



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 7, 2006

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-5390 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application (*administrative application reference No. pTDS0-611651299*) dated and filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on April 25, 2006 on behalf of the operator Devon Energy Production Company, L. P. ("Devon"); (ii) Mr. Michael E. Stogner's, Staff Engineer with the Division in Santa Fe, telephone conversations with Mr. Mike Williams, Regulatory Consultant for Devon in Artesia, New Mexico, on Tuesday morning, June 6, 2006 concerning this application; (iii) your meeting with Mr. Stogner on Tuesday morning, June 6, 2006 where this filing was discussed; (iv) the supplemental information you provided for this filing on Tuesday afternoon, June 6, 2006; and (v) the Division's records in Santa Fe: all concerning Devon's request to drill its proposed Hawk "8N" Federal Well No. 21 at an unorthodox oil well location 660 feet from the South line and 1500 feet from the West line (Unit N) of Section 8, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, as:

(A) an infill well within an existing standard 40-acre oil spacing and proration unit in the Red Lake (Queen-Grayburg-San Andres) Pool (51300); and

(B) the initial well within a standard 40-acre oil spacing and proration unit in the Undesignated Red Lake-Glorieta Yeso Pool (51120).

Your application for Devon has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

Production from the shallower Red Lake (Queen-Grayburg-San Andres) Pool is to be included within an existing standard 40-acre oil spacing and proration unit comprising the SE/4 SW/4 (Unit N) of Section 8, which is currently simultaneously dedicated to Devon's: (i) Hawk "8N" Federal Well No. 7 (*API No. 30-015-29016*) located at a standard oil well location 840 feet from the South line and 2200 feet from the West line of Section 8; and (ii) Hawk "8N" Federal Well No. 8 (*API No. 30-015-29055*) located at a standard infill oil well location 330 feet from the South line and 2210 feet from the West line of Section 8.

Oil production from the Glorieta/Yeso interval will also to be dedicated to the NE/4 NE/4 (Unit A) of Section 33 in order to form a standard 40-acre oil spacing and proration unit within either the Undesignated Northeast Red Lake-Glorieta Yeso Pool (96836) or the Undesignated Red Lake-Glorieta Yeso Pool (51120).

The proposed Hawk "8N" Federal Well No. 21 will be the initial well within a standard 40-acre oil spacing and proration unit also comprising the NE/4 NE/4 (Unit A) of Section 8 for the Undesignated Red Lake-Glorieta Yeso Pool.

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) the above-described unorthodox: (i) infill Queen/Grayburg/San Andres oil well location; and (ii) initial Glorieta/Yeso oil well location, for Devon's proposed Hawk "8N" Federal Well No. 21 is hereby approved.

Both of Devon's existing Hawk "8N" Federal Wells No. 7 and 8 and its proposed Hawk "8N" Federal Well No. 21 are to be simultaneously dedicated to the subject 40-acre unit within the Red Lake (Queen-Grayburg-San Andres) Pool.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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