

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

IN THE MATTER OF THE APPLICATION OF WILLIAMS PRODUCTION COMPANY FOR SIMULTANEOUS DEDICATION, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 14719

WILLIAMS PRODUCTION COMPANY'S MOTION TO DISMISS

Williams Production Company ("Williams") moves to dismiss Case No. 14719 and to remand back to the Engineering Bureau for further handling through the administrative process and in support thereof states as follows:

1. On June 23, 2011, Williams submitted an administrative application for the simultaneous dedication of the West-Half of Section 33, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico to its proposed Rosa Unit Well No. 242A and the existing Rosa Unit Well No. 242.
2. Williams notified working interest owners in the offsetting spacing units including San Juan Basin Resources, LLC ("San Juan"). San Juan has an interest in the E/2 SE/4 of Section 33.
3. On June 29, 2011, San Juan filed a letter objecting to the application because the proposed Rosa Unit Well No. 242A "is extremely unorthodox" which San Juan claims adversely affects San Juan because its acreage is not committed to the Rosa Unit.
4. Pursuant to Division rules, the application was set for hearing on the August 4th, 2011 Examiner Hearing Docket.
5. As shown on the attached Form C-102 (Exhibit A), San Juan's acreage is not adjoined to the subject spacing unit. San Juan's acreage is within the boundaries of the Rosa Unit but is not committed to the Unit.
6. The Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool provide, in relevant part, that: (1) if a well "is within a federal exploratory unit but adjacent to an existing or prospective spacing unit containing a non-committed tract or

partially committed tract, it shall not be closer than 660 feet to the outer boundary of its spacing unit;" and (2) if a well "is located within a participating area but adjacent to an existing or prospective spacing unit that is not within the same participating area, it shall not be closer than 660 feet to the outer boundary of the participating area." Rule 7(a)(iii) &(v). The proposal Rosa Unit Well No. 242A is 660 feet from the outer boundary of the Fruitland Coal Participating Area but is not 660 feet from the outer boundary of the W/2 spacing unit. See attached plat of Fruitland Coal Participating Area. (Exhibit B).

7. In Case No. 14335, the Division issued Order No. R-13200 which authorized non-standard locations in the Rosa Unit for pools including the Basin Fruitland Coal Gas Pool "provided that any such location is at least 660 feet from the outer boundary of the Rosa Unit and at least 660 feet from any non-participating, non-committed, or partially committed tract...."

8. Order No. R-13200 authorizes Williams to locate the proposed Rosa Unit Well No. 242A at an unorthodox location as long as it 660 feet from any non-committed acreage.

9. The bottomhole location for the proposed Rosa Unit Well No. 242A is approximately 1450 feet from San Juan's acreage. Accordingly, it is more than twice the required distance pursuant to Order No. R-13200.

10. Additionally, the Division has not required operators who are seeking simultaneous dedication of a spacing unit to notify interest owners who do not have acreage adjoining the subject spacing unit. San Juan inadvertently was notified even though its acreage is not adjoining the spacing unit. Thus, Williams questions whether San Juan in fact has standing to object to Williams' application particularly on the grounds that the well is at an unorthodox location.

11. In sum, San Juan does not appear to have standing to object to the application and Williams has already been authorized to locate the well at an unorthodox location by the Division.

12. This application should not be required to go to hearing to demonstrate that Williams has authority to locate the proposed Rosa Unit Well No. 242A at an unorthodox location.

WHEREFORE, Williams requests the application for hearing be dismissed and be remanded back to the administrative process for approval.

Respectfully submitted,

HOLLAND & HART LLP

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ATTORNEYS FOR WILLIAMS PRODUCTION CO., LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 22nd day of July, 2011 via facsimile transmission.

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Ocean Munds-Dry

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District III
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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
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Form C-102
Revised October 12, 2005
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 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 17033	*Property Name ROSA UNIT		*Well Number 242A
*GRID No. 120782	*Operator Name WILLIAMS PRODUCTION COMPANY		*Elevation 6469'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	33	32N	6W		1095	NORTH	1932	WEST	SAN JUAN

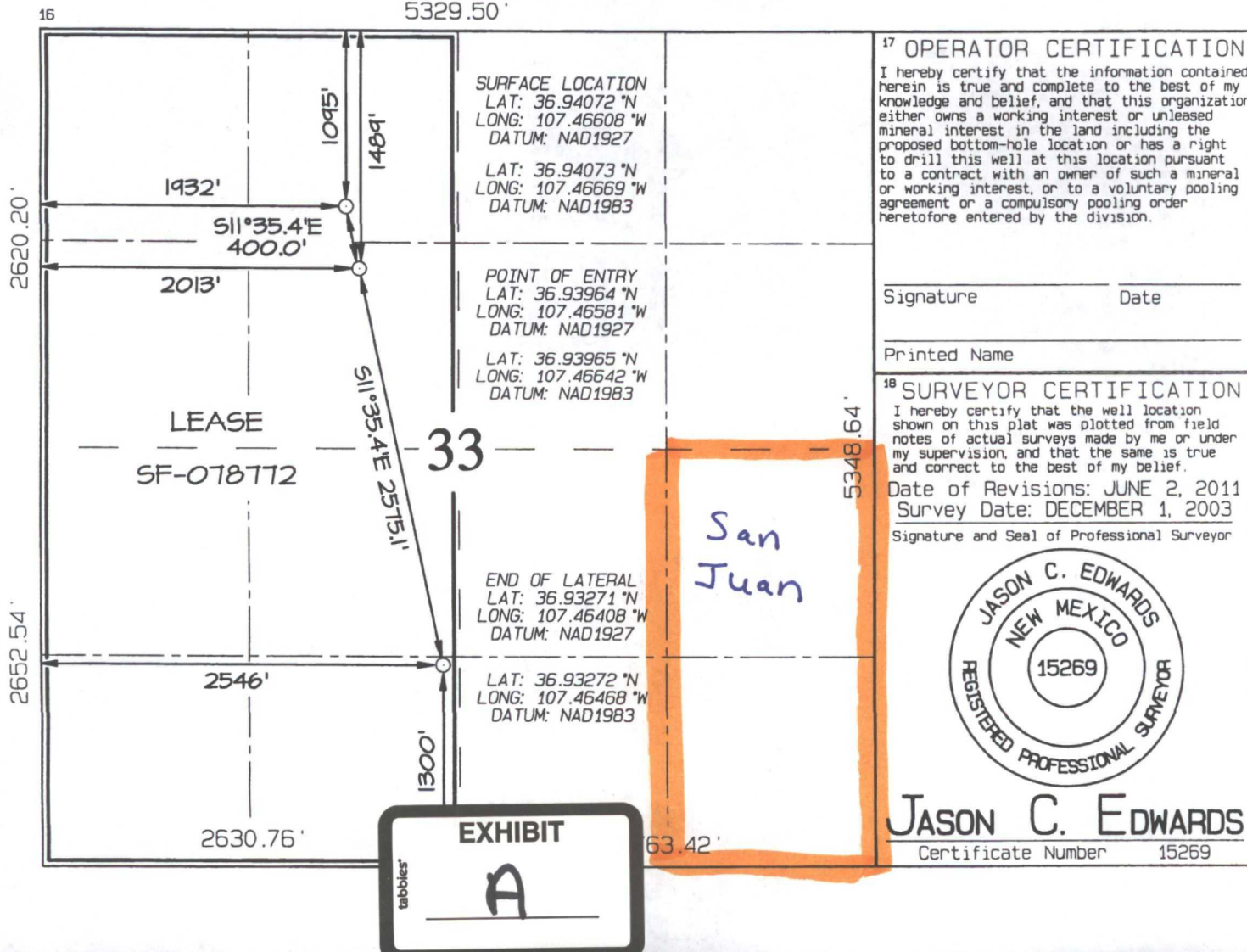
11 Bottom Hole Location If Different From Surface

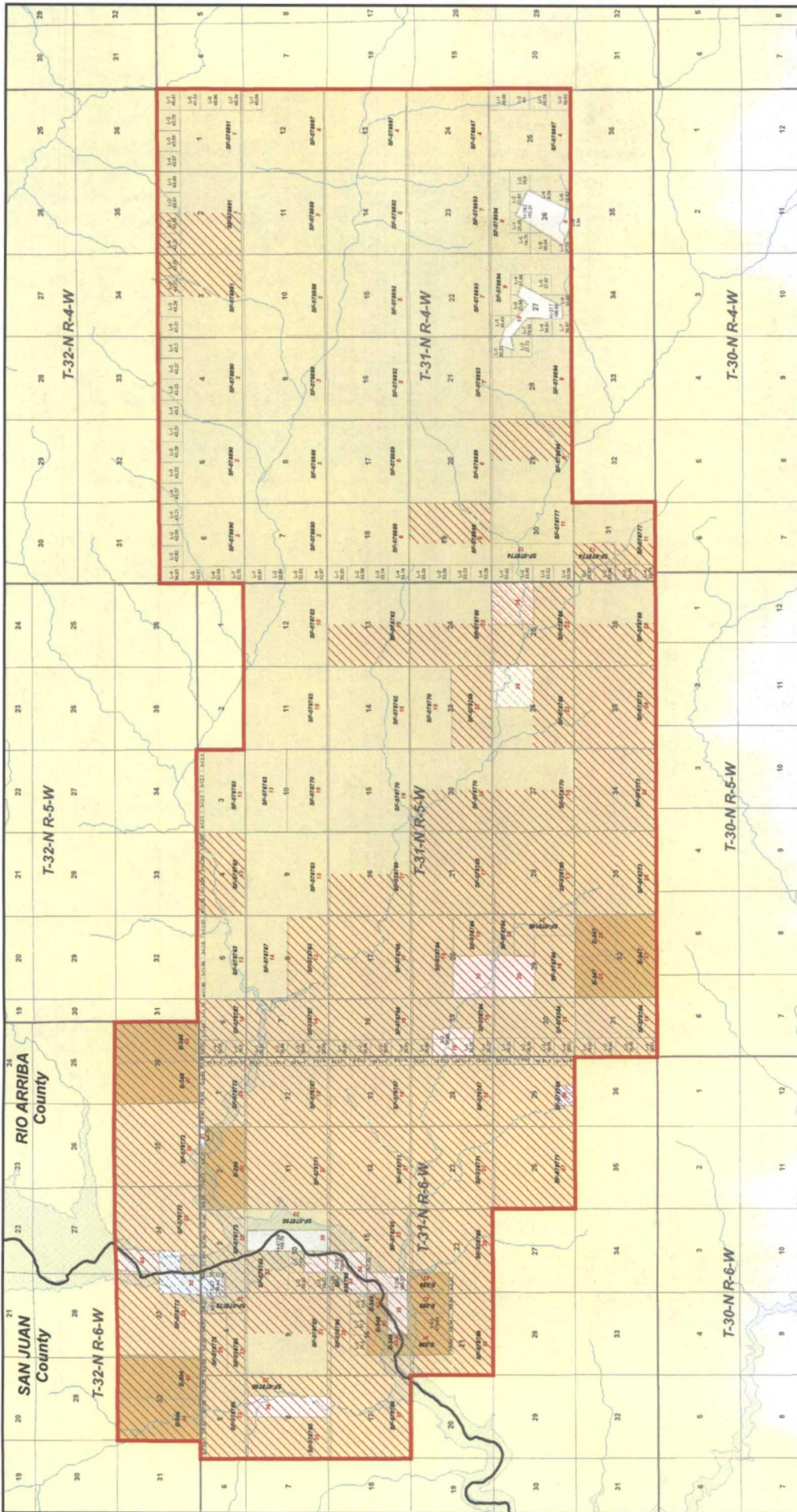
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	33	32N	6W		1300	SOUTH	2546	WEST	SAN JUAN

12 Dedicated Acres 320.0 Acres - (W/2)	13 Joint or Infill	14 Consolidation 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

5329.50'





Rosa Unit Tract No: XX

Map Document: (\\wms\algebra\lga\Project\San_Juan\Rosa_Unit\Participating_Areas\rosa-un_ft_pa_in-21.mxd)
2/26/2010 - 1:59:46 PM

Williams Exploration & Production

Rosa Unit
Fruitland Formation
San Juan and Rio Arriba Counties, New Mexico

Scale: 1:72,000
Projection: NAD 1983 State Plane NM West
Date: 2/26/2010
Author: TJ

EXHIBIT
B