



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

July 17, 2002

Williams Production Company, L.L.C.
c/o Holland & Hart LLP
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-4759
(Non-Standard Subsurface Location/Producing Area)

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Williams Production Company, L.L.C. ("Williams") dated July 1, 2002 (*application reference No. pKRV0-218446769*); (ii) the records of the New Mexico Oil Conservation Division ("Division") in Aztec and Santa Fe: all concerning William's request for exception to Division Rules 111.A (13) and 111.C (2) and Rule 7 of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Division Rule 111.C (2) and the applicable provisions of the special rules governing the Basin-Fruitland Coal (Gas) Pool (**71629**);
- (2) The special rules governing the Basin-Fruitland Coal (Gas) Pool provides for 320-acre gas spacing units and wells to be located within either the NE/4 or SW/4 of the section and not closer than 660 feet from any outer boundary of the spacing unit nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary;
- (3) The "project area" proposed by Williams is to consist of a single standard 320-acre stand-up gas spacing unit comprising the W/2 of Section 13, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico;
- (4) It is our understanding that Williams intends to drill its Rosa Unit Well No. 371 at a surface location 970 feet from the South line and 1640 feet from the West line (Unit N) of Section 13, drill vertical to an approximate depth of 2,866 feet (MD), kick-off in a north-northwesterly direction, build angle at a rate of 12 degrees per 100 feet

until 90 degrees off of vertical is achieved at a depth of 3,343 feet (TVD), and directionally drill a horizontal drainhole a lateral distance of approximately 2,025 feet;

- (5) It appears that the applicant has satisfied all of the appropriate requirements prescribed in Division Rule 111.C (2) and RULE 9 (B) of the Basin-Fruitland coal gas special pool rules; therefore the subject application should be approved; and
- (6) The provisions contained within this order and all other applicable provisions of Division Rule 111 and Division Order No. R-8768, as amended, should govern the subject well and 320-acre gas spacing unit.

It Is Therefore Ordered That:

(1) By the authority granted me under the provisions of RULE 9 (B) of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, the application of Williams Production Company, L.L.C. ("Williams") for exception to Division Rules 111.A (13) and 111.C (2) and RULE 7 of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool (71629), is hereby approved. Williams is further authorized to drill its Rosa Unit Well No. 371 at a surface location 970 feet from the South line and 1640 feet from the West line (Unit N) of Section 13, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, drill vertical to an approximate depth of 2,866 feet (MD), kick-off in a north-northwesterly direction, build angle at a rate of 12 degrees per 100 feet until 90 degrees off of vertical is achieved at a depth of 3,343 feet (TVD), and directionally drill a horizontal drainhole a lateral distance of approximately 2,025 feet.

(2) The "project area" for this well shall consist of a single standard 320-acre stand-up gas spacing unit comprising the W/2 of Section 13.

(3) The applicable drilling window or producing area within the Basin-Fruitland Coal (Gas) Pool for this wellbore shall include that area within the subject 320-acre gas spacing unit that is no closer than 660 feet to any outer boundary of the spacing unit.

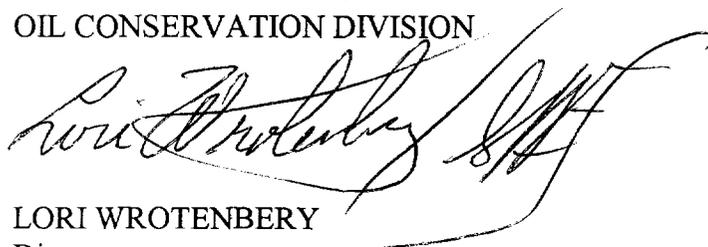
(4) The operator shall comply with all applicable requirements and conditions set forth in Division Rule 111 and Division Order No. R-8768, as amended.

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

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", is written over the typed name and title. The signature is fluid and cursive.

LORI WROTENBERY
Director

LW/MES/kv

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