



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 10, 2003

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

Telefax No. (405) 552-8113

Administrative Order NSL-4896 (SD)

Dear Mr. Gray:

Reference is made to the following: (i) your application (*administrative application reference No. pKRV0-314031875*) that was submitted to the New Mexico Oil Conservation Division ("Division") on May 19, 2003; and (ii) the Division's records in Artesia and Santa Fe: 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 320-acre lay-down spacing and proration unit comprising the S/2 of Section 8, Township 22 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Associated Pool (33685), Eddy County, New Mexico.

This unit is currently dedicated to Devon's Old Ranch Knoll "8" Federal Com. Well No. 2 (API No. 30-015-27674), a vertical well located at a standard location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 8. It is the Division's understanding that Devon's recently drilled (spud date: March 14, 2003) Old Ranch Knoll "8" Federal Com. Well No. 7 (API No. 30-015-32621), a deviated well, located on the surface 1790 feet from the North line and 2170 feet from the East line (Unit G) of Section 8, with an expected bottom-hole location at a depth of 9,040 feet within the Indian Basin-Upper Pennsylvanian Associated Pool 1980 feet from the South and East lines (Unit J) of Section 8, will be simultaneously dedicated to this 320-acre unit.

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 S/2 of Section 8 is hereby approved:

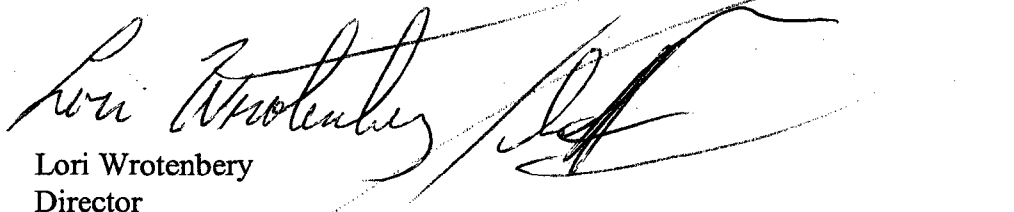
**Old Ranch Knoll "8" Federal Com. Well No. 8
1500' FSL & 1080' FWL (Unit L)**

Further, the aforementioned well and spacing/proration 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 Old Ranch Knoll "8" Federal Com. Wells No. 2, 7, and 8. Furthermore, Devon is permitted to produce the allowable assigned the subject 320-acre spacing and proration unit from all three wells in any proportion.

Jurisdiction of this case 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