

4/7/08 DATE IN	SUSPENSE	BROOKS ENGINEER	4/7/08 LOGGED IN	NSL TYPE	PKVRO809860178 APP NO.
-------------------	----------	--------------------	---------------------	-------------	---------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Devon Energy Products
Mann 3 Federal #2
4264-A

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

RECEIVED
2008 APR 7 PM 4:36

[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.

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Signature

Attorney for Applicant
Title Date

jamesbruc@aol.com
e-mail Address

4/7/08

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

April 7, 2008

Hand delivered

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

Dear Mr. Fesmire:

Pursuant to Division Rule 104.F(2), Devon Energy Production Company, L.P. applies for approval of an unorthodox location for the following well:

<u>Well:</u>	Mann 3 Federal Well No. 2
<u>Location:</u>	1575 feet FSL & 330 feet FWL
<u>Well unit:</u>	NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 3, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

Applicant previously planned to drill, at the same location, the well to test the Red Lake Queen-Grayburg-San Andres Pool, and the unorthodox location was approved by Administrative Order NSL-4264. **Exhibit A.** However, the APD expired due to failure to commence operations. **Exhibit B.** Applicant now proposes to drill the well to a depth sufficient to test the Glorieta-Yeso formation (Red Lake Glorieta-Yeso Pool). A new APD, with a Form C-102, is attached as **Exhibit C.** Applicant requests unorthodox location approval in both pools. The pools are both spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line.

The well's location is based on topographic reasons, which were set forth in the original application. Order NSL-4264 also references Division Order R-11162, attached as **Exhibit D**, which describes topographic issues in this area.

The well encroaches on the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 3. The W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 3 is covered by Federal Lease LC 061783(b), which has common interest ownership. **Exhibit E.** Therefore,

there is no adversely affected interest owner, and notice of this application has not been given to anyone.

Please contact me if you need any further information on this application.

Very truly yours,

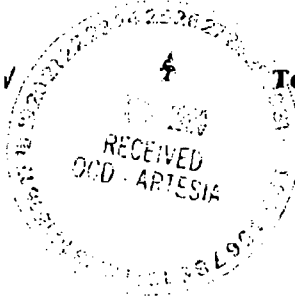
A handwritten signature in black ink, appearing to read "James Bruce", with a long horizontal flourish extending to the right.

James Bruce

Attorney for Devon Energy Production Company, L.P.

**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT****OIL CONSERVATION DIVISION**
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 22, 1999

Devon Energy Corporation (Nevada) /
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87501**Telefax No. (505) 982-2151****Administrative Order NSL-4264**

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated October 5, 1998 on behalf of the operator, Devon Energy Corporation (Nevada) ["Devon"]; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file in Case No. 11966, which resulted in Division Order No. R-11162 dated April 13, 1999: all concerning Devon's request for an unorthodox oil well location in the Red Lake (Queen-Grayburg-San Andres) Pool for its proposed Mann "3" Federal Well No. 2 (API No. 30-015-30441) to be drilled 1575 feet from the South line and 330 feet from the West line (Unit L) of Section 3, Township 18 South, Range 27 East, NMPM, Pool, Eddy County, New Mexico.

The NW/4 SW/4 of Section 3 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit within the Red Lake (Queen-Grayburg-San Andres) Pool.

Further, the entire W/2 SW/4 of Section 3 is a single Federal lease (United States Government Lease No. LC-061783-B) in which Devon is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Devon.

The application has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: Case No. 11966

EXHIBIT

A



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
Tel. (505) 234-5972
Fax (505) 885-9264

IN REPLY REFER TO:

3162.4

LC-067849, LC-057798, LC-028755-A,
NM-87314, LC-061783-B, LC-026874-B,
NM-7719, NM-7718, LC-070678-A,
NM-025604, NM-0758, LC-069276,
NM-96212, NM-96568, NM-98192,
NM-97891, NM-96222

NOV 28 2001

Devon Energy Production Co., L.P.
20 N. Broadway, Ste. 1500
Oklahoma City, OK 73102



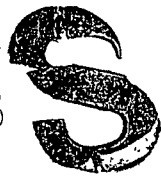
Dear Mrs. Rutelonis:

Your Application for Permit to Drill (APD), for the following wells have expired because drilling has not commenced within one year of the approval date as stated in the General Requirements for Oil and Gas Operations on Federal Leases.

