



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 20, 2007

Williams Production Company
P.O. Box 640
Aztec, New Mexico 87410

Attention: Ms. Heather Riley

Re: **Rosa Unit Well No. 188C**
API No. 30-039-29909
880' FSL & 2450' FWL, Unit N,
Section 34, T-31 North, R-5 West, NMPM,
Rio Arriba County, New Mexico

Administrative Order NSL-5657

Dear Ms. Riley:

Reference is made to the following:

- (a) Williams Production Company's ("Williams") application for a non-standard well location (*administrative application reference No. pCLP0717343219*) for the Rosa Unit Well No. 188C that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 22, 2007; and
- (b) the Division's records pertinent to Williams' request.

Williams requests authority to drill its Rosa Unit Well No. 188C to test the **Basin-Dakota (Prorated Gas – 71599) and Blanco-Mesaverde (Prorated Gas –72319) Pools** at a non-standard gas well location for the Dakota formation 880 feet from the South line and 2450 feet from the West line (Unit N) of Section 34, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The W/2 of Section 34 is to be dedicated to the well in the Basin-Dakota Gas Pool forming a standard 320-acre gas spacing and proration unit, and the well is also to be dedicated to an existing standard 320-acre gas spacing and proration unit in the Blanco-Mesaverde Gas Pool comprising the W/2 of Section 34. The Basin-Dakota and Blanco-Mesaverde Gas Pools are currently governed by special pool rules established by Division Order No. R-10987, as amended, which provide that for wells located **within federal exploratory units:**

- (a) a standard unit shall consist of 320 acres, more or less, comprising the N/2, S/2, E/2 or W/2 of a governmental section; and

- (b) wells may be drilled no closer than 10 feet from any section, quarter-section, or interior quarter-quarter section line or subdivision inner boundary; provided however, that in order to qualify for the more lenient well setback requirements, the well and gas proration unit (GPU) must meet the following criteria:

the well must be located within a GPU that is fully committed to the unit and must not be located adjacent to an existing or prospective GPU that is non-committed or partially committed to the unit;

the well must be located within a GPU that is within the Participating Area (PA) for that formation and must not be located adjacent to an existing or prospective GPU that is not within the PA for that formation.

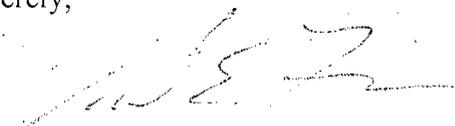
Williams' application stated that the well was originally proposed as a Blanco-Mesaverde Gas Pool test. The well was staked at the proposed location after consideration of engineering drainage data from existing Mesaverde gas wells, and in order to maximize the recovery of gas from the Mesaverde formation. The location is standard for the Blanco-Mesaverde Gas Pool since the proposed GPU and the adjacent GPU's are fully committed to the unit and are within the Mesaverde PA. However, the location is unorthodox for the Basin-Dakota Gas Pool since the proposed GPU and several of the adjacent GPU's are not located within the Dakota PA.

Williams is the offset operator of the affected acreage, being the E/2 of Section 34. Williams stated in its application that the interest ownership between the W/2 and the E/2 of Section 34 is common, therefore, notice of this application to any offset interest owner is not required.

Division records show that the Rosa Unit Well No. 188C will be the fourth well producing from the Blanco-Mesaverde Gas Pool, and the first well producing from the Basin-Dakota Gas Pool within the W/2 of Section 34. The existing Blanco-Mesaverde Gas Pool producing wells are the Williams Rosa Unit Wells No. 188 (API No. 30-039-26397), 188A (API No. 30-039-26396) and 188B (API No. 30-039-27605) located respectively in Units K, C, and E.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Basin-Dakota Gas Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

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cc: New Mexico Oil Conservation Division - Aztec
Bureau of Land Management-Farmington