



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 19, 2009

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

Administrative Order NSL-6105

Re: Rosa Unit Well No. 160D
API No. 30-039-30689
1140 feet FSL and 1400 feet FWL
Unit N, Section 25-31N-6W
Rio Arriba County, New Mexico

Dear Ms. Riley:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW09-28938596**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 18, 2009,

(b) additional information furnished on September 24 and October 16, 2009, and

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

Williams Production Co., LLC [OGRID 120782] (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 Mancos and Dakota formations, 631 feet from the South line and 679 feet from the West line (Unit M) of Section 25, Township 31 North, Range 6 West, in Rio Arriba County, New Mexico. The S/2 of Section 25 will be dedicated to this well in order to form a standard 320-acre, more or less, gas spacing unit in the Basin Mancos Gas Pool (97232) and in the Basin Dakota Gas Pool (71599). Spacing in the 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 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), issued on January 29, 2002, which also 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.

Your application has been duly filed under the provisions of Division Rules 15.13.C and 4.12.A(2).

It is our understanding that you are seeking this location for engineering reasons, in order to achieve optimal drainage of the reservoirs from this and existing wells.

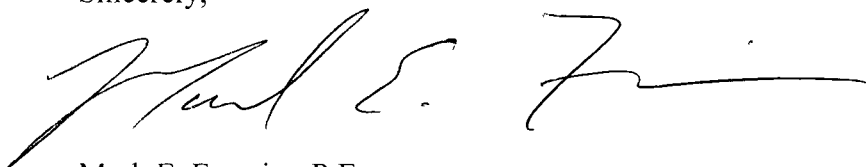
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

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 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