

8/21/08 DATE IN	SUSPENSE	W Jones ENGINEER	8/21/08 LOGGED IN	IPI TYPE	PKURO823445421 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



Devlon

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
- [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.

Ronnie Slack Ronnie Slack Engineering Tech 8-18-08
 Print or Type Name Signature Title Date

 e-mail Address

RECEIVED
 2008 AUG 21 AM 11 21



Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102-8260

405 235 3611 Phone
www.devonenergy.com

August 18, 2008

Oil Conservation Division
Attn: Engineering Bureau
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

RE: Spud 16 State #4; 30-015-33923; Admin Order SWD-1070
Application to increase injection pressure
Eddy County, Section 16, T23S, R29E

Gentlemen:

Devon is requesting that the current approved surface injection pressure of 752 psi be increased to 1100 psi. The enclosed Step Rate Test shows parting pressure at 1128 psi, indicating frac point or a channel.

Increasing injection pressure to 1100 psi would give an incremental disposal capacity of approximately 1800 BWPD. This would help alleviate the anticipated disposal needs of the Spud 16 State 7H that will soon be turned to production.

Chesapeake Operating is the only offset operator, operating the IMC 21 #1. It is a Bone Spring producer from 7684' to 7926'. Production casing is cemented to 2510' in this well. This should not affect their operations.

If you have any questions, please contact Jim Cromer at (405)-228-4464 or myself at (405)-552-4615. Thank you for your cooperation in this matter.

Sincerely,

Ronnie Slack

Ronnie Slack
Engineering Technician

RS/rs
Enclosure

Handwritten signature

*Mosaic Potash Carlsbad, Inc.,
is the Surface Land owner*

Tom Cat 15 Fed

*Bell Canyon
3760' - 4890'*

1070'

DEVON ENERGY

SPUD 16 STATE #4

EDDY COUNTY, NEW MEXICO

TEST DATE
8/13/2008

STEP RATE TEST

Ran step rate test with electric surface readout unit, 1 electronic pressure instrument @ run depth of 4,772' and surface pressure transducer.

DEVON ENERGY
SPUD 16 STATE #4
TEST DATE 8/13/2008

[illegible]

Run Depth: 4772

Perforations: 4655-4890

Formation:

Total Depth: 4890 ?

Tubing Depth: 4599

Pkr. Depth: 4590

Tested By: J. Chesshir.

