

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 29, 2009

Devon Energy Production, L.P.
Attn: Mr. Ken Gray
20 North Broadway
Oklahoma City, OK 73102-8260

Administrative Order NSL-6086

Re: Dickens 29 Federal Well No. 1H
API No. 30-015
Unit P, Section 29-16S-28E
Eddy County, New Mexico

Dear Mr. Gray:

Reference is made to the following:

- (a) your application (**administrative application reference No. pTGW09-24355830**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 31, 2009;
- (b) protest letter filed by Holland & Hart on behalf of Yates Petroleum Corporation (Yates) on September 10, 2009;
- (c) your amended application submitted to the Division on September 23, 2009;
- (d) letter of Holland & Hart, on behalf of Yates, withdrawing their earlier protest, received by the Division on September 28, 2009; and
- (e) the Division's records pertinent to this request.

Devon Energy Production, L.P. (Devon) has requested to drill the above-referenced well as a horizontal oil well in the Wolfcam/Abo 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: 170 feet from the South line and 790 feet from the East line



(Unit P) of Section 29, Township 16S, Range 28E, NMPM
Eddy County, New Mexico

Point of Penetration: 288 feet from the South line and 1080 feet from the East line
(Unit P) of said section

Terminus 360 feet from the South line and 330 feet from the West line
(Unit M) of said section

The S/2 SW/4 and SW/4 SE/4 of Section 29 will be dedicated to the proposed well to form a project area comprising three standard 40-acre spacing and proration units in the undesignated Dog Canyon-Wolfcamp Pool (17970). 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 portions of the producing interval will be less than 330 feet from the southern and eastern boundaries 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 in order to comply with United States Bureau of Land Management surface siting requirements.

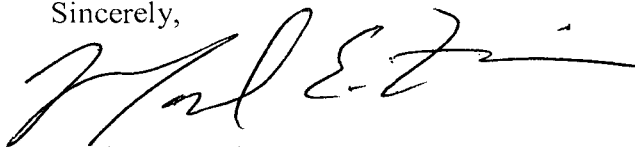
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches. The only protest that the Division has received has now been withdrawn.

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 flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db