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		NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505
		ADMINISTRATIVE APPLICATION CHECKLIST
Ţ	THIS CHECKLIST IS N	/ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
	[PC-Po	nhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] ool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] alified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
1]	TYPE OF AI [A]	PPLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD
	Check [B]	K One Only for [B] or [C] 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]	NOTIFICAT [A]	TION REQUIRED TO: - Check Those Which Apply, or Does Not Apply 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

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				Devon Energy Corporation 20 North Broadway Oklahoma City, Oklahoma 73102-826
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Devon Energy Corporation 20 North Broadway Oldahoma City, Oktahoma 73102-8260 Fax 405-552-8113

September 11, 2006

New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505 Attn: Mark E. Fesmire

RE: NSL Re-Submittal Todd 23A Federal #38 660' FNL & 860' FEL Section 23-T23S-R31E Eddy County, New Mexico

Gentlemen:

By letter dated August 11, 2006, a copy of which is attached, Devon Energy Production Company, L.P. ("Devon"), as Operator, submitted its administrative application for approval of a non standard location for the referenced well and all affected parties were notified of same. In response, the NMOCD advised that the matter should be set for hearing as the current pool rules do not provide for more than one well per spacing unit.

In order to avoid an unnecessary hearing, Devon re-submits its original administrative application for consideration by the NMOCD with the understanding that Devon will, prior to completion of the referenced well, agree to either (1) tota the Todd 23J Federal #3 (currently producing from the San Dunes Atoka Gas Pool) or, (2) re-complete such well to a shallower formation. A copy of this re-submittal has been provided to the affected parties.

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

Yours very truly,

DETON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray Senior Land Advisor KG\Todd 38 UL Re-Sub

30-015-24257

DEVON ENERGY



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

August 11, 2006

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

RE: Todd 23A Federal #38 660' FNL & 860' FEL Section 23-T23S-R31E Eddy County, New Mexico

Gentlemen:

undesignated \$4600

Devon Energy Production Company, L.P. ("Devon"), as Operator, intends to drill the referenced well to a total depth of 15,300' in order to test the Atoka/Morrow formation. NMOCD records reflect that the Atoka formation is governed by the Sand Dunes-Atoka Gas Pool rules which provides for 640 acre spacing with a legal location no nearer than 1,650' to the outer boundary of the section and no nearer than 330' to any governmental quarter-quarter section line as promulgated by Division Order No. R-3917. The Morrow formation is governed by the Sand Dunes-Morrow Gas Pool rules which provides for statewide 320 acre spacing with a legal location no nearer than 660' to the outer boundary of the spacing unit and not nearer than 10' to any governmental quarter-quarter section line.

Devon's proposed location was chosen based on subsurface data that suggests that both the Atoka and the Morrow interval could be encountered at a structurally favorable position at this location. Inasmuch as an Atoka completion at Devon's proposed location will be an unorthodox location from that permitted under the existing Sand Dunes-Atoka Gas Pool rules, Devon respectfully requests that the Commission administratively approve this application in accordance with Division Rule 104(F)(3). This unorthodox location affects the owners in Sections 13, 14 & 24 as reflected on the attached affected owners list. All of such affected owners have been given notice of this administrative application.

Attached for your review, in support of this application, you will find a land plat covering the area included under this application, a list of affected owners, State of New Mexico form C-102 and a structure map on top of the Atoka Bank.

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.

Un Ken Gray

Senior Land Advisor KG\Todd 38 UL

DEVUN ENERGY State of New Mexico Form C-102 DISTRICT I Revised March 17, 1999 1525 H. French Br. arals and Natural Resources Department rer, Mb DISTRICT II Submit to Appropriate District Office BIL South First, Artasia, NK 68210 State Lease - 4 Copies Fee Lease - 3 Copies DISTRICT III OIL CONSERVATION DIVISION 1000 Rio Brazos Rd., Aztec, ND 87410 2040 South Pacheco DISTRICT IV Santa Fe, New Mexico 87504-2088 o. Santo Fr. XM 67505 2040 South Pach C AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT Pool Name Mi CARBON.~ Ingle Wells; Delaware AFI Number Fool Code Property Code Property Name Vell Number 38 ' TODD "23A" FEDERAL OGRID No. Operator Name Elevation 6137 DEVON ENERGY PRODUCTION COMPANY LP 3486' Surface Location VL or lot No. Section Township Range Lot Ida Feet from the North/South line Feet from the Bast/West line County 23 23 S NORTH 31 E 660 860 EAST EDDY A Bottom Hole Location If Different From Surface UL or let No. Section Lot Ida Yest from the North/South line Township Bange Feet from the East/Vest line County Dedicated Acres Joint or Infill Consolidation Code Order No. 320 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 11 **OPERATOR CERTIFICATION** 8 3484.5 3478.2 I hereby certify the the information inte to the and a 860 3482,1' -3492.1' Simi Stephanie A. Lasaga Lat.: N32"17'43.4" Long .: W103' 14'33.6" Printed Name (NAD-83) Sr. Staff Engineering Tech Title 06/19/06 Date SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of gotual surveys made by me or whilst my supervison, and that the same is true and correct to the best of my bolist. APRIL <u>25.</u> 2006 Date Surge AY L JONES 60 Sign / Prof

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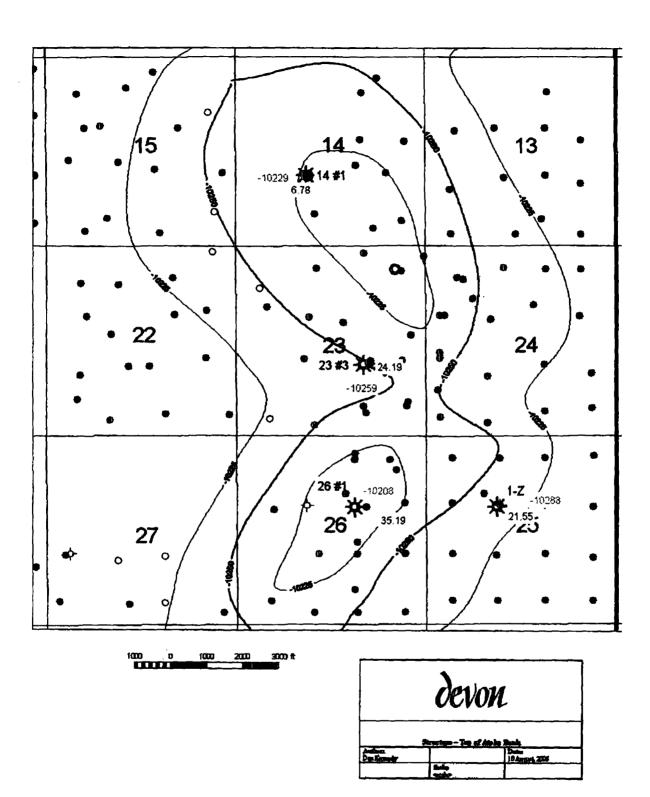
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Devon Energy Corporation 20 North Broadway Oldahoma City, Oklahoma 73102-8260 Fax 405-552-8113

August 11, 2006

To Affected Parties Address List Attached

Re: Todd 23A Federal #38 660' FNL & 860' FEL Section 23-T23S-R31E Eddy County, New Mexico

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s administrative application for approval of an unorthodox well location covering the referenced well. Our records indicate that your company is an affected owner of 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.

Uen Drom

Ken Gray Senior Land Advisor

KG: Enclosures

_____has no objection to this administrative

application for unorthodox location.

By: _____

Title:

Date: _____

Affected Parties

Sections 13, 14 & E/2 of 24, T23S-R31E

Bascom L. Mitchell No. 1 Live Oak Midland, TX 79705

Joe N. Gifford P. O. Box 51187 Midland, TX 79710-1187

Mary Patricia Dougherty Trust c/o Northern Bank of Texas 2701 Kirby Drive Houston, TX 77098 Attn: David J. Parker

Obie & Company c/o JPMorgan Chase Bank 600 Travis Street, 3rd Floor Houston, TX 77252 Attn: Neal Stover

Thomas E. Kelly TEK Properties, Ltd. The Highlands Seattle, WA 98177

L. Edward Innerarity, Jr. 600 N. Marienfeld, Suite 456 Midland, TX 79701

Otto E. Schroeder, Jr. 1311 Academy Circle Arlington, TX 76013

Catherine M. Grace c/o Dan Serna & Company 6031 W. I-20, Suite 251 Arlington, TX 76017 Mary Margaret Olson Trust c/o Dan Serna & Company 6031 W. I-20, Suite 251 Arlington, TX 76017

Marathon Oil Company Southern Business Unit P. O. Box 3487 Houston, TX 77243-3487 Attn: Paul J. Tauscher

Mabee Flynt Lease Trust 11010 Crestmore Houston, TX 77096

Miranda Energy Corporation 24 Smith Road, Suite 601 Midland, TX 79705

Thomas F. Hastings, Sr. 14254 Misty Meadow Houston, TX 77079

Broughton Petroleum, Inc. P. O. Box 1389 Sealy, TX 77474-1389

EOG Resources 4000 N. Big Spring Street, Suite 500 Midland, TX 79705

W/2 of Section 24-T23S-R31E

.....

