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July 2, 2003

**HAND DELIVERED**

**RECEIVED**

JUL 2 2003

Ms. Lori Wrotenbery, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Oil Conservation Division

Re: Devon's Response to EGL/Landreth's Motion to Stay  
NMOCD Case 13085  
Application of EGL Resources, Inc.  
and Robert Landreth for Pool Expansion,  
Lea County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Devon Energy Production Company, L.P. ("Devon"), please find enclosed  
our response to EGL/Landreth's motion to stay Devon's drilling in Section 33

Very truly yours,

  
W. Thomas Kellahin

Copies hand delivered to:

Carol Leach, Esq.

Attorney for the Secretary of the Energy,  
Minerals and Natural Resources Department

David K. Brooks, Esq.

Attorney for the Commission

J. Scott Hall, Esq.

Attorney for EGL Resources, Inc.

David R. Catanach

Division hearing examiner

Devon Energy Production Company, L.P.

Attn: Richardson Winchester

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

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JUL 2 2003

Oil Conservation Division

**IN THE MATTER OF THE APPLICATION  
OF EGL RESOURCES, INC. FOR POOL  
CREATION OR EXPANSION  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 13085**

**DEVON ENERGY PRODUCTION COMPANY, L.P.'S  
MOTION TO STAY DIVISION ORDER-11962  
AND ITS  
RESPONSE TO  
EGL RESOURCES, INC. AND ROBERT LANDRETH'S  
MOTION TO STAY**

DEVON ENERGY PRODUCTION COMPANY, L.P. ("Devon") requests that the New Mexico Oil Conservation Division ("Division") deny EGL Resources, Inc. ("EGL") and Robert Landreth ("Landreth") motion to stay the operations that Devon has commenced in Section 33, T22S, R34S. EGL/Landreth seek a stay until it has another hearing to determine if the Division will confirm its decision that Section 4 is subject to 320-acre gas well spacing rules. By this pleading, Devon also moves that the Division reconsider Devon's request to stay that portion of Division Order R-11962 that allowed EGL's to operate the Rio Blanco "4" Well No 1 (Unit F, Section 4, T22S, R34S) pending a De Novo order by the Commission in Cases 13048 and 13049. As grounds for this pleading, Devon states:

**RELIEF SOUGHT BY EGL**

EGL seeks an extraordinary order to stay Devon from drilling wells in Section 33, T22S, R34E<sup>1</sup> by arguing that Section 33 and Section 4 should be subject to 640-acre well spacing for a pool that: (a) has not been drilled; (b) is in an area subject to 320-acre well spacing rules, (c) has not been shown productive by any well in either section 33 or 4; (d) for which there is no discovery well or reservoir data; and (e) no determination by the Division that a well is capable of draining 640-acres.

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<sup>1</sup> A Devon's well that is in full compliance with all Division rules.

The central focus of these proceedings<sup>2</sup> pending before both the Commission and the Division is whether 320-acre well spacing will continue to apply to Section 4 and Section 33, T22S, R34E, Lea County, New Mexico. Landreth's objectives are twofold: (a) deny Devon the opportunity to obtain essential "well drainage" data from Devon's well in the S/2 of Section 33 and (b) use the Division to solve Landreth's contract problem in the SE/4 of Section 4.

### SUMMARY

EGL/Landreth's motion is its latest attempt to ask the Division to take extraordinary action concerning Devonian "well density" for Section 4. In doing so, EGL/Landreth distorts both the facts and the Division orders in an attempt to confuse the Division and to obtain its objectives.

All of the arguments that EGL/Landreth now asserts in its motion are the same as those DENIED by Examiner Brooks in Order R-11962. However EGL/Landreth packages and repackages its arguments, its theme is the same.

EGL/Landreth argued before Examiner Brooks and now argues, again, that a Devonian well in Section 4 will drain 640-acres despite the fact that Landreth presented the Examiner with only a single calculation for a well in Section 6.<sup>3</sup> EGL/Landreth then and now ignore the fact that actual well density for Devonian Pools within this area is 2 wells per section.<sup>4</sup> See Devon's Exhibit "A" attached

EGL then and now ignores the undisputed fact that the North Bell Lake-Devonian Gas Pool rules were never expanded to include any producing Devonian Gas well (referred to as the "Pool").<sup>5</sup> By using Order R-11962 and declaring this re-entry to be dedicated to the N/2 of Section 4, Examiner Brooks by inference rejected EGL's citations as precedent.

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<sup>2</sup> Cases 13048, 13049, 12085

<sup>3</sup> Devon's calculation will show that this same well has drained less than 320 acre.

<sup>4</sup> See Devon Exhibit B-1 (Case 13048)

<sup>5</sup> See Transcript in Cases 6962 and 10267

EGL claims that the Division authorized it to operate the Rio Blanco "4" Well No. 1, ("Rio Blanco 4-1") but neglects to state the basis for that decision.<sup>6</sup> EGL claims to be operator but has refused to sign a written plan of operation as requested by Devon.

On May 29, 2003, EGL/Landreth opposed Devon's motion to stay the Division order that allowed EGL to operate the Rio Blanco 4-1 stating that EGL had a rig on location and created the impression that it was drilling to the Devonian.<sup>7</sup> In fact, EGL simply had a work over rig on location preparing the wellbore for the sidetrack operations. In fact, EGL's proposed drilling rig was not then and is not now on the location.

Now EGL/Landreth seek to stop Devon from drilling Devonian wells in Section 33 on the grounds that Devon's wells, that are in full compliance with Division Rule 104 and are not subject to any special pool rules, must be stayed so that EGL/Landreth can pursue their objectives.

