



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 22, 2007

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

Administrative Order NSL-5704

**Re: North Pure Gold 5 Federal Well No. 3H
Unit B, Section 5-23S-31E
Eddy County**

Dear Mr. Gray:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-25451028**) 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, L.P. (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 2630 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 West line
(Unit N) of said Section 5.

The SE/4 NW/4 and E/2 SW/4 of Section 5 will be dedicated to the proposed well to form a project area comprising three adjacent, standard 40-acre oil spacing units in the undesignated Los Medanos-Delaware Pool (40297). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre 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 outer boundary of the project area, and therefore outside the producing area.

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 because of drilling restrictions imposed to protect potential potash reserves. It is also understood that the portion of the wellbore outside the producing area will be cased off and not perforated for production.

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 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,



Mark E. Fesmire, P.E.
Director

MEF/db

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