

Administrative Order NSL-4767(SD)(NSBHL)

Devon Energy Production Company, L.P.

August 8, 2002

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Section 31 in the first quarter of this year, that the wellbore deviated from natural drift to the west. It was determined after reaching total depth of 8,100 feet (MD) and after casing was set that the bottomhole location was 1657 feet from the North line and 592 feet from the West line (Lot 2/Unit E) of Section 31.

This request been duly filed under the provisions of: (i) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 111.C (2); (iii) Division Rule 1207.A; and (iv) Rule 2 (c) of the aforementioned Associated Pool Rules.

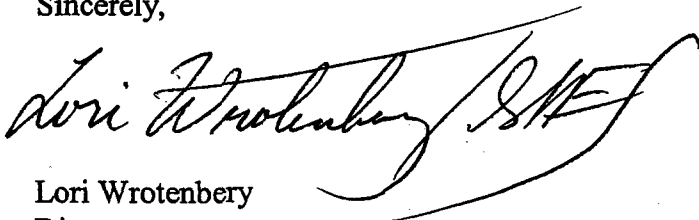
By the authority granted me under the provisions of Division Rule 104.F (2) and the applicable provisions of the special rules governing the Indian Basin-Upper Pennsylvanian Associated Pool, the above-described unorthodox sub-surface location for the Winston Gas Com. Well No. 6 within the W/2 equivalent of Section 31 is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to the Indian Basin-Upper Pennsylvanian Associated Pool.

Devon is further authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool from the aforementioned Winston Gas Com. Wells No. 1, 5, and 6. Furthermore, Devon is permitted to produce the allowable assigned the subject 317.18-acre spacing and proration unit from all three wells in any proportion.

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

Sincerely,



Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division – Artesia  
U. S. Bureau of Land Management – Carlsbad  
Jim Bruce, Legal Counsel for Devon Energy Production Company, L. P. – Santa Fe



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

December 17, 2002

Lori Wrotenbery

Director

Oil Conservation Division

Devon Energy Production Company, L. P.  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260

Attention: Ken Gray

Re: *Administrative application for Devon Energy Production Company, L. P.'s ("Devon") proposed Winston Federal Gas Com. Well No. 9 to be drilled within an existing standard 317.18-acre stand-up spacing and proration unit in the Indian Basin-Upper Pennsylvanian Associated Pool (33685) comprising Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, at an unorthodox infill well location 480 feet from the North line and 2260 feet from the West line (Unit C) of Section 31.*

Dear Mr. Gray:

This letter acknowledges your administrative application dated November 22, 2002 for the above described well to be drilled as a forth well within an existing standard 320-acre, more or less, spacing and proration unit in the Indian Basin-Upper Pennsylvanian Associated Pool. The Division received your application on December 2, 2002, and assigned it NMOC application reference No. **pKRV0-233730503**. Please refer to this number in future correspondence with the Division.

My preliminary review indicates that the information provided in your application is not sufficient to process an administrative order at this time. It appears that your application is incomplete with respect to notice. Division Rule 1207.A (2) (a) states:

*"In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit".*

Please identify the working interests within the offsetting 320-acre, more or less, lay-down spacing and proration unit within the Indian Basin-Upper Pennsylvanian Associated to the: (i) north in the S/2 equivalent of Section 30, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico; and (ii) east in the E/2 of Section 31, and provide adequate notice to them or explain why notice is not required in this case.

Devon Energy Production Company, L. P.

December 17, 2002

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Further, you stated that Devon initially staked this well at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 31 but moved northeast a distance of 333 feet in order to avoid a pipeline and electrical lines. There was no detailed surface plat included that shows these features. What prevented Devon from moving this location back to the south and/or west to avoid these intrusions? Please be specific and submit sufficient supporting data.

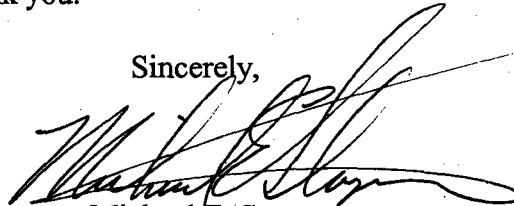
Also, you indicated that drilling a deviated well would incur an "unnecessary expense." What is the cost difference between drilling this well to a standard subsurface location and drilling vertically?

Since the submitted information is insufficient to review, the application was ruled as incomplete on December 17, 2002. Please submit the above stated information by Monday, December 30, 2002.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465 or e-mail me at "[mstogner@state.nm.us](mailto:mstogner@state.nm.us)." Thank you.

Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia  
U. S. Bureau of Land Management – Carlsbad  
James Bruce, Legal Counsel for Devon Energy Production Company, L. P. – Santa Fe



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON  
Governor  
BETTY RIVERA  
Cabinet Secretary

Lori Wrotenberg  
Director  
Oil Conservation Division

December 31, 2002

Devon Energy Production Company, L. P.  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260

Attention: Ken Gray

Re: *Administrative application (application reference No. pKRV0-233730503) for Devon Energy Production Company, L. P.'s ("Devon") proposed Winston Federal Gas Com. Well No. 9 to be drilled within an existing standard 317.18-acre stand-up spacing and proration unit in the Indian Basin-Upper Pennsylvanian Associated Pool (33685) comprising Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, at an unorthodox infill well location 480 feet from the North line and 2260 feet from the West line (Unit C) of Section 31.*

Dear Mr. Gray:

The Division received your application on December 2, 2002 and on December 17, 2002 responded by letter requesting additional data to support your application. To date this needed supplemental information to complete your application has not been submitted; therefore, your application is deemed incomplete and is hereby **denied**. I am returning it to you at this time. I trust Devon will either directionally drill to a standard subsurface location or restake the Winston Federal Gas Com. Well No. 9 at a standard surface location; otherwise the aforementioned location is illegal and will not be allowed to produce.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia  
U. S. Bureau of Land Management – Carlsbad  
James Bruce, Legal Counsel for Devon Energy Production Company, L. P. – Santa Fe