## **BACKGROUND**

In Cases 13048 and 13049, EGL/Landreth argued that Section 4 is subject to 640-acre spacing because it is an extension of the Pool. The Division Examiner rejected that claim<sup>8</sup> declaring that Section 4 is subject to 320-acre spacing and allowed EGL to be the operator of a well dedicated to a 320-acre spacing unit despite the fact that EGL had never proposed a 320-acre spacing unit and continues to dispute it.<sup>9</sup>

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<sup>6</sup> The Examiner awarded operations to EGL because it, including Landreth, has the majority working interest in the N/2 of Section 4, under the mistaken opinion that there was no substantial geologic dispute between Devon and EGL. Although, Devon and EGL both proposed to re-enter the same well, the geologic opinions and interpretations of Devon and EGL could not have been more different. EGL continues to refuse to commit to a plan of operations with Devon.

<sup>7</sup> See Cases 13048 and 13049

<sup>8</sup> The Examiner failed to recognize that he must decide the geologic dispute within the context of the compulsory pooling case, and over Devon's objection declaring the technical evidence irrelevant but then heard more than 4 hours of technical testimony.

<sup>9</sup> See Devon Exhibit A, Case 13048

Despite substantial evidence to the contrary, EGL/Landreth rely upon an incorrect interpretation of arbitrarily selected 2-D seismic data to argue that Section 4 is an extension of the Pool.<sup>10</sup>

Following the entry of the Examiner Brook's order, and without waiting for the Commission to decide EGL's de novo appeal of that order, it filed an application to expand the Pool to include Section 4. On June 25, 2003, EGL, recognizing that it had sufficient evidence to extend the Pool, amended its application to include creating a new Devonian Pool.<sup>11</sup>

Without waiting for the Commission DeNovo hearing, EGL alleges it has commenced operations of the re-entry of the Rio Blanco 4-1 despite the facts that the Division has authorized that re-entry for a 320-acre spacing unit that EGL continues to dispute.<sup>12</sup>

With this motion, EGL wants the Division to do an extraordinary act by staying Devon from drilling wells in Section 33, wells that are in compliance with Division rules and are in accordance with Division's statewide rules adopted to prevent waste and protect correlative rights. By doing so, EGL/Landreth will preclude Devon from continuing to drill in Section 33 pending a hearing about a pool in Section 4 that has not yet been discovered.

Without an order of either the Division or Commission creating a new pool, EGL wants to preclude Devon from continuing with its operations in Section 33 that has a high probability of generating new data relevant to Section 4.

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<sup>10</sup> Devon's 3-D seismic data dramatically demonstrates that EGL's interpretation is wrong. See Transcript Case 13048.

<sup>11</sup> Contrary to EGL's representations to the Division (EGL motion page 2 para 2) Order R-11962 is currently pending a Commission hearing set for July 17, 2003.

<sup>12</sup> EGL's proposed drilling rig has never been nor is it now on the location of the Rio Blanco 4-1, located in Unit F, S/2 Section 4, T22S, R34E. EGL.

## THE GEOLOGIC DISCONNECT

In order to advance its argument that the Section 4 is best developed by 1 well per 640-acre spacing units, EGL/Landreth's rely upon BTA's case for the special pool rules of this Pool (See Case 6962, Order R-6424, August 4, 1980) and the Pacific Enterprises compulsory pooling case (Case 10267, Order R-9493, April 30, 1980).

A reading of the entire case file for each demonstrates that EGL reliance is misplaced. The geologic exhibits introduced by BTA in Case 6962 shows that there is a fault separating Section 4 from the Pool. See **BTA Exhibit "2" attached as Devon Exhibit "B"**. BTA submitted no evidence to support extending the pool into Section 4. In the compulsory pooling case, Pacific did not claim that Section 4 was an extension of the Pool. See **Pacific Exhibit "3" attached as Devon's Exhibit "C"**. A review of the record in the Pacific case shows that there is no evidence to support Examiner Morrow's reference to this pool in that order. The well was never drilled, the order expired and the pool was never expanded to include Section 4. Examiner Brooks considered EGL's arguments about these cases being a "precedent" and rejected them. See **Order R-11962**

EGL's own geologic witness's prior testimony does not support Landreth's geologic interpretation.<sup>13</sup> EGL's witness's testimony is amazingly different now than in 1991. His latest opinion, using less 2-D seismic data than in 1991, interprets an east-west fault across Sections 33 and 32 that did not exist in 1991 and deletes two north-south faults in Section 5 that disconnect Section 4 from Section 6 that did exist in 1991. See **Devon Exhibits "C" and "D" attached** EGL/Landreth claim that 640-acre well spacing is "standard" for the Devonian formation. Devon has identified 16 existing Devonian Gas Pools with either 160-acre or 320-acre well spacing.

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<sup>13</sup> See **Devon Exhibit "D"** which is a complete copy of Landreth's geologic map adopted by Mr. Brezina at the April 10, 2003 hearing of Cases 13049 and 13049. The exhibit attached to EGL/Landreth's Motion to Stay is only a portion of Landreth's exhibit. See **Devon's Exhibit "C"** which is a copy of Pacific Exhibit 3 used by Mr. Brezina when he testified in 1991 (Case 10267) using more 2-D seismic data refutes EGL's current position in two important ways: (a) Mr. Brezina's 1991 structure map shows a north-south orientated fault that now has been re-oriented east-west to close off the top of the Section 4 structure and (b) the two north-south oriented fault in Section 5 that in 1991 separated Section 4 from Section 6 have now been deleted so that Section 4 is connected to the Pool..

Of all the geologic presentations to the Division about Section 4, only EGL/Landreth link Section 4 to the Pool.<sup>14</sup> Despite these serious flaws in EGL/Landreth's technical case, and based upon speculation, they attempt to tell the Division that it is a forgone conclusion that the Rio Blanco 4-1 will drain 640-acres.

Devon will present geologic evidence, including 3-D seismic data, which will demonstrate that EGL's current interpretation is wrong. Devon's 3-D seismic interpretation shows that the Rio Blanco 4-1 is clearly separated from the Pool by two north-south trending faults and a syncline. See Devon's Exhibit "F" attached

The evidence will demonstrate that the Devonian is a discontinuous formation defined by discreet individual structures best suited for development on 320-acre spacing in accordance with Division's Rule 104. See Devon Exhibit "F" attached.

Devon's interpretation fits the regional interpretation of the Devonian producing structure.<sup>15</sup> Existing Devonian pools are distinct, relatively simple, compact structural closures associated with north-south trending faults. The EGL/Landreth's interpretation of a large sprawling structure with multiple crests, a critical east-west trending fault, and extensive common gas-water contact clearly does not fit into the regional context. EGL/Landreth has offered no explanation for this anomalous and unreasonable interpretation.

#### **DEVONIAN WELL DRAINAGE FOR SECTION 4**

Landreth claims that this is a very active water-drive reservoir but then leaps to the conclusion that 2 wells in a section will lead to water-coning and premature abandonment of wells resulting in waste. Landreth makes this claim without technical reference or supporting evidence. Devon will submit substantial technical evidence to the contrary and demonstrates 1 well is not enough.

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<sup>14</sup> See Transcript Cases 6962, 10267 and 13048

<sup>15</sup> See Devon's Exhibit B-1, attached

Further, Landreth claims that the Conoco #6, completed in 1960, has drained 834-acres<sup>16</sup> and by analogy argues that the Rio Blanco 4-1 should also drain at least 640-acres. Another Landreth Exhibit shows the Amerada Hess Bell Lake #3 well, drilled in 1996, flowed gas during a drill-stem test at the rate of 4.6 mmcf/d along with 1344 bwpd.<sup>17</sup> If Landreth is correct then the Amerada Hess #3 well, 36 years later, should not have tested for this much gas thus pointing out that 1 well cannot drain 640-acres. The Amerada Hess #3 well is a 160-acre offset to the Conoco #6 that Landreth claims drained 843 acres. Clearly a single well per 640-acres will leave gas in place in the reservoir--gas that is being wasted in the North Bell Lake Devonian Structure.

Further, Landreth claims that the Conoco #6 well has drained the BTA #1 well, completed in 1980, in the N/2 of Section 18.<sup>18</sup> It should be obvious to the Division that it is not possible for the Conoco #6 and the BTA #3 to be in the same reservoir and for the Conoco #6 to be have drained the BTA acreage and affected the BTA well as Landreth claims. For Landreth to be correct the Conoco #6's pressure must be less than the pressure on the BTA #1 so that the gas will flow from the BTA acreage to the Conoco #6 well.

EGL/Landreth recognizing that there is substantial evidence that Section 4 is disconnected from the Pool amended its application and now argues that Section 4 should be a new Devonian pool spaced upon 640-acre spacing units. EGL/Landreth's latest argument, in order to prevail, must refute the following:

- (a) How can Landreth claim 640-acre spacing when, under cross-examination, he testified that the Antelope Ridge-Devonian Gas Pool, a 640-acre well spacing to the south has multiple wells on effective 200 acre spacing. This pool recovered more gas from a structure smaller in size then the North Bell Lake Pool;<sup>19</sup>

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<sup>16</sup> See Case 13049, Landreth Exhibit 11

<sup>17</sup> See Case 13049, Landreth Exhibit 9

<sup>18</sup> See Case 13049, Landreth's Exhibit 7

<sup>19</sup> See Case 13048, Transcript page 158, lines 2-12

- (b) How can Landreth claim that the Conoco #6 drained 834 acres and not be able to identify the 834 acres he said were drained by the Conoco 6 well,<sup>20</sup>
- (c) If Landreth's drainage volume, based upon his volumetric calculation for the Conoco #6 that assumes 74' of net pay with a gas column of 265', is correct why can the drainage volume just as easily be calculated to be approximately 200-acres.
- (d) Why the Amerada Hess Bell Lake #3,<sup>21</sup> only 160-acres apart from the Conoco #6 can have a 2000-psi pressure differential from the Conoco #6;
- (e) How can Landreth's calculation of 834 acres drained by the Conoco #6 be correct if there is a 2000 psi pressure differential between the Conoco #6 and the Amerada Hess Bell Lake #3 with these wells being only 160-acres apart<sup>22</sup>;
- (f) How Landreth can claim that two wells per section is wasteful when under cross-examination he admits that wells in Antelope Ridge Gas Pool<sup>23</sup> (with more wells, closer spacing, similar size-recovered more gas than Conoco #6) are only effectively developed on 200-acres well density;
- (g) How Landreth can claim that the Conoco #6 drained the BTA #1 in Section 18 when a comparison of the pressure data shows that the bottom-hole pressure for the BTA #1 had declined to less than 1000 psi while the Conoco #6 had a bottom-hole pressure slightly greater than 6000 psi?

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<sup>20</sup> See Case 13048, Transcript page 173, lines 23-25

<sup>21</sup> The Amerada Hess Bell Lake #3 is very important because it is located in Section 6 between the Conoco #6 in Section 6 and the Rio Blanco 4-1 in Section 4.

<sup>22</sup> The Conoco #6 has a bottom-hole pressure of 4000 psi at a time when the Amerada Hess Bell Lake #3 has a bottom-hole pressure of 6000 psi

<sup>23</sup> Order R-2623, Dated December 4, 1963, adopted 640-acre well spacing for this pool.

EGL/Landreth contend that waste will occur and that their correlative rights will be impaired by 2 wells per section. However, EGL/Landreth have submitted NO evidence proving that any unnecessary wells will be drilled. They cannot demonstrate that 2 wells per section will recover less gas or be less economic than 1 well. EGL/Landreth's arguments are little more than excuses for not competing with Devon and to preclude Devon from obtaining its share of Devonian gas production in the area. Landreth's geologic map does not support his conclusions. How does drilling on 640 acres prevent waste and protect correlative rights issues for the owners in Section 5, 9 and 33?

