



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

August 8, 2002

Lori Wrotenbery

Director

Oil Conservation Division

Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Attention: Ken Gray

Telefax No. (405) 552-8113

Administrative Order NSL-4767 (SD) (NSBHL)

Dear Mr. Gray:

Reference is made to the following: (i) your original application (*application reference No. pKRV0-217150424*) that was submitted to the New Mexico Oil Conservation Division ("Division") on June 20, 2002; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe on Monday, June 24, 2002; (iii) your response by telefax of June 27, 2002 to Mr. Stogner's verbal request for additional information; (iv) Mr. Stogner letter dated July 3, 2002 denying this application; (v) your re-submittal of this application to the Division on July 19, 2002 (*application reference No. pKRV0-220051775*); and (vi) the Division's records in Santa Fe: all concerning Devon Energy Production Company, L. P.'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 Nos. R-9922, R-9922-A, R-9922-B, R-9922-C, and R-9922-D 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 the recently drilled Winston Gas Com. Well No. 6 (API No. 30-015-32116) which is located to an unorthodox subsurface location within an existing standard 317.18-acre stand-up spacing and proration unit comprising Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Associated Pool (33685), Eddy County, New Mexico.

This unit is currently simultaneously dedicated to Devon's:

- (i) Winston Gas Com. Well No. 1 (API No. 30-015-10363), a vertical well located at a standard location 2080 feet from the South line and 1980 feet from the West line (Unit K) of Section 31; and
- (ii) Winston Gas Com. Well No. 5 (API No. 30-015-30478), a vertical well located at a standard location 856 feet from the South line and 900 feet from the West line (Lot 4/Unit M) of Section 31.

It is our understanding when Devon drilled the Winston Gas Com. Well No. 6 at a permitted standard surface location 1650 feet from the North and 710 feet from the West line (Lot 2/Unit E) of