

**DEVON
ENERGY
CORPORATION**

20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/236-4258

May 4, 1993

State Of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Attention: Mike Stognor:

Dear Mr. Stognor:

As we discussed in our telephone conversation today Devon Energy proposes to drill the West Red Lake Unit #37 1490' FNL & 2050' FSL of Section 7 - T18S - R27E Eddy County, New Mexico. After our telephone conversation it is my understanding that because this well is to be part of an active waterflood it is considered an unorthodox location and must be granted an exception to the well location requirements. This being the case, attached at your request is a plat of the West Red Lake Unit showing the unit boundaries and all the wells within; and, Form C-101 and Form C-102. There are no wells within 330' of this proposed location and it is not located within 330' of any boundary or lease lines. All wells that offset this location are owned and operated by Devon Energy Corporation. The well shown on the attached plat as the closest offset to the proposed well was Dry and Abandoned. This information was also submitted to your Artesia District Office on April 8, 1993.

If I did not misinterpret our telephone conversation this is all the information you require to grant a location exception for this well. If you do need additional information please call me at 405-552-4560.

Sincerely,

Randy Jackson
Randy Jackson
Operations Engineer

Post-It™ brand fax transmittal memo 7671		# of pages ▶ 4
To: Mike Stognor	From: Randy Jackson	
Co.	Co.	
Dept.	Phone #	
505-827-5741	Fax #	

Submit to Appropriate District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
NA

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
DRILL RE-ENTER DEEPEN PLUG BACK
b. Type of Well:
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

7. Lease Name or Unit Agreement Name
West Red Lake Unit #37

2. Name of Operator
Devon Energy Corporation (Nevada)

8. Well No.
#37

3. Address of Operator
20 North Broadway Suite 1500 Oklahoma City, OK 73102

9. Pool name or Wildcat
Red Lake, Queen, Grayburg, SA

4. Well Location
Unit Letter F : 1490 Feet From The north Line and 2050 Feet From The west Line
Section 7 Township 18S Range 27E NMPM Eddy County

PROPOSED CASING AND CEMENT PROGRAM

10. Proposed Depth 2450'
11. Formation San Andres
12. Rotary or C.T. rotary
13. Elevations (Show whether DF, RT, GR, etc.) 3288.1'
14. Kind & Status Plug. Bond Blanket
15. Drilling Contractor to be determined
16. Approx. Date Work will start May 1, 1993

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
25"	conductor		40'	Redimix	surface
12 1/4"	surface	24	850'	300 lead/100 tail	surface
7 7/8"	surface	15.5	2450'	100 lead/250 tail	surface

Devon Energy plans to drill to 2450'+ to test the San Andres formation for commercial quantities of oil. If the San Andres is deemed non-commercial, the wellbore will be plugged and abandoned as per OCD regulations. Programs to adhere to OCD rules and regulations are enclosed.

Enclosed is a detailed APD prepared for the BLM on this proposed well. The well is part of a federal unit but is on private surface. The BLM instructed us to refile the application to your attention.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Randy Jackson TITLE District Engineer DATE April 8, 1993

TYPE OR PRINT NAME Randy Jackson TELEPHONE NO. 405-552-4560

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

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

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-89

OIL CONSERVATION DIVISION

EXHIBIT #2

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

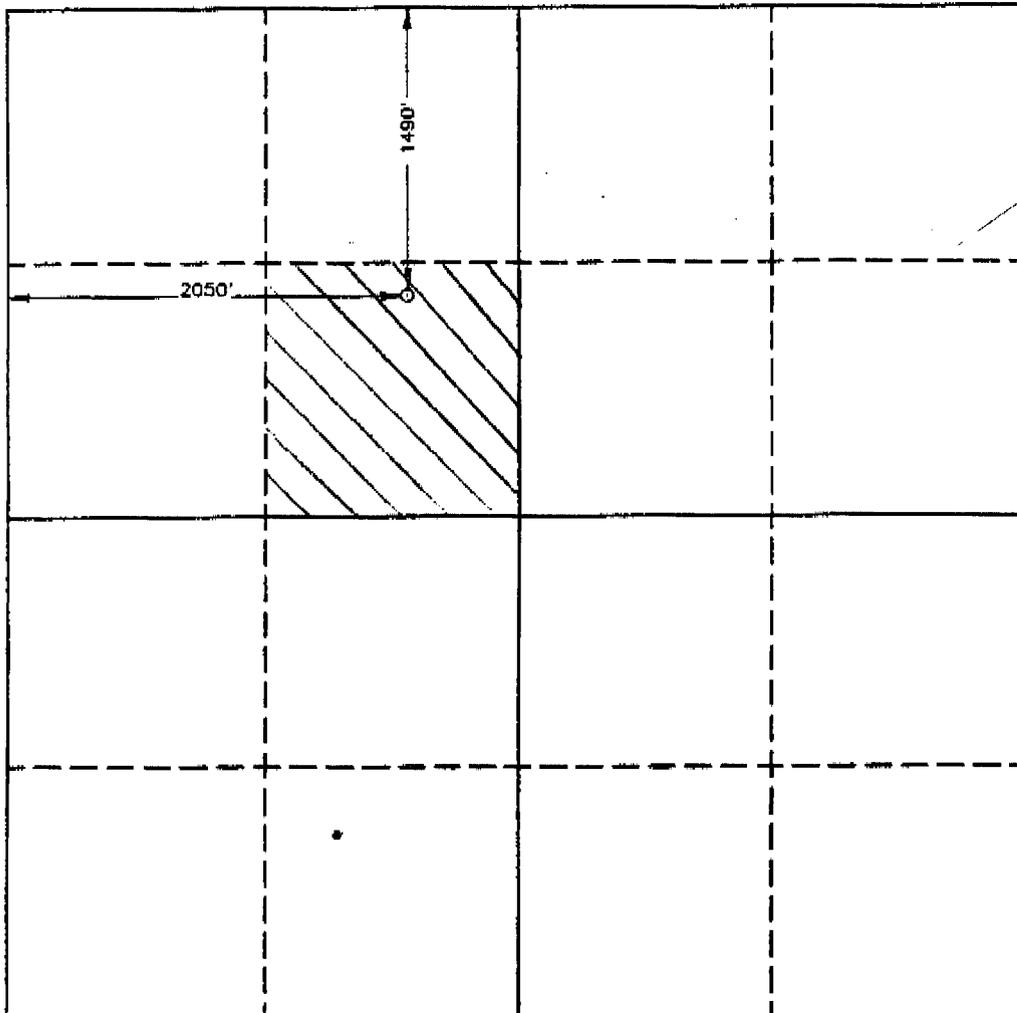
WELL LOCATION AND ACREAGE DEDICATION PLAT

DISTRICT III 1800 Rio Brazos Rd., Axtau, NM 87410

All Distances must be from the outer boundaries of the section

Operator: DEVON ENERGY; Lease: WEST RED LAKE UNIT; Well No.: 37; Unit Letter: F; Section: 7; Township: 18 SOUTH; Range: 27 EAST; County: EDDY; Actual Footage Location of Well: 1490 feet from the NORTH line and 2050 feet from the WEST line; Ground Level Elev.: 3288.1'; Producing Formation: San Andres; Pool: West Red Lake; Dedicated Acreage: 40 Acres

- 1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?
If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)
No allowable will be assigned to the well unit all interests have been consolidated (by communization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

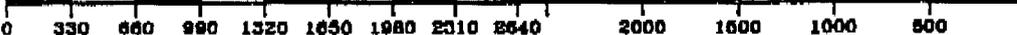
Signature: Charles W. Horsman; Printed Name: Charles W. Horsman; Position: District Engineer; Company: Devon Energy Corporation (Nevada); Date: January 25, 1993

SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed: DECEMBER 3, 1992; Signature & Seal of Professional Surveyor

