

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

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Deputy Cabinet Secretary

Jami Bailey

Division Director

Oil Conservation Division



December 2, 2011

Karen Sharp
Sandridge E&P, LLC
123 Robert S. Kerr Avenue
Oklahoma City, OK 73102

Administrative Order NSL-6513

Re: Elliot Federal Well No. 4 (API No. 30-025-~~NA~~) 40487
SHL: 1285 FSL 580 FEL (Vertical Well),
Lot 4 (Unit letter N, Sec 9, T21S, R38E, NMPM, Lea County, New Mexico
Wantz-Abo Pool (62700), Spacing and Proration Unit: Lot 4 (Unit letter N)

Reference is made to the following:

(a) your application (administrative application reference No. pTGW11-28453043) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Sandridge E&P, LLC(Sandridge) [OGRID 270265], on October 7, 2011; and

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

Devon has requested to drill the above-referenced well as a vertical well to the Abo formation, Wantz-Abo Pool, at a location that will be unorthodox under Division Rule 16.14.B(2) [19.15.16.14.B(2) NMAC].

The SE/2 SW/4 of Section 9 (45.32-acres) will be dedicated to the proposed well. The Wantz-Abo Pool is governed by statewide Rule 15.9 [19.15.15.9 NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location encroaches on Lot 3 (Unit letter K) of Section 9.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that the well was moved to this location by agreement with the Bureau of Land Management to lessen the impact on protected species.



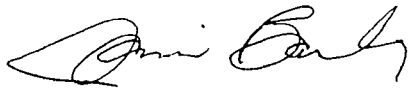
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2) [19.15.4.12.A(2) NMAC], in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B [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 5.9 [19.15.5.9 NMAC].

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 "Jami Bailey", with a stylized, cursive script.

JAMI BAILEY
Director

JB/wvj

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