

DATE IN 1/20/04	SUSPENSE 2-9-04	ENGINEER MS	LOGGED IN LR	TYPE NSL	APP NO. PLR0402131380
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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]

- [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 WELL

- [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.

William F. Carr
 Print or Type Name

William F. Carr
 Signature

ATTORNEY
 Title

1/20/04
 Date

wcarr@hollandhart.com
 e-mail Address

RECEIVED

JAN 20 2004
 Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505



January 20, 2004

HAND DELIVERED

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

Re: Administrative application for an exception to the well location provisions of the Basin-Fruitland Coal (Gas) Pool for the Williams Production Company, L.L.C. proposed Cox Canyon Unit Well No. 204 to be drilled as a horizontal drainhole within a producing area considered to be unorthodox within a project area comprising the W/2 of Section 21, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, being a standard 320-acre stand-up unit for the Basin-Fruitland Coal (Gas) Pool.

Dear Ms. Wrotenbery:

Pursuant to the provisions of 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, as amended, 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 Nos. R-8768-B, dated February 10, 2000, R-8768-C, dated October 15, 2002, and R-8768-F, dated July 17, 2003, for the drilling of its Cox Canyon Unit Well No. 204 as an intentionally deviated horizontal wellbore on a standard 320-acre coalbed methane gas spacing unit comprised of the W/2 of Section 21, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico. This spacing unit will be the Project Area for this horizontal well.

Rule 7 provides that wells in the Basin-Fruitland Coal (Gas) Pool 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. Rule 7(2) generally exempts wells drilled in federal exploratory units from these spacing requirements. However, the proposed Cox Canyon Unit Well No. 204 does not fall within this exemption for, although it is within a federal exploratory unit, to date there has been no commercial Fruitland Coal gas production in the unit and no Fruitland Coal (Gas) Participating area has been established. The proposed well therefore is governed by Rule 7(a)(2)(vi) which provides: "if the well is located within an exploratory unit area but in an existing or prospective spacing unit that is a non-participating spacing unit, it shall not be closer than 660 feet to the outer boundary of its spacing unit." The well is projected to an unorthodox bottomhole location 10 feet from the West line of Section 21 -- the outer boundary of the Project Area -- and the unorthodox bottom hole location must therefore be approved pursuant to Rule 8.



The surface location for the proposed Cox Canyon Unit Well No. 204 is at a standard location southwest quarter of Section 21 at a point 1920 feet from the South line and 1950 feet from the West line of said Section 21.

Williams proposes to drill a vertical well to a kick-off point at a true vertical depth of 2996.83 feet and build a curve at a rate of 0.70° per 100 feet until a 90° curve is achieved at a vertical depth of 4016.44 feet. The Fruitland Coal formation will be penetrated in the SW/4 of Section 21 at a point 2005 feet from the South line and 1460 feet from the West line of the section. Williams proposes to then drill a lateral in a west northwesterly direction along an azimuth of 280.084 degrees (True North) for a bottomhole displacement of approximately 1970.44 feet in a narrow target seam to a terminus in the NW/4, SW/4 of Section 21.

Attached to this application are the following documents:

- Exhibit A.** A plat showing the proposed spacing unit, the unorthodox bottomhole location, projected horizontal wellbore and the proposed lateral end of the wellbore;
- Exhibit B.** A plat identifying offsetting owners and showing the boundary of the Cox Canyon Unit;
- Exhibit C.** A copy of Division Form C-102 identifying the proposed 320-acre standard gas spacing or proration unit to be dedicated to the well;
- Exhibit D.** The Halliburton Proposal Report for the Cox Canyon Unit Well No. 204, dated January 6, 2004, 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;

As shown on Exhibit B, the spacing unit for the proposed horizontal well is the W/2 of Section 21 which is located within the Cox Canyon Unit, a voluntary exploratory unit operated by Williams Production Company, L.L.C. The proposed unorthodox bottomhole location for the Cox Canyon Unit Well No. 204 encroaches on offsetting Section 21 to the west which is only partially within the unit boundaries.

