

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office.
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____ Signature _____ Title _____ Date _____
 e-mail Address _____

devon

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

FAX

To: MIKE STOGNER

From: KEN GRAY

Fax: 505-476-3462

Date: 7/7/05

Phone:

Pages: 7 (including cover page)

Re: SPUDS 16 #5

CC:

Urgent

For Review

Please Comment

Please Reply

Please Recycle

• Comments:

devon

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

July 7, 2005

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Attn: Michael Stogner

Re: Spuds 16 State #5
E/2 Section 16-T23S-R29E
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. (Devon), as Operator, intends to drill the referenced vertical Atoka test well to a depth of approximately 12,700'. Devon's preferred location for this well is at a legal location in the NE/4 of Section 16, however due to the existence of the Laguna Salado as reflected on the attached aerial photo, Devon attempted to stake a directional well with a surface location 2630' FSL & 330' FEL and an orthodox BHL 1700' FNL & 800' FEL. Mosaic Potash objected to this surface location as it falls with a "1/2 mile buffer zone" of an apparent LMR in the W/2 Section 15. Devon and Mosaic have subsequently agreed to a vertical well location 2320' FSL & 660' FEL which is an unorthodox location as it is closer than 660' to the center quarter section line of the designated spacing unit.

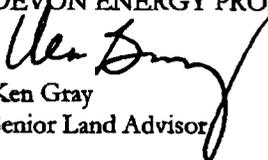
Inasmuch as this well will be producing from an unorthodox location from that permitted by existing pool rules, Devon respectfully requests that the Commission administratively approve this application for an unorthodox location in accordance with Division Rule 104(F)(3). This unorthodox location only affects the leasehold owner in the remaining parts of Section 16. Devon is the owner of 100% of the record title covering State of New Mexico lease No. V-4075 which covers all of Section 16. Therefore, no additional notification of this application should be required, as this unorthodox location will affect Devon leasehold only.

Attached you will find a land plat reflecting Devon as the only affected party, an Atoka sand structure map, a State of New Mexico form C-102, an aerial photo of the Laguna Salado area, and Mosaic's waiver of objection to the unorthodox location as it pertains to their LMR and its attendant buffer zone.

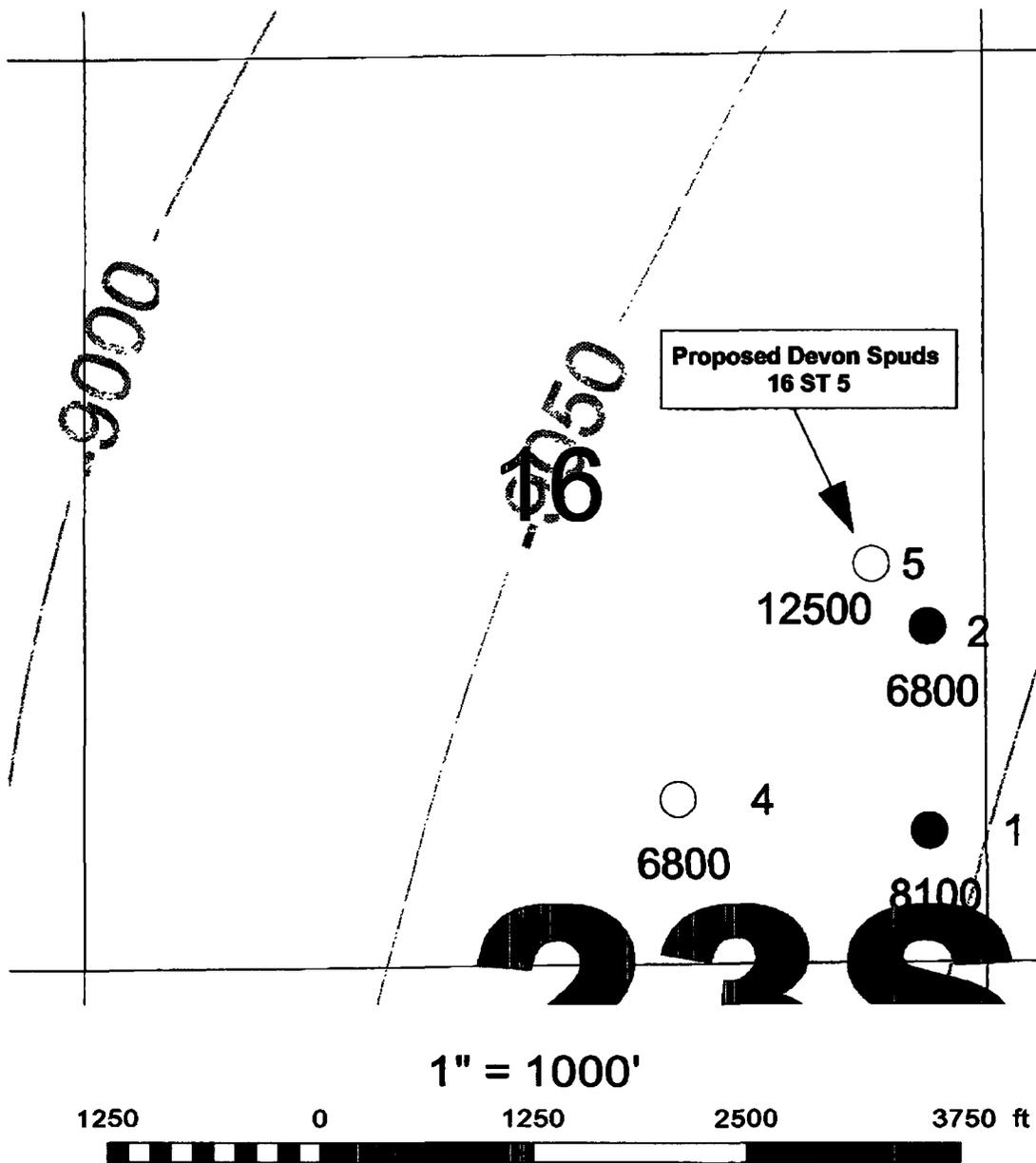
If there are any questions or if additional information is required feel free to call me at (405) 552-4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.


