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(505) 634-4222  
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Heather.Riley@williams.com

September 6, 2011

Jami Bailey  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application of Williams Production Company for Administrative Approval of the Simultaneous Dedication of the North-Half of Section 25, Township 31 North, Range 6 West, N.M.P.M., Rio Arriba County, New Mexico to its proposed Rosa Unit Well No. 256A and the existing Rosa Unit Well No.256

Dear Ms. Bailey:

Williams Production Company is the operator of a 276.16-acre spacing unit in the Basin Fruitland Coal Pool (**Pool Code 71629**) ~~comprised of the North-half of Section 25, Township 31 North, Range 6 West, N.M.P.M., Rio Arriba County, New Mexico.~~ This spacing unit is dedicated to Williams' Rosa Unit Well No. 256 which has been vertically drilled and produces from the Fruitland Coal formation.

Williams seeks administrative approval of the simultaneous dedication of this 276.16-acre spacing unit to the following two gas wells:

- A. the **Rosa Unit Well No. 256 (API No. 30-039-24838)** vertically drilled from a surface location 1625 feet from the North line and 1560 feet from the East line of said Section 25; and
- B. the proposed **Rosa Unit Well No. 256A (API No. 30-039-27652)** to be horizontally drilled from a surface location 1305 feet from the North line and 1590 feet from the West line to a proposed end point or bottomhole location 50 feet from the North line and 50 feet from the East line of said Section 25.

Rosa Unit Well No. 256 is at a standard location in the Fruitland Coal formation pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool. Williams now intends to horizontally drill and complete its proposed Rosa Unit Well No. 256A to be drilled to the targeted subsurface end-point or bottomhole location 50 feet from the North line and 50 feet from the East line (Unit A) of Section 25. Williams proposes to drill this well in compliance with the set-back requirements of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as amended by NMOCD order number R-13200.

Attached hereto as **Exhibit A** is a copy of Division Form C-102 for this well that shows the proposed surface and bottomhole location of the well.

**Exhibit B** is a map of offset operators around the spacing unit in Section 25, T31N - R6W. Williams is the operator of all offsetting spacing units within Rosa Unit.

Williams has mailed, via USPS Certified Mail, Notice to the offset working interest owners that this application has been submitted. A copy of the List of Offset Owners as well as the Notice is attached hereto as **Exhibit C**.

The simultaneous dedication of the North-Half of said Section 25 to the Rosa Unit Well No. 256A and Rosa Unit Well No. 256 will afford Williams the opportunity to efficiently produce the Fruitland Coal formation under this spacing unit. Williams' proposed simultaneous dedication of these wells does not exceed the number of wells allowed by Division Rule for this spacing unit.

Your attention to this application is appreciated.

Sincerely,



Heather Riley  
Regulatory Specialist-Senior  
Williams Production Co.

Enclosures

Well Location and Acreage Dedication Plat

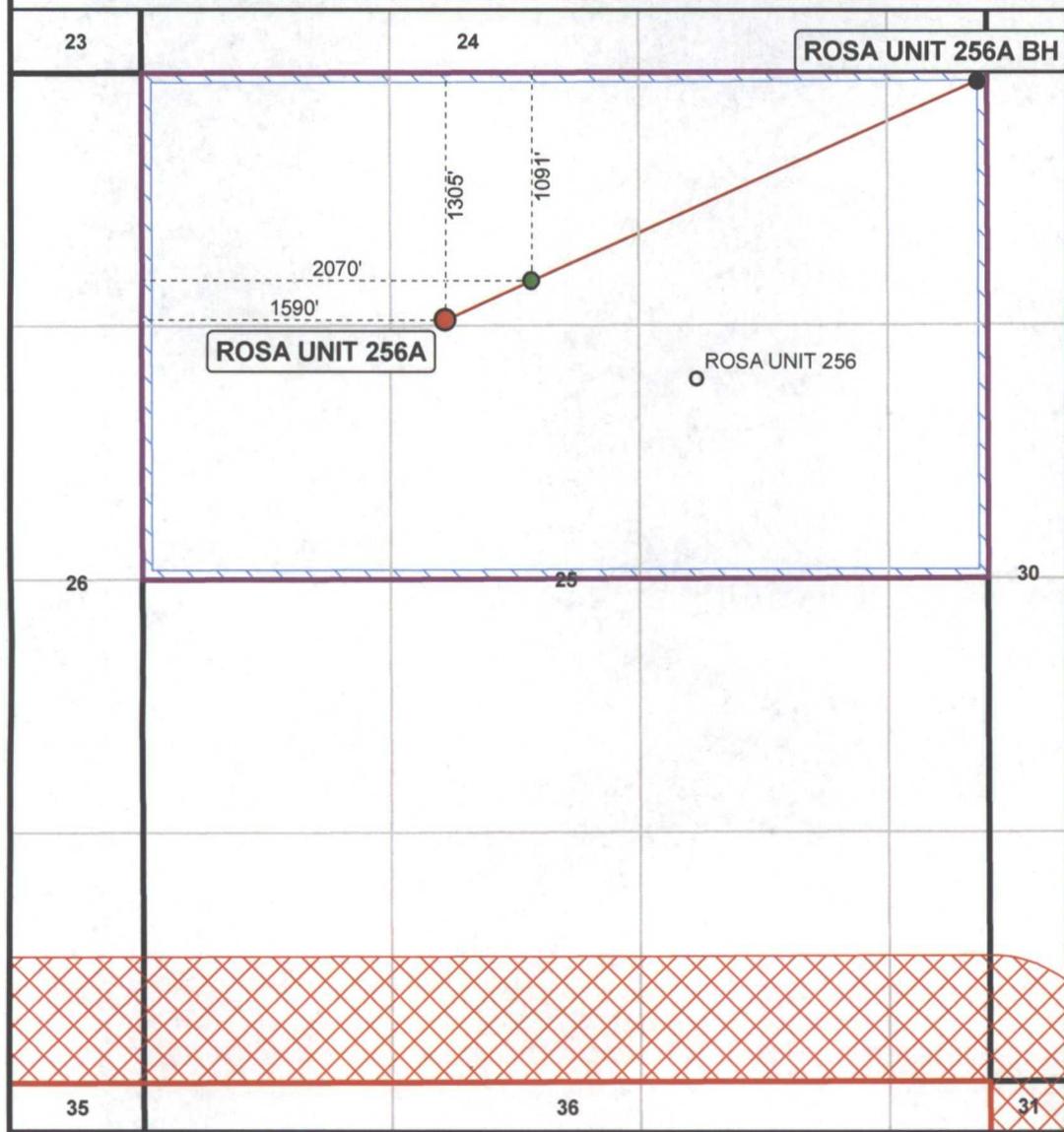
API Number 30-039-27652	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code	Property Name ROSA UNIT	Well Number 256A
OGRID No.	Operator Name WILLIAMS PRODUCTION COMPANY	Elevation 6404'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/Sorth line	Feet from the	East/West line	County
C	25	31N	6W		1305	NORTH	1590	WEST	RIO ARRIBA

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/Sorth line	Feet from the	East/West line	County
A	25	31N	6W		50	NORTH	50	EAST	RIO ARRIBA



Coordinates		
SH	LAT	LONG
NAD 27	36.874278	-107.417116
NAD 83	36.874284	-107.417719
<b>BH</b>		
NAD 27	36.877685	-107.407466
NAD 83	36.877691	-107.408069
<b>POE</b>		
NAD 27	36.874829	-107.415551
NAD 83	36.874835	-107.416155



Legend

- Surface Location
- Proposed Bottom Hole Location
- Point of Entry
- Other Fruitland Well
- Spacing Unit
- Spacing Unit Buffer - 50'
- Federal Unit Buffer - 660'

Exploration & Production

Rosa Unit #256A  
Rio Arriba Co., NM

1 inch = 1,000 feet	Projection: NAD 1927 StatePlane New Mexico West FIPS 3003
Date: 8/31/2011	Author: SCH

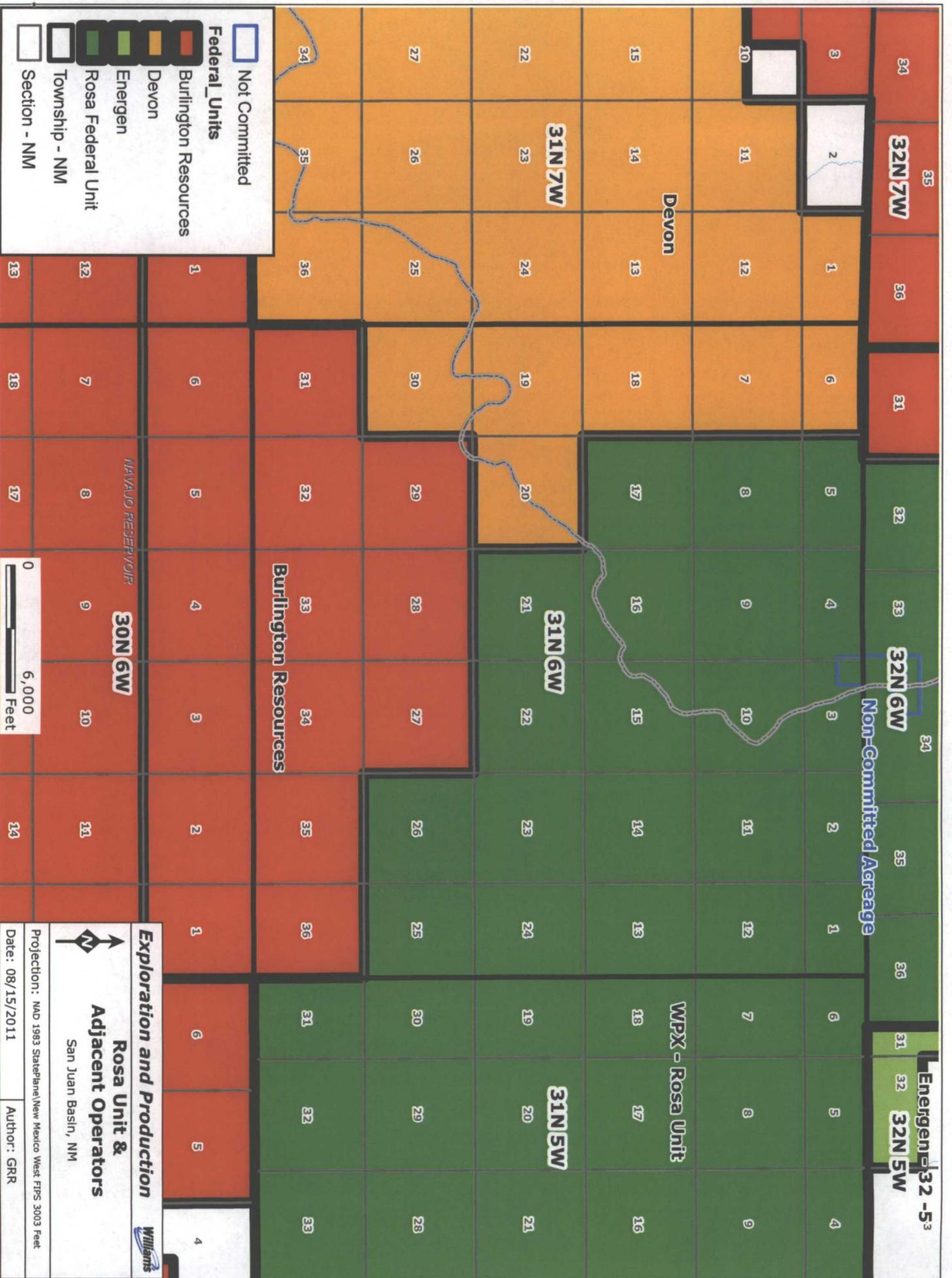


Exhibit B

**Exploration and Production**  
**Rosa Unit & Adjacent Operators**  
 San Juan Basin, NM



Projection: NAD 1983 StatePlane\New Mexico West FIPS 3003 Feet  
 Date: 08/15/2011 Author: GRR

Rosa Unit #256A  
Offset Owners

BP AMERICA PRODUCTION CO.  
ATTN: DONNA JONES  
P.O. BOX 3092  
HOUSTON, TX 77253

MR. FRED E. TURNER, L.L.C.  
4925 GREENVILLE AVENUE, STE 852  
DALLAS, TX 75206-4079

MS. ELIZABETH T. CALLOWAY  
P.O. BOX 191767  
DALLAS, TX 75219-1767

MR. J. GLENN TURNER, JR., L.L.C.  
4809 COLE, SUITE 212  
DALLAS, TX 75205

MR. JOHN TURNER  
P.O. BOX 329  
PORT ARANSAS, TX 78373

SACRAMENTO MUNICIPAL UTILITIES DISTRICT  
ATTN: BOB SHIPLEY  
P.O. BOX 15830  
SACRAMENTO, CA 95852-1830

MARY FRANCES TURNER, JR TRUST  
ATTN: SHERI ANDERSON  
TX1-2931  
P.O. BOX 660197  
DALLAS, TX 75266-0197

OMIMEX PETROLEUM, INC.  
ATTN: CLARK P. STORMS  
7950 JOHN T. WHITE ROAD  
FORT WORTH, TX 76120

CONOCOPHILLIPS COMPANY  
ATTN: CHIEF LANDMAN, SJ/ROCKIES  
P.O. BOX 4289  
FARMINGTON, NM 87499-4289



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**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**AFFECTED INTEREST OWNERS**

Re: Application of Williams Production Company for simultaneous dedication, Rio Arriba County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Williams Production Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the simultaneous dedication of the Rosa Unit Well No. 256A and the Rosa Unit Well No. 256 to the N/2 of Section 25, Township 31 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

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

Very truly yours,

A handwritten signature in black ink that reads "Heather Riley".

Heather Riley  
Regulatory Specialist-Senior  
Williams Production Co.

Enclosures