Instrument #: 78302

TEST RESULTS

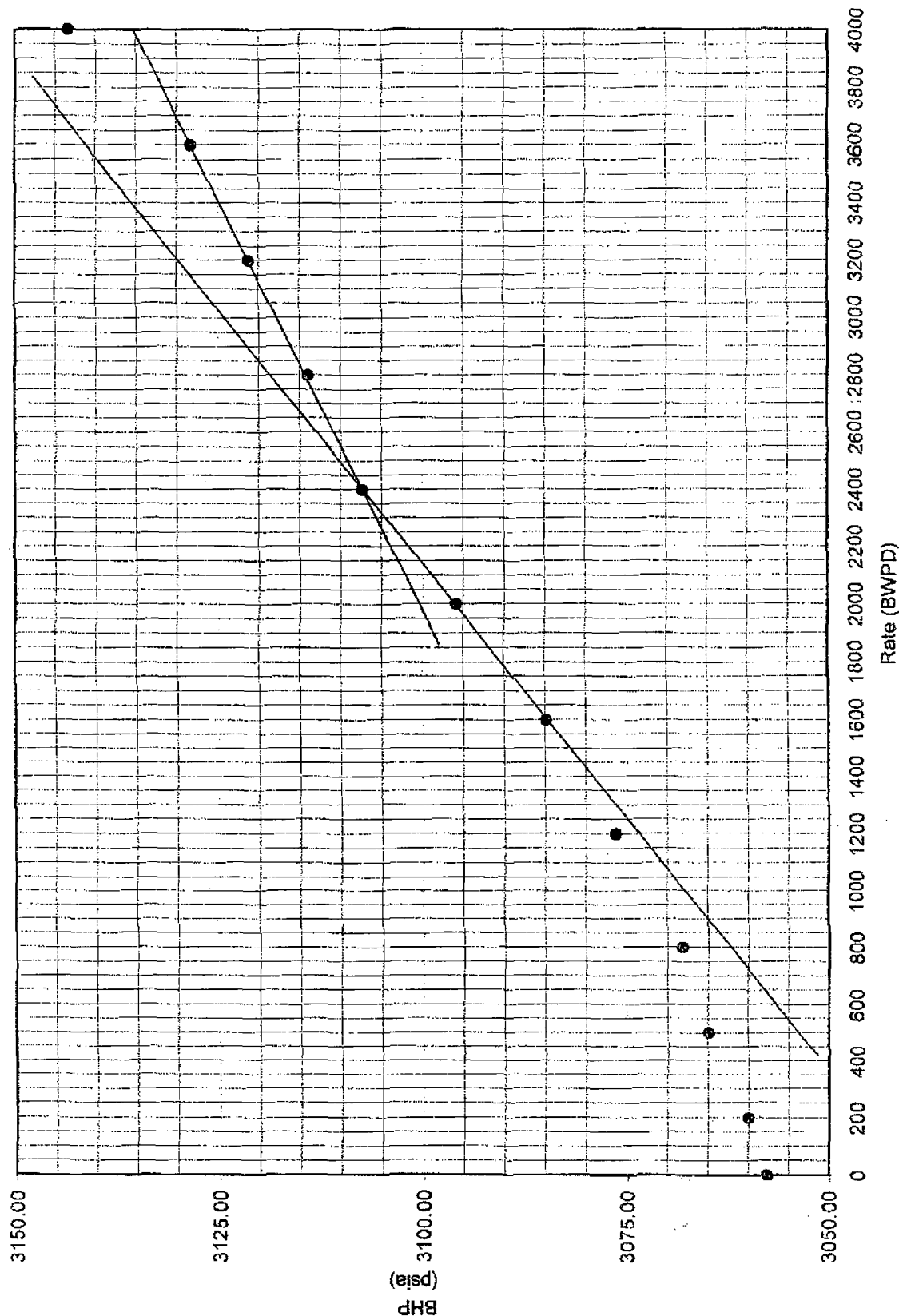
Surface pressure rise on first 3 rates due to gradient change. Showing break, but think it is either channeled or at frac point from start. Gradient