

MC

NSC

pMESO-318937881

Rec: 7-22-03

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE)
(505) 982-2151 (FAX)

jamesbruc@aol.com

July 22, 2003

Hand Delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: **Amended** application of Devon Energy Production Company,
L.P. for administrative approval of an unorthodox oil
well location:

<u>Well:</u>	Eagle 35E Fed. Well No. 10
<u>Location:</u>	2310 feet FNL & 215 feet FWL
<u>Well Unit:</u>	SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 35, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico

Administrative application reference No. pMESO-318937881

Dear Mr. Stogner:

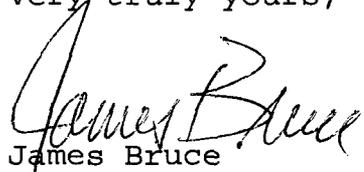
Regarding your letter of July 15, 2003 (copy attached): Due to the matters pointed out in your letter, applicant at this time abandons its plans to complete the well in the Red Lake Queen-Grayburg-San Andres Pool, **and requests approval of the unorthodox location only in the Northeast Red Lake Glorieta-Yeso Pool** (which is the primary zone of interest). With that amendment, applicant requests that its application be approved.

I will be submitting to you a separate letter with information on the Red Lake Queen-Grayburg-San Andres Pool, and would like the Division's guidance as to how to proceed with well units which contain two or more wells completed in different intervals of that pool. (There are several depth severances of leasehold ownership in this area.)

The original application is also enclosed. Please let me know if you need additional information to process this application.

Thank you.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above the printed name.

James Bruce

Attorney for Devon Energy Production Company, L.P.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 17, 2003

Lori Wrotenbery

Director

Oil Conservation Division

Devon Energy Production Company, L.P.
c/o **James Bruce**
P. O. Box 1056
Santa Fe, New Mexico 87501

Re: Administrative application filed with the Division on July 7, 2003 on behalf of Devon Energy Production Company, L.P. (administrative application reference No. pMES0-318937881) for an exception to Division Rule 104.B (1) for its proposed Eagle "35-E" Federal Well No. 10 to be drilled at an unorthodox oil well location into both the Red Lake Queen-Grayburg-San Andres Pool (51300) and Undesignated Northeast Red Lake-Glorieta-Yeso Pool (96836) 2310 feet from the North line and 215 feet from the West line (Unit E) of Section 35, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

Dear Mr. Bruce:

I find in reviewing the subject application that the SW/4 NW/4 (Unit E) of Section 35, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, being a standard 40-acre oil spacing and proration unit in the Red Lake Queen-Grayburg-San Andres Pool, is currently dedicated to Smith and Marrs, Inc.'s Harbold Federal Well No. 12 (API No. 30-015-00613), located at a standard oil well location 1650 feet from the North line and 990 feet from the West line of Section 35. The vertical extent of the Red Lake Queen-Grayburg-San Andres Pool includes all of the Queen, Grayburg, and San Andres formations. Since Smith and Marrs, Inc. being the operator of the Harbold Federal Well No. 12 is also the operator of the 40-acre unit comprising the SW/4 NW/4 (Unit E) of Section 35 in the Red Lake Queen-Grayburg-San Andres Pool. Further, it is the Division's long-standing policy, if not a rule, that only one operator can control a producing spacing and proration unit.

Also, my review of the subject application at face value, and assuming no other factors, there appear to be other locations within the northeastern portion of Unit "E" of Section 35 that meet the required 330 foot set back requirements while avoiding the Navajo Refining Company pipeline for a well to the Undesignated Northeast Red Lake-Glorieta-Yeso Pool.

I therefore find at this time that the subject application cannot be authorized administratively and is hereby **denied** and being returned to you. Should Devon wish to pursue this matter it will be necessary to docket a hearing.

Sincerely

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad

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

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 _____

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Oil Conservation Division

[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

[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.

James Bruce
 Print or Type Name

James Bruce
 Signature

Attorney for Applicant
 Title

jamesbruc@aol.com

e-mail Address

7/7/03
 Date

JAMES BRUCE

ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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Oil Conservation Division

Via Hand Delivery

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Devon Energy Production Company, L.P. ("Devon") applies for administrative approval of an unorthodox oil well location for the following well:

<u>Well:</u>	Eagle 35E Federal Well No. 10
<u>Location:</u>	2310 feet FNL & 215 feet FWL
<u>Well Unit:</u>	SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 35, Township 17 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

The well will be drilled to test the San Andres formation (the San Andres member of the Red Lake Queen-Grayburg-San Andres Pool) and the Glorieta/Yeso formations (Undesignated Northeast Red Lake Glorieta-Yeso Pool), which are both developed on statewide rules. A Form C-102 for the well is attached as Exhibit A.

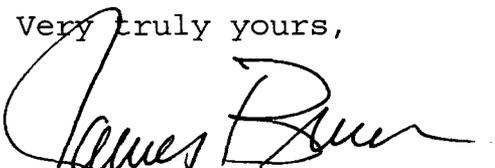
The application is based on topographic reasons. Attached as Exhibit B is a survey plat of the well unit. There is a Navajo Refining Company pipeline crossing the well unit to the east and north of the proposed location, and Navajo will not allow Devon to move the well any closer to the pipeline than the proposed location. Therefore, the location must be unorthodox.

Attached as Exhibit C is a land plat. The S $\frac{1}{2}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ of offsetting Section 34, and the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 35, are covered by United States Lease NM 0557370, which has common royalty and overriding royalty ownership. As to the working interest, Devon and OXY USA WTP Limited Partnership ("OXY") are 50/50 owners in the

proposed well.¹ As to the offsetting acreage in Section 34, Devon owns 100% of the working interest in the San Andres formation, and Devon and OXY are 50/50 working interest owners in the Glorieta/Yeso formations. Therefore, there are no adversely affected offset interest owners, and no one was notified of this application. **As a result, applicant requests that the 20 day notice period be waived.**

Please call me if you need any further information on this matter.

Very truly yours,



James Bruce

Attorney for Devon Energy Production Company, L.P.

¹Devon and OXY own the working interest below 2000 feet subsurface, so they do not own rights in the Queen and Grayburg formations. Therefore, although the well is in the Red Lake Queen-Grayburg-San Andres Pool, only the San Andres interval is affected by this application.

DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1006 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name EAGLE 35E FEDERAL	Well Number 10
OGRID No.	Operator Name DEVON ENERGY PRODUCTION CO., L.P.	Elevation 3573'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	35	17 S	27 E		2310	NORTH	215	WEST	EDDY

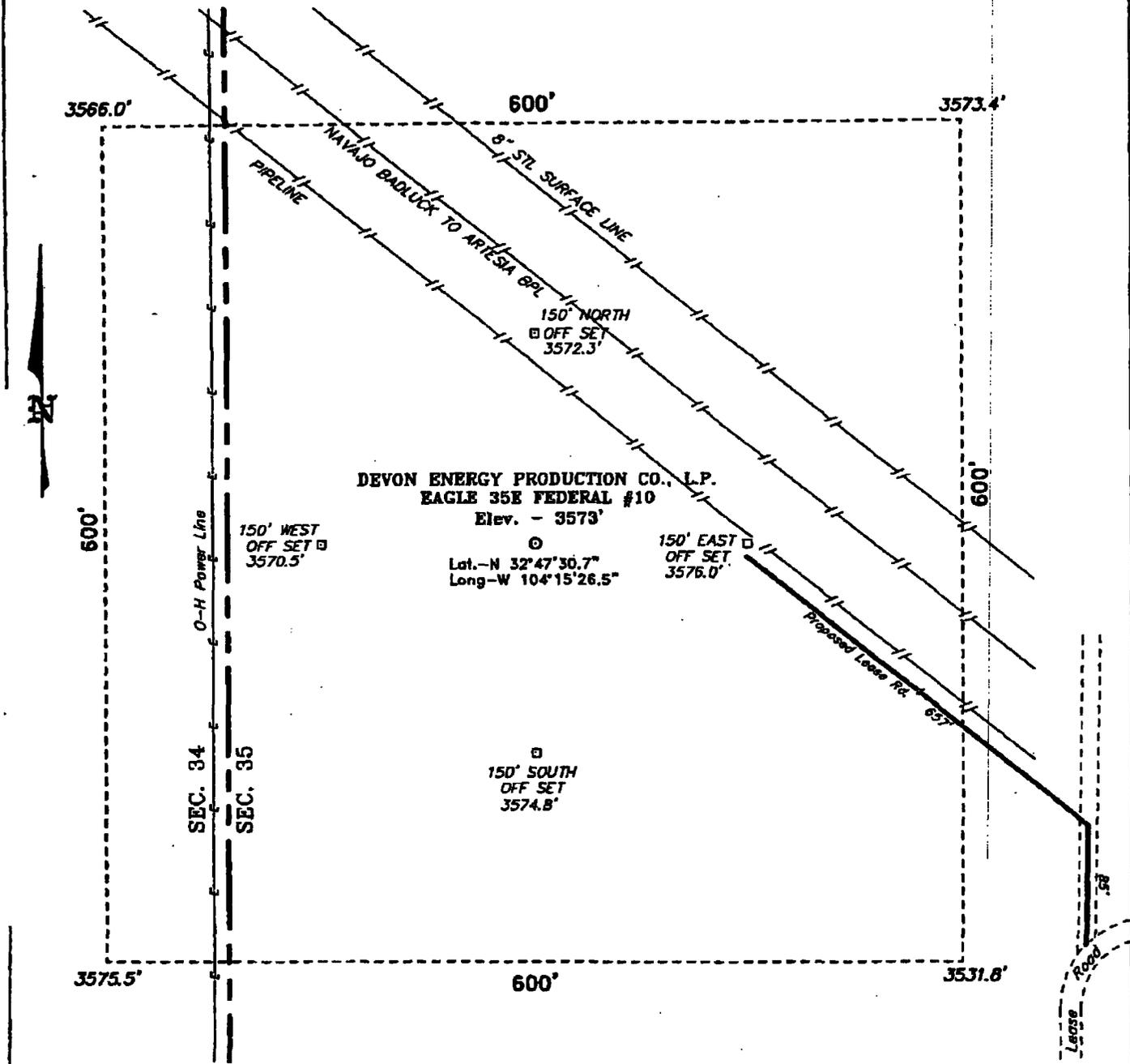
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>	
	<p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>APRIL 21, 2003</p> <p>Date Surveyed _____</p> <p>Signature _____</p> <p>Professional Surveyor Seal of _____</p>	
	<p>7977</p> <p>P.O. No. 3225</p> <p>Certification No. Gary L. Jones 7977</p> <p>PROFESSIONAL SURVEYOR</p> <p>BASIN SURVEYS</p>	
	<p>EXHIBIT A</p> <p>Blaugberg No. 5208</p>	

SECTION 35, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.



DEVON ENERGY PRODUCTION CO., L.P.
EAGLE 35E FEDERAL #10
 Elev. - 3573'
 Lat.-N 32°47'30.7"
 Long-W 104°15'26.5"

Directions to Location:

FROM THE JUNCTION OF CO. RD. 204 AND CO. RD. 258, GO SOUTH ON CO. RD. 204 FOR APPROX. 0.25 MILE TO CO. RD. 225; THENCE SOUTHWESTERLY ON CO. RD. 225 FOR APPROX. 1.25 MILE TO A LEASE ROAD; THENCE NORTHWESTERLY ON LEASE ROAD FOR APPROX. 0.6 MILE TO A POINT ON THE PROPOSED WELL PAD.



DEVON ENERGY PROD. CO., L.P.

REF: EAGLE 35E FED. No. 10 / Well Pad Topo

THE EAGLE 35E FED. No. 10 LOCATED 2310' FROM
 THE NORTH LINE AND 215' FROM THE WEST LINE OF
 SECTION 35, TOWNSHIP 17 SOUTH, RANGE 27 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

