



October 12, 2004

VIA HAND DELIVERY

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals & Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

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OCT 12 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 13369

Re: Application of Devon Energy Production Company, L.P. for approval of an unorthodox well location, directional drilling and authorization to drill a well in the Potash Area, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Devon Energy Production Company, L.P. in the above-referenced case as well as a copy of the proposed legal advertisement. Devon requests that this matter be placed on the docket for the November 4, 2004 Examiner Hearings.

Your attention to this matter is appreciated.

Very truly yours,

William F. Carr
Attorney for Devon Energy Production Company, LP

cc: Gail MacQuesten, Esq.
Oil Conservation Division

Mr. Ken Gray
Senior Land Advisor
Devon Energy Production Company, L.P.

Enclosures

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

Oct 12 2004
Oil Conservation Division
1220 St. Francis Drive
Santa Fe, NM 87505

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR APPROVAL OF AN UNORTHODOX WELL LOCATION, DIRECTIONAL DRILLING, AND AUTHORIZATION TO DRILL A WELL IN THE POTASH AREA, EDDY COUNTY, NEW MEXICO.

CASE NO. 13369

APPLICATION

DEVON ENERGY PRODUCTION COMPANY, L.P. ("Devon"), pursuant to the provisions of Oil Conservation Division Order No. R-111-P ("The Rules and Regulations Governing the Exploration and Development of Oil and Gas in Certain Areas Herein Defined, Which Are Known to Contain Potash Reserves"), applies to the New Mexico Oil Conservation Division for an order approving the directional drilling of its Apache 24 Fee Well No. 7 within the Potash Area in Section 24, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico from an unorthodox surface location 1460 feet from the North line and 1150 feet from the West line (Unit E) of the section to an unorthodox bottomhole location 598 feet from the North line and 2059 feet from the West line of the section , and in support of this application, states:

1. Devon Energy Production Company is the lessee of certain oil and gas rights under Section 24, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico. Devon has the right to develop the oil and gas reserves underlying this property.

2. Devon proposes to directionally drill its Apache 24 Fee Well No. 7 in Section 24 from an unorthodox surface location, due to topographic reasons, at a point 1460 feet from the North line and 1150 feet from the West line of the section to a bottomhole location 598 feet

from the North line and 2059 feet from the West line of the section in the Delaware formation, Southeast Quehada Ridge-Delaware Pool. Devon proposes to drill this well to a total depth of 7850 feet and a standard 40-acre Delaware oil spacing unit comprised of the NE/4 NW/4 of Section 24 will be dedicated to the well.

3. The SW/4 NW/4 of Section 24, the tract upon which Devon proposes to drill, is fee land that is located within the Potash Area and the dedicated 40-acre spacing unit in the Delaware formation is federal land.

4. Order R-111-P provides that "Before commencing drilling operations for oil or gas on any lands within the Potash Area" the operator of the well shall provide to each potash operator holding a potash lease within a radius of one mile of the proposed well a copy of its Notice of Intention to Drill and plat showing the location of the well. Rule G.(2).

5. Devon followed the provisions of Order R-111-P, and prepared an Application for Permit to Drill (Form C-101) and a Well Location and Acreage Dedication Plat (Form C-102) showing the location of the Apache 24 Fee Well No. 7. In the spring of 2004 Devon filed its application for a permit to drill this well and, by Certified Mail-Return Receipt Requested, Devon notified IMC Potash Carlsbad, Inc., the lessee of potash reserves within one mile of the proposed well location, of its intent to drill this well and sought IMC's waiver of objection to the proposed location.

6. IMC Potash Carlsbad, Inc. filed written objections to Devon's Application by letter dated August 30, 2004.

7. No action has been taken on this application for permit to drill by the BLM.

8. The Division should approve this application for a permit to drill the Apache 24 Fee Well No. 7 located on fee lands in the SW/4 NW/4 of Section 24 for this acreage cannot be within a LMR (See Order No. R-9990, Finding 11, October 18, 1993 : Order R-111-P Rule G(a) and Rule G (b). However, if the subject acreage is determined to be within an LMR, Devon has complied with the provisions of order No. R-111-P and is entitled to a Permit to Drill this well.

9. If the Division denies Devon's application in this case it denies Devon and its lessors, the owners of the underlying oil and gas rights in this property, the opportunity to produce the recoverable oil and gas under their property and will cause the waste of hydrocarbons. Devon therefore requests that this matter be set for hearing before an examiner of the Oil Conservation Division.

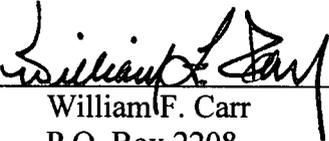
10. Approval of this application will protect correlative rights for it will afford Devon and the other owners of oil and gas rights the opportunity to produce their just and equitable share of the reserves under their property.

11. Approval of this application will otherwise be in the best interest of conservation and the prevention of waste.

WHEREFORE, Devon Energy Production Company, L.P. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 4, 2004, and that, after notice and hearing, the Division enter its order authorizing Devon to drill its proposed Apache 24 Fee Well No. 7 at the proposed unorthodox well location in Unit E of Section 24, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico.

Respectfully submitted,

HOLLAND & HART, LLP

By: 
William F. Carr
P.O. Box 2208
Santa Fe, NM 87504-2208
505/988-4421 (telephone)

ATTORNEYS FOR DEVON ENERGY
PRODUCTION COMPANY, L.P.

PROPOSED LEGAL AD:

CASE 13369 :

Amended Application of Devon Energy Production Company, L.P. for approval of an unorthodox well location, directional drilling and authorization to drill a well in the Potash Area, Eddy County, New Mexico. Applicant seeks an order approving the directional drilling of its proposed Apache 24 Fee Well No. 7 within the Potash Area from an unorthodox surface location 1460 feet from the North line and 1150 feet from the West line to a bottomhole location in the Delaware formation, at a point 598 feet from the North line and 2059 feet from the West line (Unit C) of Section 24, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico. This well will be drilled to an approximate depth of 7,850 to test the Delaware formation, Southeast Quahada Ridge-Delaware Pool. Said location is within the Potash Area and located approximately 8 miles east of Carlsbad, New Mexico.

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