

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 GRANTING AN EXCEPTION
LOCATION FOR THE GM 243-1 WELL LOCATED
IN SW/4NW/4 OF SECTION 1, TOWNSHIP 7
SOUTH, RANGE 96 WEST, GARFIELD COUNTY,
COLORADO

CAUSE NO. 440

DOCKET NO.

APPLICATION

COMES NOW Williams Production RMT Company ("Applicant"), a Delaware corporation, by its attorneys, Poulson, Odell & Peterson, LLC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an order granting an exception location for the GM 243-1 well. In support of its application, Applicant states and alleges as follows:

1. That Applicant is a corporation duly authorized to conduct business in the State of Colorado.
2. That the following described lands constitute a 320 acre drilling and spacing unit established for the Mesaverde Formation under the Commission's Order 479-1:

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

Section 1: N/2

(hereinafter "drilling unit")

3. That, pursuant to the Commission's Order 440-23, the S/2N/2 of the drilling unit was approved for the drilling of Williams Fork wells on a ten (10) acre density basis with each permitted well to be located no closer downhole than 100 feet to the drilling and spacing unit boundary unless the exterior lands of the unit boundary have not also been granted ten (10) acre density drilling for the Williams Fork Formation in which event the well may be located no closer downhole than 200 feet to the drilling and spacing unit boundary.
4. That on February 26, 2000, Barrett Resources Corporation (now Williams Production RMT Company) commenced the drilling of the GM-243-1 well from a location in the SW/4NW/4 of the drilling unit and completed same as a producer from the Williams Fork Formation thereafter. The well was not drilled directionally. Subsequently, due to the greater density of Williams Fork wells being drilled in the area, Applicant undertook to survey gyroscopically the entire length of each of its existing wells drilled in the general area of the drilling unit and discovered that the GM-243-1 well had a bottom hole location beyond the one hundred feet minimum setback requirement established by the Commission under Order 440-23

(see plat on attached Exhibit "A"). In fact the well's bottom hole location in the Williams Fork Formation was located entirely within the N/2S/2 of Section 1, the S/2 of said Section 1 having also been established as a 320 acre drilling and spacing unit under the Commission's Order 479-1 and in respect of which the N/2S/2 of such 320 acre drilling and spacing unit had also been approved for ten acre density drilling in the Williams Fork Formation pursuant to the Commission's Order 440-23.

5. Since the well was located downhole within the Williams Fork Formation completely within the S/2 of Section 1, Williams has and will undertake to compensate the net revenue interest owners in that 320 acre drilling and spacing unit for their share of 100% of the proceeds attributable to production from the well. As to the net revenue interests owners in the N/2 of Section 1 where the well was drilled from the surface, Williams has entered into an agreement with the Minerals Management Service which provides for payment to the MMS for a share of proceeds attributable to production from the well, such share to compensate for the fact that the Williams Fork downhole location in S/2 of Section 1 was not located inside the permitted setback from the boundary of the drilling and spacing unit. Williams also obtained a waiver from the only other working interest owner in the N/2 of Section 1 to any right to payment due to this setback violation. (See Exhibit "B" for a complete list of interest owners in both the N/2 of Section 1 and the S/2 of Section 1).

6. Williams respectfully requests that the Commission grant an exception location for the downhole location of the GM-243-1 well based upon the understanding that production from the well has been and will be allocated in conformance with Section 5 above.

6. That the granting of the described exception location will allow proper development of the Williams Fork Formation to occur; 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.

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

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in June, 2006; that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's request as set forth above.

Dated this _____ day of March, 2006.

POULSON, ODELL & PETERSON, LLC

By: _____

William A. Keefe
Suite 1400
1775 Sherman Street
Denver, Colorado 80203

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

Joseph P. Barrett, of lawful age, being first duly sworn upon oath, deposes and says that he is the Director of Land 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.

Joseph P. Barrett

Subscribed and sworn to before me this _____ day of March, 2006.

Witness my hand and official seal.

My commission expires:_____

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AFFIDAVIT OF MAILING

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

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 March ____, 2006 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 B to the Application.

William A. Keefe

Subscribed and sworn to before me March ____, 2006

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT "B"

