




E. G. L. Resources, Inc. 508 West Wall Street, Suite 1250 P.O. Box 10886 Midland, Texas 79702 915.687.6560 telephone 915.682.5852 facsimile

2/27/2003

Richard Winchester
Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, OK 73102

Via Certified Mail
Receipt # 0993400001717274265

RE: Rio Blanco Federal 4-1
T23N, R34E, NMPM
Section 4
Lea County, New Mexico

Dear Richard:

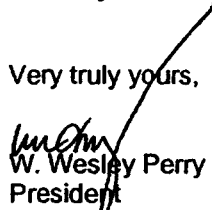
Please find enclosed an Authority for Expenditure (AFE) to re-enter and re-complete the captioned well. There are also enclosed an Operating Agreement (JOA) and the proposed procedure for the operation.

If this is acceptable to Devon, please sign the AFE and the signature page of the JOA and return as soon as possible. It is our understanding that Devon and Southwestern are equal partners and have set that interest on the Exhibit "A" of the JOA. The Agreement between Devon and Southwestern is not public record and will change it if the interest is incorrect. EGL has filed the APD and Sundry Notices with the NMOCD and BLM for this operation.

If Devon is not interested in participating EGL will agree to farm-in Devon's interest whereby Devon reserves a 25% overriding royalty interest (ORI) absorbing all existing burdens, thus delivering a net revenue interest of 75%. Then at payout Devon may opt to convert its ORI to a 25% working interest. This reservation and optional conversion is subject to proportionate reduction.

Should you have any questions, please call. I am,

Very truly yours,


W. Wesley Perry
President

RECEIVED
MAR 03 2003
LAND DEPARTMENT

OIL CONSERVATION EXAMINER
Case No. 13048 Exhibit No. 24
Submitted By:
Devon Energy Production Co.
Hearing Date: April 10, 2003

AUTHORIZATION - FOR - EXPENDITURE

E.G.L. Resources, Inc.

Original	X	Drill & Complete	AFE No.	RB4 - Case 2
Supplemental No.		Date:	12/04/2002	
Revision No.				
Lease/Well Name:	Rio Blanco 4 Federal #1	New Well:	Deepening: XXX	Workover:
Location:	1980' FNL & 1980' FWL, Sec 4, T-23-S, R-34-E	County/Parish:	Lea	
Field/Prospect:	Antelope Ridge	State:	NM	
Objective For:	Devonias	Proposed TD:	15,000'	
Other Potential Formation:		Acres in Unit		

INTANGIBLE COSTS			DRILLING	COMPLETION
Permit/Survey/Damages			1,000	1,000
Location & Road: Bldg./Restore			2,000	500
Con. Drilling:	\$/foot		0	
Con. Drill-Daywork	45 days @ \$7,500 per day		337,500	0
Completion Rig - Pulling Unit:	10 days @ \$2,000 per day		0	20,000
MU/RU/RD			20,000	0
Mud & Chemical			60,000	0
Fuel			36,000	0
Water			25,000	1,500
Bits			55,000	600
Cement & Cement Services			20,000	0
Casing Crow, Tonge & Tools			2,000	0
Mud Log	45 days @ \$	600	27,000	0
Open Hole Logs			15,000	0
Casedhole Logs & Perforation			0	15,000
Frac & Formation Treating	Acid Treatment		0	15,000
Squeezing/Plugging Back			0	0
Rental Tools & Equipment			40,000	8,000
Consulting Services	55 days @ \$600 per day		27,000	6,000
Co. Labor (Time, Exp. & Benefits)			0	0
Welding, Trucking, Roustabout Labor			2,000	5,000
Special Ser./Testing/DST & Coring			10,000	0
Overhead			6,000	3,000
P & A Costs			5,000	(5,000)
Well Ins.			4,000	0
Miscellaneous			2,000	2,000
Subtotal			696,500	73,600
Contingencies and Taxes		10.00%	69,650	7,360
TOTAL INTANGIBLE COSTS			\$ 766,150	\$ 80,960

