

**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:**

**CASE NO. 14335
ORDER NO. R-13200**

**APPLICATION OF WILLIAMS PRODUCTION COMPANY, LLC FOR PRE-
APPROVAL OF NON-STANDARD LOCATIONS IN THE ROSA UNIT, SAN
JUAN AND RIO ARRIBA COUNTIES, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 15, 2009, at Santa Fe, New Mexico, before Examiner Terry Warnell.

NOW, on this 16th day of December, 2009, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Williams Production Co., LLC ("Williams" or "Applicant") seeks an order allowing for pre-approval of non-standard locations in the Rosa Unit, San Juan and Rio Arriba Counties, New Mexico.

(3) Williams is a working interest owner and the designated operator of the Rosa Unit. The Unit was approved by Division Order No. 759, in Case No. 133 dated April 22, 1948, and currently encompasses 54,209.49 acres, more or less, of federal, state and fee lands in San Juan and Rio Arriba Counties, New Mexico with horizontal limits of said Unit Area described as follows:

Township 32 North, Range 6 West, NMPM

Sections 32-36: All

Township 31 North, Range 6 West, NMPM

Sections 1 -3: All

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

Township 31 North, Range 5 West, NMPM

Sections 3-36: All

Township 31 North, Range 4 West, NMPM

Sections 1-31: All

(4) At the hearing, Applicant appeared through legal counsel and presented land and engineering testimony and evidence to the effect that:

(a) The Applicant currently produces from the Fruitland, the Pictured Cliffs, the Mesaverde, the Mancos and the Dakota formations.

(b) Applicant is comingling multiple completions and currently has commingled production from the Pictured Cliffs and Mesaverde formations, the Mesaverde and the Dakota formations and commingled the Mesaverde, Mancos and Dakota formations.

(c) Williams has a number of complicating issues in the Rosa Unit that force them to utilize non-standard locations. Because of topographical, archeological, geological and cultural factors, it is difficult for them to comply with Division well location rules.

(d) Additionally, in the federal tracts, Williams is required to create Participating Areas. Because these Participating Areas often overlap and Williams often commingles production, a well may be standard in one pool and non-standard in another pool.

(e) In the past two years they have completed 45 non-standard location drill sites.

(f) This application has been reviewed with the United States Bureau of Land Management and OCD. Neither opposes this application.

(g) Interest owners will not be negatively affected by the granting of this application.

(h) Notice was sent to all interest owners.

(5) Williams therefore seeks an order from the Division that authorizes wells to be drilled, completed and recompleted at unorthodox well locations in the Rosa Unit in the above-mentioned pools, provided that any such unorthodox well location is no closer than the required minimum orthodox distance (660 feet) from the outer boundary of the Unit or any non-participating, non-committed, or partially committed tract and no closer than 10 feet to any interior quarter section, or quarter-quarter section line, or subdivision inner boundary.

(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, the prevention of waste, and the protection of correlative rights.

(7) Williams has provided notice of this application and of this hearing to all affected interest owners including the United States Bureau of Land Management and the New Mexico State Land Office.

(8) No other party appeared at the hearing, or otherwise opposed the granting of this application.

(9) Accordingly this Application should be approved.

IT IS THEREFORE ORDERED THAT:

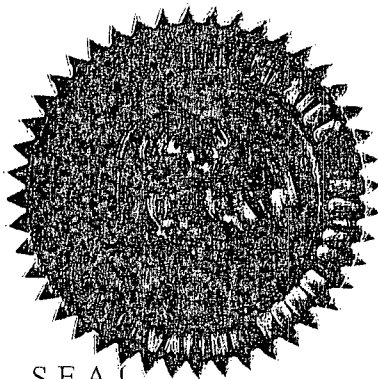
(1) Non-standard locations in the Rosa Unit for pools including the Basin-Fruitland Coal Gas Pool, Rosa-Pictured Cliffs Pool, East Blanco-Pictured Cliffs Pool, Carracas-Pictured Cliffs Pool, Blanco-Mesaverde Pool, Cottonwood-Fruitland Sand Pool, and the Basin-Mancos Pool that Williams produces as the unit operator are hereby approved, provided that any such location is at least 660 feet from the outer boundary of the Rosa Unit and at least 660 feet from any non-participating, non-committed, or partially committed tract and no closer than 10 feet to any interior quarter section, or quarter-quarter section line, or subdivision inner boundary.

(2) All other rules and regulations governing production from the Rosa Unit except those relating to well locations shall remain in full force and effect.

(3) The Division may, after notice and hearing, or without prior notice and hearing in the event of an emergency, terminate the authority granted herein.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

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

MARK E. FESMIRE, P.E.
Director