



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



February 22, 2010

Devon Energy Production Company, L.P.
Attn: Mr. Sam McCurdy
20 North Broadway
Oklahoma City, OK 73102-8260

Administrative Order NSL-6158

Re: Cooter 16 State Well No. 3H
API No. 30-015
Unit D, Section 16-25-S-29-E
Eddy County, New Mexico

Dear Mr. McCurdy:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-04945667**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 18, 2010, and

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

Devon Energy Production Company, L.P. (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: 330 feet from the North line and 1190 feet from the West line
(Unit D) of Section 16, Township 25-S, Range 29-E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 330 feet from the South line and 990 feet from the West line
(Unit M) of said section



The W/2 W/2 of Section 16 will be dedicated to the proposed well to form a project area comprising four standard 40-acre oil spacing and proration units in the Southeast Willow Lake-Bone Spring Pool (96217). This pool is governed by statewide Rule 15.9.A, 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 eastern boundary 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).

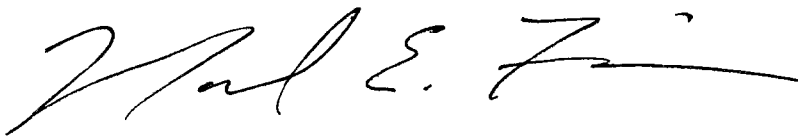
It is our understanding that you are seeking this location for topographic reasons. It is further understood that notice of this application to offsetting operators or owners is not required due to common ownership.

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.
Acting Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe