



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



August 9, 2011

Williams Production Company
Attn: Ms. Heather Williams
P.O. Box 640
Aztec, NM 87410

Administrative Order SD-201109

Re: Rosa Unit Well No. 236A
API No. 30-045-31773
1007 feet FSL & 670 feet FEL
Unit P, Section 5, Twsp 31N, Range 6W
San Juan County, New Mexico

Dear Ms. Riley:

Reference is made to the following:

(a) your application (**administrative SD application reference No. pWVJ11-19656730**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 15, 2011; and

(b) the Division's records pertinent to your request.

Williams Production Company [OGRID 120782] (Williams) has requested to simultaneously dedicate an existing non-standard gas spacing unit consisting of all of irregular Section 5, Township 31 North, Range 6 West in San Juan County, New Mexico, in the Basin Fruitland Coal Gas Pool (71629), to:

(a) its proposed Rosa Unit Well No. 236A (API No. 30-045-31773) (the proposed well), a horizontal gas well to be drilled from a surface location 1007 feet from the South line and 670 feet from the East line (Unit P) of Section 5 to point of penetration of the Basin Fruitland Coal Gas Pool, 899 feet from the South line and 1054 feet from the East line (Unit P) of said section,

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and thence to a terminus, or bottom-hole location, 200 feet from the South line and 1750 feet from the West line (Unit N) of said section; and

(b) its existing Rosa Unit Well No. 236 (API No. 30-045-27411) (the existing well), a vertical gas well drilled to the Basin Fruitland Coal Gas Pool, located 1255 feet from the South line and 1535 feet from the West line (Unit N) of Section 5.

All of Section 5 is a non-standard 350-acre, more or less, gas spacing unit in the Basin Fruitland Coal Gas Pool. Applicable well density rules for this pool allow two wells to be completed in the unit, but require that the wells be in different quarter sections. Because the proposed well will be completed within both quarter sections of this 320-acre unit, including the southwest quarter, in which the existing well is also completed, division approval for simultaneous dedication is required.

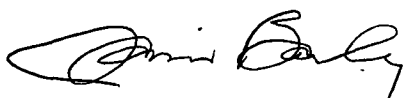
Your application has been duly filed under the provisions of Division Rules 15.11.C [19.15.15.11.C NMAC] and 4.12.A [19.15.4.12.A NMAC].

It is our understanding you have proposed the simultaneous dedication of this unit to the two wells described for geological reasons, in order to prevent waste and maximize production from this unit. We further understand that all affected persons in offsetting units within the Fruitland Coal formation have been duly notified of this application.

Pursuant to the authority granted by Rule 15.11.C, the above-described simultaneous dedication is hereby approved.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", with a stylized, cursive script.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management