



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 5, 2007

Devon Energy Corporation
Attn Mr. Ken Gray
20 North Broadway
Oklahoma City, OK 73102-8260

Administrative Order NSL-5694

**Re: Apache 25 Federal Well No. 10H
API No. 30-025-35597
Unit P, Section 25-22S-30E
Eddy County**

Dear Mr. Gray:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-25450517**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 7, 2007, and

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

Devon Energy Corporation (Devon) has requested to complete the above-referenced well as a horizontal well in the Bone Spring formation, at a location that will be unorthodox under Division Rule 111. The proposed surface location, point of penetration and terminus of this well were as follows:

Surface Location: 810 feet from the South line and 910 feet from the East line
(Unit P) of Section 25, Township 22S, Range 30E, NMPM
Eddy County, New Mexico

Point of Penetration: 800 feet from the South line and 1300 feet from the East line
(Unit P) of said Section 25.

Terminus 430 feet from the South line and 330 feet from the West line
(Unit M) of said Section 25.

The S/2 S/2 of Section 25 will be dedicated to the proposed well to form a project area comprising four adjacent, standard 40-acre spacing units in the Los Medanos-Bone Spring Pool (40295). This pool is governed by statewide Rule 104.B(1), which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary. We understand that the actual location is unorthodox because, as the well was actually drilled, a portion of the producing interval between the point of penetration and the terminus is less than 330 feet from the southern boundary of the project area, and is therefore outside the producing area.

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

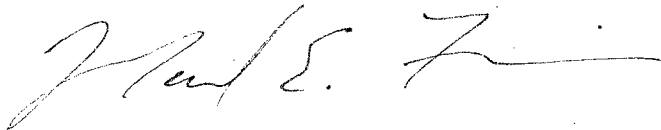
It is our understanding that you are seeking this location because of an inadvertent deviation from the intended well path.

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 adjoining 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,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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