



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

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Cabinet Secretary

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Director

Oil Conservation Division

December 2, 2002

Mr. Ken Gray
Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

Telefax No. (405) 552-8113

Administrative Order NSL-4813(SD)

Dear Mr. Gray:

Reference is made to the following: (i) your application received on October 21, 2002 and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Devon Energy Corporation'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 No. R-9922 as amended, 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 an infill well to be approved at an unorthodox location within an existing 320-acre stand-up spacing and proration unit comprising the W/2 of Section 34, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

Gas production from the Indian Basin-Upper Pennsylvanian Associated Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit comprising the W/2 of Section 34, which is currently simultaneously dedicated to Devon's;

- i) Right Hand Canyon Federal Well No. 1 (API No. 30-015-27046), a vertical well drilled at a standard location 1980 feet from the North line and 990 feet from the West line (Unit E) of Section 34,
- ii) Right Hand Canyon Federal Well No. 2 (API No. 30-015-30863), a vertical well drilled at an unorthodox (approved with NSL-4384) location 1076 feet from the South line and 928 feet from the West line (Unit M) of Section 34, and
- iii) Right Hand Canyon Federal Well No. 3 (API No. 30-015-32146), a directional well drilled at a standard bottom hole location 784 feet from the North line and 761 feet from the West line (Unit D) of Section 34.

This application has been duly filed under the provisions of Division Rule 104.F, as revised; and Rule 2(c) of the Division's associated pool rules.

It is our understanding this well was originally targeted at a standard location within a S/2 320 acre spacing unit but after being drilled is now being included in the W/2 320 acre spacing unit. The directional well bore entered the producing formation 312 feet from the East side of the spacing unit and 652 feet from the North quarter-quarter line. The bottom hole location is 349 feet from the East side of the spacing unit and 657 feet from the North quarter-quarter line. The well bore is nonstandard both at top and bottom of the producing interval by being closer than 660 feet from the East boundary of the 320-acre W/2 spacing unit.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, and the applicable provisions governing the Indian Basin-Upper Pennsylvanian Associated Pool, the following described well located at an unorthodox infill location within this 320-acre unit is hereby **approved**.

Right Hand Canyon "34" Federal Well No. 4

API: 30-015-32328

Surface location: 1820' FSL & 1650' FWL (Unit K) of Section 34

Location of top of Upper Penn: 1988' FSL & 2328' FWL (Unit K) of Section 34

Bottom hole location: 1980' FSL & 2310' FWL (Unit K) of Section 34

Within this standup W/2 spacing unit, Devon is authorized to **simultaneously dedicate** production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool from this new well with the existing three (3) wells as detailed above. Furthermore, Devon is permitted to produce the allowable assigned the subject 320-acre spacing and proration unit from all four (4) wells in any proportion.

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

Sincerely,



Lori Wrotenbery
Director

LW/wvjj

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