

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
311 S. 1st Street
Tosia, NM 88210-2836

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

SP

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
DEVON ENERGY CORPORATION (NEVADA)

3. Address and Telephone No.
20 NORTH BROADWAY, SUITE 1500, OKLAHOMA CITY, OKLAHOMA 73102 (405) 235-3611

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
890' FNL & 1500' FEL, Section 34-17S-27E, Unit B

5. Lease Designation and Serial No.
NM-0557370

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Eagle "34" B Federal #4

9. API Well No.
30-015-29670

10. Field and Pool, or Exploratory Area
Red Lake (Q-GB-SA)

11. County or Parish, State
Eddy County, NM

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent <input checked="" type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other <u>APD Extension</u>
	<input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water <small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)</small>

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

The Application for Permit to Drill this well was approved June 13, 1997.

At this time, Devon Energy Corporation (Nevada) requests an extension of one year to drill this well.

14. I hereby certify that the foregoing is true and correct

Signed *Tonja Rutelonis*
 (This space for Federal or State office use)

Tonja Rutelonis

Title Engineering Technician

Date 7/31/98

Approved by (SIG. SGD.) LES BABYAK
 Conditions of approval, if any:

Title PETROLEUM ENGINEER

Date AUG 25 1998

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
N.M. Off-Cons. Division

SUBMIT IN

Form approved.

811 S. 1ST ST.

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL DEEPEN

b. TYPE OF WELL: OIL WELL GAS WELL Other SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR: DEVON ENERGY CORPORATION (NEVADA) 6137 ROSWELL OFFICE

3. ADDRESS AND TELEPHONE NO.: 20 N. BROADWAY, SUITE 1500, OKC, OK 73102 (405) 235-3611

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 890' FNL & 1500' FEL
At top proposed prod. zone (SAME) Unit B BY STATE
SUBJECT TO LIKE APPROVAL UNWORTHY DDX LOCATION

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 5 miles southeast of Artesia, NM

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 890
(Also to nearest drlg. unit line if any)

16. NO. OF ACRES IN LEASE 640

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 900

19. PROPOSED DEPTH 2800'

20. ROTARY OR CABLE TOOLS* Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
GL 3532'

22. APPROX. DATE WORK WILL START*
July 1, 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	14"	Conductor	40'	Redimix
12 1/4"	8 5/8", J-55	24 ppf	1050'	350 sx Lite + 200 sx Class C
7 7/8"	5 1/2", J-55	15.5 ppf	2800'	150 sx Lite + 350 sx Class C

* Cement will be circulated to surface on all casing strings.

ROSWELL CONTROLLED WATER BASIN

Devon Energy plans to drill to 2800'+/- to test the San Andres Formation for commercial quantities of oil. If the San Andres is deemed non-commercial, the wellbore will be plugged and abandoned per Federal regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

- Drilling Program concerning
- Surface Use and Operating Plan
- Exhibit #1 - Blowout Prevention Equipment
- Exhibit #1-A - Choke Manifold
- Exhibit #2 - Location and Elevation Plat
- Exhibit #3 - Planned Access Roads
- Exhibit #4 - Wells Within a One Mile Radius
- Exhibit #5 - Production Facilities Plan
- Exhibit #6 - Rotary Rig Layout
- Exhibit #7 - Casing Design Parameters and Factors
- H₂S Operating Plan

The undersigned accepts all applicable terms, conditions, stipulation, and restrictions operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Nationwide
BLM Bond File No.: CO-1104

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED E. L. Buttross, Jr.

E. L. BUTTROSS, JR.
TITLE DISTRICT ENGINEER

DATE

5/14/97

*(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY (ORIG. SGD.) ARMANDO A. LOPEZ

TITLE Acting ADM, MINERALS DATE 6/13/97

See Instructions On Reverse Side

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit 2

Form C-102
Revised February 10, 1994

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

Instruction on back
Submit to Appropriate District Office

State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Red Lake (Q-GB-SA)
Property Code	Property Name Eagle 34 B Federal	Well Number 4
OGRID No.	Operator Name Devon Energy Corporation	Elevation 3532'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	34	17 S	27 E		890	North	1500	East	Eddy

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u>E. L. Buttross, Jr.</u> Signature</p> <p>E. L. Buttross, Jr. Printed Name</p> <p>District Engineer Title</p> <p>May 13, 1997 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>April 23, 1997 Date Surveyed</p> <p><u>[Signature]</u> Signature & Seal of Professional Surveyor</p> <p>7977 W.O. No. 7022z</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11966
ORDER NO. R-11162

