

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
Operator: Devon Energy Production Co. 4H
well: Monk 21 State
API: 30-025-42193
Pool: berry; BS south
#: 96660
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

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[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Gary W. Larson
 Print or Type Name

Gary W. Larson
 Signature

Attorney
 Title July 13, 2015
 Date

glarson@hinklelawfirm.com
 e-mail Address



hinklelawfirm.com

HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Gary W. Larson,
Partner

glarson@hinklelawfirm.com

July 13, 2015

VIA HAND DELIVERY

Michael A. McMillan
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

Re: *Application of Devon Energy Production Company, L.P. for administrative approval of an unorthodox location for the Monk "21" State #4H well*

Dear Mike:

On behalf of Devon Energy Production Company, L.P. ("Devon"), this is to request administrative approval for an unorthodox well location for Devon's Monk "21" State #4H horizontal well (API 30-025-42193). Devon anticipates that it will complete the well within the Berry; Bone Spring, South pool (Pool Code 96660) underlying the E/2 E/2 of Section 21, Township 21 South, Range 34 East, N.M.P.M., in Lea County.

Devon has drilled the well to an approximate total vertical depth of 10,779 feet and an approximate total measured depth of 15,616 feet in order to test the 2nd Bone Spring sands. As drilled, the well has a surface location 200 feet from the north line and 1,980 feet from the east line, and a bottom hole location 285 feet from the south line and 672 feet from the east line, of Section 21, Township 21 South, Range 34 East. The projected first perforation point for the well will be 1,196.5 feet from the east line and 414.7 feet from the north line and the projected final perforation point will be 631.9 feet from the east line and 335 feet from the south line. Because this acreage is governed by statewide Rule 19.15.15.9(A) NMAC, the completed interval of Devon's well will be unorthodox.

Devon is seeking the unorthodox location approval to maximize the recovery of reserves in Section 21. The Division's approval of the unorthodox producing interval for the Monk "21" State #4H well will serve the interests of preventing waste and improving well performance.

PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332

PO BOX 1720
ARTESIA, NEW MEXICO 88210
575-622-6510
(FAX) 575-746-6316

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Michael A. McMillan
July 13, 2015
Page 2

Enclosed are the following documents:

1. A Form C-102;
2. A land plat;
3. A list of affected persons;
4. A completed Administrative Application Checklist.

Devon owns 100% of the leasehold interests and operating rights in Section 21. Notice letters and a complete copy of this application have been sent by certified mail this date to the State Land Office and GMT Exploration Company LLC advising them that, if they object to Devon's application, they must file a written objection with the Division within twenty (20) days from the date the Division received this application.

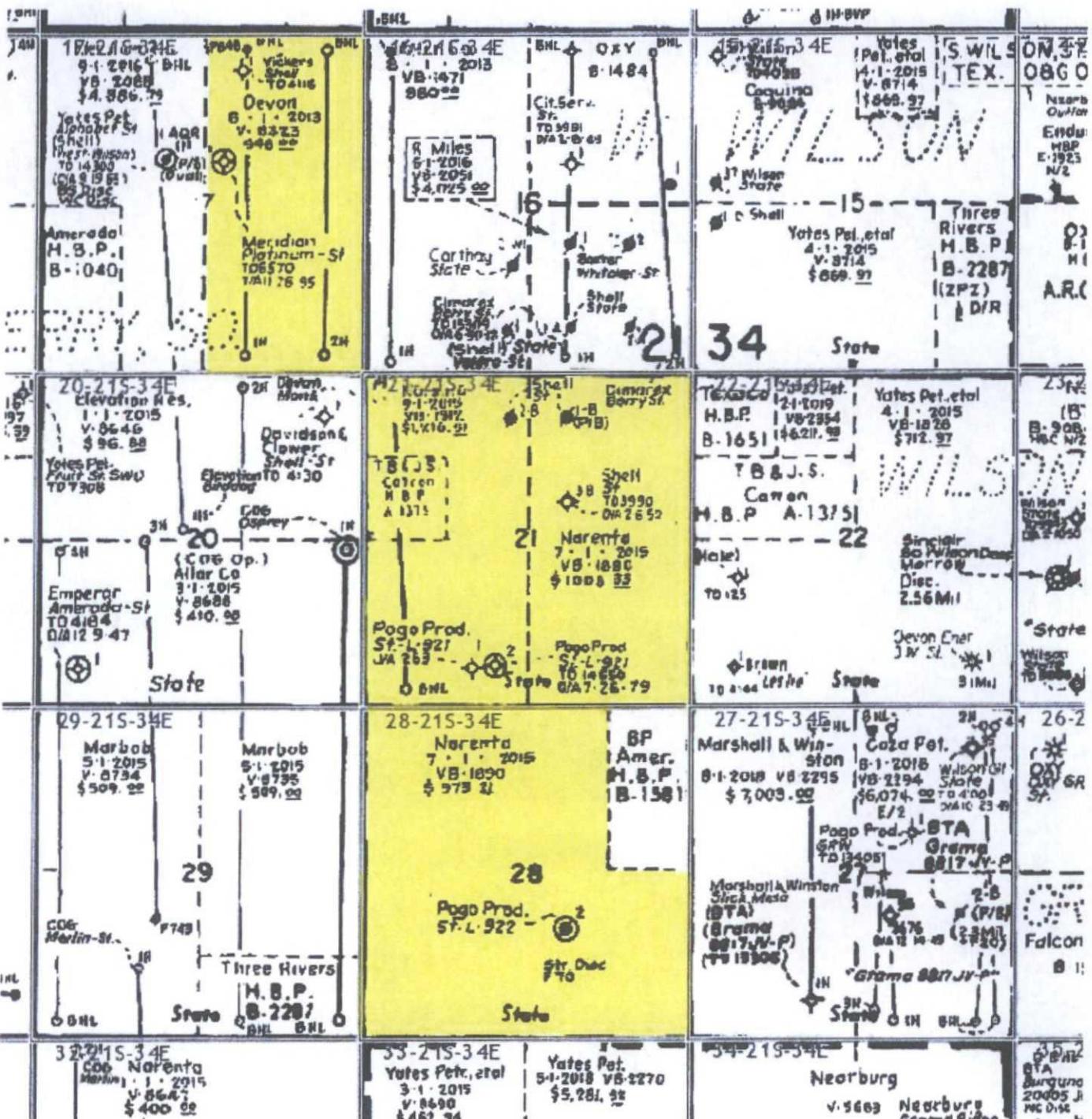
Thank you for your attention to this matter.

Very truly yours,



Gary W. Larson

GWL:rc
Enclosures



List of Affected Persons

GMT Exploration Company LLC
Attn: Phillip G. Wood
1560 Broadway, Suite 2000
Denver, CO 80202

New Mexico State Land Office
Attn: Terry Warnell
310 Old Santa Fe Trail
Santa Fe, NM 87504

McMillan, Michael, EMNRD

From: Gary Larson <glarson@hinklelawfirm.com>
Sent: Wednesday, July 15, 2015 11:15 AM
To: McMillan, Michael, EMNRD
Subject: RE: Devon Monk "21" State Well No. 4H

Mike,

Thank you for confirming that the only affected spacing unit is the SW/4 SE/4 of Section 16.

Upon further investigation of affected persons entitled to receive notice of Devon's NSL application, we discovered that GMT Exploration does not have an interest in the SW/4 SE/4 of Section 16 (GMT Exploration operates the Jamalberry #001H well in the W/2 W/2 of Section 16).

We further discovered that Cimarex Energy Co. holds a state lease in the SE/4 of Section 16 and is entitled to receive notice of the application. I attest that I sent a certified mail notice letter to Cimarex Energy Co. yesterday (July 14th).

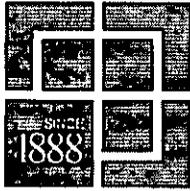
Gary

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Monday, July 13, 2015 4:32 PM
To: Gary Larson
Subject: Devon Monk "21" State Well No. 4H

Gary:

I assume that GMT Exploration owns in the SW/4 SE/4 of Section16? That is the only affected Unit.

Mike



hinklelawfirm.com

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WRITER:
Gary W. Larson,
Partner
glarson@hinklelawfirm.com

July 14, 2015

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Cimarex Energy Co.
600 N. Marienfeld Street, Suite 600
Midland, TX 79701

Re: Application of Devon Energy Production Company, L.P. for administrative approval of unorthodox location for its Monk "21" State #4H horizontal well

Dear Madam/Sir:

Enclosed is a copy of the above-referenced application that Devon Energy Production Company, L.P. ("Devon") filed yesterday with the New Mexico Oil Conservation Division ("OCD").

The application seeks administrative approval of an unorthodox location for Devon's Monk "21" State #4H horizontal well, which Devon has drilled from a surface location 200 feet from the north line and 1,980 feet from the east line, to a bottom hole location 285 feet from the south line and 672 feet from the east line, of Section 21, Township 21 South, Range 34 East, in Lea County.

Any objection to Devon's application must be filed in writing with the OCD, 1220 South St. Francis Drive, Santa Fe 87505, within twenty (20) days after the OCD's receipt of the application. If no objections to Devon's application are received by the OCD within the twenty-day period, then the application may be administratively approved by the OCD.

If you have any questions or concerns about Devon's application, please contact:

Carol Glass
Landman
Devon Energy Corporation
333 W. Sheridan Avenue
Oklahoma City, OK 73102
405.552.6160
Carol.Glass@devon.com

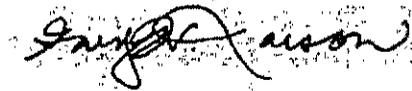
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(FAX) 505-982-8623

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gary W. Larson". The signature is written in a cursive style with a large, sweeping initial "G".

Gary W. Larson

GWL/sm

Enclosure