

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 3, 2009

RCVD JUN 15 '09

OIL CONS. DIV.

DIST. 3

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

Administrative Order NSL-6037

Re: Rosa Unit Well No. 164C
API No. 30-039-30109
1840 feet FSL and 865 feet FEL
Unit J, Section 1-31N-6W
Rio Arriba County, New Mexico


Dear Ms Riley:

Reference is made to the following:

(a) your application (**administrative application reference No. pKAA09-13349561**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 13, 2009,

(b) email correspondence in this file, including, specifically, email from Steve Hayden to Ralph Hawks and David Brooks, dated June 2, 2009, and

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

Williams Production Company (Williams) [OGRID 120782] has requested to complete the above-referenced directional well (surface location described in the caption of this letter) at an unorthodox bottom hole location in the Mancos and Dakota formations, 204 feet from the South line and 929 feet from the East line (Unit O) of Section 1, Township 31 North, Range 6 West, in Rio Arriba County, New Mexico. All of Section 1 will be dedicated to this well in order to form a non-standard 306-acre, more or less, spacing unit in the Basin-Mancos Gas Pool (97232) and in the Basin-Dakota Gas Pool (71599).

Spacing Basin Mancos Gas Pool is governed by the Special Rules for the Basin-Mancos Gas Pool, as promulgated in Order R-12984, issued on September 3, 2008, which provide for



June 8, 2009

Page 2

320-acre units, with wells located at least 660 feet from a unit outer boundary. Spacing in the Basin Dakota Gas 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.

This location is less than 660 feet from the southern unit boundary, and therefore unorthodox in both pools.

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

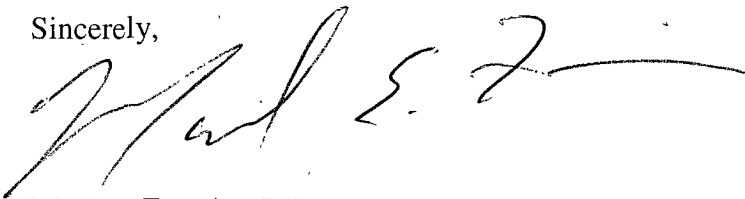
It is our understanding that you are seeking this location in order to utilize an existing wellbore that was previously completed in another formation.

It is also understood that no notice of this application to offsetting owners or operators is necessary due to common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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 stroke 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