change on last 2 rates using lease water to finish up.

Parting Pressure @ 3107 BHP (psia) @ 2400 BWPD

STEP RATE TEST
DEVON ENERGY
SPUD 16 STATE #4
8/13/2008

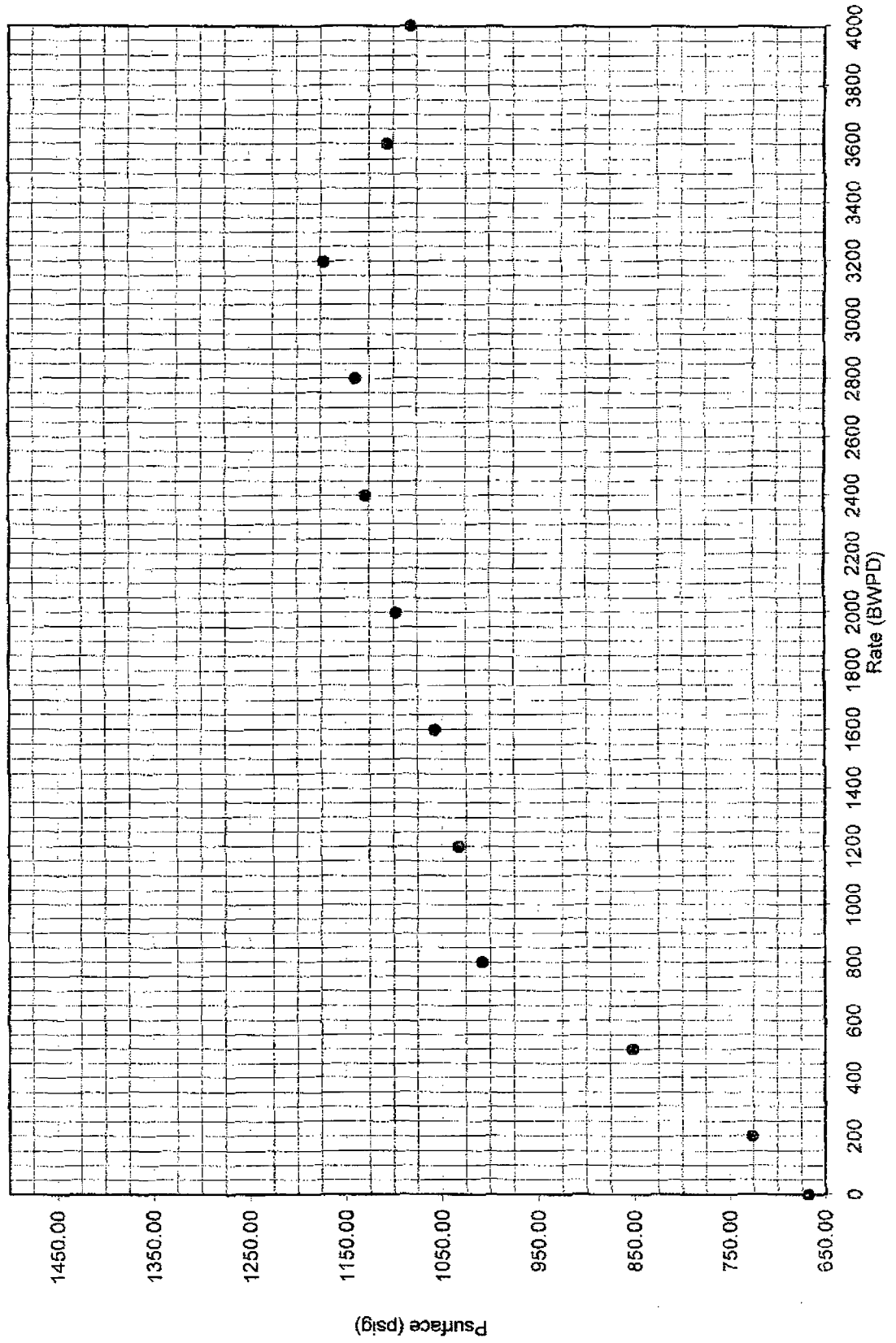
PRECISION
PRESSURE
DATA, INC.

