

State of New Mexico
Energy, Minerals and Natural Resources Department

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Mr. Darin Savage
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NON-STANDARD LOCATION

Administrative Order NSL-8396

Devon Energy Production Company, L.P. [96721]
Hot Potato 26 23 Federal Well No. 232H
API No. 30-015-49043

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	450 FSL & 808 FWL	M	26	23S	29E	Eddy
First Take Point	100 FSL & 1350 FWL	N	26	23S	29E	Eddy
Last Take Point	100 FNL & 1350 FWL	C	23	23S	29E	Eddy
Terminus	20 FNL & 1350 FWL	C	23	23S	29E	Eddy

Proposed Horizontal Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 W/2 of Section 26	320	Laguna Salado; Bone Spring	96721
E/2 W/2 of Section 23			

Reference is made to your application received on June 17th, 2022.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. 19.15.16.15(B)(1)(a) NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal oil well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal oil well's completed interval penetrates, each of which consists of a governmental quarter-quarter section or equivalent.

This well's completed interval is as close as 30 feet to the western edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 26, encroachment to the W/2 W/2
Section 23, encroachment to the W/2 W/2

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you are seeking this unorthodox location to minimize reserves left in the ground, allowing for tighter well spacing and thus preventing waste within the Bone Spring formation underlying the E/2 W/2 of Section 26 and the E/2 W/2 of Section 23.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per 19.15.15.13 (B) NMAC, **Division approves this unorthodox location.**

Reference this NSL order number on the As Drilled C-102, submitted with the Authorization to Transport (C-104), to place this well into production.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



ADRIENNE E. SANDOVAL
Division Director

Date: 7/11/2022

AES/lrl