



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

April 1, 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-5037

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. pLR0-406851218*); (ii) my initial response by e-mail on Wednesday morning, March 31, 2004 requesting verification as to the correct orientation of the Dakota gas spacing and proration units ("GPU") in the section that is the subject of this application; (iii) your e-mail responses on Wednesday afternoon, March 31 and Thursday morning, April 1, 2004, with the necessary information to process your application; and (iv) the Division's records in Aztec and Santa Fe: 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. 184-B at an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 660 feet from the South line and 250 feet from the East line (Unit P) of Section 34, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

April 1, 2004

Page 2

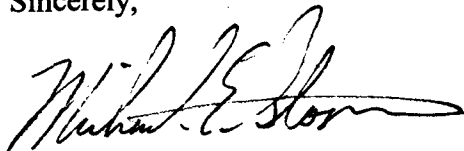
Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320-acre stand-up GPU comprising the E/2 of Section 34, which is currently dedicated to Williams's two: (i) Rosa Unit Well No. 184 (API No. 30-039-26383), located at a standard gas well location 1520 feet from the South line and 1250 feet from the East line (Unit I) of Section 34; and (ii) Rosa Unit Well No. 184-A (API No. 30-039-26382), located at a standard infill gas well location 1385 feet from the North line and 1345 feet from the East line (Unit G) of Section 34.

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 34 that is currently dedicated to Williams's Rosa Unit Well No. 55 (API No. 30-039-20923), located at a standard gas well location 1510 feet from the South line and 1170 feet from the East line (Unit I) of Section 34.

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. 184-B 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
U. S. Bureau of Land Management – Farmington
U. S. Forest Service - Bloomfield