

**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. 13800
ORDER NO. R-12740**

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR
APPROVAL OF AN UNORTHODOX GAS WELL LOCATION, SAN JUAN
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 30, 2006, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 9th day of April, 2007, the Division Director, having considered the testimony, 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, Devon Energy Production Company, L.P. ("Applicant" or "Devon"), seeks approval of an unorthodox gas well location in the South Los Pinos-Fruitland Sand-Pictured Cliffs Pool (**Pool Code 80690**) for its Northeast Blanco Unit (NEBU) Well No. 233 (**API No. 30-045-32800**) drilled at a location 1400 feet from the North line and 1 foot from the West line (Unit E) of Section 23, Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico.

(3) The NW/4 of Section 23 is to be dedicated to the well forming a standard 160-acre gas spacing and proration unit.

(4) The Fruitland Sand-Pictured Cliffs Pool is currently governed by 19.15.3.104 (C)(3) NMAC, which requires standard 160-acre spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the quarter

section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(5) The Applicant presented testimony that demonstrates that:

- (a) The Northeast Blanco Unit (NEBU) Well No. 233 was drilled and completed in the Los Pinos-Fruitland Sand-Pictured Cliffs Pool on August 16, 2005, and at the time of the hearing the well was producing 183 MCF of gas per day and 77 barrels of water per day;
- (b) The well was originally planned to be drilled as a deviated well from an unorthodox surface gas well location 1400 feet from the North line and 1 foot from the West line, to a standard bottomhole location;
- (c) Because of lack of communication between the Oklahoma City Office and the Field Office, the well was drilled by the Field Office as a vertical well;
- (d) A gyro directional survey conducted on the well indicated that the well drifted 47 feet off to the Northeast, thereby placing the bottomhole location of the well at 1365 feet from the North line and 33 feet from the West line;
- (e) The well could not be drilled at a standard surface well location because the terrain is very rugged, and there are a lot of surrounding recreational areas as well; and
- (f) This well was drilled at the edge of a Participating Area (PA); however, the Applicant has not yet applied to the Bureau of Land Management (BLM) for a paying well determination for the well to be included in the Participating Area.

(6) The Applicant testified that the working interest, royalty interest, and the overriding royalty interest ownership in the NW/4 of Section 23, and the NE/4 of Section 22 are identical, except the overriding royalty interest of Barbara Leigh Farah in the NE/4 of Section 22.

(7) Notice of this application was given to Barbara Leigh Farah and to all the offset operators in the Participating Area. Neither Barbara Leigh Farah nor other offset operators appeared at the hearing to oppose this application.

(8) This well produced without an approved Form C-104 and an approved non-standard gas well location. However, the Aztec District Supervisor indicated that the Northeast Blanco Unit Well No. 233 was shut-in on March 6, 2007, after an administrative conference on March 5, 2007, between the Division and Devon pending the issuance of this order.

(9) This application should be approved in order to prevent waste and protect correlative rights

IT IS THEREFORE ORDERED THAT:

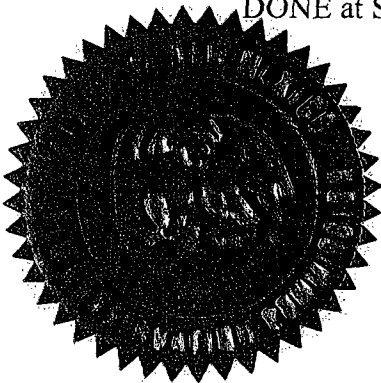
(1) The Applicant, Devon Energy Production Company, L.P, is hereby authorized to produce its Northeast Blanco Unit (NEBU) Well No. 233 (API No. 30-045-32800) in the South Los Pinos-Fruitland Sand-Pictured Cliffs Pool (Pool Code 80690), that was drilled at an unorthodox gas well location 1400 feet from the North line and 1 foot from the West line (Unit E) of Section 23, Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico.

(2) The NW/4 of Section 23 shall be dedicated to the well forming a standard 160-acre spacing and proration unit.

(3) The Applicant may re-open the currently shut-in Northeast Blanco Unit Well No. 233 upon receipt of this order.

(4) Jurisdiction of this case 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director