

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 9, 2008

MAY 27 2008
OCD-ARTESIA

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

Administrative Order NSL-5818

Re: Devon Energy Production Company, L.P.
Falcon 3K Federal Well No. 27
API No. 30-015-36314
Unit K, Section 3-18S-27E
Eddy County

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-08539937**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Devon Energy Production Company, L.P. (Devon), on March 25, 2008, and

(b) the Division's records pertinent to this request, including the evidence presented in Case No. 13185.

Devon has requested to drill the above-referenced well at an unorthodox oil well location, 1895 feet from the South line and 1410 feet from the West line (Unit K) of Section 3, Township 18 South, Range 27 East, N.M.P.M., in Eddy County, New Mexico. The NE/4 SW/4 of Section 3 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Red Lake-Queen/Grayburg/San Andres Pool (51300) and in the Red Lake-Glorieta/Yeso Pool (51120). These pools are 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 less than 330 feet from the western unit boundary.

Your application on behalf of Devon 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 for engineering reasons, in order to optimize drainage of the reservoir, and also to comply with United States Bureau of Land Management surface siting requirements.

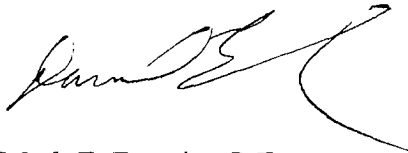
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.


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