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

DEVON ENERGY



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop Cabinet Secretary September 6, 2006

Mark E. Fesmire, P.E. Director Oil Conservation Division

Devon Energy Production Company, L. P. 20 North Broadway Oklahoma City, Oklahoma 73102-8260

Attention: Ken Gray, Senior Land Advisor

RE: Administrative application of Devon Energy Production Company, L.P. filed by telefax with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 14, 2006 (administrative application reference No. pTDS0-622660513) to drill its proposed Todd "23A" Federal Well No. 38 (API No. 30-015-35076) as an infill well within an existing standard 640-acre gas spacing unit comprising all of Section 23, Township 23 South, Range 31 East, NMPM, Undesignated Sand Dunes-Atoka Gas Pool (84600), Eddy County, New Mexico, at an unorthodox location 660 feet from the North line and 860 feet from the East line (Unit A) of Section 23.

Dear Mr. Gray:

The Sand Dune-Atoka Gas Pool is an unprorated gas pool that is subject to: (i) the "Special Rules and Regulations for the Sand Dunes-Atoka Gas Pool," as promulgated by Division Order No. R-3917, as amended, which provides for 640-acre spacing units with wells to be located no closer than 1650 feet to the outer boundary of a section on which the well is located and no closer than 330 to any governmental quarter-quarter section line or subdivision inner boundary; and (ii) Division Rule 104.D (3), which states, "[E]xceptions to the provisions of statewide rules or special pool orders (meaning "special pool rules") concerning the number of wells allowed per spacing unit may be permitted by the Director only after notice and opportunity for hearing." Rule 104.D (3) was further defined by a memorandum issued by the Director on October 25, 1999 (see copy attached), which states, "[U]nless otherwise provided by special pool rules or amended Rule 104 (e.g., the infill provision for deep gas pools in Southeast New Mexico), only one well per spacing unit is permitted in non-prorated pools."

Your application unfortunately cannot be processed administratively; therefore, this matter will be set for hearing before a Division Hearing Examiner on the next available docket scheduled for October 12, 2006. In order to expatiate this matter, I have taken the liberty and prepared the following advertisement in this matter:

"Application of Devon Energy Production Company, L.P. for simultaneous dedication and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Todd "23A" Federal Well No. 38 (API No. 30-015-35076) as an infill well within an existing standard 640-acre gas spacing unit within the Undesignated Sand Dunes-Atoka Gas Pool (84600) comprising all of Section 23, Township 23 South, Range 31 East, at an unorthodox gas well location

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe, New Mexico 87505 Phone: (505) 476-3440 * Fax (505) 476-3462 * <u>http://www.emnrd.state.nm.us</u>

Devon Energy Production Company, L.P. Division Administrative Application Reference No. pTDS0-622660513 September 6. 2006

Page 2

660 feet from the North line and 860 feet from the East line (Unit A) of Section 23. Applicant further seeks authorization to simultaneously dedicate production attributed to the Sand Dunes-Atoka Gas Pool within this 640-acre unit from its: (i) existing Todd "23J" Federal Well No. 3 (API No. 30-015-24257), located at a standard gas well location 1980 feet from the South line and 1800 feet from the East line (Unit J) of Section 23; and (ii) above-described Todd "23A" Federal Well No. 38. This unit is located approximately 39 miles south of Maljamar, New Mexico."

Should you have any questions, please contact your legal counsel, whoever that maybe in this particular case. Thank you.

Sincerely,

Michael E. Stogner Engineering Assistant to the Division Director

- cc: New Mexico Oil Conservation Division Artesia
 U. S. Bureau of Land Management Carlsbad
 Mr. James Bruce, Legal Counsel of record for Devon Energy Production Company, L.P. – Santa Fe
 Mr. William F. Carr, Legal Counsel of record for Devon Energy Production Company, L.P. – Holland & Hart LLP, Santa Fe
 - Ms. Ocean Munds-Dry, Legal Counsel of record for Devon Energy Production Company, L.P. – Holland & Hart LLP, Santa Fe

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