PRECISION PRESSURE DATA, INC. • P. O. BOX 8571 • MIDLAND, TEXAS 79708-8571 • (432) 570-7600



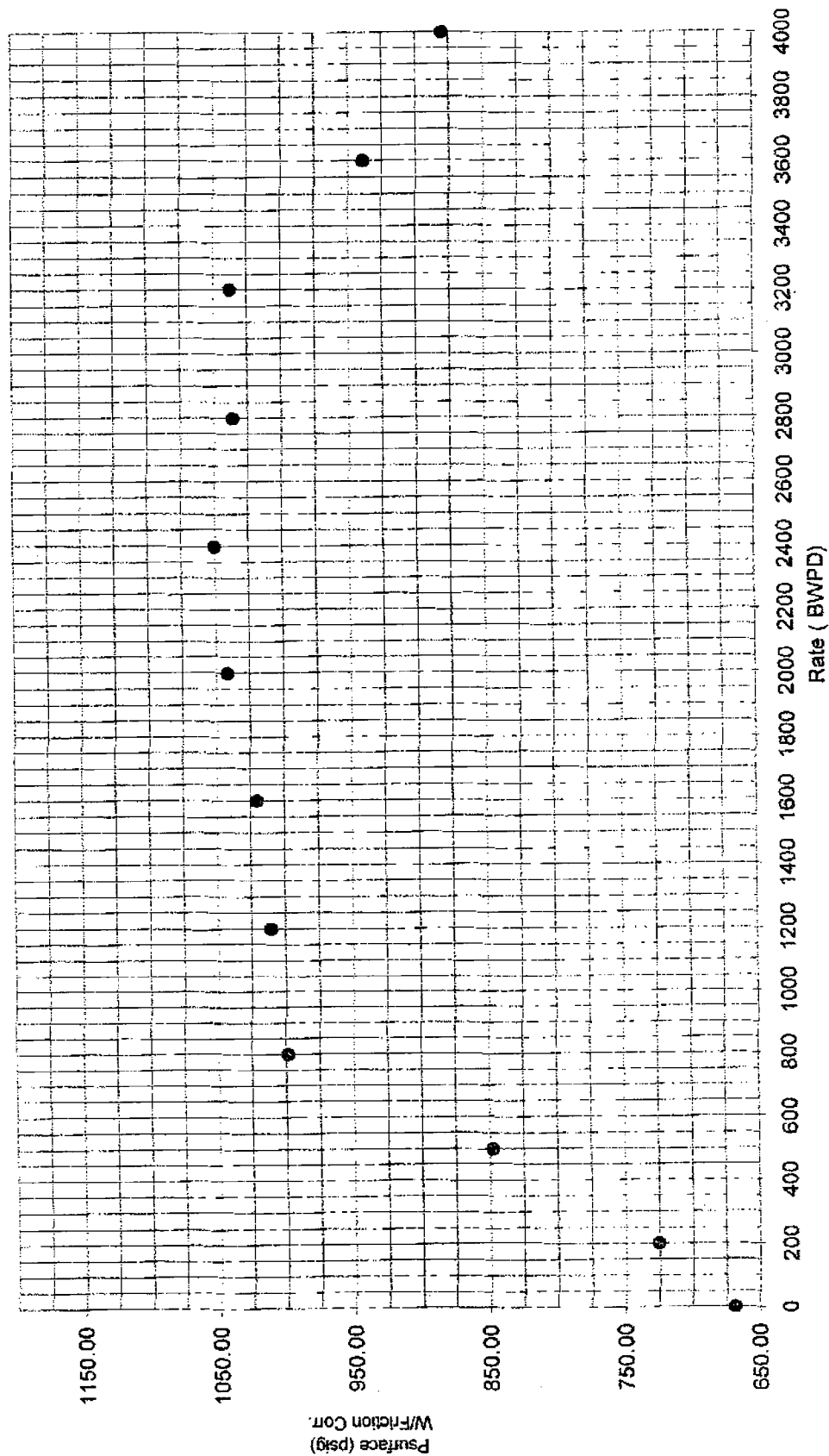
PRECISION
PRESSURE
DATA, INC.

