



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

March 31, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Williams Production Company, L.L.C.
c/o **Walsh Engineering & Production Corp.**
7415 East Main
Farmington, New Mexico 87402

Attention: John C. Thompson
john@walsheng.net

Administrative Order NSL-5033

Dear Mr. Thompson:

Reference is made to the following: (i) your application on behalf of the operator, Williams Production Company, L.L.C. ("Williams") that was submitted to the New Mexico Oil Conservation Division ("Division") on March 8, 2004 (*administrative application reference No. pMES0-408629222*); and (ii) the Division's records in Aztec and Santa Fe: all concerning Williams's request for exceptions to the well location requirements provided within both the:

(A) "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002; and

(B) "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002:

Williams proposes to drill its Rosa Unit Well No. 153-B at an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 2620 feet from the South line and 545 feet from the East line (Unit I) of Section 17, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the E/2 of Section 17, which is currently dedicated to Williams's two: (i) Rosa Unit Well No. 153 (API No. 30-039-25524), located at a standard gas well location 985 feet from the South line and 1585 feet from the East line (Unit O) of Section 17; and (ii) Rosa Unit Well No. 153-A (API No. 30-039-26329), located at a standard infill gas well location 1085 feet from the North line and 720 feet from the East line (Unit A) of Section 17.

Gas production from the Basin-Dakota Pool is to be included within an existing standard 320-acre stand-up GPU that also comprises the E/2 of Section 17 that is currently dedicated to Williams's Rosa Unit Well No. 65 (API No. 30-039-21702), located at a standard gas well location 1140 feet from the North line and 860 feet from the East line (Unit A) of Section 17.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde infill gas well location for the above-described Raosa Unit Well No. 153-B is hereby approved. All of the aforementioned wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management - Farmington