

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 26, 2009

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-6073

**Re: Devon Energy Production Company LP
Condor 7 Federal Com. Well No. 3H
API No. 30-015-36970
Unit F, Section 7-18S-27E
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW09-21738493**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Devon Energy Production Company LP (Devon), on August 5, 2009, 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 Glorieta-Yeso 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: 1585 feet from the North line and 2225 feet from the West line
(Unit F) of Section 7, Township 18-S, Range 27-E, NMPM
Eddy County, New Mexico

Point of Penetration: 1598 feet from the North line and 2760 feet from the West line
(Unit G) of said Section 7.

Terminus 1650 feet from the North line and 330 feet from the East line
(Unit H) of said Section 7.



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The S/2 NE/4 and SE/4 NW/4 of Section 7 will be dedicated to the proposed well to form a project area comprising three standard 40-acre spacing units in the Red Lake Glorieta-Yeso Pool (51120). This pool is 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 less than 330 feet from the northern boundary of the project area, and therefore outside the producing area.

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

It is our understanding that Devon is seeking this location for topographic reasons.

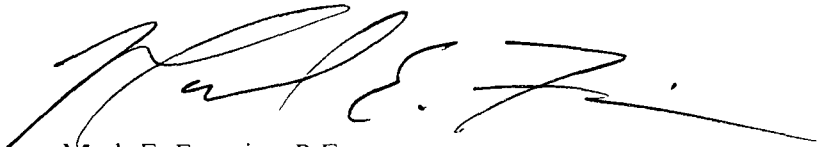
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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', 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