LC-067849 Eagle 27 C Fed. #5	330°/N & 1650°/W	Sec. 27, T. 17S, R. 27E,
APD approved on 11/10/97, the last approved extension ended on 11/10/01		
LC-067849 Eagle 27 D Fed. #7	330°/N & 330°/W	Sec. 27, T. 17S, R. 27E,
APD approved on 11/10/97, the last approved extension ended on 11/10/01		
LC-067849 Eagle 27 E Fed. #9	1650°/N & 530°/W	Sec. 27, T. 17S, R. 27E,
APD approved on 11/10/97, the last approved extension ended on 11/10/01		
LC-067849 Eagle 27 G Fed. #13	1650°/N & 2310°/E	Sec. 27, T. 17S, R. 27E,
APD approved on 11/10/97, the last approved extension ended on 11/10/01		
LC-067849 Eagle 27 H Fed. #15	1450°/N & 990°/E	Sec. 27, T. 17S, R. 27E,
APD approved on 11/10/97, the last approved extension ended on 11/10/01		
LC-057798 Logan 35 Fed. #1	2310°/S & 480°/E	Sec. 35, T. 17S, R. 27E,
APD approved on 09/22/98, the last approved extension ended on 09/22/01		
LC-028755-A Logan 35 B Fed. #10	650°/S & 2410°/E	Sec. 35, T. 17S, R. 27E,
APD approved on 10/26/98, the last approved extension ended on 10/26/01		
NM-87314 Southern Cross 21 Fed. Com. #1	660°/S & 710°/W	Sec. 21, T. 18S, R. 24E,
APD approved on 09/13/00		
LC-061783-B Mann 3 Fed. #2	1575°/S & 330°/W	Sec. 3, T. 18S, R. 27E,
APD approved on 10/13/98, the last approved extension ended on 10/13/01		

EXHIBIT

B



HIGH CAVE KARST
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SEP 04 2007

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

OCD-ARTESIA

Lease Serial No.
EC-061783-B

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6 If Indian, Allottee or Tribe Name	
1b Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7 If Unit or CA Agreement, Name and No	
2 Name of Operator Devon Energy Production Company, LP		8 Lease Name and Well No Mann 3 Federal 2 23715	
3a Address 20 North Broadway Oklahoma City, Oklahoma 73102-8260		9 API Well No 30-015-3577	
3b. Phone No. (include area code) 405-552-8198		10. Field and Pool, or Exploratory Red Lake; Glorieta-Yeso	
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface NWSW Lot L 1575 FSL 330 FWL At proposed prod. zone NWSW Lot L 1575 FSL 330 FWL		11. Sec, T R M or Bk and Survey or Area Sec. 3 18S 27E, Unit L	
14. Distance in miles and direction from nearest town or post office* Approximately 7 miles southeast of Artesia, New Mexico		12 County or Parish Eddy County	
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any)		13 State NM	
16. No of acres in lease 80 acres		17 Spacing Unit dedicated to this well 40 acres per N. Adams 7/25/07 OK	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		20 BLM/BIA Bond No on file C01104 OK 7/25/07	
21 Elevations (Show whether DF, KDB, RT, GL, etc) 3557' GL		22 Approximate date work will start* 08/25/2007	
		23 Estimated duration 45 days	

24 Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, shall be attached to this form.

- | | |
|---|--|
| 1 Well plat certified by a registered surveyor | 4 Bond to cover the operations unless covered by an existing bond on file (see Item 20 above) |
| 2 A Drilling Plan | 5 Operator certification |
| 3 A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office) | 6 Such other site specific information and/or plans as may be required by the authorized officer |

25 Signature 	Name (Printed/Typed) Norvella Adams	Date 07/20/2007
Title Sr. Staff Engineering Technician		

Approved by (Signature) Steve Caffey	Name (Printed/Typed)	Date 8-28-07
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

Title 18 USC Section 10
States any false, fictitious

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

ingly and willfully to make to any department or agency of the United nsdiction.

*(Instructions on page 2)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

EXHIBIT

C

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1984
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96834	Pool Name Red Lake; Glorieta- Yeso, NE
Property Code	Property Name MANN "3" FEDERAL	Well Number 2
OGRID No. 6137	Operator Name DEVON ENERGY CORP.	Elevation 3557'

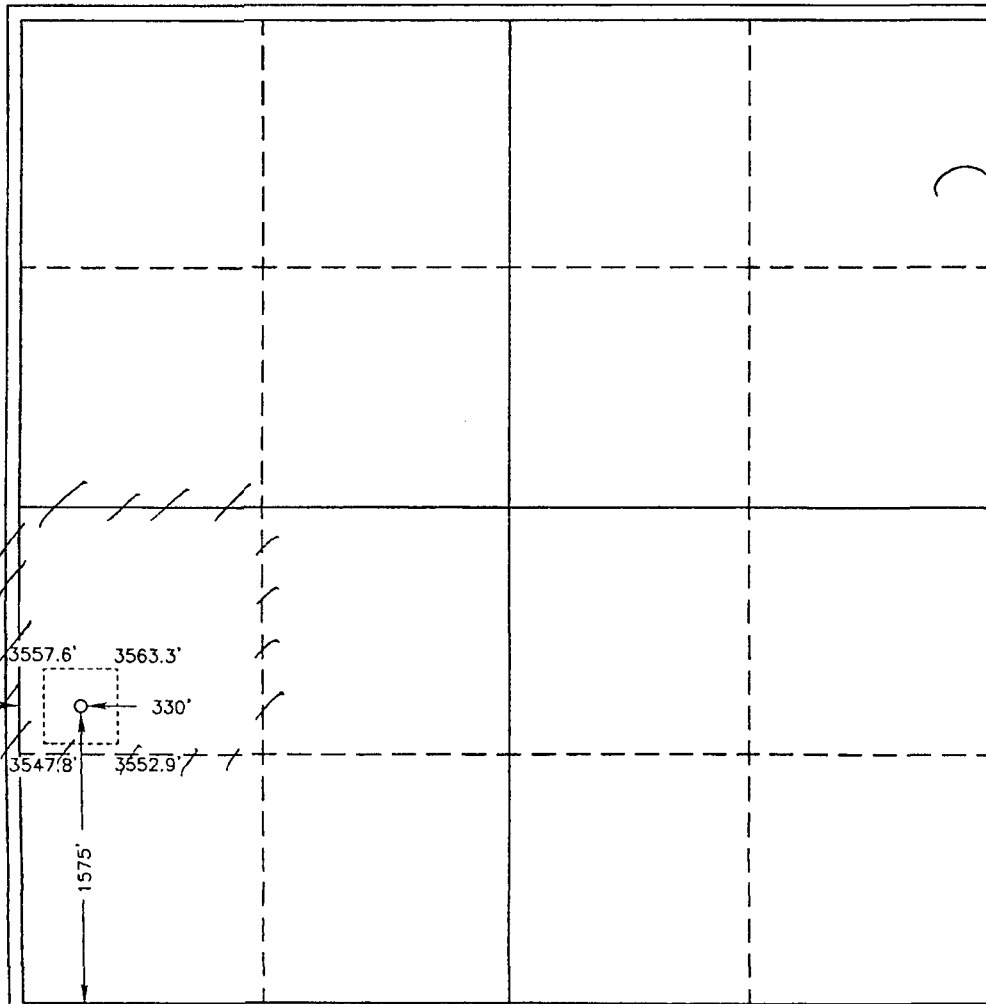
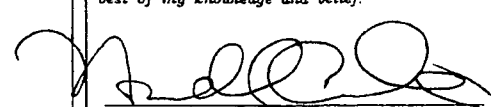
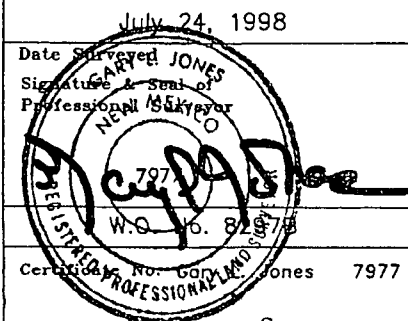
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	3	18 S	27 E		1575	SOUTH	330	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
Dedicated Acres 40	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

