

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

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Cabinet Secretary
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Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 5, 2008

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

MAY 15 2008
OCD-ARTESIA

Administrative Order NSL-4264-A

Re: Devon Energy Production Company, L.P.
Mann 3 Federal Well No. 2
API No. 30-015-35772
Unit L, Section 3-18S-27E
Eddy County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-09860178**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Devon Energy Production Company, L.P. (Devon) on April 7, 2008, and

(b) the Division's records pertinent to this request, including the Division's records pertaining to Administrative Order NSL-4264 and Order R-11162, issued in Case No. 11966.

Devon has requested to drill the above-referenced well at an unorthodox oil well location, 1575 feet from the South line and 330 feet from the West line (Unit L) of Section 3, Township 18 South, Range 27 East, N.M.P.M., in Eddy County, New Mexico. The NW/4 SW/4 of Section 3 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Red Lake-Queen/Grayburg/San Andres Pool (51300) and in the Red Lake-Glorieta/Yeso Pool (97130). These pools are governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern unit boundary.

This proposed unorthodox location was approved in the Red Lake-Queen/Grayburg/San Andres Pool in Administrative Order NSL-4264. The present application seeks extension of that approval to the Red Lake-Glorieta Yeso Pool.



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Your application on behalf of Devon has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location for topographic reasons.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because the working interest ownership of the offsetting unit is identical to that of the subject unit.


Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved in the Red Lake-Glorieta Yeso Pool, as well as the Red Lake-Queen/Grayburg/San Andres Pool.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,



 Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad