



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

June 24, 2002

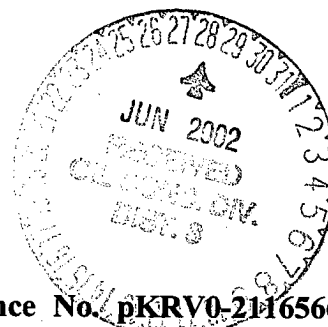
Lori Wrotenbery

Director

Oil Conservation Division

Williams Production Company
c/o Walsh Engineering & Production Corporation
7415 East Main
Farmington, New Mexico 87402

Attention: Paul C. Thompson



Re: Administrative application (application reference No. pKRV0-211656660) to establish a non-standard 303.88-acre gas spacing and proration unit within the Basin-Dakota Pool comprising all of irregular Section 1, Township 31 North, Range 6 West, NMPM, San Juan County, New Mexico, to be dedicated to Williams Production Company's proposed Rosa Unit Well No. 164-B which is to be drilled to a non-standard bottomhole location in Unit "N" of Section 1.

Dear Mr. Thompson:

30-039-27242 ✓

The applicable rules governing the Basin-Dakota Pool do not allow this type of non-standard unit to be processed administratively [see Rules II.A and III of the "Special Rules for the Basin-Dakota Pool", as promulgated by Division Order No. R-10987-B (2) and Division Rule 104.D (2) (b) (ii)]. However, in this particular instance and as we discussed, I have caused this application to be placed on the next available examiner's hearing docket scheduled for August 1, 2002 and have it advertised in the following manner:

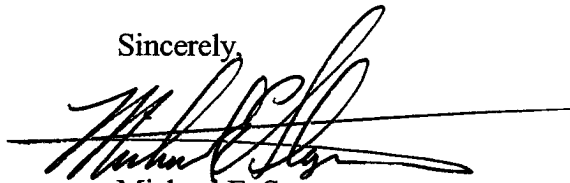
"Application of Williams Production Company for a non-standard gas proration unit and an unorthodox subsurface gas well location, San Juan County, New Mexico. Applicant seeks to establish a non-standard 303.88-acre gas spacing and proration unit within the Basin-Dakota Pool comprising all of irregular Section 1, Township 31 North, Range 6 West, which is located approximately 5.5 miles south of the New Mexico/Colorado state line at mile corner marker No. 240. This unit is to be dedicated to Williams Production Company's proposed Rosa Unit Well No. 164-B to be directionally drilled from a surface location 1475 feet from the South line and 1235 feet from the East line (Unit J) of irregular Section 1 to an unorthodox bottomhole location within the Basin-Dakota Pool approximately 330 feet from the South line and 1650 feet from the West line (Unit N) of irregular Section 1. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT."

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I anticipate that an order can be issued at that time without any further information or direct involvement by Williams Production Company.

Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 476-3465. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
Ms. Florene Davidson, NMOCD – Santa Fe
Kathy Valdes, NMOCD – Santa Fe
William F. Carr, Legal Counsel for Williams Production Company – Santa Fe