



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



BRUCE KING
GOVERNOR

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CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

July 26, 1994

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260

Attention: E.L. Buttross, Jr.

RE: Administrative application for seventeen unorthodox oil well locations. East Shugart Unit Waterflood Project Area, Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool, Sections 34 and 35, Township 18 South, Range 31 East, NMPM, and Section 3, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico.

Dear Mr. Buttross:

Simultaneous to the writing of this letter, the Division is processing an administrative order approving the unorthodox location of five wells which were included in the subject application dated June 29, 1994.

Subsequent to my review of your application, it was found that nine wells listed in this application were considered standard pursuant to Division General Rule 104.F.(1). These nine wells were the East Shugart Unit Well Nos. 46, 54, 55, 56, 57, 60, 62, 66, 67.

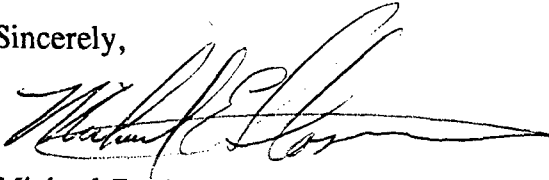
Five of these wells that are considered unorthodox are only so internally, that is they are further than the required 330 feet from the outer boundary of the unitized area and closer than 330 feet to an internal quarter section line within the unit area; therefore these five are being processed at this time.

The remaining three wells that are unorthodox, the East Shugart Unit Well Nos. 52, 61 and 64, are encroaching upon the unit boundary, additional information will be needed for these wells before approval. Please submit a detailed plat or diagram of the 40-acre tracts in question showing why a minimum distance of 330 feet from the unit boundary can not be obtained on each.

Devon Energy Corporation
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Should you have any questions concerning this matter, please contact me at (505) 827-5811.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/amg

cc: Oil Conservation Division - Artesia
US Bureau of Land Management - Carlsbad