

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

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 14586**

**APPLICATION OF WILLIAMS PRODUCTION CO., LLC  
FOR AN EXCEPTION TO THE SPECIAL RULES AND  
REGULATIONS FOR THE BLANCO-MESAVERDE GAS POOL  
TO ALLOW INCREASED WELL DENSITY IN THE ROSA UNIT  
SAN JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO**

**STIPULATION**

Comes now Williams Production Company, LLC ("Williams"), the applicant in this case, by its attorney, Ocean Munds-Dry, and ConocoPhillips Company ("ConocoPhillips"), by their attorney, W. Thomas Kellahin, an affected offsetting operator, and stipulate as follows:

- (1) Williams is the applicant before the New Mexico Oil Conservation Division in the referenced case and seeks approval to increase the well density in the Rosa Unit for wellbores completed in the Mesaverde formation from the current four wellbores per 320-acre gas spacing unit to not more than eight wellbores.
- (2) ConocoPhillips, an offsetting operator to the Rosa Unit, seeks a one-half mile "buffer zone" so that any increased Mesaverde density wells within the Rosa Unit will not be drilled closer than one-half mile to the outer boundary of this unit for the ConocoPhillips operated properties described in paragraph (4) below and illustrated on the plat marked Exhibit "A" to this stipulation.
- (3) ConocoPhillips is neither for or against the requested increased density for the Rosa Unit provided that the Division adopts this "buffer zone."
- (4) By signing this Stipulation, ConocoPhillips will obtain an agreed buffer zone that addresses its concerns about its correlative rights, and possible unnecessary wells but still allow Williams to move forward with its application.

*EXHIBIT  
No. 14  
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- (5) By signing this Stipulation, Williams does not believe that its application to increase the well density of Mesaverde wells will cause drainage beyond the setbacks provided in the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool (i.e 660 feet from spacing unit boundaries).
- (6) Williams and ConocoPhillips understand that the New Mexico Oil Conservation Division's approved buffer can be amended or deleted by the Division after notice and hearing or by mutual agreement of Williams and ConocoPhillips.
- (7) Williams and ConocoPhillips stipulate that there shall be a one-half mile buffer zone within or for the Rosa Unit (a) within this buffer, no more than two completions will be allowed per quarter section (consistent with the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool; (b) if a third completion already exists in a quarter ("1/4") section, no corrective action is necessary; (c) the agreed buffer zone area includes the following:

**Township 32 North, Range 6 West**

Section 33: N/2  
Section 32: N/2  
Section 32: SW/4

**Township 31 North, Range 6 West**

Section 5: W/2  
Section 23: SW/4  
Section 22: S/2  
Section 21: S/2  
Section 26: W/2, SE/4  
Section 25: S/2

**Township 31 North, Range 5 West**

Section 30: SW/4  
Section 31: W/2, SE/4  
Section 32: S/2  
Section 33: S/2  
Section 34: SW/4

- (8) The parties shall inform the Division's Examiner of this stipulation and shall jointly request that the Division adopt this buffer zone.
- (9) The individual signing this Stipulation hereby warrants and represents to the other party and to the Division that the individual has been duly authorized by his client company to sign this stipulation and to bind said company to all the terms and conditions of this stipulation.

(10) This stipulation shall be made a part of the record in the Examiner's hearing of Case 14586 heard on January 6th, 2011.

This stipulation is executed this 5th day of January 2011 by the respective attorneys of record for the parties indicated on behalf of said parties.

By Oscar Munds-Dry  
Oscar Munds-Dry, Esq.  
For Williams Production Co., LLC  
BY W. Thomas Zellahin  
W. Thomas Zellahin  
For ConocoPhillips Company