



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 23, 2007

Williams Production Company, LLC

Attn: Ms. Heather Riley

P.O.Box 640

Aztec, NM 87410

Administrative Order NSL-5673

**Re: Rosa Unit Well Well No. 168C
A-28-31N-5W
Rio Arriba County**

Dear Ms Riley:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-21836661**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 3, 2007,

(b) supplemental information and waivers furnished with you e-mail communication dated August, 22, 2007

and

(b) the Division's records pertinent to this request.

Williams Production Co., LLC (Williams) has requested to drill its Rosa Unit Well No. 168C at an unorthodox Mesaverde and Dakota gas well location, 1275 feet from the North line and 280 feet from the East line (Unit A) of Section 28, Township 31 North, Range 5 West, N.M.P.M., in Rio Arriba County, New Mexico. The E/2 of Section 28 will be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit in the Blanco-Mesaverde Gas Pool (72319) and in the Basin-Dakota Gas Pool (71599).

Spacing in the Blanco-Mesaverde Gas Pool is governed by Rules I.A and I.C of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, as amended by Order No. R-10987-A(1), effective December 2, 2002, which generally provide for 320-acres units, with wells located at least 660 feet from a unit outer boundary. Spacing in the Basin-Dakota Gas Pool is governed by Rules II.A and II.C of the Special Rules and Regulations for the Basin-Daktoa Gas Pool, as amended by Order No. R-10987-B(2), effective January 29, 2002, which generally provide for 320-acres units, with wells located at least 660 feet from a unit outer boundary.

The proposed location is less than 660 feet from the eastern unit boundary. In the Mesaverde, the proposed location is located in a participating area, but encroaches toward a prospective spacing unit that is not included in the participating area. In the Dakota, the proposed location is not in a participating area. Accordingly, the general exceptions provided in the applicable pool rules to the 660-foot set-back requirement do not apply.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Williams is seeking this location because Williams' geologic interpretation indicates that the well can tap into stranded reserves between the effective drainage areas of existing wells, that cannot be effectively drained by a well located at a standard location.

It is also understood that notice of this application to offsetting operators or owners is unnecessary (a) in the Dakota because Williams owns 100% of the working interest in the offsetting unit towards which the proposed location encroaches, and (b) in the Mesaverde because parties from whom Williams has furnished written waivers of notice are the only affected working interest owners in the offsetting unit in the Mesaverde formation.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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

Sincerely,



 Mark E. Fesmire, P.E.
Director

MEF/db

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