INTERESTED PARTIES

GM 243-1 Well

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|---|---|
| Sarah Del & Howard Orona 0929 County Rd. 215 Parachute, CO 81535 | Freda Webb 3063 S. Sherrelwood Drive Canon City, CO 81212 |
| Joseph F. Feeley, Jr, Attorney Firetrucks Northwest Inc. 0808 City Rd, 215 Parachute, CO 81535 | Connie M. Luther P.O. Box 30133 Laughlin, NV 89028 |
| Encana Oil & Gas (US) Inc. ATTN: Land Manager 370 17 th Street, Suite 1700 Denver, CO 80202 | Wilbur E. Giem 1004 Red Canyon Rd. Canon City, CO 81212 |
| Mahaffey Minerals LLC 216 30 Road Grand Junction, CO 81503 | Carol L. Seal 1050 Josie Belle Canon City, CO 81212 |
| ExxonMobil Corporation P.O. Box 2024 Houston, TX 77252-2024 | Douglas W. Giem 400 North 12 th St. Canon City, CO 81212 |
| Jo Ann Marchand 1135 Kelly Creek Trail Canon City, CO 81212 | Clara M. Hamby 1439 Ash St. Pueblo, CO 81001 |
| Margaret Mahaffey Beckner 773 26½ Road Grand Junction, CO 81506 | Eugene W. Giem 1017 Sherman Canon City, CO 81212 |
| William F. Clough P.O. Box 686 Rifle, CO 81650 | Robert & Sharon Leborgne P.O. Box 515 Parachute, CO 81535 |
| Maureen Mahaffey Frederick 216 30 Road Grand Junction, CO 81503 | Evelyn G. McKay P.O. Box 186 Parachute, CO 81535 |

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| <p>Don K. DeFord, County Attorney Board of County Commissioners 108 8th Street, Suite 213 Glenwood Springs, CO 81601</p> <p>Barbara J. Hoffman 1056 McClellan Way Stockton, CA 95207</p> <p>Ivo E. Lindauer 269 Lodgepole Cr. Parachute, CO 81535</p> <p>Donna Joyce Mahaffey P.O. Box 492263 Redding, CA 96049-2263</p> <p>Averyl I. Mahaffey 1205 N. University Spokane Valley, WA 99206</p> <p>Merrill D. Mahaffey 4 Puerto Court Santa Fe, NM 87508</p> <p>Linda C. Mahaffey 9500 Harritt Rd., Space 126 Lakeside, CA 92040-6126</p> <p>Helen Marchand 4807 State Highway #9 Canon City, CO 81215-0830</p> <p>Clara L. Nash, Manager Clara L. Nash Company P.O. Box 830 Canon City, CO 81215-0830</p> <p>Laura B. Nash 1224 Harrison Ave.</p> | <p>Black Magic 2 LLC 1720 S. Bellaire Street, Suite 1209 Denver, CO 80222</p> <p>Sidney Lindauer, Trustee The Sidney and Ruth Lindauer Trust P.O. Box 626 Parachute, CO 81535</p> <p>Phyllis I. Giem 1222 South 1st St. Canon City, CO 81212</p> <p>Daniel Giem 1065 C R 13-A Florence, CO 81226</p> <p>Judy Young 137 Rio Grande Drive Canon City, CO 81212</p> <p>Margaret Sue Charles 6100 Summit Dr. N, #705 Brooklyn Ctr, MN 55430</p> <p>Margaret Sue Charles for the Margaret Sue Charles Life Estate 6100 Summit Dr. N, #705 Brooklyn Ctr., MN 55430</p> <p>Philip R. Mahaffey 542 Turkey Shoot Rd Pierson, FL 32180</p> <p>Margo L. Johnson 296 Nikolao Pl. Hilo, HI 96720-5474</p> <p>Don Lawrence, Trustee Don Lawrence Living Trust</p> |
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| Canon City, CO 81212 | P.O. Box 1141 Boise City, OK 73933 |
| City Attorney Town of Parachute P.O. Box 100 Parachute, CO 81635-0100 | Linda Willis 1648 Illinois Ave. Canon City, CO 81212 |
| Edra L. Piepho 849 Georgetown Place San Jose, CA 95126-3068 | Gary V. Marchand 4817 State Highway 9 Canon City, CO 81212 |
| Charles A. Shear Shear Inc. P.O. Box 426 Collbran, CO 81624 | William F. Vigil 1532 Willow Drive Cheyenne, WY 82001 |
| Charles A. Shear, Trustee The Mahaffey Brothers Trust P.O. Box 426 Collbran, CO 81624 | Ted E. Amsbaugh 2204 Avalon Rd. Billings, MT 59102-1196 |
| Robert D. Hall, Executor of the Estate of Mae Sherwood c/o Darrel G. Shumake, Atty. P.O. Box 73 Columbus, KS 66725 | AW Fleming and Company 14232 N. Honey Bee Tr Oro Valley, AZ 85737-4743 |
| Hazel Thorne 370 Spring Valley Parkway Spring Creek, NV 89815 | Jane G. Hancock GMW Company, a Partnership 4112 Windsor Pkwy Dallas, TX 75205 |
| Christina L. Snyder 8025 W. Ford Dr. Lakewood, CO 80226-4364 | Taku Resources Ltd. P.O. Box 3190 Centennial, CO 80161-3190 |
| William A. Keefe Poulson, Odell & Peterson, LLC 1775 Sherman St., Suite 1400 Denver, CO 80202 | Joseph P. Barrett Williams Production RMT Co. 1515 Arapahoe Street Tower 3, Suite 1000 Denver, CO 80202 |