

5/13/09 DATE IN	SUSPENSE	D. Brooks ENGINEER	5/13/09 LOGGED IN	NSL TYPE	DKAA0913349581 APPRO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

RECEIVED

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



30-039-30109
Williams 120782
Rosa Unit #164c
6037

2009 MAY 13 8 11 18

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]

[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 _____

[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.

Heather Riley
Print or Type Name

Heather Riley
Signature

Regulatory Specialist 5/12/09
Title Date

heather.riley@williams.com
e-mail Address



P. O. Box 640
Aztec, NM 87410
(505) 634-4222
(505) 634-4205 (fax)
Heather.riley@williams.com

May 12, 2009

Mark E. Fesmire
NEW MEXICO OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

*Re: Request for Administrative Approval of a Non-Standard Basin Mancos and Basin
Dakota Location
Rosa Unit #164C
API # 30-039-30109
SHL: 1840' FSL & 865' FEL, Sec. 1, T31N, R6W
BHL: 330' FSL & 865' FEL, Sec. 1, T31N, R6W*

Dear Mr. Fesmire:

Williams Production Co., LLC ("Williams"), pursuant to the provisions of Division Rule 104, hereby seeks administrative approval of an unorthodox location for the Basin Mancos (97232) and the Basin Dakota (71599) formations in Rosa Unit Well No. 164C. This is a directional well with a bottom hole location of 330' FSL & 865' FEL, Sec. 1, T31N, R6W.

Pursuant to Order No. R-12984, spacing requirements allow for up to 4 Basin Mancos wells in a standard spacing unit and for wells inside a federal exploratory unit and in a non-participating spacing unit they shall not be closer than 660 feet to the outer boundary of its spacing unit. Additionally, pursuant to Order No. R-10987-B(2), spacing requirements allow for up to 4 Dakota wells in a standard GPU and they shall be located not closer than 660 feet to the outer boundary of the GPU and not closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary. Given these requirements, this location is non-standard to the south by 330 feet.

Williams intends to capture the reserves from the Mesaverde, Basin Mancos and Dakota formations with a single well bore. Not only will the multiple completion help capture additional reserves that otherwise would not be able to be economically developed, but utilizing a single well bore for a triple completion will also negate the need for additional disturbance of another wellpad, road, and pipeline.

Mark E. Fesmire

May 12, 2009

Page 2 of 2

The surface location for this well is being twinned on the Rosa Unit #240 and #240A therefore we will be utilizing existing surface disturbance. The bottom hole location was chosen by considering drainage patterns from the existing Mesaverde wells in that spacing unit, i.e. the Rosa Unit #164, #164A, and #164B. Further, drainage patterns from the other offset Mesaverde wells were considered as well. They are the Rosa Unit #72A in the NW of Section 6, T31N, R5W, Rosa Unit #149 in the NE of Section 12, T31N, R6W, and the Rosa Unit #171A in the NW of Section 7, T31N, R5W. See drainage map.

As the Unit Operator of the Rosa Unit, Williams Production is the only offset operator, thereby this proposed non-standard location would not affect any other operators.

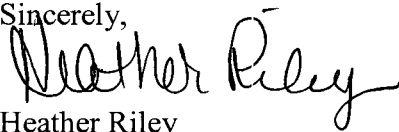
The offset unit's working interest to the south are common with the subject unit for both formations therefore no notice is required.

Enclosed for your reference are copies of the Participating Area maps for the Mesaverde and Dakota Formations. All of section 1 and the north half of 12 are in the PA in the Mesaverde Formation therefore no setback requirements apply. Neither area is in the PA in the Dakota formation.

The spacing unit for all three formations is the entire section. The other Mesaverde wells in the spacing unit are the Rosa Unit #164, #164A and the #164B. The other Dakota Well is the Rosa Unit #164B and there are no other Basin Mancos wells.

Should you have any questions or concerns, please don't hesitate to contact me at the phone numbers listed above. You can also contact Vern Hansen at our Tulsa office at (918) 573-6169.

