

20 April 07

D. Brooks

26 April 07

NSL

PCLP0711439554

ACQUISITION SHEET FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Devon
N Permian 5701 #1-
5626

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 _____

[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

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

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.

Signature

Title

Date

Street Address

devon

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

April 20, 2007

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
Attn: David Brooks

RE: North Pure Gold 5 Federal #1H
Section 5-T23S-R31E
Eddy County, New Mexico

Ken Gray 40297

Gentlemen:

Devon Energy Production Company, L.P. ("Devon"), as Operator, intends to drill the referenced horizontal Lower Brushy Canyon Delaware well to a total vertical depth of approximately 7950' with a total measured depth of approximately 12,900'. Devon is electing to drill this horizontal well due to the inability to obtain a vertical APDs due to Potash restrictions. As reflected on the attached C-102, the well will be permitted at a surface location of 660' FEL and 150' FNL with a permitted bottom hole location of 330' FEL and 660' FEL of Section 5, Township 23 South, Range 31 East. The Bureau of Land Management will establish a "drilling island" for this well along the South side of the WIPP site in accordance with the applicable Secretarial Order governing oil and gas development in the Potash Area of Southeast New Mexico. Devon chose this location in order to cause as little interference as possible with the potash resource in the area that has been determined to be measured ore. The initial portion of the open hole and potentially productive horizontal section of the well will be located 330' FNL and 660' FEL of said Section 5. Devon will penetrate the top of the Delaware Mountain group with the vertical portion of the well bore and according to Division rules the above mentioned surface hole location would be classified as a non-standard location.

Even though the initial portion of the open hole horizontal section of the referenced well appears to be located at a standard location in accordance with Division rules, Devon respectfully requests that the Commission administratively approve this application for an unorthodox location in accordance with Division Rule 104(F) (3) with regard to the vertical unorthodox portion of the well. This unorthodox location affects the unleased mineral interests owned by the Commissioner of Public Lands, State of New Mexico ("SLO") in the spacing unit to the North in Section 32-T22S-R31E located inside the boundary of the WIPP site. Devon has given notice of this application to the SLO. Additionally, Devon requests Commission approval to designate a 160 acre project area consisting of four standard oil spacing units comprised of the E/2 E/2 (Unit letters A, H, I & P) of said Section 5.

Attached for your review you will find a land plat reflecting the SLO as the only affected party, a structure map on top of the Bone Spring formation, a State of New Mexico form C-102, a Well Profile Report prepared by Baker Hughes and copy of a notification letter to the SLO.

Feel free to contact the undersigned at (405) 552-4633 if there are any concerns or questions regarding this application.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray
Ken Gray
Senior Land Advisor

KG\North Pure Gold 5 Federal #1 UL
Enclosure

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1201 V. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Elia Briscoe Rd., Aztec, NM 87410

DISTRICT IV
1200 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name NORTH PURE GOLD "5" FEDERAL	Well Number 1H
OCRD No.	Operator Name DEVON ENERGY PRODUCTION COMPANY LP	Elevation 3337'

Surface Location

UL or lot No.	Section	Township	Range	Lot (in)	Feet from the	North/South line	Feet from the	East/West line	County
A	5	23 S	31 E		150	NORTH	660	EAST	EDDY

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot (in)	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>SURFACE LOCATION Lat - N32°20'25.2" Long - W103°47'56.6" (NAD-83)</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or possesses mineral interests in the land including the proposed section hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement, or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</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>MARCH 05 2007</p> <p>Date Surveyed to Date _____</p> <p>Signature & Seal of Professional Surveyor _____</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>



Planned Wellpath Report

Plan #1
Page 1 of 3



REFERENCE WELLPATH IDENTIFICATION

Operator	Devon Energy	Slot	#1H_SHL
Area	Eddy County, NM	Well	#1H
Field	Sand Dunes West Field	Wellbore	#1H_PWB
Facility	North Pure Gold 5 Federal #1H		

