



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 4, 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-4997-A (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-413527346*) dated May 13, 2004 on behalf of the operator Devon Energy Production Company, L. P. ("Devon"); and (ii) the Division's records in Santa Fe, including the files in Division Case No. 11966 and on Division Administrative Order NSL-4997 (SD): all concerning Devon's request for an unorthodox infill oil well location in both the Red Lake (Queen-Grayburg-San Andres) Pool (51300) and Undesignated Northeast Red Lake-Glorieta Yeso Pool (96836) for Devon's proposed Eagle "34F" Federal Well No. 57 to be drilled 2310 feet from the North line and 1575 feet from the West line (Unit F) of Section 34, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

Your 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 the SE/4 NW/4 (Unit F) of Section 34, which is currently simultaneously dedicated to Devon's: (i) Eagle "34F" Federal Well No. 11 (API No. 30-015-29084) located at a standard oil well location 1650 feet from the North and West lines of Section 34; (ii) Eagle "34F" Federal Well No. 12 (API No. 30-015-29635) located at an unorthodox infill oil well location (approved by Division Order No. R-11162, issued in Case No. 11966 on April 13, 1999) 2310 feet from the North line and 2420 feet from the West line of Section 34; and (iii) Eagle "34F" Federal Well No. 40 (API No. 30-015-33236), recently drilled at an unorthodox infill oil well location [approved by Division Administrative Order NSL-4997 (SD), dated February 10, 2004] 1550 feet from the North line and 2110 feet from the West line of section 34.

Further, production from the Undesignated Northeast Red Lake-Glorieta Yeso Pool is to be included within an existing standard 40-acre oil spacing and proration unit also comprising the SE/4 NW/4 (Unit F) of Section 34, which is currently dedicated to Devon's above-described Eagle "34F" Federal Well No. 40.

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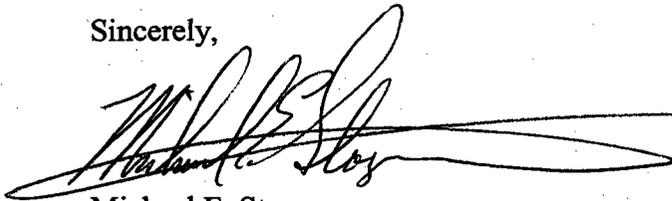
It is the Division's understanding that Devon seeks this location exception for both topographic and engineering reasons.

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) infill Glorieta/Yeso oil well location, for Devon's proposed Eagle "34F" Federal Well No. 57 is hereby approved.

Further, both the existing Harry Leonard (NCT-E) Well No. 5 and the proposed Harry Leonard (NCT-E) Well No. 7 are to be simultaneously dedicated to the subject 40-acre unit.

Further, Devon's: (i) existing Eagle "34F" Federal Wells No. 11, 12, and 40 and proposed Eagle "34F" Federal Well No. 57 are to be simultaneously dedicated to the subject 40-acre unit within the Red Lake (Queen-Grayburg-San Andres) Pool; and (ii) existing Eagle "34F" Federal Well No. 40 and proposed Eagle "34F" Federal Well No. 57 are to be simultaneously dedicated to the subject 40-acre unit within the Undesignated Northeast Red Lake-Glorieta Yeso Pool.

Sincerely,



Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: Case No. 11966
Administrative Order NSL-4997 (SD)