



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 29, 2005

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-5265

Dear Ms. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-522746388*) dated August 12, 2005 filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on behalf of the operator, Devon Energy Production Company, L. P. ("Devon"); and (ii) the Division's records in Artesia and Santa Fe: all concerning Devon's request for an exception to Division Rule 104.B (1) for its existing OXY Shortcake Federal Well No. 1 (**API No. 30-015-32234**) recently completed in the Bone Spring formation at an unorthodox oil well location 1980 feet from the South line and 1130 feet from the East line (Unit 1) of Section 7, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico.

The NE/4 SE/4 of Section 7, being a standard 40-acre oil spacing and proration unit within the Undesignated North Hackberry-Bone Spring Pool (**97056**), is to be dedicated to this well.

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

It is the Division's understanding that this well was initially drilled by OXY USA WTP Limited Partnership of Midland, Texas in the Spring of 2002 and completed in the North Hackberry-Morrow Gas Pool (**96785**) within the standard 314.08-acre lay-down gas spacing unit comprising Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 7 at a standard deep gas well location, pursuant to Division Rule 104.C (2) (a). In June, 2002 Devon became the operator of this well.

It is further understood that Devon recently abandoned the Morrow interval and recompleted the well up-hole into the Bone Spring formation; however, pursuant to Division Rule 104.B (1), this Bone Spring oil location is considered to be "unorthodox".

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Bone Spring oil well location for Devon's OXY Shortcake Federal Well No. 1 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
U. S. Bureau of Land Management - Carlsbad