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May 18, 2011

Via Hand Delivery

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

Case 14663

RECEIVED OCD
2011 MAY 18 P 3:14

Re: Application of Williams Production Co., LLC for An Exception to the Special Rules and Regulations for the Basin Mancos Gas Pool to Allow Increased Well Density in the Rosa Unit, San Juan and Rio Arriba Counties, New Mexico.

Dear Ms. Bailey:

Enclosed is the application of Williams Production Company, LLC in the above-referenced case as well as a copy of a legal advertisement. Williams requests that this matter be placed on the docket for the June 23, 2011 Examiner hearings.

Sincerely,

Ocean Munds-Dry

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for Holland & Hart ^{LLP}

cc: Mr. Ken McQueen

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

2011

**IN THE MATTER OF THE APPLICATION OF WILLIAMS PRODUCTION CO.,
LLC FOR AN EXCEPTION TO THE SPECIAL RULES AND REGULATIONS
FOR THE BASIN MANCOS GAS POOL TO INCREASE THE WELL DENSITY
REQUIREMENTS IN THE ROSA UNIT, SAN JUAN AND RIO ARRIBA
COUNTIES, NEW MEXICO.**

CASE NO. 14663

APPLICATION

WILLIAMS PRODUCTION COMPANY, LLC, ("Williams") through its undersigned attorneys, hereby makes application to the Oil Conservation Division for exceptions to the Special Rules and Regulations for the Basin Mancos Gas Pool to allow for increased well density in the Rosa Unit, San Juan and Rio Arriba Counties and in support of this application states:

1. Williams is a working interest owner and the designated operator of the Rosa Unit. The horizontal limits of said Unit Area are described as follows:

Township 32 North, Range 6 West

Section 32-36: All

Township 31 North, Range 6 West

Sections 1 -3: All

Sections 4, 5, 8-17, 21-26: All

Township 31 North Range 5 West

Sections 3-36: All

Township 31 North Range 4 West

Sections 1-31: All

2. Williams operates wells located in the Rosa Unit that produce natural gas from the Basin Mancos Gas Pool. This pool is governed by the Special Rules and Regulations for the Basin Mancos Gas Pool (Order R-12984) which provide for 320-acre gas proration units (GPU) with up to four wells drilled on each standard GPU. Wells may be drilled no closer than 660 feet to the outer boundary of the GPU and no closer than 10 feet to any interior quarter-quarter line or subdivision inner boundary.

3. Williams requests an exception to the Special Rules and Regulations for the Basin Mancos Gas Pool to increase well density to 8 Mancos wells per 320-acre spacing unit in the Rosa Unit.

4. Williams believes this spacing is necessary for incremental recovery.

5. Exhibit A to this application is a list of affected persons as defined by Division Rules. Williams has given notice to the listed parties in accordance with Division Rules.

6. Approval of this application will result in the production of hydrocarbons which otherwise will not be produced and will be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Williams Production Company, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 23, 2011 and, after notice and hearing as required by law, that the application be approved.

Respectfully submitted,

HOLLAND & HART LLP

By: Ocean Munds-Dry
Ocean Munds-Dry

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EXHIBIT A
WILLIAMS PRODUCTION CO., LLC's NOTICE LIST FOR ROSA UNIT

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CASE 14663: **Application of Williams Production Co., LLC for An Exception to the Special Rules and Regulations for the Basin Mancos Gas Pool for Increased Well Density in the Rosa Unit, San Juan and Rio Arriba Counties, New Mexico.** Applicant, in the above-styled cause seeks exceptions to the Special Rules and Regulations for the Basin Mancos Gas Pool to allow up to 8 Mancos wells per 320-acre spacing unit in the Rosa Unit, San Juan and Rio Arriba Counties. Said area is located approximately 9 miles southeast of Arboles, Colorado.