

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



November 10, 2008

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

Administrative Order NSL-5959

Re: Rosa Unit Well No. 264A
API No. 30-039-30338
2165 feet FSL and 100 feet FWL
Unit L, Section 23-31N-5W
Rio Arriba County

RCVD NOV 18 '08
OIL CONS. DIV.
DIST. 3

Dear Ms Riley:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS08-29434195**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 17, 2008, and

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

Williams Production Company (Williams) has requested to drill the above-referenced well as a directional well from the surface location described in the caption of this letter to an unorthodox bottom hole location in the Fruitland Coal formation, 1000 feet from the South line and 400 feet from the East line (Unit P) of Section 22, Township 31 North, Range 5 West, in Rio Arriba County, New Mexico. The E/2 of Section 22 will be dedicated to this well in order to form a standard 320-acre, more or less, spacing unit in the Basin-Fruitland Coal Gas Pool (71629). Spacing in this pool is governed by the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provide generally for 320-acre units with wells to be located at least 660 feet from any unit boundary. This location is less than 660 feet from the eastern unit boundary.



November 10, 2008

Page 2

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

It is our understanding that you are seeking this location for topographic reasons.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed bottom-hole location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), 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 40.

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

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', with a stylized, flowing script.

Mark E. Fesmire, P.E.
Director

MEF/db

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