

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF
WILLIAMS PRODUCTION RMT COMPANY FOR
AN ORDER ESTABLISHING SPACING AND WELL
LOCATION RULES FOR THE WILLIAMS FORK
FORMATION OF THE MESAVERDE GROUP FOR
CERTAIN DESCRIBED LANDS IN THE RULISON,
PARACHUTE AND GRAND VALLEY FIELD
AREAS, GARFIELD COUNTY, COLORADO

CAUSE NO. 139, 140, 479 &
510

DOCKET NO. 0502-AW-06

APPLICATION

COMES NOW Williams Production RMT Company ("Applicant"), a Delaware corporation, by its attorneys, Gorsuch Kirgis LLP, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an order establishing spacing rules applicable to the drilling and producing of wells from the Williams Fork Formation of the Mesaverde Group covering certain described lands in the Rulison, Parachute and Grand Valley Field areas, Garfield County, Colorado and in support of its application states and alleges as follows:

1. That Applicant is a corporation duly authorized to conduct business in the State of Colorado.
2. That Applicant owns a leasehold interest in a substantial portion of the following described lands (hereinafter "Application Lands"):

Township 6 South, Range 94 West, 6th P.M.

Section 12: NE/4SE/4, SW/4SE/4

Section 13: NE/4, S/2NW/4

Section 14: S/2SW/4

Section 16: E/2NE/4

Section 21: SE/4NE/4

Section 23: N/2, NE/4SW/4

Section 27: NW/4NW/4

Section 29: SE/4NW/4, SW/4

Township 6 South, Range 95 West, 6th P.M.

Section 32: SE/4SE/4

Section 35: E/2NE/4, SW/4NE/4, SE/4NW/4, S/2

Section 36: SW/4SW/4

Township 7 South, Range 95 West, 6th P.M.

Section 2: N/2N/2, SW/4NW/4
Section 3: NE/4NE/4, NW/4
Section 4: N/2, NW/4SE/4
Section 5: NE/4, E/2NW/4, SW/4NW/4
Section 6: SE/4NE/4

Township 6 South, Range 96 West, 6th P.M.

Section 8: SW/4NE/4, S/2
Section 14: S/2
Section 23: N/2, SE/4, N/2SW/4, SE/4SW/4
Section 33: SE/4NE/4
Section 34: SW/4NW/4, NW/4SW/4

Township 7 South, Range 96 West, 6th P.M.

Section 1: SW/4SW/4
Section 2: SE/4SE/4
Section 11: NE/4NE/4, E/2SE/4
Section 12: W/2

3. That the following described Application Lands (or portions thereof) were approved as 640 acre drilling and spacing units for the Mesaverde Formation pursuant to the Commission's Order 440-12. As indicated, some of these Application Lands subsequently were granted increased density for the Williams Fork Formation of the Mesaverde Group.

Township 7 South, Range 95 West, 6th PM.

Section 3: NW/4, NE/4NE/4 (granted 20 acre density under Order 440-19)
Section 4: SW/4NW/4 (granted 40 acre density under Order 440-16)
Section 4: N/2N/2, S/2NE/4, SE/4NW/4, NW/4SE/4 (granted 20 acre density under Order 440-19)

4. That the following described Application Lands (or portions thereof) were approved as 320 acre drilling and spacing units for the Mesaverde Formation pursuant to the Commission's Orders 139-14, 440-12, 479-1 and 479-2. As indicated, some of these Application Lands subsequently were granted increased density for the Williams Fork Formation of the Mesaverde Group.

Township 6 South, Range 94 West, 6th P.M.

Section 12: NE/4SE/4, SW/4SE/4 (granted 40 acre density under Order 479-5)
Section 13: NE/4, S/2NW/4 (granted 40 acre density under Order 479-5)
Section 14: S/2SW/4 (granted 40 acre density under Order 479-5)
Section 16: E/2NE/4 (granted 40 acre density under Order 479-5)
Section 21: SE/4NE/4 (granted 40 acre density under Order 479-5)
Section 23: N/2, NE/4SW/4 (granted 40 acre density under Order 479-5)

Section 27: NW/4NW/4 (granted 40 acre density under Order 479-5)
Section 29: SE/4NW/4, SW/4 (granted 20 acre density under Order 479-7)

Township 6 South, Range 95 West, 6th P.M.

Section 32: SE/4SE/4 (granted 40 acre density under Order 440-16)
[Note: By variance granted by the Commission, the NE/4 and SE/4 were each made separate drilling and spacing units.]
Section 35: S/2, E/2NE/4, SW/4NE/4, SE/4NW/4 (granted 40 acre density under Order 44016)
Section 36: SW/4SW/4 (granted 40 acre density under Order 440-16)

Township 7 South, Range 95 West, 6th P.M.

Section 2: N/2N/2, SW/4NW/4 (granted 40 acre density under Order 440-16)
Section 5: NE/4, E/2NW/4, SW/4NW/4 (granted 40 acre density under Order 440-16)
Section 6: SE/4NE/4 (granted 40 acre density under Order 440-16)
[Note: By its order in Docket 440-27, the 320-acre drilling and spacing unit was segregated into two 160-acre drilling and spacing units consisting of NE/4 and NW/4 of Section 6]

Township 6 South, Range 96 West, 6th P.M.

Section 23: N/2, SE/4, N/2SW/4, SE/4SW/4 (granted 40 acre density under Order 479-5)
Section 34: NW/4SW/4 (granted 40 acre density under Order 479-5)
Section 34: SW/4NW/4 (granted 20 acre density under Order 479-7)

Township 7 South, Range 96 West 6th P.M.

Section 1: SW/4SW/4 (granted 40 acre density under Order 479-5)
Section 12: E/2SW/4
Section 12: W/2W/2, E/2NW/4 (granted 20 acre density under Order 479-7)

5. That the following described lands are unspaced and subject to the Commission's Rule 318(formerly Rule 316). As indicated, some of these Application Lands subsequently were granted new setback rules applicable to the location of Williams Fork wells which allowed increased density of such wells on the leases covering these lands.

Township 6 South, Range 96 West, 6th P.M.

Section 8: S/2, SW/4NE/4 (granted 400/800 feet setbacks under Order 510-1)
Section 14: S/2
Section 33: SE/4NE/4 (granted 400/800 feet setbacks under Order 510-1)

Township 7 South, Range 96 West, 6th P.M.

Section 2: SE/4SE/4 (granted 200/400 feet setbacks under Order 510-7)
Section 11: NE/4NE/4, E/2SE/4 (granted 200/400 feet setbacks under Order 510-7)

6. That Applicant has drilled, tested and completed multiple wells in the Williams Fork Formation of the Mesaverde Group upon the Application lands and other nearby lands.

7. That to promote efficient drainage within the Williams Fork Formation of the Mesaverde Group, the Commission should increase the number of wells which can be optionally drilled into and produced from the Williams Fork Formation of the Application Lands which constitute all or a part of existing drilling units to the equivalent of one Williams Fork well per 10 acres.

8. That as to the Application Lands which are unspaced, the Commission should allow all future Williams Fork wells drilled thereon to be located downhole anywhere upon such lands but no closer than 100 feet from the boundaries of any lease line unless such lease line abuts or corners lands in respect of which the Commission has not at the time of the drilling permit application granted the right to drill 10 acre density wells in which event the wells should be drilled downhole no closer than 200 feet from the lease line which so abuts or corners the lands in respect of which 10 acre density downhole drilling for Williams Fork wells has not been ordered by the Commission.

9. That as to all future Williams Fork wells to be drilled upon the Application Lands within drilling and spacing units, the well should be located downhole anywhere in the drilling and spacing unit but no closer than 100 feet from the boundaries of the unit without exception being granted by the Director of the Oil and Gas Conservation Commission. It is provided however that in cases where the Application Lands abut or corner lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10 acre density Williams Fork Wells, the well should be located downhole no closer than 200 feet from the boundary or boundaries of the drilling unit so abutting or cornering such lands without exception being granted by the Director of the Oil and Gas Conservation Commission.

10. That, except as previously authorized by order of the Commission, wells to be drilled under this Application will be drilled from the surface either vertically or directionally from no more than one pad located on a given quarter quarter section unless exception is granted by the Colorado Oil and Gas Conservation Commission pursuant to application made for such exception.

11. The granting of this application will not promote waste; will not violate correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir.

12. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in February, 2005, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated: December 22, 2004.

GORSUCH KIRGIS LLP

By: _____
William A. Keefe
Tower 1, Suite 1000
1515 Arapahoe Street
Denver, Colorado 80202

STATE OF COLORADO)
)
) ss.
CITY AND COUNTY OF DENVER)

Dean L. Tinsley, of lawful age, being first duly sworn upon oath, deposes and says that he is the Senior Staff Petroleum Engineer for Williams Production RMT Company and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Dean L. Tinsley

Subscribed and sworn to before me this 22nd day of December, 2004.

Witness my hand and official seal.

My commission expires:_____

Notary Public

EXHIBIT A

2005 10 ACRE APPLICATION NOTICE LIST FOR LANDS LOCATED IN T6S, R94W, T6&7S, R95W AND T6&7S, R96W GARFIELD COUNTY, COLORADO

Mark Bean, Garfield County
Planner
Garfield County Building &
Planning
108 8th Street, Suite 201
Glenwood Springs, Colorado
81601-3355

Bureau of Land Management
Attn: Mr. Wayne Bankert
2815 "H" Road
Grand Junction, CO 81506

Tom Brown, Inc. and
EnCana Oil & Gas (USA) Inc.
Attn: Mr. Dave Davenport,
Landman
370 17th Street, Suite 1700
Denver, CO 80202

