



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 22, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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-5241

Dear Mr. Gray:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") by telefax on July 7, 2005 (*administrative application reference No. pSEM0-518939789*); and (ii) the Division's records in Artesia and Santa Fe: all concerning Devon Energy Production Company, L. P.'s ("Devon") request or an unorthodox Atoka gas well location for the proposed Spuds "16" State Well No. 5 to be drilled 2320 feet from the South line and 660 feet from the East line (Unit I) of Section 16, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

The E/2 of Section 16 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing unit for the Undesignated Laguna Saludo-Atoka Gas Pool (79860).

This application has been duly filed under the provisions of Division Rules 104.F and 1207.A (2).

It is the Division's understanding that all of Section 16 comprises a single state lease issued by the New Mexico State Land Office (State Lease No. V-04075) with common mineral interest in which Devon is the leasehold operator.

It is further understood that the proposed Spud "16" State Well No. 5 is within the Oil/Potash "R-111-P" area, and is therefore subject to all applicable restrictions and rules therein.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Atoka gas well location for Devon's proposed well within the E/2 of Section 16 is hereby approved.

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

Sincerely,

Mark E. Fesmire, P. E.

Director

MEF/ms

cc: New Mexico Oil Conservation Division -- Artesia
New Mexico State Land Office -- Santa Fe