The working interest is identical in the unit and in the portion of Section 21 that is outside the unit boundary. However, since there is no existing Fruitland Coal (Gas) Pool spacing unit in Section 21, and since, regardless whether the section is developed with standup or lay-down units there will be differences in the royalty and over-riding royalty interests in the spacing units in Section 21, Williams has sent a copy of this application to all working, royalty and over-riding interest owners in the unit and all interest working, royalty and over-riding interest owners in the undrilled tracts in Section 21 by certified mail, return receipt requested. The offsetting acreage in Sections 28 and 29 is federal land and operated by BP America Production Co. Therefore, in accordance with Division Rule 1207(a) (2), Williams



has advised each affected party that they have 20 days from the receipt of this application in which to file written objections with the Santa Fe and Aztec office of the Division. Therefore, the notice requirements of Division Rule Rule 9(B) of the Special Pool Rules for the Basin Fruitland Coal (Gas) Pool have been met.

Your attention to this application 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
M. Vern Hansen, CPL-Williams

**Administrative Application
for an Exception to the Well Location Provisions of the
Basin-Fruitland Coal (Gas) Pool
for the Williams Production Company, L.L.C. Proposed
Cox Canyon Unit Well No. 204**

Notice List

BP America Production Company
Attn: Bryan Anderson
P. O. Box 3092
Houston, TX 77253-3092

Burlington Resources
Attn: Land Department
P. O. Box 4289
Farmington, NM 87499-4289

ConocoPhillips
600 N. Dairy Ashford, CH10228
Houston, TX 77079

Minerals Management Service
Royalty Management Program
P. O. Box 5810
Denver, Colorado 80217-5810

Roy T. & Helen S. Johnson Trust 091670
Michael F. Covey Trustee
4 Hickory Lane
Chalfont, Pennsylvania 18914-2013

Elliott Industries
P. O. Box 3300
Roswell, New Mexico 88202

H. K. Riddle
H. K. Riddle Trust / Tamanaco Oil
P. O. Box 13326
Albuquerque, New Mexico 87192

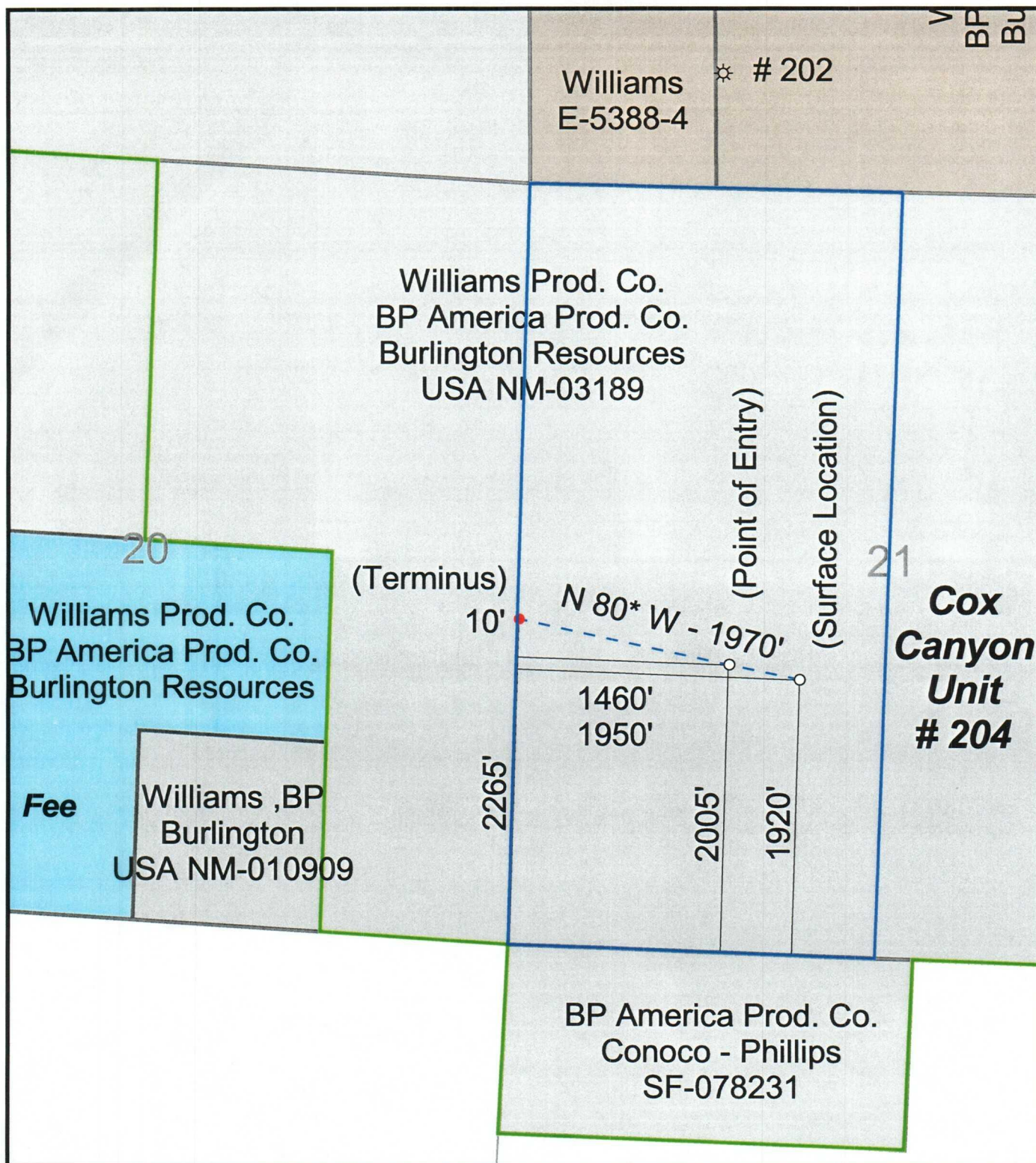
William H. Johns
74 Ken Road
Dexter, New Mexico 88230

Elliott-Hall Company
P. O. Box 1231
Ogden, Utah 84402

XTO Energy Inc.
136 S. LaSalle Street, Dept. 4849
Chicago, Illinois 60674-4849

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

Commissioner of Public Lands
State of New Mexico
Stand Land Office Building
Post Office Box 1148
Santa Fe, New Mexico 87504-1148



Cox Canyon Unit

Federal
 State
 Fee

EXHIBIT A

500 0 500 1000 Feet



Exploration & Production



Cox Canyon Unit #204
Sec. 21, T-32-N, R-11-W

Scale: 1:12000

Projection: UTM - 1983
Zone 13

Date: 1/8/2004

Author: Chuck Fessler

District I
PO Box 1360, Hobbs, NM 88241-1990

District II
PO Box 00, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2055, Santa Fe, NM 87504-2055

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1997
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number	*Pool Code 71623	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name COX CANYON UNIT "horizontal"	*Well Number 204
*OGRES No. 120762	*Operator Name WILLIAMS PRODUCTION COMPANY	*Elevation 6879'

10 Surface Location

UL or lot no	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
K	21	32N	11W		1920	SOUTH	1950	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
L	21	32N	11W		2265	SOUTH	10	WEST	SAN JUAN

12 Dedicated Acres 320.0 Acres - (W/2)	13 Joint or Infill	14 Cancellation Code	15 Order No
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

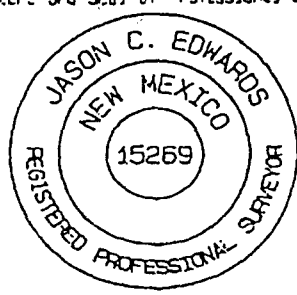
<p>16</p> <p>LEASE NM-03189</p> <p>5109.72'</p> <p>5304.42'</p> <p>10'</p> <p>1470.5'</p> <p>1970'</p> <p>1460'</p> <p>1950'</p> <p>2265'</p> <p>2005'</p> <p>1920'</p> <p>5065.50'</p> <p>10'</p> <p>POINT OF ENTRY</p> <p>SURFACE LOCATION</p> <p>21 Standard 640-acre Section</p> <p>19</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief</p> <p>Survey Date: NOVEMBER 24, 2003</p> <p>Signature and Seal of Professional Surveyor</p> <p></p> <p><u>JASON C. EDWARDS</u></p> <p>Certificate Number 15269</p>
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EXHIBIT C



**Williams Production Company
New Mexico
San Juan County
Cox Canyon Unit # 204 - Plan 01/06/04**

Sperry-Sun

Proposal Report

6 January, 2004

Data Source: Information from Gary Sizemore

Proposal Ref: pro7214

EXHIBIT D

HALLIBURTON

Proposal Report for Cox Canyon Unit # 204 - Plan 01/06/04
Data Source: Information from Gary Sizemore

Measured Depth (ft)	Incl. (Deg)	Azim. (Deg)	Station TVD (ft)	Coordinates Northings (ft)	Eastings (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Comment
0.00	0.000	0.000	0.00	0.00 N	0.00 E	0.00		
1239.00	0.000	0.000	1239.00	0.00 N	0.00 E	0.00	0.00	Ojo Alamo Ss
1264.00	0.000	0.000	1264.00	0.00 N	0.00 E	0.00	0.00	Kirtland Sh
2996.83	0.000	0.000	2996.83	0.00 N	0.00 E	0.00	0.00	Kick-Off at 2996.83ft
3000.00	0.380	280.084	3000.00	0.00 N	0.01 W	0.01	12.00	
3100.00	12.380	280.084	3099.20	1.94 N	10.93 W	11.10	12.00	
3130.75	16.070	280.084	3129.00	3.27 N	18.37 W	18.66	12.00	Fruitland Fm
3200.00	24.380	280.084	3193.92	7.45 N	41.92 W	42.58	12.00	
3300.00	36.380	280.084	3280.04	16.29 N	91.62 W	93.06	12.00	
3357.27	43.253	280.084	3324.00	22.71 N	127.71 W	129.71	12.00	Top of Coal Interval
3363.50	44.000	280.084	3328.50	23.46 N	131.94 W	134.01	12.00	Build Rate = 12.00°/100ft
3400.00	48.380	280.084	3353.77	28.07 N	157.86 W	160.34	12.00	
3500.00	60.380	280.084	3411.90	42.28 N	237.75 W	241.48	12.00	
3600.00	72.380	280.084	3451.90	58.29 N	327.80 W	332.94	12.00	
3700.00	84.380	280.084	3472.00	75.41 N	424.06 W	430.71	12.00	
3730.16	88.000	280.084	3474.00	80.68 N	453.68 W	460.80	12.00	Continue Build/Turn at 3730.16ft 7" Casing Top of Target Coal
3800.00	88.488	280.084	3476.14	92.90 N	522.41 W	530.61	0.70	
3873.30	89.000	280.084	3477.75	105.73 N	594.56 W	603.89	0.70	Build Rate = 0.70°/100ft
3900.00	89.187	280.084	3478.17	110.41 N	620.84 W	630.58	0.70	
4000.00	89.885	280.084	3478.98	127.92 N	719.29 W	730.58	0.70	
4016.44	90.000	280.084	3479.00	130.79 N	735.48 W	747.02	0.70	End of Build at 4016.44ft
4100.00	90.000	280.084	3479.00	145.42 N	817.75 W	830.58	0.00	
4200.00	90.000	280.084	3479.00	162.93 N	916.21 W	930.58	0.00	
4300.00	90.000	280.084	3479.00	180.44 N	1014.66 W	1030.58	0.00	
4400.00	90.000	280.084	3479.00	197.95 N	1113.12 W	1130.58	0.00	
4500.00	90.000	280.084	3479.00	215.46 N	1211.57 W	1230.58	0.00	
4600.00	90.000	280.084	3479.00	232.97 N	1310.03 W	1330.58	0.00	
4628.15	90.000	280.084	3479.00	237.90 N	1337.74 W	1358.73	0.00	Hold Angle at 90.000°
4700.00	90.000	280.084	3479.00	250.48 N	1408.48 W	1430.58	0.00	
4800.00	90.000	280.084	3479.00	267.99 N	1506.94 W	1530.58	0.00	
4900.00	90.000	280.084	3479.00	285.49 N	1605.39 W	1630.58	0.00	
5000.00	90.000	280.084	3479.00	303.00 N	1703.85 W	1730.58	0.00	
5100.00	90.000	280.084	3479.00	320.51 N	1802.30 W	1830.58	0.00	
5200.00	90.000	280.084	3479.00	338.02 N	1900.76 W	1930.58	0.00	
5239.86	90.000	280.084	3479.00	345.00 N	1940.00 W	1970.44	0.00	Total Depth at 5239.86ft Cox Canyon Unit # 204 Target, Current Target

All data is in Feet (US) unless otherwise stated. Directions and coordinates are relative to True North.
Vertical depths are relative to RKB. Northings and Eastings are relative to Wellhead.

The Dogleg Severity is in Degrees per 100 feet.

Vertical Section is from Wellhead and calculated along an Azimuth of 280.084° (True).

Magnetic Declination at Surface is 10.917° (06-Jan-04)

Based upon Minimum Curvature type calculations, at a Measured Depth of 5239.86ft.,
The Bottom Hole Displacement is 1970.44ft., in the Direction of 280.084° (True).

Proposal Report for Cox Canyon Unit # 204 - Plan 01/06/04 Data Source: Information from Gary Sizemore

Comments

Measured Depth (ft)	Station Coordinates TVD (ft)	Northings (ft)	Eastings (ft)	Comment
2996.83	2996.83	0.00 N	0.00 E	Kick-Off at 2996.83ft
3363.50	3328.50	23.46 N	131.94 W	Build Rate = 12.00°/100ft
3730.16	3474.00	80.68 N	453.68 W	Continue Build/Turn at 3730.16ft
3873.30	3477.75	105.73 N	594.56 W	Build Rate = 0.70°/100ft
4016.44	3479.00	130.79 N	735.48 W	End of Build at 4016.44ft
4628.15	3479.00	237.90 N	1337.74 W	Hold Angle at 90.000°
5239.86	3479.00	345.00 N	1940.00 W	Total Depth at 5239.86ft

3'
5240
4016
1224

Formation Tops

Formation Plane (Below Well Origin)			Profile Penetration Point					Formation Name
Sub-Sea (ft)	Dip Angle	Up-Dip Dim.	Measured Depth (ft)	Vertical Depth (ft)	Sub-Sea Depth (ft)	Northings (ft)	Eastings (ft)	
-5654.00	0.000	0.000	1239.00	1239.00	-5654.00	0.00 N	0.00 E	Ojo Alamo Ss
-5629.00	0.000	0.000	1264.00	1264.00	-5629.00	0.00 N	0.00 E	Kirtland Sh
-3764.00	0.000	0.000	3130.75	3129.00	-3764.00	3.27 N	18.37 W	Fruitland Fm
-3569.00	0.000	0.000	3357.27	3324.00	-3569.00	22.71 N	127.71 W	Top of Coal Interval
-3419.00	0.000	0.000	3730.16	3474.00	-3419.00	80.68 N	453.68 W	Top of Target Coal
-3409.00	0.000	0.000						Base of Target Coal
-3324.00	0.000	0.000						Base of Coal Interval
-3319.00	0.000	0.000						Pictured Cliffs

Casing details

From		To		Casing Detail
Measured Depth (ft)	Vertical Depth (ft)	Measured Depth (ft)	Vertical Depth (ft)	
<Surface>	<Surface>	3730.16	3474.00	7" Casing

1420
F 81
2001
FSL -

8'41
1420
-454
1496'FWL

HALLIBURTON

Williams Production Company

New Mexico

San Juan County

Proposal Report for Cox Canyon Unit # 204 - Plan 01/06/04

Data Source: Information from Gary Sizemore

Targets associated with this wellpath

Target Name	Target Entry Coordinates			Target Shape	Target Type
	TVD (ft)	Northings (ft)	Eastings (ft)		
Cox Canyon Unit # 204 Target	3479.00	345.00 N	1940.00 W	Point	Current Target

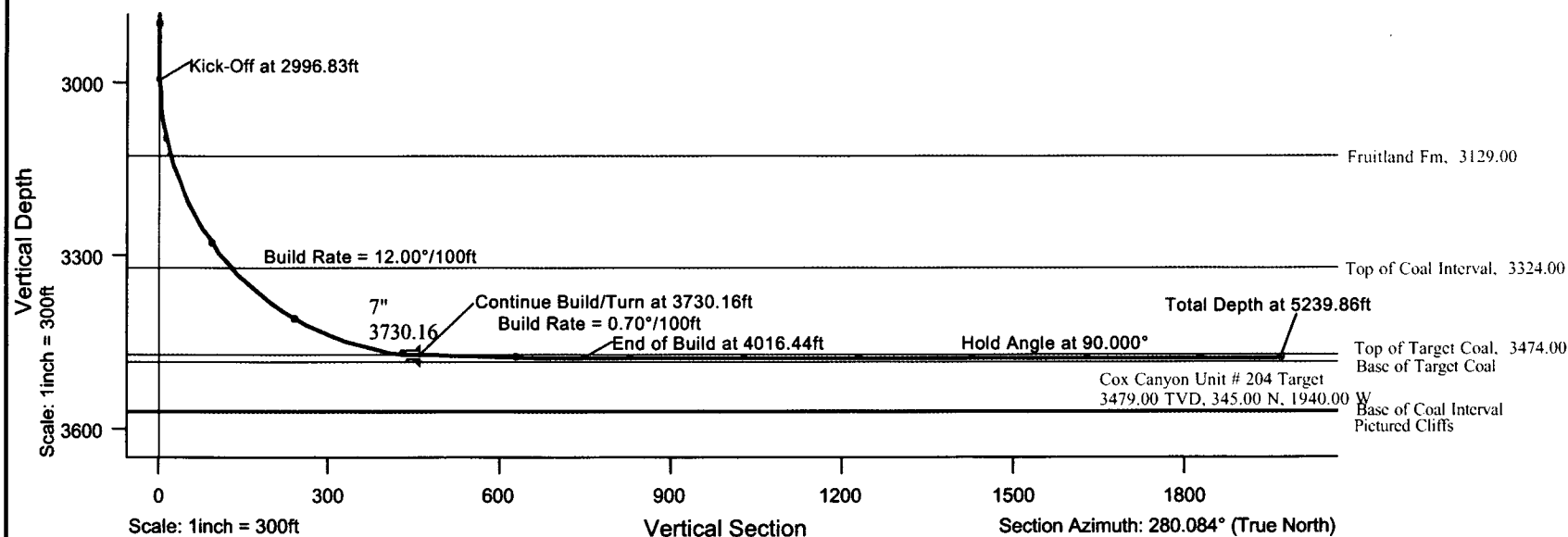
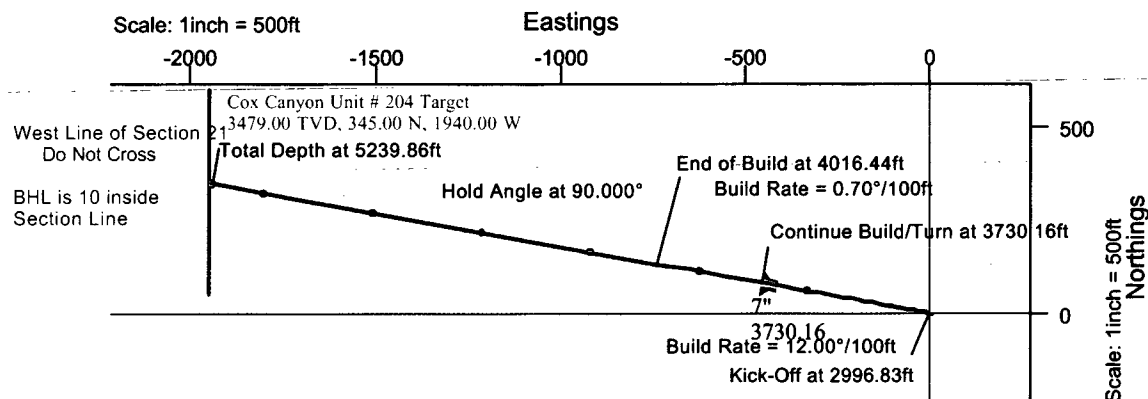
HALLIBURTON

Williams Production Company

DrillQuest

Sperry-Sun

New Mexico
San Juan County
Sec. 21-T32N-R11W
Cox Canyon Unit # 204
Plan 01/06/04

Prepared by:
AdminDate/Time:
6 January, 2004 - 16:00

Checked:

Approved:



January 20, 2004

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS

Re: Administrative application for an exception to the well location provisions of the Basin-Fruitland Coal (Gas) Pool for the Williams Production Company, L.L.C. proposed Cox Canyon Unit Well No. 204 to be drilled as a horizontal drainhole within a producing area considered to be unorthodox within a project area comprising the W/2 of Section 21, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, being a standard 320-acre stand-up unit for the Basin-Fruitland Coal (Gas) Pool.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application that which was filed with the Oil Conservation Division on this date by Williams Production Company seeking administrative approval of an exception to the well location provisions of the Basin-Fruitland Coal (Gas) Pool for its proposed Cox Canyon Unit Well No. 204 to be drilled as a horizontal drainhole within a producing area considered to be unorthodox within a project area comprising the W/2 of Section 21, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, being a standard 320-acre stand-up unit for the Basin-Fruitland Coal (Gas) Pool.