Devon will present evidence in support of 320-acre well spacing, including pressure data, production data, and volumetric reserve calculations separating Section 4 from any other Devonian Pool in this area. Devon will demonstrate that two wells per section will increase gas recovery, prevent waste and protect correlative rights. Multiple wells will produce the Devonian more efficiently, obtain higher gas recoveries and yield higher cash flow to all parties involved

**LANDRETH CAN "SAVE" HIS TERM ASSIGNMENT  
IN THE SE/4 OF SECTION 4  
WITHOUT THE DIVISION'S STAYING DEVON'S OPERATIONS  
IN SECTION 33**

Landreth claims that unless the Division acts, he will lose his term assignment from OXY USA, Inc. for the SE/4 of Section 4 that he represents will expire on October 24, 2003. Landreth took this term assignment on October 25, 1999. It is not Devon's fault that Landreth has waited so long to save this assignment. If Landreth really believed his 2-D seismic interpretation, he could have and should have re-entered the Rio Blanco 4-1 years ago to establish production and gather sufficient data to satisfy the Division that the OXY acreage should be part of this well's spacing unit. Landreth delayed re-entry of the Rio Blanco 4-1 because he has no faith in his 2-D seismic interpretation, choosing instead to seek to obtain Devon's 3-D seismic data.

Landreth's own geologic exhibit attached to his Motion, demonstrates that the S/2 is favorable in the Devonian and that there is a re-entry candidate well in the SE/4. **See Landreth's Exhibit 7 attached as Devon Exhibit "D"**. Landreth can re-entry that well before the October 24, 2003 deadline and save his term assignment.<sup>24</sup>

Finally, Landreth rejected Devon's offer to form a 640-acre working interest owners unit pursuant to Devon's Joint Operation Agreement and Devon's offer to carry a portion of Landreth's interest in the Rio Blanco 4-1 to "the tanks".

### **A STAY CAUSES IRREPARABLE HARM TO DEVON**

The circumstances for Devon are not materially different from the arguments made by EGL in opposing Devon's original request that the Division stay of that portion of Order R-11962 that allowed EGL to operate the Rio Blanco 4-1.

Devon has committed dollars/effort in its plans in Section 33. At the current time, the Rio Blanco 33-1 well is on Devon's drilling schedule, and Devon has a rig under-contract that is capable of drilling this well. This rig is capable and has the horsepower and other equipment features such as Tri-Plex Mud pumps that lend it better than other rigs for drilling deeper wells. If Devon is delayed in its drilling plans, this rig might have to be released. Returning this rig is not predictable and could cause Devon significant delays.

Devon, with its operations in Section 33 in-progress, will incur significant harm, including monetary damages, if EGL is successful in interrupting drilling operations, including:

- (a) Devon has already formed a voluntary spacing unit for the S/2 of Section 33, has a Joint Operating Agreement with its partner in this well;

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<sup>24</sup> Devon has no interest in the S/2 of Section 4 and Landreth does not need Devon's consent.

- (b) Filed all necessary permits, including the APD, with the BLM;
- (c) Complied with all Division Rules;
- (d) Devon has already contracted with Patterson Drilling;
- (e) If operations are interrupted, the Patterson rig deal may be lost and the rig may become unavailable for some time;
- (f) Rig availability has become "tight" and drilling costs are increasing;
- (g) Production revenues will be delayed;
- (h) Devon's well is to test not only the Devonian but also the Morrow and other zones with a single wellbore;
- (i) Landreth/EGL unless stayed by the Division will be allowed to drain the S/2 of Section 33 in which they have no interest while Devon is prevented from drilling Section 33 to protect itself.

Most importantly a Stay will deny Devon its right to attempt to obtain wellbore data that may be despositive of EGL's 640-acre drainage claim for wells in the Devonian structure that included Section 4. That data may include any or all of the following:

- (a) Devon can obtain reservoir pressure data throughout the whole Devonian interval using drill stem tests or repeat formation tests run via wireline (by contrast, EGL's plan of operation does not identify how it plans to determine bottom-hole pressures);
- (b) Devon will have the capability to identify a gas/water contact (by contrast, EGL has indicated to Devon that EGL will not be able to identify a gas/water contact in the Rio Blanco 4-1. In EGL's plan of operations it does not intend to identify the gas/water contact. EGL is drilling a slim-hole and will not have the capability of setting casing and will end up with an open-hole completion);

- (c) Unlike EGL, Devon's well can be drilled in Section 33 utilizing a larger borehole allowing Devon the opportunity to obtain a complete suite of open-hole logs, including sonic, porosity, electric, formation imaging, magnetic resonance imaging, etc. (many of these logging tools can not be run in the Rio Blanco 4-1 because its slim-hole is too small for the logging tools larger size).
- (d) By virtue of being able to obtain more and better quality log data than EGL, Devon will be able to measure the porosity, permeability, saturations, pressure, etc. throughout the entire the Devonian interval (this data is paramount to calculating accurate estimates of Original-Gas-In-Place and Recoverable Gas Reserves (by contract, EGL will not be able to determine the reservoir rock properties by virtue of its indication that it does not plan to run open-hole logs);
- (e) With its larger hole size, Devon will have the capability to obtain sidewall cores. With cores, Devon will be able to measure porosity, permeability and saturations. With cores, Devon can also identify secondary porosity, secondary permeability and natural fractures. Devon will also be able to identify geological data that will allow it to continue to refine its geological interpretation and stratigraphic study of the Devonian (by contrast, EGL will not be able to obtain this type and quality of data);
- (f) By virtue of drilling its well in Section 33, Devon will obtain additional depth points for further calibrating of its 3-D seismic data. (by contrast, EGL does not have any 3-D seismic data);
- (g) Devon's borehole will be cased and cemented so that Devon will have the capability to perforate, isolate, test and produce selected intervals within the Devonian formation. (by contrast, EGL plans an open-hole completion and will have no way to isolate and selectively test the Devonian and may be subject to hole instability).

