



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

Richard Winchester
Land Advisor

Phone: (405) 228-4415
Fax: (405) 552-8113

April 7, 2004

To All Working Interest Owners
(See Attached List)

Via Certified Mail

Re: **SPACING UNIT AND WELL PROPOSAL**
E/2 of Section 15, 320-acre dedication
Mad Dog "15" Federal Com # 1 Well
660' FSL & 660' FEL of Section 15
Township 23 South, Range 34 East
Lea County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon") hereby proposes the formation of a standard 320-acre gas spacing unit consisting of the E/2 of Section 15, T23S-R34E, Lea County, New Mexico and the drilling of the Mad Dog "15" Federal Com # 1 Well to be dedicated to this spacing unit. Because of surface restrictions, this well will be directionally drilled from a surface location 660' FSL & 660' FEL of Section 15, to a bottom hole location 990' FSL & 1080' FEL of Section 15. The proposed total depth of said well is 14,800', or a depth sufficient to test the Devonian formation. Devon's estimated dry hole costs are \$3,126,031, and completed well costs are \$3,995,342 as detailed on the attached AFE.

Should you desire to participate in this spacing unit and this well on a voluntary basis, please execute this proposal letter and AFE, and return one (1) original of each to this office. Devon will then send you a Joint Operation Agreement ("JOA") for signature. Should you desire not to participate in the proposed well, please communicate reasonable terms by which Devon may purchase a term assignment or farmout covering all of your right, title and interest in the spacing unit. Please be advised that, unless you elect to participate in said well or otherwise commit your interest in this spacing unit, Devon intends to file an application asking the New Mexico Oil Conservation Division to issue a compulsory pooling order pooling all uncommitted working interests in this spacing unit.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Richard C. Winchester
Land Advisor

BEFORE THE
OIL CONSERVATION COMMISSION
Case No. 13286 Exhibit No. **3**
Submitted By:
Devon Energy Production Co
Hearing Date: June 24, 2004

_____The undersigned hereby elects *to participate* in the proposed drilling operations for the Mad Dog "15" Federal Com # 1 Well.

_____The undersigned hereby elects *not to participate* in the proposed drilling operations for the Mad Dog "15" Federal Com # 1 Well.

Working Interest Owner Name

Date:_____

By:_____

Title:_____

***WORKING INTEREST OWNERS
MAD DOG 15 FEDERAL COM #1 WELL***

ABC Oil & Gas Properties
C/O Darleen Cockburn
3208 Boyd
Midland, TX 79705

Viersen Oil & Gas Co.
P.O. Box 702708
Tulsa, OK 74170

Charles C. Albright, III, Trustee
729 W. 16th St., #B8
Costa Mesa, CA 92627

Lorry Sharon Anderson Chapman
C/O Walker & Armstrong LLP
4000 N. Central Ave., Ste. 1100
Phoenix, AZ 85012-1989