Ken Gray
Senior Land Advisor

Kg/
Enclosure



<i>devon</i>		
Eddy County NM 23S 29E Spuds/Laguna Salado Area Top Atoka Clastics Structure map with Location of proposed Spuds 16 ST #5		
Author: DE O'Bright		Date: 28 June, 2005
	Scale: <scale>	

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
611 South First, Artesia, NM 88210

DISTRICT III
1900 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Laguna Salado, Atoka
Property Code	Property Name SPUD "16" STATE	Well Number 5
OCED No. 6137	Operator Name DEVON ENERGY PRODUCTION CO., LP.	Elevation 2962'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	16	23 S	29 E		2320	SOUTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

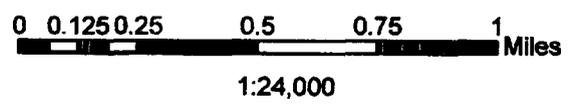
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or InHH	Consolidation Code	Order No.
------------------------	---------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Norvella Adams</i></p> <p>Signature Norvella Adams</p> <p>Printed Name Sr. Staff Eng. Tech.</p> <p>Title June 22, 2005</p> <p>Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JUNE 17, 2005</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor GARY L. JONES</p> <p>W.O.# No. 5525</p> <p>Car License No. Gary L. Jones 7977</p>

23S-29E, Eddy Co., NM



devon.



Mosaic Potash Carlsbad Inc.
PO Box 71
1381 Potash Mines Road
Carlsbad, NM 88220
www.mosaicco.com

Tel 505-887-2871
Fax 505-887-0589

July 5, 2005

Ken Gray, Senior Land Advisor
Devon Energy Production Company
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

Dear Mr. Blount:

Mosaic Potash Carlsbad Inc. does not object to the location of Devon Energy's Application to Drill the Spud 16 State #5, 2320' FSL, 660' FEL, of Section 16, Township 23 South, Range 29 East, NMPM. This location is near to an area designated as indicated ore by the BLM, and is about 2140 feet from Mosaic's LMR containing valuable potash ore. This location is 500 feet within the ½ mile buffer required by R-111-O for deep gas wells and could pose a hazard to underground mining operations in the future if the ore extends as far as expected.

As a result of discussions with Ken Gray, Sr. Land Advisor for Devon concerning this well's location, we find this to be a mutually acceptable location for this well, which I understand will test the Morrow formation. We understand this location has set the well as far to the southwest as possible, limited by a surface lake. Mosaic does believe the hazard this well poses will cause the loss of some potash reserves in the area but, in a spirit of cooperation, have agreed to not object.

