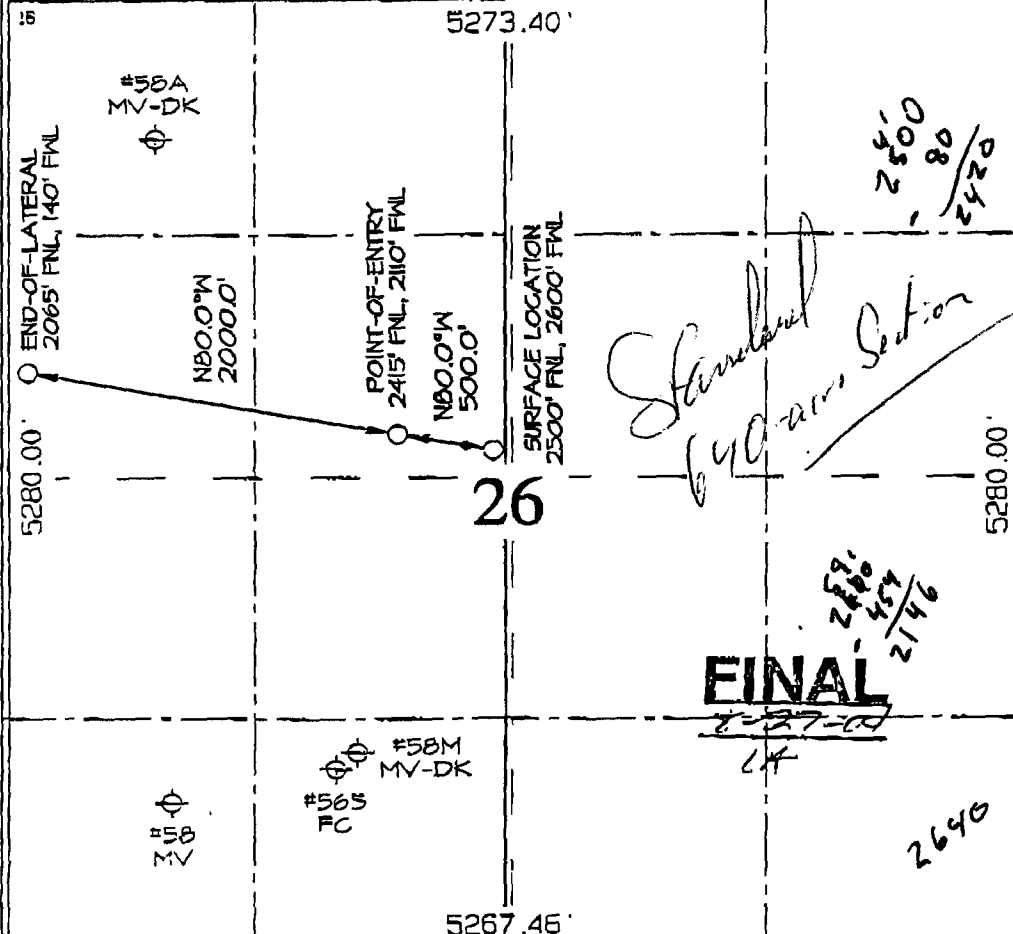

 <p>16</p> <p>5273.40'</p> <p>#58A MV-DK</p> <p>END-OF-LATERAL 2065' FNL, 140' FNL</p> <p>180.0'W 2000.0'</p> <p>POINT-OF-ENTRY 2415' FNL, 2110' FNL</p> <p>180.0'W 500.0'</p> <p>SURFACE LOCATION 2500' FNL, 2600' FNL</p> <p>26</p> <p>5280.00'</p> <p>5267.46'</p> <p>#58 MV</p> <p>#565 FC</p> <p>#58M MV-DK</p> <p>2640</p> <p>2500' - 80' / 2420'</p> <p>2577' - 454' / 2146'</p> <p>FINAL</p> <p>2-27-04</p> <p>CH</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: JUNE 21, 2004</p> <p>Signature and Seal of Professional Surveyor</p> <p></p> <p>JASON C. EDWARDS</p> <p>Certificate Number 15269</p>
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EXHIBIT C

TOTAL P.02

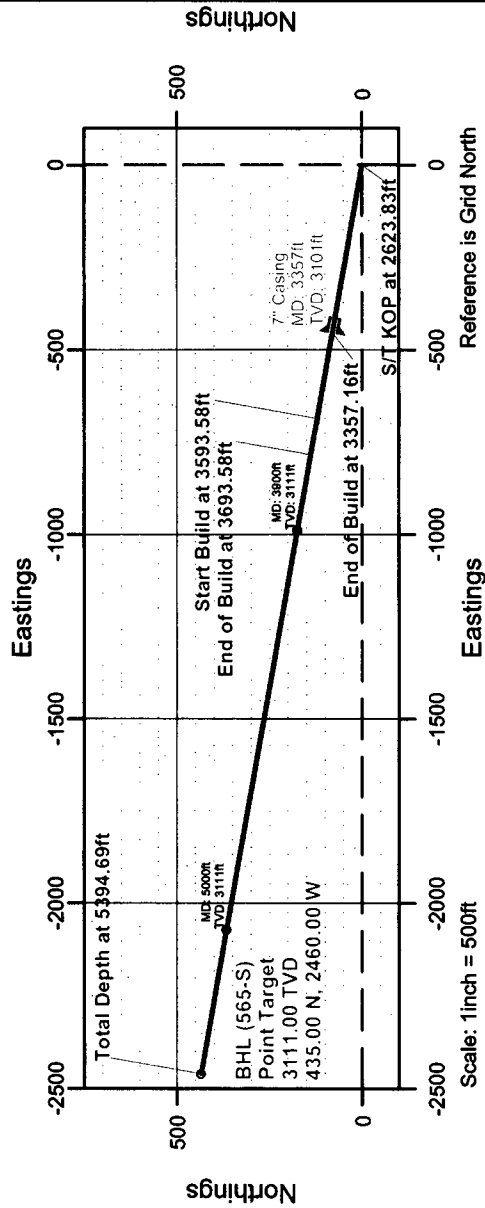
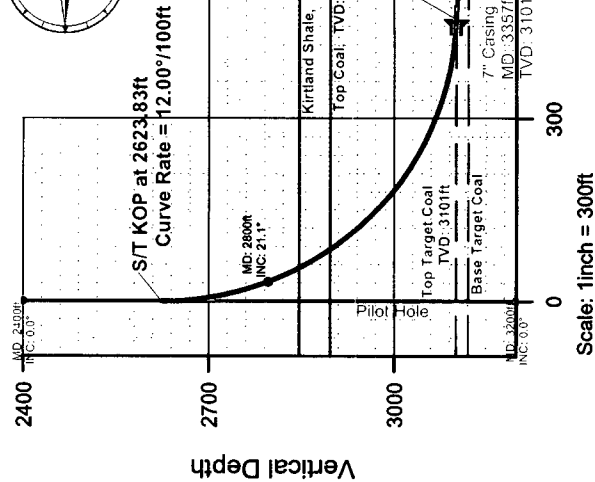
RI 09:57 [TX/RX NO 6890] 002



New Mexico
Rio Arriba County, NM
Sec. 26 T29N R7W
San Juan 29-7 Unit #565S

San Juan 29-7 Unit #565S Surface Location	
RKB Elevation:	6341.00ft above Mean Sea Level
RKB (6326° + 15° est)	109997.40 S, 592282.01 E
Ref. Global Coordinates:	30° 41' 50.0000" N, 107° 32' 23.0000" W
Ref. Geographical Coordinates:	

Version 1 Bottom Hole Location	
Ref. RKB (6326° + 15° est):	3111.00ft
Ref. Mean Sea Level:	-3230.00ft
Ref. Wellhead:	435.00 N, 2460.00 W
Ref. Global Coordinates:	109962.40 S, 599822.01 E
Ref. Geographical Coordinates:	30° 41' 54.3687" N, 107° 32' 51.1639" W



Version 1 Proposal Data

Coordinate System : NAD27 New Mexico State Planes, Western Zone (need to double check)

	Measured Depth	Incl.	Azim.	Vertical Depth	Northings	Eastings	Vertical Section	Dogleg Rate
KOP	2623.83	0.000	0.000	2623.83	0.00 N	0.00 E	0.00	
7" Casing	3357.16	88.000	280.028	3101.00	80.24 N	453.76 W	460.80	12.00
Start Build	3593.58	88.000	280.028	3109.25	121.38 N	686.43 W	697.08	0.00
End Build	3693.58	90.000	280.028	3111.00	138.79 N	784.88 W	797.06	2.00
Total Depth	5394.69	90.000	280.028	3111.00	435.00 N	2460.00 W	2498.16	0.00

Vertical Depth

Scale: 1 inch = 300ft

Vertical Section

Prepared by:
Brad McClurgDate/Time:
23 September, 2004 - 17:06

Checked:

Approved:

Section Azimuth: 280.028° (Grid North)

HALLIBURTON

Williams Production Co.
New Mexico
Rio Arriba County, NM

Proposal Report for Sec. 26 T29N R7W - San Juan 29-7 Unit #565S

Measured Depth (ft)	Incl.	Grid Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates Northings (ft)	Local Coordinates Eastings (ft)	Global Coordinates Northings (ft)	Global Coordinates Eastings (ft)	Dogleg Rate (°/100ft)	Vertical Section	Comment
Pilot Hole											
0.00	0.000	0.000	-6341.00	0.00	0.00 N	0.00 E	109997.40 S	592282.01 E	0.00	0.00	9 5/8" Casing
300.00	0.000	0.000	-6041.00	300.00	0.00 N	0.00 E	109997.40 S	592282.01 E	0.00	0.00	San Jose
901.00	0.000	0.000	-5440.00	901.00	0.00 N	0.00 E	109997.40 S	592282.01 E	0.00	0.00	Nacimiento
2161.00	0.000	0.000	-4180.00	2161.00	0.00 N	0.00 E	109997.40 S	592282.01 E	0.00	0.00	Ojo Alamo Ss.
2341.00	0.000	0.000	-4000.00	2341.00	0.00 N	0.00 E	109997.40 S	592282.01 E	0.00	0.00	S/T KOP at 2623.83ft
2623.83	0.000	0.000	-3717.17	2623.83	0.00 N	0.00 E	109997.40 S	592282.01 E	0.00	0.00	
Version 1											
2640.00	1.940	280.028	-3701.00	2640.00	0.05 N	0.27 W	109997.35 S	592281.74 E	12.00	0.27	
2660.00	4.340	280.028	-3681.03	2659.97	0.24 N	1.35 W	109997.16 S	592280.66 E	12.00	1.37	
2680.00	6.740	280.028	-3661.13	2679.87	0.57 N	3.25 W	109996.83 S	592278.76 E	12.00	3.30	
2700.00	9.140	280.028	-3641.32	2699.68	1.06 N	5.97 W	109996.34 S	592276.04 E	12.00	6.06	
2720.00	11.540	280.028	-3621.65	2719.35	1.68 N	9.51 W	109995.72 S	592272.50 E	12.00	9.65	
2740.00	13.940	280.028	-3602.14	2738.86	2.45 N	13.85 W	109994.95 S	592268.16 E	12.00	14.06	
2760.00	16.340	280.028	-3582.84	2758.16	3.36 N	18.99 W	109994.04 S	592263.02 E	12.00	19.29	
2780.00	18.740	280.028	-3563.77	2777.23	4.41 N	24.93 W	109992.99 S	592257.08 E	12.00	25.31	
2800.00	21.140	280.028	-3544.97	2796.03	5.60 N	31.64 W	109991.81 S	592250.37 E	12.00	32.13	
2820.00	23.540	280.028	-3526.47	2814.53	6.92 N	39.13 W	109990.48 S	592242.88 E	12.00	39.74	
2840.00	25.940	280.028	-3508.31	2832.69	8.38 N	47.37 W	109989.02 S	592234.64 E	12.00	48.10	
2854.92	27.730	280.028	-3495.00	2846.00	9.55 N	54.00 W	109987.85 S	592228.01 E	12.00	54.84	Kirtland Shale
2860.00	28.340	280.028	-3490.51	2850.49	9.97 N	56.35 W	109987.44 S	592225.66 E	12.00	57.23	
2880.00	30.740	280.028	-3473.11	2867.89	11.68 N	66.06 W	109985.72 S	592215.95 E	12.00	67.09	
2900.00	33.140	280.028	-3456.14	2884.86	13.52 N	76.48 W	109983.88 S	592205.53 E	12.00	77.67	