REPORT SETUP INFORMATION

Projection System	NAD83 / TM New Mexico State Planes, Eastern Zone (3001)	Software System	WellArchitect™ 1.2
North Reference	Grid	User	GomeOscR
Scale	0.999941	Report Generated	04/19/07 at 17:36:15
Wellbore last revised	04/19/07	Database/Source file	WA_Midland/#1H_PWB.xml

WELLPATH LOCATION

	Local coordinates		Grid coordinates		Geographic coordinates	
	North [feet]	East [feet]	Easting [meters]	Northing [meters]	Latitude [°]	Longitude [°]
Slot Location	0.00	0.00	215816.93	148732.16	32 20 25.200N	103 47 36.600W
Facility Reference Pt			215816.93	148732.16	32 20 25.200N	103 47 36.600W
Field Reference Pt			0.00	0.00	30 59 18.404N	106 03 38.987W

WELLPATH DATUM

Calculation method	Minimum curvature	Rig on #1H_SHL (RT) to Facility Vertical Datum	0.00 feet
Horizontal Reference Pt	Slot	Rig on #1H_SHL (RT) to GRN. ELEV.	3337.00 feet
Vertical Reference Pt	Rig on #1H_SHL (RT)	Facility Vertical Datum to Mud Line (Facility)	0.00 feet
MD Reference Pt	Rig on #1H_SHL (RT)	Section Origin	N 0.00, E 0.00 ft
Field Vertical Reference	GRN. ELEV.	Section Azimuth	180.02°



Planned Wellpath Report

Plan #1
Page 2 of 3



REFERENCE WELLPATH IDENTIFICATION			
Operator	Devon Energy	Slot	#1H_SHL
Area	Eddy County, NM	Well	#1H
Field	Sand Dunes West Field	Wellbore	#1H_PWB
Facility	North Pure Gold 5 Federal #1H		

WELLPATH DATA (60 stations) † = interpolated/extrapolated station									
MD [feet]	Inclination [°]	Azimuth [°]	TVD [feet]	Vert Sect [feet]	North [feet]	East [feet]	DLS [°/100ft]	Design Comments	Path Comment
0.00	0.000	180.018	0.00	0.00	0.00	0.00	0.00	Tie On	
400.00†	0.000	0.000	400.00	0.00	0.00	0.00	0.00		Rustler
850.00†	0.000	180.018	850.00	0.00	0.00	0.00	0.00		Top of Salt
3830.00†	0.000	180.018	3830.00	0.00	0.00	0.00	0.00		Base of Salt
4140.00†	0.000	180.018	4140.00	0.00	0.00	0.00	0.00		Bell Canyon
6650.00†	0.000	180.018	6650.00	0.00	0.00	0.00	0.00		Brushy Canyon
7420.00	0.000	180.018	7420.00	0.00	0.00	0.00	0.00	KOP	
7520.00†	11.930	180.018	7519.28	10.37	-10.37	0.00	11.93		
7720.00†	35.790	180.018	7700.87	90.69	-90.69	-0.03	11.93		
7820.00†	47.720	180.018	7775.33	157.17	-157.17	-0.05	11.93		
7920.00†	59.650	180.018	7834.45	237.60	-237.60	-0.07	11.93		
8020.00†	71.580	180.018	7875.66	328.51	-328.51	-0.10	11.93		
8174.43	90.004	180.018	7900.27	480.30	-480.30	-0.15	11.93	EOC	
8220.00†	90.004	180.018	7900.26	525.87	-525.87	-0.16	0.00		
8320.00†	90.004	180.018	7900.26	625.87	-625.87	-0.20	0.00		
8420.00†	90.004	180.018	7900.25	725.87	-725.87	-0.23	0.00		
8620.00†	90.004	180.018	7900.24	925.87	-925.87	-0.29	0.00		
8720.00†	90.004	180.018	7900.23	1025.87	-1025.87	-0.32	0.00		
8820.00†	90.004	180.018	7900.23	1125.87	-1125.87	-0.35	0.00		
8920.00†	90.004	180.018	7900.22	1225.87	-1225.87	-0.38	0.00		
9120.00†	90.004	180.018	7900.21	1425.87	-1425.87	-0.44	0.00		
9220.00†	90.004	180.018	7900.20	1525.87	-1525.87	-0.48	0.00		
9320.00†	90.004	180.018	7900.20	1625.87	-1625.87	-0.51	0.00		
9420.00†	90.004	180.018	7900.19	1725.87	-1725.87	-0.54	0.00		
9620.00†	90.004	180.018	7900.18	1925.87	-1925.87	-0.60	0.00		
9720.00†	90.004	180.018	7900.17	2025.87	-2025.87	-0.63	0.00		
9820.00†	90.004	180.018	7900.17	2125.87	-2125.87	-0.66	0.00		
9920.00†	90.004	180.018	7900.16	2225.87	-2225.87	-0.69	0.00		
10120.00†	90.004	180.018	7900.15	2425.87	-2425.87	-0.76	0.00		
10220.00†	90.004	180.018	7900.14	2525.87	-2525.87	-0.79	0.00		
10320.00†	90.004	180.018	7900.13	2625.87	-2625.87	-0.82	0.00		
10420.00†	90.004	180.018	7900.13	2725.87	-2725.87	-0.85	0.00		



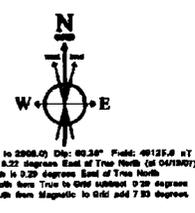
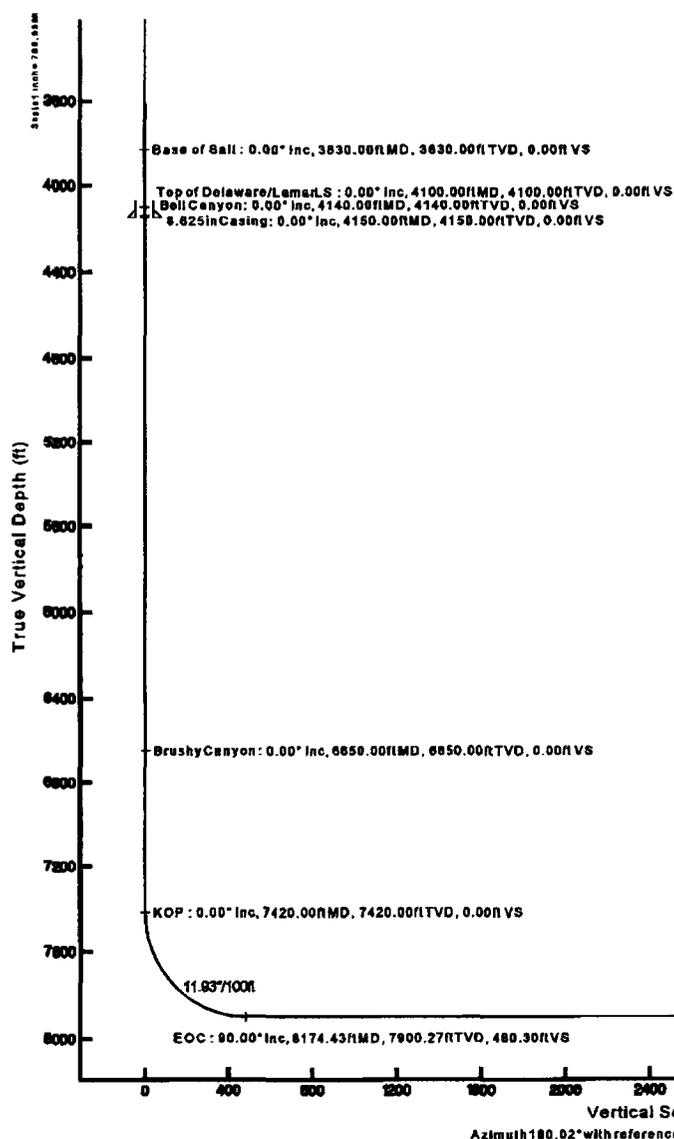
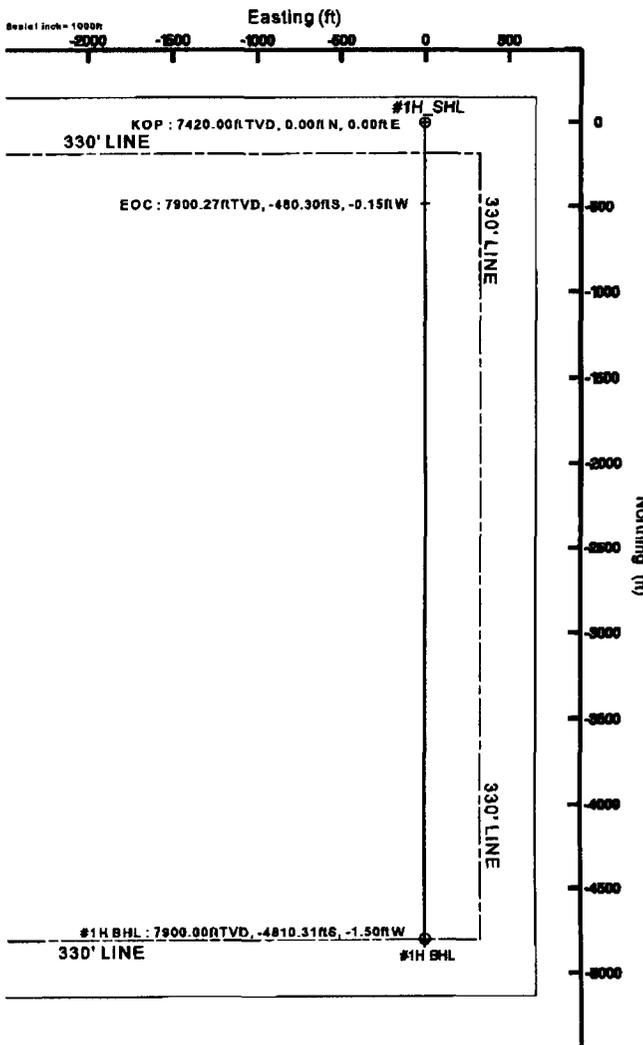
Devon Energy

Location: Eddy County, NM Slot: #1H SHL
 Field: Sand Dunes West Field Well: #1H
 Facility: North Pure Gold 5 Federal #1H Wellbore: #1H PWS



Well Profile Data								
Design Component	MD (ft)	Inc. (°)	AZ (°)	TVD (ft)	Local N (ft)	Local E (ft)	DLS (7100ft)	VS (ft)
Top Op	0.00	0.000	182.376	0.00	0.00	0.00	0.00	0.00
KOP	7420.00	0.000	182.376	7420.00	0.00	0.00	0.00	0.00
EOC	8174.48	80.004	182.376	7900.27	-480.30	-0.15	11.80	480.30
#1H BHL	12504.44	80.004	182.376	7900.00	-481.31	-1.50	0.00	480.30

This reference wellbore is Plan #1	
This vertical depth was referenced to Rig as #1H_SHL (RT)	Slab System: MWD / 1/4" IWD Strainers (see Form), Screen Zone (see F)
Horizontal depths are referenced to Rig as #1H_SHL (RT)	Survey Reference: 684 north
Rig as 001-001-001 (RT) to 001-001-001 (RT)	Scale: 0.01 (feet)
001-001-001 (RT) to 001-001-001 (RT)	Depth: 100 ft
001-001-001 (RT) to 001-001-001 (RT)	Created by: Computer on 4/19/07



