

ENERGY PRODUCTION COMPANY, L.P.

20 North Broadway, Suite 1500 Oklahoma City, Oklahoma 73102-8260 Telephone: (405) 552-4633 Fax: (405) 552-8113

April 11, 2002

Douglas C. Lynn Billie H. Lynn Douglas C. Lynn, Jr. Julie H. Volpato 4510 Old Cavern Highway Carlsbad, NM 88220

Re: E/2 Section 6-T23S-R27E Eddy County, New Mexico

## Gentlemen:

Devon Energy Production Company, L.P. is in receipt of your letter dated March 15, 2002 received by this office on April 3. As you may already know, the current designated Operator (Chaparral Energy, Inc.) has proposed to the non-operators and the current working interest owners, the drilling of an 11,900' Morrow test well to be located 975' FNL & 775' FEL of the referenced section. Consequently, it would appear that a well will be commenced in the near future, which should satisfy any concerns with regard to drainage from an offsetting well.

You may wish to inquire of Chaparral directly on the specific timing of the well. Feel free to contact me at (405) 552-4633 if I can be of further assistance.

Yours very truly,

Ken Gray
Sr. Land Advisor

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BEFORE THE OIL CON	ISEKVATION DIVISION
Santa Fe, New Mexico	
Case No.	Exhibit No. <u> </u>
Submitted by:	
DEVON ENERGY PROD	UCTION COMPANY, L.P
Hearing Date:	

## 4510 Old Cavern Highway Carlsbad, NM 88220

March 15, 2002

Devon Energy Production Company, L.P. 1500 Mid-America Tower 20 N. Broadway Oklahoma City, OK 73102

Re: Drainage of E½ Section 6-23S-27E Eddy County, New Mexico

## To Whom It May Concern:

The undersigned are owners of interests in the oil, gas and other minerals in and under and that may be produced from the E½ of Section 6, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, subject to the following oil and gas leases (to the extent that the same are currently in force and effect):

- (a) from Missouri-New Mexico Land Company to Socony Mobil Oil Company, Inc., dated April 1, 1965, recorded in Book 155, Page 27 of the Oil and Gas records of Eddy County, covering the SE¼ of said Section 6 together with other land;
- (b) from J. H. Aschbacher and wife, Mayme L. Aschbacher, to E. S. Grear, dated April 22, 1965, recorded in Book 156, Page 210 of the Oil and Gas records of Eddy County, covering the NE<sup>1</sup>/<sub>4</sub> of said Section 6;
- (c) from Howard P. Hemler and wife, Carrie Lou Hemler, to E. S. Grear, dated April 22, 1965, recorded in Book 156, Page 212 of the Oil and Gas records of Eddy County, covering the NE¼ of said Section 6.

You are an apparent owner of a working interest in the  $E\frac{1}{2}$  of said Section 6 by virtue of an interest in and under one or more of the oil and gas leases described above.

You are hereby notified that the  $E\frac{1}{2}$  of said Section 6 is being substantially drained by the Ranch Hand 5 Fee Com. No. 1 well which is located 1,980 feet from

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LAND DEPARTMENT

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the south line and 660 feet from the west line of Section 5-23S-27E, N.M.P.M., Eddy County, New Mexico. Said well is operated by Mewbourne Oil Company, and produces from the Morrow formation.

Demand is made upon you to immediately (i) commence the drilling of an offset well in the  $E\frac{1}{2}$  of said Section 6 in order to protect the underlying reserves from drainage, or (ii) release the oil and gas leases described above insofar as they cover the  $E\frac{1}{2}$  of said Section 6, with the exception of the producing intervals in the Strawn formation in the wells located in the  $N\frac{1}{2}$  and  $S\frac{1}{2}$  of said Section 6.

If, within 30 days from the date of this letter, you have not (i) executed and provided the releases requested above, or (ii) commenced operations for the drilling of an offset well in the E½ of said Section 6, then there will be no choice but to pursue all available legal and equitable remedies for breach of the covenant to protect the leased acreage from drainage.

Sincerely,

Douglas C. Lynn

Billie H. Lynn

Douglas C. Lynn Jr.

Julie H. Volpato
Jurie H. Volpato