



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

March 31, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Williams Production Company, L.L.C.
c/o **Walsh Engineering & Production Corp.**
7415 East Main
Farmington, New Mexico 87402

Attention: John C. Thompson
john@walsheng.net

Administrative Order NSL-4624-A

Dear Mr. Thompson:

Reference is made to the following: (i) your application on behalf of the operator, Williams Production Company, L.L.C. ("Williams") that was submitted to the New Mexico Oil Conservation Division ("Division") on March 8, 2004 (***administrative application reference No. pMES0-408629680***); and (ii) the Division's records in Aztec and Santa Fe, including the file on Division Administrative Order NSL-4624: all concerning Williams's request for exceptions to the well location requirements provided within both the:

(A) "***Special Rules for the Blanco-Mesaverde Pool***," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002; and

(B) "***Special Rules for the Basin-Dakota Pool***," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and 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:

Williams proposes to drill its Rosa Unit Well No. 26-C (**API No. 30-039-27597**) at an unorthodox infill gas well location in both the Blanco-Mesaverde (**72319**) and Basin-Dakota (**71599**) Pools 2605 feet from the South line and 120 feet from the East line (Unit I) of Section 32, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

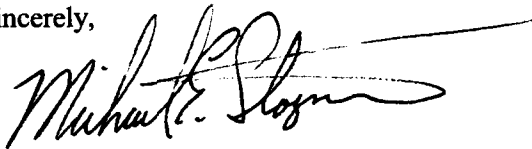
Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the E/2 of Section 32, which is currently dedicated to Williams's: (i) Rosa Unit Well No. 26 (**API No. 30-039-60081**), located at a standard gas well location 725 feet from the North line and 700 feet from the East line (Unit A) of Section 32; (ii) Rosa Unit Well No. 26-A (**API No. 30-039-25580**), located at a standard gas well location 860 feet from the South line and 1465 feet from the East line (Unit O) of Section 32; and (iii) Rosa Unit Well No. 26-B (**API No. 30-039-26788**), located at an unorthodox infill gas well location [granted under Rule I.C (2) (a) of the special pool rules governing the Blanco-Mesaverde Pool] 1380 feet from the North line and 2450 feet from the East line (Unit G) of Section 32.

Gas production from the Basin-Dakota Pool is to be included within an existing standard 320-acre stand-up GPU that also comprises the E/2 of Section 32, which is currently dedicated to Williams's: (i) above-described Rosa Unit Well No. 26-A (API No. 30-039-25580) in Unit "O" of Section 32; and (ii) above-described Rosa Unit Well No. 26-B (API No. 30-039-26788) in Unit "G" of Section 32 (unorthodox Dakota infill gas well location approved by Division Administrative Order NSL-4624, dated August 7, 2001).

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde infill gas well location for the above-described Rosa Unit Well No. 26-C is hereby approved. All of the aforementioned wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division – Aztec
New Mexico State Land Office – Santa Fe
File: NSL-4624