HALLIBURTON

Williams Production Co.
New Mexico
Rio Arriba County, NM

Proposal Report for Sec. 26 T29N R7W - San Juan 29-7 Unit #565S

Measured Depth (ft)	Incl.	Grid Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates Northings (ft)	Eastings (ft)	Global Coordinates Northings (ft)	Eastings (ft)	Dogleg Rate (°/100ft)	Vertical Section	Comment
2913.43	34.752	280.028	-3445.00	2896.00	14.83 N	83.87 W	109982.57 S	592198.14 E	12.00	85.17	Top Coal
2920.00	35.540	280.028	-3439.63	2901.37	15.49 N	87.59 W	109981.91 S	592194.42 E	12.00	88.95	
2940.00	37.940	280.028	-3423.60	2917.40	17.57 N	99.37 W	109979.83 S	592182.64 E	12.00	100.91	
2960.00	40.340	280.028	-3408.09	2932.91	19.77 N	111.80 W	109977.63 S	592170.21 E	12.00	113.54	
2980.00	42.740	280.028	-3393.13	2947.87	22.08 N	124.86 W	109975.32 S	592157.15 E	12.00	126.80	
3000.00	45.140	280.028	-3378.73	2962.27	24.50 N	138.53 W	109972.90 S	592143.48 E	12.00	140.67	
3020.00	47.540	280.028	-3364.92	2976.08	27.01 N	152.77 W	109970.39 S	592129.24 E	12.00	155.14	
3040.00	49.940	280.028	-3351.73	2989.27	29.63 N	167.58 W	109967.77 S	592114.43 E	12.00	170.18	
3060.00	52.340	280.028	-3339.18	3001.82	32.34 N	182.91 W	109965.06 S	592099.10 E	12.00	185.75	
3080.00	54.740	280.028	-3327.30	3013.70	35.15 N	198.75 W	109962.26 S	592083.26 E	12.00	201.83	
3100.00	57.140	280.028	-3316.10	3024.90	38.03 N	215.06 W	109959.37 S	592066.95 E	12.00	218.40	
3120.00	59.540	280.028	-3305.60	3035.40	40.99 N	231.83 W	109956.41 S	592050.18 E	12.00	235.42	
3140.00	61.940	280.028	-3295.83	3045.17	44.03 N	249.01 W	109953.37 S	592033.00 E	12.00	252.87	
3160.00	64.340	280.028	-3286.79	3054.21	47.14 N	266.58 W	109950.26 S	592015.43 E	12.00	270.71	
3180.00	66.740	280.028	-3278.51	3062.49	50.31 N	284.50 W	109947.09 S	591997.51 E	12.00	288.92	
3200.00	69.140	280.028	-3271.00	3070.00	53.54 N	302.75 W	109943.86 S	591979.26 E	12.00	307.45	
3220.00	71.540	280.028	-3264.27	3076.73	56.82 N	321.30 W	109940.59 S	591960.71 E	12.00	326.28	
3240.00	73.940	280.028	-3258.34	3082.66	60.14 N	340.10 W	109937.26 S	591941.91 E	12.00	345.38	
3260.00	76.340	280.028	-3253.21	3087.79	63.51 N	359.14 W	109933.89 S	591922.87 E	12.00	364.71	
3280.00	78.740	280.028	-3248.90	3092.10	66.91 N	378.37 W	109930.49 S	591903.64 E	12.00	384.24	
3300.00	81.140	280.028	-3245.40	3095.60	70.34 N	397.76 W	109927.06 S	591884.25 E	12.00	403.93	
3320.00	83.540	280.028	-3242.74	3098.26	73.79 N	417.28 W	109923.61 S	591864.73 E	12.00	423.75	
3340.00	85.940	280.028	-3240.90	3100.10	77.25 N	436.89 W	109920.15 S	591845.12 E	12.00	443.66	
3357.05	87.986	280.028	-3240.00	3101.00	80.22 N	453.65 W	109917.18 S	591828.36 E	12.00	460.69	7" Casing
3357.16	88.000	280.028	-3240.00	3101.00	80.24 N	453.76 W	109917.16 S	591828.25 E	12.00	460.80	End of Build at 3357.16ft Top Target Coal
3500.00	88.000	280.028	-3235.01	3105.99	105.10 N	594.33 W	109892.30 S	591687.68 E	0.00	603.55	
3593.58	88.000	280.028	-3231.75	3109.25	121.38 N	686.43 W	109876.02 S	591595.58 E	0.00	697.08	Start Build at 3593.58ft
3600.00	88.128	280.028	-3231.53	3109.47	122.50 N	692.74 W	109874.90 S	591589.27 E	2.00	703.49	
3693.58	90.000	280.028	-3230.00	3111.00	138.79 N	784.88 W	109858.61 S	591497.13 E	2.00	797.06	End of Build at 3693.58ft
4000.00	90.000	280.028	-3230.00	3111.00	192.15 N	1086.62 W	109805.25 S	591195.39 E	0.00	1103.47	