Sincerely,



Heather Riley

Regulatory Specialist

Enc.: 1st page of APD

Plat

Drainage Map

PA Maps (MV & DK)

Mineral ownership map

Copy: File

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

2006 NOV 9 PM 5 16

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-078772
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name 164C
2. Name of Operator Williams Production Company, LLC		7. If Unit or CA Agreement, Name and No. Rosa Unit
3a. Address P.O. Box 640 Aztec, NM 87410	3b. Phone No. (include area code) (505) 634-4208	8. Lease Name and Well No. 164C
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface Lot J: 1840' FSL & 865' FEL At proposed prod. zone Lot O: 330' FSL & 865' FEL		9. API Well No. 30-039-30109
14. Distance in miles and direction from nearest town or post office* approximately 25 miles northeast of Blanco, New Mexico		10. Field and Pool, or Exploratory Blanco Mesaverde
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 865'		11. Sec., T., R., M., or Blk. and Survey or Area Section 1, 31N, 6W
16. No. of Acres in lease 2,561.86	17. Spacing Unit dedicated to this well 303.88 - Entire section	12. County or Parish Rio Arriba
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 50'	19. Proposed Depth 6,565'	13. State NM
20. BLM/BIA Bond No. on file UT0847	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,358' GR This action 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, 2006
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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- 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 10-31-06
Title Drilling COM		
Approved by (Signature) <i>D. Montee</i>	Name (Printed/Typed) AFM	Date 3/9/07
Title AFM	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 directional well to develop the Blanco Mesaverde formation at the above described location in accordance with the attached drilling and surface use plans.

The well pad surface is under jurisdiction of the Bureau of Land Management, Farmington Field Office.

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

This APD is also serving as an application to obtain a pipeline right-of-way. An associated pipeline tie of 149.80 feet would be required for this location.

OPERATOR

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 97232 / 72319 / 71599	³ Pool Name BASIN MANCOS / BLANCO MESAVERDE / BASIN DAKOTA
⁴ Property Code 17033	⁵ Property Name ROSA UNIT	⁶ Well Number 164C
⁷ OGRID No. 120782	⁸ Operator Name WILLIAMS PRODUCTION COMPANY	⁹ Elevation 6358'

¹⁰ Surface Location

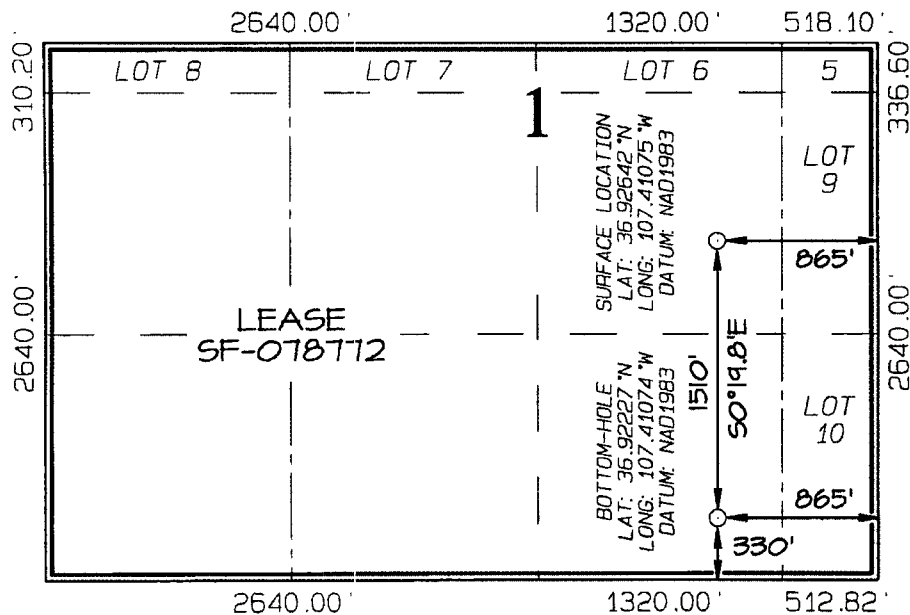
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	1	31N	6W		1840	SOUTH	865	EAST	RIO ARriba

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
0	1	31N	6W		330	SOUTH	865	EAST	RIO ARriba

¹² Dedicated Acres 303.88 Acres - Entire Section	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

