

September 6, 2006

Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

Attention: Ken Gray
ken.gray@dvn.com

Administrative Order NSL-5445

Dear Mr. Gray:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico by telefax on July 6, 2006 (*administrative application reference No. pTDS0-618737283*); and (ii) the Division's records in Artesia and Santa Fe, which included an independent search by Mr. Michael E. Stogner, Staff Engineer with the Division in Santa Fe, of records in the public domain (i.e. topographic maps, aerial photos, Google Earth®, and personal knowledge and familiarity of the immediate area): all concerning Devon Energy Production Company, L. P.'s ("Devon") request for an unorthodox Morrow gas well location for its proposed Perfecto "2" State Well No. 1 (*API No. 30-015-34896*) to be drilled 2070 feet from the North line and 675 feet from the West line (Unit E) of Section 2, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 2 is to be dedicated to this well in order to form a standard 320.63-acre stand-up deep gas spacing unit for either the Undesignated Happy Valley-Morrow Gas Pool (*78060*) or the Undesignated South Carlsbad-Morrow Gas Pool (*73960*).

By the authority granted me under the provisions of Division Rule 104.F (2) [*see Division Order No. R-11315, issued in Case No. 12306 on January 31, 2000*], the above-described unorthodox deep Morrow gas well location for Devon's proposed Perfecto "2" State Well No. 1 is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe