



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel
Cabinet SecretaryKaren W. Garcia
Deputy Cabinet SecretaryMark Fesmire
Division Director
Oil Conservation Division

November 1, 2010

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504**Administrative Order NSL-6292****Re: Devon Energy Production Company, L.P.
Arcturus 18 Federal Well No. 1H
API No. 30-015-38237
400 feet FNL & 200 feet FEL
Unit A, Section 18-19S-31E
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-28435670**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Devon Energy Production Company, L.P. [OGRID 6137] (Devon), on October 8, 2010, and

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

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: 400 feet from the North line and 200 feet from the East line
(Unit A) of Section 18, Township 19S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 400 feet from the North line and 340 feet from the West line
(Unit D) 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 N/2 N/2 of Section 18 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 Northwest Hackberry Bone Spring Pool (97020) or undesignated Benson Bone Spring Pool (5200). These pools are governed by statewide Rule 15.9, 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 outside the producing area, as those terms are defined in Division Rule 16.7.

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 in order to utilize an existing well pad.

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.

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', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/db

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