

11-12-04 DATE IN	12-2-04 SUSPENSE	Stogor ENGINEER	1116-04 LOGGED IN	ASL TYPE	DSEM0432147393 REPORT
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

2004 NOV 12 PM 5 02

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify HORIZONTAL DRILLING IN BASIN-FRONTLAND COAL GAS POOL
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>William F. Carr</u> Print or Type Name	<u>William F. Carr</u> Signature	<u>Anderson</u> Title	<u>11/12/04</u> Date
<u>wcarr@hollandhart.com</u> e-mail Address			



November 12, 2004

HAND DELIVERED

Mark Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Williams Production Company, L.L.C. for Administrative Approval of Horizontal Drilling and an Unorthodox Surface and Bottomhole Location in the Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

Dear Mr. Fesmire:

Pursuant to the provisions of Division Rule 111.C(2) and Rules 8 and 9 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768 dated October 17, 1988, Williams Production Company, L.L.C. hereby files its application for an administrative exception to the requirements of Rule 7 as amended by Division Order No. R-8768-B, effective February 10, 2000, for the drilling of its San Juan 29-7 Unit Well No. 577S as an intentionally deviated horizontal wellbore on a standard coalbed methane gas spacing unit comprised of the W/2 of Section 35, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. This spacing unit will be the Project Area for this horizontal well.

Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool provides that wells shall be located in the NE/4 or SW/4 of a single governmental section and shall be located no closer than 660 feet to any outer boundary of the spacing unit nor closer than 10 feet to any interior quarter or quarter-quarter section line.

The San Juan 29-7 Unit Well No. 577S will be drilled by Williams Production Company pursuant to a Designation of Agent from Burlington Resources Oil & Gas Company LP ("Burlington"), operator of the San Juan 29-7 Unit, dated April 19, 2004. Due to topographic conditions, the surface location for the well will be in offsetting Section 34. However, the horizontal portion of the wellbore of the San Juan Unit Well No. 577S will be within the Project Area for the well (W/2 of Section 35) and entirely confined to the NW/4 of Section 35. The spacing unit for the well and all offsetting



acreage has been committed to the Unit. The surface location for the proposed San Juan Unit Well No. 577S well is 1515 feet from the North line and 340 feet from the East line of said Section 34, Township 29 North, Range 7 West, and it therefore does not comply with Rule 7 of the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool. The horizontal portion of the wellbore (Point of entry into the Fruitland Coal) is 1560 feet from the North line and 160 feet from the West line of Section 35. The wellbore is therefore unorthodox under to Division Rule 111.C (2).

Williams proposes to drill a vertical well to a kick-off point at a depth of 2758 feet and build a curve at a rate of 12.00 degrees per 100 feet and drill until a 90 degree curve is achieved at a true vertical depth of 3246 feet. Williams proposes to then drill a lateral in a easterly direction along an azimuth of 175 degrees for a bottomhole displacement of approximately 2000 feet to a terminus in the NW/4 of Section 35 at a point 1730 feet from the North line and 2150 feet from the West line of said Section 35.

The spacing unit for the proposed horizontal well comprised of the W/2 of said Section 35 is located within the San Juan 29-7 Unit, a voluntary exploratory unit operated by Burlington Resources Oil & Gas Company. This spacing unit/project area is offset on the west by the Fruitland Coal Participating Area and on the east by a tract owned or operated by Burlington Resources Oil & Gas Company LP and BP America Production Company. Pursuant to Rules 8 and 9(A) of the Special Pool Rules for the Basin Fruitland Coal Gas Pool, all owners in the Fruitland Coal Gas Participating Area and all operators or owners of offsetting undrilled tracts have been notified of this application by certified mail and have been advised that if they have objections to this application the objection must be filed in writing with the Santa Fe Office of the Division located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within 20 days of the date of this application or the application may be approved.

Attached to this application are the following documents:

- Exhibit A.** Plats showing the proposed spacing unit, the unorthodox surface location, projected horizontal wellbore and the proposed lateral end of the wellbore and the boundary of the offsetting Fruitland Coal Participating Area;
- Exhibit B.** A list of all operators in the Fruitland Coal Participating Area and the operators or owners of undrilled offsetting non-participating tracts - all of which have voluntarily committed their respective interests to the San Juan Unit;
- Exhibit C.** A copy of Division Form C-102 identifying the proposed 320-acre standard gas spacing or proration unit/project area to be dedicated to the well;



- Exhibit D.** The Halliburton Sperry-Sun Proposal Report for the San Juan Well No. 577S which contains schematic drawings of the proposed well that fully describe the casing, tubing, perforated or openhole interval, kick-off point, and proposed trajectory of the directional drainhole;
- Exhibit E.** A topographic map that shows the surface conditions that require the drilling of this well at the proposed surface location; and
- Exhibit F.** The Designation of Agent from Burlington Resources Oil & Gas Company LP dated April 19, 2004.

Enclosed in hard copy and on disc is a proposed order granting this application.

Your attention to this matter is appreciated.

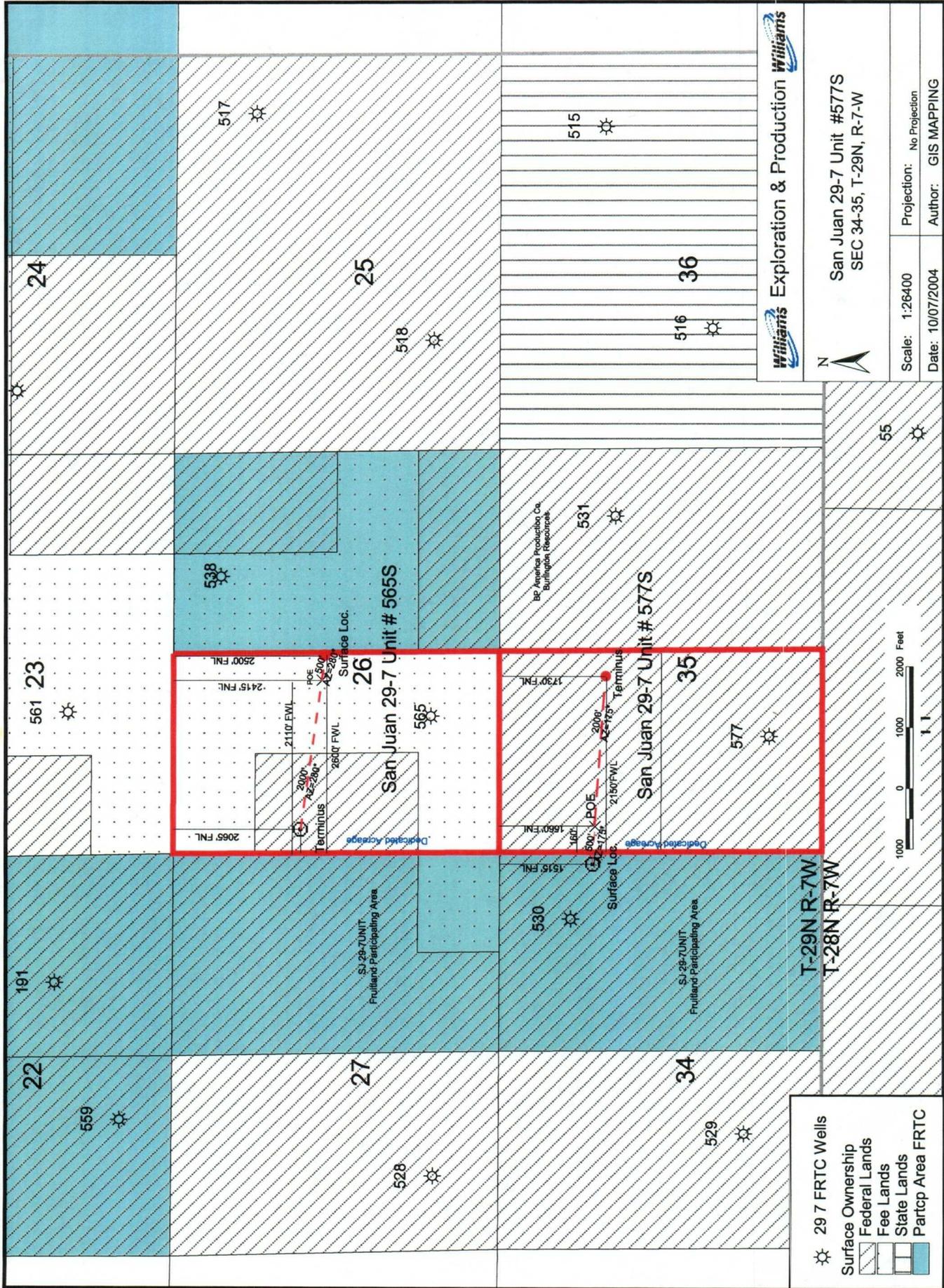
Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr
Attorney for Williams Production
Company

Enclosures

cc: Oil Conservation Division-Aztec



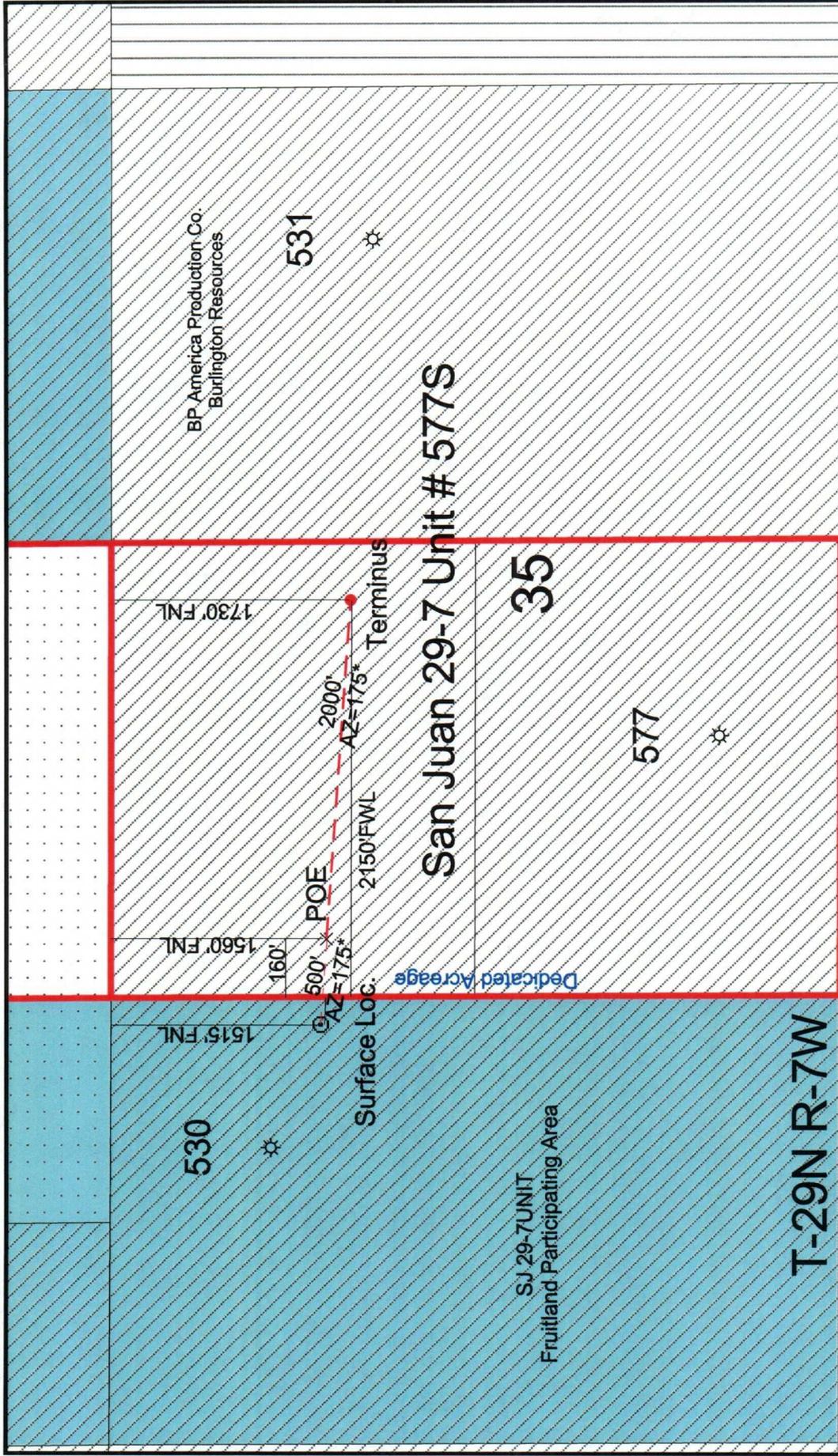
Williams Exploration & Production **Williams**

San Juan 29-7 Unit #577S
SEC 34-35, T-29N, R-7-W

Scale: 1:26400 Projection: No Projection
Date: 10/07/2004 Author: GIS MAPPING

- ☀ 29 7 FRTC Wells
- ☀ Surface Ownership
- ☀ Federal Lands
- ☀ Fee Lands
- ☀ State Lands
- ☀ Partcp Area FRTC

EXHIBIT A



Williams Exploration & Production **Williams**



San Juan 29-7 Unit #577S
SEC 34 & 35, T-29-N, R-7-W

Scale: 1:13200
Date: 10/07/2004
Projection: No Projection
Author:



11

- ☼ 29 7 FRTC Wells
- Surface Ownership
- Federal Lands
- Fee Lands
- State Lands
- Partcp Area FRTC

EXHIBIT B

Application of Williams Production Company, LLC
for Administrative Approval of Horizontal Drilling and an Unorthodox Surface and
Bottomhole Location in the Basin-Fruitland Coal Gas Pool,
Rio Arriba County, New Mexico.

NOTIFICATION LIST

Bolack Minerals Co.
Attn: Tommy Bolack
3901 Bloomfield Highway
Rt. 3, Box 47
Farmington, NM 87401

Lance Reemtsma
2601 Grant Street
Berkeley, CA 94703-1915

ConocoPhillips Company
Attn: Chief Landman San Juan/
Rockies
Post Office Box 2197
Houston, TX 77252-2197

BP America Production Company
Attn: Bryan G. Anderson, OSO
Engineer
San Juan BU, Westlake 1, Rm 19-
114
501 Westlake Park Boulevard
Houston, TX 77079

David A. Pierce
Citizens Bank Agent
P. O. Box 4140
Farmington, NM 87499

Phillips-San Juan Partners
c/o ConocoPhillips
Attn: Chief Landman San
Juan/Rockies
Post Office Box 2197
Houston TX 77252-2197

Four Star Oil & Gas Company
Attn: Barbara Nelms
Post Office Box 36366
Houston, TX 77236

Bureau of Land Management
1235 LaPlata Highway
Farmington, New Mexico 87401

Dirk VanHorn Reemtsma
556 Crestwood Drive
Oceanside, CA 92054

Burlington Resources Oil & Gas
Company LP
Post Office Box 4289
Farmington, New Mexico 87499-
4289



**Williams Production Co.
New Mexico
Rio Arriba County, NM
San Juan 29-7 Unit #577S
Version 1**

Revised: 24 September, 2004

Sperry-Sun

Proposal Report

24 September, 2004

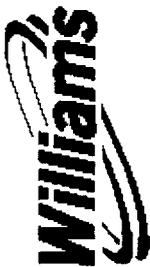
Surface Coordinates: 2068817.85 N, 583158.93 E (36° 41' 07.0000" N, 107° 32' 59.0000" W)
Grid Coordinate System: NAD27 New Mexico State Planes, Western Zone

Kelly Bushing Elevation: 6486.00ft above Mean Sea Level

Proposal Ref: pro10638

EXHIBIT D

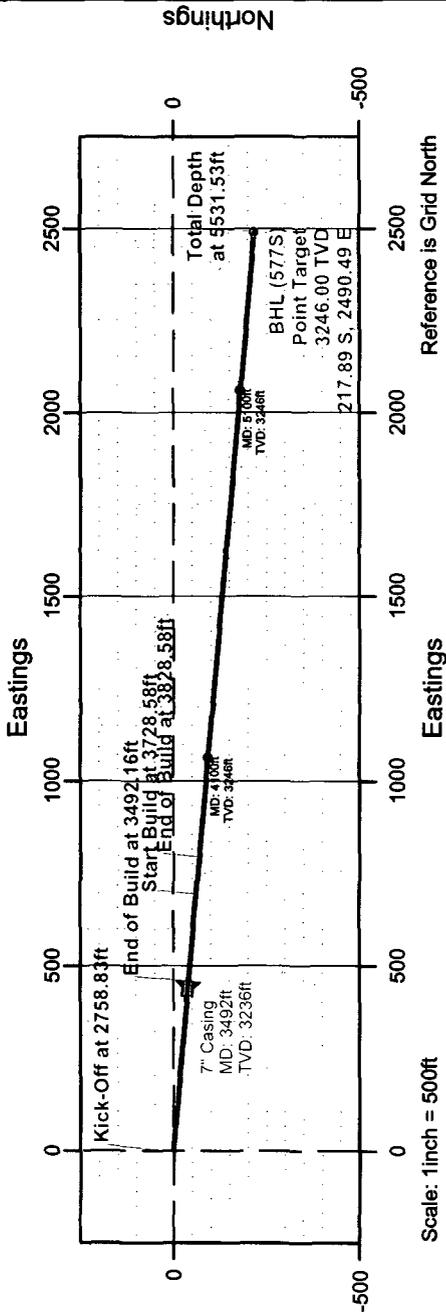
HALLIBURTON



New Mexico
Rio Arriba County, NM
Sec. 34 T39N R7W
San Juan 29-7 Unit #577-S
Version 1

Unit #577S Surface Location	
RKB Elevation:	6486.00ft above Mean Sea Level
RKB (G471 + 15' est)	3246.00ft
Ref. Mean Sea Level:	-3240.00ft
Ref. Global Coordinates:	2069817.85 N, 583158.93 E
Ref. Geographical Coordinates:	36° 41' 07.6000" N, 107° 32' 59.00000" W

Version 1 Bottom Hole Location	
Ref. RKB (G471 + 15' est):	3246.00ft
Ref. Mean Sea Level:	-3240.00ft
Ref. Wellhead:	217.89 S, 2490.49 E
Ref. Global Coordinates:	2068599.96 N, 585649.42 E
Ref. Geographical Coordinates:	36° 41' 04.7714" N, 107° 32' 28.4311" W



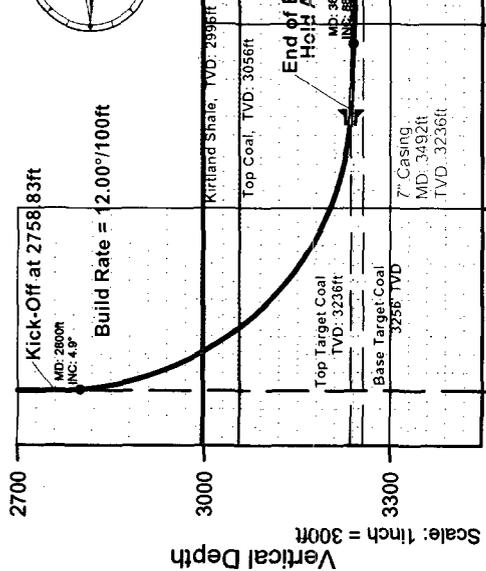
Reference is Grid North

Scale: 1inch = 500ft

Version 1 Proposal Data

Coordinate System : NAD27 New Mexico State Planes, Western Zone (need to double check)

	Measured Depth	Incl.	Azim.	Vertical Depth	Vertical Northings	Eastings	Vertical Section	Dogleg Rate
9 5/8" Casing	0.00	0.000	0.000	0.00	0.00 N	0.00 E	0.00	0.00
Kick-Off Point	300.00	0.000	0.000	300.00	0.00 N	0.00 E	0.00	0.00
End Build, 7" Casing	3492.16	88.000	95.000	2758.83	40.16 S	459.05 E	460.80	12.00
Start Build	3728.58	88.000	95.000	3244.25	60.75 S	694.42 E	697.08	0.00
End Build	3828.58	90.000	95.000	3246.00	69.47 S	794.02 E	797.06	2.00
Total Depth	5531.53	90.000	95.000	3246.00	217.89 S	2490.49 E	2500.00	0.00