TANGIBLE COSTS				DRILLING	COMPLETION
	Size	Footage	\$/foot		
Conductor Pipe:				0	
Surf Cas:	13 3/8	0	\$17.50	0	
Int Cas:	8 5/8	0	\$10.00	0	
Other:	4 1/2 Liner	3,700	\$8.50	31,450	0
Prod Cag:	5 1/2	0	\$7.50		0
Tubing:	2 3/8	15,000	\$3.70		55,500
Float Equip. & Liner Hanger				20,000	0
Valves & Fittings				500	3,500
Wellhead Equipment				1,000	2,000
Misc. Equipment				1,000	2,000
Packer and Downhole Equip.				0	10,000
Rods & Pump				0	0
Pumping Unit & Primer Mover				0	0
Meter & Meter Run				0	1,000
Flowlines & Connections				0	1,000
Tanks, (Walkways, Stairways etc.)				0	7,000
Heater/Dehyd./Compressor				0	0
Separator/Heater-Treater				0	10,000
Installation Costs				0	7,500
Subtotal				53,950	99,500
Contingencies and Taxes			10.00%	5,395	9,950
TOTAL TANGIBLE COSTS				\$ 59,345	\$ 109,450
TOTAL INTANGIBLE & TANGIBLE COSTS				\$ 825,495	\$ 190,410
TOTAL WELL COSTS				\$ 1,015,905	

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than that herein set out.

Prepared by: B. J. "Chipper" Dippel (December 4, 2002)

OPERATOR APPROVAL:
 Approved By: [Signature]
 Title: Pro.

Date: _____

WI APPROVAL:

COMPANY

BY

DATE

TITLE

EGL RESOURCES, INC.
P. O. BOX 10886
MIDLAND, TX 79702
(915) 687-6560 (Off.)
(915) 682-5852 (Fax)

RIO BLANCO 4 FEDERAL #1

DEEPENING PROSPECT

LEA CO., NEW MEXICO

Prepared by: B. I. "Chipper" Dippel
12/04/02

The Rio Blanco Federal #1 was drilled and completed in the Morrow on 2/26/99. Morrow perfs 12,916'-45' were completed natural for an AOF of 25.2 MMCFPD. The zone produced 1.163 BCF, 14 MBBL condensate & 64 MBW. On 5/18/00, the BHP @ 12,930' was 4078#. A CIBP was set @ 12,056' and the Atoka perfs 12,056'-64' were tested. These perfs had a BHP of 4923# and were then acidized. The Atoka was determined to be uncommercial.

EGL Resources proposes to set a whipstock above the existing 4-1/2" liner @ 11,400' and drill a 6-1/8" hole to test the Devonian @ 15,000'. A basic procedure, two AFE's, and a well data sheet are attached. Case 1 assumes that the Morrow has been depleted and the well can be deepened with brine water and then cut with fresh water to drill the Devonian. Case 2 assumes that the Morrow and/or some other zone are over pressured and the mud weight will have to be increased. In this scenario a 4-1/2" liner would be set prior to drilling the Devonian. The Devonian would then be drilled with fresh water and completed open hole.

If you have any questions or comments, please feel free to contact me at the above number.

E.G.L. RESOURCES, INC.
P. O. BOX 10886
MIDLAND, TX 79702
(915) 687-6560

RIO BLANCO 4 FEDERAL #1
GENERAL PROCEDURE

1. MI & RU PU. Kill well if necessary. NDWH. NUBOPE. POOH LD tubulars. NDBOPE. NUWH. RD & MO PU.
2. MI & RU drilling rig. RIH w/ 7" whip stock and set above 4-1/2" liner @ +/-11,400'. Cut 6-1/8" window. Drill 100'-200' away from original well bore.
3. Drill new 6-1/8" hole to TD @ +/-15,000' using 10 ppg brine mud. Install rotating head and drill under balanced. If hole dictates, mud weight may have to be increased.
4. Mud log while drilling 6-1/8" hole. DST Devonian if applicable. Log new 6-1/8" hole.
5. Run 4-1/2" liner and cement.
6. Complete Devonian pay.

WELL DATA SHEET

FIELD: Antelope Ridge

WELL NAME: Rio Blanco 4 Federal

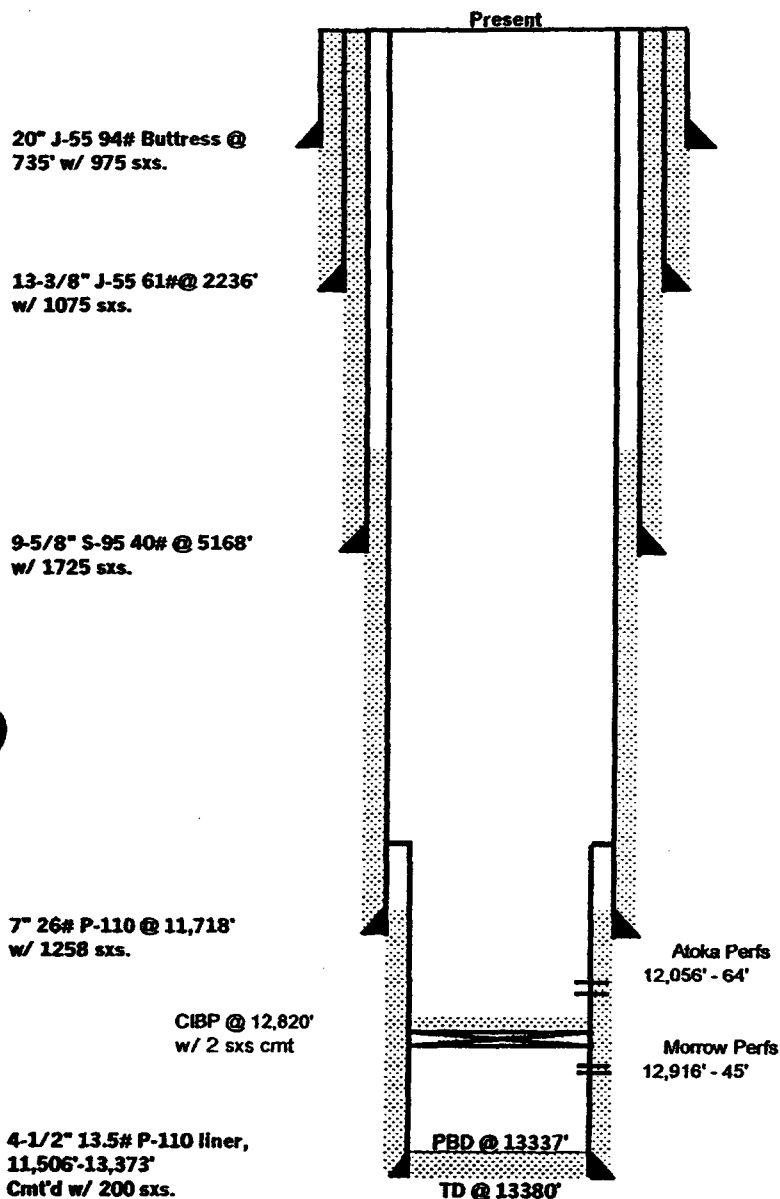
FORMATION: Morrow

LOC: 1980' FNL & 1980' FWL
SEC: 4 TWP: 23S RGE: 34E

COUNTY: LEA
STATE: NM

GL: 3432'
KB to GL: 22.5'

CURRENT STATUS: Producer
API NO: 30-025-34515



Date Completed: 2/26/1999

Initial Production: 5165 MCFPD, 66 BOPD & 2 BOPD W/ FTP=5700 psi.

Initial Formation: Morrow From: 12916' To: 12945'

Completion Data:

Per 12,916'-22' & 12,932'-45'. Completed natural. AOF test showed rate of 25.2 MMCFGPD.

Wellbore History:

Produced 1.163 BCF, 14 MBBL condensate & 64 MBW from the Morrow.

5/18/00 BHP @ 12,930' = 4078#. Set CIBP @ 12,820' & capped w/ 2 sxs cmt. Perf 12,056'-64' (Atoka). BHP @ 12,060' = 4923#. Acidized well. ISIP = 6100#, 15min SIP = 5350#. Swab well & rig down.

Additional Data:

Delaware @ 5000'
Bone Spring @ 8460'
Wolfcamp @ 10940'
Strawn @ 11870'
Atoka @ 12160'
Morrow @ 12210'
Est. Devonian @ 14458'
Est. Ellenburger @ 17000'

JAL 09-06-2000

Updated 03-07-2002 by Chipper Dippel