## CONCLUSION

EGL/Landreth's motion is premature<sup>25</sup> and violates Devon's rights to develop Section 33. EGL erroneously assumes that the Division must preclude Devon from drilling Section 33 wells that it has already commenced operations upon.<sup>26</sup> Operations that are not materially different from the operations EGL was allowed to commence on the re-entry of the Rio Blanco 4-1.

EGL/Landreth want the Division to believe that the Division order adopting special pool rules for this Pool should be extended to Section 4 despite the fact that the applicant's, (BTA Oil Producer) geologic exhibit demonstrate that this pool was limited to Sections 6, 7, and 18 and using the same 2-D seismic that EGL/Landreth now relied upon, demonstrated that Section 4 was not part of this pool.<sup>27</sup>

EGL/Landreth want the Division to believe that EGL is simply relying on a prior compulsory pooling order by the Division making Section 4 subject to the Pool. EGL made this argument that Examiner Brooks rejected in Case 13048.<sup>28</sup>

It is apparent that Landreth is seeking to have the Division solve Landreth's contract problem<sup>29</sup> by establishing 640-acre spacing in Section 4 without adequate data from the Rio Blanco "4" Well No. 1 that Devon may be able to use to estimate drainage.

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<sup>25</sup> EGL's request is a novel idea and contrary to Division practice in SE New Mexico which is to create new gas pools only after the well has been drilled, completed, and proven capable of draining more than 320-acres. See Division Rule 104.

<sup>26</sup> EGL was allowed by the Division to commence operations in the re-entry over Devon's objection (Devon Motion to Stray Order R-11962)

<sup>27</sup> See BTA Exhibit 2 attached as Devon Exhibit "B"

<sup>28</sup> The compulsory pooling case relied on by EGL is Case 10267, Order R-9493, dated April 30, 1991, is an compulsory pooling order that Pacific never sought to have subject to the North Bell Lake Pool. All of Section 4 was pooled for a well that BTA never drilled and for order that has expired.

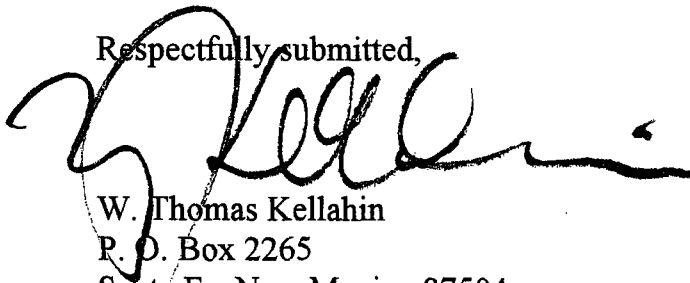
<sup>29</sup> Landreth alleges that he his term assignment with OXY USA, Inc. will expire on October 24, 2003 unless he dedicates all of Section 4 to the Rio Blanco "4" Well No 1.

In summary, if the well's spacing unit is exactly 1 mile from the Pool's outer boundary then it is to be dedicated to a standard 320-acre spacing unit in accordance with Division Rule 104. Devon has done just that: Devon seeks to pool the N/2 of Section 4 (Case 13048). The Pool's special rules do not apply unless the distance between the well and the Pool's outer boundary is less than 1 mile. See Order R-11962. EGL/Landreth seek to punish Devon for complying with Division's rules.

Division has two options: (a) to preclude EGL from re-entering the Rio Blanco "4" Well and to preclude Devon from drilling its Rio Blanco "33" Well No 1 in the S/2 of Section 33, or (b) allow both to occur.

In the first, the parties will have no more data about these wells and the Division's answer will be based upon speculation. In the second, the parties can gather additional data and the Division's answer will be based upon the best available data. If the Division does anything else, it will be giving EGL/Landreth an unfair advantage over Devon in these proceedings.

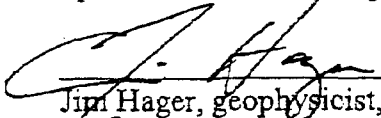
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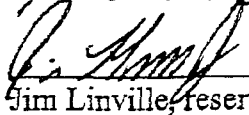


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Attorney for Devon Energy Production Company, L.P.

**AFFIDAVIT**

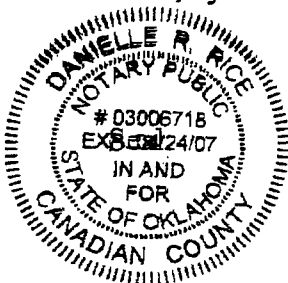
The following have reviewed the foregoing pleading and have determined the factual statement and all technical statements are based upon their collective expert work and opinions.

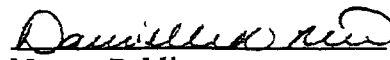
  
Jim Hager, geophysicist, Devon

  
Jim Linville, reservoir engineer, Devon

STATE OF OKLAHOMA     )  
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COUNTY OF OKLAHOMA    )

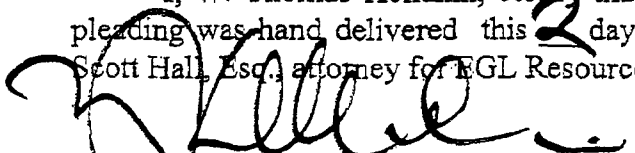
SUBSCRIBED AND SWORN TO before me this 2<sup>nd</sup> day of July,  
2003, by Jim Hager and Jim Linville.