STEP RATE TEST
DEVON ENERGY
SPUD 1 STATE #4
8/13/2008



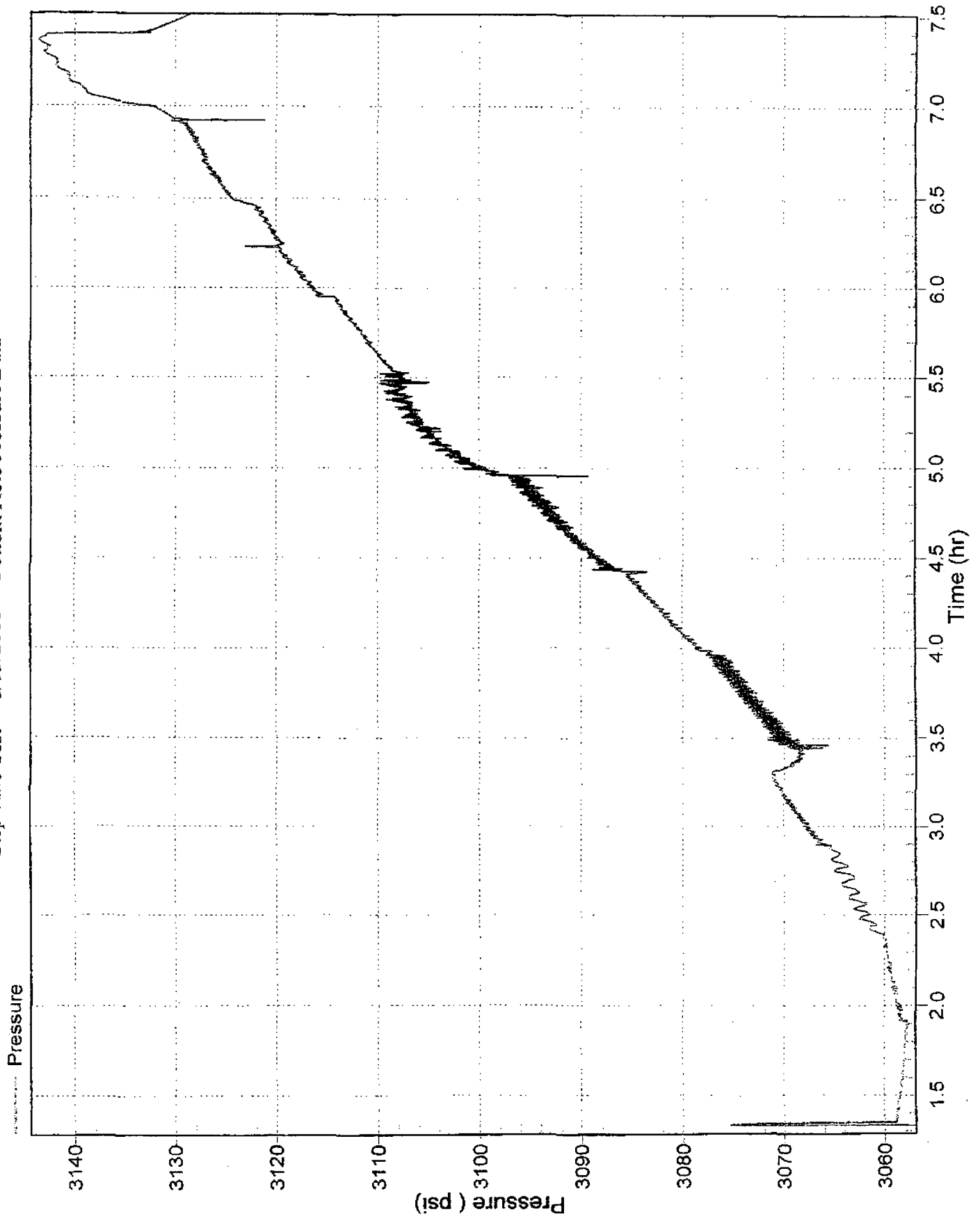
STEP RATE TEST
DEVON ENERGY
SPUD 16 STATE #4
8/13/2008