Scale: 1inch = 300ft

Vertical Section

Section Azimuth: 95.000° (Grid North)

Approved:

Checked: File 577sv1plot

Date/Time: 24 September, 2004 - 11:32

Prepared by: Brad McClung

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Proposal Report for San Juan 29-7 - Unit #577S - Version 1

Measured Depth (ft)	Incl. Azim.	Grid Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates Northings (ft)	Local Coordinates Eastings (ft)	Global Coordinates Northings (ft)	Global Coordinates Eastings (ft)	Dogleg Rate (°/100ft)	Vertical Section	Comment
0.00	0.000	0.000	-6486.00	0.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	9 5/8" Casing
300.00	0.000	0.000	-6186.00	300.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	
500.00	0.000	0.000	-5986.00	500.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	
1000.00	0.000	0.000	-5486.00	1000.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	
1011.00	0.000	0.000	-5475.00	1011.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	San Jose
1500.00	0.000	0.000	-4986.00	1500.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	
2000.00	0.000	0.000	-4486.00	2000.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	
2306.00	0.000	0.000	-4180.00	2306.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	Nacimiento
2486.00	0.000	0.000	-4000.00	2486.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	Ojo Alamo
2500.00	0.000	0.000	-3986.00	2500.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	
2758.83	0.000	0.000	-3727.17	2758.83	0.00 N	0.00 E	2068817.85 N	583158.93 E	0.00	0.00	Kick-Off at 2758.83ft
2760.00	0.140	95.000	-3726.00	2760.00	0.00 N	0.00 E	2068817.85 N	583158.93 E	12.00	0.00	
2780.00	2.540	95.000	-3706.01	2779.99	0.04 S	0.47 E	2068817.81 N	583159.40 E	12.00	0.47	
2800.00	4.940	95.000	-3686.05	2799.95	0.15 S	1.77 E	2068817.69 N	583160.70 E	12.00	1.77	
2820.00	7.340	95.000	-3666.17	2819.83	0.34 S	3.90 E	2068817.51 N	583162.83 E	12.00	3.91	
2840.00	9.740	95.000	-3646.39	2839.61	0.60 S	6.86 E	2068817.25 N	583165.79 E	12.00	6.88	
2860.00	12.140	95.000	-3626.76	2859.24	0.93 S	10.64 E	2068816.92 N	583169.57 E	12.00	10.68	
2880.00	14.540	95.000	-3607.30	2878.70	1.33 S	15.23 E	2068816.51 N	583174.17 E	12.00	15.29	
2900.00	16.940	95.000	-3588.05	2897.95	1.81 S	20.64 E	2068816.04 N	583179.57 E	12.00	20.72	
2920.00	19.340	95.000	-3569.04	2916.96	2.35 S	26.84 E	2068815.50 N	583185.77 E	12.00	26.94	
2940.00	21.740	95.000	-3550.32	2935.68	2.96 S	33.83 E	2068814.89 N	583192.76 E	12.00	33.96	
2960.00	24.140	95.000	-3531.90	2954.10	3.64 S	41.60 E	2068814.21 N	583200.53 E	12.00	41.76	
2980.00	26.540	95.000	-3513.82	2972.18	4.39 S	50.12 E	2068813.46 N	583209.06 E	12.00	50.32	
3000.00	28.940	95.000	-3496.12	2989.88	5.20 S	59.40 E	2068812.65 N	583218.33 E	12.00	59.62	
3007.03	29.784	95.000	-3490.00	2996.00	5.50 S	62.83 E	2068812.35 N	583221.76 E	12.00	63.07	Kirtland Shale
3020.00	31.340	95.000	-3478.83	3007.17	6.07 S	69.40 E	2068811.78 N	583228.33 E	12.00	69.67	
3040.00	33.740	95.000	-3461.97	3024.03	7.01 S	80.12 E	2068810.84 N	583239.05 E	12.00	80.42	
3060.00	36.140	95.000	-3445.58	3040.42	8.01 S	91.53 E	2068809.84 N	583250.46 E	12.00	91.88	
3079.59	38.491	95.000	-3430.00	3056.00	9.04 S	103.36 E	2068808.80 N	583262.29 E	12.00	103.75	Top Coal
3080.00	38.540	95.000	-3429.68	3056.32	9.06 S	103.61 E	2068808.78 N	583262.54 E	12.00	104.01	

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Proposal Report for San Juan 29-7 - Unit #577S - Version 1

Measured Depth (ft)	Incl.	Grid Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates Northings (ft)	Local Coordinates Eastings (ft)	Global Coordinates Northings (ft)	Global Coordinates Eastings (ft)	Dogleg Rate (°/100ft)	Vertical Section	Comment
3100.00	40.940	95.000	-3414.30	3071.70	10.18 S	116.35 E	2068807.67 N	583275.28 E	12.00	116.79	
3120.00	43.340	95.000	-3399.47	3086.53	11.35 S	129.71 E	2068806.50 N	583288.65 E	12.00	130.21	
3140.00	45.740	95.000	-3385.22	3100.78	12.57 S	143.69 E	2068805.28 N	583302.62 E	12.00	144.24	
3160.00	48.140	95.000	-3371.56	3114.44	13.84 S	158.24 E	2068804.00 N	583317.18 E	12.00	158.85	
3180.00	50.540	95.000	-3358.53	3127.47	15.17 S	173.36 E	2068802.68 N	583332.29 E	12.00	174.02	
3200.00	52.940	95.000	-3346.15	3139.85	16.54 S	189.00 E	2068801.31 N	583347.93 E	12.00	189.72	
3220.00	55.340	95.000	-3334.43	3151.57	17.95 S	205.15 E	2068799.90 N	583364.08 E	12.00	205.93	
3240.00	57.740	95.000	-3323.41	3162.59	19.40 S	221.77 E	2068798.44 N	583380.70 E	12.00	222.62	
3260.00	60.140	95.000	-3313.09	3172.91	20.90 S	238.83 E	2068796.95 N	583397.77 E	12.00	239.75	
3280.00	62.540	95.000	-3303.50	3182.50	22.42 S	256.32 E	2068795.42 N	583415.25 E	12.00	257.29	
3300.00	64.940	95.000	-3294.65	3191.35	23.99 S	274.18 E	2068793.86 N	583433.11 E	12.00	275.23	
3320.00	67.340	95.000	-3286.56	3199.44	25.58 S	292.40 E	2068792.27 N	583451.33 E	12.00	293.52	
3340.00	69.740	95.000	-3279.24	3206.76	27.20 S	310.94 E	2068790.64 N	583469.87 E	12.00	312.13	
3360.00	72.140	95.000	-3272.71	3213.29	28.85 S	329.77 E	2068789.00 N	583488.71 E	12.00	331.03	
3380.00	74.540	95.000	-3266.98	3219.02	30.52 S	348.86 E	2068787.33 N	583507.79 E	12.00	350.19	
3400.00	76.940	95.000	-3262.05	3223.95	32.21 S	368.17 E	2068785.64 N	583527.10 E	12.00	369.57	
3420.00	79.340	95.000	-3257.94	3228.06	33.92 S	387.67 E	2068783.93 N	583546.60 E	12.00	389.15	
3440.00	81.740	95.000	-3254.66	3231.34	35.64 S	407.32 E	2068782.21 N	583566.25 E	12.00	408.87	
3460.00	84.140	95.000	-3252.20	3233.80	37.37 S	427.09 E	2068780.48 N	583586.02 E	12.00	428.72	
3480.00	86.540	95.000	-3250.58	3235.42	39.10 S	446.95 E	2068778.74 N	583605.88 E	12.00	448.65	
3492.05	87.986	95.000	-3250.00	3236.00	40.15 S	458.94 E	2068777.70 N	583617.87 E	12.00	460.69	7" Casing End of Build at 3492.16ft
3492.16	88.000	95.000	-3250.00	3236.00	40.16 S	459.05 E	2068777.69 N	583617.98 E	12.00	460.80	Top Target Coal
3500.00	88.000	95.000	-3249.72	3236.28	40.84 S	466.85 E	2068777.00 N	583625.78 E	0.00	468.63	
3728.58	88.000	95.000	-3241.75	3244.25	60.75 S	694.42 E	2068757.09 N	583953.35 E	0.00	697.08	Start Build at 3728.58ft
3800.00	89.428	95.000	-3240.14	3245.86	66.98 S	765.55 E	2068750.87 N	583924.48 E	2.00	768.47	
3828.58	90.000	95.000	-3240.00	3246.00	69.47 S	794.02 E	2068748.38 N	583952.95 E	2.00	797.06	End of Build at 3828.58ft
4000.00	90.000	95.000	-3240.00	3246.00	84.41 S	964.79 E	2068733.44 N	584123.72 E	0.00	968.47	
4500.00	90.000	95.000	-3240.00	3246.00	127.99 S	1462.89 E	2068689.86 N	584621.82 E	0.00	1468.47	
5000.00	90.000	95.000	-3240.00	3246.00	171.56 S	1960.98 E	2068646.28 N	585119.91 E	0.00	1968.47	
5500.00	90.000	95.000	-3240.00	3246.00	215.14 S	2459.08 E	2068602.71 N	585618.01 E	0.00	2468.47	

