



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

August 25, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Attention: Ken Gray

Administrative Order NSL-4940 (BHL)

Dear Mr. Gray:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-323337099*) that was submitted to the New Mexico Oil Conservation Division ("Division") on August 15, 2003; and (ii) the Division's records in Santa Fe: all concerning Devon Energy Production Company, L.P.'s ("Devon") request for an exception to Rule 2 (b) of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-9922, R-9922-A, R-9922-B, R-9922-C, R-9922-D, and R-9922-E and the "General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico," as promulgated by Division Order No. R-5353, as amended, for the recently drilled and completed Right Hand Canyon "34" Federal Well No. 6 (API No. 30-015-32593), which is located to an unorthodox subsurface location within a standard 320-acre stand-up spacing and proration unit comprising the E/2 of Section 34, Township 21 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Associated Pool (33685), Eddy County, New Mexico.

It is our understanding Devon permitted its Right Hand Canyon "34" Federal Well No. 6 in December, 2002 to be directionally drilled from a surface location 660 feet from the North and East lines (Unit A) of Section 34 to a standard bottom-hole location at a depth of 8,600 feet (TVD) 1960 feet from the North line and 760 feet from the East line (Unit H) of Section 34. However, Devon inadvertently drilled this well directionally an approximate distance of 1907 feet south of the surface location. It was determined after reaching total depth, 8,689 feet (MD) that the bottom-hole location of this well was actually 2560.83 feet from the North line and 810.62 feet from the East line (Unit H) of Section 34.

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 Division's associated pool rules.

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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 Devon's Right Hand Canyon "34" Federal Well No. 6 within the E/2 of Section 34 is hereby approved.

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

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

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad