



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

Division Administrative Order NSL-5035

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. pMES0-408629425*); and (ii) the Division's records in Aztec and Santa Fe: all concerning Williams's request for an exception to the well location requirements provided within the "*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, for Williams's proposed Rosa Unit Well No. 146-A to be drilled at an unorthodox infill gas well location 1105 feet from the North line and 10 feet from the West line (Unit D) of Section 28, Township 31 North, Range 5 West, NMPM, Blanco-Mesaverde Pool (72319), Rio Arriba County, New Mexico.

The Blanco-Mesaverde gas production from this well is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the W/2 of Section 28 that is currently dedicated to Williams's Rosa Unit Well No. 146 (API No. 30-039-25513), located at a standard gas well location 895 feet from the South line and 1850 feet from the West line (Unit N) of Section 28.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Blanco-Mesaverde Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Blanco-Mesaverde infill gas well location for Williams's proposed Rosa Unit Well No. 146-A is hereby approved. Further, both of the aforementioned Rosa Unit Wells No. 146 and 146-A, and existing 320-acre GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Blanco-Mesaverde Pool.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MS/mes

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