



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

August 30, 2004

Mark E. Fesmire, P.E.
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-5102

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 August 23, 2004 (*administrative application reference No. pSEM0-423729794*); (ii) your e-mail to Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division in Santa Fe on Friday, August 27, 2004; and (iii) the Division's records in Aztec and Santa Fe: all concerning Williams's request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for a non-standard infill gas well location within an existing 320-acre standard lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (71629) comprising the E/2 of Section 15, Township 31 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*"; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

This unit is currently dedicated to William's Rosa Unit Well No. 222 (API No. 30-039-24498), located at an unorthodox coal gas well location (approved by Division Order No. R-9322, issued in Case No. 10039 on October 19, 1990) 1910 feet from the North line and 635 feet from the East line (Unit H) of Section 15.

August 30, 2004

Page 2

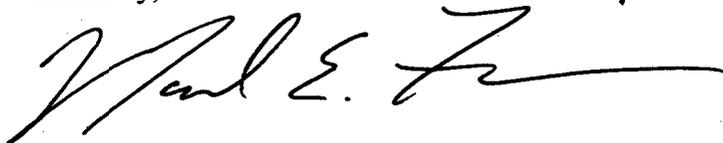
By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described unorthodox infill gas well location to be drilled within this 320-acre coal gas spacing unit is hereby approved:

**Rosa Unit Well No. 222-A
1645' FSL & 2180' FEL (Unit J).**

Further, Williams is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from its existing Rosa Unit Well No. 222 with the proposed Rosa Unit Well No. 222-A.

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
File: Case No. 10039