



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 2, 2007

Devon Energy Corporation
10 North Broadway
Oklahoma City, Ok 73102-8260

Attention: Ms. Janet Wooldridge, CPL

Re: **Northeast Blanco Unit Well No. 42F**
API No. 30-045-33264
Surface Location: 265' FSL & 2988' FEL, Unit N,
Section 19, T-31 North, R-7 West, NMPM,
Bottomhole Location: 642' FNL & 2669' FEL, Unit C
Section 30, T-31 North, R-7 West, NMPM,
Both in San Juan County, New Mexico

Administrative Order NSL-5599

Dear Ms. Wooldridge:

Reference is made to the following:

- (a) Devon Energy Corporation's ("Devon") application for a non-standard well location (*administrative application reference No. pCLP0706041004*) for the Northeast Blanco Unit Well No. 42F that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on February 26, 2007; and
- (b) the Division's records pertinent to your request.

Devon requests approval of an unorthodox gas well location in the Basin-Dakota Gas Pool (Gas -- 71599) for its existing Northeast Blanco Unit ("NEBU") Well No. 42F which has been directionally drilled from a surface location 265 feet from the South line and 2988 feet from the East line (Unit N) of Irregular Section 19, to an unorthodox bottomhole location 642 feet from the North line and 2669 feet from the East line, Unit C of Irregular Section 30, both in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico. An existing 259.82-acre non-standard gas spacing and proration unit in the Basin-Dakota Gas Pool comprising Lot 5, 6, 7 and 8, and the E/2 W/2 of Section 19 and Lot 5 and the NE 1/4 NW 1/4 of Section 30 is to be dedicated to the subject well and to Devon's existing NEBU Well No. 42A (API No. 30-045-32018) located in Lot 5 of Section 19 (the non-standard gas unit approved by Division Order No. R-2046 dated August 14, 1961.)

The Basin-Dakota Gas Pool is currently governed by special pool rules established by Division Order No. R-10987, as amended. These rules require standard 320-acre gas spacing and proration units and designated well location requirements for wells located within federal exploratory units such that:

- a) a well located within the unit area but adjacent to an existing or prospective gas proration unit ("GPU") containing a non-committed tract or partially committed tract shall not be closer than 660 feet to the outer boundary of its GPU;
- b) a well located within a non-committed or partially committed GPU shall not be closer than 660 feet to the outer boundary of its GPU;
- c) a well located within a participating area ("PA") but adjacent to an existing or prospective GPU that is not within the same PA shall not be closer than 660 feet to the outer boundary of the PA; and
- d) a well located within the unit area but in an existing or prospective GPU that is a non-participating GPU shall not be closer than 660 feet to the outer boundary of its GPU.

According to applicant, the subject GPU is within the NEBU Dakota PA, but is adjacent to several GPU's that are not currently within the NEBU Dakota PA.

The affected offset GPU comprises the E/2 of Section 30. This GPU is currently dedicated to Devon's NEBU Well No. 49M. This well currently produces from the Basin-Dakota Gas Pool. According to applicant, a Paying Well Determination has been approved by the United States Bureau of Land Management ("USBLM") for the NEBU Well No. 49M, and the expansion of the NEBU Dakota PA is pending before the USBLM for the E/2 of Section 30.

According to the applicant, the ownership between the GPUs for the NEBU Wells No. 42F and 49M is common.

The applicant provided notice of this application to all interest owners within the GPUs to the south and southeast of the subject GPU. No interest owner has objected to the subject application.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Basin-Dakota Gas Pool is hereby approved.

Sincerely,


Mark E. Fesmire, P.E.
Division Director

Administrative Order NSL-5599

Devon Energy Corporation

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MEF/drc

cc: New Mexico Oil Conservation Division - Aztec
Bureau of Land Management-Farmington