HALLIBURTON

Williams Production Co.
New Mexico
Rio Arriba County, NM

Proposal Report for Sec. 26 T29N R7W - San Juan 29-7 Unit #565S

Measured Depth (ft)	Incl.	Grid Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates Northings (ft) Eastings (ft)	Global Coordinates Northings (ft) Eastings (ft)	Dogleg Rate (°/100ft)	Vertical Section	Comment
4500.00	90.000	280.028	-3230.00	3111.00	279.21 N 1578.98 W	109718.19 S 590703.03 E	0.00	1603.47	
5000.00	90.000	280.028	-3230.00	3111.00	366.27 N 2071.34 W	109631.13 S 590210.67 E	0.00	2103.47	
5394.69	90.000	280.028	-3230.00	3111.00	435.00 N 2460.00 W	109562.40 S 589822.01 E	0.00	2498.16	Total Depth at 5394.69ft 6 1/4" Open Hole Target - BHL (565-S), Current Target

All data is in Feet (US) unless otherwise stated. Directions and coordinates are relative to Grid North. Vertical depths are relative to RKB (6326' + 15' est). Northings and Eastings are relative to Wellhead. Global Northings and Eastings are relative to NAD27 New Mexico State Planes, Western Zone.

The Dogleg Severity is in Degrees per 100'.

Vertical Section is from Wellhead and calculated along an Azimuth of 280.028° (Grid).

Based upon Minimum Curvature type calculations, at a Measured Depth of 5394.69ft., The Bottom Hole Displacement is 2498.16ft., in the Direction of 280.028° (Grid).

Comments

Measured Depth (ft)	TVD (ft)	Station Coordinates Northings (ft) Eastings (ft)	Comment
2623.83	2623.83	0.00 N 0.00 E	S/T KOP at 2623.83ft
3357.16	3101.00	80.24 N 453.76 W	End of Build at 3357.16ft
3593.58	3109.25	121.38 N 686.43 W	Start Build at 3593.58ft
3693.58	3111.00	138.79 N 784.88 W	End of Build at 3693.58ft
5394.69	3111.00	435.00 N 2460.00 W	Total Depth at 5394.69ft

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Proposal Report for Sec. 26 T29N R7W - San Juan 29-7 Unit #565S

Formation Tops

Measured Depth (ft)	Vertical Depth (ft)	Sub-Sea Depth (ft)	Northings (ft)	Eastings (ft)	Dip Angle	Dn-Dip Dirn.	Formation Name
901.00	901.00	-5440.00	0.00 N	0.00 E	0.000	0.000	San Jose
2161.00	2161.00	-4180.00	0.00 N	0.00 E	0.000	0.000	Nacimiento
2341.00	2341.00	-4000.00	0.00 N	0.00 E	0.000	0.000	Ojo Alamo Ss.
2854.92	2846.00	-3495.00	9.55 N	54.00 W	0.000	0.000	Kirtland Shale
2913.43	2896.00	-3445.00	14.83 N	83.87 W	0.000	0.000	Top Coal
3357.16	3101.00	-3240.00	80.24 N	453.76 W	0.000	0.000	Top Target Coal

Casing details

From		To	
Measured Depth (ft)	Vertical Depth (ft)	Measured Depth (ft)	Vertical Depth (ft)
<Surface>	<Surface>	300.00	300.00
<Surface>	<Surface>	3357.05	3101.00
<Surface>	<Surface>	<Run-TD>	<Run-TD>
			9 5/8" Casing
			7" Casing
			6 1/4" Open Hole

HALLIBURTON

Williams Production Co.
New Mexico
Rio Arriba County, NM

Proposal Report for Sec. 26 T29N R7W - San Juan 29-7 Unit #565S

Targets associated with this wellpath

Target Name	Target Entry Coordinates			Target Shape	Target Type
	TVD (ft)	Northings (ft)	Eastings (ft)		
BHL (565-S)	3111.00	435.00 N	2460.00 W	Point	Current Target
	-3230.00	109562.40 S	589822.01 E		
		30° 41' 54.3687" N	107° 32' 51.1639" W		
	Mean Sea Level/Global Coordinates:				
	Geographical Coordinates:				

North Reference Sheet for Sec. 26 T29N R7W - San Juan 29-7 Unit #565S

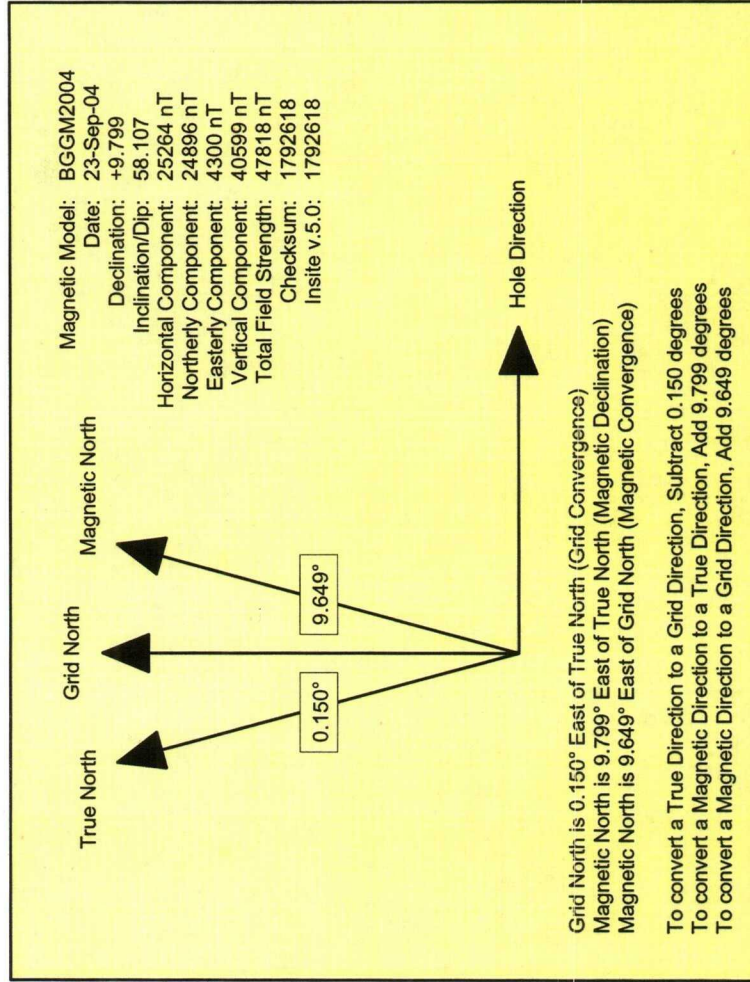
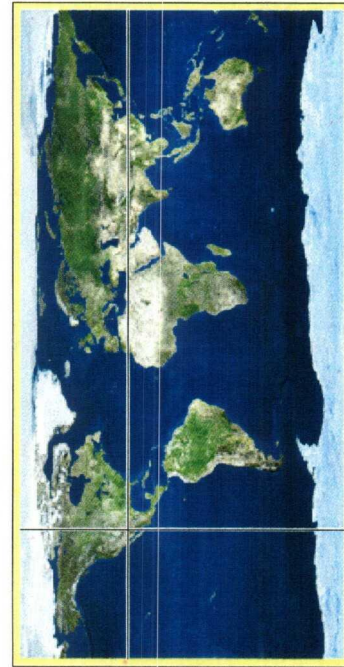
Coordinate System is NAD27 New Mexico State Planes, Western Zone, US Foot
Source: Snyder, J.P., 1987, Map Projections - A Working Manual

