

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

APPLICATION OF WILLIAMS PRODUCTION COMPANY, LLC FOR EXCEPTIONS  
TO THE SPECIAL RULES AND REGULATIONS FOR THE BLANCO-MESAVERDE  
GAS POOL FOR A PILOT PROJECT TO DETERMINE THE PROPER WELL DENSITY  
REQUIREMENTS FOR MESAVERDE FORMATION WELLS, SAN JUAN AND RIO  
ARRIBA COUNTIES, NEW MEXICO.

CASE NO. 14291

ENTRY OF APPEARANCE  
& PRE-HEARING STATEMENT

The Oil Conservation Division submits this entry of appearance and pre-hearing  
statement pursuant to OCD Rule 19.15.4.10 NMAC.

APPEARANCES

APPLICANT

OIL CONSERVATION DIVISION

APPLICANT'S ATTORNEY

MIKAL ALTOMARE

Oil Conservation Division  
Energy, Minerals & Natural Resources Dept.  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505) 476-3451 [f: 476-3480]  
[Mikal.Altomare@state.nm.us](mailto:Mikal.Altomare@state.nm.us)

RESPONDENT

XERIC OIL & GAS CORP.

RESPONDENT'S ATTORNEY

OCEAN MUNDS-DRY

P.O. Box 2208  
Santa Fe, NM 87504  
(505) 988-4421  
[OMundsDry@HollandHart.com](mailto:OMundsDry@HollandHart.com)

OTHER PARTIES

DEVON ENERGY PRODUCTION CO., L.P.

OTHER PARTIES' COUNSEL

JAMES BRUCE

P.O. Box 1056  
Santa Fe, NM 87504  
(505) 982-2043  
[JamesBruc@aol.com](mailto:JamesBruc@aol.com)

### STATEMENT OF THE CASE

Applicant Williams is seeking exceptions to the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool for what it is referring to as "a two year Pilot Project" in the Rosa Unit Area. This proposed "Pilot Project" is to be comprised of the following lands located in San Juan and Rio Arriba, Counties, New Mexico:

#### TOWNSHIP 31 NORTH, RANGE 6 WEST, NMPM

Sections 1-5: All

Sections 8-17: All

Sections 21-26: All

#### TOWNSHIP 32 NORTH, RANGE 6 WEST, NMPM

Sections 32-36: All

Williams is further seeking authorization to drill additional wells on each of the standard 320-acre gas proration unit in the pilot project area to increase density from the current maximum of four wells as provided by "The Special Rules and Regulations for the Blanco-Mesaverde Gas Pool," to a maximum of eight wells (40-acre infill wells) per 320-acre gas proration unit. The referenced area is located approximately 9 miles Southeast of Arboles, Colorado.

The subject area of the application is comprised of 26 sections, including all of the Rosa Unit in T31N, R6W and T32N, R6W. This 26-section area currently has a total of 162 active Blanco Mesaverde wells. This means that the area has only been approximately 78% drilled at the established spacing of 3 infill wells per 320 acres. The subject area constitutes 62% of that portion of the Rosa Unit that has Blanco Mesaverde wells.

To permit Williams to drill a new well on each spacing unit in the referenced area of application would be excessive for a pilot test, and more akin to an infill project. If Williams truly wishes to conduct pilot test, it should be restricted to a limited area or areas comprised of one or more sections which would be drilled per the proposed greater density, after which those areas could be studied for interaction and incremental reserve additions.

### DIVISION'S PROPOSED EVIDENCE

#### WITNESS:

Steven Hayden, OCD District III Geologist \*by telephone\*

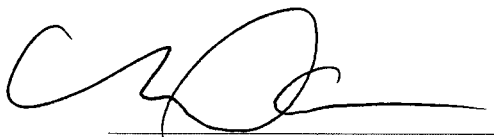
#### ESTIMATED TIME:

20 minutes

PROCEDURAL MATTERS

None.

Respectfully submitted  
this 10<sup>th</sup> day of March, 2009 by



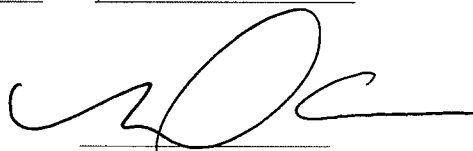
MIKAL ALTOMARE

Oil Conservation Division  
Energy, Minerals and Natural  
Resources Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505) 476-3480

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was emailed to counsel for Williams Production Co., Ms. Ocean Munds-Dry at OMundsDry@HollandHart.com, and counsel for Devon Energy, Mr. James Bruce at JamesBruc@aol.com this 11<sup>th</sup> day of March, 2009.



Mikal Altomare