

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 27, 2008

Williams Production Company
c/o Holland & Hart, LLP
P.O. Box 2208
Santa Fe, NM 87504-2208

Attn: Ms Ocean Munds-Dry, Attorney

Administrative Order NSL-5681-A

Re: Williams' NSL Application:

Rosa Unit Well No. 166B
API No. 30-039-29841
2,305' FNL & 2,305' FEL, G-30-31N-5W N.M.P.M.
Rio Arriba County, New Mexico
Wildcat Basin Mancos Gas Pool (97232)

Dear Ms Munds-Dry:

Reference is made to the following:

- (a) your NSL application (administrative application ref. No. (pKVR0807829042) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 17, 2008;
 - (b) the supplemental information furnished in your e-mail communications dated April 22, 2008
- and
- (c) The Division records pertinent to this request, including the Division records pertaining to Administrative Order NSL-5681, issued Aug, 2007.



Williams Production Company, LLC (Williams) has requested Division approval to drill its Rosa Unit No. 166B as (API No. 30-039-29841) at an unorthodox Mancos gas well location, 2305 feet from the North line and 2305 feet from the East line (Unit G) of Section 30, Township 31 North, Range 5 West, N.M.P.M., in Rio Arriba County, New Mexico. The N/2 of irregular Section 30 is dedicated to this well as a non-standard 232.96-acre gas spacing unit. Division Administrative Order No. NSL-5681 dated August 31, 2007 authorized, in part, Williams to drill the above described Rosa Unit well No. 166B only at an unorthodox location in the Blanco-Mesaverde Gas Pool and in the Basin Dakota Gas Pool.

The Wildcat Basin-Mancos is currently governed by Division Rule 104(C) which requires standard 160-acre spacing and 660' well set backs. This well location is unorthodox because it is only 335' from the Southern edge of the Spacing Unit.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Williams is seeking this unorthodox well location to test the proposed Mancos pool and because Williams' geologic interpretation indicates the well can tap into stranded reserves, between the effected drainage areas of existing wells that cannot be effectively drained by a well located at a standard location. This well will be downhole commingled in the Mesaverde, Dakota and Mancos formations.

It is also understood that Williams is the operator of the Rosa Unit and is also the offsetting operator upon which the well encroaches. Therefore, there are no affected parties as defined by Rule 1210(A)(2) and no notice is required.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above described unorthodox gas well is hereby approved.

This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Administrative Application: NSL-5681-A

Williams Production Company

May 27, 2008

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Mark E. Fesmire, P.E.

Director

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a horizontal line extending to the right.

MEF/tw

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management - Farmington