

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF WILLIAMS PRODUCTION
COMPANY FOR SIMULTANEOUS DEDICATION, SAN JUAN COUNTY, NEW
MEXICO.

CASE NO. 14719

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**WILLIAMS PRODUCTION COMPANY'S REPLY TO
SAN JUAN'S RESPONSE TO MOTION TO DISMISS**

Williams Production Company ("Williams") replies to San Juan Basin Properties, LLC's Response in Opposition to Motion to and states as follows:

1. San Juan admits that it does not have standing as an offset operator or interest owner but rather as an interest owner in communitized acreage which touches the W/2 of Section 33 where Williams has proposed to simultaneously dedicate the Rosa Unit Well No. 242A. Applicants for simultaneous dedication have never been required to notify parties who do not have acreage adjoining the subject spacing unit regardless of whether the adjoining acreage is communitized. Thus, the Division either needs to change its notice policy to recognize that San Juan has standing or find that San Juan does not have standing and allow Williams' application to be processed administratively.

2. San Juan also notes that Williams is the offset operator for the communitized acreage in the E/2 of Section 33. Accordingly, Williams has obligations as Unit Operator of the Rosa Unit and as the operator under a joint operating agreement covering the E/2 of Section 33. In other words, San Juan's interest is protected because Williams is obligated to assure that all interest owners are receiving their fair share of production from the acreage in which they have an interest. San Juan also attached e-mails which San Juan claims indicates that Williams has no intention of offsetting the proposed Rosa Unit Well No. 242A. Nowhere in that conversation does it state Williams will not offset the Rosa Unit Well No. 242A. Williams' landman noted the technical reasons why horizontal wells may be difficult to drill in the E/2 and that is all.

See San Juan's Exhibit B. Williams did not address the possibility of drilling vertical wells, if necessary.

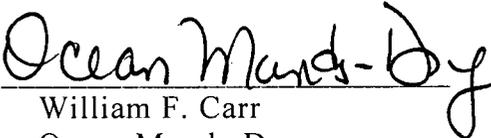
3. Order No. R-13200 does not need any interpretation. It is clear that the Division authorized non-standard locations as long as well locations were at least 660 feet from any non-committed tract. Williams is authorized to locate the Rosa Unit Well No. 242A at a non-standard location pursuant to Order No. R-13200 and San Juan should not be allowed to collaterally attack that order by objecting to Williams' simultaneous dedication application here.

4. San Juan's objection is not based on the simultaneous dedication of the well but the unorthodox location. Thus, even if San Juan is found to have standing to object, its objection is not proper in this application.

WHEREFORE, Williams requests the application for hearing be dismissed and be remanded back to the administrative process for approval.

Respectfully submitted,

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ATTORNEYS FOR WILLIAMS PRODUCTION CO., LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 22nd day of August, 2011 via facsimile transmission.

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