**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 FOR SIMULTANEOUS DEDICATION, SAN JUAN AND COUNTY, NEW MEXICO.**

**Case No. 14719**

**RESPONSE IN OPPOSITION TO MOTION TO DISMISS**

8.4.11 Docket

San Juan Basin Properties LLC ("San Juan") submits this response in opposition to the motion to dismiss filed by Williams Production Company ("Williams"), and in support thereof states:

1. Williams operates the Rosa Unit. It filed an administrative application for simultaneous dedication for the Rosa Unit Well No. 242A in the W½ of Section 33, Township 32 North, Range 6 West, N.M.P.M. The Rosa Unit Well No. 242A is a proposed horizontal Fruitland Coal well, with an extremely unorthodox terminus 2546 feet from the west line of Section 33. **Exhibit A**. An orthodox location would be 1980 feet from the west line.

2. San Juan owns a working interest in the E½SE¼ of Section 33, which is not committed to the Rosa Unit. The E½ of Section 33, operated by Williams, also contains acreage committed to the Rosa Unit, and is communitized for production from the Fruitland Coal. Therefore, San Juan shares in production from the entire E½ of Section 33 (the Rosa Unit Com. Well Nos. 355 and 355A, located at orthodox locations in the E½ of Section 33, are Fruitland Coal wells). **Exhibit A**. The Rosa Unit Well No. 242A is 94 feet from the E½ of Section 33.

3. Williams relies on Order No. R-13200, as amended, to defend the proposed unorthodox location. Ordering Paragraph (1) provides for unorthodox locations, "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-committed, or partially committed tract."

4. San Juan submits that the "tract" referred to above must be a well unit and not a portion of a well unit. Any other interpretation would lead to great inequity: Highlighted in red on **Exhibit A** are four areas adjoining the E½ of Section 33 which Williams, under its interpretation, could place Fruitland Coal wellbores 10 feet from the E½ of Section 33 and drain reserves in which San Juan owns an interest. Williams asserts that this could be done without any notice or liability to San Juan.[1] Such argument must be rejected.

If Order No. R-13200 does allow such unorthodox locations without notice or remedy to offsets, then Case No. 14335 must be re-opened to address this inequity.

5. In addition, Williams has informed San Juan that it has no intention of offsetting the proposed Rosa Unit Well No. 242A. **See Exhibit B** (e-mails between V. Hansen of Williams and S. Olson of San Juan). Thus, the drainage from the proposed well will not be addressed.

WHEREFORE, San Juan requests that the Division deny Williams' motion to dismiss.

Respectfully submitted,

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for San Juan Basin Properties LLC

[1] This doesn't even reach Williams obligations to treat San Juan and other non-committed working interest owners fairly under the operating agreement covering the E½ of Section 33.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 15th day of August, 2011 via facsimile transmission and U.S. Mail:

Ocean Munds-Dry
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504
Fax: 983-6043