Signature _____ Date _____

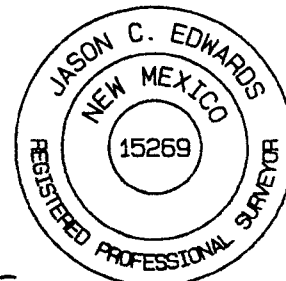
Printed Name _____

¹⁸ SURVEYOR CERTIFICATION

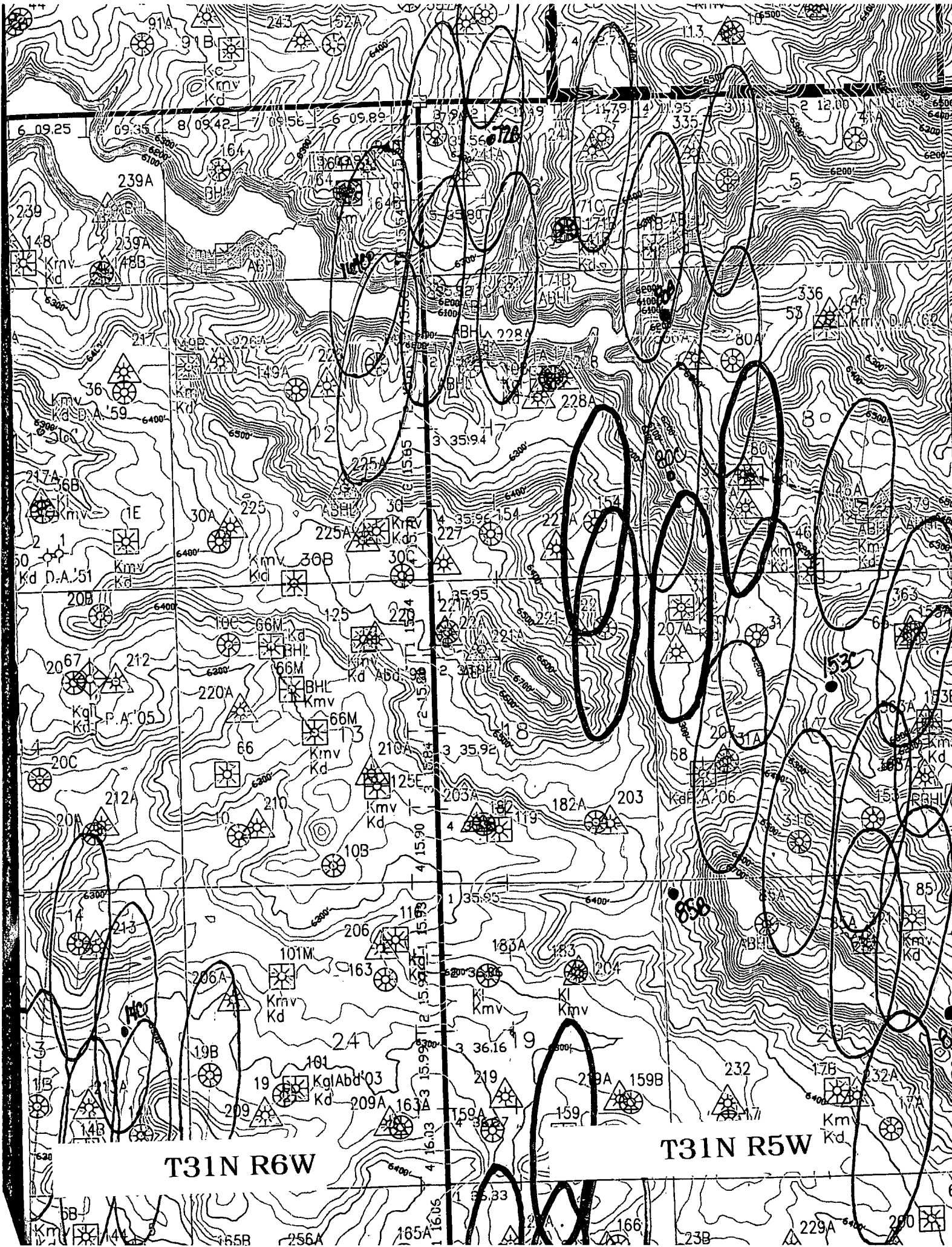
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