Ms. Celeste C. Grynberg
c/o Grynberg Petroleum
Company
5299 DTC Blvd.
Prentice Point Bldg., #500
Greenwood Village, CO 80111

Ms. Sarah Del Orona and
Mr. Howard Orona
P.O. Box 1
Parachute, CO 81635

Firetrucks Northwest, Inc.
Attn: Mr. Joseph F. Feeley, Jr.,
President
0808 County Road 215
Parachute, CO 81635

Battlement Mesa Service
P.O. Box 6006
Battlement, CO 81636

Puckett Land Company
Attn: Mr. Robert Puckett
5460 South Quebec St., # 250
Greenwood Village, CO 80111

Petroleum Development
Corporation
Attn: Mr. Eric Stearns, Vice-
President
P.O. Box 26
Bridgeport, West Virginia
26330

ExxonMobil Oil Corporation
and Exxon Mobil Corporation
Attn: Mr. Brent Patterson
16825 Northchase Drive, Suite
200
Houston, TX 77060

ExxonMobil Oil Corporation
and Exxon Mobil Corporation
Attn: Mr. Christopher H.
Dunbar
396 West Greens Road
Houston, TX 77067

Yates Petroleum Corporation
Yates Drilling Company
ABO Petroleum Corporation
MYCO Industries, Inc.
105 S. Fourth St.
Artesia, NM 88210

Chevron U.S.A. Inc.
Attn: Mr. Lee Parker
11111 S. Wilcrest Drive
Houston, TX 77099

Town of Parachute
P.O. Box 100
Parachute, CO 81635

Union Pacific Real Estate
Division
Attn: Mr. Bill Ince
1800 Farnam Street
Omaha, Nebraska 68102

Burlington Northern & Santa Fe
Railway Company
2650 Lou Menk Drive
Ft. Worth, TX 76131-2830

Colorado Department of
Transportation
222 South 6th Street, Room 100
Grand Junction, CO 81501
Attn: Ms. Mike Verketis

Piceance Royalty Partnership
LLC
Attn: Mr. Lou Oswald
1557 Ogden St., Suite 300
Denver, CO 80218

Pioneer Natural Resources USA,
Inc.
Attn: Land Dept. (Piceance
Basin)
303 West Wall Street, Suite 101
Midland, TX 79701

Ms. Joan L. Savage
5953 County Road 320
Rifle, CO 81650

Mr. Robert E. Smith and
Ms. Naomi K. Spink
112 Home Ave.
Silt, CO 81652

Mr. Stuart D. Jensen and
Ms. Keri B. Jensen
6434 County Road 309
Parachute, CO 81635

Mr. Michael J. Mosby and
Ms. Betty Jo Mosby
0106 County Road 323
Rifle, CO 81650

John J. Watson
301 Heffernan Drive
West Haven, CT 06116

Barry J. Hicks
8895 Highway 6 and 24
Parachute, CO 81635

Shaunacy Addison Gates
3815 S. Utica
Tulsa, OK 74105

Woodard Bentley Gates
P.O.Box 703
Keller, TX 76244

Rex Elliot Gates
P.O.Box 1195
Jenks, OK 74037

Virgil Parkhurst
3015 "F" $\frac{3}{4}$ Road
Grand Junction, CO 81504

ROEC Inc.
528 S. Corona St.
Denver, CO 80209

Mark L. Shidler Inc.
1010 Lamar Suite 500
Houston, TX 77002

Ward N. Adkins Jr.
5519 Tupper Lake
Houston, TX 77056

Rock Eagle Ranch Corporation
P.O.Box 458
Bellaire, TX 77401

J C Petroleum Inc.
P.O.Box 1433
Chickasha, OK 73023

Energy Resource LLC
P.O.Box 711
Yankton, SD 57078

Energy Resource Group One
Inc.
P.O.Box 711
Yankton, SD 57078

Marks Oil Inc.
1775 Sherman St., Ste. 2990
Denver, CO 80203

Sonorin LLC
P.O.Box 80123
Phoenix, AZ 85060

Umetco Minerals Corporation
c/o John E. Nichols CMI
2301 Brazosport Blvd.
Freeport, TX 77541-3269

Ivo. E. Lindauer
269 Lodgepole Circle
Parachute, CO 81635

Sidney Lindauer
P.O. Box 626
Parachute, CO 81635

Garfield County School District
16
c/o Dr. Steven A. McKee,
Superintendent
P.O. Box 68
Parachute, CO 81635

Crystal Blanch Glenn and
George Glenn
200 Van Horn Lane
Parachute, CO 81635

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DOCKET NO.

AFFIDAVIT OF MAILING

STATE OF COLORADO)
)
CITY AND COUNTY OF DENVER) ss.

William A. Keefe of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for Williams Production RMT Company, that on December 22, 2004, he caused a copy of the attached Application in the subject docket to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

William A. Keefe

Subscribed and sworn to before me December 22, 2004.

Witness my hand and official seal.

My commission expires: January 24, 2005

Notary Public