HALLIBURTON

Proposal Report for San Juan 29-7 - Unit #577S - Version 1

Measured Depth (ft)	Incl.	Grid Azim.	Sub-Sea Depth (ft)	Vertical Depth (ft)	Local Coordinates Northings (ft)	Local Coordinates Eastings (ft)	Global Coordinates Northings (ft)	Global Coordinates Eastings (ft)	Dogleg Rate (°/100ft)	Vertical Section	Comment
5531.53	90.000	95.000	-3240.00	3246.00	217.89 S	2490.49 E	2068599.96 N	585649.42 E	0.00	2500.00	Total Depth at 5531.53ft 6 1/4" Open Hole Target - BHL (577S), Current Target

All data is in Feet (US) unless otherwise stated. Directions and coordinates are relative to Grid North. Vertical depths are relative to RKB (6471' + 15' est). Northings and Eastings are relative to Wellhead. Global Northings and Eastings are relative to NAD27 New Mexico State Planes, Western Zone.

The Dogleg Severity is in Degrees per 100'. Vertical Section is from Wellhead and calculated along an Azimuth of 95.000° (Grid).

Coordinate System is NAD27 New Mexico State Planes, Western Zone. Grid Convergence at Surface is 0.169°.

Based upon Minimum Curvature type calculations, at a Measured Depth of 5531.53ft., The Bottom Hole Displacement is 2500.00ft., in the Direction of 95.000° (Grid).

Comments

Measured Depth (ft)	Station Coordinates		Comment
	TVD (ft)	Northings (ft)	
2758.83	2758.83	0.00 N	0.00 E
3492.16	3236.00	40.16 S	459.05 E
3728.58	3244.25	60.75 S	694.42 E
3828.58	3246.00	69.47 S	794.02 E
5531.53	3246.00	217.89 S	2490.49 E

Kick-Off at 2758.83ft
End of Build at 3492.16ft
Start Build at 3728.58ft
End of Build at 3828.58ft
Total Depth at 5531.53ft

HALLIBURTON

Proposal Report for San Juan 29-7 - Unit #577S - Version 1

Formation Tops

Measured Depth (ft)	Vertical Depth (ft)	Sub-Sea Depth (ft)	Northings (ft)	Eastings (ft)	Dip Angle	Dn-Dip Dim.	Formation Name
1011.00	1011.00	-5475.00	0.00 N	0.00 E	0.000	0.000	San Jose
2306.00	2306.00	-4180.00	0.00 N	0.00 E	0.000	0.000	Naclimiento
2486.00	2486.00	-4000.00	0.00 N	0.00 E	0.000	0.000	Ojo Alamo
3007.03	2996.00	-3490.00	5.50 S	62.83 E	0.000	0.000	Kirtland Shale
3079.59	3056.00	-3430.00	9.04 S	103.36 E	0.000	0.000	Top Coal
3492.16	3236.00	-3250.00	40.16 S	459.05 E	0.000	0.000	Top Target Coal

Casing details

From Measured Depth (ft)	Vertical Depth (ft)	Measured Depth (ft)	To Vertical Depth (ft)	Casing Detail
<Surface>	<Surface>	300.00	300.00	9 5/8" Casing
<Surface>	<Surface>	3492.05	3236.00	7" Casing
<Surface>	<Surface>	<Run-TD>	<Run-TD>	6 1/4" Open Hole

HALLIBURTON

Proposal Report for San Juan 29-7 - Unit #577S - Version 1

Targets associated with this wellpath

Target Name
 BHL (577S)

Target TVD (ft)	Target Entry Northings (ft)	Target Entry Eastings (ft)	Target Shape	Target Type
3246.00	217.89 S	2490.49 E	Point	Current Target
-3240.00	2068599.96 N 36° 41' 04.7714" N	585649.42 E 107° 32' 28.4311" W		

Mean Sea Level/Global Coordinates:
 Geographical Coordinates:

Halliburton Sperry-Sun
Survey Report for Unit #577S - Version 1

Source: DrillQuest 3.03.06.007
 Report Date: 24-Sep-04
 Client: Williams Production Co.
 Field: New Mexico
 Structure / Slot: San Juan 29-7 / San Juan #577S
 Well: Unit #577S
 Vertical Section Azimu 95
 Vertical Section Origin N 0.000 ft, E 0.000 ft
 Location Grid Lat / Lor 36 41 07.0000 N, 107 32 59.0000
 Location Grid N/E Y/X: N 2068817.847 ft, E 583158.932 f
 Grid Convergence Ang 0.169436
 TVD Reference Daturr RKB (6471` + 15` est)
 TVD Reference Elevat 6486.000 ft relative to Mean Sea Level

Calculation Method: Minimum Curvature
 Grid Coordinate System: NAD27 New Mexico State Planes,
 Grid Scale Factor: 0.999917
 Magnetic Declination: 10.637
 Total Field Strength: 51409 nT
 Magnetic Dip: 63.638
 Declination Date: 30-Oct-04
 Declination Model: BGGM2004
 North Reference: Grid North
 Mag North to Grid North: -10.468
 Local Coordinates Referenced To Wellhead

MD	Incl.	Azim.	TVD	Dogleg	V.Sect.	N/-S	E/-W
0	0	0	0	0	0	0	0
300	0	0	300	0	0	0	0
500	0	0	500	0	0	0	0
1000	0	0	1000	0	0	0	0
1500	0	0	1500	0	0	0	0
2000	0	0	2000	0	0	0	0
2500	0	0	2500	0	0	0	0
2758.83	0	0	2758.83	0	0	0	0
2760	0.14	95	2760	12	0	0	0
2780	2.54	95	2779.99	12	0.47	-0.04	0.47
2800	4.94	95	2799.95	12	1.77	-0.15	1.77
2820	7.34	95	2819.83	12	3.91	-0.34	3.9
2840	9.74	95	2839.61	12	6.88	-0.6	6.86
2860	12.14	95	2859.24	12	10.68	-0.93	10.64
2880	14.54	95	2878.7	12	15.29	-1.33	15.23
2900	16.94	95	2897.95	12	20.72	-1.81	20.64
2920	19.34	95	2916.96	12	26.94	-2.35	26.84
2940	21.74	95	2935.68	12	33.96	-2.96	33.83
2960	24.14	95	2954.1	12	41.76	-3.64	41.6
2980	26.54	95	2972.18	12	50.32	-4.39	50.12
3000	28.94	95	2989.88	12	59.62	-5.2	59.4
3020	31.34	95	3007.17	12	69.67	-6.07	69.4
3040	33.74	95	3024.03	12	80.42	-7.01	80.12
3060	36.14	95	3040.42	12	91.88	-8.01	91.53
3080	38.54	95	3056.32	12	104.01	-9.06	103.61
3100	40.94	95	3071.7	12	116.79	-10.18	116.35
3120	43.34	95	3086.53	12	130.21	-11.35	129.71
3140	45.74	95	3100.78	12	144.24	-12.57	143.69
3160	48.14	95	3114.44	12	158.85	-13.84	158.24
3180	50.54	95	3127.47	12	174.02	-15.17	173.36
3200	52.94	95	3139.85	12	189.72	-16.54	189
3220	55.34	95	3151.57	12	205.93	-17.95	205.15
3240	57.74	95	3162.59	12	222.62	-19.4	221.77
3260	60.14	95	3172.91	12	239.75	-20.9	238.83
3280	62.54	95	3182.5	12	257.29	-22.42	256.32
3300	64.94	95	3191.35	12	275.23	-23.99	274.18
3320	67.34	95	3199.44	12	293.52	-25.58	292.4
3340	69.74	95	3206.76	12	312.13	-27.2	310.94
3360	72.14	95	3213.29	12	331.03	-28.85	329.77
3380	74.54	95	3219.02	12	350.19	-30.52	348.86
3400	76.94	95	3223.95	12	369.57	-32.21	368.17
3420	79.34	95	3228.06	12	389.15	-33.92	387.67
3440	81.74	95	3231.34	12	408.87	-35.64	407.32
3460	84.14	95	3233.8	12	428.72	-37.37	427.09
3480	86.54	95	3235.42	12	448.65	-39.1	446.95
3492.16	88	95	3236	12	460.8	-40.16	459.05
3500	88	95	3236.28	0	468.63	-40.84	466.85
3728.58	88	95	3244.25	0	697.08	-60.75	694.42
3800	89.43	95	3245.86	2	768.47	-66.98	765.55
3828.58	90	95	3246	2	797.06	-69.47	794.02
4000	90	95	3246	0	968.47	-84.41	964.79
4500	90	95	3246	0	1468.47	-127.99	1462.89
5000	90	95	3246	0	1968.47	-171.56	1960.98
5500	90	95	3246	0	2468.47	-215.14	2459.08
5531.53	90	95	3246	0	2500	-217.89	2490.49

BURLINGTON RESOURCES OIL & GAS COMPANY SAN JUAN 29-T UNIT #577S

1515' FNL & 340' FEL, SECTION 34, T29N, R7W, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO