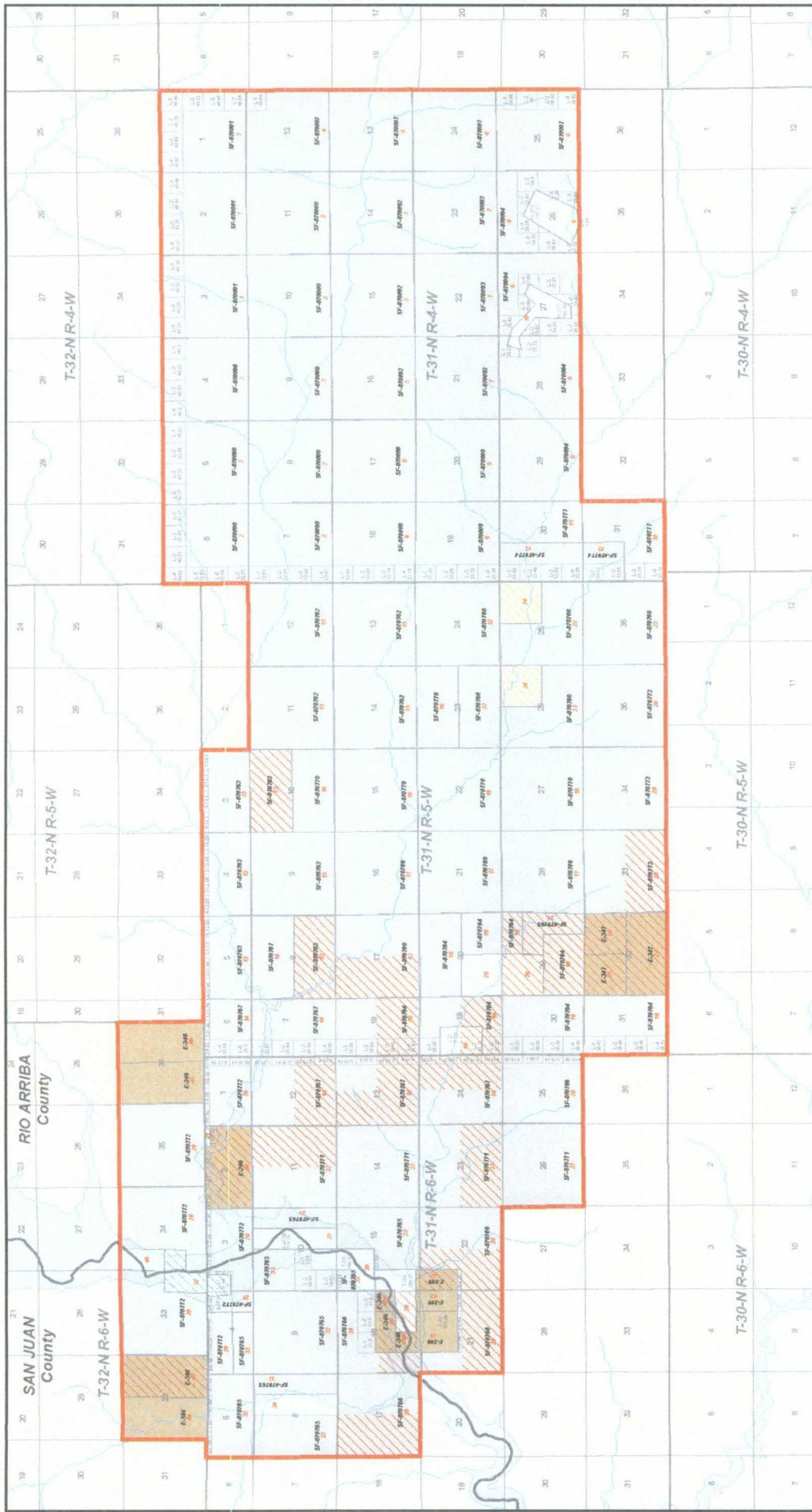
Date of Survey: MARCH 21, 2006

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269





Legend

- Dakota Participating Area 18th Expansion
- Mineral Ownership
- Federal
- Partially Committed
- State
- Not Committed

Rosa Unit Tract No. XX

Map Document: C:\Projects\San_JuanRosa_UnitParticipating_Areas\rosas_unit_06_jan.mxd
3/8/2007 - 10:14:28 AM

