

November 12, 2008

Richard Ezeanyim
Hearing Examiner
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 14240 - Williams Production Company LLC's Application to Abolish or Contract the Gallup Pools on the Rosa Unit, San Juan and Rio Arriba Counties, New Mexico.

Mr. Ezeanyim:

I support Williams Production Company LLC's Application to Abolish or Contract All Gallup Pools in the Rosa Unit, San Juan and Rio Arriba Counties. I understand from the application that Williams seeks to have production from existing Gallup wells dedicated instead to the Basin Mancos Gas Pool. The original intent we had when we started working on this project was to do away with the Gallup pools and simplify the process of producing gas from the Mesaverde Group and the Mancos and Dakota formations.

The Basin Mancos Gas Pool was created by Division Order No. R-12984 on September 3, 2008. The Basin Mancos Gas Pool covers all of Rio Arriba and San Juan Counties except for the areas included in the existing Gallup, Tocito and Mancos pools and includes parts of Sandoval County. The division order also contracted and expanded several Gallup pools. Leaving those Gallup pools, as amended, represented a compromise for those operators who would have difficulty accounting to their interest owners if the Gallup pools were eliminated and different Basin Mancos spacing and density rules applied.

However, eliminating the Gallup pools in the Rosa Unit makes sense because it is a federal unit and as I understand from Williams, there are no ownership issues. Also, from a geologic perspective, the Gallup pool vertical limits in the Rosa Unit are included within what the Division has designated the Basin Mancos formation and pool. This solution fits in well with the original intent for establishing the Basin Mancos Pool.

Sincerely,

Steve Hayden
District Geologist
NMOCD District 3