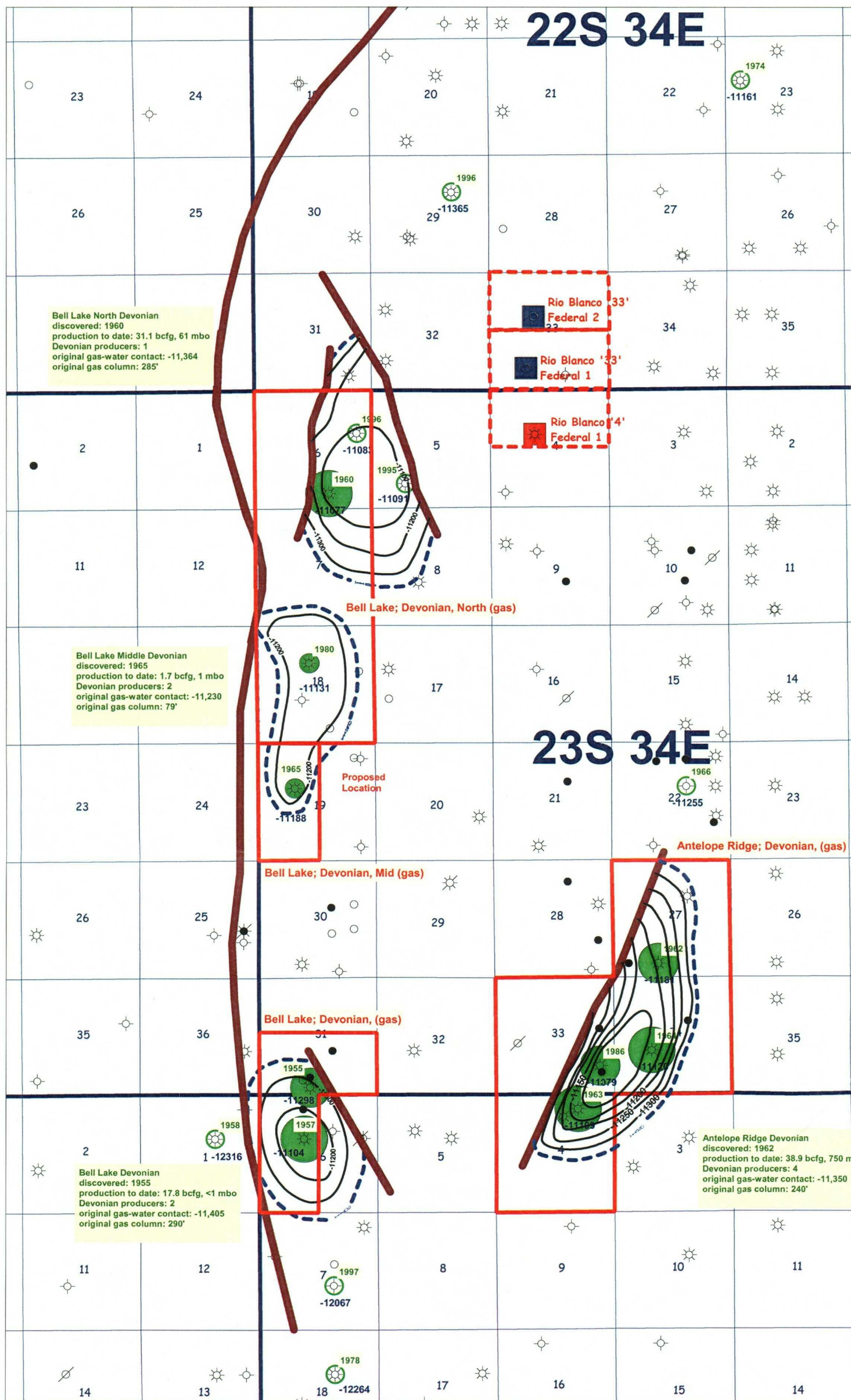


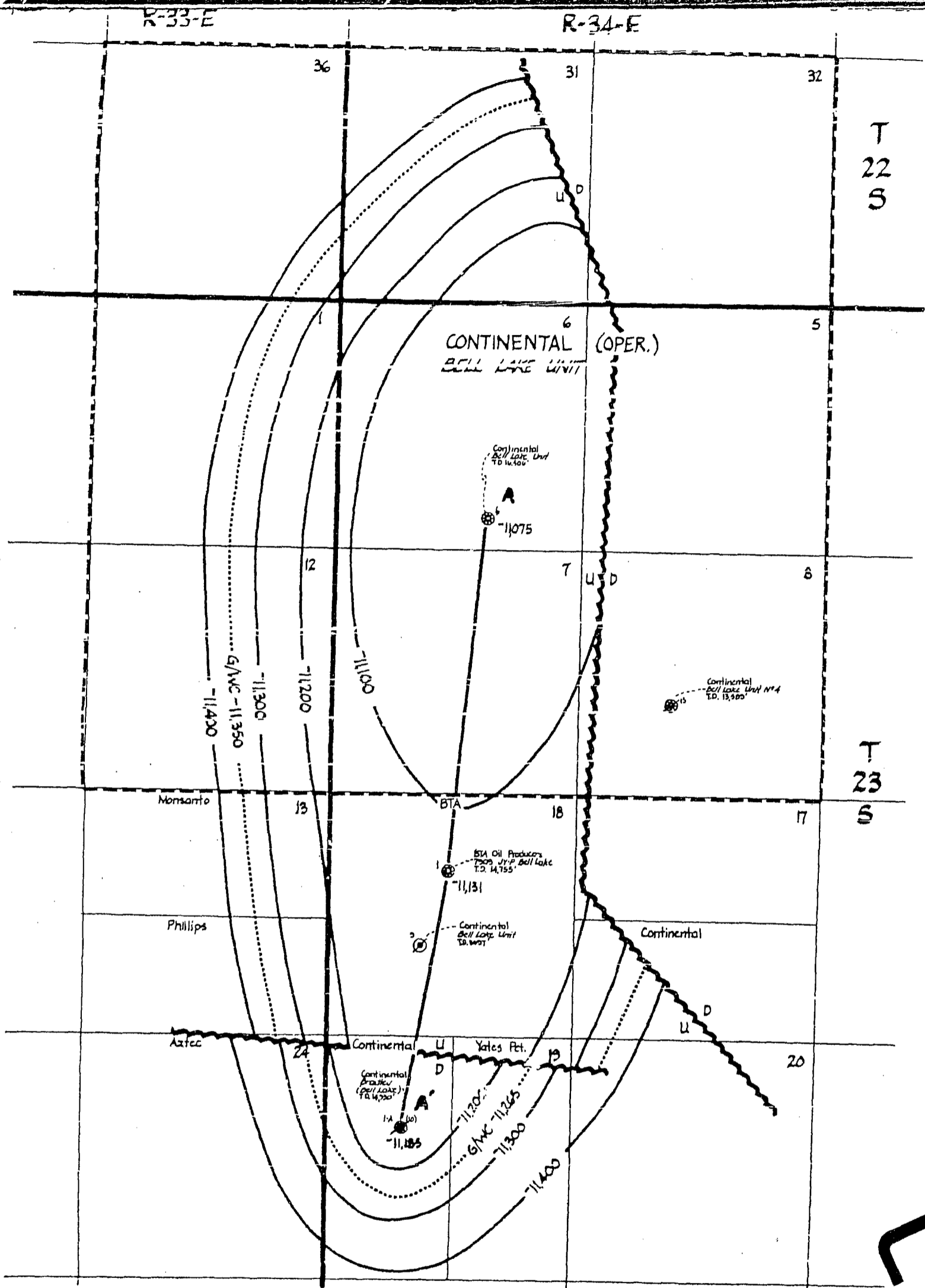
  
Notary Public

**CERTIFICATE OF SERVICE**

I, W. Thomas Kellahin, certify that a true and correct copy of this pleading was hand delivered this 2 day of July, 2003 by facsimile to J. Scott Hall, Esq., attorney for EGL Resources and Robert Landreth.

  
W. Thomas Kellahin





**BTA OIL PRODUCERS  
STRUCTURE MAP  
EXHIBIT 2**  
BELL LAKE DEVONIAN  
U.S. GEOLOGICAL SURVEY

**EXHIBIT**  
BEFORE THE  
OIL CONSERVATION EXAMINER  
Case No. 13085 Exhibit No. B  
Submitted By:  
Devon Energy Production Co.  
Motion to Stay

KK-1



**BEFORE THE  
OIL CONSERVATION EXAMINER**  
Case No. 13085 Exhibit No. C  
Submitted By:  
**Devon Energy Production Co.**  
Motion to Stay

