

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



May 22, 2014

DEVON ENERGY PRODUCTION COMPANY, LP
Attn: Ms. Kathy Blick

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7065
Administrative Application Reference No. pMAM1409957416

Devon Energy Production Company, LP
OGRID 6137
Gaucha Unit Well No. 7H
API No. 30-025-34440

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1650 FSL & 1980 FWL	K	17	22S	34E	Lea
Penetration Point	1124 FSL & 2017 FWL	N	17	22S	34E	Lea
Terminus	2618 FSL & 1991 FWL	K	20	22S	34E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SE/4 SW/4 of Section 17 and E/2 NW/4 of Section 20	40 80	WC-025 G-06 S223421L; Bone Spring	97922

Reference is made to your application received on April 7, 2014.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for surface locations outside project area. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location due to drilling problems, as a result of shallow casing string collapse while drilling the lateral. This caused Devon to stop drilling at the bottom hole location.

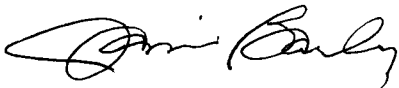
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, 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 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on May 22, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over a horizontal line.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad