



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 21, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Devon Energy Production Company, L. P.

c/o **James Bruce**

P. O. Box 1056

Santa Fe, New Mexico 87504

Administrative Order NSL-3728-A (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-414326672*) dated May 27, 2004 on behalf of the operator Devon Energy Production Company, L. P. ("Devon"); and (ii) the Division's records in Santa Fe, including the file on Division Administrative Order NSL-3728: all concerning Devon's request for: (i) a non-standard infill oil well within an existing standard 40.66-acre oil spacing and proration unit for the Red Lake (Queen-Grayburg-San Andres) Pool (**51300**); and (ii) an unorthodox oil well location in the Northeast Red Lake-Glorieta Yeso Pool (**96836**), for its proposed Falcon "3D" Federal Well No. 26 to be drilled 890 feet from the North line and 280 feet from the West line (Lot 4/Unit D) of Section 3, Township 18 South, Range 27 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.

Production from the Red Lake (Queen-Grayburg-San Andres) Pool is to be included within an existing standard 40-acre oil spacing and proration unit comprising Lot 4 (the NW/4 NW/4 equivalent) of Section 3, which is currently simultaneously dedicated to Devon's: (i) Falcon "3D" Federal Well No. 5 (**API No. 30-015-29162**) located at an unorthodox oil well location (approved in part by Division Administrative Order NSL-3728, dated October 24, 1996) 230 feet from the North line and 330 feet from the West line of Section 3; and (ii) Falcon "3D" Federal Well No. 6 (**API No. 30-015-29544**) located at a standard infill oil well location 840 feet from the North line and 990 feet from the West line of Section 3.

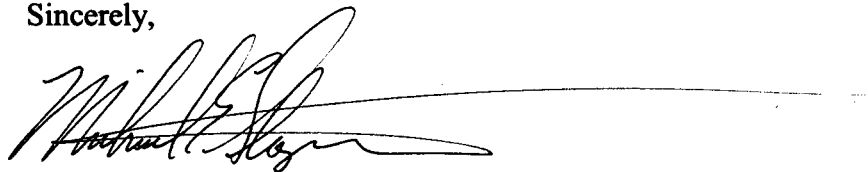
The proposed Falcon "3D" Federal Well No. 26 is to be the initial Glorieta/Yeso oil well within the standard 40.66-acre oil spacing and proration unit also comprising Lot 4 (Unit D) of Section 3.

It is the Division's understanding that Devon seeks this location exception for both topographic and engineering reasons.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox: (i) infill Queen/Grayburg/San Andres oil well location; and (ii) Glorieta/Yeso oil well location, for Devon's proposed Falcon "3D" Federal Well No. 26 is hereby approved.

Further, both the existing Falcon "3D" Federal Wells No. 5 and 6 and the proposed Falcon "3D" Federal Well No. 26 are to be simultaneously dedicated to the subject 40-acre unit within the Red Lake (Queen-Grayburg-San Andres) Pool.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal line extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: New Mexico Oil Conservation Division - Artesia
 U. S. Bureau of Land Management – Carlsbad
 File: NSL-3728