

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

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IN THE MATTER OF THE HEARING CALLED BY THE  
OIL CONSERVATION DIVISION FOR THE PURPOSES  
OF CONSIDERING:

CASE NO. 14290

APPLICATION OF WILLIAMS PRODUCTION COMPANY, LLC FOR APPROVAL  
OF AN 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 DIRECTINAL WELLS IN THE ROSA UNIT AREA,  
SAN JUAN AND RIO ARriba COUNTIES, NEW MEXICO.

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil  
Conservation Division.

**APPEARANCES OF PARTIES**

APPLICANT

Vern Hansen  
Williams Production Co.  
Post Office Box 3102  
Tulsa, Oklahoma 74101

ATTORNEY

Ocean Munds-Dry  
Holland & Hart LLP  
110 N. Guadalupe St. Suite 1  
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OTHER PARTIES

Oil Conservation Division

ATTORNEY

Mikal Altomare  
Oil Conservation Division  
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## STATEMENT OF CASE

### APPLICANT

Applicant seeks 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 producing interval within a pool as the penetration point for directional wells drilled in the Rosa Unit Area. The "penetration point" is defined in NMAC 19.15.16.7(F) as "the point where a directional well penetrates the top of the pool from which it is intended to produce." Compliance with the provisions of Rule 19.15.16 prevents the penetration of a significant portion of the productive formation in each producing interval. This definition creates a situation where Williams may have to apply for a non-standard well location (penetration point) for the well even though the well will be at a standard location at the first perforation or at the start of the cemented liner. Williams therefore requests an exception or a special rule that allows the penetration point to be defined as at the end of the cemented intermediate liner or casing when the production string is uncemented or if the production string is cemented at the occurrence of the first perforation. The definition for a "producing interval" would also be modified accordingly to the amended definition of the penetration point to the terminus. NMAC 19.15.16.6(H).

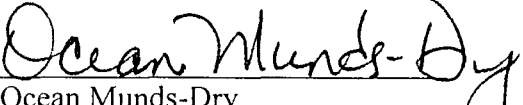
## PROPOSED EVIDENCE

### APPLICANT

WITNESSES	ESTIMATED TIME	EXHIBITS
Vern Hansen, Landman	10 minutes	Approx. 5
Ken McQueen, Petroleum Engineer	15 minutes	Approx. 5

## PROCEDURAL MATTERS

Williams has none at this time.

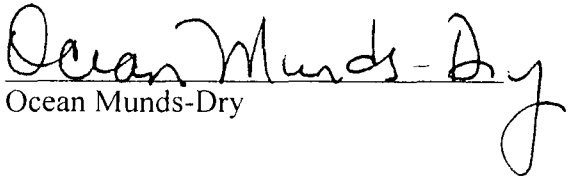
  
Ocean Munds-Dry  
Attorney for Williams Production Co., LLC

## CERTIFICATE OF SERVICE

I certify that on October 8, 2009 I served a copy of the foregoing document to the following by:

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