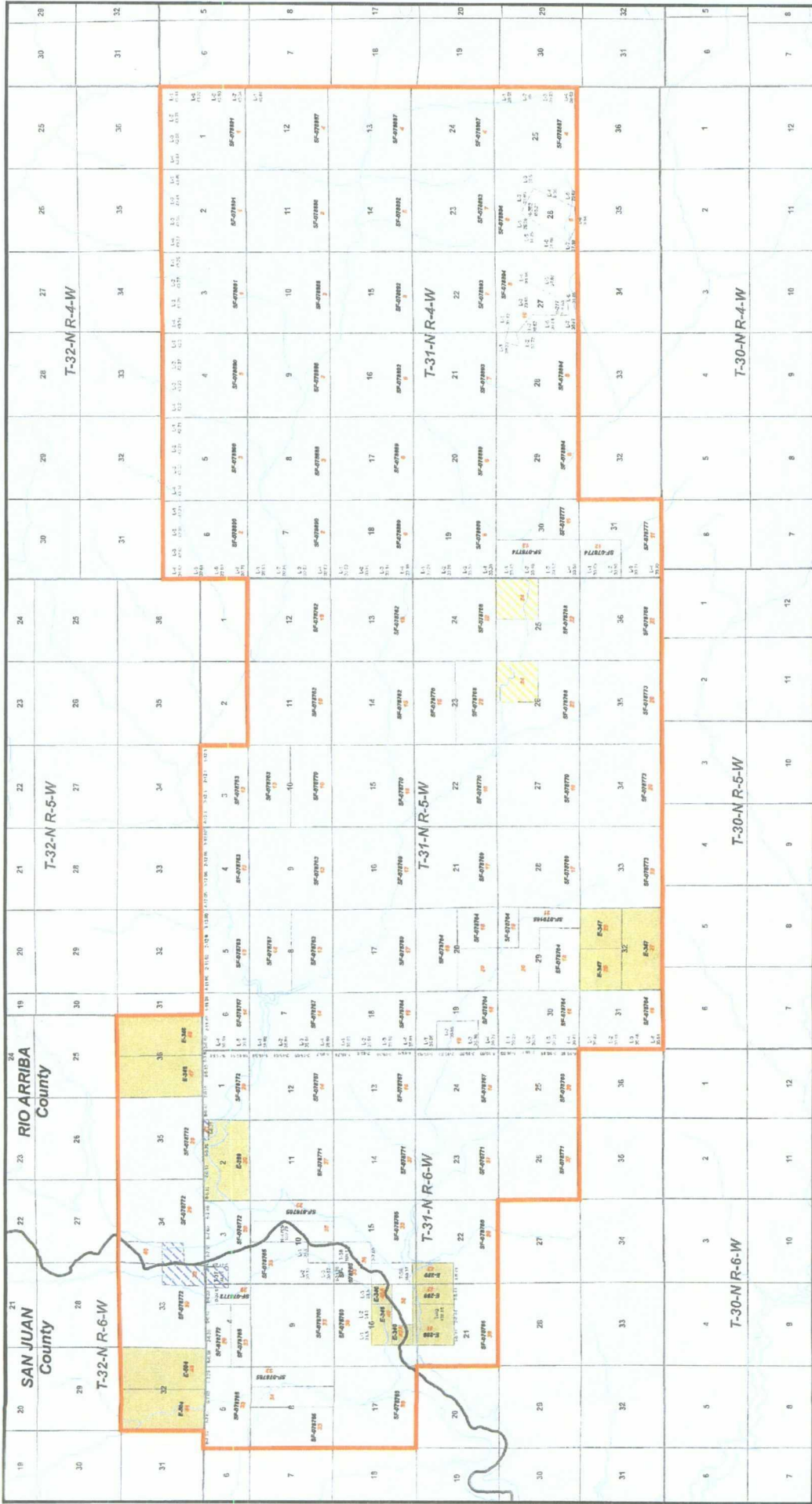
Williams Exploration & Production

Rosa Unit
Dakota Formation
San Juan and Rio Arriba Counties, New Mexico

Scale: 1:72,000
Date: 3/7/2007

Projection: NAD 1983 State Plane NM FIPS

Author: SA



Rosa Unit Tract No. XX

Map Document (G:\Project\San_Juan\Rosa_Unit\rosas_unit.mxd)
3/20/2008 - 11:04:48 PM

Scale: 1:72,000
Projection: NAD 1983 State Plane NM West
Date: 3/5/2008
Author: TJ

Williams Exploration & Production

Rosa Unit

San Juan and Rio Arriba Counties, New Mexico

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Friday, May 29, 2009 11:59 AM
To: 'Heather.riley@williams.com'
Subject: Rosa Unit #164C; NSL Application

Dear Ms. Riley

It appears that this proposed location encroaches not only toward Section 12 to the South, but also on the diagonal toward Section 7 of 32N-5W.

Is working interest ownership in that section also identical with Section 1?

Sincerely

David K. Brooks
Legal Examiner
505-476-3450

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, June 01, 2009 9:33 AM
To: 'Riley, Heather '
Subject: RE: Rosa Unit #164C; NSL Application

Dear Ms. Riley

My interpretation of diagonal encroachment is that a well encroaches toward a diagonally adjoining spacing unit if it is located closer to the common corner than the closest standard location within the well's unit.

In this case, the closest standard location is Section 1 to the common corner of Sections 1 and 7 would be 660 FSL and 660 FEL in Section 1. $660 \times 660 \times 2 = 871,200$. The square root of 871,200 is 933.38. So the nearest standard location would be 933.38 feet from the common corner. $865 \times 865 = 748,225$. $330 \times 330 = 108,900$. $748,225 + 108,900 = 857,125$. The square root of 857,125 is 925.81. So your proposed location is only 925.81 feet from the common corner of Sections 1 and 7.

For that reason I reiterate my inquiry about the ownership of the NW/4 of Section 7.

Sincerely,

David K. Brooks

From: Riley, Heather [mailto:Heather.Riley@Williams.com]
Sent: Monday, June 01, 2009 9:10 AM
To: Brooks, David K., EMNRD
Cc: Higgins, Larry ; Winters, Lacey ; Hansen, Vern
Subject: RE: Rosa Unit #164C; NSL Application

Mr. Brooks,

The BHL is 330' FSL and 865' FEL. I believe it is only encroaching toward section 12 to the south. Do your measurements show otherwise?

Thanks,

Heather Riley
Regulatory Specialist
Williams Production Co., LLC
(505) 634-4222 (office)
(970) 749-8747 (cell)

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Friday, May 29, 2009 11:59 AM
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This inbound email has been scanned by the MessageLabs Email Security System.

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, June 01, 2009 4:35 PM
To: 'Riley, Heather '
Subject: RE: Rosa Unit #164C; NSL Application

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Thanks. Please send me proof of notice when you have sent the notice, and I will calendar this application for action after 20 days.

Sincerely
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Cc: Higgins, Larry ; Hansen, Vern ; Winters, Lacey
Subject: RE: Rosa Unit #164C; NSL Application

Mr. Brooks,

Given these calculations, Section 7 ownership is not common. Notice should go out in tomorrow's mail.

Thank you,

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(970) 749-8747 (cell)

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Brooks, David K., EMNRD

From: Hayden, Steven, EMNRD
Sent: Tuesday, June 02, 2009 1:30 PM
To: ralph.hawks@williams.com; Brooks, David K., EMNRD
Cc: McQueen, Ken
Subject: FW: Rosa Unit #164C; NSL Application
Attachments: Hawks, Ralph (E&P).vcf

The well BHL is 204' FSL and 929' FEL from the directional survey and as shown on the as drilled plat. This gives a distance from the corner of Section 7, T31N R5W of 951'. This is a standard location wrt Section 7. It is within the Mesaverde P.A. so it is standard for the MV wrt Section 12 T31N R6W, while the Mancos and Dakota are not in a P.A. and are NSL wrt section 12.

Steve Hayden 505 334 6178-Office
District Geologist 505 320 0545-Mobile
NM OCD District 3 505 334 6170-Fax
1000 Rio Brazos Rd.
Aztec, NM 87410

From: Hawks, Ralph [mailto:Ralph.L.Hawks@Williams.com]
Sent: Tuesday, June 02, 2009 1:13 PM
To: Hayden, Steven, EMNRD
Subject: FW: Rosa Unit #164C; NSL Application

Steve, FYI.

