

Stogner, Michael, EMNRD

From: Gray, Ken (OKC) [Ken.Gray@dvn.com] **Sent:** Wed 3/22/2006 8:56 AM
To: Arrant, Bryan, EMNRD; Ysasaga, Stephanie
Cc: Blount, Jim; Stogner, Michael, EMNRD
Subject: RE: North Pure Gold 4 Federal 2 - FW: per your request
Attachments:

Thanks Bryan. We're really not trying get around the rules. Since we will only be unorthodox to ourselves in Section 9 it will be just as easy to file for the administrative NSL.

From: Arrant, Bryan, EMNRD [mailto:bryan.arrant@state.nm.us]
Sent: Wednesday, March 22, 2006 9:30 AM
To: Gray, Ken (OKC); Ysasaga, Stephanie
Cc: Blount, Jim; Stogner, Michael, EMNRD
Subject: RE: North Pure Gold 4 Federal 2 - FW: per your request

Dear Mr.. Gray,

In NMOCD 19.15.3.111, the rule as you are aware starts off with a number of definitions. Please review the series of definitions: In this case the (penetration point) and the (producing area).

In section 9 the point of penetration of the well bore will be non-standard with respect to cutting the top of the Delaware Mountain Group. In reading NMOCD Rule 111 as explained in 19.15.2.111(C)(1): "Directional Drilling Within a Project Area. A permit to directionally drill a well bore may be granted by the the appropriate Division District Office if the producing interval is entirely within the producing area".....

Your application does not meet the approval by the District offices and will need to be approved for a NSL administratively or by hearing if there is an objection. The reason being is that the Delaware formation (from the Lamar Limestone to the base of the Brushy Canyon formation) is included in this picture and not where an operator produces a well with respect to the perfed intervals. The application that has been submitted shows the Delaware Mountain group being un-orthodox even though it is Devon's intent to not produce out of section 9.

This is how I interpret this rule. Please contact Mr.. Stogner in Santa Fe.

If he has a difference of opinion he will advise and explain the particulars of this matter.

Yours truly,

Bryan Arrant

505-748-1283 ext. 103

From: Gray, Ken (OKC) [mailto:Ken.Gray@dvn.com]
Sent: Tuesday, March 21, 2006 12:55 PM
To: Ysasaga, Stephanie; Arrant, Bryan, EMNRD
Cc: Blount, Jim
Subject: RE: North Pure Gold 4 Federal 2 - FW: per your request

Bryan, in response to your email: based on the drilling survey we submitted with our APD, our initial perms in the horizontal portion of the well will be 480' FWL & 330" FSL which will be a standard location. Devon has no intention of completing in that portion of the well located in Section 9 as there is already a producing Delaware in unit letter D. Yes, we have drilled a number of h-wells in this area where the surface location was certainly a NSL and in some instances the initial perms in the horizontal portion of the well were at a NSL and we have complied with OCD rules in each case, however this one doesn't seem to fall into that category as the productive interval of the well will not be at a NSL (at least as projected). If we're missing the point, please let us know. Shall we re-submit the C-102 with the location of the initial perms so it is clear what our intent is? We could also note that on the drilling survey if that would help.

From: Ysasaga, Stephanie
Sent: Monday, March 13, 2006 3:15 PM
To: Gray, Ken (OKC)
Cc: Blount, Jim
Subject: North Pure Gold 4 Federal 2 - FW: per your request

Ken,

Was going back through my e-mails..... here is Bryan Arrants more specific explanation. I'm pulling his fax information now.

Steph

From: Arrant, Bryan, EMNRD [mailto:bryan.arrant@state.nm.us]
Sent: Sunday, January 29, 2006 4:41 PM
To: Ysasaga, Stephanie
Subject: per your request

Hi,

Well I couldn't resist stopping by the office just to have the pleasure of working on a Sunday.

Just for a little bit though.

I really had a good week-end though. Hope you the same.

I'm faxing over to you a couple of examples of a C-102 land plat that shows the:

Producing area, project area, estimated point of penetration of the Upper Pennsylvanian formation.

In this case a C-102 for the Indian Basin; Upper Pennsylvanian Associated Pool that Marathon drilled some time ago.

Also shown is their BHL.

The reason Stephanie on why I am stressing out some operators in having to show this on their C-102s is that

I want to have everyone (including me) to have a mutual & complete understanding on whether or not the

well they intend to produce will comply with Rule 104. I'm also faxing back your proposed directional survey for this well to show that if by case in the future that ya'll plan to plug back to the Delaware for an oil well is that for this well to produce it will require a NSL to do so. That is because the penetration point of the Delaware (which will be the Lamar Limestone of the Delaware Mountain Group) is projected to come in @ slightly more than 1468' FNL & 1454' FWL. Also the BHL of where the well bore will drop down to a vertical path @7240' is also non-standard for an oil well. I know you and your group already knows about this, but wanted to point it out. As you might be aware, some of the operators have been visiting with Michael Stogner in Santa Fe to try and relax or change the conditions of Rule 111. Having to change and drill at a high angle in order to be standard from the lease lines for an oil well for example can cause mechanical problems in the completion and producing the well.

Well its off to Wally World.

See ya,

Bryan

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