REVISED	
DATE	BY

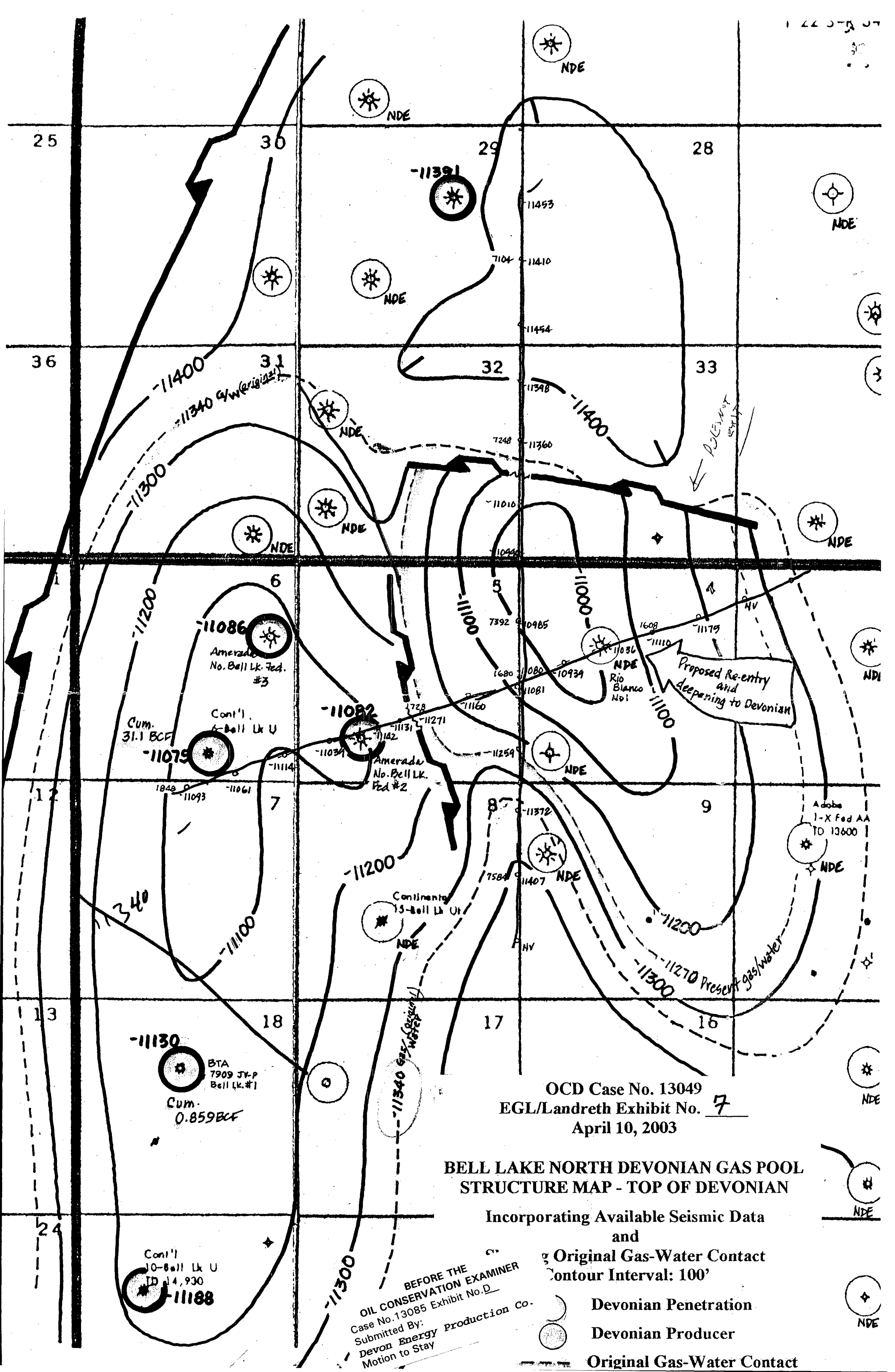


REVISED	
DATE	BY

**PACIFIC ENTERPRISES OIL CO. (USA)**  
MIDLAND, TEXAS

**NORTH ANTELOPE RIDGE  
PROSPECT  
LEA COUNTY, NEW MEXICO  
STRUCTURE MAP  
T/Devonian  
C.I. = 100'**

SCALE: **1" = 2000'** DATE: **3-91**  
CONTOUR INT. \_\_\_\_\_ INTERP. BY: **J.Chude** DRAWN BY: **TMT**



OCD Case No. 13049  
EGL/Landreth Exhibit No. 7  
April 10, 2003

**BELL LAKE NORTH DEVONIAN GAS POOL  
STRUCTURE MAP - TOP OF DEVONIAN**

Incorporating Available Seismic Data  