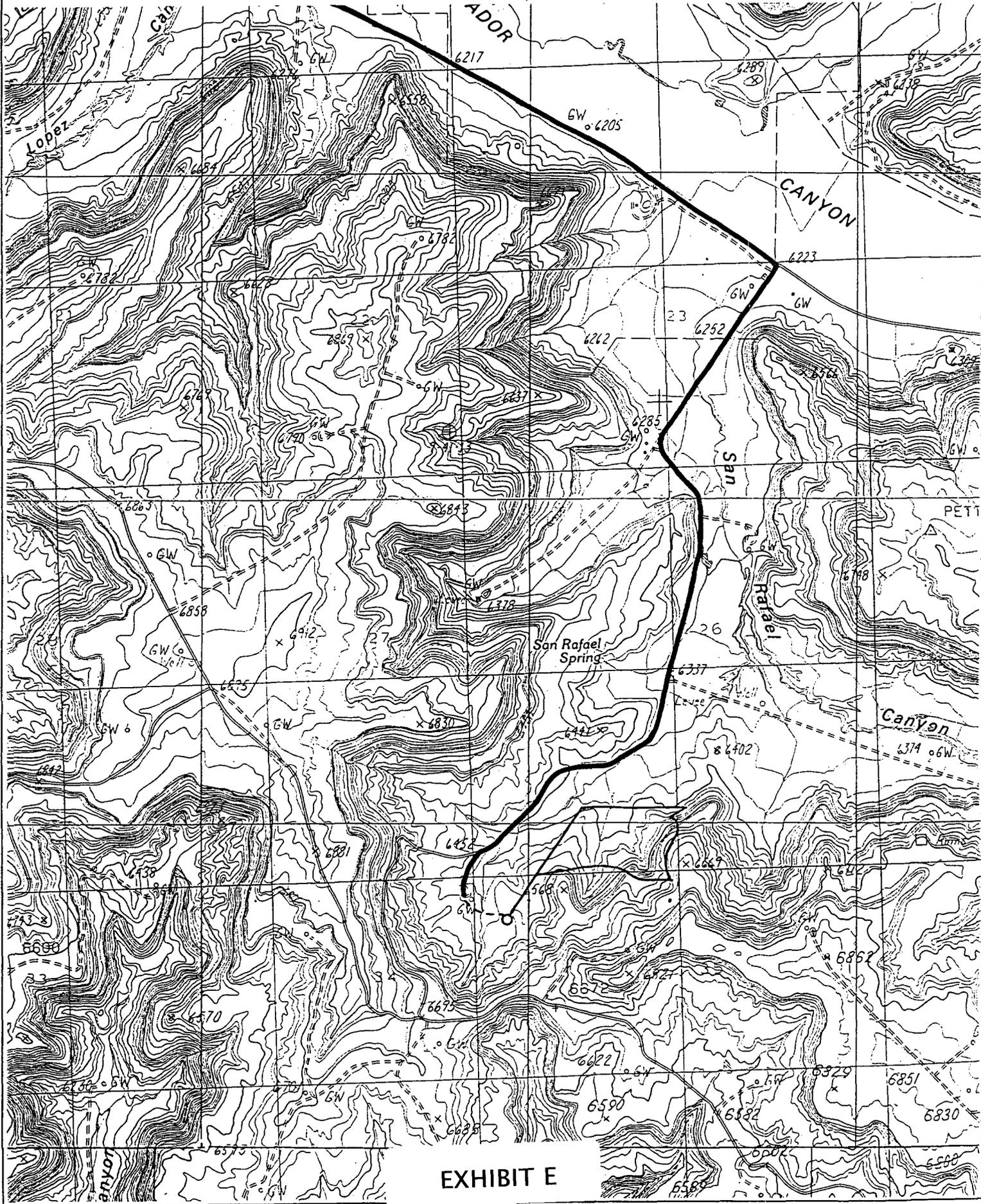


EXHIBIT E

DESIGNATION OF AGENT

Supervisor, Oil and Gas Operations:

The undersigned is, on the records of the Minerals Management Service, Unit Operator, hereafter referred to as "Operator", under the San Juan 29-7 Unit Agreement, Rio Arriba County, New Mexico No.: 14-08-001-1650 approved September 3, 1954 and hereby designates:

NAME: Williams Production Company, LLC
ADDRESS: One Williams Center
P.O. Box 3102
Tulsa, OK 74101

as its agent, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to drilling, testing and completing the unitized substances to a depth covering the top to the base of the Fruitland Coal formation for the following well:

San Juan 29-7 Unit #577S W/2 Sec. 35, T29N, R7W Fruitland Coal

It is understood that this Designation of Agent does not relieve the Operator of responsibility for compliance with the terms of the Unit Agreement and the Oil and Gas Operating Regulations. It is also understood that this Designation of Agent does not constitute an assignment of any interest under the Unit Agreement or any lease committed thereto.

In case of default on the part of the designated agent, the Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representatives.

The Operator agrees promptly to notify the oil and gas supervisor of any change in the designated agent.

This Designation of Agent is deemed to be temporary and in no manner a permanent arrangement. This Designation of Agent is limited to field operations only and does not cover administrative action which shall require the specific authorization of the Operator.

This Designation of Agent shall be effective until the San Juan 29-7 Unit #577S has been drilled, completed and is waiting for facilities and connection to a gas sales pipeline. Williams Production Company, LLC shall give Operator notice to commence to install surface facilities and arrange for well tie-in to a gas sales pipeline within twenty (20) days of written notice of well completion. Unit Operator will assume operations for the well drilled under this Designation of Agent upon termination of this Designation of Agent.

EXHIBIT F

Designation of Agent
Page 2

This Designation of Agent is also subject to the terms and conditions contained in Exhibit "A" attached hereto.

Burlington Resources Oil & Gas Company LP
By: BROG GP Inc., its sole General Partner,
As San Juan 29-7 Unit Operator

4-19-04
Date

By: John F. Zent
John F. Zent
Attorney-in-Fact

STATE OF NEW MEXICO:

COUNTY OF SAN JUAN:

The foregoing instrument was acknowledged before me this 19th day of April, 2004, by John F. Zent, as Attorney-in-Fact of BROG GP Inc., a Delaware Corporation acting on behalf of Burlington Resources Oil & Gas Company LP, a Delaware limited partnership, its sole General Partner.

Laura Larson
NOTARY PUBLIC

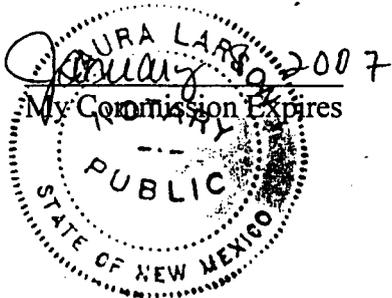


EXHIBIT "A"
DESIGNATION OF AGENT

Williams Production Company, LLC ("Agent") indicates its acceptance of this Designation of Agent by placing its authorized signature in the space provided below and agrees to drill and complete or plug and abandon said San Juan 29-7 Unit #577S as a reasonable and prudent operator in accordance with the terms and conditions of the San Juan 29-7 Unit Agreement and San Juan 29-7 Unit Operating Agreement, and also agrees to the following conditions. Agent shall:

1. Submit to Operator's representative for approval all casing programs and equipment specifications prior to the drilling of any well.
2. Notify Operator when drilling Operations are commenced.
3. Furnish Operator with complete daily driller's tour report, at Agent's expense.
4. Furnish Operator with daily reports by telephone call or facsimile at Agent's expense, as to the formation or formations penetrated during the previous day's drilling, the depth at which each formation is encountered, and the depth at which the report is made.
5. Allow representatives of Operator access to the derrick floor at all times at their sole risk and expense.
6. Notify Operator of intentions to core, drill stem test, stimulate, or run well surveys in sufficient time to enable Operator's representatives to be present; and also notify Operator in sufficient time in order that Operator may attend and witness any and all potential tests and packer leakage test.
7. Cause all cores having shows of oil and gas to be analyzed by a competent core analysis laboratory. Three preliminary and three final copies of any conventional core analysis will be furnished to Operator. Any special core analysis performed at the request of Agent will be considered proprietary information and will be paid for solely by Agent.
8. Furnish Operator three field prints and five final prints of all well surveys made during drilling or upon completion of wells.
9. Furnish Operator a representative and adequate cut of all cores and ditch samples taken during the drilling of wells.
10. Provide Operator with copies of drilling time records, hole deviation tests and all records required by the governmental agencies having jurisdiction of the wells.

Designation of Agent

Page 4

11. Notify of any intention to plug and abandon wells and allow Operator forty-eight (48) hours in which to concur.
12. Furnish the Bureau of Land Management and the Oil Conservation Division of the State of New Mexico all proper and necessary reports and well data in the required numbers and time periods as specified by the Bureau of Land Management and the Oil Conservation Commission of the State of New Mexico, with a copy to Operator at the addresses hereinafter provided.
13. Provide the Commissioner of Public Lands of the State of New Mexico with copies of all reports and other well data submitted in accordance with the preceding paragraph.
14. Comply with all regulations of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) as such may be amended from time to time, and pay any costs, fees, and claims including attorneys fees and penalties imposed because of Agent's failure to comply with FOGRMA regulations.

Agent agrees to indemnify and defend Operator and all of Operator's affiliated and subsidiary companies and the agents, servants and employees of Operator and all of its affiliated and subsidiary companies and to save and hold them harmless from and against any and all claims or liability (including court costs and attorney fees) for damage or loss of property of all character; from and against any and all claims for death, or injury to persons, including, but not limited to, employees or agents of Agent resulting from or arising out of the operations conducted or caused or permitted to be conducted by Agent in connection with the wells described hereinabove; and from and against any and all claims for labor and materials and any other costs and expense in connection with Agent's operations hereunder.

Such indemnity by Agent shall apply to any loss or damage or personal injury or death:

- (i) which arises directly, indirectly or incident to the Agent's operation;
- (ii) without regard to cause or causes thereof, including, without limitation, strict liability, breach of warranty (express or implied), imperfection of materials, condition of any premises or transport to or from such premises;
- (iii) whether the claim therefore is based on common law, civil law or statute.

However, such indemnity by Agent shall not apply and may not be relied upon by Operator to the extent that any claim or liability is found by a court or other tribunal of competent jurisdiction to have been caused by the gross negligence or willful misconduct of Operator.

All notices, samples or other information required to be furnished shall be sent to:

Burlington Resources Oil & Gas Company
Attn: Steve Smith
P. O. Box 4289
Farmington, New Mexico 87499-4289
Telephone (505) 326-9848
Fax No. (505) 324-3829

Williams Production Company, LLC

5/17/04
Date

By: Dorsey Roach
Dorsey Roach
Attorney-in-fact

ACKNOWLEDGMENT

STATE OF OKLAHOMA:

COUNTY OF TULSA:

The foregoing instrument was acknowledged before me this 17th day of May, 2004, by Dorsey Roach, as Attorney-in-fact of Williams Production Company, LLC, a Limited Liability Company.

Jedyla D. Croff
NOTARY PUBLIC

March 4, 2005
My Commission Expires
Commission #01001993

November __, 2004

Williams Production Company, L.L.C.
c/o Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL- _____
(Non-Standard Subsurface Location/Producing Area)

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Williams Production Company, L.L.C. ("Williams") dated November 12, 2004 (*application reference No. _____*); (ii) the records of the New Mexico Oil Conservation Division ("Division") in Aztec and Santa Fe: all concerning William's request for exception to Division Rules 111.A (13) and 111.C (2) and Rule 7 of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Division Rule 111.C (2) and the applicable provisions of the special rules governing the Basin-Fruitland Coal (Gas) Pool (71629);
- (2) The special rules governing the Basin-Fruitland Coal (Gas) Pool provides for 320-acre gas spacing units and wells to be located within either the NE/4 or SW/4 of the section and not closer than 660 feet from any outer boundary of the spacing unit nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary;
- (4) The "project area" proposed by Williams is to consist of a single standard 320-acre stand-up gas spacing unit comprising the W/2 of Section 35, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico;
- (5) It is our understanding that Williams intends to drill its San Juan Unit Well No. 577S (API No. 30-039-_____) from a surface location 1515 feet from the North line and 340 feet from the East line (Unit H) of offsetting Section 34 and directionally drill a vertical wellbore to an approximate depth of 2,758 feet, kick-off in an easterly direction, build angle at a rate of 12 degrees per 100 feet until 90 degrees of vertical is achieved at a depth of 3246 feet (TVD), and directionally drill a horizontal drainhole a lateral distance of 2,000 feet to a point 1730 feet from the North line and 2150 feet from the West line of said Section 35;

- (6) It appears that the applicant has satisfied all of the appropriate requirements prescribed in Division Rule 111.C (2) and RULE 9 (B) of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool; therefore the subject application should be approved; and
- (7) The provisions contained within this order and all other applicable provisions of Division Rule 111 and Division Order No. R-8768, as amended, should govern the subject well and 320-acre gas spacing unit.

It Is Therefore Ordered That:

(1) By the authority granted me under the provisions of RULE 9 (B) of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, the application of Williams Production Company, L.L.C. ("Williams") for exception to Division Rules 111.A (13) and 111.C (2) and RULE 7 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool (71629), is hereby approved. Williams is further authorized to drill its San Juan Well No. 577S (API No. _____) at a surface location 1515 feet from the North line and 340 feet from the East line (Unit H) of Section 34, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, drill vertical to an approximate depth of 2,758 feet, kick-off in an easterly direction, build angle at a rate of 12 degrees per 100 feet until 90 degrees off of vertical is achieved at a depth of 3246 feet (TVD), and directionally drill a horizontal drainhole a lateral distance of 2,000 feet under the W/2 of Section 35, Township 29 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, to a point 1730 feet from the North line and 2150 feet from the West line of said Section 35.

(2) The "project area" for this well shall consist of a single standard 320-acre stand-up gas spacing unit comprising the W/2 of Section 35.

(3) An exception to the provisions of Rule 7 of the Special Rules for the Basin-Fruitland Coal (Gas) Pool is hereby granted to permit the horizontal portion of the wellbore to be within a drilling window or producing area for the within the Basin-Fruitland Coal (Gas) Pool for this wellbore 10 feet from the outer boundary of the project area.

(4) The operator shall comply with all applicable requirements and conditions set forth in Division Rule 111 and Division Order No. R-8768, as amended.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Director

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management - Farmington

November 12, 2004

CERTIFIED MAIL -RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

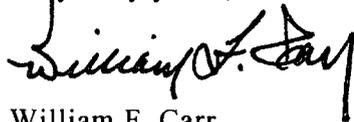
Re: Application of Williams Production Company, L.L.C. for Administrative Approval of Horizontal Drilling and an Unorthodox Surface and Bottomhole Location in the Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the Oil Conservation Division on this date by Williams Production Company, L.L.C. for administrative approval of horizontal drilling and an unorthodox surface and bottomhole location in the Basin-Fruitland Coal Gas Pool for its proposed San Juan Unit Well No. 577S. The Project Area for the well will be a standard Fruitland Coal Gas Unit comprised of the W/2 of Section 35, Township 29 North, Range 7 West, NMPM, and the horizontal portion of the wellbore will be entirely confined to the NW/4 of Section 35. Due to topographic conditions, the surface location for the well will be at a point 1515 feet from the North line and 340 feet from the East line of offsetting Section 34. Williams proposes to drill a vertical well to a kick-off point at a depth of 2758 feet and build a curve at a rate of 12.00 degrees per 100 feet and drill until a 90 degree curve is achieved at a true vertical depth of 3246 feet. Williams proposes to then drill a lateral in a easterly direction along an azimuth of 175 degrees for a bottomhole displacement of approximately 2000 feet to a terminus in the NW/4 of Section 35 at a point 1730 feet from the North line and 2150 feet from the West line of Section 35.

As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,



William F. Carr
ATTORNEY FOR WILLIAMS PRODUCTION COMPANY
enc.