Vicki A. Shore
P.O. Box 1884
Midland, TX 79702

Constance B. Cartwright
River House
435 East 52nd Street
New York, NY 10022

Axis Energy Corporation
P.O. Box 219303
Houston, TX 77218-9303

Nedwoc Corporation
P.O. Box 2377
Midland, TX 79702

Lillian E. and Kenneth E. Rutherford
321 Grove Drive
Portola Valley, CA 94025

Rex Tompkins
5184 Pinetree Drive
Miami Beach, FL 33140

Wynn-Crosby, 1998-LTD
5500 W. Plano Parkway, Suite 200
Plano, TX 75093-4839



Mad Dog "15" Federal Com #1 - Drill a 14,800' well to test the Devonian

AFE NUMBER

OPERATOR	Devon Energy Production Company, L.P.	AFE PREPARED BY	AFE DATE	
DIVISION	WESTERN DIVISION	DRY HOLE Greenless, Bill	WATER DEPTH (FT)	
BLOCK		CASE & SUSPEND Greenless, Bill	TMD (FT)	14,800
PROSPECT	Mad Dog	COMPLETION Greenless, Bill	TVD (FT)	14,800
COUNTY/STATE	LEA / NM		PBTMD (FT)	
COUNTRY	USA	DRLG SUPERINTENDENT	PBTVD (FT)	
PROPERTY NUMBER		COMP SUPERINTENDENT	KB ELEV (FT)	
LEGAL DESCRIPTION	Section 15-T23S-R34E		GL (FT)	3,408
BUDGETED	YES - ORIGINAL		EST START DATE	
WORK DESCRIPTION	Drill a 14,800' well in the SE/4 of Section 15-T23S-R34E to test the Devonian. This well will be directionally drilled from a surface location of 660' FSL & 660' FEL to a bottom hole location of 990' FSL & 1080' FEL.			

