



March 17, 2008

VIA HAND-DELIVERY

Mark Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Williams Production Company for administrative approval of an unorthodox well location for its Rosa Unit Well No. 166B in Irregular Section 30, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

Dear Mr. Fesmire:

Williams Production Company ("Williams"), pursuant to the provisions of Division Rule 104, hereby seeks administrative approval of an unorthodox well location for the Rosa Unit Well No. 166B to be drilled to test the Mancos formation at a location 2305 feet from the North and East lines in Irregular Section 30, Township 31 North, Range 5 West, N.M.P.M., Rio Arriba County, New Mexico.

Williams will test the Mancos formation in the Basin Mancos Gas Pool (97232). This new pool has been proposed – but not yet approved -- by the Division along with special pool rules which require wells to be located 660 feet from the outer boundary of a standard 320-acre spacing unit. Williams has also applied for a non-standard spacing unit. This well will also be completed in the Mesaverde and Dakota formations. Administrative Order NSL-5681 approved of the non-standard location for the Mesaverde and Dakota.

Williams intends to capture the reserves from the Mesaverde, Dakota and Mancos in a single wellbore. Williams expects marginal reserves from the Mancos and this multiple completion helps capture additional reserves that otherwise would not be able to be economically developed.



Attached hereto as **Exhibit A** is the C-102 showing the subject spacing unit. **Exhibit B** is a plat showing the offsetting spacing unit and Rosa Unit boundary. As operator of the Rosa Unit, Williams is also the offsetting operator upon which the well encroaches. Also, working interest ownership is common in each spacing unit. Further, there is no Participating Area for the Mancos. Therefore, there are no affected parties as defined by Rule 1210(A)(2) and no notice is required.

The proposed location is the most efficient and reasonable way to develop these potential reserves and would be in the best interest of conservation and the prevention of waste.

Williams plans to spud this well in a few weeks. **Williams therefore respectfully requests your expedited review of this application.**

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Ocean Munds-Dry".

Ocean Munds-Dry
Attorney for Williams Production Co.

cc: OCD - Aztec
Mr. Vern Hansen

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-29841	² Pool Code 97232 / 72319 / 71599	³ Pool Name BASIN MANCOS / BLANCO MESAVERDE / BASIN DAKOTA
⁴ Property Code 17033	⁵ Property Name ROSA UNIT	⁶ Well Number 166B
⁷ OGRID No. 120782	⁸ Operator Name WILLIAMS PRODUCTION COMPANY	⁹ Elevation 6385'

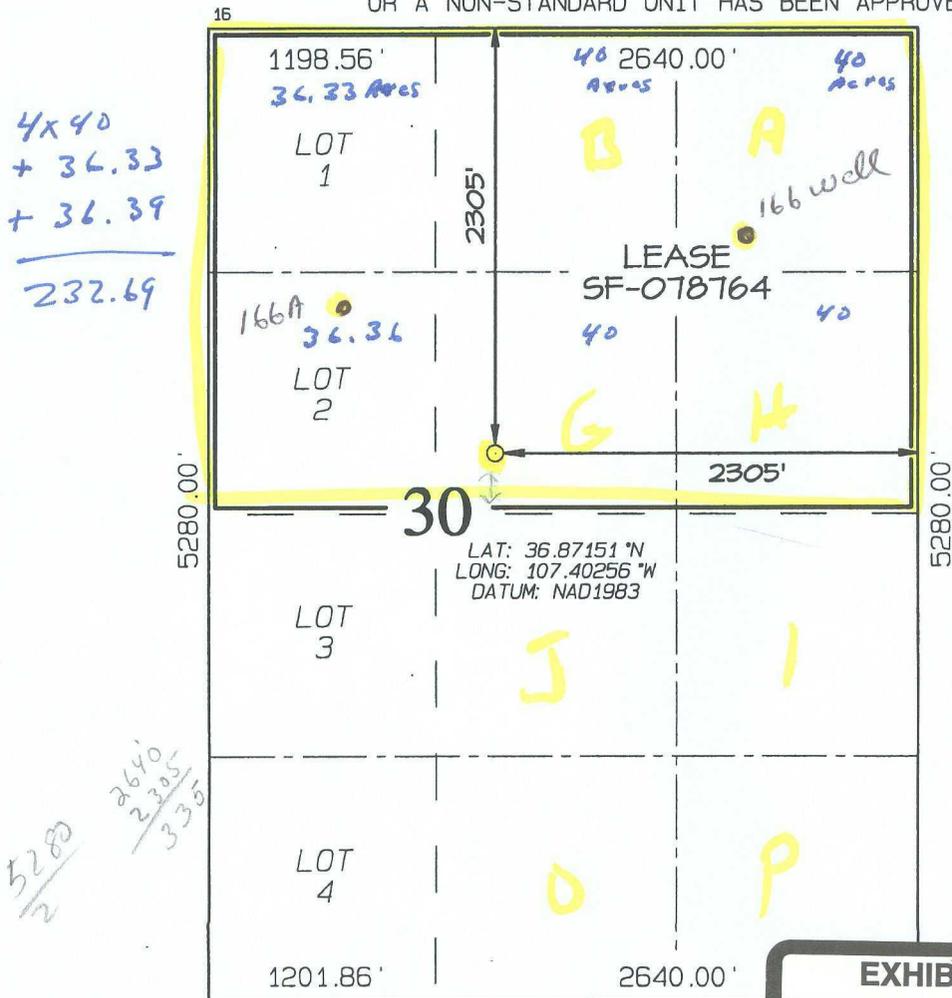
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	30	31N	5W		2305	NORTH	2305	EAST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
									Rio Arriba
¹² Dedicated Acres 232.69 Acres - (N/2)					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

