



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

Administrative Order NSL-5075 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-413527499*) 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 file on Division Case No. 11966; 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 its proposed Eagle "34E" Federal Well No. 53 to be drilled 1680 feet from the North line and 1150 feet from the West line (Unit E) 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 SW/4 NW/4 (Unit E) of Section 34, which is currently simultaneously dedicated to Devon's: (i) Eagle "34E" Federal Well No. 9 (API No. 30-015-29083) located at a standard oil well location 1650 feet from the North line and 330 feet from the West line of Section 34; and (ii) Eagle "34E" Federal Well No. 10 (API No. 30-015-29632) 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 1240 feet from the West line of Section 34.

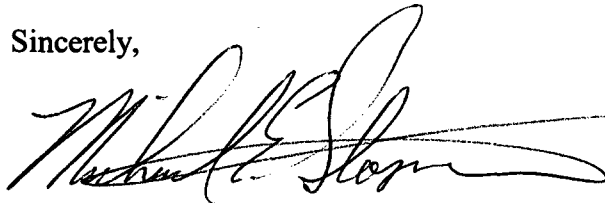
The proposed Eagle "34E" Federal Well No. 53 is to be the initial Glorieta/Yeso oil well within the standard 40-acre oil spacing and proration unit also comprising the SW/4 NW/4 (Unit E) of Section 34.

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) Glorieta/Yeso oil well location, for Devon's proposed Eagle "34E" Federal Well No. 53 is hereby approved.

Further, both the existing Eagle "34E" Federal Wells No. 9 and 10 and the proposed Eagle "34E" Federal Well No. 53 are to be simultaneously dedicated to the subject 40-acre unit within the Red Lake (Queen-Grayburg-San Andres) Pool.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
Case No. 11966