SUB	DESCRIPTION	206 DRY HOLE	377 P&A	TOTAL DH	CASE & SUSPEND*	216 COMPLETION	TOTAL C&C	TOTAL
011	LAND / LEGAL	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
012	SURF DAMAGES/RIGHT OF WAY	\$ 11,550.00		\$ 11,550.00	\$ -	\$ -	\$ -	\$ 11,550.00
013	LOCATION,ROADS,PITS,FENCES	\$ 57,750.00		\$ 57,750.00	\$ -	\$ 3,000.00	\$ 3,000.00	\$ 60,750.00
014	ARCHEOLOGICAL TESTING	\$ 1,200.00		\$ 1,200.00			\$ -	\$ 1,200.00
019	OTHER SITE PREPARATION	\$ -		\$ -	\$ -	\$ 2,310.00	\$ 2,310.00	\$ 2,310.00
022	WEATHER DELAY	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
041	TURNKEY DRILLING COSTS	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
042	FOOTAGE	\$ -		\$ -			\$ -	\$ -
043	DAYWORK	\$ 831,600.00		\$ 831,600.00	\$ 55,440.00	\$ -	\$ 55,440.00	\$ 887,040.00
044	MOB / DEMOB	\$ 69,300.00		\$ 69,300.00	\$ -	\$ -	\$ -	\$ 69,300.00
045	DIRECTIONAL DRILLING	\$ 231,000.00		\$ 231,000.00			\$ -	\$ 231,000.00
049	OTHER CONTRACTOR SERVICES	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
055	TRAVEL	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
056	MEALS / ENTERTAINMENT	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
101	DRILL BITS	\$ 138,600.00		\$ 138,600.00	\$ 5,775.00	\$ -	\$ 5,775.00	\$ 144,375.00
102	DRILLING/COMPLETION FLUIDS	\$ 173,250.00		\$ 173,250.00	\$ -	\$ 11,550.00	\$ 11,550.00	\$ 184,800.00
103	SURF RENTAL TOOLS & EQUIP.	\$ 103,950.00		\$ 103,950.00	\$ 6,930.00	\$ 8,085.00	\$ 15,015.00	\$ 118,965.00
104	DOWNHOLE RENTAL TOOLS & EQUIP.	\$ 83,160.00		\$ 83,160.00	\$ 10,395.00	\$ 5,775.00	\$ 16,170.00	\$ 99,330.00
109	OTHER MATERIALS & SUPPLIES	\$ 6,000.00		\$ 6,000.00	\$ 5,775.00	\$ 5,775.00	\$ 11,550.00	\$ 17,550.00
201	WELDING, ROUSTABOUTS & OTHER SERV	\$ 46,200.00		\$ 46,200.00	\$ 5,775.00	\$ 55,440.00	\$ 61,215.00	\$ 107,415.00
202	DIRT WORK / HEAVY EQUIP.	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
203	TRUCKING & HOTSHOT	\$ 23,100.00		\$ 23,100.00	\$ 5,775.00	\$ 5,775.00	\$ 11,550.00	\$ 34,650.00
204	PIPELINE INSTALLATION	\$ -		\$ -	\$ -	\$ 60,060.00	\$ 60,060.00	\$ 60,060.00
251	CEMENT & CEMENTING SERVICES	\$ 167,475.00		\$ 167,475.00	\$ 28,875.00	\$ -	\$ 28,875.00	\$ 196,350.00
253	P&A - IDC COSTS		\$ 30,000.00	\$ 30,000.00		\$ -	\$ -	\$ 30,000.00
254	FLOWBACK EQUIP - TESTING SERVICES				\$ -	\$ 11,550.00	\$ 11,550.00	\$ 11,550.00
255	LOGGING	\$ -		\$ -	\$ -	\$ 32,340.00	\$ 32,340.00	\$ 32,340.00
257	OPEN HOLE EVALUATION	\$ 231,000.00		\$ 231,000.00				\$ 231,000.00
258	DIVING/ROV EQUIP. SERVICES	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
259	CASING & TUBULAR SERVICES	\$ 34,650.00		\$ 34,650.00	\$ 5,775.00	\$ 11,550.00	\$ 17,325.00	\$ 51,975.00
263	FLUID DISPOSAL	\$ -		\$ -	\$ -	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00
265	STIMULATION & GRAVEL PACK				\$ -	\$ 28,875.00	\$ 28,875.00	\$ 28,875.00
266	HELICOPTER TRANSPORTATION	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
267	MARINE TRANSPORTATION	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
269	CONSULTANTS	\$ 83,507.00		\$ 83,507.00	\$ 5,198.00	\$ 8,663.00	\$ 13,861.00	\$ 97,368.00
271	FISHING SERVICES	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
281	COMMUNICATION SERVICES	\$ 10,395.00		\$ 10,395.00	\$ -	\$ 1,155.00	\$ 1,155.00	\$ 11,550.00
301	ELECTRICITY USAGE	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
302	WATER	\$ 69,300.00		\$ 69,300.00	\$ 5,775.00	\$ 2,888.00	\$ 8,663.00	\$ 77,963.00
303	INJECTED CO2	\$ -		\$ -				\$ -
305	DYED DIESEL	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
306	POWER & FUEL	\$ 133,650.00		\$ 133,650.00	\$ 9,356.00	\$ -	\$ 9,356.00	\$ 143,006.00
410	DEEPWATER - FEASIBILITY STUDY	\$ -		\$ -				\$ -
411	DEEPWATER - INTERGRATED PRJTEM	\$ -		\$ -				\$ -
412	DEEPWATER - DEVELOP PLAN	\$ -		\$ -				\$ -
413	DEEPWATER - FINAL DESIGN	\$ -		\$ -				\$ -
501	PULLING & SWABBING UNITS				\$ -	\$ 25,410.00	\$ 25,410.00	\$ 25,410.00
502	SNUBBING & COILED TUBING UNITS	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
503	BACKFILL PITS/RESTORE LOCATION	\$ 5,775.00		\$ 5,775.00	\$ -	\$ 5,775.00	\$ 5,775.00	\$ 11,550.00
552	SAFETY EQUIPMENT & TRAINING	\$ 7,797.00		\$ 7,797.00	\$ 520.00	\$ 1,155.00	\$ 1,675.00	\$ 9,472.00
559	ENVIRONMENTAL & SAFETY MISC.	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
711	COMPANY SUPERVISION	\$ -	\$ -	\$ -	\$ -	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
721	OVERHEAD	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
731	CONSTRUCTION OVERHEAD				\$ -	\$ -	\$ -	\$ -
741	WELL CONTROL INSURANCE	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
751	LOST & DAMAGED EQUIPMENT	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
801	FIELD LABOR	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
802	GENERAL LABOR	\$ -	\$ -	\$ -	\$ -	\$ 11,550.00	\$ 11,550.00	\$ 11,550.00
805	REPAIR & RPL MTL-SURFACE					\$ -	\$ -	\$ -



Devon Energy Production Company, L.P.

