

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

**IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION FOR THE PURPOSES
OF CONSIDERING:**

CASE NO. 14521

**THE APPLICATION OF WILLIAMS PRODUCTION CO., LLC
FOR APPROVAL OF A CLOSED LOOP SYSTEM FOR
THE ROSA SWD WELL NO. 2 AND FOR IN-PLACE
BURIAL OF DRILLING WASTES AT ANOTHER
WELL LOCATION, RIO ARRIBA COUNTY, NEW MEXICO.**

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PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Commission.

APPEARANCES OF PARTIES

APPLICANT

Ken McQueen
Williams Production Co., LLC
Post Office Box 3102
Tulsa, Oklahoma 74101

ATTORNEY

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OTHER PARTIES

Oil Conservation Division

ATTORNEY

Sonny Swazo
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Oil Conservation Division
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STATEMENT OF CASE

APPLICANT

Applicant, in the above-styled cause seeks approval of a closed loop system at the Rosa SWD Well No. 2 (API No. 30-039-30812) located in Section 25, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico and to haul the waste to an approved temporary pit at the Rosa Well No. 634B located in Section 22, Township 31 North, Range 6 West, NMPM for on-site burial.

This application was denied by the Division's Environmental Bureau on June 24, 2010. Although the Bureau found certain deficiencies with the application, at the heart of the denial is the Division's finding that Williams has proposed off-site disposal of oil field waste which is only allowed pursuant to an approved surface waste management facility permit. Williams disagrees with the Bureau's interpretation of the Pit Rule. There is no language in the Pit Rule that defines or suggests that "on-site" means at the site where the waste is generated rather than where the waste is buried.

Williams is the designated operator of the Rosa Unit which covers 54,209.49 acres, more or less in San Juan and Rio Arriba counties, New Mexico. Williams currently only has one disposal well for the entire Unit and has a critical need for additional produced water disposal. Williams has been attempting to permit a pit for the Rosa SWD Well No. 2 since November 2009. Williams is unable to bury drilling and completion wastes from the Rosa SWD Well No. 2 at the wellsite because groundwater may be shallower than 50 feet. Williams has therefore proposed to transport and bury the waste in the temporary pit for the nearby Rosa Well No. 634B. This application meets the intent of the Pit Rule: To keep drill and completion wastes out of environmentally sensitive areas and reduce overall surface impact. If this application is not granted, Williams will be forced to haul the waste over 70 miles to an approved facility at great additional cost as well as cause greater surface impact.

The granting of this application will be in the best interest of conservation, the prevention of waste and the protection of human health and the environment.

PROPOSED EVIDENCE

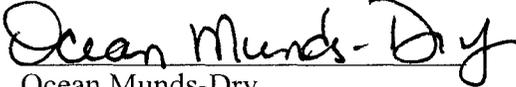
APPLICANT

WITNESSES	ESTIMATED TIME	EXHIBITS
Vern Hansen, Landman	15 minutes	3
Myke Lane, Sr. Environmental, Health and Safety Specialist and Professional Engineer	1 hour	9
Ken McQueen, Petroleum Engineer	1 hour	8

EXHIBIT NO.	DESCRIPTION
Exhibit No. 1	Map of Rosa Unit
Exhibit No. 2	Unit Agreement
Exhibit No. 3	Notice Packet
Exhibit No. 4	Rosa SWD No. 2 APD
Exhibit No. 5	C-144 filed on January 28
Exhibit No. 6	C-144 filed on April 20
Exhibit No. 7	OCD June 9 Denial Letter
Exhibit No. 8	C-144 submitted on June 18
Exhibit No. 9	OCD June 24 Denial Letter
Exhibit No. 10	Notice to surface owners
Exhibit No. 11	Approved C-144 for the Rosa Well No. 634B
Exhibit No. 12	OCD Letter dated July 9, 2010
Exhibit No. 13	Map of Rosa Unit (SWD wells)
Exhibit No. 14	Map of Rosa Unit (pipeline plans)
Exhibit No. 15	Map of Rosa Unit (pipeline closer view)
Exhibit No. 16	Map of Rosa Unit (shared pits)
Exhibit No. 17	Map of Rosa Unit (634B)
Exhibit No. 18	GHG emissions Table
Exhibit No. 19	Letter of Support from USFS
Exhibit No. 20	Letter of Support from BLM

PROCEDURAL MATTERS

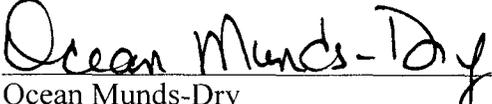
Williams has none.


Ocean Munds-Dry
Attorney for Williams Production Co., LLC

CERTIFICATE OF SERVICE

I certify that on July 22, 2010 I served a copy of the foregoing document to the following by Hand-Delivery:

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Ocean Munds-Dry