PRECISION
PRESSURE
DATA, INC.



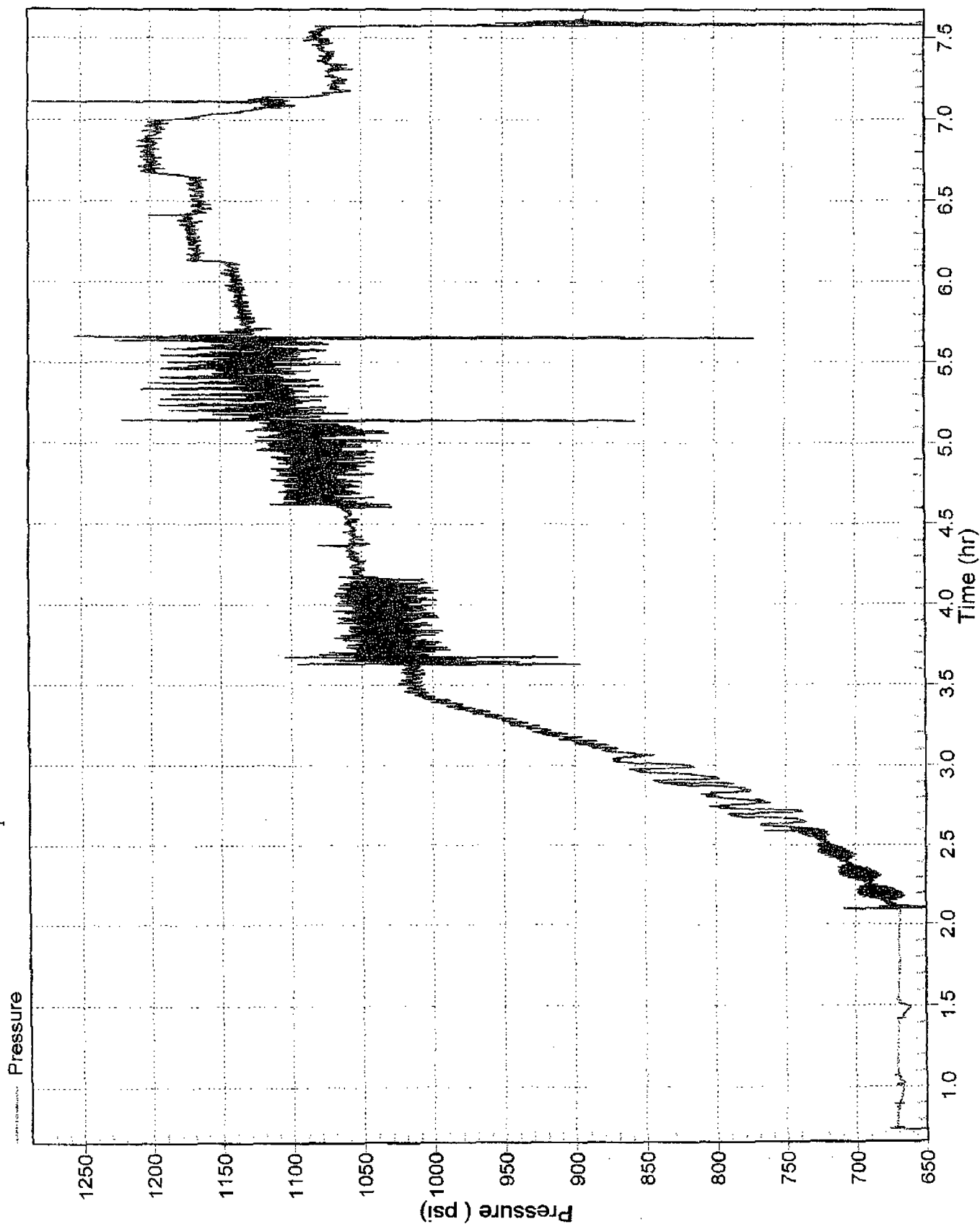
DEVON ENERGY - SPUD 16 STATE #4

Step Rate Test 8/13/2008 Bottom Hole Pressure Data



DEVON ENERGY - SPUD 16 STATE #4

Step Rate Test 8/13/2008 Surface Pressure Data



DEVON ENERGY PRODUCTION COMPANY LP

Well Name: SPUD 16 ST 4		Field: LAGUNA SALADO SOUTH	
Location: 960' FSL & 1800' FEL; SEC 16-23S-29E		County: EDDY	State: NM
Elevation: 2978' KB; 2965' GL		Spud Date: 6/24/05	Compl Date: 7/21/05
API#: 30-015-33923	Prepared by: Ronnie Slack	Date: 9/10/07	Rev:

SWD CONVERSION

Commenced Water Disposal on 8/15/07

17-1/2" hole
13-3/8", 48#, H40, ST&C, @ 378'
 Cmt'd w/440 Sx

11" Hole
8-5/8", 32#, J55, LT&C, @ 2907'
 Cmt'd w/800 Sx

DV Tool @ 3512'

2-7/8", 6.5#, L80 IPC Tubing (coated w/ tuboscope TK-505)

T2 On/Off Tool w/1.875" F Nipple
Arrowset 1XX Plastic Coated Packer @ 4599' (5/3/07)

DELAWARE BELL CANYON- SWD PERFS (4/19/07)

4655' - 4796' 1 SPF
 4850' - 4890' 1 SPF

4/20/07: Acidized 4655-4890 w/3000 gals 7.5% pentol, Avg 6 bpm, 1900 psi
 4/25/07: Fraced 4655-4890 w/120.6K# 16/30, Avg 52.8 bpm, 1212 psi

Dumped 35' cement on top. 5088' PBTD (4/18/07)
 CIBP @ 5123' (4/18/07)

BRUSHY CANYON (4/11/07)

6410' - 6420' swabbed wet-4/13/07
 6464' - 6474'

4/12/07: Acidized w/2000 gals 7.5% pentol, Avg 6.2 bpm, 1715 psi

Tagged TOC @ 6317' (4/18/07)
 Dumped 38' cement on bailer top.
 Stuck 40' cement bailer. Bailer top @ 6355' (4/17/07)
 CIBP @ 6400' (4/17/07)

BRUSHY CANYON (7/16/05)

6520' - 6539'

7/16/05: Acidized w/2000 gals 7.5% pentol, Avg 5.8 bpm @ 2075#
 7/19/05: Fraced w/50K# 16/30; Avg 30.7 bpm @ 1100#

CIBP @ 6500' (4/11/07)

7-7/8" Hole
5-1/2", 17#, J55, LTC, 0 - 458'
5-1/2", 15.5#, J55, LTC, 458 - 5564'
5-1/2", 17#, J55, LTC, 5564 - 6750'
 Cmt'd w/1110 Sx

PBTD @ 6700'

TD @ 6750'

4655-4890



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

January 28, 2005
Bureau of Land Management
620 East Greene St.
Carlsbad, NM 88220-6292
Attn: Craig Cranston or To Whom It May Concern

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

RECEIVED

OPERATOR: Devon Energy Production Company, L.P.
LEASE NAME: Spud '16' State # 4
LOCATION: SEC. 16 TOWNSHIP 23 SOUTH, RANGE 29 EAST,
960' FSL & 1800' FEL
EDDY COUNTY, NM, NMPM

FEB 03 2005
OCD-ARTESIA

PROPOSED DEPTH: 6800'

Dear Joe or To Whom It May Concern,

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuit to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether or not this application is within an established Life-of-Mine Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by this order.

