

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 17, 2009

Williams Production Company, LLC
Attn: Ms. Heather Riley
P.O. Box 640
Aztec, NM 87410

Administrative Order NSL-6047

**Re: JAECO 26-3 22 Well No. 1A
API No. 30-039-30050
Unit O, Section 22-26N-3W
Rio Arriba County, New Mexico**

Dear Ms. Riley:

Reference is made to the following:

(a) your application (**administrative application reference No. pKAA09-16655289**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on June 15, 2009, and

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

Williams Production Company, LLC [OGRID 1207832] (Williams) has requested to drill the above-referenced well as a directional gas well to the Mesa Verde formation, at a location that will be unorthodox under Division Rule 16.14.B. The proposed surface location and terminus of the well are as follows:

Surface Location: 790 feet from the South line and 1850 feet from the East line
(Unit O) of Section 22, Township 26N, Range 3W, NMPM
Rio Arriba County, New Mexico

Terminus 991 feet from the South line and 2061 feet from the East line
(Unit O) of said section

The E/2 of Section 22 will be dedicated to the proposed well to form a standard 320-acre, more or less, gas spacing unit in the Blanco Mesa Verde Gas Pool (72319). Spacing in this pool is governed by Rules I.A and I.C of the Special Rules and Regulations for the Blanco-Mesaverde



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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. This location is unorthodox because the bottom hole location is less than 660 feet from the western boundary of the spacing unit.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for topographic reasons. It is further understood that notice of this application to offsetting operators or owners is not required due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.

Director

MEF/db

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