

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12898 (Reopened)
ORDER NO. R-11841**

APPLICATION OF WILLIAMS PRODUCTION COMPANY FOR A NON-STANDARD GAS PRORATION UNIT AND AN UNORTHODOX SUBSURFACE GAS WELL LOCATION, RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 1 and September 19, 2002, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 8th day of October, 2002, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Williams Production Company ("Williams"), seeks to establish a non-standard 303.88-acre gas spacing and proration unit within the Basin-Dakota Gas Pool comprising all of irregular Section 1, Township 31 North, Range 6 West, NMPM, Rio Arriba County, New Mexico. This unit is to be dedicated to William's proposed Rosa Unit Well No. 164-B to be directionally drilled from a surface location 1475 feet from the South line and 1235 feet from the East line (Unit J) of Section 1 to an unorthodox bottomhole location within the Basin-Dakota Gas Pool 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 1.

(3) This application was styled such that in the absence of objection, this matter would be taken under advisement.

(4) The applicant appeared at the August 1, 2002 hearing through legal counsel.

(5) Subsequent to the August 1, 2002 hearing, the Division determined that due to an error in the advertisement, it was necessary to re-advertise and reopen Case No. 12898.

(6) Reopened Case No. 12898 was heard at the September 19, 2002 hearing. The applicant appeared at the hearing through legal counsel.

(7) Due to variations in the legal subdivisions of the United States Public Lands Survey along the northern boundary of Township 31 North, Range 6 West, NMPM, Section 1 is irregular in size and shape.

(8) The proposed non-standard spacing unit is contained within the Rosa Unit, a federal exploratory unit currently operated by Williams.

(9) BP Amoco, the lessee of the affected offset acreage in Section 12, Township 31 North, Range 6 West, NMPM, waived objection to the proposed non-standard spacing unit and unorthodox bottomhole location.

(10) The Rosa Unit Well No. 164-B is proposed to be a dual completion in the Blanco-Mesaverde and Basin-Dakota Gas Pools.

(11) Williams expects to encounter only marginal gas production from the Basin-Dakota Gas Pool.

(12) The proposed non-standard unit has previously been approved for Blanco-Mesaverde Gas Pool development by Division Order No. R-11237 dated August 27, 1999. This unit is currently dedicated in the Blanco-Mesaverde Gas Pool to the existing Rosa Unit Wells No. 164 and 164-A.

(13) The proposed directional drilling is necessitated by topographic obstructions, namely the presence of Navajo Reservoir.

(14) The proposed unorthodox bottomhole location was chosen primarily to minimize drainage interference from the existing Rosa Unit Wells No. 164 and 164-A.

(15) No offset operator or interest owner appeared at the hearing in opposition to the application.

(16) Utilizing a single wellbore to access both the Blanco-Mesaverde and Basin-Dakota Gas Pools will prevent the drilling of unnecessary wells, will enable the applicant to economically recover marginal Basin-Dakota Gas Pool reserves underlying

the proposed non-standard spacing unit, and will otherwise prevent waste and protect correlative rights.

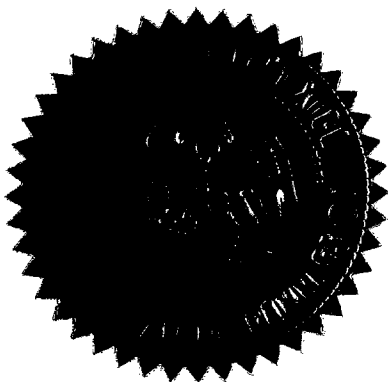
IT IS THEREFORE ORDERED THAT:

(1) The application of Williams Production Company to establish a non-standard 303.88-acre gas spacing and proration unit within the Basin-Dakota Gas Pool comprising all of irregular Section 1, Township 31 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, is hereby approved.

(2) The applicant is further authorized to drill and dedicate to this unit its Rosa Unit Well No. 164-B, which will be directionally drilled from a surface location 1475 feet from the South line and 1235 feet from the East line (Unit J) of Section 1 to an unorthodox bottomhole location within the Basin-Dakota Gas Pool 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 1.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director