



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

October 9, 2007

Devon Energy Production Company LP
Attn: Mr. Ken Gray
20 North Broadway
Oklahoma City, OK 73102-8260

Administrative Order NSL-5696

**Re: North Pure Gold 5 Well No. 2H
Unit B, Section 5-23S-31E
Eddy County**

Dear Mr. Gray:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-25450783**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 10, 2007, and

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

Devon Energy Production Company LP (Devon) has requested to drill the above-referenced well as a horizontal well in the Delaware formation, at a location that will be unorthodox under Division Rule 111. The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 150 feet from the North line and 1980 feet from the East line
(Unit B) of Section 5, Township 23S, Range 31E, NMPM
Eddy County, New Mexico

Point of Penetration: Same as surface location.

Terminus 330 feet from the South line and 1980 feet from the East line
(Unit O) of said Section 5.

The W/2 E/2 of Section 5 will be dedicated to the proposed well to form a project area comprising four adjacent, standard 40-acre oil spacing units in the undesignated Los Medanos Delaware Pool (40297) or the undesignated Southeast Quahada Ridge Delaware Pool (50443). These pools are 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 unorthodox because a portion of the producing interval (as defined in Rule 111) will be less than 330 feet from the northern boundary of the project area, and therefore outside the producing area. It is our understanding, however, that Devon will case off, and nor perforate, the portion of the Delaware lying north of a point 650 feet from the North line of Section 5.

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

It is our understanding that you are seeking this location to avoid conflict with potential potash mining operations.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by 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', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad