



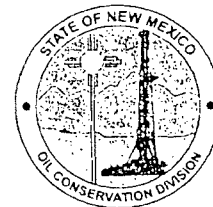
New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



JULY 8, 2010

CERTIFIED MAIL
RETURN RECEIPT NO. 3341 0345

Mr. Myke K. Lane
Williams Production Company, LLC
P.O. Box 640
721 South Main Street
Aztec, New Mexico 87410

**RE: Administrative Modification of Additional Conditions to an Existing C-144 Permit
Williams Production Co., LLC – OGRID 120782
Rosa Unit 634 B, API 30-039-30937
Unit Letter H, Section 22, Township 31 North, Range 6 West, NMPM
Rio Arriba County, New Mexico**

Mr. Lane:

Williams Production Company, LLC (Williams) filed a permit application with the Oil Conservation Division's (OCD) Aztec district office on March 9, 2010, requesting approval to construct and use a closed-loop system and a temporary drilling pit for the Rosa Unit 634 B well. The OCD Aztec district office approved Williams' permit application on March 16, 2010. Williams submitted new information on the depth to ground water and on-site closure standards for in-place burial for a disposal pit at the Rosa Unit 634 B site on June 18, 2010 for its new permit application for the Rosa Unit SWD No. 2. As a result of this new information, OCD is imposing additional conditions pursuant to Subsection E of 19.15.17.16 NMAC to the permit issued for Rosa Unit 634 B. The additional conditions are as follows:

- Williams shall comply with the in-place burial standards of Subparagraph (c) of 19.15.17.13F(2) NMAC.
- Williams shall comply with all of the applicable provisions (Subparagraphs (a), (b)(i), (c) and (d)) of 19.15.17.13B(1) NMAC regarding the waste excavation and removal closure method if Williams cannot meet the in-place burial standards.

REASONS FOR THE ADDITIONAL CONDITIONS

Williams filed a permit application with the Environmental Bureau of the Oil Conservation Division's (OCD) Santa Fe office on June 18, 2010, in which Williams acknowledges that the



Oil Conservation Division • 1220 South St. Francis Drive
• Santa Fe, New Mexico 87505

• Phone: (505) 476-3440 • Fax (505) 476-3462 • <http://www.emnr.gov>

*Before the OCC
Case 14521
Williams Production Co., LLC
OCD Exhibit 12*

Mr. Lane
July 8, 2010
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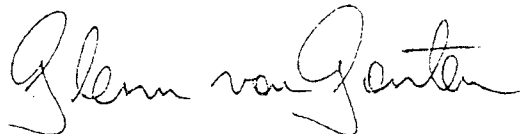
separation from the bottom of the proposed temporary pit and ground water at the Rosa Unit 634 B site is between 90 to 95 feet. The vertical separation between the bottom of the temporary pit and the ground water determines the in-place burial chloride standard. The information that Williams provided in the March 9, 2010 permit application for Rosa Unit 634 B and in the June 18, 2010 permit application for Rosa Unit SWD No. 2 is identical in regards of determining the vertical separation to ground water. The design information provided in Box 2 of form C-144 indicates that the proposed depth of the temporary pit is 20 feet. The information provided in the hydrogeologic data sheet concludes that the "depth to moisture is between 110 and 300 feet." Williams Siting Criteria Map 1 of the permit application indicates that the depth to moisture is 115 feet below the ground surface for Cathodic Well Rosa 18, which is located 110 feet from the proposed temporary pit. Based on the information provided in the March 9, 2010 permit application, the in-place burial standard for chlorides cannot exceed 500 mg/kg or the background concentration, whichever is greater.

Williams' March 9, 2010 permit application for the Rosa Unit 634 B well states "In the event that the criteria are not met (See Table 1) all contents will be handled per 19.15.17.13(B)(1)(a) (i.e.: dig and haul to a Division approved facility)." The Pit Rule (19.15.17.13B(1)(a) NMAC) states, "The operator shall close the temporary pit by excavating all contents and, if applicable, synthetic pit liners and transferring those materials to a division-approved facility." The temporary pit closure method for waste excavation and removal requires that all of the applicable provisions, Subparagraphs (a) through (d), be considered and completed by the operator - not just the first provision.

Pursuant to Subsection E of 19.15.17.16 NMAC, "The division may revoke, suspend or impose additional operating conditions or limitations on a permit at any time, after notice and opportunity for a hearing, if the division determines that the operator or the permitted facility is in material breach of any applicable statutes or rules, or that such action is necessary for the protection of fresh water, public health or the environment. The division shall notify the operator by certified mail, return receipt requested, of any intended revocation, suspension or imposition of addition conditions, and the operator shall have 10 days after receipt of notification to request a hearing. The division may suspend a permit or impose additional conditions or limitations without hearing in an emergency to forestall an imminent threat to fresh water, public health, safety or the environment, subject to the provisions of NMSA 1978, Section 70-2-23, as amended."

If there are any questions regarding this matter, please do not hesitate to contact Mr. Brad Jones at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,



Glenn von Gonten
Acting Environmental Bureau Chief

GvG/baj

cc: OCD District III Office, Aztec
 Ocean Munds-Dry, Holland & Hart, LLP