



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 15, 2007

Delaware Energy Production, L.P.
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-5670

**Re: Keller 4 State Well No. 1
API No. 30-025-36643
K-4-23S-35E
Lea County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-21451071**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 1, 2007, on behalf of Devon Energy Production, L.P. (Devon), and

(b) the Division's records pertinent to this request.

Devon has requested to re-complete its Keller 4 State Well No. 1 (API No. 30-025-36643) in the Delaware and Bone Spring formations at an unorthodox oil well location, 1980 feet from the South line and 1475 feet from the West line (Unit K) of Section 4, Township 23 South, Range 35 East, N.M.P.M., in Lea County, New Mexico. The NE/4 SW/4 of Section 4 will be dedicated to this well in order to form a standard 40-acre spacing unit in the undesignated South Rock Lake-Bone Spring Pool (52769). This pool is governed by statewide Rule 104.B(1), which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the western unit boundary.

Your application on behalf of Devon has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

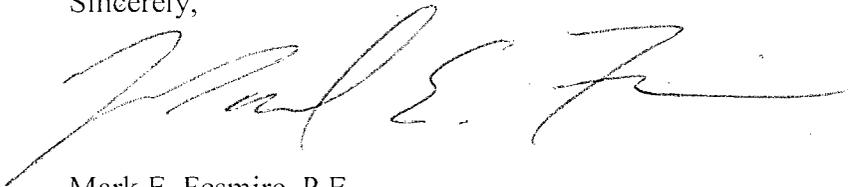
It is our understanding that Devon is seeking this location in order to utilize an existing wellbore that was previously completed at an orthodox location in a different formation.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because working interest ownership is common between the subject unit and the offsetting unit towards which this location encroaches.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/db

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