Brooks, David K., EMNRD

From: Gray, Ken (OKC) [Ken.Gray@dvn.com]
Sent: Monday, April 30, 2007 6:33 AM
To: Brooks, David K., EMNRD
Subject: RE: North Pure Gold 5 #1H, Eddy County NM - NSL Application

David, yes we will drill vertically into the Delaware or the point of penetration which will be an unorthodox location. I may have misstated the open hole part in our application. We have been completing these types of wells as open hole completions but the engineer in this case has said that we will run a 4½" horizontal liner and perforate no closer than 330 ft. from the north line, which is an orthodox location. Yes, the BHL is 330' FSL & 660' FEL, my error. Let me know if you need additional information.

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Friday, April 27, 2007 10:25 AM
To: Gray, Ken (OKC)
Subject: North Pure Gold 5 #1H, Eddy County NM - NSL Application

Ken

I have before me the referenced application.

As I understand it, this well will be drilled vertically into the Delaware, so that the "point of penetration," as defined in Rule 111, will be at the unorthodox surface location. I also understand that the well will be cased to a point in the horizontal portion of the wellbore at least 330 feet from the North line of Section 5, and will be completed open hole from that point to total depth. Please confirm that this is a correct understanding of the wellbore design.

Your letter states that the bottom hole location will be "330 FEL and 660 FEL of Section 5." That would seem to be an apparent error, and I am assuming from your designation of Project Area that what is meant is "330 FSL and 660 FEL. Please confirm that this is correct.

Thanks

David Brooks

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5/2/2007

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Friday, April 27, 2007 8:25 AM
To: 'Gray, Ken (OKC)'
Subject: North Pure Gold 5 #1H, Eddy County NM - NSL Application

Ken

I have before me the referenced application.

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Thanks

David Brooks

4/27/2007



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

FAX

To: DAVID BROOKS

From: KEN GRAY

Fax: 505-476-3462

Date: 4/20/07

Phone:

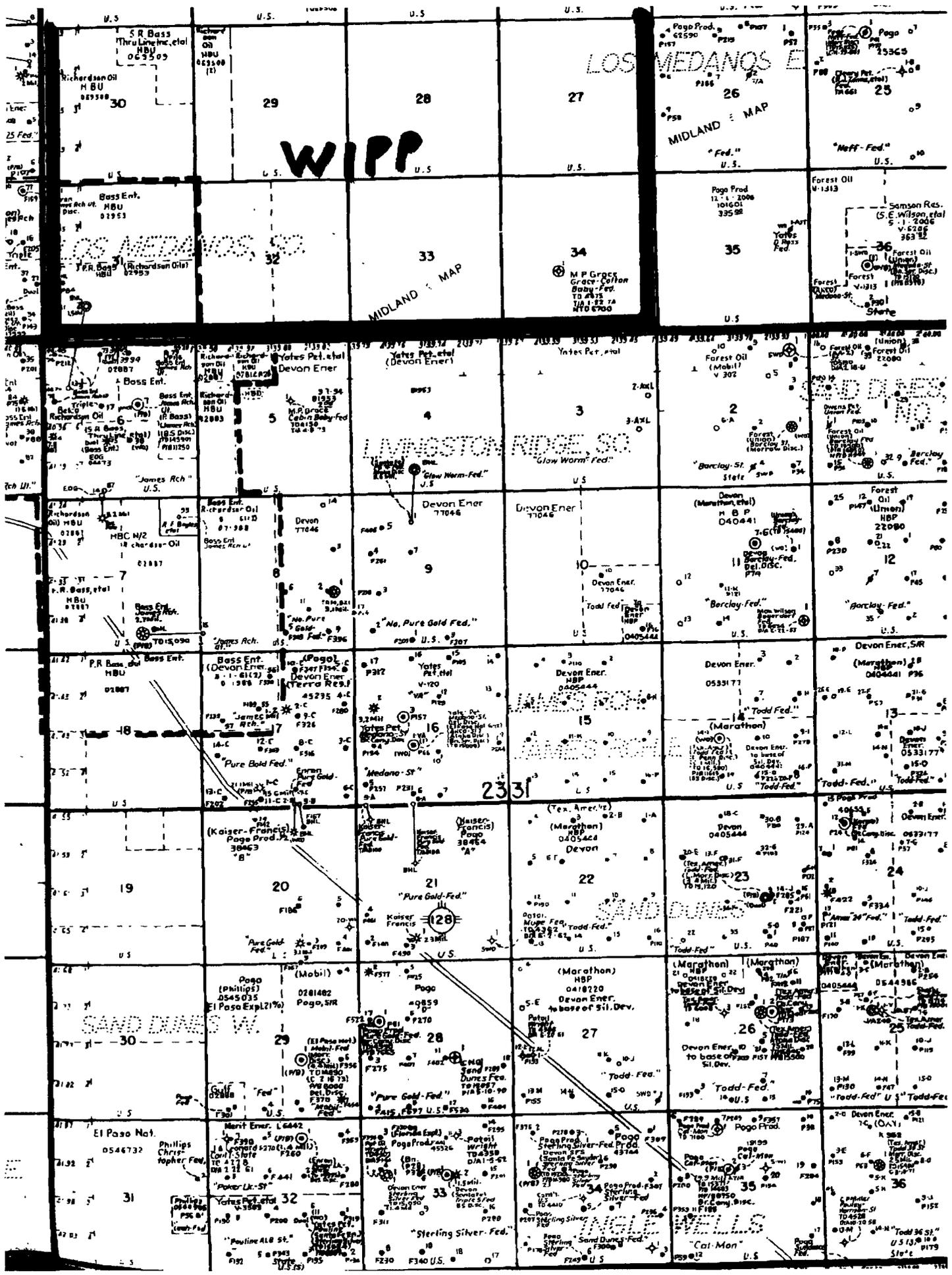
Pages: 9 (including cover page)