Mosaic Potash Carlsbad Inc. hereby does not object to the drilling of a well at this location.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Morehouse". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dan Morehouse
Mine Engineering Superintendent

cc: Don Purvis David Waugh
Charlie High



2005 JUL 14 PM 12 12

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

July 7, 2005

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Attn: Michael Stogner

Re: Spuds 16 State #5
E/2 Section 16-T23S-R29E
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. (Devon), as Operator, intends to drill the referenced vertical Atoka test well to a depth of approximately 12,700'. Devon's preferred location for this well is at a legal location in the NE/4 of Section 16, however due to the existence of the Laguna Salado as reflected on the attached aerial photo, Devon attempted to stake a directional well with a surface location 2630' FSL & 330' FEL and an orthodox BHL 1700' FNL & 800' FEL. Mosaic Potash objected to this surface location as it falls within a "1/2 mile buffer zone" of an apparent LMR in the W/2 Section 15. Devon and Mosaic have subsequently agreed to a vertical well location 2320' FSL & 660' FEL which is an unorthodox location as it is closer than 660' to the center quarter section line of the designated spacing unit.

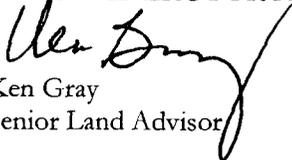
Inasmuch as this well will be producing from an unorthodox location from that permitted by existing pool rules, Devon respectfully requests that the Commission administratively approve this application for an unorthodox location in accordance with Division Rule 104(F)(3). This unorthodox location only affects the leasehold owner in the remaining parts of Section 16. Devon is the owner of 100% of the record title covering State of New Mexico lease No. V-4075 which covers all of Section 16. Therefore, no additional notification of this application should be required, as this unorthodox location will affect Devon leasehold only.

Attached you will find a land plat reflecting Devon as the only affected party, an Atoka sand structure map, a State of New Mexico form C-102, an aerial photo of the Laguna Salado area, and Mosaic's waiver of objection to the unorthodox location as it pertains to their LMR and its attendant buffer zone.

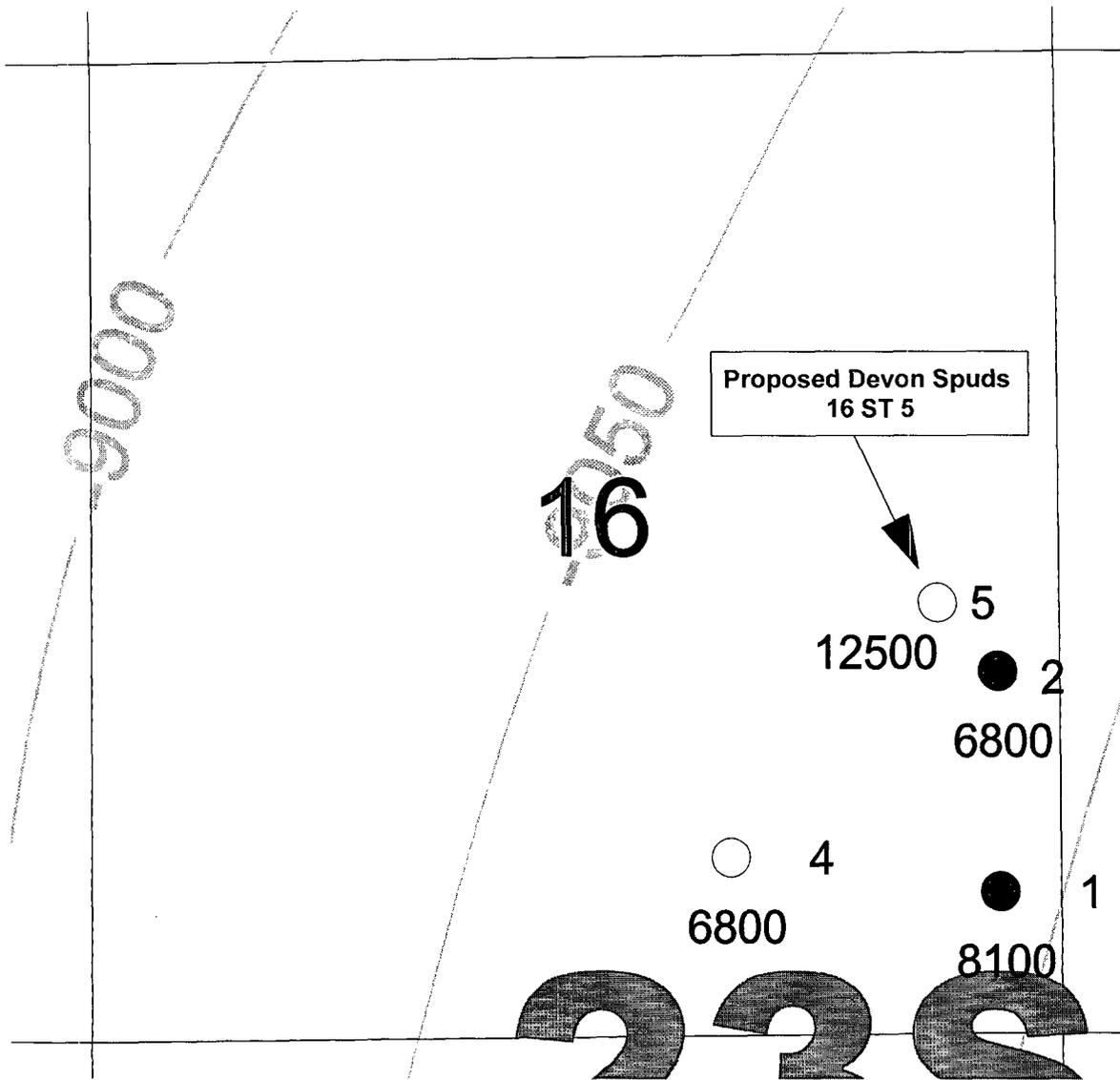
If there are any questions or if additional information is required feel free to call me at (405) 552-4633.