APPLICATION OF DEVON ENERGY CORPORATION (NEVADA) FOR 23
UNORTHODOX OIL WELL LOCATIONS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 16, 1998 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of April, 1999, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Devon Energy Corporation (Nevada) ["Devon"], seeks authority to drill and produce the following wells at unorthodox oil well locations in Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Eagle "27-H" Federal No. 15	30-015-29942	27	1450' FNL & 990' FEL	H
Evarts "31" Federal No. 3	30-015-30171	31	1330' FSL & 1630' FEL	J
Eagle "33-G" Federal No. 6	30-015-29595	33	2460' FNL & 1350' FEL	G
Eagle "33-H" Federal No. 8	30-015-29596	33	2435' FNL & 531' FEL	H
Eagle "33-N" Federal No. 10	30-015-29598	33	230' FSL & 2140' FWL	N
Eagle "34-E" Federal No. 10	30-015-29632	34	2310' FNL & 1240' FWL	E
Eagle "34-F" Federal No. 12	30-015-29635	34	2310' FNL & 2420' FWL	F
Eagle "34-G" Federal No. 14	30-015-29636	34	2310' FNL & 1600' FEL	G
Eagle "34-I" Federal No. 18	30-015-29655	34	1740' FSL & 280' FEL	I
Eagle "34-L" Federal No. 24	30-015-29643	34	1740' FSL & 1065' FWL	L

In addition, Devon seeks authority to drill and produce the following wells at unorthodox oil well locations in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Falcon "3-N" Federal No. 18	30-015-29575	3	680' FSL & 1350' FWL	N
Carter Collier "5" Federal No. 9	30-015-29995	5	330' FNL & 2360' FEL	B
Evarts "6" Federal No. 4	30-015-30109	6	330' FNL & 1190' FEL	A
Fred "6" Federal. No. 5	30-015-30155	6	1260' FNL & 990' FWL	D
Patton "6" Federal No. 6	30-015-30085	6	2460' FNL & 2310' FWL	F
Patton "6" Federal No. 4	30-015-30079	6	1593' FSL & 1469' FWL	K
Patton "6" Federal No. 3	30-015-29980	6	930' FSL & 1450' FWL	N
Hawk "9-B" Federal No. 4	30-015-29480	9	990' FNL & 1360' FEL	B
Hawk "9-J" Federal No. 16	30-015-29483	9	1630' FSL & 1650' FEL	J
Hawk "9-O" Federal No. 17	30-015-29484	9	1170' FSL & 2310' FEL	O
Hawk "17-C" Federal No. 1	30-015-29515	17	380' FNL & 1450' FWL	C
Hawk "17-C" Federal No. 2	30-015-29726	17	890' FNL & 2585' FWL	C
Kaiser No. 1	NA	18	330' FNL & 1110' FEL	A

(3) Prior to the hearing the Division issued the following Administrative Orders for four of the above-described wells:

- (a) NSL-3969 (SD), dated March 11, 1998, granted Devon approval to drill its Hawk "17-C" Federal Wells No. 1 and 2 at the above-described unorthodox oil well locations;
- (b) NSL-3982, dated March 23, 1998, granted Devon approval to drill its Carter Collier "5" Federal Well No. 9 at the above-described unorthodox oil well location; and
- (c) NSL-3983, dated March 23, 1998, granted Devon approval to drill its Evarts "6" Federal Well No. 4 at the above-described unorthodox oil well location.

Since it is unnecessary at this time to include these four wells in this application, they should be dismissed.

(4) The Red Lake (Queen-Grayburg-San Andres) Pool, as currently designated, includes the following lands in Eddy County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 28 EAST,
NMPM

Section 24: SE/4
Section 25: All
Section 26: S/2 S/2
Section 27: SE/4 SE/4
Section 34: All
Section 35: All
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 27 EAST,
NMPM

Section 12: SE/4
Section 13: N/2 and SE/4
Section 22: S/2 NE/4
Section 23: S/2 NW/4, NE/4 SW/4, and SE/4
Section 24: NE/4, S/2 NW/4, N/2 SW/4, and SE/4
Section 25: NE/4 and S/2
Section 26: S/2 S/2
Section 27: All
Section 32: SE/4
Section 33: NE/4 and S/2
Section 34: All
Section 35: All
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 28 EAST,
NMPM

Section 7: All
Section 8: SW/4
Section 9: NE/4 NE/4, S/2 NE/4, and SE/4
Section 10: SW/4
Section 11: S/2
Section 12: SW/4 SW/4
Section 14: W/2

TOWNSHIP 17 SOUTH, RANGE 28 EAST,
NMPM

(Continued)

Section 15: All
Section 16: NE/4 and S/2
Section 18: W/2
Section 19: S/2
Section 20: All
Section 22: All
Section 23: S/2 NW/4 and S/2
Section 25: N/2
Section 26: N/2
Section 27: N/2 N/2 and SW/4
Section 28: All
Section 29: N/2, SW/4, and N/2 SE/4
Section 30: All
Section 31: NE/4 NE/4, W/2 E/2, and W/2

TOWNSHIP 18 SOUTH, RANGE 26 EAST,
NMPM

Section 1: E/2

TOWNSHIP 18 SOUTH, RANGE 27 EAST,
NMPM

Section 1: S/2
Section 2: S/2
Section 3: All
Section 4: All
Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: All
Section 17: N/2
Section 18: NE/4, N/2 NW/4, and SE/4 NW/4.

