



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 29, 2007

Devon Energy Production Company, L.P.
c/o Ms. Janet Wooldridge, CPL
10 North Broadway
Oklahoma City, OK 73102-8260

Administrative Order NSL-5598

Re: Northeast Blanco Unit Well No. 340
API No. 30-045-33212
Unit O, Section 30, Twsp 31N, Range 7W
San Juan County

Dear Ms. Wooldridge:

Reference is made to the following:

(a) your application (**administrative application reference No. pCPL07-05246830**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 21, 2007,

(b) your e-mail communication dated March 27, 2007, and

(c) the Division's records pertinent to your request.

Devon Energy Production Company, L.P. (Devon) has requested to produce its Northeast Blanco Unit Well No. 340 at an unorthodox Dakota gas well bottom hole location 615 feet from the North line and 1775 feet from the East line (Unit B) of Section 31, Township 31 North, Range 7 West, N.M.P.M., in San Juan County, New Mexico. The E/2 of Section 31 will be dedicated to this well to form a standard 320-acre gas spacing and proration unit in the Basin-Dakota Gas Pool (**71599**). This location is governed by Rules II.A and II.C(1) of the Special Rules and Regulations for the Basin-Dakota Gas Pool, as amended by Order No. R-10987-B(2), effective January 29, 2002, which provide for 320-acre units with wells to be located at least 660 feet from any unit boundary. The proposed bottom hole location is less than 660 feet from the northern unit boundary.

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


It is our understanding that Devon is seeking this location exception because of an error in drilling this directional well, which was originally designed to reach a standard bottom hole location farther to the south.

We also understand that (1) this well is located in a federal exploratory unit, (2) the United States Bureau of Land Management has issued paying well determinations both for this well and for the Dakota well on the offsetting unit to the north, so that both units will be included in the same Dakota participating area, and (3) all interests in the unit are allocated production on a participating area basis. Based on this understanding, no notice of this application would be required. However, it is our understanding that offsetting working interest owners have nevertheless been notified.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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 - Aztec
United States Bureau of Land Management - Farmington