As the owner of an interest that will be affected by the proposed horizontal 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 and with the Division's Aztec office located at 1000 Rio Brazos Road, Aztec, New Mexico 87410 within twenty days from the date this notice is received by you. If no timely objection is received by the Division Director, this application may be approved.

Very truly yours,

William F. Carr
Attorney for Williams Production Company

cc: M. Vern Hansen
Williams Production Company



January 20, 2004

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401

Re: Administrative application for an exception to the well location provisions of the Basin-Fruitland Coal (Gas) Pool for the Williams Production Company, L.L.C. proposed Cox Canyon Unit Well No. 204 to be drilled as a horizontal drainhole within a producing area considered to be unorthodox within a project area comprising the W/2 of Section 21, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, being a standard 320-acre stand-up unit for the Basin-Fruitland Coal (Gas) Pool.

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Very truly yours,

William F. Carr
Attorney for Williams Production Company

cc: M. Vern Hansen
Williams Production Company



January 20, 2004

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Commissioner of Public Lands
State of New Mexico
Post Office Box 1148
Santa Fe, New Mexico 87504-1148

Re: Administrative application for an exception to the well location provisions of the Basin-Fruitland Coal (Gas) Pool for the Williams Production Company, L.L.C. proposed Cox Canyon Unit Well No. 204 to be drilled as a horizontal drainhole within a producing area considered to be unorthodox within a project area comprising the W/2 of Section 21, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, being a standard 320-acre stand-up unit for the Basin-Fruitland Coal (Gas) Pool.

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Enclosed is a copy of the above-referenced application that which was filed with the Oil Conservation Division on this date by Williams Production Company seeking administrative approval of an exception to the well location provisions of the Basin-Fruitland Coal (Gas) Pool for its proposed Cox Canyon Unit Well No. 204 to be drilled as a horizontal drainhole within a producing area considered to be unorthodox within a project area comprising the W/2 of Section 21, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, being a standard 320-acre stand-up unit for the Basin-Fruitland Coal (Gas) Pool.

As the owner of an interest that will be affected by the proposed horizontal 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 and with the Division's Aztec office located at 1000 Rio Brazos Road, Aztec, New Mexico 87410 within twenty days from the date this notice is received by you. If no timely objection is received by the Division Director, this application may be approved.

Very truly yours,

William F. Carr
Attorney for Williams Production Company

cc: M. Vern Hansen
Williams Production Company

Stogner, Michael

From: Stogner, Michael
Sent: Monday, January 26, 2004 8:39 AM
To: William F. Carr (E-mail)
Subject: Williams Prod. Co. Cox Canyon Un. #204

Please verify:

Please refer to the last two paragraphs of this application starting on the bottom of page 2. In the next to the last paragraph you state that "[t]he proposed unorthodox bottomhole location for the Cox Canyon Unit Well No. 204 encroaches on offsetting Section 21 to the west". In the last paragraph you refer to Section 21 several times; however, Section 20 is never referenced. Is this a typo? If I interject "Section 20" when you mention "Section 21", it all makes sense.

Stogner, Michael

From: William F. Carr [WCarr@hollandhart.com]
Sent: Monday, January 26, 2004 9:55 AM
To: Stogner, Michael
Subject: RE: Williams Prod. Co. Cox Canyon Un. #204

Micheal -

You are correct. It is a typo. The references in the last two paragraphs of the application should read Section 20 -- not section 21. When you have a minute -- Please call.

-----Original Message-----

From: Stogner, Michael [mailto:MSTOGNER@state.nm.us]
Sent: Monday, January 26, 2004 8:39 AM
To: William F. Carr
Subject: Williams Prod. Co. Cox Canyon Un. #204

Please verify:

Please refer to the last two paragraphs of this application starting on the bottom of page 2. In the next to the last paragraph you state that "[t]he proposed unorthodox bottomhole location for the Cox Canyon Unit Well No. 204 encroaches on offsetting Section 21 to the west". In the last paragraph you refer to Section 21 several times; however, Section 20 is never referenced. Is this a typo? If I interject "Section 20" when you mention "Section 21", it all makes sense.