	<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> Signature Norvella Adams Printed Name Sr. Staff Eng. Technician Title July 20, 2007 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>July 24, 1998 Date Surveyed JONES Signature & Seal of Professional Surveyor  W.G. Jones No. 82978 Certified Professional Surveyor BASIR SURVEYS</p>
---	--

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11966
ORDER NO. R-11162

**APPLICATION OF DEVON ENERGY CORPORATION (NEVADA) FOR 23
UNORTHODOX OIL WELL LOCATIONS, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 16, 1998 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of April, 1999, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Devon Energy Corporation (Nevada) ["Devon"], seeks authority to drill and produce the following wells at unorthodox oil well locations in Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Eagle "27-H" Federal No. 15	30-015-29942	27	1450' FNL & 990' FEL	H
Evarts "31" Federal No. 3	30-015-30171	31	1330' FSL & 1630' FEL	J
Eagle "33-G" Federal No. 6	30-015-29595	33	2460' FNL & 1350' FEL	G
Eagle "33-H" Federal No. 8	30-015-29596	33	2435' FNL & 531' FEL	H
Eagle "33-N" Federal No. 10	30-015-29598	33	230' FSL & 2140' FWL	N
Eagle "34-E" Federal No. 10	30-015-29632	34	2310' FNL & 1240' FWL	E
Eagle "34-F" Federal No. 12	30-015-29635	34	2310' FNL & 2420' FWL	F
Eagle "34-G" Federal No. 14	30-015-29636	34	2310' FNL & 1600' FEL	G
Eagle "34-I" Federal No. 18	30-015-29655	34	1740' FSL & 280' FEL	I
Eagle "34-L" Federal No. 24	30-015-29643	34	1740' FSL & 1065' FWL	L

EXHIBIT

D

In addition, Devon seeks authority to drill and produce the following wells at unorthodox oil well locations in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Falcon "3-N" Federal No. 18	30-015-29575	3	680' FSL & 1350' FWL	N
Carter Collier "5" Federal No. 9	30-015-29995	5	330' FNL & 2360' FEL	B
Evarts "6" Federal No. 4	30-015-30109	6	330' FNL & 1190' FEL	A
Fred "6" Federal. No. 5	30-015-30155	6	1260' FNL & 990' FWL	D
Patton "6" Federal No. 6	30-015-30085	6	2460' FNL & 2310' FWL	F
Patton "6" Federal No. 4	30-015-30079	6	1593' FSL & 1469' FWL	K
Patton "6" Federal No. 3	30-015-29980	6	930' FSL & 1450' FWL	N
Hawk "9-B" Federal No. 4	30-015-29480	9	990' FNL & 1360' FEL	B
Hawk "9-J" Federal No. 16	30-015-29483	9	1630' FSL & 1650' FEL	J
Hawk "9-O" Federal No. 17	30-015-29484	9	1170' FSL & 2310' FEL	O
Hawk "17-C" Federal No. 1	30-015-29515	17	380' FNL & 1450' FWL	C
Hawk "17-C" Federal No. 2	30-015-29726	17	890' FNL & 2585' FWL	C
Kaiser No. 1	NA	18	330' FNL & 1110' FEL	A

(3) Prior to the hearing the Division issued the following Administrative Orders for four of the above-described wells:

- (a) NSL-3969 (SD), dated March 11, 1998, granted Devon approval to drill its Hawk "17-C" Federal Wells No. 1 and 2 at the above-described unorthodox oil well locations;
- (b) NSL-3982, dated March 23, 1998, granted Devon approval to drill its Carter Collier "5" Federal Well No. 9 at the above-described unorthodox oil well location; and
- (c) NSL-3983, dated March 23, 1998, granted Devon approval to drill its Evarts "6" Federal Well No. 4 at the above-described unorthodox oil well location.

Since it is unnecessary at this time to include these four wells in this application, they should be dismissed.

(4) The Red Lake (Queen-Grayburg-San Andres) Pool, as currently designated, includes the following lands in Eddy County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 28 EAST,
NMPM

Section 24: SE/4
Section 25: All
Section 26: S/2 S/2
Section 27: SE/4 SE/4
Section 34: All
Section 35: All
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 27 EAST,
NMPM

Section 12: SE/4
Section 13: N/2 and SE/4
Section 22: S/2 NE/4
Section 23: S/2 NW/4, NE/4 SW/4, and SE/4
Section 24: NE/4, S/2 NW/4, N/2 SW/4, and SE/4
Section 25: NE/4 and S/2
Section 26: S/2 S/2
Section 27: All
Section 32: SE/4
Section 33: NE/4 and S/2
Section 34: All
Section 35: All
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 28 EAST,
NMPM

Section 7: All
Section 8: SW/4
Section 9: NE/4 NE/4, S/2 NE/4, and SE/4
Section 10: SW/4
Section 11: S/2
Section 12: SW/4 SW/4
Section 14: W/2

TOWNSHIP 17 SOUTH, RANGE 28 EAST,
NMPM

(Continued)

Section 15: All
Section 16: NE/4 and S/2
Section 18: W/2
Section 19: S/2
Section 20: All
Section 22: All
Section 23: S/2 NW/4 and S/2
Section 25: N/2
Section 26: N/2
Section 27: N/2 N/2 and SW/4
Section 28: All
Section 29: N/2, SW/4, and N/2 SE/4
Section 30: All
Section 31: NE/4 NE/4, W/2 E/2, and W/2

TOWNSHIP 18 SOUTH, RANGE 26 EAST,
NMPM

Section 1: E/2

TOWNSHIP 18 SOUTH, RANGE 27 EAST,
NMPM

Section 1: S/2
Section 2: S/2
Section 3: All
Section 4: All
Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: All
Section 17: N/2
Section 18: NE/4, N/2 NW/4, and SE/4 NW/4.

(5) Currently the Red Lake (Queen-Grayburg-San Andres) Pool is governed by the Division's statewide rules, which require development on standard 40-acre spacing and proration units, each having a top unit depth bracket allowable of 80 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil, and allow infill drilling on each 40-acre unit.

(6) Within a 1236.85-acre area, more or less, comprising the following described

acreage in Eddy County, New Mexico, Devon is the operator of the West Red Lake Unit Area (approved by Division Order No. R-3453 dated July 12, 1968) in which waterflood operations are being conducted with injection into the Red Lake (Queen-Grayburg-San Andres) Pool (approved by Division Order No. R-3469, issued in Case No. 3824, dated August 13, 1968, and designated the West Red Lake Waterflood Project).

(7) The remaining 19 wells listed in Paragraph No. (2) above are either completed in or proposed to be completed in the Red Lake (Queen-Grayburg-San Andres) Pool, and each well will have a standard 40-acre, more or less, unit dedicated thereto. Eleven wells will be infill wells within existing 40-acre oil proration units while the remaining eight wells will be considered new designations.

(8) The applicant presented evidence that indicates the following:

- (a) All of the wells are located on federal land, except the Kaiser No. 1, which is located on fee land.
- (b) The subject pool is continuous across the area, trending in a northeast-southwest direction.
- (c) The original locations for all of the subject wells were orthodox, but were moved due to topographic and engineering reasons.
- (d) The subject area is near the Pecos River, with numerous draws and elevation changes of 100-200 feet. The Bureau of Land Management requested that numerous well locations be moved to prevent extreme cut and fill of slopes and prevent erosion of the highly erodible soil in this area. In addition, there are numerous gas transmission and gathering pipelines, roads, existing wells, and a gas plant. All of these factors limit well locations.
- (e) Average reserves in wells completed in the subject pool are about 50,000 barrels of oil, which equate to approximately 24 acres of drainage. The drainage radius of such a well is much less than a well that is capable of draining 40 acres. The applicant has drilled wells within 400-450 feet of older, above-average wells in the pool, and has seen no evidence of drainage from those older wells.
- (f) Directional drilling is not feasible because the small reserves in these wells do not justify the additional drilling and operating costs.

- (g) Applicant is drilling two wells per 40-acre unit to: (i) adequately drain each unit, and (ii) prepare for a possible future waterflood project. Injection in the West Red Lake Unit has shown a favorable production response. Drilling two wells per 40-acre unit could allow the Unit's waterflood project to be expanded in the future.

(9) Each of the above-described unorthodox oil well locations should be approved for one or more of the following reasons:

- (a) The location is a move toward the interior of a lease;
- (b) The location encroaches on a lease not owned or operated by the applicant, but notice was given to the offset and the Division received no objection;
- (c) The location will not drain the offset well unit due to the limited drainage areas in the subject pool;
- (d) A well will be drilled offsetting the proposed unorthodox well, or the offsetting well unit has existing wells producing from the same pool; and/or
- (e) There are no overriding royalty interest owners in the tract offsetting the subject well, or the applicant is the only overriding royalty interest owner in the offsetting tract.

(10) Approval of the proposed unorthodox oil well locations will afford the applicant the opportunity to produce its just and equitable share of oil and gas from the subject pool and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Devon Energy Corporation (Nevada), is hereby authorized to drill the wells described below at unorthodox oil well locations in the Red Lake (Queen-Grayburg-San Andres) Pool in Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Eagle "27-H" Federal No. 15	30-015-29942	27	1450' FNL & 990' FEL	H
Evarts "31" Federal No. 3	30-015-30171	31	1330' FSL & 1630' FEL	J

Eagle "33-G" Federal No. 6	30-015-29595	33	2460' FNL & 1350' FEL	G
Eagle "33-H" Federal No. 8	30-015-29596	33	2435' FNL & 531' FEL	H
Eagle "33-N" Federal No. 10	30-015-29598	33	230' FSL & 2140' FWL	N
Eagle "34-E" Federal No. 10	30-015-29632	34	2310' FNL & 1240' FWL	E
Eagle "34-F" Federal No. 12	30-015-29635	34	2310' FNL & 2420' FWL	F
Eagle "34-G" Federal No. 14	30-015-29636	34	2310' FNL & 1600' FEL	G
Eagle "34-I" Federal No. 18	30-015-29655	34	1740' FSL & 280' FEL	I
Eagle "34-L" Federal No. 24	30-015-29643	34	1740' FSL & 1065' FWL	L

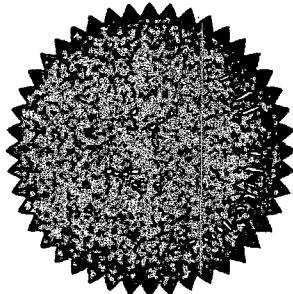
And in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Falcon "3-N" Federal No. 18	30-015-29575	3	680' FSL & 1350' FWL	N
Fred "6" Federal. No. 5	30-015-30155	6	1260' FNL & 990' FWL	D
Patton "6" Federal No. 6	30-015-30085	6	2460' FNL & 2310' FWL	F
Patton "6" Federal No. 4	30-015-30079	6	1593' FSL & 1469' FWL	K
Patton "6" Federal No. 3	30-015-29980	6	930' FSL & 1450' FWL	N
Hawk "9-B" Federal No. 4	30-015-29480	9	990' FNL & 1360' FEL	B
Hawk "9-J" Federal No. 16	30-015-29483	9	1630' FSL & 1650' FEL	J
Hawk "9-O" Federal No. 17	30-015-29484	9	1170' FSL & 2310' FEL	O
Kaiser No. 1	NA	18	330' FNL & 1110' FEL	A

(2) Each well shall have a standard 40-acre oil spacing and proration unit dedicated thereto.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

RunDate/Time: 04/04/08 12:16 PM

Page 1 of 2

01 02-25-1920;041STAT0437;30USC226
Case Type 310781: O&G RENEWAL LEASE - PD
Commodity 459: OIL & GAS L
Case Disposition: AUTHORIZED

Total Acres
80.000

Serial Number
NMLC-- 0 061783B

Name & Address			Serial Number: NMLC-- 0 061783B	
			Int Rel	% Interest
ANNE B TANDY ESTATE	801 CHERRY ST #1500	FORT WORTH TX 76102	LESSEE	18.750000000
DEVON ENERGY PROD CO LP	20 N BROADWAY #1500	OKLAHOMA CITY OK 73102	OPERATING RIGHTS	0.000000000
OCCIDENTAL PERMIAN LP	5 E GREENWAY PLAZA #110	HOUSTON TX 770460521	OPERATING RIGHTS	0.000000000
R F WINDFOHR ESTATE	801 CHERRY ST #1500	FORT WORTH TX 761026869	LESSEE	81.250000000

Mer Twp Rng Sec			STyp SNr Suff Subdivision		Serial Number: NMLC-- 0 061783B		
			District/Resource Area	County	Mgmt Agency		
23	0180S	0270E 003	ALIQ	W2SW;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT

Act Date	Code	Action	Action Remarks	Pending Office
07/11/1934	387	CASE ESTABLISHED		
07/11/1934	496	FUND CODE	05;145003	
07/11/1934	868	EFFECTIVE DATE		
08/30/1943	553	CASE CREATED BY ASGN	OUT OF NMLC028805-B;	
02/18/1959	500	GEOGRAPHIC NAME	ARTESIA MALJAMAR FLD;	
02/18/1959	512	KMA EXPANDED		
02/18/1959	650	HELD BY PROD - ACTUAL		
02/18/1959	658	MEMO OF 1ST PROD-ACTUAL		
07/23/1959	102	NOTICE SENT-PROD STATUS		
11/01/1961	242	LEASE RENEWED	THRU 10/31/71;	
03/19/1971	940	NAME CHANGE RECOGNIZED	PAN AMER PETRO/AMOCO	
11/01/1971	237	LEASE ISSUED		
11/01/1971	242	LEASE RENEWED	THRU 10/31/81;	
11/01/1971	534	RLTY RATE-SLIDING-SCH D		
11/01/1971	868	EFFECTIVE DATE	LAST RENEWAL;	
09/01/1975	232	LEASE COMMITTED TO UNIT	NMNM70945X;EMPIRE ABO	
07/27/1981	314	RENEWAL APLN FILED		
11/12/1981	039	POST AUTH APLN DENIED	RENEWAL LEASE APLN	
04/02/1987	963	CASE MICROFILMED	CNUM 501,415 RW	
12/29/1987	974	AUTOMATED RECORD VERIF	HKG/LO	
10/11/1990	974	AUTOMATED RECORD VERIF	GG	
07/09/1992	974	AUTOMATED RECORD VERIF	DGT/LR	
04/02/1997	932	TRF OPER RGTS FILED	AMOCO/ALTURA ENERGY	
04/17/1997	933	TRF OPER RGTS APPROVED	EFF 05/01/97;	
04/17/1997	974	AUTOMATED RECORD VERIF	JLV	
06/12/2000	940	NAME CHANGE RECOGNIZED	ALTURA/OCCIDENTALPER	
11/22/2000	817	MERGER RECOGNIZED	DEVON (NV /DEVONENEPR	
12/03/2001	932	TRF OPER RGTS FILED	ZIEGLER JR, ROBERT;1	
02/26/2002	933	TRF OPER RGTS APPROVED	EFF 01/01/2002	
02/26/2002	974	AUTOMATED RECORD VERIF	ANN	
04/11/2005	246	LEASE COMMITTED TO CA	NMNM112755;	

EXHIBIT 

Line Nr Remarks

Serial Number: NMLC-- 0 061783B

NO WARRANTY IS MADE BY BLM
 FOR USE OF THE DATA FOR
 PURPOSES NOT INTENDED BY BLM

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

RunDate/Time: 04/04/08 12:16 PM

Page 2 of 2

01 02-25-1920;041STAT0437;30USC226

Total Acres

Serial Number

Case Type 310781: O&G RENEWAL LEASE - PD

80.000

NMLC-- 0 061783B

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

LINE NO	Remarks	SERIAL NUMBER	ACRES	DATE
0002	LESSEE BONDED - 02/26/2002			
0003	OCCIDENTAL PERMIAN LTD - NM2787 - S/W			