

RECEIVED
OIL CONSERVATION DIVISION
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DEVON
ENERGY
OPERATING
CORPORATION

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/552-4550
Fax 405/552-4552

April 26, 1995

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504 - 2088

Attention: Mike Stogner

Re: Non - Standard Location Approval

Dear Sir:

It is requested that administrative approval be granted under Rule 104F. (1) for unorthodox locations for the infill producing wells located within the Keel West Waterflood Project, at the following locations:

WELL	LOCATION
J. L. Keel "B" #86	49' FSL & 2520' FWL, Sec. 5-17S-31E
H. E. West "B" #83	1195' FNL & 1288' FWL, Sec. 4-17S-31E

Attached is a plat of the Keel - West Waterflood Project showing the project boundaries that are adjacent to the subject wells. Forms 3160 - 3 and C - 102 are attached for each of the two wells listed above. The Keel - West Waterflood project is located on federal property and each proposed well is to be part of this active waterflood project.

The above locations do not conform to Rule 104. C. I. because they are located closer than 330' to the governmental quarter - quarter section boundaries. They will be drilled to a depth sufficient to produce the Grayburg - San Andres formation (approximately 4000'). The wells will be drilled at the unorthodox locations in order to prevent waste by developing an efficient production and injection pattern within the Keel - West Waterflood Project, which was approved under Order R - 2268. When fully developed these wells will combine with the existing wells (some of which will eventually be converted to injection) to establish a 40 acre 5 spot waterflood pattern.

Operators that have production in offsetting 40 acre tracts will be notified by certified mail. A copy of this notification to each operator will be sent to you along with the certified mail number. The only well where notification to offset operators is required is:

WEST "B" #83

The location listed above is offset on three sides of the 40 acre tract by Devon Energy Operating Corporation (DEOC) with the remaining side being offset by a different operator. Although the above location is considered unorthodox the above location was moved closer to the offsetting tracts that are operated by DEOC.

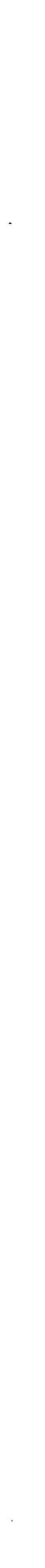
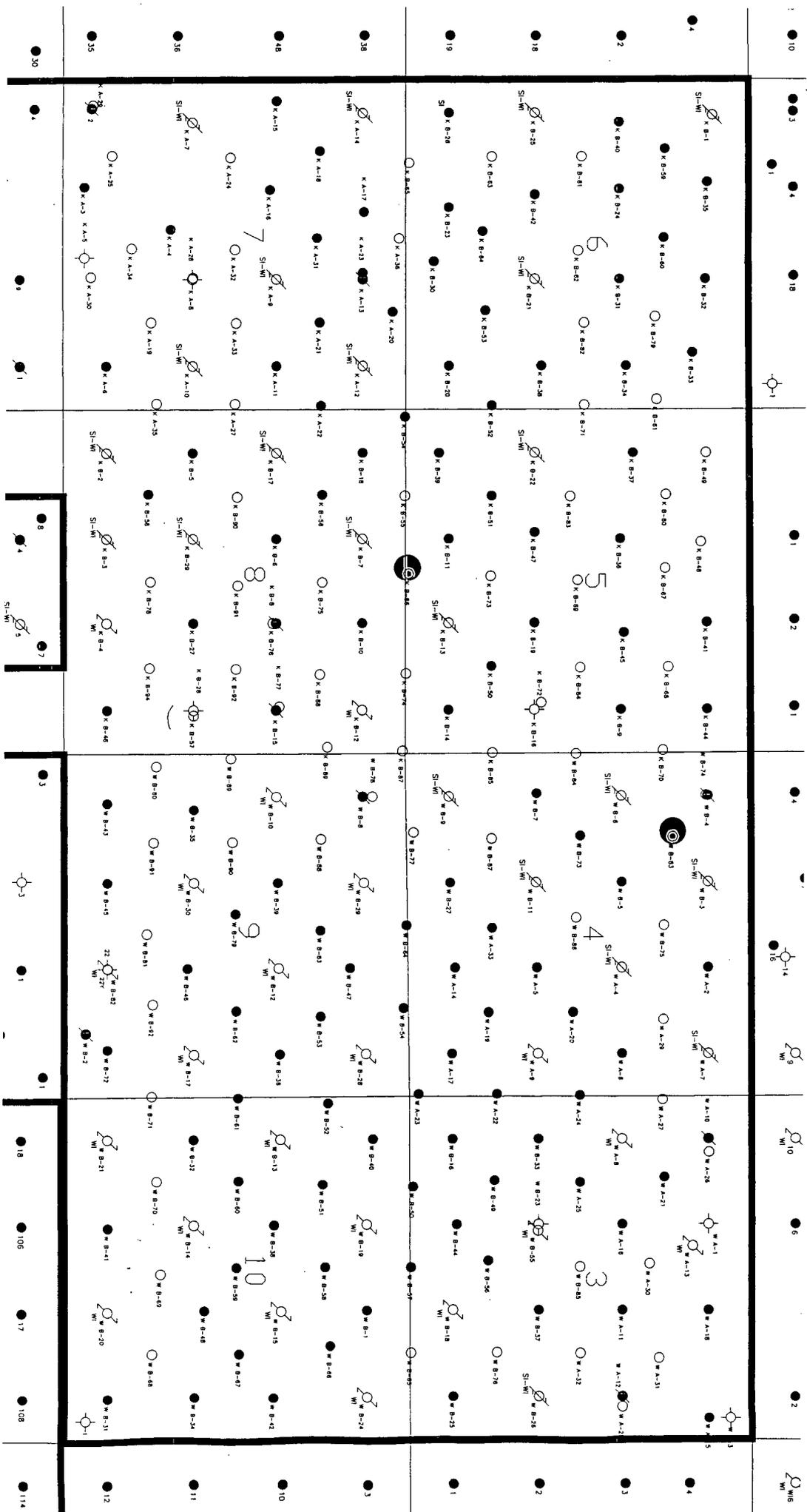
The remaining well listed is offset by wells that are already operated by Devon Energy Operating Corporation; therefore, no other notification is necessary.

Should you require any additional information regarding any of these unorthodox locations please notify me at 405-552-4527.

Sincerely,

A handwritten signature in black ink that reads "Karen Rosa". The signature is written in a cursive, flowing style.

Karen Rosa
Engineering Technician



**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

OPERATOR'S COPY
SUBMIT IN TRIPLICATE*
(See other instructions on reverse side)

Form approved.

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a TYPE OF WORK: DRILL DEEPEN

b TYPE OF WELL: OIL WELL GAS WELL Other SINGLE ZONE MULTIPLE ZONE

2 NAME OF OPERATOR
DEVON ENERGY OPERATING CORPORATION

3. ADDRESS AND TELEPHONE NO.
20 N. BROADWAY, SUITE 1500, OKC, OK 73102 (405) 552-4560

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface **49' FSL & 2612' FEL**
2500'
At top proposed prod. zone (SAME)
NON-STANDARD LOCATION...

**... SUBJECT TO
LIKE APPROVAL
BY STATE**

5. LEASE DESIGNATION AND SERIAL NO. LC 029435-B
6. IF INDIAN, ALLOTTEE OR TRIBE NAME NA
7. UNIT AGREEMENT NAME NA
8. FARM OR LEASE NAME, WELL NO. J. KEEL "B" #86
9. API WELL NO.
10. FIELD AND POOL, OR WILDCAT GRAYBURG-JACKSON
11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA SECTION 5-T17 S- R31 E
12. COUNTY OR PARISH EDDY
13. STATE NM
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 2612 (Also to nearest dir. unit line if any)
16. NO. OF ACRES IN LEASE 1885.00
17. NO. OF ACRES ASSIGNED TO THIS WELL 40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 900'
19. PROPOSED DEPTH 4000
20. ROTARY OR CABLE TOOLS* Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3812 GR
22. APPROX. DATE WORK WILL START* January 1, 1995

23. PROPOSED CASING AND CEMENTING PROGRAM

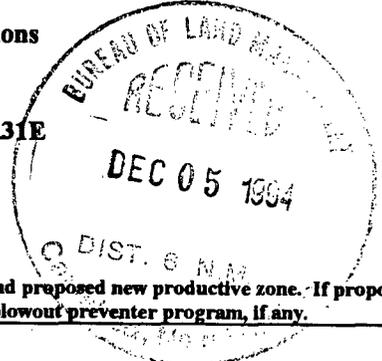
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" J-55	24.0#	400'	165 sk lite cmt + 200 sk Class "C"
7 7/8"	5 1/2" J-55	15.5#	4000'	500 sk Class "C" 35/65 + 500 sk Class "C" + 1/4 lb/sk cellophane flakes

We plan to circulate cement to surface on all casing strings. Devon Energy Operating Corporation proposes to drill to 4000' to test the Grayburg-Jackson formation for commercial quantities of oil. If the Grayburg-Jackson is deemed non-commercial, the wellbore will be plugged and abandoned per Federal Regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

Drilling Program

- Exhibits #1/1-A = Blowout Prevention Equipment
- Exhibit #2 = Location and Elevation Plat
- Exhibit #3/3-A = Road Map and Topo Map
- Exhibit #4 = Wells Within 1 Mile Radius
- Exhibit #5 = Production Facilities Plat
- Exhibit #6 = Rotary Rig Layout
- Exhibit #7 = Casing Design
- H2S Operating Plan

The undersigned accepts all applicable terms, condition, stipulations and restrictions concerning operations conducted on the leased land or portions thereof, as described below:
Lease No. LC029435-B
Legal Description: Section 5-T17N-R31E
Bond Coverage: Nationwide
BLM Bond No.: CO1151



24. IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Randy Jackson TITLE DISTRICT ENGINEER DATE 12/21/94

*(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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: **APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED.**

APPROVED BY Opalanda Vega TITLE AREA MANAGER DATE 4/20/95
See Instructions On Reverse Side

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

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
 Instructions on back

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

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

Submit to the Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

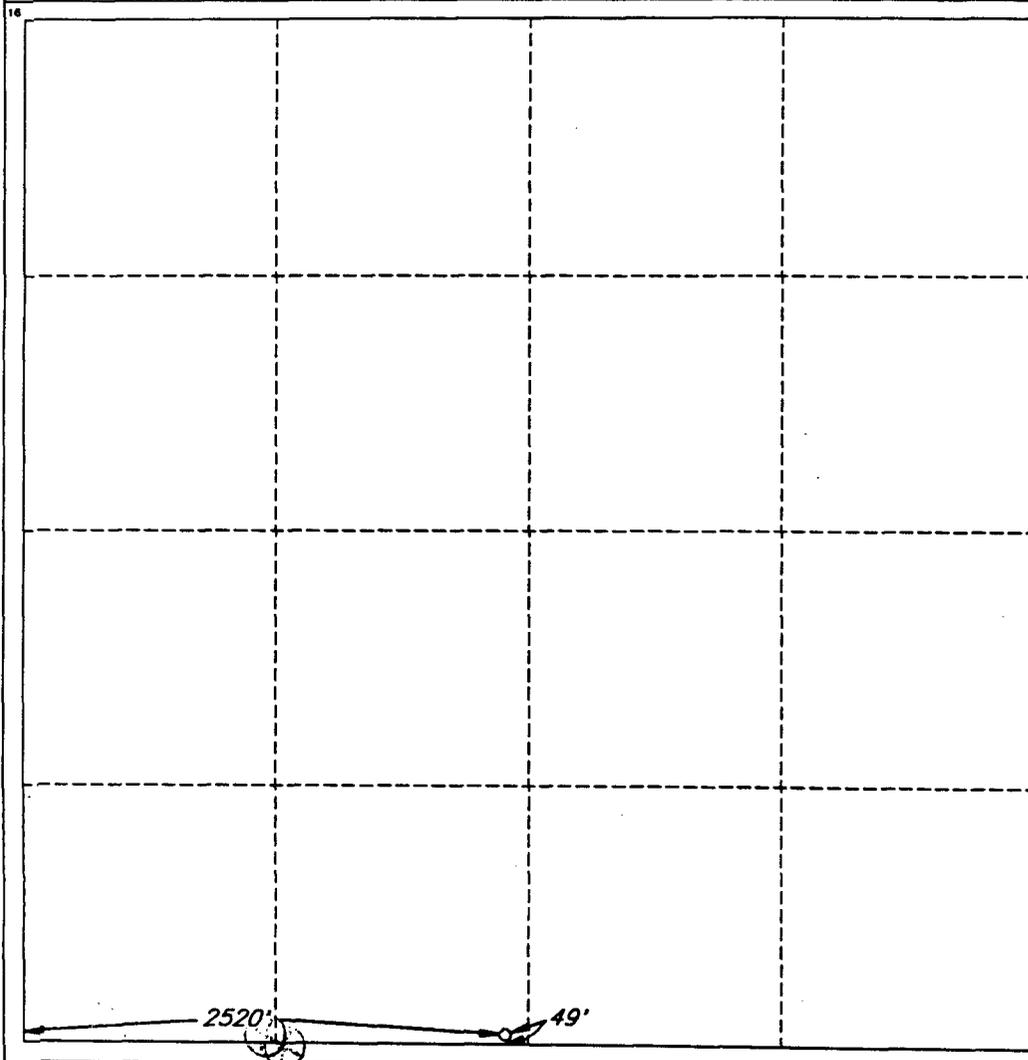
AMENDED REPORT

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Grayburg Jackson					
4 Property Code		5 Property Name KEEL 'B' FEDERAL						6 Well Number 86	
7 OGRID No.		8 Operator Name DEVON ENERGY OPERATING COMPANY						9 Elevation 3809'	
10 SURFACE LOCATION									
UL or lot no. N	Section 5	Township 17 SOUTH	Range 31 EAST, N.M.P.M.	Lot Ida	Feet from the 49'	North/South line SOUTH	Feet from the 2520'	East/West line WEST	County EDDY
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 40		13 Joint or Infill		14 Consolidation Code		15 Order No.			

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



OPERATOR CERTIFICATION

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

Signature

Randy Jackson

Printed Name

Randy Jackson

Title

District Engineer

Date

3/10/95

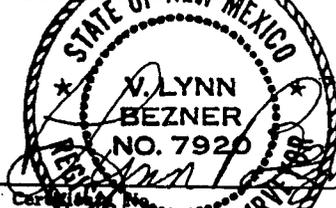
SURVEYOR CERTIFICATION

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.

Date of Survey

FEBRUARY 22, 1995

Signature and Seal of Professional Surveyor



V. LYNN BEZNER AND SURVEYORS, #7920

JOB #38418 4 1/2 SW / V.H.B.

UNITED STATES OPERATOR'S COPY
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Form approved.

(See other instructions on reverse side)

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL DEEPEN

b. TYPE OF WELL:
OIL WELL GAS WELL Other
SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
DEVON ENERGY OPERATING CORPORATION

3. ADDRESS AND TELEPHONE NO.
20 N. BROADWAY, SUITE 1500, OKC, OK 73102 (405) 552-4560

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 1195' FNL & 1288' FWL **UNORTHODOX LOCATION!** Subject to Like Approval By State

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
4 miles east & 4 miles north of Loco Hills, N.M.

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. **1195'**
(Also to nearest dike, unit line if any)

16. NO. OF ACRES IN LEASE
1919.88

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. **900'**

19. PROPOSED DEPTH
4400

20. ROTARY OR CABLE TOOLS*
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3934' GR

22. APPROX. DATE WORK WILL START*
January 1, 1995

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" J-55	24.0#	600'	Site cmt + 200 sk Class "C"
7 7/8"	5 1/2" J-55	15.5#	4400'	500 sk Class "C" 35/65 + 500 sk Class "C" + 1/4 lb/sk cellophane flakes

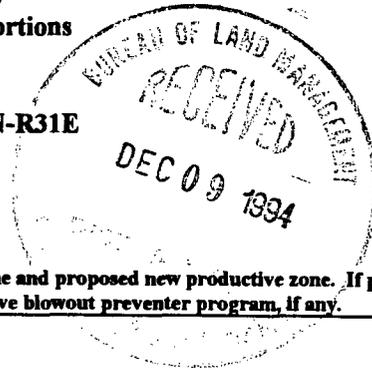
We plan to circulate cement to surface on all casing strings. Devon Energy Operating Corporation proposes to drill to 4400' to test the Grayburg-Jackson formation for commercial quantities of oil. If the Grayburg-Jackson is deemed non-commercial, the wellbore will be plugged and abandoned per Federal Regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

Drilling Program

- Exhibits #1/1-A = Blowout Prevention Equipment
- Exhibit #2 = Location and Elevation Plat
- Exhibit #3/3-A = Road Map and Topo Map
- Exhibit #4 = Wells Within 1 Mile Radius
- Exhibit #5 = Production Facilities Plat
- Exhibit #6 = Rotary Rig Layout
- Exhibit #7 = Casing Design
- H2S Operating Plan

The undersigned accepts all applicable terms, condition, stipulations and restrictions concerning operations conducted on the leased land or portions thereof, as described below:
Lease No. LC029426-B
Legal Description: Section 4-T17N-R31E
Bond Coverage: Nationwide
BLM Bond No.: CO1151

Approval Subject to General Requirements and Special Stipulations Attached



24. IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Randy Jackson TITLE RANDY JACKSON DISTRICT ENGINEER DATE 12/6/94

*(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY [Signature] TITLE AREA MANAGER DATE 4/20/95
See Instructions On Reverse Side

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

State of New Mexico
 Energy, Minerals, and Natural Resources Department

Form C-102
 Revised 02-10-94
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 P. O. Drawer DD
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OIL CONSERVATION DIVISION
 P. O. Box 2088
 Santa Fe, New Mexico 87504-2088

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 District Office
 State Lease - 4 copies
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 1000 Rio Brazos Rd.
 Aztec, NM 87410

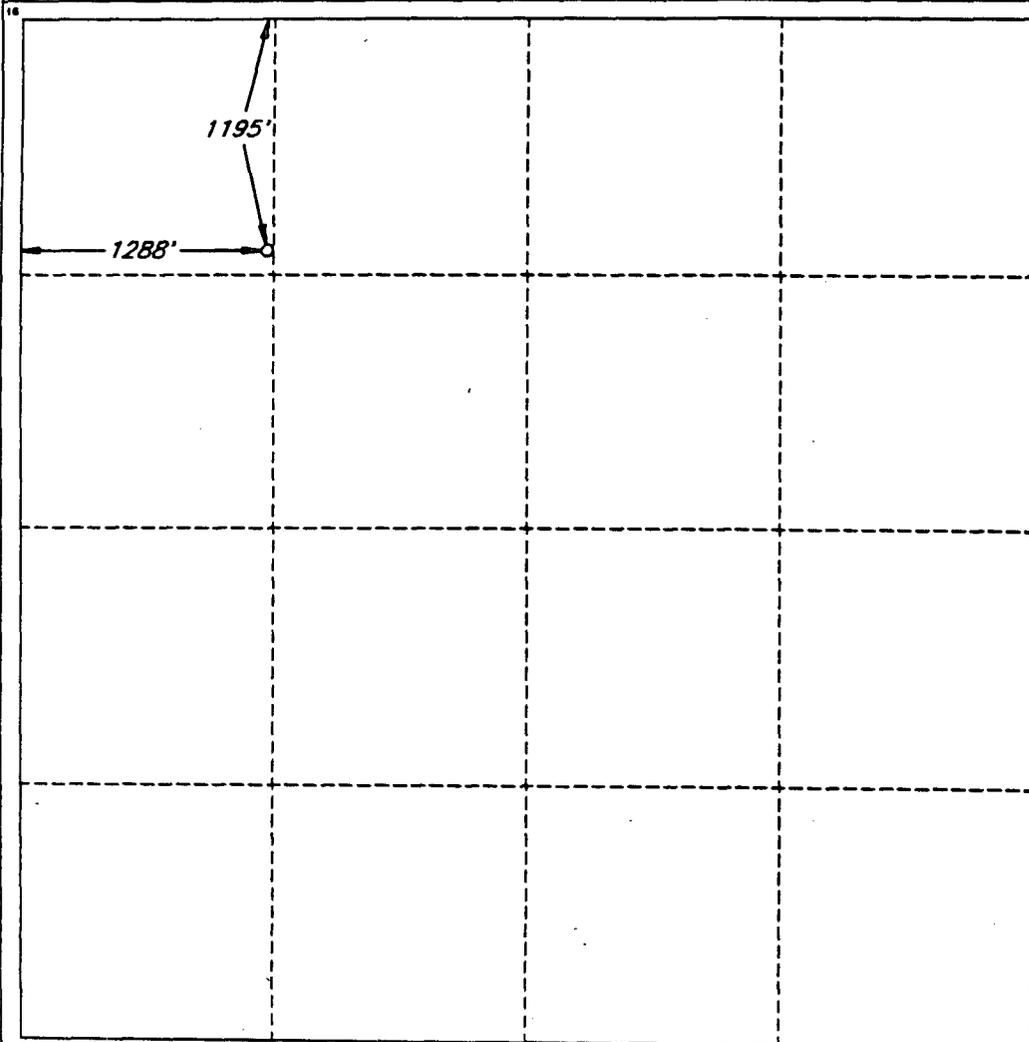
AMENDED REPORT

DISTRICT IV
 P. O. Box 2088
 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code D		5 Property Name WEST 'B' FEDERAL					6 Well Number 83		
7 OGRID No.		8 Operator Name DEVON ENERGY OPERATING COMPANY					9 Elevation 3934'		
10 SURFACE LOCATION									
UL or lot no.	Section 4	Township 17 SOUTH	Range 31 EAST, N.M.P.M.	Lot Ida	Feet from the 1195'	North/South line NORTH	Feet from the 1288'	East/West line WEST	County EDDY
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

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



OPERATOR CERTIFICATION

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

Signature
Randy Jackson
 Printed Name
 Randy Jackson
 Title
 District Engineer
 Date
 12/6/94

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.

Date of Survey
 NOVEMBER 1, 1984
 Signature and Seal of Professional Surveyor

 Certificate No.
 V. L. BEZNER AND S.P.S. #7920

**DEVON
ENERGY
OPERATING
CORPORATION**

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/552-4550
Fax 405/552-4552

April 26, 1995

Xeric Oil & Gas Corp.
P. O. Box 51311
Midland, TX 79710

Certified Letter #: Z 781 292 674

Dear Sir:

The BLM has issued Devon Energy Operating Corporation a permit to drill the following well:

WELL	LOCATION
H. E. West "B" 83	1195' FNL & 1288' FWL, Sec 4-17S-31E

The proposed location is located within the boundaries of the Keel - West Waterflood Project in Eddy Co. New Mexico.

Dwights Production Data shows that you are the operator of the following wells that are offset to the West "B" 83:

