



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 21, 2007

Devon Energy Corporation
Attn: Ken Gray
20 North Broadway
Oklahoma City, OKL 73102-8260

Administrative Order NSL-5626

**Re: North Pure Gold 5 Federal Well No. 1H
A-5-23S-31E
Eddy County**

Dear Mr. Gray:

Reference is made to the following:

(a) your application (**administrative application reference No. pCLP07-11439554**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 20, 2007,

(b) your supplemental email dated April 30, 2007, and

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

Devon Energy Corporation (Devon) has requested to drill its North Pure Gold 5 Federal Well No. 1H at an unorthodox Delaware oil well location. This well will be a horizontal well, which will be drilled from an unorthodox surface location 150 feet from the North line and 660 feet from the East line (Unit A) of Section 5, Township 23 South, Range 31 East, N.M.P.M, in Eddy County, to an orthodox terminus, or bottom-hole location 330 feet from the South line and 660 feet from the East line (Unit P) of Section 5. The E/2 E/2 of Section 5 will be dedicated to this well in order to form a project area comprising four contiguous, standard 40-acre spacing units in the undesignated Los Medanos-Delaware Pool (40297). This pool is governed by statewide Rule 104.B, which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary.

It is our understanding that, although Devon does not anticipate perforating the intended production interval closer than 330 feet from the unit boundary, the point of penetration of the Delaware formation is anticipated to be less than 330 feet from the northern unit boundary. Hence, the location of this well is considered unorthodox under Rule 111.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

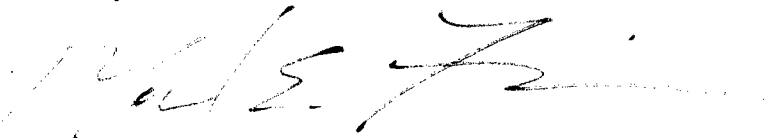
It is our understanding that Devon is seeking this location in order to penetrate the maximum amount of the anticipated pay zone in the horizontal shaft of this well..

We also understand that due notice of this application was furnished to the only affected person in the spacing unit to the north.

Pursuant to the authority granted me under the provisions of 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,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', is written over a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

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