



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL,
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

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2012 NOV 24 10:31 AM
COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

November 19, 2012

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

Attn: Mr. David Rader

Re: Custer Mountain North Exploratory Unit
Automatic Elimination Effective November 6, 2012
Lea County, New Mexico

Dear Mr. Rader:

Our records reflect that pursuant to Article 2(e) of the Custer Mountain North Exploratory Unit, the contraction/automatic elimination date occurred on November 6, 2012. Our review of this unit reflects the following:

- The Custer Mountain North Exploratory Unit was approved effective March 9, 2006.
- Article 2(e) of the Custer Mountain North Exploratory Unit provides for the following:
 - Notwithstanding any prior elimination under the "Drilling to Discovery" section, all legal subdivisions of lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent; in instances of irregular surveys, unusually large lots or tracts shall be considered in multiples of 40 acres or the nearest aliquot equivalent thereof), no parts of which are entitled to be in a participating area on or before the fifth anniversary of the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of said fifth anniversary, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless diligent drilling operations are in progress on unitized lands not entitled to participation on said fifth anniversary, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than ninety (90) days' time elapsing between the completion of one such well and the commencement of the next such well. All legal subdivisions of lands not entitled to be in a participating area within ten (10) years after the effective date of the first initial participating area approved under this agreement shall be automatically eliminated from this agreement as of said tenth anniversary. The Unit Operator shall, within ninety (90) days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the AO and Land Commissioner and promptly notify all parties in interest.
- The initial Custer Mountain North Exploratory Unit Well named the Keller 4 State Well No. 1 (30-025-36643) (K) Sec. 4-23S-35E was determined to be a commercial Delaware well by our letter of March 19, 2008. This well is currently producing from the Rock Lake; Delaware pool. The OCD spacing assigned to this well is the NE/4SW/4 of Sec. 4-23S-35E, 40.00 Acres.
- The Initial Delaware Participating Area (unit tract no. 5) covering the S/2NW/4, SW/4 of Sec. 4-23S-35E, 240.00 acres was approved by our letter of May 5, 2008 effective November 6, 2007.
- No drilling operations were being conducted on November 6, 2012.

In view of the above please be advised that the Custer Mountain North Exploratory unit has been automatically contracted to the Initial Delaware Participation Area described as the S/2NW/4, SW/4 of Sec. 4-23S-35E, 240.00 acres.

Devon Energy Corporation
November 19, 2012
Page 2

Please also be advised that due to the automatic elimination, the following State Leases have expired by their own terms:

V0-6317-0, S2, Sec. 21-23S-35E, 320.00 acres
V0-6334-0, N/2, Sec. 21-23S-35E, 320.00 acres.
V0-6367-0, E/2, Sec. 9-23S-35E, 320.00 acres
V0-6368-0, W/2, Sec. 9-23S-35E, 320.00 acres
V0-6369-3, N/2, SW/4, W/2SE/4, Sec. 16-23S-35E, 560.00 acres
V0-6399-0, S/2 Sec. 33-22S-35E, 320.00 acres


You are required to submit revised exhibits "A" and "B" to reflect the revised acreage due to the contraction of non-participating tracts. In addition, pursuant to Article 10 of the unit agreement, please submit your 2013 plan of development.

Please notify all interested parties of this action.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
Larry J. Roybal, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/LR/pm

pc: Reader File,
OCD-Santa Fe, Attn: Mr. Ed Martin
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Mr. Kurt McFall
BLM Carlsbad-Attn: Mr. Wesley Ingram
Yates Petroleum Corp. Attn: Ms. Judy Fisher



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July 5, 2011

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

Attn: Ms. Katie A. McDonnell

Re: 2011 Plans of Development
Custer Mountain North Unit
Lea County, New Mexico

Dear Ms. McDonnell:


The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

Our records reflect that this unit is due to contract on November 6, 2012.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY J. ROXYBAL, Director
Oil, Gas and Minerals Division

RP/LR/jm

xc: Reader File

OCD-Ed Martin



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July 5, 2011

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

Attn: Mr. Ken Gray

Re: 2011 Plans of Development
Cotton Draw Unit
Eddy and Lea Counties, New Mexico

Dear Mr. Gray:

The Commissioner of Public Lands has, of this date, approved the referenced Plan of Development. Our approval is subject to like approval by all other appropriate agencies. The possibility of drainage by wells outside the unit area, and the need for further development of the unit may exist; therefore, we may contact you at a later date regarding these possibilities.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

Larry J. Roybal
LARRY J. ROYBAL, Director
Oil, Gas and Minerals Division

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July 6, 2011

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

Attention: Mr. Sam McCurdy

Re: Final Approval
Unit Boundary Expansion Effective April 1, 2010
Eddy County, New Mexico

Dear Mr. McCurdy:

We are in receipt of ratifications and your letter of May 19, 2011 requesting final approval of the first expansion to the Cotton Draw Unit Agreement boundary.

