

January 14, 2003

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

Telefax No. (405) 552-8113

Attention: Ken Gray

Administrative Order NSL-4767-A (SD)

Dear Mr. Gray:

Reference is made to the following: (i) your original application (*application reference No. pKRV0-233730503*) that was submitted to the New Mexico Oil Conservation Division ("Division") on December 2, 2002; (ii) the Division's initial response by letter dated December 17, 2002 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe requesting additional information to support this application; (iii) Mr. Stogner's second letter dated December 31, 2002 **denying** this application; (iv) your re-submittal of this application to the Division by telefax on January 14, 2003; and (v) the Division's records in Santa Fe, including the file on Division Administrative Order NSL-4767 (SD) (NSBHL): 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, R-9922-D, and R-9922-E 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 an unorthodox 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;
- (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; and
- (iii) Winston Gas Com. Well No. 6 (**API No. 30-015-32116**), a

deviated well, located on the surface 1650 feet from the North line and 710 feet from the West line (Lot 2/Unit E) of Section 31 and completed at a subsurface unorthodox bottomhole location [approved by Division Administrative Order NSL-4767 (SD) (NSBHL), dated August 8, 2002] 1657 feet from the North line and 592 feet from the West line (Lot 2/Unit E) of Section 31.

The subject application has been duly filed under the provisions of Division Rule 104.F and Rule 2 (c) of the Division's associated pool rules.

By the authority granted me under the provisions of Division Rule 104.F (2) and the applicable provisions of the special rules governing the Indian Basin-Upper Pennsylvanian Associated Pool the following described well to be drilled at an unorthodox infill well location within the W/2 equivalent of Section 31 is hereby approved:

Winston Federal Gas Com. Well No. 9
480' FNL & 2260' FWL (Unit C)
(API No. 30-015-32577).

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to the Indian Basin-Upper Pennsylvanian Associated Pool.

Devon is further authorized to simultaneously dedicate production attributed to the Indian Basin-Upper Pennsylvanian Associated Pool from the aforementioned Winston Gas Com. Wells No. 1, 5, 6, and 9. Furthermore, Devon is permitted to produce the allowable assigned the subject 317.18-acre spacing and proration unit from all four wells in any proportion.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
Jim Bruce, Legal Counsel for Devon Energy Production Company, L. P. – Santa Fe
File: NSL-4767 (SD) (NSBHL)