James Bruce

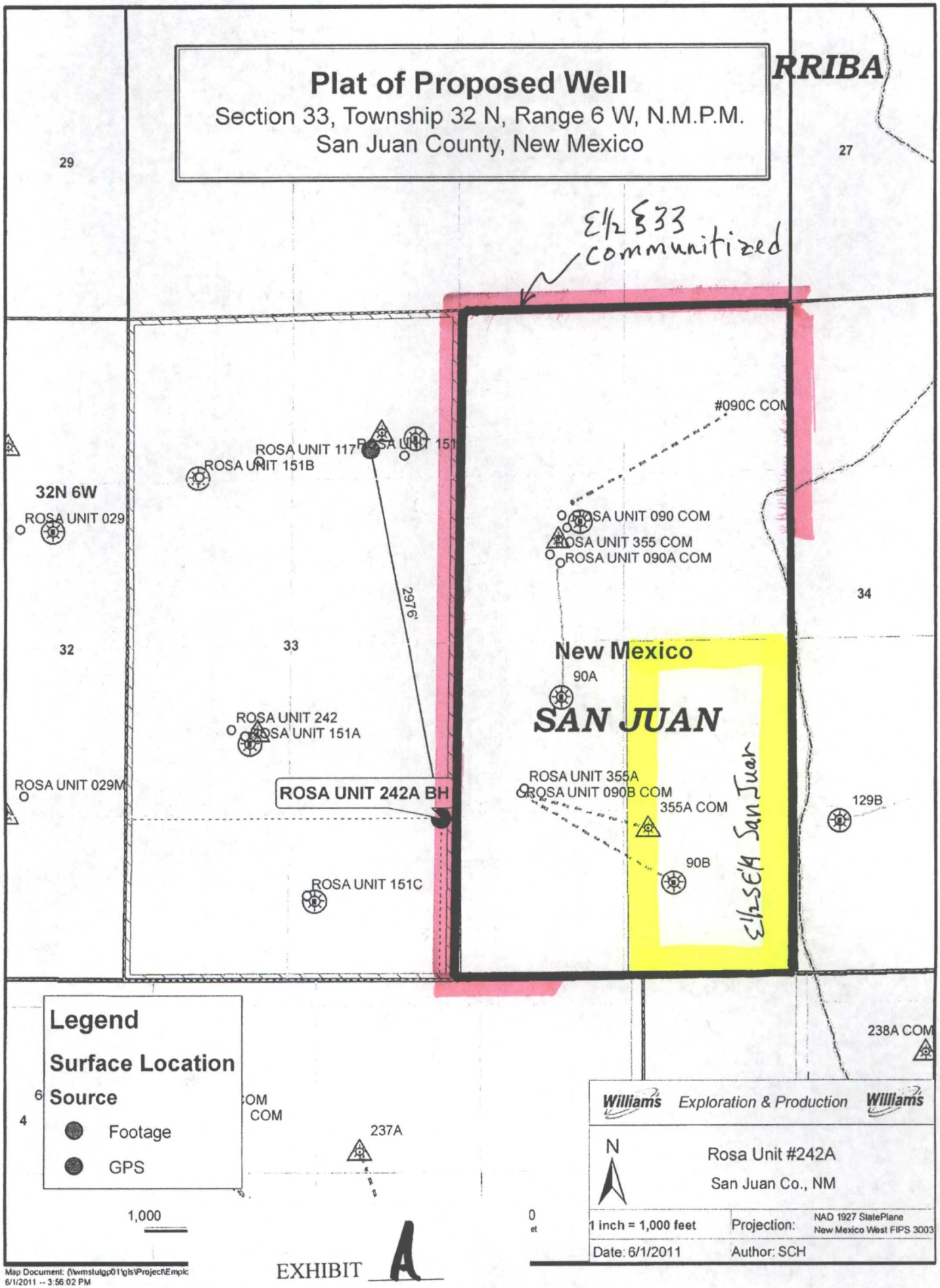
Plat of Proposed Well
Section 33, Township 32 N, Range 6 W, N.M.P.M.
San Juan County, New Mexico
RRIBA
29
27
E1/2 S33 communitized
#090C COM
ROSA UNIT 117
ROSA UNIT 151
ROSA UNIT 151B
32N 6W
ROSA UNIT 029
ROSA UNIT 090 COM
ROSA UNIT 355 COM
ROSA UNIT 090A COM
2976'
34
32
33
New Mexico
90A
SAN JUAN
ROSA UNIT 242
ROSA UNIT 151A
ROSA UNIT 029M
ROSA UNIT 242A BH
ROSA UNIT 355A
ROSA UNIT 090B COM
355A COM
129B
90B
E1/2SE/4 San Juan
ROSA UNIT 151C
238A COM
237A
Legend
Surface Location
Source
Footage
GPS
1,000
N
Williams Exploration & Production Williams
Rosa Unit #242A
San Juan Co., NM
1 inch = 1,000 feet
Projection: NAD 1927 StatePlane New Mexico West FIPS 3003
Date: 6/1/2011
Author: SCH
Map Document: (\\wmstulgp01\gis\Project\Empic
6/1/2011 -- 3:56:02 PM

EXHIBIT A

**From:** SJB Landman <landman@sanjuanbasin.com>
**To:** jamesbruc <jamesbruc@aol.com>
**Subject:** FW: NMOCD Case No. ???? App for Simultaneous Dedication Rosa Unit 242 &242A
**Date:** Thu, Aug 11, 2011 6:21 pm

-----Original Message-----
From: Hansen, Vern [mailto:Vern.Hansen@Williams.com]
Sent: Friday, July 15, 2011 3:55 PM
To: SJB Landman
Cc: Jerry McHugh; Pickup, Barbara; McQueen, Ken; Malone, Lisa; West, Brennan; jamesbruc@aol.com; Ocean Munds-Dry
Subject: RE: NMOCD Case No. ???? App for Simultaneous Dedication Rosa Unit 242 &242A

I was under the impression that both of the wells in the E/2 were directional but it could be that the 90A is the impediment on the #355. These are questions that the technical staff needs to address directly and they are out today. However I don't believe that we have any intention of moving the wellbore of the #242A to be 660' off the Spacing Unit boundary as this acreage is dedicated to the Rosa Unit Fruitland Coal Participating Area. I believe that this would adversely affect the efficiency of the reservoir drainage.

-----Original Message-----
From: SJB Landman [mailto:landman@sanjuanbasin.com]
Sent: Friday, July 15, 2011 3:30 PM
To: Hansen, Vern
Cc: Jerry McHugh; Pickup, Barbara; McQueen, Ken; Malone, Lisa; West, Brennan; jamesbruc@aol.com
Subject: RE: NMOCD Case No. ???? App for Simultaneous Dedication Rosa Unit 242 &242A

Dear Vern:

In response to your prior email, it looks as if this proposed wellbore & lateral could go straight south from the surface location (1,932 FWL), or even your kick off @ 1980' FWL, and still be approx 1,000'feet from parent well/straight hole in NWSW of 33. The #355A surface & BHL in SE of 33 look to be of no concern as to interference.

Please confirm the parent FC #355 in the SWNE, is not a directional well (based upon your plat). If that is the case, then perhaps that is a lateral candidate, although tricky perhaps with the #90A Com so close.

Thanks much.

Best regards,

Sheryl

Sheryl Olson
Land Manager
landman@sanjuanbasin.com

-----Original Message-----
From: Hansen, Vern [mailto:Vern.Hansen@Williams.com]
Sent: Friday, July 15, 2011 12:30 PM
To: SJB Landman
Cc: Jerry McHugh; Pickup, Barbara; McQueen, Ken; Malone, Lisa; West, Brennan
Subject: RE: NMOCD Case No. ???? App for Simultaneous Dedication F

EXHIBIT B

Unit 242 &242A

You had emailed Brennan, he is also out. Most people have every other Friday off or are on half day Fridays.

Yesterday after we talked I asked again on the possibility of the 2 wells in the E/2 of the section. The reason we can't do horizontal laterals on E/2 wells is that they are directional wells drilled under the lake. To kick off a horizontal lateral from the BHL of either of those wells would require an approximate 90 degree angle to drill the horizontal section and still remain in the spacing unit. Difficult and expensive to do.

I haven't looked into it but there is the possibility of designating a special project area where the horizontal laterals could cross spacing unit boundaries for those wells that are in this situation. It would require agreement of the parties and would depend on the existing wellbore configurations. I doubt we could get everything in place before the seasonal closures in Rosa. Availability of adequate drilling equipment for the type of operation may also be a problem.

-----Original Message-----
From: SJB Landman [mailto:landman@sanjuanbasin.com]
Sent: Friday, July 15, 2011 11:58 AM
To: Hansen, Vern
Cc: Jerry McHugh
Subject: FW: NMOCD Case No. ???? App for Simultaneous Dedication Rosa Unit 242 &242A
Importance: High

Vern:

Given the location of the existing wellbores in the W/2 of Section 33, please ask your geologist to help clarify why the horizontal is not designed to go basically South rather than SE?

Thanks much.

Sheryl

Sheryl Olson
landman@sanjuanbasin.com

-----Original Message-----
From: West, Brennan [mailto:Brennan.West@Williams.com]
Sent: Monday, July 11, 2011 4:23 PM
To: SJB Landman
Subject: RE: NMOCD Case No. ???? App for Simultaneous Dedication Rosa Unit 242 &242A

Sheryl,

Per our conversation, please see attached plat.

Thanks,
Brennan

-----Original Message-----
From: SJB Landman [mailto:landman@sanjuanbasin.com]
Sent: Friday, July 08, 2011 4:52 PM
To: Hansen, Vern; West, Brennan
Cc: jamesoruc@aol.com; Ocean Munds-Dry; Rick Harris; kipj@mcelvainoillandgas.com
Subject: FW: NMOCD Case No. ???? App for Simultaneous Dedication Rosa Unit 242 &242A

Dear Vern & Brennan: