



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 15, 2007

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

Attention: Mr. Ken Gray

Re: **P G "4" Federal Well No. 1**

API No. 30-015-26509

Surface Location: 900' FNL & 1980' FWL, Unit C, Section 9

Bottomhole Location (Top of Bone Springs): 235' FNL & 2108' FWL, Unit C, Section 9

Bottomhole Location (3rd Bone Springs Interval): 805' FSL & 2184' FWL, Unit N, Section 4

All in Township 23 South, R-31 East, NMPM,

Eddy County, New Mexico

Administrative Order NSL-5646

Dear Mr. Gray:

Reference is made to the following:

- (a) Devon Energy Production Company, L.P.'s ("Devon" or "applicant") application for a non-standard well location (*administrative application reference No. pCLP0714234700*) for the P G "4" Federal Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 21, 2007; and
- (b) the Division's records pertinent to Devon's request.

Devon requests approval of an unorthodox oil well location for its existing P G "4" Federal Well No. 1 which is located at a surface location 900 feet from the North line and 1980 feet from the West line (Unit C) of Section 9, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, and which penetrates the top of the Bone Springs formation at an unorthodox location 235 feet from the North line and 2108 feet from the West line (Unit C) of Section 9, and which penetrates the 3rd Bone Springs interval at a standard location 805 feet from the South line and 2184 feet from the West line (Unit N) of Section 4, Township 23 South, Range 31 East, NMPM. The well is to be completed in the Wildcat-Bone Springs Pool (Oil - N/A) and is to be dedicated to a standard 40-acre spacing and proration unit comprising the SE/4 SW/4 of Section 4.

The Wildcat-Bone Springs Pool is currently governed by Division Rule 19.15.3.104.B.

It is our understanding that the well was originally directionally drilled as an Atoka test, and that the well is now uneconomic to produce in that formation. Devon now proposes to re-complete the well in the 3rd Bone Springs interval at an approximate measured depth of 11,563'-11,566', 11,570'-11,574', 11,584'-11,592', 11,602'-11,605' and 11,608'-11,612'. According to the directional survey for this well, the 3rd Bone Spring interval will be penetrated at a standard oil well location 805 feet from the South line and 2184 feet from the West line (Unit N) of Section 4. However, the directional survey further shows that the top of the Bone Springs formation will be penetrated by the well at an unorthodox location 235 feet from the North line and 2108 feet from the West line (Unit C) of Section 9.

In the event that the well is completed in a Bone Springs interval above a measured depth of 11,563', the applicant shall consult with the Division to determine the proper acreage to be dedicated to the well.

The applicant provided notice of this application to Yates Petroleum Corporation and Camterra Resources, the only affected parties. No party objected to this application.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Wildcat-Bone Springs Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division - Artesia