

**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:**

**APPLICATION OF WILLIAMS PRODUCTION COMPANY, LLC FOR PRE-
APPROVAL OF DOWNHOLE COMMINGLING IN THE ROSA UNIT, SAN
JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.**

**CASE NO. 14289
ORDER NO. R-13122**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a. m. on March 19, 2009 at Santa Fe, New Mexico, before Examiners Richard Ezeanyim, David Brooks, and Terry Warnell.

NOW, on this 11th day of May, 2009, the Division Director, having considered the testimony, the record and the recommendations of the Examiners;

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) The applicant, Williams Production Co., LLC ("Williams" or "Applicant"), seeks pre-approval to downhole commingle gas production from the Mesaverde, Dakota, and Mancos formations and pools in the Rosa Unit from any and all existing and future wells in the Unit.

(3) Williams is the present operator of the Rosa Unit, which was approved by Division Order No. R-759, in Case No. 133 dated April 22, 1948, and which currently encompasses 54,209.49 acres, more or less, of Federal, State, and Fee owned lands in San Juan and Rio Arriba Counties.

(4) Williams appeared through legal counsel and presented the following geologic and engineering testimony:

(a) Williams produces from the Dakota, Mesaverde, and Mancos formations in the Rosa Unit in the following pools: Blanco-Mesaverde Gas Pool, the

Basin-Dakota Pool, and the Basin-Mancos Pool.

(b) The Blanco-Mesaverde Gas Pool and the Basin-Dakota Pool are pre-approved for downhole commingling pursuant to Division Order No. R-11363 and Division Rule 19.15.12.11(E) NMAC.

(c) Division Order No. R-12991, dated September 5, 2008, authorized Williams to downhole and surface commingle production in all current and future wells from all current or future pools within the Rosa Unit and established a reference case for modification of notice rules on a unit-wide basis.

(d) Interest ownership between wells in the Rosa Unit is generally not common, since the Participating Areas for the Mesaverde and Dakota formations do not necessarily cover the same aerial extent and there is no participating area for the Mancos formation at this time.

(e) The estimated ultimate recoveries and initial producing rates from each formation do not justify drilling stand alone wells.

(f) None of these wells is producing at top allowable or is expected to produce at top allowable.

(g) The commingling of fluids will not result in shut-in or wellbore pressure in excess of the fracture parting pressure of any commingled pool.

(h) Approval of this application will not reduce the value of the commingled production or otherwise affect interest owners within the Unit.

(i) The fluids from each pool which are the subject of this application are compatible and combining the fluids will not result in damage to any pool.

(j) The commingling of fluids will not result in the permanent loss of reserves due to cross-flow in the wellbore.

(k) The proposed commingling of production should reduce operating expenses, increase efficiency of operations, increase the amount of gas gathered and sold, lower the reservoir abandonment pressure and increase the life of the project.

(5) Williams provided notice of this application and of this hearing to all interest owners within the Unit including the United States Bureau of Land Management and the New Mexico State Land Office.

(6) No operator or other party appeared in this case in opposition to the application. Mr. Steve Hayden, district geologist, of the Division's Aztec district office

submitted a letter in support of the application.

(7) Pre-approval to downhole commingle the Blanco-Mesaverde Gas Pool, the Basin- Dakota Pool, and the Basin-Mancos Pool will increase the volume of gas recovered from the Unit, thereby preventing waste and will protect the correlative rights of the interest owners in the Unit.

(8) The application should be approved

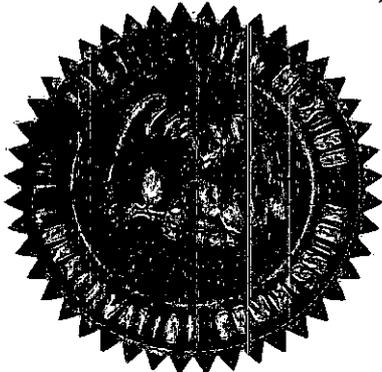
IT IS THEREFORE ORDERED:

(1) The application of Williams Production Company, LLC (OGRID 120782) for pre-approval of downhole commingling in the Blanco-Mesaverde Gas Pool, the Basin-Dakota Pool, and the Basin-Mancos Pool, or any combination thereof from any and all existing or future wells within the Rosa Unit is hereby approved.

(2) The procedure used to obtain Division authorization to downhole commingle Mesaverde, Dakota and/or Mancos production within the Unit shall be as required in Division Rule 19.15.12.11(C)(2) and by filing a Form C-103 in the appropriate division district office.

(3) Jurisdiction of this case 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", is written over the typed name.

2 MARK E. FESMIRE, P.E.
Director