



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

August 10, 2004

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Williams Production Company, LLC
c/o **Holland & Hart LLP**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr
wcarr@hollandhart.com

Administrative Order NSL-5094

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Williams Production Company, LLC ("Williams") that was submitted to the New Mexico Oil Conservation Division ("Division") on June 7, 2004 (*administrative application reference No. pSEM0-416153178*); 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 its proposed Rosa Unit Com. Well No. 129-B (API No. 30-039-27625), to be drilled as a second Mesaverde infill well at an unorthodox subsurface location within an existing standard 320-acre stand-up spacing and proration unit ("GPU") comprising the W/2 of Section 34, Township 32 North, Range 6 West, NMPM, Blanco-Mesaverde Pool (72319), in both San Juan and Rio Arriba Counties, New Mexico.

This application has been duly filed under the provisions of Division Rules 104.F, 111.C (2), and 605.B and the applicable rules governing the Blanco-Mesaverde Pool.

This GPU is currently dedicated to Williams's:

(i) Rosa Unit Com. Well No. 129 (API No. 30-039-26304), located on the surface 1700 feet from the South line and 2010 feet from the West line (Unit K) of Section 34, Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, and completed with the Blanco-Mesaverde Pool at a standard subsurface location within the NW/4 of Section 34, Township 32 North, Range 6 West, NMPM, Blanco-Mesaverde Pool (72319), in both San Juan and Rio Arriba Counties, New Mexico; and

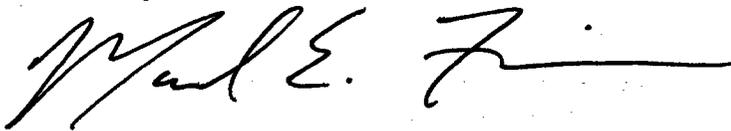
(ii) Rosa Unit Com. Well No. 129-A (API No. 30-039-26297), located at a standard gas well location 1680 feet from the South line and 1965 feet from the West line (Unit K) of Section 34, Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

The proposed Rosa Unit Com. Well No. 129-B, because of topographic, geological, and engineering reasons, will be spud at a surface location 1660 feet from the South line and 1875 feet from the West line (Unit K) of Section 34, Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, and directionally drilled to the west-southwest to a targeted unorthodox bottomhole location at an approximate depth of 6,475 feet within the Blanco-Mesaverde Pool 1290 feet from the South line and 400 feet from the West line (Unit M) of Section 34, Township 32 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described subsurface unorthodox Blanco-Mesaverde infill gas well location for Williams's Rosa Unit Com. Well No. 129-B is hereby approved. Further, all three of the aforementioned Rosa Unit Com. Wells No. 129, 129-A, and 129-B, and existing 320-acre GPU shall 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.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/mes

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