Datum is North American Datum of 1927 (US48, AK, HI, and Canada)

Spheroid is Clarke - 1866
Equatorial Radius: 6378206.400m.
Polar Radius: 6356583.800m.
Inverse Flattening: 294.978698213901

Projection method is Transverse Mercator or Gauss Kruger Projection
Central Meridian is -107.833°
Longitude Origin: 0.000°
Latitude Origin: 31.000°
False Easting: 152400.00m
False Northing: 0.00m
Scale Reduction: 0.99991667

Grid Coordinates of Well: 109997.40 S, 592282.01 E
Geographical Coordinates of Well: 30° 41' 50.0000" N, 107° 32' 23.0000" W
Surface Elevation of Well: 6341.00ft
Grid Convergence at Surface is +0.150°
Magnetic Convergence at Surface is -9.649° (23 September, 2004)



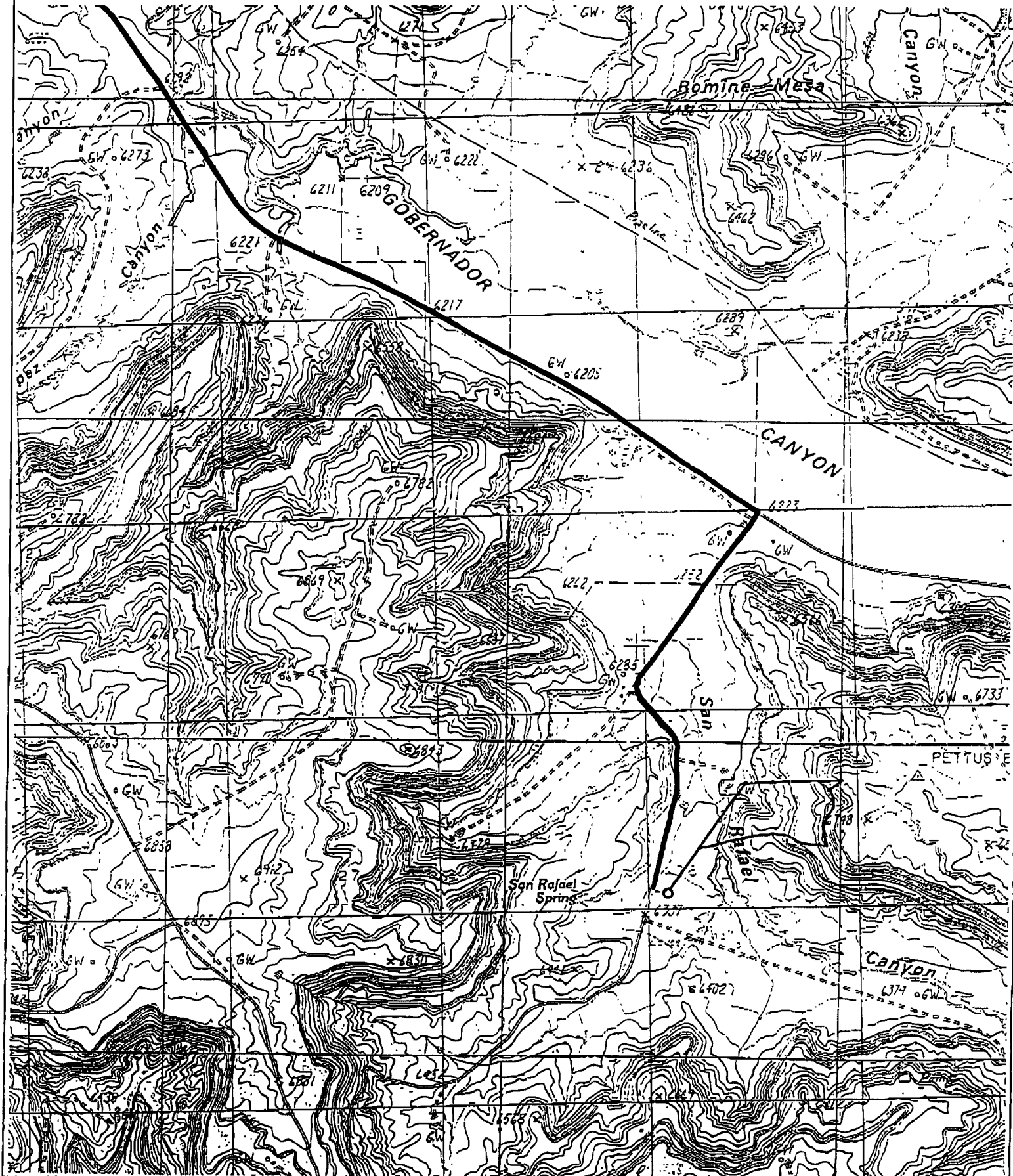
Halliburton Sperry-Sun

Survey Report for San Juan 29-7 Unit #565S - Version 1

Source: DrillQuest 3.03.06.007
Report Date: 23-Sep-04 Calculation Method: Minimum Curvature
Client: Williams Production Co. Grid Coordinate System: NAD27 New Mexico State Planes, Western Zone
Field: New Mexico Grid Scale Factor: 0.999917
Structure / Slot: Sec. 26 T29N R7W / San Juan Unit Magnetic Declination: 9.8
Well: San Juan 29-7 Unit #565S Total Field Strength: 47818 nT
Vertical Section Azimuth: 280.028 Magnetic Dip: 58.107
Vertical Section Origin N 0.000 ft, E 0.000 ft Declination Date: 23-Sep-04
Location Grid Lat / Lon: 30 41 50.0000 N, 107 32 23.0000 W Declination Model: BGGM2004
Location Grid N/E Y/X: S 109997.401 ft, E 592282.010 ft North Reference: Grid North
Grid Convergence Angle: 0.14989 Mag North to Grid North: -9.65
TVD Reference Datum: RKB (6326' + 15' est) Local Coordinates Referenced To Wellhead
TVD Reference Elevation: 6341.000 ft relative to Mean Sea Level

MD	Incl.	Azim.	TVD	Dogleg	V.Sect.	N/S	E/W
0	0	0	0	0	0	0	0
2623.83	0	0	2623.83	0	0	0	0
2640	1.94	280.03	2640	12	0.27	0.05	-0.27
2660	4.34	280.03	2659.97	12	1.37	0.24	-1.35
2680	6.74	280.03	2679.87	12	3.3	0.57	-3.25
2700	9.14	280.03	2699.68	12	6.06	1.06	-5.97
2720	11.54	280.03	2719.35	12	9.65	1.68	-9.51
2740	13.94	280.03	2738.86	12	14.06	2.45	-13.85
2760	16.34	280.03	2758.16	12	19.29	3.36	-18.99
2780	18.74	280.03	2777.23	12	25.31	4.41	-24.93
2800	21.14	280.03	2796.03	12	32.13	5.6	-31.64
2820	23.54	280.03	2814.53	12	39.74	6.92	-39.13
2840	25.94	280.03	2832.69	12	48.1	8.38	-47.37
2860	28.34	280.03	2850.49	12	57.23	9.97	-56.35
2880	30.74	280.03	2867.89	12	67.09	11.68	-66.06
2900	33.14	280.03	2884.86	12	77.67	13.52	-76.48
2920	35.54	280.03	2901.37	12	88.95	15.49	-87.59
2940	37.94	280.03	2917.4	12	100.91	17.57	-99.37
2960	40.34	280.03	2932.91	12	113.54	19.77	-111.8
2980	42.74	280.03	2947.87	12	126.8	22.08	-124.86
3000	45.14	280.03	2962.27	12	140.67	24.5	-138.53
3020	47.54	280.03	2976.08	12	155.14	27.01	-152.77
3040	49.94	280.03	2989.27	12	170.18	29.63	-167.58
3060	52.34	280.03	3001.82	12	185.75	32.34	-182.91
3080	54.74	280.03	3013.7	12	201.83	35.15	-198.75
3100	57.14	280.03	3024.9	12	218.4	38.03	-215.06
3120	59.54	280.03	3035.4	12	235.42	40.99	-231.83
3140	61.94	280.03	3045.17	12	252.87	44.03	-249.01
3160	64.34	280.03	3054.21	12	270.71	47.14	-266.58
3180	66.74	280.03	3062.49	12	288.92	50.31	-284.5
3200	69.14	280.03	3070	12	307.45	53.54	-302.75
3220	71.54	280.03	3076.73	12	326.28	56.82	-321.3
3240	73.94	280.03	3082.66	12	345.38	60.14	-340.1
3260	76.34	280.03	3087.79	12	364.71	63.51	-359.14
3280	78.74	280.03	3092.1	12	384.24	66.91	-378.37
3300	81.14	280.03	3095.6	12	403.93	70.34	-397.76
3320	83.54	280.03	3098.26	12	423.75	73.79	-417.28
3340	85.94	280.03	3100.1	12	443.66	77.25	-436.89
3357.16	88	280.03	3101	12	460.8	80.24	-453.76
3500	88	280.03	3105.99	0	603.55	105.1	-594.33
3593.58	88	280.03	3109.25	0	697.08	121.38	-686.43
3600	88.13	280.03	3109.47	2	703.49	122.5	-692.74
3693.58	90	280.03	3111	2	797.06	138.79	-784.88
4000	90	280.03	3111	0	1103.47	192.15	-1086.62
4500	90	280.03	3111	0	1603.47	279.21	-1578.98
5000	90	280.03	3111	0	2103.47	366.27	-2071.34
5394.69	90	280.03	3111	0	2498.16	435	-2460

BURLINGTON RESOURCES OIL & GAS COMPANY S. JUAN 29-7 UNIT #5655

2500' FNL & 2600' FNL, SECTION 26, T29N, R7W, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO

TOTAL P.03

DESIGNATION OF AGENT

Supervisor, Oil and Gas Operations:

The undersigned is, on the records of the Minerals Management Service, Unit Operator, hereafter referred to as "Operator", under the San Juan 29-7 Unit Agreement, Rio Arriba County, New Mexico No.: 14-08-001-1650 approved September 3, 1954 and hereby designates:

NAME:	Williams Production Company, LLC
ADDRESS:	One Williams Center P.O. Box 3102 Tulsa, OK 74136

as its agent, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to drilling, testing and completing the unitized substances to a depth covering the top to the base of the Fruitland Coal formation for the following well:

San Juan 29-7 Unit #565S W/2 Sec. 26,T29N, R7W Fruitland Coal

It is understood that this Designation of Agent does not relieve the Operator of responsibility for compliance with the terms of the Unit Agreement and the Oil and Gas Operating Regulations. It is also understood that this Designation of Agent does not constitute an assignment of any interest under the Unit Agreement or any lease committed thereto.