(5) Currently the Red Lake (Queen-Grayburg-San Andres) Pool is governed by the Division's statewide rules, which require development on standard 40-acre spacing and proration units, each having a top unit depth bracket allowable of 80 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil, and allow infill drilling on each 40-acre unit.

(6) Within a 1236.85-acre area, more or less, comprising the following described

acreage in Eddy County, New Mexico, Devon is the operator of the West Red Lake Unit Area (approved by Division Order No. R-3453 dated July 12, 1968) in which waterflood operations are being conducted with injection into the Red Lake (Queen-Grayburg-San Andres) Pool (approved by Division Order No. R-3469, issued in Case No. 3824, dated August 13, 1968, and designated the West Red Lake Waterflood Project).

(7) The remaining 19 wells listed in Paragraph No. (2) above are either completed in or proposed to be completed in the Red Lake (Queen-Grayburg-San Andres) Pool, and each well will have a standard 40-acre, more or less, unit dedicated thereto. Eleven wells will be infill wells within existing 40-acre oil proration units while the remaining eight wells will be considered new designations.

(8) The applicant presented evidence that indicates the following:

- (a) All of the wells are located on federal land, except the Kaiser No. 1, which is located on fee land.
- (b) The subject pool is continuous across the area, trending in a northeast-southwest direction.
- (c) The original locations for all of the subject wells were orthodox, but were moved due to topographic and engineering reasons.
- (d) The subject area is near the Pecos River, with numerous draws and elevation changes of 100-200 feet. The Bureau of Land Management requested that numerous well locations be moved to prevent extreme cut and fill of slopes and prevent erosion of the highly erodible soil in this area. In addition, there are numerous gas transmission and gathering pipelines, roads, existing wells, and a gas plant. All of these factors limit well locations.
- (e) Average reserves in wells completed in the subject pool are about 50,000 barrels of oil, which equate to approximately 24 acres of drainage. The drainage radius of such a well is much less than a well that is capable of draining 40 acres. The applicant has drilled wells within 400-450 feet of older, above-average wells in the pool, and has seen no evidence of drainage from those older wells.
- (f) Directional drilling is not feasible because the small reserves in these wells do not justify the additional drilling and operating costs.

(g) Applicant is drilling two wells per 40-acre unit to: (i) adequately drain each unit, and (ii) prepare for a possible future waterflood project. Injection in the West Red Lake Unit has shown a favorable production response. Drilling two wells per 40-acre unit could allow the Unit's waterflood project to be expanded in the future.

(9) Each of the above-described unorthodox oil well locations should be approved for one or more of the following reasons:

- (a) The location is a move toward the interior of a lease;
- (b) The location encroaches on a lease not owned or operated by the applicant, but notice was given to the offset and the Division received no objection;
- (c) The location will not drain the offset well unit due to the limited drainage areas in the subject pool;
- (d) A well will be drilled offsetting the proposed unorthodox well, or the offsetting well unit has existing wells producing from the same pool; and/or
- (e) There are no overriding royalty interest owners in the tract offsetting the subject well, or the applicant is the only overriding royalty interest owner in the offsetting tract.

(10) Approval of the proposed unorthodox oil well locations will afford the applicant the opportunity to produce its just and equitable share of oil and gas from the subject pool and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Devon Energy Corporation (Nevada), is hereby authorized to drill the wells described below at unorthodox oil well locations in the Red Lake (Queen-Grayburg-San Andres) Pool in Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Eagle "27-H" Federal No. 15	30-015-29942	27	1450' FNL & 990' FEL	H
Evarts "31" Federal No. 3	30-015-30171	31	1330' FSL & 1630' FEL	J

Eagle "33-G" Federal No. 6	30-015-29595	33	2460' FNL & 1350' FEL	G
Eagle "33-H" Federal No. 8	30-015-29596	33	2435' FNL & 531' FEL	H
Eagle "33-N" Federal No. 10	30-015-29598	33	230' FSL & 2140' FWL	N
Eagle "34-E" Federal No. 10	30-015-29632	34	2310' FNL & 1240' FWL	E
Eagle "34-F" Federal No. 12	30-015-29635	34	2310' FNL & 2420' FWL	F
Eagle "34-G" Federal No. 14	30-015-29636	34	2310' FNL & 1600' FEL	G
Eagle "34-I" Federal No. 18	30-015-29655	34	1740' FSL & 280' FEL	I
Eagle "34-L" Federal No. 24	30-015-29643	34	1740' FSL & 1065' FWL	L

