



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico, 87401



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IN REPLY REFER TO:
Rosa SWD #2

April 8, 2010

Mark Fesmire
New Mexico Oil Conservation Division
1220 S. St. Frances Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Reference is made to Case No. 14463, whereby Williams Production Company (Williams) is seeking approval to use a closed loop drilling mud system for the Rosa SWD No. 2, and burial of associated drill cuttings and completion waste at an off-site well location within the Rosa Unit. The Rosa SWD No. 2, is located in F, section 25, T.31N., R. 5W., Rio Arriba County New Mexico. Williams is proposing to utilize a closed loop drilling mud containment system at the Rosa SWD No. 2 location because of the possibility of encountering shallow groundwater at the site. In addition, Williams proposes using temporary pits at alternate locations for cuttings and solid waste management to prevent possible groundwater contamination at the site. The proposed alternate sites are the Rosa Unit No. 634B well, located in H, section 22 T.31N., R.6W., (SHL) and the Rosa Unit No. 635C well, located in E, section 21, T.31N., R. 5W., (SHL). These alternate locations are located on BLM administered lands within the Rosa Unit. Williams has stated that they will bury cuttings in the temporary pit in accordance with the NMOCD pit rule requirements (C-144) and any other appropriate NMOCD rules.

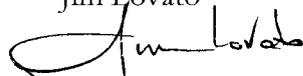
We recently met with Williams to discuss the details and merits of their proposal for a closed loop system and off site waste burial. Williams presented an extensive development plan which addresses new well development scenarios, exploration and seismic data acquisition, water disposal infrastructure and optimization plans and plans for future electrification of the Rosa Unit area. Each of these initiatives provides low impact, environmentally responsible resource development. These proposals, including the off-site waste management proposal under Case 14463, minimizes overall surface impacts, reduces water and cuttings hauling costs, access road impacts, reduces dust and fugitive gases and improves air quality.

Pursuant to the Memorandum of Understanding between the BLM and the NMOCD dated May 4, 2009, we support Williams' application to utilize a closed loop mud containment system and off-site disposal of solid waste and drill cuttings from the Rosa SWD No. 2 well.

We ask that Williams be required to file a sundry notice with our office detailing the actual location that will be utilized for off-site disposal and the actual pit design and closure criteria. The BLM will take formal action on that sundry prior to our authorizing pit installation and subsequent closure.

If you have any questions regarding the above, contact me at (505) 599-6367.

Jim Lovato

A handwritten signature in black ink, appearing to read "Jim Lovato", written over a vertical line that extends downwards from the text below.

Senior Technical Advisor,
Petroleum Engineer
BLM, Farmington

CC: Williams Production Company
Holland& Hart