



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Daniel Sanchez
Acting Division Director
Oil Conservation Division

Harrison H. Schmitt
Cabinet Secretary-Designate



February 7, 2011

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-6332

Re: Devon Energy Production Company, L.P.
Serene Sisters 25 Federal Well No. 3H
API No. 30-015-38311
200 feet FSL & 1800 feet FWL
Unit N, Section 25-18S-31E
Eddy County, New Mexico

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-01353313**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Devon Energy Production Company, L.P. [OGRID 6137] (Devon), on January 12, 2011, and

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

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: 200 feet from the South line and 1800 feet from the West line
(Unit N) of Section 25, Township 18S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 400 feet from the North line and 2310 feet from the West line
(Unit C) 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



The E/2 W/2 of Section 25 will be dedicated to the proposed well to form a project area comprising four standard, 40-acre oil spacing and proration units in the undesignated North Lusk; Bone Spring Pool (41450). This pool 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 in order to comply with United States Bureau of Land Management surface siting requirements.

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 stylized, flowing script.

Daniel Sanchez
Acting Director

DS/db

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