

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



March 19, 2015

Devon Energy Production, L.P.
333 West Sheridan
Oklahoma City, OK 73102

Attention: Mr. James Bruce, Attorney for Devon

RE: Request for Extension to Complete Drilling of the Tomb Raider 1 Federal Well No. 1 Pursuant to Division Order No. R-13897/Case No. 15195

Dear Mr. Bruce:

Reference is made to your request on behalf of Devon Energy Production Company, L.P. ("Devon") received by the Division on March 17, 2015, for the Tomb Raider 1 Federal Well No. 1H (API No. 30-015-42655; "subject well") with a surface location in Lot 1 of Section 3, Township 23 South, Range 31 East, NMPM.

It is our understanding that Devon has commenced drilling of the subject well but is unable to meet the 120-day completion requirement included in Ordering Paragraph (6) of Order No. R-13897. The subject well was spudded on November 18, 2014, and would have required completion of the well no later than March 18, 2015.

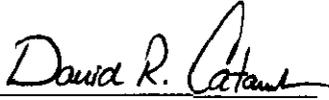
Devon has requested a 60-day extension for completion of the subject well. Devon has stated that the additional time is required to address casing integrity issues with this horizontal well.

The Division has reviewed your request and hereby extends the date to complete this well, pursuant to Ordering Paragraph (6), to May 17, 2015. All other provisions of Order No. R-13897 remain in full force and effect.

Extension of Order No. R-13897
Devon Energy Production, L.P.
March 19, 2015
Page 2 of 2

If you have any questions, please contact Phillip Goetze at 505.476.3466.

Sincerely,



DAVID R. CATANACH
Director

DRC/prg

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management
Case No. 15195
Well File API 30-015-42655

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruce@aol.com

RECEIVED OGD

2015 MAR 17 A 11:13

March 16, 2015

Via e-mail

David Catanach
Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

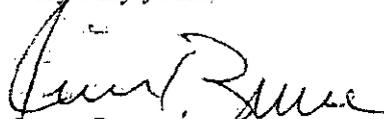
Re: Request for Extension/Order No. R-13897
Devon Energy Production Company, L.P.

Dear Mr. Catanach:

The above order pooled certain interests into the Tomb Raider 1 Fed. Well No. 1H. The well was commenced on November 18, 2014, and completion operations are now underway. However, Devon will not be able to meet the 120 day completion deadline in the order (March 18, 2015). Completion operations were delayed due to a casing integrity issue, which has been resolved. As a result, Devon requests a 60 day extension to the drilling and completion deadline.

Thank you.

Very truly yours,


James Bruce

Attorney for Devon Energy Production Company, L.P.

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

JES
9-8-2014

Form 3160-3
(March 2012)
**UNORTHODOX
LOCATION**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Tomb Raider 1 Fed 1H <3137157
2. Name of Operator Devon Energy Production Company, L.P.		9. API Well No. 30-015-42655
3a. Address 333 W. Sheridan Oklahoma City, OK 73102	3b. Phone No. (include area code) 405.228.7203	10. Field and Pool, or Exploratory Livingston Ridge; Bone Spring (39350)
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 200 FNL & 2005 FEL Lot 2 PP: 200 FNL & 1980 FEL At proposed prod. zone 330 FSL & 1980 FEL Unit O		11. Sec., T. R. M. or Blk. and Survey or Area Sec 1 T23S R31E
14. Distance in miles and direction from nearest town or post office* 21 miles NE of Malaga, NM		12. County or Parish Eddy County
15. Distance from proposed location* See attached map location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		13. State NM
16. No. of acres in lease 1250 1000 ac (NMMN22080)		17. Spacing Unit dedicated to this well 160 ac
18. Distance from proposed location* See attached map to nearest well, drilling, completed, applied for, on this lease, ft.		20. BLM/BIA Bond No. on file CO-1104; NBM-000801
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3478.9 GL	22. Approximate date work will start* 07/01/2014	23. Estimated duration 45 Days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature 	Name (Printed/Typed) Trina C. Couch	Date 04/01/2014
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Approved by (Signature) /s/George MacDonell	Name (Printed/Typed) George MacDonell	Date SEP 15 2014
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Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE
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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, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2) *(Instructions on page 2)

Carlsbad Controlled Water Basin

NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 18 2014

Approval Subject to General Requirements
& Special Stipulations Attached.

RECEIVED
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15195
ORDER NO. R-13897**

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR A
NON-STANDARD OIL SPACING AND PRORATION UNIT AND
COMPULSORY POOLING; EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 18, 2014, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 30th day of September, 2014, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Devon Energy Production Company, L.P. ("Devon" or "Applicant") seeks approval of a non-standard 160-acre, more or less, oil spacing and proration unit (project area) in the Bone Spring formation, Livingston Ridge-Bone Spring Pool (pool code 39350), comprised of the W/2 E/2 of Section 1, Township 23 South, Range 31 East, NMPM, in Eddy County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit.