Mad Dog "15" Federal Com #1 - Drill a 14,800' well to test the Devonian

AFE NUMBER

806	REPAIR & RPL MTL-SUBSURFACE					\$ -	\$ -	\$ -
831	VEHICLE EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
841	COMPRESSOR RENTAL					\$ -	\$ -	\$ -
845	COMPRESSOR MAINTENANCE					\$ -	\$ -	\$ -
861	FIELD OFFICE EXPENSE (SHOREBASE)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
865	COMPANY BENEFITS	\$ -	\$ -	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
895	TAXES - INTANGIBLE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
998	INTERNATIONAL - INTANGIBLES - OTHER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL INTANGIBLE ITEMS	\$ 2,520,209.00	\$ 30,000.00	\$ 2,550,209.00	\$ 151,364.00	\$ 311,456.00	\$ 462,820.00	\$ 3,013,029.00
SUB	DESCRIPTION	207 DRY HOLE	378 P&A	TOTAL DH	CASE & SUSPEND*	217 COMPLETION	TOTAL C&C	TOTAL
895	TAXES - TANGIBLE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
901	SURFACE CASING	\$ 47,565.00	\$ -	\$ 47,565.00	\$ -	\$ -	\$ -	\$ 47,565.00
902	INTERMEDIATE CASING	\$ 436,925.00	\$ -	\$ 436,925.00	\$ -	\$ -	\$ -	\$ 436,925.00
903	PRODUCTION CASING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
904	CONDUCTOR / DRIVE PIPE	\$ 11,088.00	\$ -	\$ 11,088.00	\$ -	\$ -	\$ -	\$ 11,088.00
907	P&A TUBING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
910	P&A SURFACE EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
911	LINER	\$ 57,144.00	\$ -	\$ 57,144.00	\$ 26,796.00	\$ -	\$ 26,796.00	\$ 83,940.00
915	TUBING	\$ -	\$ -	\$ -	\$ -	\$ 119,820.00	\$ 119,820.00	\$ 119,820.00
921	SUCKER RODS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
925	SUBSURFACE EQUIPMENT	\$ -	\$ -	\$ -	\$ 23,100.00	\$ 19,635.00	\$ 42,735.00	\$ 42,735.00
931	WELLHEAD VALVES & EQUIPMENT	\$ 23,100.00	\$ -	\$ 23,100.00	\$ -	\$ 23,100.00	\$ 23,100.00	\$ 46,200.00
935	ARTIFICIAL LIFT EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
941	TANKS	\$ -	\$ -	\$ -	\$ -	\$ 32,340.00	\$ 32,340.00	\$ 32,340.00
945	TREATING EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ 69,300.00	\$ 69,300.00	\$ 69,300.00
951	COMPRESSORS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
953	CATHODIC PROTECTION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
955	WATER DISPOSAL PUMPS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
961	LINE PIPE, METERS & FITTINGS	\$ -	\$ -	\$ -	\$ -	\$ 80,850.00	\$ 80,850.00	\$ 80,850.00
985	SUBSURFACE - OTHER TANGIBLE EQUIP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
986	SURFACE - OTHER TANGIBLE EQUIP.	\$ -	\$ -	\$ -	\$ -	\$ 11,550.00	\$ 11,550.00	\$ 11,550.00
998	INTERNATIONAL-OTHER TANGIBLE EQUIP.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL TANGIBLE ITEMS	\$ 575,922.00	\$ -	\$ 575,922.00	\$ 49,896.00	\$ 356,595.00	\$ 406,491.00	\$ 982,313.00
			AFE TOTAL	\$ 3,126,031.00		\$ -	\$ 869,311.00	\$ 3,995,342.00

COMPANY NAME

BY

DATE