and

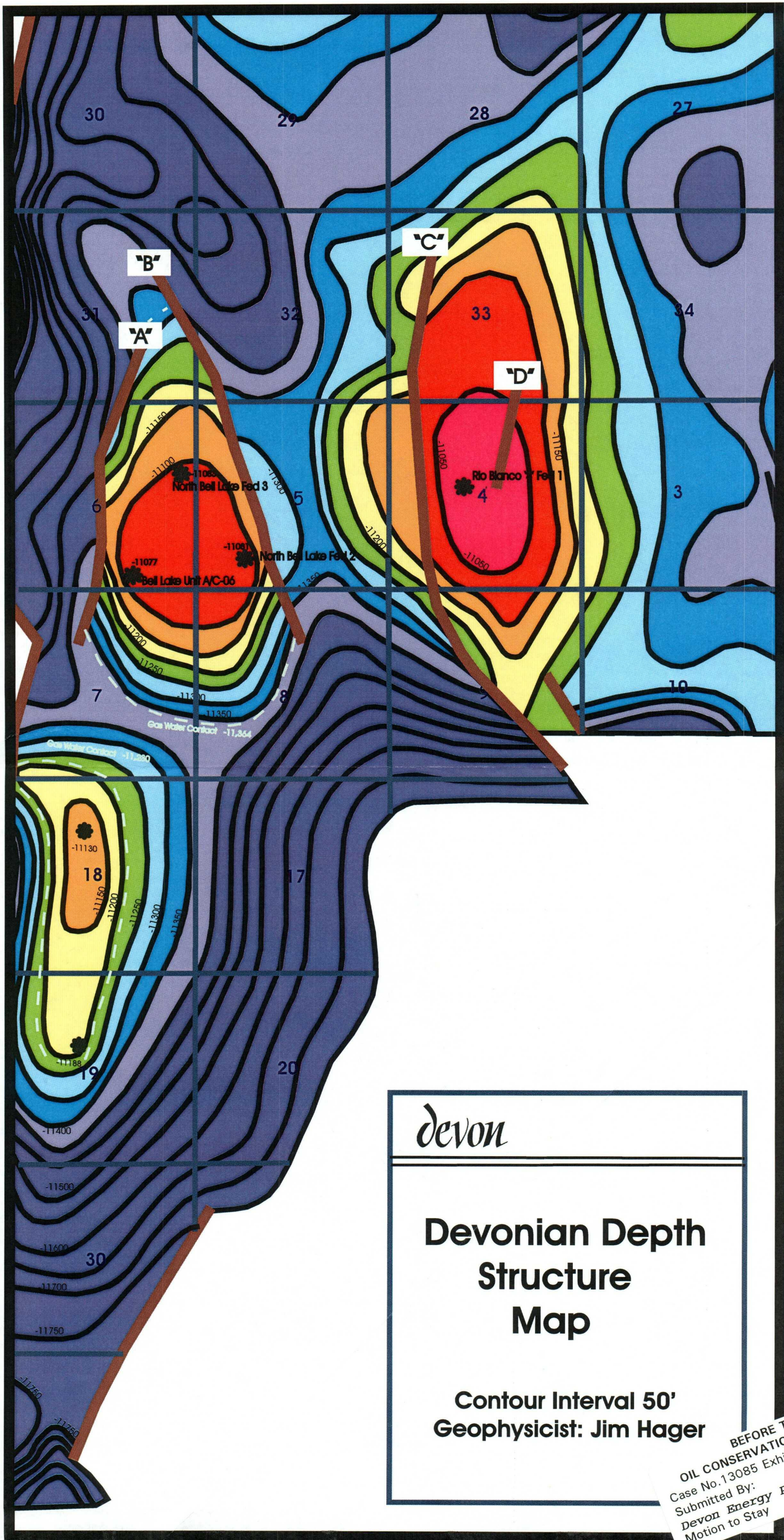
Original Gas-Water Contact  
Contour Interval: 100'

Devonian Penetration

Devonian Producer

Original Gas-Water Contact

BEFORE THE  
OIL CONSERVATION EXAMINER  
Case No. 13085 Exhibit No. D  
Submitted By:  
Devon Energy Production Co.  
Motion to Stay



devon

## Devonian Depth Structure Map

Contour Interval 50'  
Geophysicist: Jim Hager

BEFORE THE  
OIL CONSERVATION EXAMINER  
Case No. 13085 Exhibit E,  
Submitted By:  
Devon Energy Production Co.  
Motion to Stay