Ralph L. Hawks Jr.
Williams Exploration and Production
One Williams Center 25-3
Tulsa, OK 74172
Office: 918-573-4269
Fax: 918-573-6326
Cell: 918-629-1692
email: ralph.hawks@williams.com

From: Hansen, Vern
Sent: Tuesday, June 02, 2009 11:19 AM
To: Hawks, Ralph
Subject: FW: Rosa Unit #164C; NSL Application

From: Riley, Heather
Sent: Monday, June 01, 2009 4:27 PM
To: Brooks, David K., EMNRD
Cc: Higgins, Larry ; Hansen, Vern ; Winters, Lacey
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505-476-3450

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This inbound email has been scanned by the MessageLabs Email Security System.

Brooks, David K., EMNRD

From: Riley, Heather [Heather.Riley@Williams.com]
Sent: Wednesday, June 03, 2009 7:54 AM
To: Brooks, David K., EMNRD
Cc: Higgins, Larry ; Winters, Lacey ; Hansen, Vern ; Croff, Twyla
Subject: RE: Rosa Unit #164C; NSL Application
Attachments: Rosa Unit #164C Affected Persons.pdf

Mr. Brooks,

Attached is a copy of the Notice letter that went out on this well.

Thank you,

Heather Riley
Regulatory Specialist
Williams Production Co., LLC
(505) 634-4222 (office)
(970) 749-8747 (cell)

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Heather Riley
Regulatory Specialist
Williams Production Co., LLC
(505) 634-4222 (office)
(970) 749-8747 (cell)

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Monday, June 01, 2009 9:33 AM
To: Riley, Heather
Subject: RE: Rosa Unit #164C; NSL Application

Dear Ms. Riley

My interpretation of diagonal encroachment is that a well encroaches toward a diagonally adjoining spacing unit if it is located closer to the common corner than the closest standard location within the well's unit.

In this case, the closest standard location is Section 1 to the common corner of Sections 1 and 7 would be 660 FSL and 660 FEL in Section 1. $660 \times 660 \times 2 = 871,200$. The square root of 871,200 is 933.38. So the nearest standard location would be 933.38 feet from the common corner. $865 \times 865 = 748,225$. $330 \times 330 = 108,900$. $748,225 + 108,900 = 857,125$. The square root of 857,125 is 925.81. So your proposed location is only 925.81 feet from the common corner of Sections 1 and 7.

For that reason I reiterate my inquiry about the ownership of the NW/4 of Section 7.

Sincerely,

David K. Brooks

From: Riley, Heather [mailto:Heather.Riley@Williams.com]
Sent: Monday, June 01, 2009 9:10 AM
To: Brooks, David K., EMNRD
Cc: Higgins, Larry ; Winters, Lacey ; Hansen, Vern
Subject: RE: Rosa Unit #164C; NSL Application

Mr. Brooks,

The BHL is 330' FSL and 865' FEL. I believe it is only encroaching toward section 12 to the south. Do your measurements show otherwise?

Thanks,

Heather Riley
Regulatory Specialist
Williams Production Co., LLC
(505) 634-4222 (office)
(970) 749-8747 (cell)

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Friday, May 29, 2009 11:59 AM
To: Riley, Heather
Subject: Rosa Unit #164C; NSL Application

Dear Ms. Riley

It appears that this proposed location encroaches not only toward Section 12 to the South, but also on the diagonal toward Section 7 of 32N-5W.

Is working interest ownership in that section also identical with Section 1?

Sincerely

David K. Brooks
Legal Examiner
505-476-3450

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WILLIAMS PRODUCTION COMPANY, LLC
One Williams Center
P.O. Box 3102
Tulsa, OK 74101-3102
918/573-6169

June 2, 2009

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of Williams Production Company, LLC for administrative approval of an unorthodox well location for its proposed Rosa Unit #164C Mancos/Dakota formation well to be drilled to a bottom hole location at 330 feet from the South line and 865 feet from the East line of Section 1, Township 31 North, Range 6 West, N.M.P.M., Rio Arriba County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on May 12 2009 by Williams Production Company, LLC for administrative approval of an unorthodox well location for its proposed Rosa Unit #164C Mancos/Dakota formation well to be drilled to a bottom hole location at 330 feet from the South line and 865 feet from the East line of Section 1, Township 31 North, Range 6 West, N.M.P.M., Rio Arriba County, New Mexico.

