



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

June 26, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Attention: John C. Thompson
john@walsheng.net

Administrative Order NSL-4906

Dear Mr. Thompson:

Reference is made to the following: (i) your application on behalf of the operator, Williams Production Company ("Williams") that was submitted to the New Mexico Oil Conservation Division ("Division") on May 29, 2003 (***administrative application reference No. pMES0-315055817***); (ii) Mr. Michael E. Stogner's, Engineer/Chief Hearing Officer in Santa Fe, telephone conversation with Mr. William F. Carr, Legal Counsel for Williams in Santa Fe, on Thursday afternoon May 29, 2003; and (iii) the Division's records in Aztec and Santa Fe: all concerning Williams's request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "***Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool***," as promulgated by Division Order No. R-8768, as amended, for a non-standard infill gas well location within an existing 320-acre, more or less, standard stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (**71629**) comprising the W/2 of Section 16, Township 31 North, Range 6 West, NMPM, in both San Juan and Rio Arriba Counties, New Mexico.

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "***Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool***"; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

This unit is currently dedicated to William's Rosa Unit Well No. 341 (**API No. 30-045-30200**), a directionally drilled well located on the surface 2174 feet from the South line and 350 feet from the East line (Unit I) of Section 17, Township 31 North, Range 6 West, NMPM, San Juan County, New Mexico, with a bottom-hole location considered standard for this 320-acre stand-up coal gas spacing unit 2174 feet from the South line and 735 feet from the West line (Unit L) of Section 16, Township 31 North, Range 6 West, NMPM, San Juan County, New Mexico.

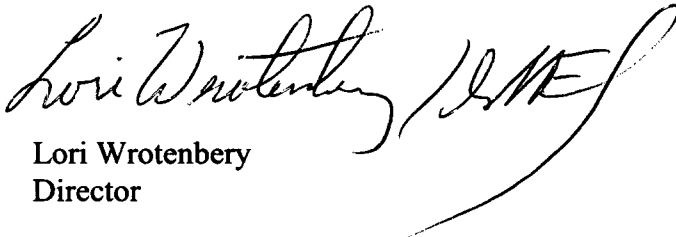
By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described unorthodox infill gas well location to be drilled within this 320-acre, more or less, coal gas spacing unit is hereby approved:

Rosa Unit Well No. 341-A
585' FNL & 560' FWL (Unit D) of Section 16,
Township 31 North, Range 6 West, NMPM,
San Juan County, New Mexico.

Further, Williams is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from its existing Rosa Unit Well No. 341 with the proposed Rosa Unit Well No. 341-A.

Jurisdiction of this cause 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 "Lori Wrotenbery" followed by a stylized monogram or initials.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management - Farmington
William F. Carr, Legal Counsel for Williams Production Company – Santa Fe