



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

March 7, 2003

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

Administrative Order NSL-3226-A

Dear Mr. Blount:

Reference is made to the following: (i) your application dated February 20, 2003, which was received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on February 27, 2003 (*application reference No. pKRV0-305856691*); and (ii) the records of the Division in Santa Fe, including the file on Division Administrative Order NSL-3226: all concerning Devon Energy Production Company, L.P.'s ("Devon") request for an unorthodox oil well location in the Bone Spring formation for its existing Apache "25" Federal Com. Well No. 2 (**API No. 30-015-27478**) at an unorthodox oil well location 660 feet from the South line and 1310 feet from the East line (Unit P) of Section 25, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico. The SE/4 SE/4 of Section 25 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Undesignated Los Medanos-Bone Spring Pool (**40295**).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

Division Administrative Order NSL-3226, dated March 10, 1993, authorized Mitchell Energy Corporation to drill the above-described Apache "25" Federal Com. Well No. 2 at an unorthodox gas well location [see Division Rule 104.C (2) (b) applicable at that time] within a standard 320-acre lay-down gas spacing unit comprising the S/2 of Section 25 for the Los Medanos-Morrow Gas Pool (**80560**). This well was subsequently completed within the Los Medanos-Wolfcamp Gas Pool (**96597**) without proper authorization for the unorthodox gas well location.

It is the Division's understanding that the Wolfcamp interval is to be abandoned and the Bone Spring interval is to be perforated in an attempt to establish oil production; however, pursuant to Division Rule 104.B (1), as revised, this location is considered to be unorthodox for the proposed 40-acre unit.

It is further understood that all of Section 25 with the exception of the N/2 SE/4 of Section 25 is

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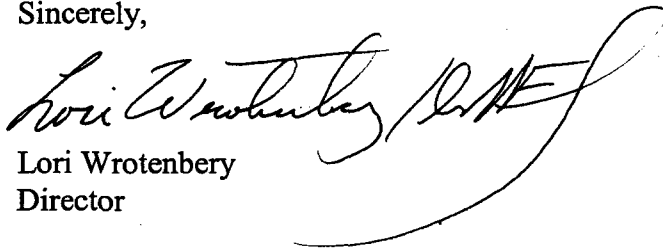
included within a single Federal lease (U.S. Government lease No. NM-89051) in which Devon is the leasehold operator and all mineral interest is common; therefore, there are no adversely effected offsets to the subject 40-acre tract.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox oil well location for the Devon's Apache "25" Federal Com. Well No. 2 is hereby approved for oil production from the Undesignated Los Medanos-Bone Spring Pool.

Further, Division Administrative Order NSL-3226 is hereby placed in abeyance until further notice.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenberg". The signature is written in dark ink and is positioned above the printed name and title.

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3226