(3) The Unit will be dedicated to the Applicant's Tomb Raider 1 Federal Com. Well No. 1H ("the proposed well"); (API No. 30-015-42655), a horizontal well to be drilled from a surface location 200 feet from the North line and 2005 feet from the East line (Lot 2) of Section 1, to a standard terminus 330 feet from the South line and 1980 feet from the East line (Unit O) of Section 1. The completed interval of the proposed well in the Bone Spring formation will be orthodox.

(4) The proposed well is within the Livingston Ridge-Bone Spring Pool (pool code 39350). Spacing in this pool is governed by statewide Rule 19:15.15.9A. NMAC, which provides for standard 40-acre units, each comprising a governmental quarter-quarter section. The proposed Unit and project area consists of four adjacent quarter-quarter sections.

(5) Applicant appeared at the hearing through counsel and presented land and geologic evidence to the effect that:

- (a) The Bone Spring formation in this area is suitable for development by horizontal drilling;
- (b) the proposed orientation of the horizontal well North to South or South to North is appropriate for the proposed Unit; and
- (c) all quarter-quarter sections to be included in the Unit are expected to be productive in the Bone Spring formation, so that formation of the Unit as requested will not impair correlative rights.

(6) No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division concludes that:

(7) Approval of the proposed unit will enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste, and will not impair correlative rights.

(8) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(9) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit.

(10) There are interest owners in the Unit that have not agreed to pool their interests.

(11) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(12) Devon Energy Production Company, L.P. should be designated the

operator of the proposed well and of the Unit.

(13) Any pooled working interest owner who does not pay its share of estimated well costs, should have withheld from production its share of reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the proposed well.

(14) At the hearing, the applicant requested that the overhead rates be fixed at \$10,700 per month while drilling and \$1070 per month while producing. The Division believes that these overhead rates are not reasonable for operation in the Bone Spring formation. Accordingly, the overhead rates should be fixed at \$7,500 per month while drilling and \$750 per month while producing.

(15) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7,500 per month while drilling and \$750 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

IT IS THEREFORE ORDERED THAT:

(1) A non-standard 160-acre, more or less, oil spacing and proration unit (the "Unit") is hereby established for the Bone Spring formation, the Livingston Ridge-Bone Spring Pool (pool code 39350), consisting of the W2 E/2 of Section 1, Township 23 South, Range 31 East, NMPM, in Eddy County, New Mexico.

(2) Pursuant to the application of Devon Energy Production Company, L.P., all uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring formation underlying the Unit, are hereby pooled.

(3) The Unit shall be dedicated to the Applicant's Tomb Raider 1 Federal Com. Well No. 1H ("the proposed well"); (API No. 30-015-42655), a horizontal well to be drilled from a surface location 200 feet from the North line and 2005 feet from the East line (Lot 2) of Section 1, to a standard terminus 330 feet from the South line and 1980 feet from the East line (Unit O) of Section 1. The completed interval of the proposed well in the Bone Spring formation will be orthodox.

(4) The operator of the Unit shall commence drilling the proposed well on or before September 30, 2015, and shall thereafter continue drilling the proposed well with due diligence to test the Bone Spring formation.

(5) In the event the operator does not commence drilling the proposed well on or before September 30, 2015, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the unit and project area created by this order shall terminate, unless the operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the quarter-quarter sections included in the proposed Unit within 120 days after commencement of drilling, then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those quarter-quarter sections in which the well is completed.

(7) Upon final plugging and abandonment of the proposed well and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled Unit created by this Order shall terminate, unless this Order has been amended to authorize further operations.

(8) Devon Energy Production Company, L.P. (OGRID 6137) is hereby designated the operator of the well and the Unit.

(9) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

(10) Within 30 days from the date the schedule of estimated well costs is furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(12) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as

provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

(13) The operator is hereby authorized to withhold the following costs and charges from production from each well:

- (a) the proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and
- (b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(14) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(15) Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$7,500 per month while drilling and \$750 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.I.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

(16) Except as provided in Paragraphs (13) and (15) above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 70-8A7-8A-28, as amended).

(17) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

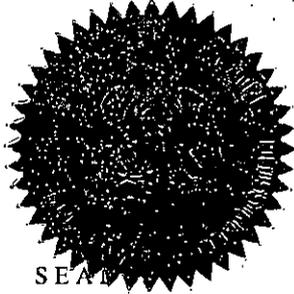
(18) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this order shall thereafter be of no further effect.

(19) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this Order.

(20) This order is subject to approval of compulsory pooling of federal lands by the United States Bureau of Land Management.

(21) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Jami Bailey".

JAMI BAILEY
Director