



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



January 24, 2012

Devon Energy Production Company, L.P.
c/o Mr. James Bruce, Attorney

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6544
Administrative Application Reference No. pTWG11-36143189

Devon Energy Production Company, L.P.
OGRID 6137
Playa 2 State Well No. 1H
API No. 30-025-40405

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
Surface	330 FSL & 2190 FWL	N	2	19S	34E	Lea
Penetration Point	same as surface location					
Terminus	330 FNL & 2190 FWL	C(Lot 3)	2	19S	34E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 W/2 of Section 2	164.02	Scharb; Bone Spring	55610

Reference is made to your application received on December 27, 2011.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Spacing in this pool is governed by the Special Rules and Regulations for the Scharb-Bone Spring Oil Pool, as promulgated in Order No. R-2589, issued on October 30, 1963, which provide for 80-acre units comprising two adjacent quarter-quarter sections within the same section, with wells to be located no more than 200 feet from the center of a quarter-quarter section.

Oil Conservation Division
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This location is unorthodox because portions of the proposed producing interval are closer to the outer boundary of the project area than a well at a standard location could be.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location to maximize the length of the well's lateral within the producing area and to avoid interference with existing roads and pipelines.

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 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

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 "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" written in a larger, more prominent script than the last name "Bailey".

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office