

devon

Indian Basin Area  
Eddy County, NM

Isopach:  
Net Cisco-Canyon  
Dolomite

## EXHIBIT 2

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

## OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

DISTRICT IV  
P.O. Box 2088, SANTA FE, N.M. 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 33685	Pool Name Indian Basin (Upper Penn) Assoc.
Property Code 20201	Property Name WINSTON GAS COM	Well Number 9
OGRID No. 6137	Operator Name DEVON ENERGY PRODUCTION, CO., LP	Elevation 3818

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	31	21 S	24 E		480	NORTH	2260	WEST	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
C	31	21 S	24 E		660	NORTH	1980	WEST	EDDY

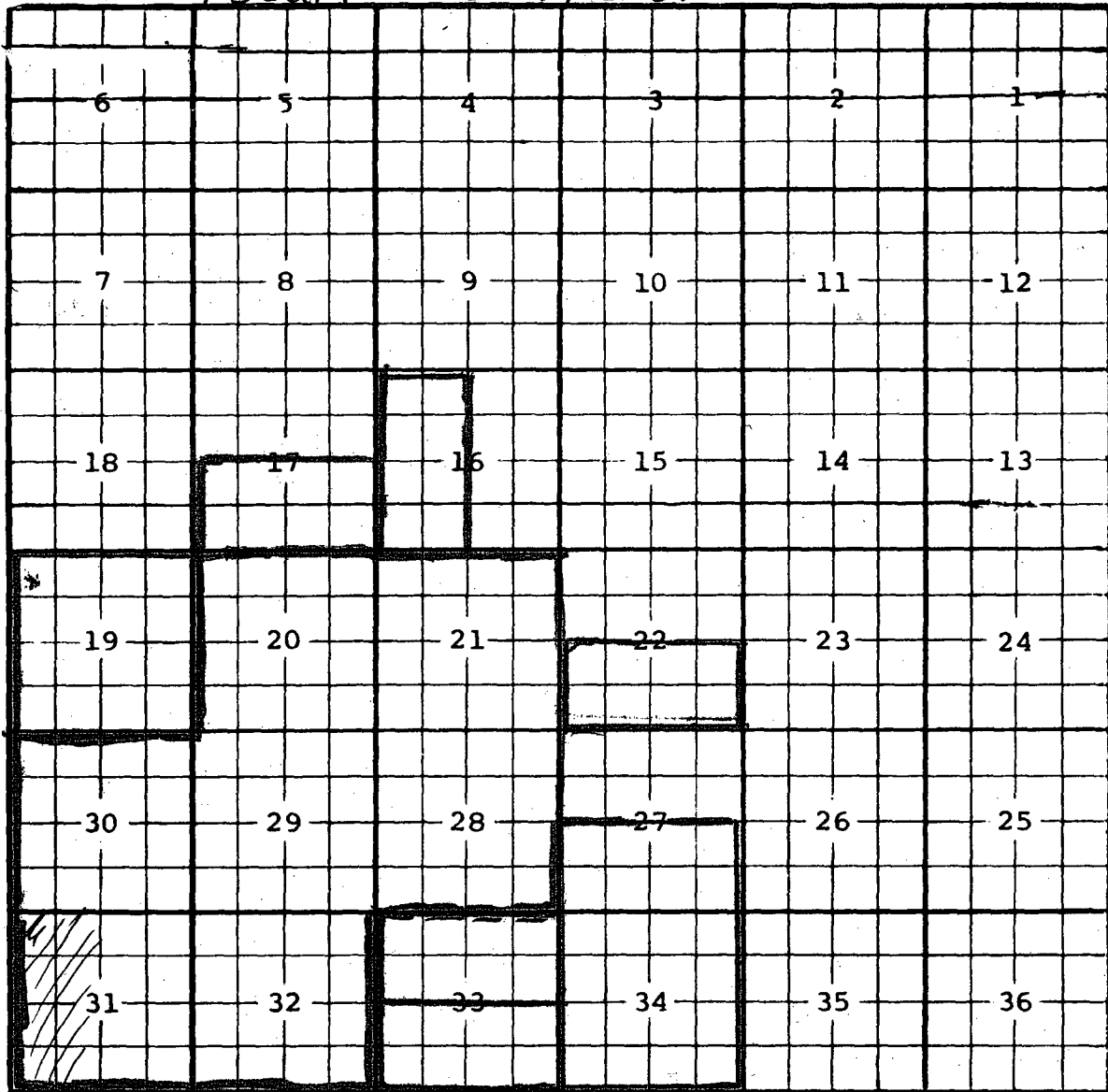
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
317.18			

