



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

June 26, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Devon SFS Operating, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87501

Telefax No. (505) 982-3151

Division Administrative Order NSL-4754

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application (*application reference No. pKRV0-216135264*) on behalf of the operator, Devon SFS Operating, Inc. ("Devon") submitted to the New Mexico Oil Conservation Division's ("Division") on June 6, 2002; (ii) the Division's records in Santa Fe and Artesia; (iii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe on Wednesday, June 12, 2002; (iv) your first telefax to Mr. Stogner of June 13, 2002 with supplemental data; (v) Mr. Stogner's letter dated June 13, 2002 requesting verification on conflicting data between the Division's records, your application, and the supplemental data; and (vi) your second telefax to Mr. Stogner of June 24, 2002 with additional data and a request to amend the initial application: all concerning Devon's request for a non-standard Grayburg gas well location for the existing Crow Flats "15" Federal Com. Well No. 1 (**API No. 30-015-26490**), located 2180 feet from the North line and 660 feet from the East line (Unit H) of Section 15, Township 16 South, Range 28 East, NMPM, Eddy County, New Mexico.

This application has been duly filed under the provisions of 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.

According to the Division's well records the Crow Flats "15" Federal Com. Well No. 1 was initially drilled in 1990 by Bettis, Boyle, & Stoval to a total depth of 9,700 feet in order to test the Morrow formation for gas within a standard 320-acre spacing and proration unit comprising the E/2 of Section 15. At that time, the location was considered to be a standard deep Morrow gas well location. Evidently, Devon recompleted this well into the shallower Grayburg formation in December, 2000 and has subsequently commenced producing gas.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox wildcat Grayburg gas well location for Devon's Crow Flats "15" Federal Com. Well No. 1 is hereby approved.

IT SHALL BE NOTED HOWEVER THAT Devon, as a prudent operator, must recognize that a well location is unorthodox prior to its drilling or recompletion into another interval and not

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wait a period of two and one half years after recompletion of the well to seek the necessary regulatory exceptions. If, any future application by Devon for an unorthodox location is not filed in a more timely fashion, all such subsequent applications will be subject to the Division's hearing process until further notice.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery" followed by a stylized flourish or initials.

Lori Wrotenbery
Director

LW/MES/kv

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