All of Sec. 1, T31N, R6W, a standard 303.88 acre spacing unit is dedicated to the well.

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

Enclosures

Sincerely,

M. Vern Hansen, CPL
Senior Staff Landman

Rosa Unit #164C Dakota Formation Well
Affected Interest Owners, N/2 of Sec. 7, T31N, R5W

XTO
Edwin S. Ryan, Jr.
810 Houston St.
Fort Worth, TX 76102



P. O. Box 640
Aztec, NM 87410
(505) 634-4222
(505) 634-4205 (fax)
Heather.riley@williams.com

May 12, 2009

Mark E. Fesmire
NEW MEXICO OIL CONSERVATION DIVISION
1220 South Saint Francis Drive
Santa Fe, NM 87505

*Re: Request for Administrative Approval of a Non-Standard Basin Mancos and Basin
Dakota Location
Rosa Unit #164C
API # 30-039-30109
SHL: 1840' FSL & 865' FEL, Sec. 1, T31N, R6W
BHL: 330' FSL & 865' FEL, Sec. 1, T31N, R6W*

Dear Mr. Fesmire:

Williams Production Co., LLC ("Williams"), pursuant to the provisions of Division Rule 104, hereby seeks administrative approval of an unorthodox location for the Basin Mancos (97232) and the Basin Dakota (71599) formations in Rosa Unit Well No. 164C. This is a directional well with a bottom hole location of 330' FSL & 865' FEL, Sec. 1, T31N, R6W.

Pursuant to Order No. R-12984, spacing requirements allow for up to 4 Basin Mancos wells in a standard spacing unit and for wells inside a federal exploratory unit and in a non-participating spacing unit they shall not be closer than 660 feet to the outer boundary of its spacing unit. Additionally, pursuant to Order No. R-10987-B(2), spacing requirements allow for up to 4 Dakota wells in a standard GPU and they shall be located not closer than 660 feet to the outer boundary of the GPU and not closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary. Given these requirements, this location is non-standard to the south by 330 feet.

Williams intends to capture the reserves from the Mesaverde, Basin Mancos and Dakota formations with a single well bore. Not only will the multiple completion help capture additional reserves that otherwise would not be able to be economically developed, but utilizing a single well bore for a triple completion will also negate the need for additional disturbance of another wellpad, road, and pipeline.

Mark E. Fesmire
May 12, 2009
Page 2 of 2

The surface location for this well is being twinned on the Rosa Unit #240 and #240A therefore we will be utilizing existing surface disturbance. The bottom hole location was chosen by considering drainage patterns from the existing Mesaverde wells in that spacing unit, i.e. the Rosa Unit #164, #164A, and #164B. Further, drainage patterns from the other offset Mesaverde wells were considered as well. They are the Rosa Unit #72A in the NW of Section 6, T31N, R5W, Rosa Unit #149 in the NE of Section 12, T31N, R6W, and the Rosa Unit #171A in the NW of Section 7, T31N, R5W. See drainage map.

As the Unit Operator of the Rosa Unit, Williams Production is the only offset operator, thereby this proposed non-standard location would not affect any other operators.

The offset unit's working interest to the south are common with the subject unit for both formations therefore no notice is required.

Enclosed for your reference are copies of the Participating Area maps for the Mesaverde and Dakota Formations. All of section 1 and the north half of 12 are in the PA in the Mesaverde Formation therefore no setback requirements apply. Neither area is in the PA in the Dakota formation.

The spacing unit for all three formations is the entire section. The other Mesaverde wells in the spacing unit are the Rosa Unit #164, #164A and the #164B. The other Dakota Well is the Rosa Unit #164B and there are no other Basin Mancos wells.

Should you have any questions or concerns, please don't hesitate to contact me at the phone numbers listed above. You can also contact Vern Hansen at our Tulsa office at (918) 573-6169.

Sincerely,

Heather Riley
Regulatory Specialist

Enc.: 1st page of APD
Plat
Drainage Map
PA Maps (MV & DK)
Mineral ownership map