

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 20, 2008

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

Administrative Order NSL-5826

**Re: North Pure Gold 9 Well No. 10H
API No. 30-015-
Unit J, Section 9-23S-31E
Eddy County**

Dear Mr. Gray:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-09860401**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 7, 2008, 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 Delaware formation, at a location that will be unorthodox under Division Rule 111. The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 1450 feet from the South line and 1980 feet from the East line (Unit J) of Section 9, Township 23 S, Range 31 E, NMPM, Eddy County, New Mexico

Point of Penetration: 1450 feet from the South line and 1980 feet from the East line (Unit J) of said Section 9.

Terminus 330 feet from the North line and 1980 feet from the East line (Unit B) of said Section 9.

Oil Conservation Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



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The W/2 NE/4 and the NW/4 SE/4 of Section 9 will be dedicated to the proposed well to form a project area comprising three standard 40-acre oil spacing units in the undesignated Los Medanos-Delaware Pool (40297). This pool is governed by statewide Rule 104.B(1), 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 104.F and 1210.A(2).

It is our understanding that you are seeking this location to prevent waste by accessing the maximum amount of the target formation in the horizontal portion of the wellbore.

It is also understood no notice of this application to offsetting operators or owners is required because of common ownership.

Pursuant to the authority conferred by Division Rule 104.F(2), 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 40.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

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