Thank you for your assistance.

Sincerely,

Bryan G. Arrant
PES, District II Artesia NMOCD

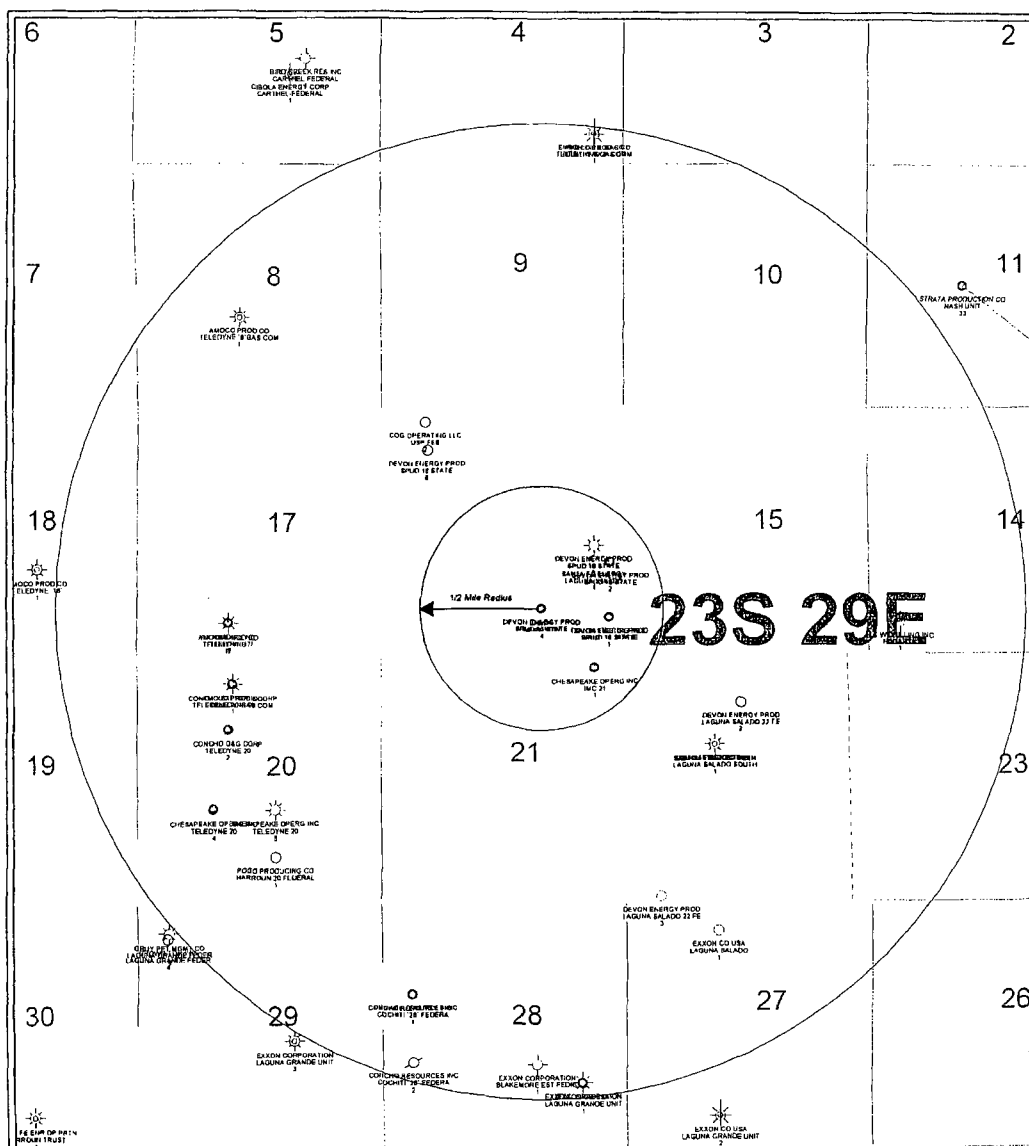
In LMR	Yes _____	No <input checked="" type="checkbox"/>
In Buffer Zone	Yes _____	No <input checked="" type="checkbox"/>

Comments:

Signature:

BLM

Date: 2-1-05



PETRA 9/19/2006 10:13:04 AM

C108-Item V
Map with 1/2 Mile & 2 Mile Review Area
Proposed Injector; Spud 16 ST #4
Eddy County; Sec 16-T23S-R29E