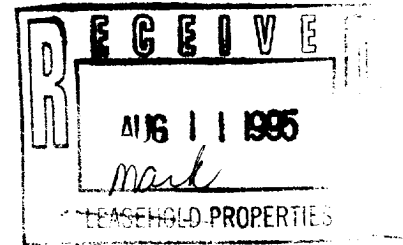




STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131



August 2, 1995

Williams Production Company
c/o Walsh Engineering & Production Corporation
7415 East Main
Farmington, New Mexico 87402

Attention: Paul C. Thompson

*Recd. 2/17 #90
G-33-32N-06W
Well file*

*RECEIVED
OCT 19 1995
OIL CON. DIV.
DIST. 3*

Administrative Order DD-108(NSBHL)

Dear Mr. Thompson:

Under the provisions of Division General Rule 111 (c), (d) and (e), and Rule 2(c) of the "General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Blanco-Mesaverde Pool", Walsh Engineering & Production Corporation, on behalf of the operator, Williams Production Company made application to the New Mexico Oil Conservation Division on June 27, 1995, for authorization to directional drill its proposed Rosa Unit Well No. 90-A to a pre-determined bottom-hole location in order to further develop the Blanco-Mesaverde Pool underlying an existing 320-acre standard gas spacing and proration unit ("GPU") comprising the E/2 of Section 33, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico.

The Division Director Finds That:

- (1) By Order No. R-8170, as amended, the Division promulgated the "General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Blanco-Mesaverde Pool", which includes provisions for 320-acre gas spacing and proration units and well location requirements whereby the initial well drilled on a GPU shall be located be no closer than 790 feet to the outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary and the infill well drilled on an existing GPU shall be in the quarter section not containing a Mesaverde gas well and shall be located with respect to the restrictions as previously described;

- (2) The E/2 of said Section 33 is currently dedicated to the applicant's Rosa Unit Well No. 90 (API No. 30-045-25370), located at a standard gas well location 1800 feet from the North line and 1810 feet from the East line (Unit G) of said Section 33;
- (3) The applicant/operator proposes to locate its proposed infill well on the same drilling pad as the aforementioned Rosa Unit Well No. 90 and directionally drill in such a manner as to bottom in the Blanco-Mesaverde Pool at an unorthodox bottomhole (infill) gas well location in the NW/4 SE/4 of said Section 33;
- (4) The application has been duly filed under the provisions of Rule 111(d) and (e) of the Division General Rules and Regulations and Rule 2(c) of the special Blanco-Mesaverde Pool rules;
- (5) Said spacing unit is within the applicant's Rosa Unit Area and therefore, has no offset operators other than themselves;
- (6) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 and said Rule 2(c) of the special Blanco-Mesaverde Pool rules have either been or will be met.

IT IS THEREFORE ORDERED THAT:

(1) Williams Production Company is hereby authorized to directionally drill its proposed Rosa Unit Well No. 90-A, the surface which shall be 2025 feet from the North line and 1875 feet from the East line (Unit G) of Section 33, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, by kicking-off from vertical in a northerly direction and drilling in such a manner as to bottom in the Blanco-Mesaverde Pool at an unorthodox bottomhole (infill) gas well location within a 50-foot radius of a point 1862 feet from the South line and 1875 feet from the East line (Unit J) of said Section 33. 1802 to 1912

PROVIDED HOWEVER THAT prior to commencing directional drilling operations into said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED HOWEVER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Aztec district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Aztec offices of the Division upon completion.

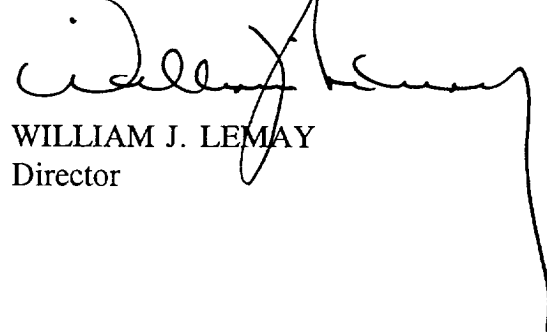
(3) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(4) Blanco-Mesaverde gas production from both the existing Rosa Unit Well No. 90 (API No. 30-045-25370), located at a standard gas well location 1800 feet from the North line and 1810 feet from the East line (Unit G) of said Section 33, and the proposed Rosa Unit Well No. 90-A, as described above, shall be attributed to the existing 320-acre standard gas spacing and proration unit comprising the E/2 of said Section 33.

(5) Jurisdiction of this cause 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



WILLIAM J. LEMAY
Director

S E A L

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
U. S. Bureau of Reclamation - Durango, Colorado

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OIL CON. DIV.
DIST. 2