

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 29, 2007

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

Administrative Order NSL-5675

**Re: Rosa Unit Well No. 13B
A-31-31N-5W
Rio Arriba County**

Dear Ms Riley:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-22837306**) submitted to the New Mexico Oil Conservation Division, (the Division) in Santa Fe, New Mexico on August 9, 2007;

(b) supplemental information furnished with your e-mail communications dated August 23 and 24, 2007

and

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

Williams Production Company, LLC (Williams) has requested to drill its Rosa Unit Well No. 13B at an unorthodox Mesaverde and Dakota gas well location, 595 feet from the North line and 645 feet from the East line (Unit A) of Section 31, Township 31 North, Range 5 West, N.M.P.M., in Rio Arriba County, New Mexico. The N/2 of irregular Section 31 will be dedicated to this well in order to form a non-standard 22.89-acre gas spacing and proration unit in the Blanco-Mesaverde Gas Pool (72319) and in the Basin-Dakota Gas Pool (71599). This non-standard unit was approved in the Basin-Dakota Gas Pool by Order R-2046-B, issued on July 18, 2007.

Spacing in the Blanco-Mesaverde Gas Pool is governed by Rules I.A and I.C of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, as amended by Order No. R-10987-A(1), effective December 2, 2002, which generally provide for 320-acres 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 amended by Order No. R-10987-B(2), effective January 29, 2002, which generally provide for 320-acres units, with wells located at least 660 feet from a unit outer boundary.

The proposed location is less than 660 feet from the northern and eastern unit boundaries. In the Mesaverde, however, the proposed location is orthodox because the subject unit and the offset units towards which the location encroaches are all included in the same participating area. In the Dakota, the proposed location is not in a participating area. Accordingly, the general exceptions provided in the applicable pool rules to the 660-foot set-back requirement do not apply, and the proposed location is unorthodox in the Dakota.

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

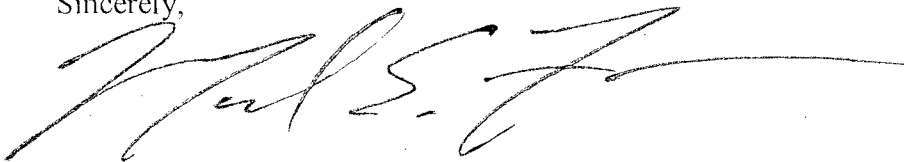
It is our understanding that Williams is seeking this location because Williams' geologic interpretation indicates that the well can tap into stranded reserves, between the effective drainage areas of existing wells, that cannot be effectively drained by a well located at a standard location.

It is also understood that Williams has notified all affected owners of working interests in offsetting units towards which this location encroaches.

Pursuant to the authority granted me under the provisions of 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 flourish 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