Re: NPG 5 FEDERAL # H

CC:

- Urgent For Review Please Comment Please Reply Please Recycle

• Comments:



WIPPA

LOS MEDANOS E.

MIDLAND MAP

LIVINGSTON RIDGE SO.

SAND DUNES

SAND DUNES W.

SAND DUNES E.

25 Fed.

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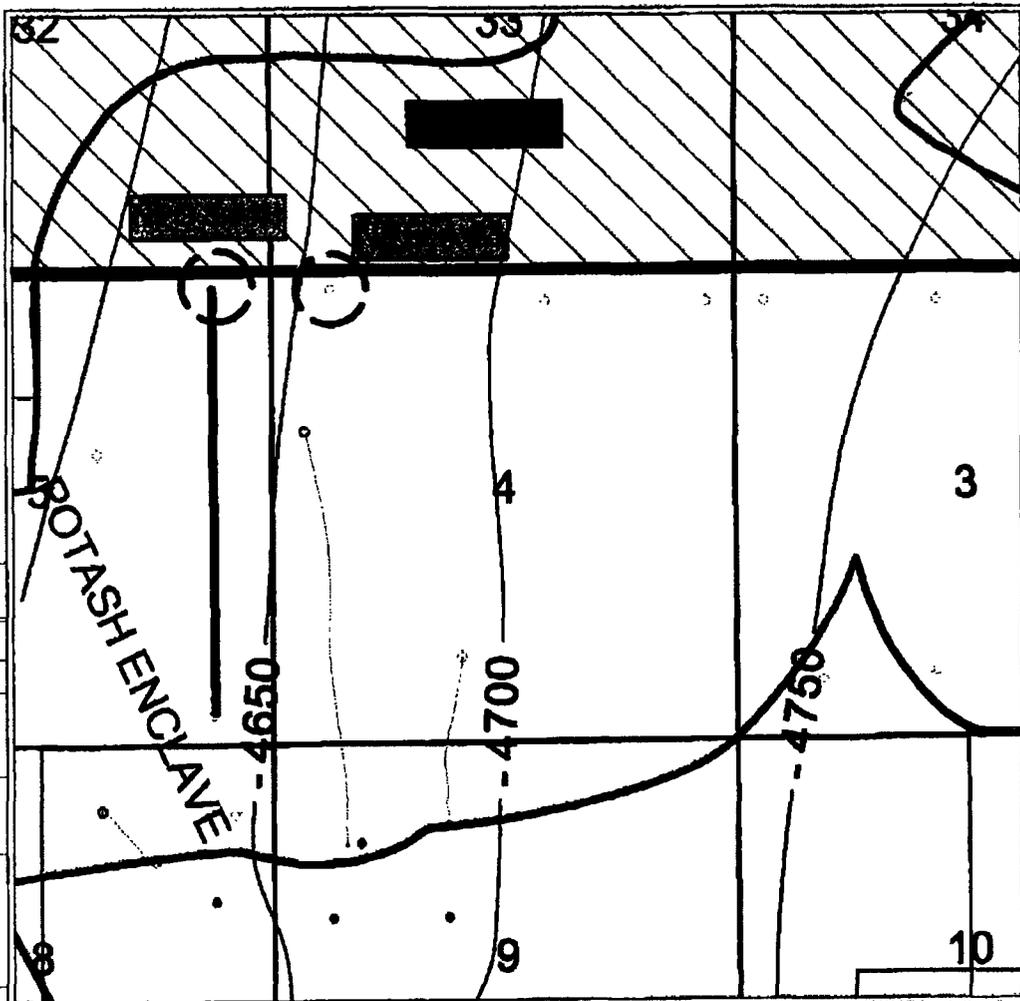
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DEVON ENERGY
SOUTHEAST EDDY
BONE SPRINGS STRUCTURE
0 1,875 3,750 FEET
CONTOURS POTASH - BONE SPRINGS - BSSL POTASH - BONE SPRINGS - BSSL Contour Interval = 50
WELL SYMBOLS Location Only Oil Well Gas Well Dry Hole Abandoned Well Temporarily Abandoned
March 12, 2007

PERMITS/REG/ASB/PA

Brooks, David K., EMNRD

From: Gray, Ken (OKC) [Ken.Gray@dvn.com]
Sent: Monday, April 30, 2007 11:07 AM
To: Brooks, David K., EMNRD
Subject: RE: North Pure Gold 5 #1H, Eddy County NM - NSL Application
Attachments: Gray, Ken (grayk) - 04-30-07 - SM4G9VS.pdf

David, I just received a call from Jeff Albers with the SLO advising that the SLO is no longer the offset owner of the affected spacing unit covered by Devon's administrative application for NSL for the North Pure Gold 5 Federal #1H. The affected offset owner is now the USA/BLM. I have forwarded a copy of our application to the BLM, see attached letter for your file. Please let me know if any questions.

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Friday, April 27, 2007 10:25 AM
To: Gray, Ken (OKC)
Subject: North Pure Gold 5 #1H, Eddy County NM - NSL Application

Ken

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Thanks

David Brooks

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5/2/2007



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

April 30, 2007

United States Department of the Interior
Bureau of Land Management
620 East Greene Street
Carlsbad, New Mexico 88220-6292

Re: North Pure Gold 5 Federal #1H
Section 5-T23S-R31E
Eddy County, NM

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s administrative application for approval of an unorthodox well location covering the referenced well. Our records indicate that the United States of America Department of the Interior, Bureau of Land Management is an affected owner of an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104(f). Objections to this application should be submitted to the New Mexico Oil Conservation Division. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

If there are any questions or if additional information is required, feel free to call me at (405) 552-4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray
Senior Land Advisor

United States of America Department of the Interior, Bureau of Land Management has no objection to this administrative application for unorthodox location.

By: _____

Title: _____

Date: _____