



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

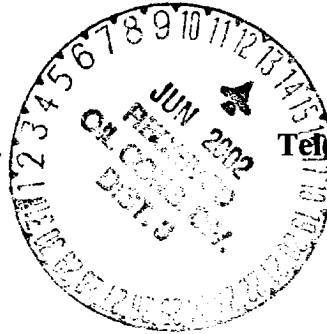
Lori Wrotenbery

Director

Oil Conservation Division

June 6, 2002

Williams Production Company
c/o Walsh Engineering & Production Corp.
7415 East Main
Farmington, New Mexico 87402
Attention: John C. Thompson
walsh2@cyberport.com



Tel/fax No. (505) 327-9834

Administrative Order NSL-4746 (NSBHL)

Dear Mr. Thompson:

Reference is made to the following: (i) your initial application on behalf of the operator, Williams Production Company ("Williams") that was submitted to the New Mexico Oil Conservation Division ("Division") on April 22, 2002 (*reference No. pKRV0-211352213*); (ii) the Division's response by letter dated May 21, 2002 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe **denying** this application; (iii) your re-submittal of this application to the Division on May 28, 2002; and (iv) the Division's records in Aztec and Santa Fe: all concerning Williams's request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002, within an approved 367.96-acre non-standard gas spacing unit in the Basin-Dakota Pool (71629) comprising all of irregular Section 5, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico (see Division Order No. R-2046, issued in Case No. 2377 on August 14, 1961).

It is our understanding that Williams intends to directionally drill its proposed Rosa Unit Well No. 41-B from a surface location 725 feet from the South line and 1210 feet from the East line (Unit P) of irregular Section 6, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, to a targeted unorthodox subsurface gas well location within the Basin-Dakota Pool 330 feet from the South and West lines (Unit M) of irregular Section 5.

The application has been duly filed under the provisions of Division Rules 104.F, 111.C (2), and 605.B.

By the authority granted me under Division Rule 104.F (2), Williams is hereby authorized to directionally drill its Rosa Unit Well No. 41-B as close as is reasonably possible to the above-described targeted subsurface location within the Basin-Dakota Pool underlying the subject 367.96-