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><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein to true and complete to the best of my knowledge and belief.</p> <p><u>Candace R. Graham</u> Signature Candace R. Graham Printed Name Engineering Tech. Title November 12, 2002 Date</p> <p><b>SURVEYOR CERTIFICATION</b></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>OCTOBER 18, 2002</p> <p>Date Surveyed _____ LMP Signature of Seal of Professional Surveyor <u>Ronald G. Edson</u> Professional Surveyor 02.11/0779 Certificate No. RONALD G. EDSON 3239 GARY EDSON 12641</p>
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County Eddy Pool Indian Basin-Upper Pennsylvanian  
Associated

TOWNSHIP 21 South Range 24 East NMPM



Ext:  $\frac{5}{2}$  Sec. 27, All Sec. 34 (R-9963, 9-20-93)

Ext:  $\frac{5}{2}$  Sec. 33 (R-10518, 10-20-95) Ext:  $\frac{N}{2}$  Sec. 33 (R-10664, 9-16-96)

Ext: All Secs. 20, 21, 28, 29, 30, 31, 32 (R-9922-D, 12-7-98)

Ext:  $\frac{W}{2}$  Sec. 16 (R-11678, 10-23-01) Ext:  $\frac{5}{2}$  Sec. 22 (R-11729, 8-22-02)

Ext: All Sec. 19 (R-9922-E, 8-16-02) Ext:  $\frac{1}{2}$  Sec. 17 (R-11838, 9-22-02)

# devon

Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8250

FAX

To: MICHAEL STAGNER

From: KEN BRY

Fax: 505-476-3462

Date: 1/13/03

Phone:

Pages: 8 (including cover page)

Re: WINSTON GAS COM #9

CC:

☐ Urgent

☒ For Review

☐ Please Comment

☐ Please Reply

☐ Please Recycle

Comments:

ORIGINALS TO BE SENT VIA U.S. MAIL.

API No. 30-015-32577



Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8280  
Fax 405-552-8113

January 13, 2003

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

Re: Winston Federal Gas Com #9  
Section 31-T21S-R24E  
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. (Devon) as Operator, under cover letter dated November 22, 2002, previously made an application for administrative approval for an unorthodox location covering the referenced well (~~previous reference No. pKRV0-233730503~~). Your letter of response dated December 17 requested additional information to be supplied by December 30 regarding locating the well at a different legal location, offset ownership, and cost differentials between drilling the well vertically at a legal location compared to directionally drilling the well from the requested unorthodox location. Unfortunately, we were unable to provide all of your requested information by the December 30 deadline and our application was subsequently denied on December 31.

In response to your concerns relative to our previous application, Devon has surveyed the location of the electrical lines as shown on the attached survey plat prepared by John West Surveying Company. Devon's proposed unorthodox location, being 2260' from the West line and 480' from the North line of Section 31, is 153' from the power line and is an acceptable distance from the power lines to conduct operations. A legal location of the well, being 1980' from the West line and 660' from the North line, is 127' from the power line and is within an unacceptable distance to conduct operations. Subsequent to our previous application, Devon has met with BLM regarding the possibility of moving the location to the South and/or West (as suggested in your letter of December 17) of the legal location. However, BLM would not approve a location any further South or West due to the existence of unacceptable slope as well as an arroyo located in that direction as shown on the attached topographic map.

You also requested additional information regarding ownership of offsetting spacing units. I have attached a land plat that shows Devon and Marathon as the common owners in all of Section 31. Devon is the Operator as to all of Section 31 and the ownership is common. Devon is also the Operator in the S/2 of Section 30 to the North and is the owner of 100% of the interest.

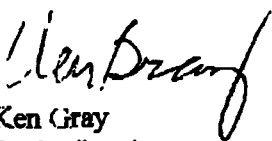
Lastly, you requested that Devon provide you with information detailing the cost differential between a vertical well at a legal location and a directional well at the requested unorthodox location. Attached, you will our estimated cost differential reflecting an incremental of \$135,625 to directionally drill the well back to a legal bottom hole location.

Devon would still like to drill the Winston Gas Com #9 at the previously requested unorthodox location. Devon respectfully requests, based on the above additional information, that the Commission reconsider and administratively approve this application for an unorthodox location in accordance with Division Rule 104(F)(3). This well will be the fourth and final well drilled in the designated spacing unit as the Winston #1, #5 and #6 have been previously drilled on the remaining 80 acre locations. As mentioned above our records reflect that the ownership within Section 31 is common, Devon is the owner of 100% of the S/2 of Section 30; therefore, no other notice is required.

Attached you will find a land plat reflecting offsetting ownership, a net Cisco Canyon Isopach map, and State of New Mexico form C-102, survey plat, topographic plat and estimated cost differentials.

Feel free to call me at (405) 552-4633 if there are any questions or concerns regarding this application.

Yours very truly,  
DEVON ENERGY PRODUCTION COMPANY, L.P.

  
Ken Gray  
Senior Land Advisor  
Kg/WGC 9 UL2

☒ 006

Form O 100  
Revised February 10, 1924  
Submit to Appropriate District Office  
State Loans - 1 Copy  
Pan Loans - 2 Copies

**DISTRICT IV**  
P.O. BOX 2052, HAN7, PR. N.M. 87504-2052

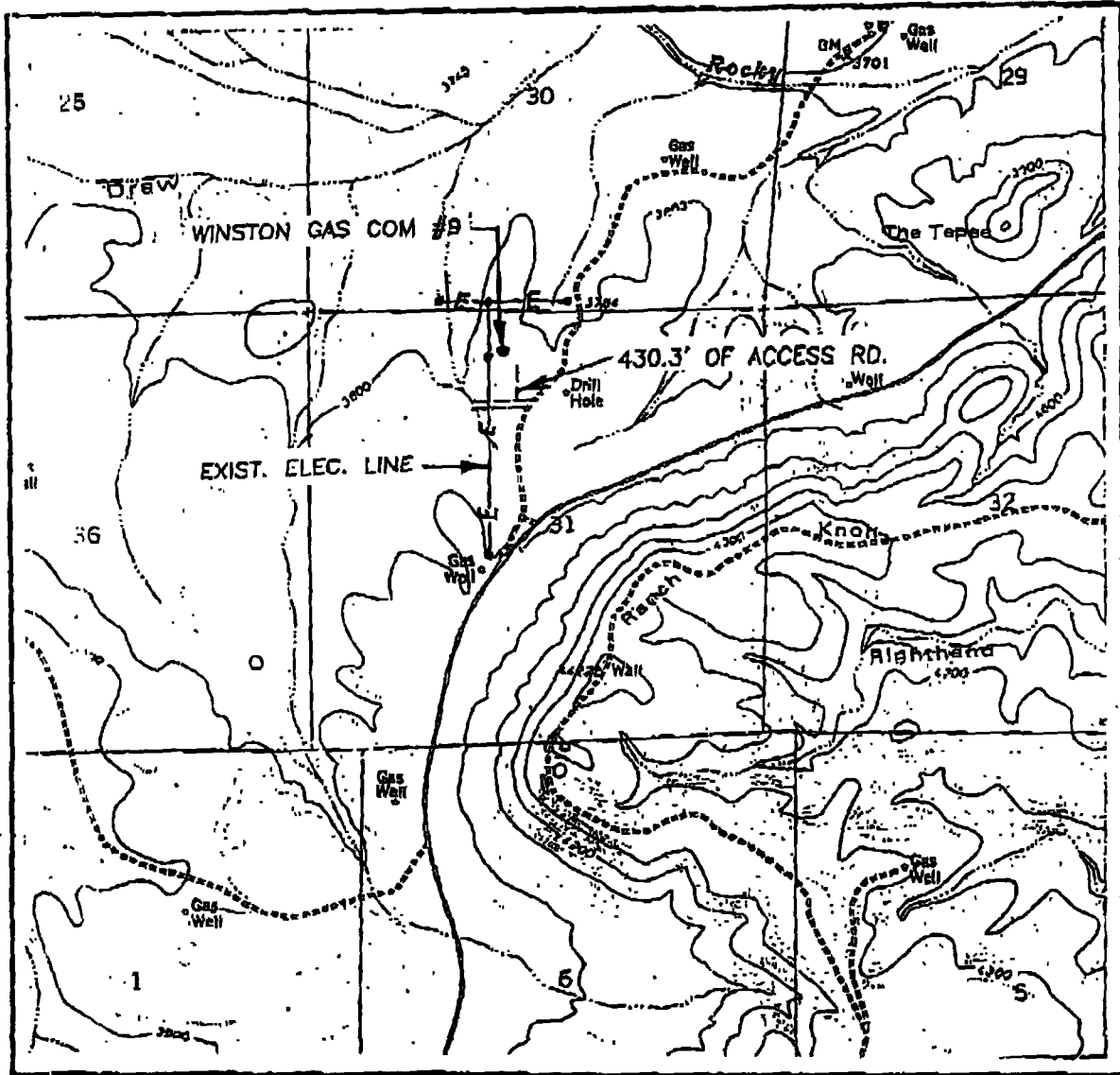
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

**□ AMENDED REPORT**

<p>LOT 1</p> <p>2260' 1080'</p> <p>40.10 ACRES LOT 2</p> <p>EXIST. ELEC. LINE</p> <p>39.18 ACRES LOT 3</p> <p>40.08 ACRES LOT 4</p> <p>39.17 ACRES</p>	<p>SEE DETAIL</p> <p>POWER POLE</p> <p>BOTTOM HOLE</p> <p>127' 153'</p> <p>680' 480'</p> <p>PROPOSED SURFACE LOC. NAD 27 NM EAST ZONE N=824240 E=436398</p> <p>GEOGRAPHIC LOCATION NAD 27 LAT. = 32°26'27.89" N LONG. = 104°32'22.19" W</p> <p>PROPOSED BOTTOM HOLE LOCATION NAD 27 NM EAST ZONE N=824081 E=436117</p>	<p>3815.2' 3818.8'</p> <p>3819.5' 3817.5'</p> <p>DETAIL</p> <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of original surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 16, 2002</p> <p>Date Surveyed _____ LMP</p> <p>Signature _____</p> <p>Professional Surveyor</p> <p><b>RONALD J. EIDSON</b></p> <p>NEW MEXICO</p> <p>02.11.0778</p> <p>129/02</p> <p>Certified No. RONALD J. EIDSON 3238</p> <p>CART 12691</p> <p>REGISTERED PROFESSIONAL SURVEYOR</p>
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# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
MARTHA CREEK, N.M. - 20'

SEC. 31 TWP. 21-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 480' FNL & 2260' FWL

ELEVATION 3818

OPERATOR DEVON ENERGY  
PRODUCTION CO., LP

LEASE WINSTON GAS COM

U.S.G.S. TOPOGRAPHIC MAP  
MARTHA CREEK, N.M.

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117



**Winston Gas Com. #9****Additional costs incurred due to directional drilling**

Rig Time	4 days @ \$8,500/day	\$34,000
Rental Equipment Costs	4 days @ \$1,750/day	\$7,000
Mud Expense	4 days @ \$250/day	\$1,000
Fuel	4 days @ \$900/day	\$3,600
Consultant	4 days @ \$600/day	\$2,400
Directional Drilling Expense	12 days @ \$7,000/day	\$84,000
Kick off point @ 4,500'. Directional for 12 days.		
Additional Casing & Equip.	\$1,375	\$1,375
Gyroscopic Survey	\$2,250	<u>\$2,250</u>
Total		\$135,625

## **Stogner, Michael**

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**From:** Stogner, Michael  
**Sent:** Tuesday, January 14, 2003 3:30 PM  
**To:** Valdes, Kathy  
**Cc:** Arrant, Bryan; Jim Bruce (E-mail)  
**Subject:** NSL-4767-A (SD)

Attached is a draft order for this resubmitted application which was received this morning.

I had a draft order prepared for the original application back in December. Taking the opportunity to work smarter I took the application and made a few changes on this draft when the resubmital came in this morning. The appropriate evens for this application have natural been made in RDBMS.



NSL-4767.A.doc

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

12/13/02 08:44:24  
OGOMES -TPEB  
PAGE NO: 1

Sec : 31 Twp : 21S Rng : 24E Section Type : NORMAL

1 39.52	C 40.00	B 40.00	A 40.00
Federal owned	Federal owned	Federal owned A A A	Federal owned
2 39.37	F 40.00	G 40.00	H 40.00
Federal owned C	Federal owned	Federal owned	Federal owned

PF01 HELP  
PF07 BKWD

PF02  
PF08 FWD

PF03 EXIT  
PF09 PRINT

PF04 GoTo  
PF10 SDIV

PF05  
PF11

PF06  
PF12

CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION12/13/02 08:44:35  
OGOMES -TPEB  
PAGE NO: 2

Sec : 31 Twp : 21S Rng : 24E Section Type : NORMAL

3 39.22  Federal owned	K 40.00  Federal owned A A	J 40.00  Federal owned	I 40.00  Federal owned
4 39.07  Federal owned A	N 40.00  Federal owned	O 40.00  Federal owned	P 40.00  Federal owned

PF01 HELP  
PF07 BKWDPF02  
PF08 FWDPF03 EXIT  
PF09 PRINTPF04 GoTo  
PF10 SDIVPF05  
PF11PF06  
PF12

CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

12/17/02 13:30:56  
OGOMES -TQET

API Well No : 30 15 32165 Eff Date : 04-10-2002 WC Status : A  
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
OGRID Idn : 6137 DEVON ENERGY PRODUCTION COMPANY, LP  
Prop Idn : 22545 MARTHA CREEK GAS COM

Well No : 006Q  
GL Elevation: 3810

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn : 20 30 21S				24E	FTG 680 F S FTG 1100 F E		P

Lot Identifier:  
Dedicated Acre: 342.46  
Lease Type : F  
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 12/17/02 13:31:02  
OG6ACRE C102-DEDICATE ACREAGE OGOMES -TQET  
Page No : 1

API Well No : 30 15 32165 Eff Date : 04-10-2002  
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
Prop Idn : 22545 MARTHA CREEK GAS COM Well No : 006Q  
Spacing Unit : 56198 OCD Order : Simultaneous Dedication:  
Sect/Twp/Rng : 30 21S 24E Acreage : 342.46 Revised C102? (Y/N) :  
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
I	13	30	21S	24E	43.63	N	FD			
J	14	30	21S	24E	43.26	N	FD			
K	15	30	21S	24E	42.35	N	FD			
L	16	30	21S	24E	41.40	N	FD			
M	17	30	21S	24E	40.84	N	FD			
N	18	30	21S	24E	41.74	N	FD			
O	19	30	21S	24E	42.16	N	FD			
P	20	30	21S	24E	42.53	N	FD			

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF



CMD : ONGARD 12/17/02 13:31:10  
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQET  
Page No: 1

OGRID Identifier : 6137 DEVON ENERGY PRODUCTION COMPANY, LP  
Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)  
API Well No : 30 15 32165 Report Period - From : 01 2000 To : 12 2002

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15 32165	MARTHA CREEK GAS COM	05 02 31	51501 3300 39076	P
30 15 32165	MARTHA CREEK GAS COM	06 02 30	48479 4661 12453	P
30 15 32165	MARTHA CREEK GAS COM	07 02 31	62670 3373 20242	P
30 15 32165	MARTHA CREEK GAS COM	08 02 31	52150 2288 9603	P
30 15 32165	MARTHA CREEK GAS COM	09 02 30	43158 2548 11263	P

Reporting Period Total (Gas, Oil) : 257958 16170 92637

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 NXTPOOL	PF11 NXTOGD	PF12