

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

APPLICATION OF WILLIAMS PRODUCTION COMPANY, LLC FOR EXCEPTION
TO THE PROVISIONS OF RULE 19.15.16, OR IN THE ALTERNATIVE, A SPECIAL
RULE FOR THE ROSA UNIT, THAT AUTHORIZES THE USE OF THE POINT WHERE
THE DIRECTIONAL WELLBORE PENETRATES THE TOP OF THE PRODUCING
INTERVAL WITHIN THE POOL AS THE PENETRATION POINT FOR THE
DIRECTIONAL WELLS IN THE ROSA UNIT AREA, SAN JUAN AND RIO ARRIBA
COUNTIES, NEW MEXICO.

CASE NO. 14290

ENTRY OF APPEARANCE
& PRE-HEARING STATEMENT

The Oil Conservation Division submits this entry of appearance and pre-hearing statement pursuant to OCD Rule 19.15.4.10 NMAC.

APPEARANCES

APPLICANT

XERIC OIL & GAS CORP.

APPLICANT'S ATTORNEY

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OTHER PARTIES

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ATTORNEY

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STATEMENT OF THE CASE

Applicant Williams is seeking an exception to the provisions of Rule 19.15.16, or, alternatively, the creation of a special rule for the Rosa Unit that would authorize the use of the point where a directional wellbore penetrates the top of the

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(see amended)

producing interval within a pool as the penetration point for directional wells drilled in the Rosa Unit Area.

TOWNSHIP 31 NORTH, RANGE 4 WEST, NMPM

Sections 1 through 31: All

TOWNSHIP 31 NORTH, RANGE 5 WEST, NMPM

Sections 3 through 36: All

TOWNSHIP 31 NORTH, RANGE 6 WEST, NMPM

Sections 1-5: All

Sections 8-17: All

Sections 21-26: All

TOWNSHIP 32 NORTH, RANGE 6 WEST, NMPM

Sections 32-36: All

The OCD is not wholly opposed to the Applicant's request. However, the OCD does have some concerns that it would like the Division to address in considering this application. If Williams sets the intermediate casing and cement at the top of the producing interval of a given well, then the lateral will start from the casing shoe, which is acceptable. If, however, the intermediate casing is set at some point above this point, then the OCD would recommend Williams be required to run and, produce to the OCD for review, a mud log for purposes of demonstrating that the interval from the top of the pool to the start of productive interval does not release gas and oil to the open hole (non-cemented) casing.

DIVISION'S PROPOSED EVIDENCE

WITNESS:

Steven Hayden, OCD District III Geologist ***by telephone***

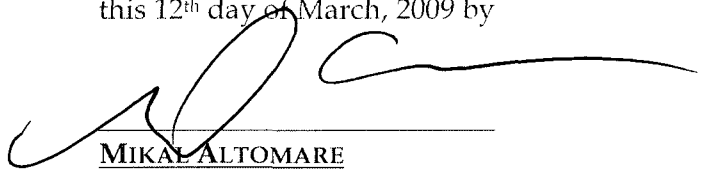
ESTIMATED TIME:

20 minutes

PROCEDURAL MATTERS

None.


Respectfully submitted
this 12th day of March, 2009 by

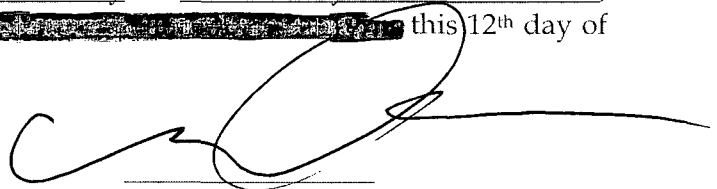


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was emailed to counsel for Williams Production Co., Ms. Ocean Munds-Dry at OMundsDry@HollandHart.com,  this 12th day of March, 2009.



Mikal Altomare