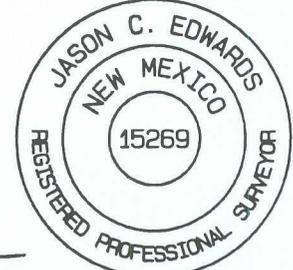
Printed Name _____

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

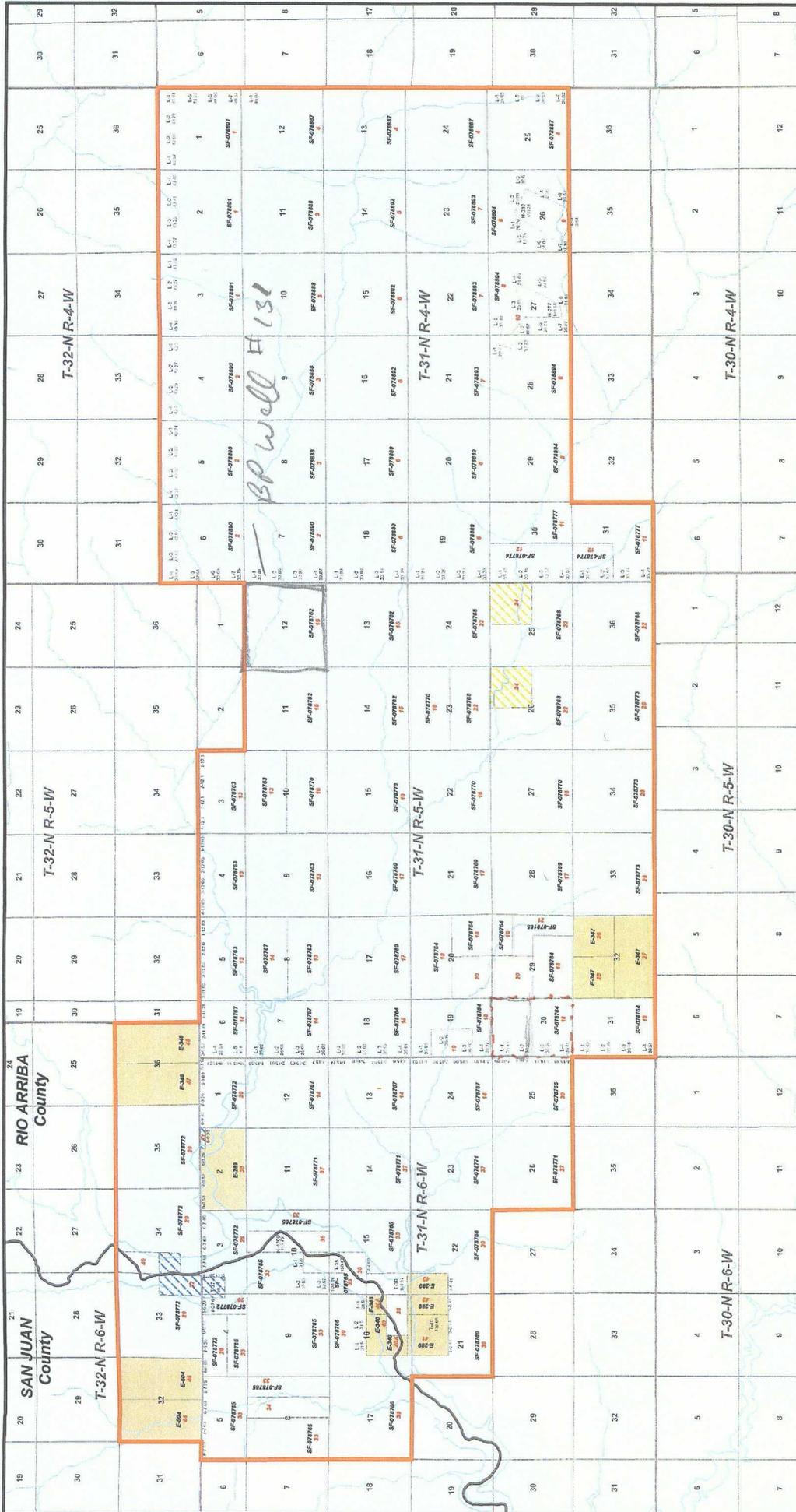
Date Revised: MARCH 10, 2008
Survey Date: OCTOBER 4, 2005

Signature and Seal of Professional Surveyor



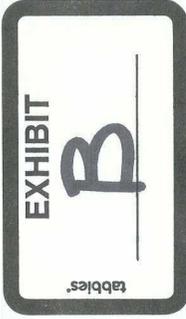
JASON C. EDWARDS
Certificate Number 15269






 Exploration & Production

 Rosa Unit
 San Juan and Rio Arriba Counties, New Mexico
 Scale: 1:72,000
 Projection: NAD 1983 State Plane NM West
 Date: 3/5/2008
 Author: TJ



0 6,000 12,000 Feet

Rosa Unit Tract No: XX

Map Document: G:\Project\San_Juan\Rosa_Unit\rosa-unit.mxd
 3/5/2008 1:10:48 PM

- Mineral Ownership
- Federal
- Partially Committed
- State
- Not Committed

Warnell, Terry G, EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
Sent: Tuesday, April 22, 2008 8:41 AM
To: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD
Cc: Brooks, David K., EMNRD; Jones, William V., EMNRD
Subject: RE: Administrative Applications for Williams Production Company

Is it possible to grant these applications but classify them as "Undesignated Basin Mancos" and then when the pool rules are eventually approved, they could be re-classified as "Designated"?

From: Ezeanyim, Richard, EMNRD [mailto:richard.ezeanyim@state.nm.us]
Sent: Tuesday, April 22, 2008 8:40 AM
To: Warnell, Terry G, EMNRD; Ocean Munds-Dry
Cc: Brooks, David K., EMNRD; Jones, William V., EMNRD
Subject: RE: Administrative Applications for Williams Production Company

Terry and Ocean:

We cannot hold these applications until the Undesignated Mancos Gas Pool is established. Nobody knows when this will be done, so the only alternative is to set it for hearing. The administrative applications will be returned to the operator. If there are any questions, please let me know. Thank you.

Richard

From: Warnell, Terry G, EMNRD
Sent: Monday, April 21, 2008 5:01 PM
To: omundsdry@hollandhart.com
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD; Jones, William V., EMNRD; Warnell, Terry G, EMNRD
Subject: Administrative Applications for Williams Production Company

Dear MS Munds-Dry:

OCD has been reviewing your three (3) Administrative Applications for Williams Production Company in their Rosa Unit.

NSP	for 166B	API 30-039-29841	G-30-31.0N-05W	Rio Arriba	3-14-08
NSL	for 166B	API 30-039-29841	G-30-31.0N-05W	Rio Arriba	3-17-08
NSL	for 60B	API 30-045-34251	N-04-31.0N-06W	San Juan	3-24-08

All 3 involve the proposed (but not established) Basin Mancos Gas Pool. Unfortunately OCD can not approve Administrative Applications until the pool rule for the Basin Mancos Gas Pool is established.

We either hold these applications until that time or set hearings.

Please let me know how you wish to proceed.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

August 31, 2007

Williams Production Company, LLC
Attn: Ms. Heather Riley
P.O.Box 640
Aztec, NM 87410

Administrative Order NSL-5681

**Re: Rosa Unit Well No. 166B
API No. 30-039-29841
G-30-31N-5W
Rio Arriba County**

Dear Ms Riley:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-21949089**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 7, 2007;

(b) supplemental information furnished with your e-mail communication dated August 30, 2007

and

^C
(b) the Division's records pertinent to this request.

Williams Production Company, LLC (Williams) has requested to drill its Rosa Unit Well No. 166B (API No. 30-039-29841) at an unorthodox Mesaverde and Dakota 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 will be dedicated to this well in order to form a non-standard 232.96-acre gas spacing and proration unit in the Blanco-Mesaverde Gas Pool (72319) and in the Basin-Dakota Gas Pool

(71599). This non-standard unit was approved in the Basin-Dakota Gas Pool by Order R-2046-B, issued on July 18, 2007.

Spacing in the Blanco-Mesaverde Gas Pool is governed by Rules I.A and I.C of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, as amended by Order No. R-10987-A(1), effective December 2, 2002, which generally provide for 320-acres units, with wells located at least 660 feet from a unit outer boundary. Spacing in the Basin-Dakota Gas Pool is governed by Rules II.A and II.C of the Special Rules and Regulations for the Basin-Dakota Gas Pool, as amended by Order No. R-10987-B(2), effective January 29, 2002, which generally provide for 320-acres units, with wells located at least 660 feet from a unit outer boundary.

? } The proposed location is less than 660 feet from the southern unit boundary. In the Mesaverde, however, the proposed location is orthodox because the subject unit and the offset unit towards which the location encroaches are included in the same participating area. In the Dakota, the proposed location is not in a participating area. Accordingly, the general exceptions provided in the applicable pool rules to the 660-foot set-back requirement do not apply, and the proposed location is unorthodox in the Dakota.

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 location because Williams' geologic interpretation indicates that the well can tap into stranded reserves, between the effective drainage areas of existing wells, that cannot be effectively drained by a well located at a standard location.

It is also understood that Williams has notified all affected owners of working interests in offsetting units towards which this location encroaches.

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

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec