AROVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505





ADMINIST	RATI	VE APPI	LICATION	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] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [PC-Pool Commingling] [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] Location - Spacing Unit - Simultaneous Dedication X NSL ☐ NSP ☐ SD Check One Only for [B] or [C] Commingling - Storage - Measurement [B] □ DHC □ CTB □ PLC □ PC □ OLS □ OLM Injection - Disposal - Pressure Increase - Enhanced Oil Recovery [C] □ WFX □ PMX □ SWD □ IPI □ EOR □ PPR [D]Other: Specify [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners [A] [B] Offset Operators, Leaseholders or Surface Owner 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 SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE [3] OF APPLICATION INDICATED ABOVE. CERTIFICATION: I hereby certify that the information submitted with this application for administrative [4] 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 Energy Corporation 20 North Broadway Oldahoma City, Oldahoma 73102-8260

FAX

TO: MIKE STOGNER

Fax: 505-476-3462

Date: 6/1/06

Phone:

Pages: 17 (including cover page)

Re: LAGUNA SOLADO 22

CC:

☐ Urgent

For Review

☐ Please Comment

☐ Please Reply

Please Recycle

• Comments:

Mad at Ms or filming when wind will assist that by the het we it con:

So flok by the het we it con:



June 1, 2006

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

RE: Laguna Salado 22 Federal #3 Section 22-T23S-R29E Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon"), as Operator, intends to drill the referenced horizontal Delaware well to a total vertical depth of 6,700' with a total measured depth of 11,350' and dedicate unit letters D,E,L & M (W/2 W/2 section 22) as the project area. Devon has attempted to place this well at a legal surface location but the BLM has required Devon to move the location due to a 200 meter set back requirement relative to Laguna Salado. As reflected on the attached C-102, the well has been permitted at a surface location of 760' FWL and 130' FSL of section 22 with a permitted bottom hole location of 660' FWL and 330' FNL of section 22, all in Township 23 South, Range 29 East. The initial portion of the cased (and potentially productive) horizontal section of the well will be located 752' FWL and 510' FSL of said section 22.

Even though the initial portion of the horizontal section of the referenced well appears to be located at standard location in accordance with Division rules, Devon respectfully requests that the Commission administratively approve this application for an unorthodox surface location in accordance with Division Rule 104(F) (3) with regard to the vertical unorthodox portion of the well. This unorthodox location affects the leasehold owner in unit letter D of Section 27 to the South. Devon's records reflect that Chesapeake Exploration Ltd., Saga Petroleum, Kukui, Inc., Allar Company, Twin Montana, Inc., Talas, Inc., Latigo Petroleum, Inc., and Pogo Producing Company are the affected owners requiring notification.

Attached for your review you will find a land plat reflecting the above mentioned owners as the affected parties, a structure map covering the Lower Brushy Canyon, a State of New Mexico form C-102, and a Well Profile Report prepared by Baker Hughes.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray

Senior Land Advisor KG\LagSal 22 #3 UL

Enclosure

DISTRICT I 1625 N. French Br., Hobbs, NM 58240 DISTRICT II 811 South First, Artesia, NM 68210 State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised March 17, 1399

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

DISTRICT III 1000 Rio Brazos Rd., Autec, NN 87410

DISTRICT IV 2040 South Facheco, Santa Fe, NM 87505 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					
Property Code	Prop	erty Name	Well Number				
	·	LAGUNA SALADO "22" FEDERAL					
OGRID No.	Opera	ator Name	Elevation				
·	DEVON ENERGY PRO	DDUCTION COMPANY LP	2968				

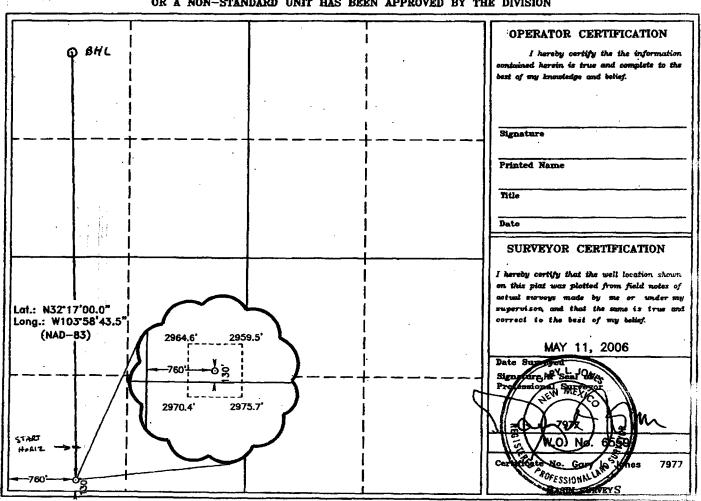
Surface Location

UL or lot	lo. Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
. M	22	23 S	29 E		130	SOUTH	760	WEST	EDDY

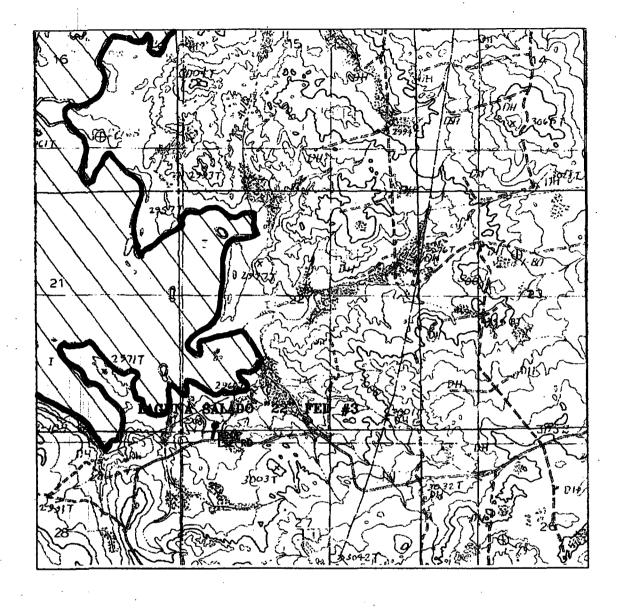
Bottom Hole Location If Different From Surface

UL or lot No.	Section 22	Township 23 S	Runge 29 E	Lot Idn	Feet from the 330	North/South line	Feet from the	East/West line	County
Dedicated Acre	s Joint o	r Infill Co	psolidation (Code Or	der 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



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LAGUNA SALADO "22" FEDERAL #3
Located at 130' FSL AND 760' FWL
Section 22, Township 23 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.



P.O. 8ox 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (505) 393-7316 - Office (505) 392-3074 - Fax basinsurveys.com

W.O. Number:	6559T - JMS
Survey Date:	05-10-2006
Scale: 1" = 2	000,
Date: 05-11-	-2006

DEVON ENERGY PROD. CO., L.P.



2105 market Street Midland, TX 79703 Ph. (432)694-9517 Fax. (432)694-5648

Directional/Horizontal Plan Report

Devon Energy

Laguna Salado 22-3

Eddy County, NM

Plan #1

Prepared By Oscar Gomez Thursday, May 18, 2006 DEVCN ENERGY Laguna Salado 22-3,slot #1 ,Eddy County New Mexico PROPOSAL LISTING Page 1 Your ref : Plan1 Last revised : 18-May-2006

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All data is in feet unless otherwise stated.

Coordinates from structure and TVD from rotary table.

Bottom hole distance is 4821.04 on azimuth 358.81 degrees from wellhead.

Vertical section is from N 0.00 E 0.00 on azimuth 358.81 degrees.

Calculation uses the minimum curvature method.

Presented by Baker Bughes INTEQ

DEVCN ENERGY
Laguna Salado 22-3,slot #1
,Eddy County New Mexico

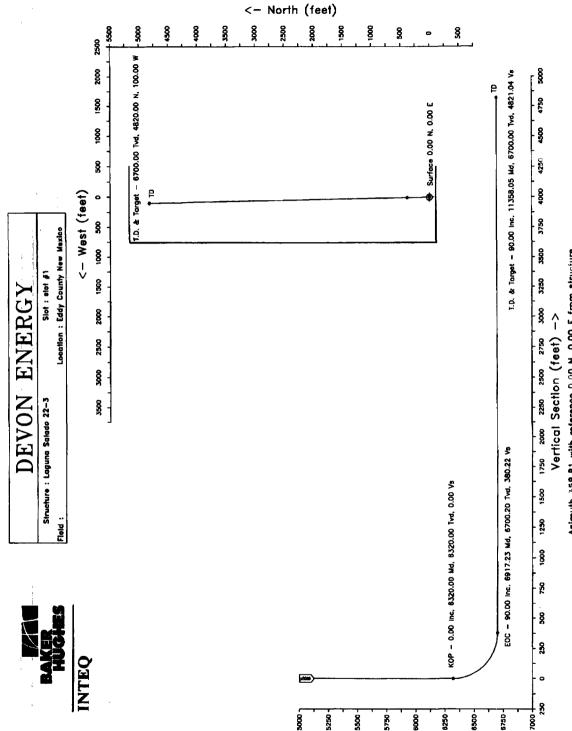
PROPOSAL LISTING Page 2 Your ref : Plan1 Last revised : 18-May-2006

Comments in wellpath

240	TVD	Rectangular	Coords.	Comment
6320.00	6320.00	0.00 N	0.00 W	KOP
6917.23	6700.20	380.14 N	7.89 W	ECC
11358.05	6700.00	4820.00 N	100.00 W	10

Targets associated with this wellpath

Target name	Geographic Location	T.V.D.	Rectangular C	Revised
TO		6700.00	4820.00N	18-May-2006



<- True Vertical Depth (feet)

Azimuth 358.81 with reference 0.00 N, 0.00 E from structure



June 1, 2006

Pogo Producing Company P.O. Box 10340 Midland, Texas 79702-7340

Re: Laguna Salado 22 Federal #3 Section 22-T23S-R29E Eddy County, New Mexico

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced horizontal Delaware test well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray Senior Land Advisor

KG:

Enclosures

Pogo Producing Company has no objection to this administrative application for unorthodox surface location.

By: _____Title: ____



June 1, 2006

Latigo Petroleum, Inc. 15 West 6th Street, Suite 1100 Tulsa, Oklahoma 74119-5405

Re: Laguna Salado 22 Federal #3 Section 22-T23S-R29E Eddy County, New Mexico

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced horizontal Delaware test well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray

Senior Land Advisor

KG:

Enclosures

Latigo Petroleum, Inc. has no objection to this administrative application for unorthodox surface location.

By: _____

Title: _____

Date: ____



June 1, 2006

Talas, Inc. P.O. Box 1210 Graham, Texas 76450

Re: Laguna Salado 22 Federal #3 Section 22-T23S-R29E Eddy County, New Mexico

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced horizontal Delaware test well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray

Senior Land Advisor

KG:

Enclosures

Talas, Inc. has no objection to this administrative application for unorthodox surface location.

By: _____



June 1, 2006

Twin Montana, Inc. P.O. Box 1210 Graham, Texas 76450

Re: Laguna Salado 22 Federal #3 Section 22-T23S-R29E Eddy County, New Mexico

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced horizontal Delaware test well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray Senior Land Advisor

KG: Enclosures

Twin Montana, Inc. has no objection to this administrative application for unorthodox surface location.

By: _____

devon

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

June 1, 2006

Allar Company. P.O. Box 1567 Graham, Texas 76450

Re: Laguna Salado 22 Federal #3 Section 22-T23S-R29E Eddy County, New Mexico

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced horizontal Delaware test well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray

Senior Land Advisor

KG:

Enclosures

Allar Company has no objection to this administrative application for unorthodox surface location.

Bv:

Title

Date:



June 1, 2006

Kukui, Inc. 6600 Kalanianaole Highway, Suite 224 Honolulu, HI 96825-1281

Re: Laguna Salado 22 Federal #3 Section 22-T23S-R29E Eddy County, New Mexico

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced horizontal Delaware test well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray Senior Land Advisor

KG:

Enclosures

Kukui, Inc. has no objection to this administrative application for unorthodox surface location.



June 1, 2006

Saga Petroleum 415 West Wall, Suite 1900 Midland, Texas 79701

Re: Laguna Salado 22 Federal #3 Section 22-T23S-R29E Eddy County, New Mexico

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced horizontal Delaware test well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray Senior Land Advisor

KG: Enclosures

Saga Petroleum has no objection to this administrative application for unorthodox surface location.

By: Title:



June 1, 2006

Chesapeake Exploration Limited Partnership 6100 N. Western Oklahoma City, OK 73118

Re: Laguna Salado 22 Federal #3 Section 22-T23S-R29E Eddy County, New Mexico

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced horizontal Delaware test well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray

Senior Land Advisor

KG:

Enclosures

Chesapeake Exploration Limited Partnership has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____

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TRANSACTION REPORT

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