

**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 CO., LLC, FOR NON-
STANDARD GAS SPACING AND PRORATION UNITS IN THE BASIN-
MANCOS GAS POOL, ROSA UNIT, SAN JUAN AND RIO ARRIBA COUNTIES,
NEW MEXICO.**

**CASE NO. 14241
ORDER NO. R-13068**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a. m. on November 13, 2008 at Santa Fe, New Mexico, before Examiners Richard Ezeanyim, Terry Warnell, and David Brooks.

NOW, on this 18th day of December 2008, 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 ("Applicant" or "Williams"), seeks approval of non-standard gas spacing and proration units in the Basin-Mancos Gas Pool within the Rosa Unit in Township 31 North, Ranges 5 and 6 West, NMPM. Williams seeks to form these non-standard spacing units in conformity with units approved under Order No. R-2046, as amended, for wells completed in the Dakota formation in the Unit Area.
- (3) No operator or other party appeared in the case in opposition to the application.
- (4) Williams is the present operator of the Rosa Unit, which was approved by Division Order No. 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 lands in San Juan and Rio Arriba counties, as described below:

Township 32 North, Range 6 West, NMPM

Sections 32 through 36: All

Township 31 North, Range 6 West, NMPM

Sections 1 through 5: All

Sections 8 through 17: All

Sections 21 through 26: All

Township 31 North, Range 5 West, NMPM

Sections 3 through 36: All

Township 31 North, Range 4 West, NMPM

Sections 1 through 31: All

(5) Division Order No. R-2046 (Case No. 2327), dated August 14, 1961 established non-standard proration units in the Basin-Dakota Gas Pool in Townships 29 through 32 North, Ranges 4 through 9 and 11 through 13 West, in San Juan County, New Mexico due to irregular sections resulting from survey corrections in the United States Public Lands Survey. Division Order No. R-2046-A (Case No. 7479), dated March 2, 1982 amended Order No. R-2046 by deleting certain non-standard spacing and proration units and creating additional non-standard units.

(6) Division Order Nos. R-2046 and R-2046-A were again amended in Division Order No. R-2046-B (Case No. 13939) dated July 18, 2007. Order No. R-2046-B amended and corrected some of the units in previous orders to reflect actual drilling patterns and the formation of Participating Areas in the Rosa Unit. Also previous well dedications and spacing orders were inconsistent with Order Nos. R-2046 and R-2046-A. These inconsistencies were corrected in Order No. 2046-B.

(7) Williams Production Company appeared through legal counsel and presented the following testimony:

(a) Williams has an ongoing Mancos development program underway. Part of this program will include commingling production from the Mancos with production from the Dakota formation.

(b) The Special Pool Rules for the Basin-Mancos Gas Pool and the Basin- Dakota Gas Pool are consistent and will efficiently allow for dual production of the Mancos and the Dakota formations to occur.

(c) In order to dedicate the Mancos wells to the same non-standard spacing and proration units approved under Order Nos. R-2046-A and R-2046-B for the Dakota formation, it would be necessary for Williams to individually apply for a non-

standard spacing unit for each unit.

(d) Accordingly, Williams seeks approval of non-standard spacing units in the Rosa Unit for the Mancos formation to be consistent with the existing non-standard units in the Dakota formation and as identified in Order Nos. R-2046-A and R-2046-B. A complete list of the non-standard units is shown in **Exhibit A** attached to this order.

(e) Under the terms of the Unit Agreement and the Unit Operating Agreement governing the Rosa Unit, production from the wells in a participating area is allocated to all interests on the basis of acreage included in the participating area, and not on the basis of ownership in particular spacing units. Therefore, interest owners in the affected portions of the Unit will not be adversely affected by the creation of non-standard spacing units for the Mancos.

(f) Allowing the same non-standard spacing units for the Mancos wells as for the Dakota wells, will facilitate efficient unit production and the economic production of the Mancos formation, thereby preventing waste.

(8) Williams has 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.

(9) This application should be approved.

IT IS THEREFORE ORDERED THAT:

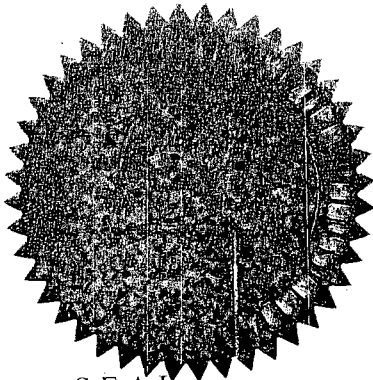
(1) The application of Williams Production Company, LLC (OGRID 120782) requesting approval of certain non-standard spacing units is hereby approved.

(2) Non-standard units are hereby established in the Basin-Mancos Gas Pool, as shown in **Exhibit A** attached to this Order.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Case No. 14241
Order No. R-13068
Page 4

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
DIRECTOR

Exhibit A

Case No. 14241
Order No. R-13068

Township 31 North, Range 4 West

<u>Tract</u>	<u>Acreage</u>	<u>Section</u>	
A	331.82	1	E/2
B	327.26	1	W/2
C	326.90	2	E/2
D	326.62	2	W/2
E	326.52	3	E/2
F	326.60	3	W/2
G	326.57	4	E/2
H	326.43	4	W/2
I	326.49	5	E/2
J	326.69	5	W/2
K	316.40	6	N/2
L	305.44	6	S/2
M	305.67	7	N/2
N	305.89	7	S/2
O	306.11	18	N/2
P	306.33	18	S/2
Q	306.53	19	N/2
R	306.71	19	S/2
S	306.90	30	N/2
T	307.10	30	S/2
U	307.31	31	N/2
V	307.53	31	S/2

Township 31 North, Range 5 West

<u>Tract</u>	<u>Acreage</u>	<u>Section</u>	
1	264.56	6	All
2	231.86	7	N/2
3	231.9	7	S/2
4	231.89	18	N/2
5	231.83	18	S/2
6	232.03	19	N/2
7	232.43	19	S/2
8	232.69	30	N/2

9	232.79	30	S/2
10	232.89	31	N/2
11	232.99	31	S/2
C	368.40	3	All
D	368.28	4	All
E	367.96	5	All

Township 31 North, Range 6 West

<u>Tract</u>	<u>Acreage</u>	<u>Section</u>	
12	353	3	All
		4	That Portion Of Tract 37 Lying In Section 4
13	343.23	4	All, Except That Portion Of Tract 37 Lying In This Section
14	271.17	12	N/2
15	271.35	12	S/2
16	233.39	13	E/2 Equivalent
17	320	13	W/2
18	233.92	24	E/2 Equivalent
19	320	24	W/2
B	356.26	2	ALL
E	350.16	5	ALL
3	272.16	25	N/2
4	272.32	25	S/2