



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

September 3, 2004

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

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

Telefax No. (405) 552-8113

Attention: Ken Gray

Administrative Order NSL-5105 (BHL)

Dear Mr. Gray:

Reference is made to the following: (i) your application initially submitted to the New Mexico Oil Conservation Division ("Division") by telefax on August 24, 2004 (*administrative application reference No. pSEM0-423730485*); and (ii) the records of the Division in Artesia and Santa Fe: all concerning Devon Energy Production Company, L. P.'s ("Devon") request for an unorthodox subsurface Bone Spring oil well location for the existing Old Ranch Canyon "7" Federal Well No. 4 (API No. 30-015-31151), located on the surface 1599 feet from the North line and 1248 feet from the West line (Unit F) of Irregular Section 7, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

The SE/4 NW/4 of Irregular Section 7, being a standard 40-acre oil spacing and proration unit pursuant to Division Rule 104.B (1) for a wildcat Bone Spring oil test, is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rules 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, and 111.C (2).

It is the Division's understanding that Devon is seeking to test the Bone Spring formation through perforation from 3,021 feet to 3,084 feet. From the directional survey, the actual subsurface location of this wellbore at these depths are approximately 1630 feet from the North line and 1250 feet from the West line of Irregular Section 7, and 1638 feet from the North line and 1254 feet from the West line of Irregular Section 7, respectively. Pursuant to Division Rules 104.B (1) and 111.A (13), the proposed perforated interval is considered to be "unorthodox" within a standard 40-acre wildcat Bone Spring oil spacing and proration unit comprising the SE/4 NW/4 (Unit F) of Irregular Section 7.

It is further understood all of Irregular Section 7 comprises a single federal lease (*U. S. Government lease No. NM-81219*) with common mineral interests (working, royalty, and overriding royalty) in which Devon is the leasehold operator; therefore, there are no adversely affected interests to the proposed 40-acre oil spacing and proration unit within the Bone Spring interval.

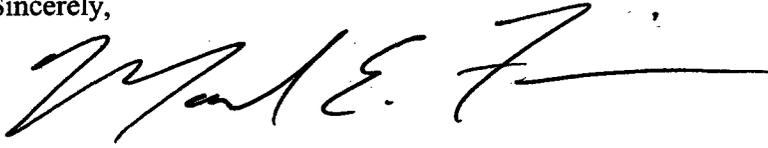
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By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox subsurface Bone Spring oil well location within the SE/4 NW/4 (Unit F) of Irregular Section 7 for Devon's Old Ranch "7" Federal Well No. 4, is hereby approved.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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