Yours very truly,

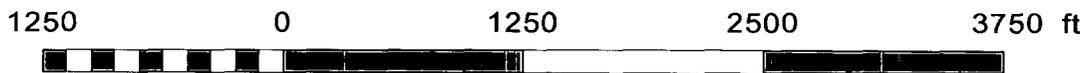
DEVON ENERGY PRODUCTION COMPANY, L.P.


Ken Gray
Senior Land Advisor

Kg/
Enclosure



1" = 1000'



<i>devon</i>		
Eddy County NM 23S 29E Spuds/Laguna Salado Area Top Atoka Clastics Structure map with Location of proposed Spuds 16 ST #5		
Author: DE O'Bright		Date: 28 June, 2005
	Scale: <scale>	

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Laguna Salado; Atoka
Property Code	Property Name SPUD "16" STATE	Well Number 5
OGRID No. 6137	Operator Name DEVON ENERGY PRODUCTION CO., L.P.	Elevation 2962'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	16	23 S	29 E		2320	SOUTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

Lat - N32°18'15.3"
Long - W103°58'59.9"

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Norvella Adams

Signature
Norvella Adams

Printed Name
Sr. Staff Eng. Tech.

Title
June 22, 2005

Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

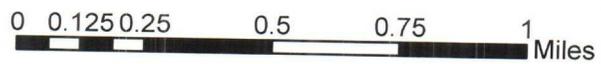
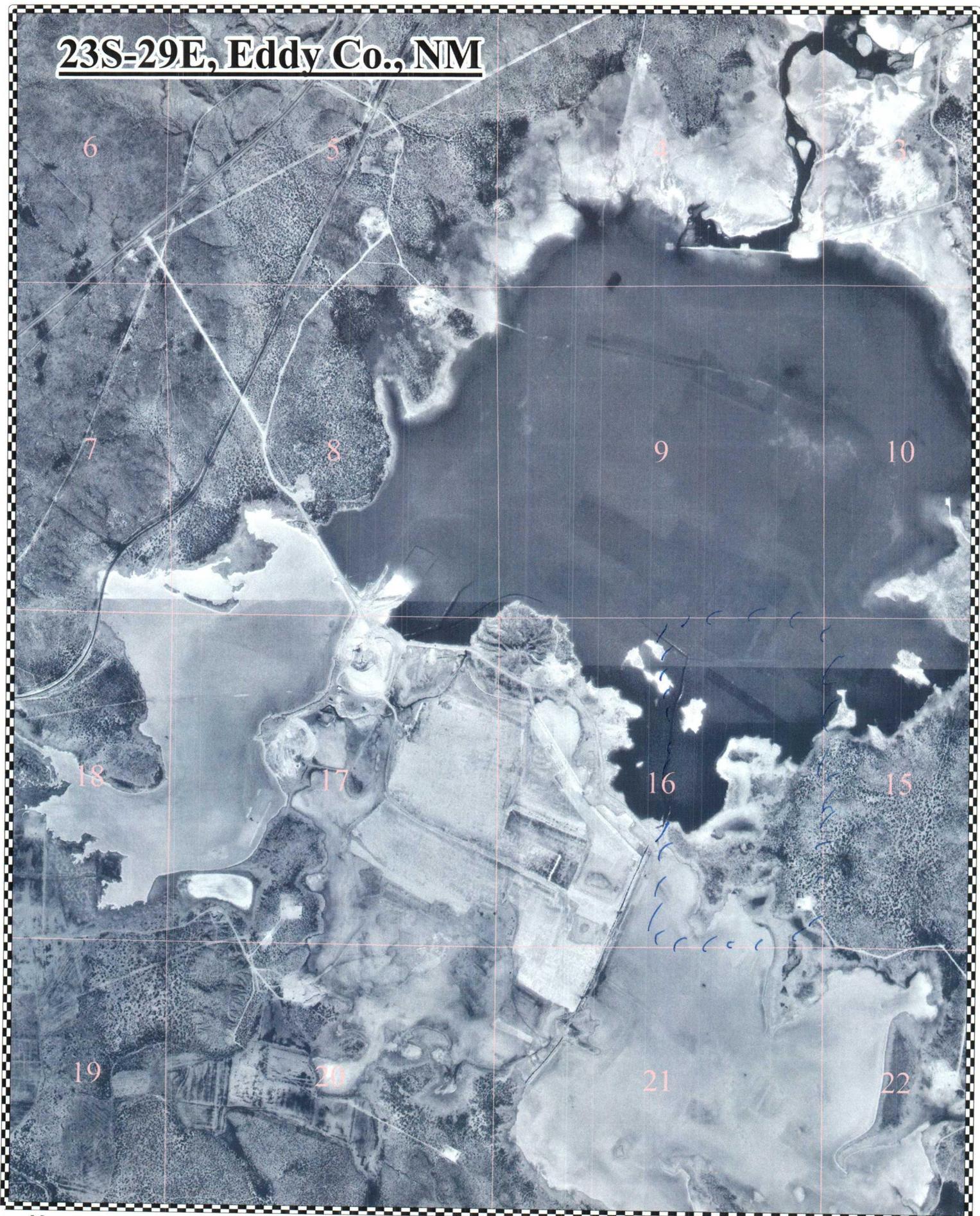
JUNE 17, 2005

Date Surveyed

Signature & Seal of Professional Surveyor

Certificate No. Gary L. Johnson 7977

23S-29E, Eddy Co., NM



1:24,000





Mosaic Potash Carlsbad Inc.
PO Box 71
1381 Potash Mines Road
Carlsbad, NM 88220
www.mosaicco.com

Tel 505-887-2871
Fax 505-887-0589

July 5, 2005

Ken Gray, Senior Land Advisor
Devon Energy Production Company
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

Dear Mr. Blount:

Mosaic Potash Carlsbad Inc. does not object to the location of Devon Energy's Application to Drill the Spud 16 State #5, 2320' FSL, 660' FEL, of Section 16, Township 23 South, Range 29 East, NMPM. This location is near to an area designated as indicated ore by the BLM, and is about 2140 feet from Mosaic's LMR containing valuable potash ore. This location is 500 feet within the ½ mile buffer required by R-111-O for deep gas wells and could pose a hazard to underground mining operations in the future if the ore extends as far as expected.

As a result of discussions with Ken Gray, Sr. Land Advisor for Devon concerning this well's location, we find this to be a mutually acceptable location for this well, which I understand will test the Morrow formation. We understand this location has set the well as far to the southwest as possible, limited by a surface lake. Mosaic does believe the hazard this well poses will cause the loss of some potash reserves in the area but, in a spirit of cooperation, have agreed to not object.

Mosaic Potash Carlsbad Inc. hereby does not object to the drilling of a well at this location.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Morehouse". The signature is fluid and cursive, with a long horizontal line extending to the right.

Dan Morehouse
Mine Engineering Superintendent

cc: Don Purvis David Waugh
Charlie High

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/22/05 15:05:00
OGOMES -TOMF
PAGE NO: 1

Sec : 16 Twp : 23S Rng : 29E Section Type : NORMAL

<p>D 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>C 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>B 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>A 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>
<p>E 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>F 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>G 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>H 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>
<p>L 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>K 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>J 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>I 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97 C C A</p>
<p>M 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>N 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97</p>	<p>O 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97 A</p>	<p>P 40.00 CS V04075 0000 SANTA FE ENERGY O R 10/01/97 A</p>

