



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

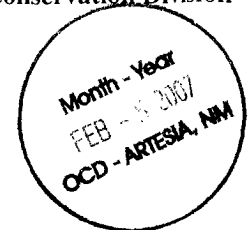
Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 26, 2007



Devon Energy Production Company, L.P.
c/o Mr. Brett Hudson
20 North Broadway
Oklahoma City, OK 73102-8260

Administrative Order NSL-5552

Re: Arco 20 Federal Com. Well No. 2
API No. 30-015-30599
Unit N, Section 20, Twsp 21S, Range 26E
Eddy County

Dear Mr. Hudson:

Reference is made to the following:

- (a) your application (**administrative application reference No. pTDS06-34833857**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 12, 2006,
- (b) your e-mail communications dated January 9 and January 17, 2007, and
- (b) the Division's records pertinent to your request.

Devon Energy Production Company, L.P. (Devon) has requested to re-complete its Arco 20 Federal Com., Well No. 2 at an unorthodox Delaware gas well location, 1371 feet from the South line and 2284 feet from the West line (Unit K) of Section 20, Township 21 South, Range 26 East, N.M.P.M., in Eddy County, New Mexico. This is a directional well that was drilled from a surface location in Unit N of Section 20. The NE/4 SW/4 Section 20 will be dedicated to this well to form a standard 40-acre oil spacing unit in the undesignated East Catclaw Draw Delaware Pool (**10500**). Spacing in this pool is governed by statewide Rule 104, which requires that a well be located at least 330 feet from a unit boundary. The proposed location for the Delaware completion is approximately 51 feet from the southern boundary of the proposed unit.

Your application on behalf of Devon 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 in order to utilize an existing wellbore that was originally drilled to test the Morrow formation.

It is also understood that notice of this application has been given to all affected persons, in accordance with Rule 1210.

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 - Artesia
United States Bureau of Land Management - Carlsbad