

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 1, 2007

Williams Production Company, LLC
P.O. Box 640
Aztec, New Mexico 87410

Attention: Ms. Heather Riley

Re: **Rosa Unit Well No. 14C**
API No. 30-039-30132
2505' FNL & 895' FEL, Unit H,
Section 23, T-31 North, R-6 West, NMPM,
Rio Arriba County, New Mexico

Administrative Order NSL-5661

Dear Ms. Riley:

Reference is made to the following:

- (a) Williams Production Company, LLC's ("Williams") application for a non-standard well location (*administrative application reference No. pCLP0718331788*) for the Rosa Unit Well No. 14C that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 29, 2007; and
- (b) the Division's records pertinent to Williams' request.

Williams requests authority to drill its Rosa Unit Well No. 14C to test the **Basin-Dakota (Prorated Gas – 71599) and Blanco-Mesaverde (Prorated Gas –72319) Pools** at a non-standard gas well location for the Dakota formation 2505 feet from the North line and 895 feet from the East line (Unit H) of Section 23, Township 31 North, Range 6 West, NMPM, Rio Arriba County, New Mexico. The well is to be dedicated to an existing standard 320-acre gas spacing and proration unit in the Basin-Dakota Gas Pool comprising the N/2 of Section 23, and is also to be dedicated to an existing standard 320-acre gas spacing and proration unit in the Blanco-Mesaverde Gas Pool comprising the E/2 of Section 23. The Basin-Dakota and Blanco-Mesaverde Gas Pools are currently governed by special pool rules established by Division Order No. R-10987, as amended, which provide that for wells located within federal exploratory units:

- (a) a standard unit shall consist of 320 acres, more or less, comprising the N/2, S/2, E/2 or W/2 of a governmental section; and

- (b) well's may be drilled no closer than 10 feet from any section, quarter-section, or interior quarter-quarter section line or subdivision inner boundary; provided however, that in order to qualify for the more lenient well setback requirements, the well and gas proration unit (GPU) must meet the following criteria:

the well must be located within a GPU that is fully committed to the unit and must not be located adjacent to an existing or prospective GPU that is non-committed or partially committed to the unit;

the well must be located within a GPU that is within the Participating Area (PA) for that formation and must not be located adjacent to an existing or prospective GPU that is not within the PA for that formation.

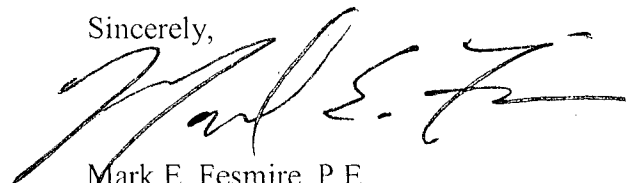
Williams' application stated that the well was staked at the proposed location after consideration of engineering drainage data from existing Mesaverde gas wells, and in order to maximize the recovery of gas from the Mesaverde formation. The location is standard for the Blanco-Mesaverde Gas Pool, but is unorthodox for the Basin-Dakota Gas Pool since the proposed GPU is not within the Dakota PA, and the affected offset acreage to the south is within the Dakota PA.

Williams has provided notice of this application to all affected interest owners. No party has entered an objection to the application within the 20-day waiting period prescribed by Division Rule 19.15.3.104.F.

Division records show that the Rosa Unit Well No. 14C will be the fourth well producing from the Blanco-Mesaverde Gas Pool within the E/2 of Section 23, and the second well producing from the Basin-Dakota Gas Pool within the N/2 of Section 23. The existing Blanco-Mesaverde Gas Pool producing wells are the Williams Rosa Unit Wells No. 14 (API No. 30-039-07958), 14A (API No. 30-039-26280) and the 14B (API No. 30-039-26945) located respectively in Units B, P and O. The existing Basin-Dakota Gas Pool producing well is the Williams Rosa Unit Well No. 51 (API No. 30-039-20289) located in Unit C.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Basin-Dakota Gas Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

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