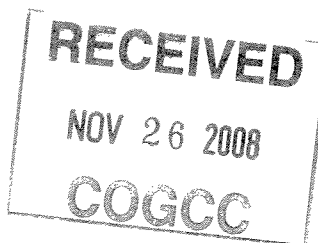




02054268

Ty Watson  
Regional VP Piceance Valley Asset  
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Denver, CO 80202

David Andrews, P.E., P.G.  
Engineering Supervisor NW Area  
1120 Lincoln St, Ste 801  
Denver, CO 80203

**EXPLORATION & PRODUCTION**

Tower 3, Suite 1000  
1515 Arapahoe Street  
Denver, CO 80202  
303/572-3900  
303/629-8282 fax

Re: NOAV 2053783 Burst Casing RWF 421-14 and other incidents

Dear Mr. Andrews,

Williams Production would like to formally apologize for our late notification of the production casing failure for the RWF 421-14 well and violation of Rule 301. It was not our intention to purposely bypass the COGCC in this matter but was an oversight on our part for which we take full responsibility. Williams Production holds itself to a very high standard as one of the model operators in the state of Colorado. We feel Williams has continued to set the bar high on integrity, operations, ingenuity, environmental, and safety. We have received many accolades from the COGCC on how we operate in Colorado.

The occurrence of not reporting a critical operational problem with the COGCC in not acceptable from Williams. It was not purposeful but an objectionable oversight and mistake. Not as an excuse but as a possible explanation, we have had a few new employees both in Denver and in the Parachute field operations that may not have known all the circumstances that the regulations require us to report to the COGCC. In addition, we continue to build an understanding of new personnel with the COGCC and their acceptable forms of communication. Corrective action will be taken by management and this matter will be rectified by reviews with operations and engineering staff on the current COGCC regulations of required notifications and sundries.

Comments I had been told by my staff from the COGCC staff is that the COGCC is concerned over a rash or "pattern" non-reporting or delinquencies in William's response. As stated above Williams did drop the ball on the above burst pipe incident. The other incidents I do not feel Williams dropped the ball and want to dispel any feelings of Williams not trying to be completely cooperative in our correspondences.

The other two incidents involved the Blac Frac spill and the spring testing at Prather. On the Blac Frac spill, Williams' Kent Rider did leave email, office phone, and cell phone messages for Chris Canfield as to the details that we knew at that time. We did not receive a return phone call until the following Tuesday. From there we did respond and furnished all the info that Chris requested.

On the Prather Benzene detection from spring testing, Williams took the lead on this project even though 3 other companies were involved as well. The Project coordinator was spending most of his time in the field running operations. At the same time we were using a 3<sup>rd</sup> party lab to run tests. Faxes may have laid somewhat idle at times from the lab to the coordinator due to his work schedule. This appears to be the case here. In any event, as soon as the coordinator received the info and got it into William's hands, Mike Paules made a call to the COGCC alerting them to the test hit albeit it was a week or so later than when it was actually seen in the lab. From William's previous long record of operations in the Piceance and the facts of how these events unfolded, I still stand by the fact that Williams has a good record of compliance with the regs and cooperating to the fullest extent with the staff of COGCC as evident that we are constantly told how "Williams gets it" and we do it the right way. I do not see any pattern of non-compliance as suggested. I am sure with the busy load that the COGCC has and the speed with which you turn things around that you can appreciate that everything is not always a perfect hand-off on information and communication.

Again we see Williams as being very diligent with reporting any and all regulatory situations to the COGCC in the past and see no "pattern" of abuse to the contrary. Williams will continue to abide by the regulations of the State and be a partner with the COGCC in Oil and Gas development in Colorado.

Thank you,

A handwritten signature in black ink, appearing to read 'Ty Watson', with a stylized, flowing script.

Ty Watson  
Regional VP – Piceance Valley Asset

Cc: David Neslin  
Trisha Beaver  
David Dillon  
Debbie Baldwin  
David Andrews