The Commissioner of Public Lands hereby grants final approval to your request to expand the Cotton Draw Unit Area. The effective date of the expansion is April 1, 2010 being the date of first production. The expansion adds 400.00 acres described as the N/2 of Section 26, W/2 NW/4 of Section 25 Township 24 South Range 31 East. The total unit acreage is now 9,784.52 acres. The expanded unit area includes all oil and gas in any and all formations.

Our approval is subject to like approval by the Bureau of Land Management and the New Mexico Oil Conservation Division.


Please notify all interested parties of this action.

Your \$60.00 filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
Larry J. Roybal, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/LR/pm
cc: Reader File,
OCD-Attention: Mr. Ed Martin
BLM-Carlsbad: Attn: Mr. Wesley Ingram
TRD-Attention: Mr. Valdean Severson
RMD-Attention: Mr. Kurt McFall



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June 21, 2011

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

Attention: Mr. Ken Gray

Re: Cotton Draw Unit
Non-Commercial Well Determinations
Cotton Draw Unit Well No 68-F Sec. 12-25S-31E (Atoka)
Cotton Draw Unit Well No. 81-L Sec. 2-25S-31E (Bone Spring)
Cotton Draw Unit Well N. 89-0 Sec. 3-25S-31E (Wolfcamp)
Delaware Formation
Eddy County, New Mexico

Dear Mr. Gray:

This office is in receipt of your letter of March 31, 2010, together with the data that supports your commercial determinations regarding the Cotton Draw Unit Well Nos. 68, 81 and 89.

The Bureau of Land Management, by their letter of May 16, 2011, has advised this office that they have concurred with your determination that the Cotton Draw Unit Well Nos. 68, 81 and 89 are not capable of producing unitized substances in paying quantities from the above captioned formations.

Please be advised that the Commissioner of Public Lands concurs with Devon and the Bureau of Land Management's determinations that the Cotton Draw Unit Well Nos. 68, 81 and 89 are non-commercial wells in the above captioned formations and should be produced on a lease basis.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

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Larry J. Roybal, Director
Oil, Gas and Minerals Division
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OCD-Attention: Mr. Ed Martin

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June 21, 2011

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

Attention: Mr. Ken Gray

Re: Cotton Draw Unit
Non-Commercial Well Determinations
Cotton Draw Unit Well Nos. 90, 111
Sec. 36-24S-31E
Cotton Draw Unit Well No. 112
Sec. 35-24S-31E
Delaware Formation
Eddy County, New Mexico

Dear Mr. Gray:

This office is in receipt of your letter of June 10, 2009, together with the data that supports your commercial determination regarding the Cotton Draw Unit Well Nos. 90, 111 and 112.

The Bureau of Land Management, by their letter of May 16, 2011, has advised this office that they have concurred with your determination that the Cotton Draw Unit Well Nos. 90, 111 and 112 are not capable of producing unitized substances in paying quantities from the Delaware formation.

Please be advised that the Commissioner of Public Lands concurs with Devon and the Bureau of Land Management's determinations that the Cotton Draw Unit Well Nos. 90, 111 and 112 are non-commercial wells in the Delaware formation and should be produced on a lease basis.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
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June 20, 2011

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

Attention: Mr. Sam McCurdy

Re: Cotton Draw Unit
Commercial Well Determination
Cotton Draw Unit Well No. 118H
Sec. 26-24S-31E
Delaware Formation
Eddy and Lea Counties, New Mexico

Dear Mr. McCurdy:

This office is in receipt of your letter of November 16, 2010, together with the data that supports your commercial determination regarding the Cotton Draw Unit Well No. 118H, SHL 330' FNL & 1980' FEL, BHL 330' FSL & 1980' FEL Sec. 26-24S-31E.


The Bureau of Land Management, by their letter of May 12, 2011, has advised this office that they have concurred with your determination that the Cotton Draw Unit Well No. 118H is capable of producing unitized substances in paying quantities from the Delaware formation.

Please be advised that the Commissioner of Public Lands concurs with Devon and the Bureau of Land Management's determinations that the Cotton Draw Unit Well No. 118 is a commercial well in the Delaware formation and is entitled to participate in the Delaware participating area. Please submit a copy of the proposed Delaware participating area to this office for our approval.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
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Larry J. Roybal, Director
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(505) 827-5744

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