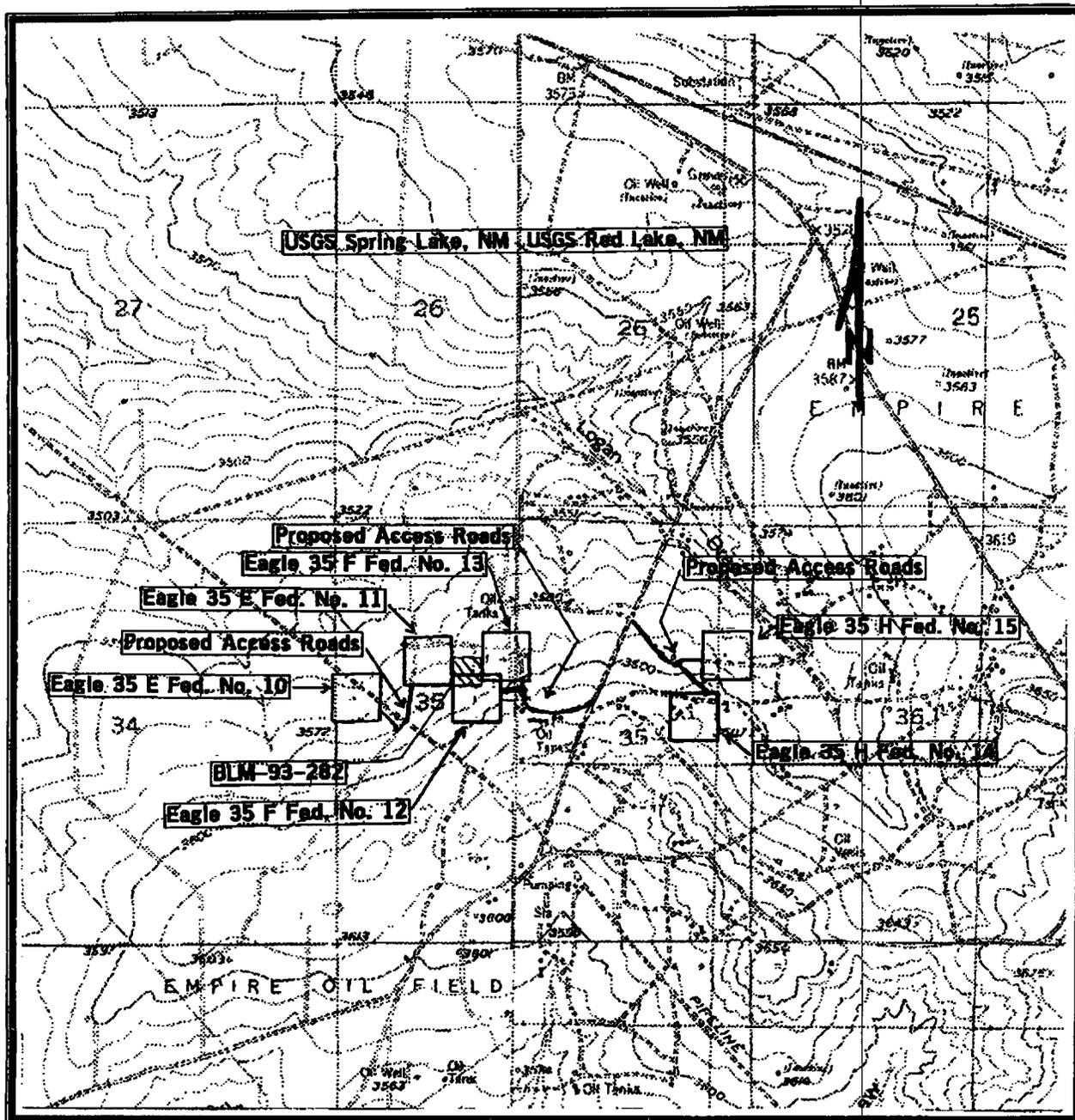
BASIN SURVEYS P.O. BOX 1788-HOBBS, NEW MEXICO

W.O. Number: 3225 Drawn By: K. GOAD

Date: 04-22-2003 Disk: KJG CD#4 - 3225A.DWG

Survey Date: 04-21-2003 Sheet 1 of 1 Sheets





**Figure 1. Survey Area for the Devon Energy Production Co., L.P.
 Eagle "35E" Federal Number 10
 Proposed Well Location and Access Road
 Section 35, T.17S, R.27E
 USGS Spring Lake, NM (1955), and Red Lake (1955) 7.5' topo map
 Eddy County, New Mexico
 Scale 1:24,000**

Southern New Mexico Archaeological Services, Inc.

