

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



April 28, 2017

Devon Energy Production Company, LP
Attn: Mr. Justin Porter

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7525

Devon Energy Production Company, LP
OGRID 6137
Blue Krait 23 Federal Well No. 3H
API No. 30-025-43237

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Tsp</u>	<u>Rge</u>	<u>County</u>
Surface	200' FSL & 690' FEL	P	23	24S	33E	Lea
Penetration Point	330' FSL & 1284' FEL	P	23	24S	33E	Lea
Final perforation (Terminus)	330' FNL & 1284' FEL	A	23	24S	33E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 E/2 of Section 23	160	Red Hills; Bone Spring, North	96434

Reference is made to your application received on April 6, 2017.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

It is our understanding that the Applicant is seeking this location in Section 23 to optimize well spacing for horizontal development and to minimizing the risk of leaving reserves behind.

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

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

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

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



DAVID R. CATANACH
Director

DRC/lrl

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office