



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 19, 2008

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

Administrative Order NSL-5965

Re: Rosa Unit Well No. 378A
API No. 30-039-30152
510 feet FSL and 2225 feet FEL
Unit O, Section 27-31N-5W
Rio Arriba County

RCVD NOV 24 '08
OIL CONS. DIV.

Dear Ms Riley:

DIST. 3

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-29833667**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 19, 2008, and

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

Williams Production Company, LLC (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, 1021 feet from the South line and 2225 feet from the East line (Unit O) of Section 27, Township 31 North, Range 5 West, in Rio Arriba County, New Mexico. The E/2 of Section 27 will be dedicated to this well in order to form a standard 320-acre gas spacing unit in the Basin-Fruitland Coal Gas Pool (71629). Spacing in this pool is governed by Rules II.A and II.C of the Special Rules and Regulations for the Basin-Dakota Gas Pool, as most recently amended by Order No. R-10987-B(2), which generally provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary.

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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 engineering reasons, to facilitate optimal production from this reservoir.

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 black ink, appearing to read 'Mark E. Fesmire', followed by a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

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