



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 25, 2010

Devon Energy Production Company, L.P.
Attn: Katie A., McDonnell
20 North Broadway
Oklahoma City, OK 73102-8260

Administrative Order NSL-6287

Re: North Pure Gold 8 Federal Well No. 14H
API No. 30-015-37966
150 feet FSL & 1700 feet FEL
Unit O, Section 8-23S-31E
Eddy County, New Mexico

Dear Ms. McDonnell:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-29457431**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 21, 2010, 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 Bone Spring formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 150 feet from the South line and 1700 feet from the East line
(Unit O) of Section 8, Township 23S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 330 feet from the North line and 1650 feet from the East line
(Unit B) of said section

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



The W/2 E/2 of Section 23 will be dedicated to the proposed well to form a project area comprising four standard 40-acre oil spacing and proration units in the undesignated Los Medanos Bone Spring Pool (40295). This pool is governed by statewide Rule 15.9.A, 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 will be less than 330 feet from the southern boundary of the project area, and therefore outside the producing area.

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

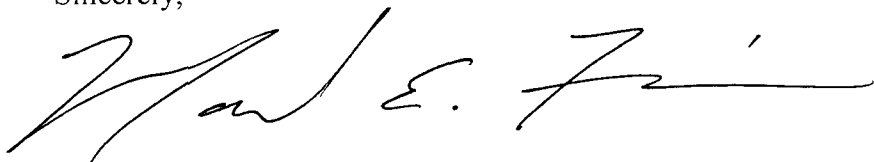
It is our understanding that you are seeking this location for engineering reasons, in order to penetrate the maximum amount of the target zone within the producing area. It is further understood that notice of this application to offsetting operators or owners is not required because all affected persons have executed waivers which were filed with your application.

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.

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 stylized, flowing script.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

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