Well	Location
Kennedy #4	Section 33-16S-31E
Texas Trading #7	Section 33-16S-31E

The State of New Mexico Oil Conservation Division has ruled that this is a "non - standard location" and requires that we obtain Non - Standard Location Approval from their Santa Fe Office before an allowable will be issued. The NSL approval process requires that we notify offset operators and Submit Proof of Notice. A non - standard location is defined as any location closer than 330' to the outer boundaries of a 40 acre drilling unit. Although this location is considered unorthodox it will not be within 330' of

Please accept this letter as the required notification. If you have any questions regarding this matter please notify me at 405 - 552 - 4560.

Sincerely,

A handwritten signature in black ink that reads "Randy Jackson" with a stylized flourish at the end.

Randy Jackson
District Engineer

cc.

Oil Conservation Division - Santa Fe, New Mexico
Bureau of Land Management - Carlsbad, New Mexico

**DEVON
ENERGY
OPERATING
CORPORATION**

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/552-4550
Fax 405/552-4552

April 26, 1995

Anardarko Petroleum
Drawer 130
Artesia, New Mexico 88210

Certified Letter #: Z 781 292 673

Dear Sir:

The BLM has issued Devon Energy Operating Corporation a permit to drill the following well:

WELL	LOCATION
H. E. West "B" 83	1195' FNL & 1288' FWL, Sec 4-17S-31E

The proposed location is located within the boundaries of the Keel - West Waterflood Project in Eddy Co. New Mexico.

Dwights Production Data shows that you are the operator of the following well that is offset to the West "B" 83:

Well	Location
Western Dev A State #1	Section 32-16S-R31E

The State of New Mexico Oil Conservation Division has ruled that this is a "non - standard location" and requires that we obtain Non - Standard Location Approval from their Santa Fe Office before an allowable will be issued. The NSL approval process requires that we notify offset operators and Submit Proof of Notice. A non - standard location is defined as any location closer than 330' to the outer boundaries of a 40 acre drilling unit. Although this location is considered unorthodox it will not be within 330' of your 40 acre tract as the West "B" 83 has been moved to the south and therefore away from your tracts.

your 40 acre tract as the West "B" 83 has been moved to the south and therefore away from your tracts.

Please accept this letter as the required notification. If you have any questions regarding this matter please notify me at 405 - 552 - 4560.

Sincerely,

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

Randy Jackson
District Engineer

cc.

Oil Conservation Division - Santa Fe, New Mexico
Bureau of Land Management - Carlsbad, New Mexico