In case of default on the part of the designated agent, the Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representatives.

The Operator agrees promptly to notify the oil and gas supervisor of any change in the designated agent.

This Designation of Agent is deemed to be temporary and in no manner a permanent arrangement. This Designation of Agent is limited to field operations only and does not cover administrative action which shall require the specific authorization of the Operator.

This Designation of Agent shall be effective until the San Juan 29-7 Unit #565S has been drilled, completed and is waiting for facilities and connection to a gas sales pipeline. Williams Production Company, LLC shall give Operator notice to commence to install surface facilities and arrange for well tie-in to a gas sales pipeline within twenty (20) days of written notice of well completion. Unit Operator will assume operations for the well drilled under this Designation of Agent upon termination of this Designation of Agent.

EXHIBIT F

Designation of Agent
Page 2

This Designation of Agent is also subject to the terms and conditions contained in Exhibit "A" attached hereto.

Burlington Resources Oil & Gas Company LP
By: BROG GP Inc., its sole General Partner,
As San Juan 29-7 Unit Operator

4-19-04

Date

By:

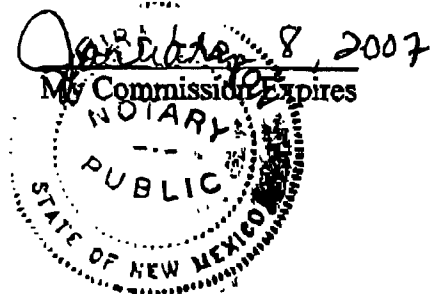
John F. Zent
John F. Zent
Attorney-in-Fact

STATE OF NEW MEXICO:

COUNTY OF SAN JUAN:

The foregoing instrument was acknowledged before me this 19th day of April, 2004, by John F. Zent, as Attorney-in-Fact of BROG GP Inc., a Delaware Corporation acting on behalf of Burlington Resources Oil & Gas Company LP, a Delaware limited partnership, its sole General Partner.

Laura Larson
NOTARY PUBLIC



Designation of Agent

Page 3

**EXHIBIT "A"
DESIGNATION OF AGENT**

Williams Production Company, LLC ("Agent") indicates its acceptance of this Designation of Agent by placing its authorized signature in the space provided below and agrees to drill and complete or plug and abandon said San Juan 29-7 Unit #565S as a reasonable and prudent operator in accordance with the terms and conditions of the San Juan 29-7 Unit Agreement and San Juan 29-7 Unit Operating Agreement, and also agrees to the following conditions. Agent shall:

1. Submit to Operator's representative for approval all casing programs and equipment specifications prior to the drilling of any well.
2. Notify Operator when drilling Operations are commenced.
3. Furnish Operator with complete daily driller's tour report, at Agent's expense.
4. Furnish Operator with daily reports by telephone call or facsimile at Agent's expense, as to the formation or formations penetrated during the previous day's drilling, the depth at which each formation is encountered, and the depth at which the report is made.
5. Allow representatives of Operator access to the derrick floor at all times at their sole risk and expense.
6. Notify Operator of intentions to core, drill stem test, stimulate, or run well surveys in sufficient time to enable Operator's representatives to be present; and also notify Operator in sufficient time in order that Operator may attend and witness any and all potential tests and packer leakage test.
7. Cause all cores having shows of oil and gas to be analyzed by a competent core analysis laboratory. Three preliminary and three final copies of any conventional core analysis will be furnished to Operator. Any special core analysis performed at the request of Agent will be considered proprietary information and will be paid for solely by Agent.
8. Furnish Operator three field prints and five final prints of all well surveys made during drilling or upon completion of wells.
9. Furnish Operator a representative and adequate cut of all cores and ditch samples taken during the drilling of wells.
10. Provide Operator with copies of drilling time records, hole deviation tests and all records required by the governmental agencies having jurisdiction of the wells.

Designation of Agent**Page 4**

11. Notify of any intention to plug and abandon wells and allow Operator forty-eight (48) hours in which to concur.
12. Furnish the Bureau of Land Management and the Oil Conservation Division of the State of New Mexico all proper and necessary reports and well data in the required numbers and time periods as specified by the Bureau of Land Management and the Oil Conservation Commission of the State of New Mexico, with a copy to Operator at the addresses hereinafter provided.
13. Provide the Commissioner of Public Lands of the State of New Mexico with copies of all reports and other well data submitted in accordance with the preceding paragraph.
14. Comply with all regulations of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) as such may be amended from time to time, and pay any costs, fees, and claims including attorneys fees and penalties imposed because of Agent's failure to comply with FOGRMA regulations.

Agent agrees to indemnify and defend Operator and all of Operator's affiliated and subsidiary companies and the agents, servants and employees of Operator and all of its affiliated and subsidiary companies and to save and hold them harmless from and against any and all claims or liability (including court costs and attorney fees) for damage or loss of property of all character; from and against any and all claims for death, or injury to persons, including, but not limited to, employees or agents of Agent resulting from or arising out of the operations conducted or caused or permitted to be conducted by Agent in connection with the wells described hereinabove; and from and against any and all claims for labor and materials and any other costs and expense in connection with Agent's operations hereunder.

Such indemnity by Agent shall apply to any loss or damage or personal injury or death:

- (i) which arises directly, indirectly or incident to the Agent's operation;
- (ii) without regard to cause or causes thereof, including, without limitation, strict liability, breach of warranty (express or implied), imperfection of materials, condition of any premises or transport to or from such premises;
- (iii) whether the claim therefore is based on common law, civil law or statute.

However, such indemnity by Agent shall not apply and may not be relied upon by Operator to the extent that any claim or liability is found by a court or other tribunal of competent jurisdiction to have been caused by the gross negligence or willful misconduct of Operator.


Designation of Agent
Page 5

All notices, samples or other information required to be furnished shall be sent to:

Burlington Resources Oil & Gas Company
Attn: Steve Smith
P. O. Box 4289
Farmington, New Mexico 87499-4289
Telephone (505) 326-9848
Fax No. (505) 324-3829

Williams Production Company, LLC

5/17/04
Date

By: 
Dorsey Roach
Attorney-in-fact

ACKNOWLEDGMENT

STATE OF OKLAHOMA:

COUNTY OF TULSA:

The foregoing instrument was acknowledged before me this 17th day of May, 2004, by Dorsey Roach, as Attorney-in-fact of Williams Production Company, LLC, a Limited Liability Company.


NOTARY PUBLIC

March 4, 2005
My Commission Expires
Commission #01001993

November __, 2004

Williams Production Company, L.L.C.
c/o Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL- _____
(Non-Standard Subsurface Location/Producing Area)

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Williams Production Company, L.L.C. ("Williams") dated November 12, 2004 (*application reference No. _____*); (ii) the records of the New Mexico Oil Conservation Division ("Division") in Aztec and Santa Fe: all concerning William's request for exception to Division Rules 111.A (13) and 111.C (2) and Rule 7 of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Division Rule 111.C (2) and the applicable provisions of the special rules governing the Basin-Fruitland Coal (Gas) Pool (71629);
- (2) The special rules governing the Basin-Fruitland Coal (Gas) Pool provides for 320-acre gas spacing units and wells to be located within either the NE/4 or SW/4 of the section and not closer than 660 feet from any outer boundary of the spacing unit nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary;
- (4) The "project area" proposed by Williams is to consist of a single standard 320-acre stand-up gas spacing unit comprising the W/2 of Section 26, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico;
- (5) It is our understanding that Williams intends to drill its San Juan Unit Well No. 565S (API No. 30-039-_____) from a surface location 2500 feet from the North line and 2600 feet from the West line (Unit F) of Section 26 and directionally drill a vertical wellbore to an approximate depth of 2,623 feet, kick-off in a westerly direction, build angle at a rate of 12 degrees per 100 feet until 90 degrees of vertical is achieved at a depth of 3357 feet (TVD), and directionally drill a horizontal drainhole a lateral distance of 2,000 feet to an unorthodox location at a point 2065 feet from the North line and 140 feet from the West line of said Section 26;

- (6) It appears that the applicant has satisfied all of the appropriate requirements prescribed in Division Rule 111.C (2) and Rule 9 (B) of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool; therefore the subject application should be approved; and
- (7) The provisions contained within this order and all other applicable provisions of Division Rule 111 and Division Order No. R-8768, as amended, should govern the subject well and 320-acre gas spacing unit.

It Is Therefore Ordered That:

(1) By the authority granted me under the provisions of Rule 9 (B) of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, the application of Williams Production Company, L.L.C. ("Williams") for exception to Division Rules 111.A (13) and 111.C (2) and RULE 7 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool (71629), is hereby approved. Williams is further authorized to drill its San Juan Well No. 565S (API No. _____) at a surface location 2500 feet from the North line and 2600 feet from the West line (Unit F) of Section 26, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, drill vertical to an approximate depth of 2623 feet, kick-off in an easterly direction, build angle at a rate of 12 degrees per 100 feet until 90 degrees off of vertical is achieved at a depth of 3357 feet (TVD), and directionally drill a horizontal drainhole a lateral distance of 2,000 feet under the W/2 of Section 26, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, to a point 2065 feet from the North line and 140 feet from the West line of said Section 26.

(2) The "project area" for this well shall consist of a single standard 320-acre stand-up gas spacing unit comprising the W/2 of Section 26.

(3) An exception to the provisions of Rule 7 of the Special Rules for the Basin-Fruitland Coal (Gas) Pool is hereby granted to permit the horizontal portion of the wellbore to be within a drilling window or producing area for the within the Basin-Fruitland Coal (Gas) Pool for this wellbore 10 feet from the outer boundary of the project area.

(4) The operator shall comply with all applicable requirements and conditions set forth in Division Rule 111 and Division Order No. R-8768, as amended.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Director

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management - Farmington



November 12, 2004

CERTIFIED MAIL -RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of Williams Production Company, L.L.C. for Administrative Approval of Horizontal Drilling and an Unorthodox Surface and Bottomhole Location in the Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the Oil Conservation Division on this date by Williams Production Company, L.L.C. for administrative approval of horizontal drilling and an unorthodox surface and bottomhole location in the Basin-Fruitland Coal Gas Pool for its proposed San Juan Unit Well No. 565S. The Project Area for the well will be a standard Fruitland Coal Gas Unit comprised of the W/2 of Section 26, Township 29 North, Range 7 West, NMPM, and the horizontal portion of the wellbore will be entirely confined to the NW/4 of Section 26. Due to topographic conditions, the surface location for the well will be at a point 2500 feet from the North line and 2600 feet from the West line of Section 26. Williams proposes to drill a vertical well to a kick-off point at a depth of 2623.8 feet and build a curve at a rate of 12.00 degrees per 100 feet and drill until a 90 degree curve is achieved at a true vertical depth of 3357.16 feet. Williams proposes to then drill a lateral in a easterly direction along an azimuth of 280 degrees for a bottomhole displacement of approximately 2000 feet to a terminus in the NW/4 of Section 26 at a point 2065 feet from the North line and 140 feet from the West line of Section 26.

As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,

William F. Carr
ATTORNEY FOR WILLIAMS PRODUCTION COMPANY
enc.