



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Brett F. Woods, Ph.D.
Acting Cabinet Secretary

Daniel Sanchez
Acting Division Director
Oil Conservation Division



March 1, 2011

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

Administrative Order NSL-6347

Re: Cotton Draw Unit Well No. 135H
API No. 30-015
200 feet FSL & 1600 FWL
Unit N, Section 2-25S-31E
Eddy County, New Mexico

Cotton Draw Unit Well No. 136H
API No. 30-015
200 feet FSL & 1650 FWL
Unit N, Section 2-25S-31E
Eddy County, New Mexico

Cotton Draw Unit Well No. 137H
API No. 30-015
200 feet FSL & 1700 FWL
Unit N, Section 2-25S-31E
Eddy County, New Mexico

Dear Mr. McCurdy:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-03935052**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 8, 2011, and

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



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

Devon Energy Production Company, L.P. (Devon) has requested to drill the above-referenced wells as horizontal wells in the Bone Spring formation, at locations that will be unorthodox under Division Rule 16.14.B(2). The proposed surface locations, points of penetration and termini of the wells are as follows:

Well No. 135H:

Surface Location: 200 feet from the South line and 1600 feet from the West line
(Unit N) of Section 2, Township 25S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: 192 feet from the South line and 1554 feet from the West line
(Unit N) of said section

Terminus 2600 feet from the South line and 986 feet from the West line
(Unit L) of Section 35, Township 24S, Range 31E

Well No. 136H:

Surface Location: 200 feet from the South line and 1650 feet from the West line
(Unit N) of Section 2, Township 25S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: 200 feet from the South line and 1600 feet from the West line
(Unit N) of said section

Terminus 2600 feet from the South line and 1642 feet from the West line
(Unit K) of Section 35, Township 24S, Range 31E

Well No. 137H:

Surface Location: 200 feet from the South line and 1700 feet from the West line
(Unit N) of Section 2, Township 25S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: 187 feet from the South line and 1656 feet from the West line
(Unit N) of said section

Terminus 2600 feet from the South line and 2298 feet from the West line
(Unit K) of Section 35, Township 24S, Range 31E

A 480-acre project area comprising 12 standard 40-acre oil spacing units in the undesignated Paduca Bone Spring Pool (96641) shall be dedicated to the above wells.

Spacing 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. These locations are unorthodox because portions of each of the producing intervals will be less than 330 feet from the outer boundaries of the project area, and therefore outside the producing areas.

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 these locations for engineering reasons, in order to maximize the amount of the target horizon within the producing area that can be penetrated by the lateral portion of each wellbore. It is further understood 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 locations are 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 horizontal flourish extending to the right.

Daniel Sanchez
Acting Director

DS/db

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