And in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Falcon "3-N" Federal No. 18	30-015-29575	3	680' FSL & 1350' FWL	N
Fred "6" Federal. No. 5	30-015-30155	6	1260' FNL & 990' FWL	D
Patton "6" Federal No. 6	30-015-30085	6	2460' FNL & 2310' FWL	F
Patton "6" Federal No. 4	30-015-30079	6	1593' FSL & 1469' FWL	K
Patton "6" Federal No. 3	30-015-29980	6	930' FSL & 1450' FWL	N
Hawk "9-B" Federal No. 4	30-015-29480	9	990' FNL & 1360' FEL	B
Hawk "9-J" Federal No. 16	30-015-29483	9	1630' FSL & 1650' FEL	J
Hawk "9-O" Federal No. 17	30-015-29484	9	1170' FSL & 2310' FEL	O
Kaiser No. 1	NA	18	330' FNL & 1110' FEL	A

(2) Each well shall have a standard 40-acre oil spacing and proration unit dedicated thereto.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

October 24, 1996

Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260
Attention: E. L. Buttross, Jr.

Administrative Order NSL-3730

Dear Mr. Buttross:

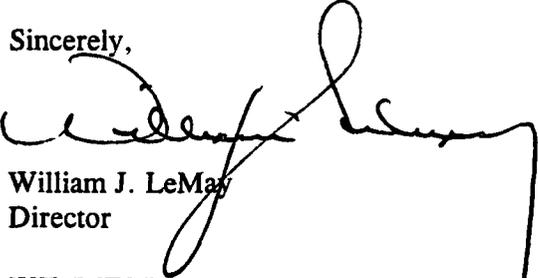
Reference is made to your (Eagle "34" Federal) applications dated September 10 and 11, 1996 for two unorthodox oil well locations in the designated and Undesignated Red Lake Queen-Grayburg-San Andres Pool.

Both wells are to be located in Section 34, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

<i>Well Name & No. (API Number)</i>	<i>Footage Location</i>	<i>Unit</i>	<i>Dedicated 40-Acre Tract</i>
Eagle "34B" Federal No. 3 (30-015-29109)	530' FNL - 2510' FEL	B	NW/4 NE/4
Eagle "34M" Federal No. 25 (30-015-29114)	1090' FSL - 330' FWL	M	SW/4 SW/4

By the authority granted me under the provisions of Division General Rule 104.F(2), the two above-described unorthodox oil well locations are hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad



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-3730-B (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-413527583*) 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 files on Division Administrative Orders NSL-3730 and NSL-3730-A (SD): 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 Devon's proposed Eagle "34B" Federal Well No. 48 (API No. **30-015-33273**) to be drilled 330 feet from the North line and 1600 feet from the East line (Unit B) 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 NW/4 NE/4 (Unit B) of Section 34 that which is currently dedicated to Devon's Eagle "34B" Federal Well No. 3 (API No. **30-015-29109**), which is located at an unorthodox oil well location (approved in part by Division Administrative Order NSL-3730, dated October 24, 1996) 530 feet from the North line and 2510 feet from the East line of Section 34.

The Division's records indicate that by Administrative Order NSL-3730-A (SD), dated April 22, 1999, Devon was granted authorization to drill its Eagle "34B" Federal Well No. 4 (API No. **30-01529670**) as an infill Red Lake (Queen-Grayburg-San Andres) oil well within this 40-acre unit to the aforementioned Eagle "34B" Federal Well No. 3 at an unorthodox oil well location 890 feet from the North line and 1500 feet from the East line of Section 34; however, Devon never drilled this well and the permit to drill subsequently expired.

The proposed Eagle "34B" Federal Well No. 48 is to be the initial Glorieta/Yeso oil well within the standard 40-acre oil spacing and proration unit also comprising the NW/4 NE/4 (Unit B) of Section 34.

It is the Division's understanding that Devon seeks this location exception for both topographic and engineering reasons.

It is further understood that the 240 acres comprising the NE/4 and the N/2 SE/4 of Section 34 is a single Federal lease (United States Government lease No. NM-0557370) in which Devon is the leasehold operator; therefore, there are no affected offsets to the subject 40-acre unit other than Devon.

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 "34B" Federal Well No. 48 is hereby approved.

Both the existing Eagle "34B" Federal Well No. 3 and the proposed Eagle "34B" Federal Well No. 48 are to be simultaneously dedicated to the subject 40-acre unit within the Red Lake (Queen-Grayburg-San Andres) Pool.

IT IS FURTHER ORDERED THAT Division Administrative Order NSL-3730-A (SD), dated April 22, 1999, is hereby placed in abeyance until further notice.

Sincerely,



Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3730
NSL-3730-A (SD)