



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 15, 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

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OCD-ARTESIA

Administrative Order NSL-3730-B (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-413527583*) 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 on Division Administrative Orders NSL-3730 and NSL-3730-A (SD): all concerning Devon's request for: (i) a non-standard infill oil well within an existing standard 40-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 Undesignated Northeast Red Lake-Glorieta Yeso Pool (96836), for Devon's proposed Eagle "34B" Federal Well No. 48 (API No. 30-015-33273) to be drilled 330 feet from the North line and 1600 feet from the East line (Unit B) of Section 34, Township 17 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 the NW/4 NE/4 (Unit B) of Section 34 that which is currently dedicated to Devon's Eagle "34B" Federal Well No. 3 (API No. 30-015-29109), which is located at an unorthodox oil well location (approved in part by Division Administrative Order NSL-3730, dated October 24, 1996) 530 feet from the North line and 2510 feet from the East line of Section 34.

The Division's records indicate that by Administrative Order NSL-3730-A (SD), dated April 22, 1999, Devon was granted authorization to drill its Eagle "34B" Federal Well No. 4 (API No. 30-01529670) as an infill Red Lake (Queen-Grayburg-San Andres) oil well within this 40-acre unit to the aforementioned Eagle "34B" Federal Well No. 3 at an unorthodox oil well location 890 feet from the North line and 1500 feet from the East line of Section 34; however, Devon never drilled this well and the permit to drill subsequently expired.

The proposed Eagle "34B" Federal Well No. 48 is to be the initial Glorieta/Yeso oil well within the standard 40-acre oil spacing and proration unit also comprising the NW/4 NE/4 (Unit B) of Section 34.

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

It is further understood that the 240 acres comprising the NE/4 and the N/2 SE/4 of Section 34 is a single Federal lease (United States Government lease No. NM-0557370) in which Devon is the leasehold operator; therefore, there are no affected offsets to the subject 40-acre unit other than Devon.

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 Eagle "34B" Federal Well No. 48 is hereby approved.

Both the existing Eagle "34B" Federal Well No. 3 and the proposed Eagle "34B" Federal Well No. 48 are to be simultaneously dedicated to the subject 40-acre unit within the Red Lake (Queen-Grayburg-San Andres) Pool.

IT IS FURTHER ORDERED THAT Division Administrative Order NSL-3730-A (SD), dated April 22, 1999, is hereby placed in abeyance until further notice.

Sincerely,



Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3730
NSL-3730-A (SD)