



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 29, 2005

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

RECEIVED

SEP - 6 2005

OCU-MT/ESM

Administrative Order NSL-5264

Dear Ms. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-521437681*) dated July 28, 2005 on behalf of the operator Devon Energy Production Company, L. P. ("Devon"); and (ii) the Division's records in Artesia and Santa Fe, including the file in Division Case No. 5498: all concerning Devon's request for an unorthodox Yeso oil well location for its existing Brainard Gas Com. Well No. 2 (**API No. 30-015-21582**) located 1180 feet from the North line and 1505 feet from the East line (Unit B) of Section 11, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. The NW/4 NE/4 of Section 11 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for wildcat Yeso oil production.

Your application has been duly filed under the provisions of Division Rules 104.F and 1207.A (2).

Division Order No. R-5043, issued in Case No. 5498 on June 17, 1975, authorized Mobil Oil Corporation to drill the above-described Brainard Gas Com. Well No. 2 at an unorthodox gas well location within a standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 11 for the Atoka-Pennsylvanian (Prorated) Gas Pool (**70800**) [see the "*Special Rules and Regulations for the Atoka-Pennsylvanian (Prorated) Gas Pool*," as promulgated by Division Order No. R-8170, as amended]. From the Division's records the last reported gas production from the Atoka-Pennsylvanian Gas Pool occurred in January, 2004. It is the Division's understanding that the Pennsylvanian interval is to be abandoned and the Yeso formation is to be perforated in an attempt to establish oil production; however, pursuant to Division Rule 104.B (1), this location is also considered to be unorthodox for the proposed 40-acre unit.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Yeso oil well location for the Devon's Brainard Gas Com. Well No. 2 is hereby approved.

Further, Division Order No. R-5043 is hereby placed in abeyance until further notice.

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
File: Case No. 5498