

# New Mexico Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

*Daniel Sanchez*  
Acting Division Director  
Oil Conservation Division

**Harrison H. Schmitt**  
Cabinet Secretary-Designate



February 2, 2011

Devon Energy Production Company, L.P.  
Attn: Katie A. McDonnell  
20 North Broadway  
Oklahoma City, OK 73102-8260

**Administrative Order NSL-6327**

**Re: Ichabod 7 Federal Well No. 1H  
API No. 30-025  
195 feet FSL & 330 feet FEL  
Unit P, Section 7-26S-34E  
Lea County, New Mexico**

Dear Ms. McDonnell:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-01241001**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 12, 2011, and

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

Devon Energy Production Company, L.P. [ OGRID 6137] (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: 195 feet from the South line and 330 feet from the East line  
(Unit P) of Section 7, Township 26 South, Range 34 East, NMPM,  
Lea County, New Mexico

Point of Penetration: same as surface location

Terminus 330 feet from the North line and 330 feet from the East line  
(Unit A) of said section

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505  
Phone (505) 476-3440 • Fax (505) 476-3462 • [www.emnrd.state.nm.us/OCD](http://www.emnrd.state.nm.us/OCD)



The E/2 E/2 of Section 7 will be dedicated to the proposed well to form a project area comprising four standard 40-acre, wildcat oil spacing and proration units in the Bone Spring formation. This location 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 southern 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 engineering reasons, in order to maximize the amount of the target zone within the producing area that will be penetrated by the lateral portion of the wellbore.

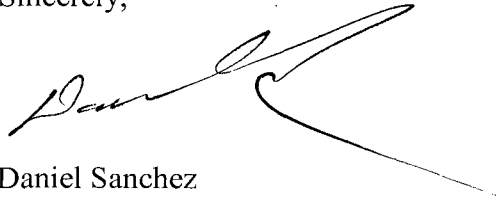
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

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 'Daniel Sanchez', with a long, sweeping horizontal line extending to the right.

Daniel Sanchez  
Acting Director

DS/db

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