



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 15, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: **Ken Gray**
ken.gray@devon.com

Administrative Order NSL-5350

Dear Mr. Gray:

Reference is made to the following: (i) your application (*administrative application reference No. pTDS0-606954616*) dated March 10, 2006; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Artesia and Santa Fe, New Mexico: all concerning Devon Energy Production Company, L. P.'s ("Devon") request to drill its Laguna Salado "22" Federal Well No. 2 (API No. 30-015-34677) at an unorthodox Delaware oil well location 1090 feet from the North line and 2510 feet from the West line (Unit C) of Section 22, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. The NE/4 NW/4 of Section 22 is to be dedicated to this well in order to form a standard 40-acre oil spacing and production unit within the Northeast Harroun Ranch-Delaware Pool (96878).

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

It is the Division's understanding that all of Section 22 is a single federal lease (*U. S. Government lease No. NM-66425*) with common mineral interests within the oil-bearing interval of the Delaware formation in which Devon is the leasehold operator; 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), the above-described unorthodox Delaware oil well location 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/nis

cc: New Mexico Oil Conservation Division - Arresta
U. S. Bureau of Land Management - Clarified