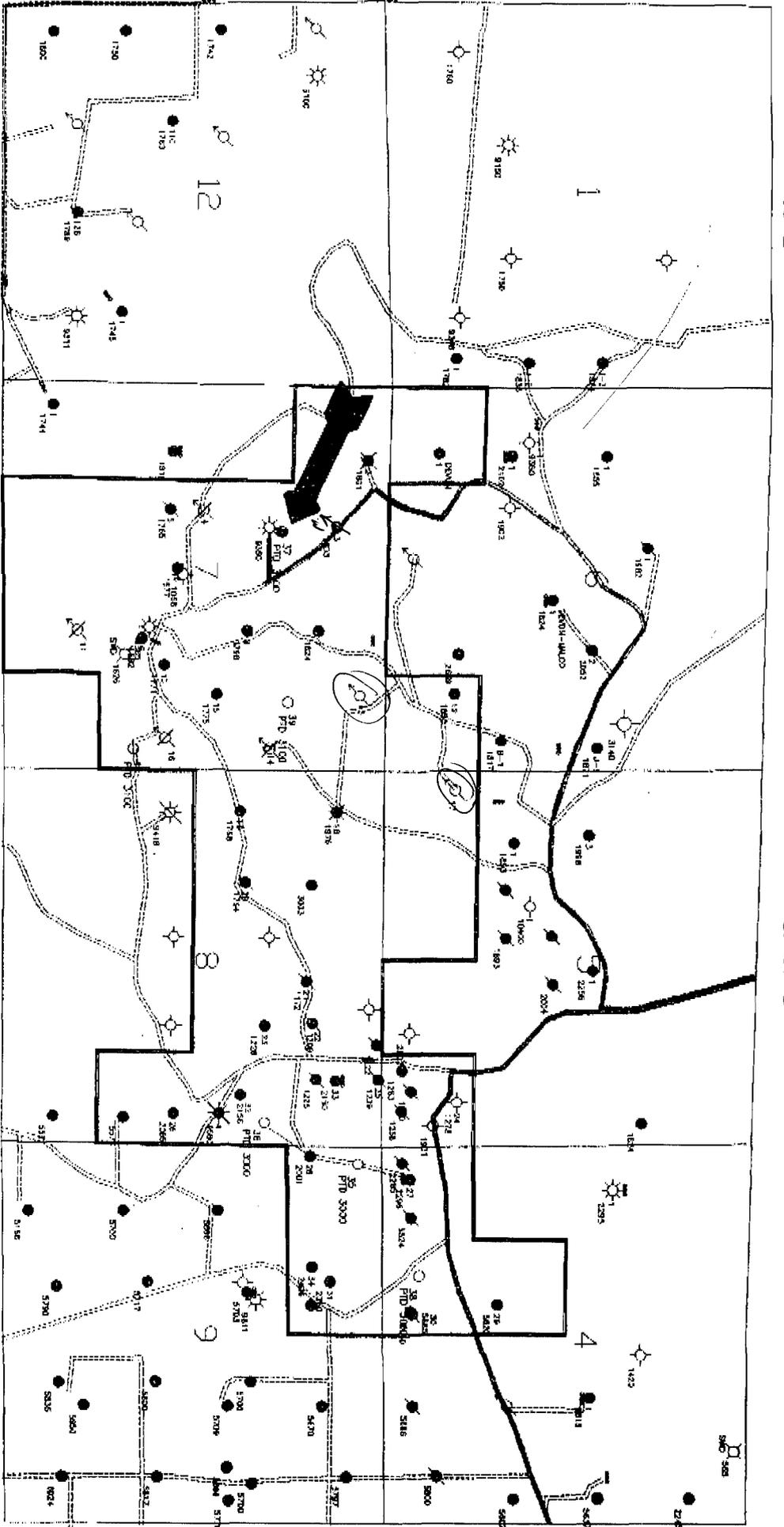
Professional Surveyor Seal: GARY L. JONES, 7977, JOHN W. WEST, 876, RONALD J. EIDSON, 3238, GARY L. JONES, 7827



92-11-1844

R 26 E

R 27 E



----- EXISTING ROAD
 - - - - - PROPOSED ROAD



FILE: WRLU-37



WEST RED LAKE UNIT
 LEFLORE COUNTY, NEW MEXICO

WRLU #37
EXHIBIT 3



RED LAKE QUEEN-GRAYBURG-SAN ANDRES POOL
(West Red Lake Unit Area Waterflood)
Eddy County, New Mexico

Order No. R-3469, Authorizing Atlantic Richfield Company to Institute a Waterflood Project in the West Red Lake Unit Area in the Red Lake Queen-Grayburg-San Andres Pool, Eddy County, New Mexico, August 13, 1968.

Application of Atlantic Richfield Company for a Waterflood Project, Eddy County, New Mexico.

CASE NO. 3824
Order No. R-3469

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on August 7, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of August, 1968, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Atlantic Richfield Company, seeks permission to institute a waterflood project in its West Red Lake Unit Area, Red Lake Queen-Grayburg-San Andres Pool, by the injection of water into the Premier zone of the Grayburg formation and the San Andres formation through 13 injection wells in Sections 4, 5, 7, 8, and 9, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.
- (3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.
- (4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.
- (5) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Atlantic Richfield Company, is hereby authorized to institute a waterflood project in its West Red Lake Unit Area, Red Lake Queen-Grayburg-San Andres Pool, by the injection of water into the Premier zone of the Grayburg formation and the San Andres formation through the following-described wells in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico:

Well	Well No.	Unit	Section
West Red Lake Unit	29	K	4
West Red Lake Unit	17	M	5
West Red Lake Unit	24	P	5
West Red Lake Unit	2	D	7
West Red Lake Unit	4	F	7
West Red Lake Unit	11	O	7
West Red Lake Unit	13	A	7
West Red Lake Unit	14	H	7
West Red Lake Unit	16	I	7
West Red Lake Unit	21	B	8
West Red Lake Unit	26	I	8
West Red Lake Unit	28	D	9
West Red Lake Unit	31	C	9

(2) That the subject waterflood project is hereby designated the Atlantic Richfield West Red Lake Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SHUGART POOL
(Marathon-Queen Waterflood)
Eddy County, New Mexico

Order No. R-3072, Authorizing Marathon Oil Company to Institute a Waterflood Project in the Queen Formation in the Shugart Pool, Eddy County, New Mexico, June 1, 1966.

Application of Marathon Oil Company for a Waterflood Project, Eddy County, New Mexico.

CASE NO. 3048
Order No. R-3072

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 25, 1966, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of June, 1966, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Marathon Oil Company, seeks permission to institute a waterflood project in the Shugart Pool by the injection of water into the Queen formation through three injection wells in Sections 10 and 15, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.
- (3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.
- (4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

OIL CONSERVATION DIVISION
RECEIVED
MAY 10 AM 9 11
DEVON ENERGY CORPORATION

20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/236-4258

May 5, 1993

RE: West Red Lake Unit #37
Non-Standard Location Approval

Manzano Oil Corporation
P. O. Box 2107
Roswell, NM 88202

Certified Letter #: P 373 549 731

Dear Sirs:

We have applied for a permit to drill the above referenced well. The proposed well site is within our West Red Lake Unit in Eddy County, NM and offsets your Johnston #1-Y well in Unit L of Section 7-T18S-R27E.

The West Red Lake Unit #37 is located:

1490' FNL & 2050' FWL
Section 7-T18S-R27E

The State of New Mexico Oil Conservation Division has ruled that this location is "non-standard". They require that we obtain Non-Standard Location Approval from their Santa Fe Office before approving our APD. The NSL approval process requires that we notify offset operators and submit Proof of Notice.

Page 2

Please accept this certified letter as notification. If you have any questions, please call Randy Jackson at (405) 552-4560.

Sincerely yours,

DEVON ENERGY CORPORATION

Debby O'Donnell

Ms. Debby O'Donnell
Engineering Technician

cc.

Oil Conservation Division - Santa Fe, NM

SENT BY

5-12-93 12:12PM

DEVON ENERGY

5058275741;# 2/ 2

**DEVON
ENERGY
CORPORATION**

20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/236-4258

May 12, 1993

State of New Mexico
Energy, Minerals, and Natural Resources Department
Oil Conservation Commission
Santa Fe, New Mexico 87504-2088

Attention: Mike Stognor:

Dear Mr. Stognor:

Over the past week you and I have been discussing Devon Energy's proposed West Red Lake Unit #37 to be located 1490' FNL & 2050' FSL of Section 7 - T18S -R27E Eddy County, New Mexico. Because the State of New Mexico considers this an unorthodox location, offset operators must be notified of our intent to drill this well. Because this well is in a unit Devon already owns and operates all active offset wells within 330' of the proposed well. At your request Devon has also notified the offset operator in the forty acre tract to the southwest by certified mail. A copy of our notification to the operator was sent to your office along with the certified mail number.

Last week you requested we notify the leasee of 40 acre tract immediately west of our proposed location of our intent. Our title search is now complete and the 40 acre tract immediately to the west of our proposed well is unleased. As you will recall from our conversations you stated that if the this acreage was unleased it would not be necessary to notify individual mineral interest owners of our intent as there are several. You stated that a letter to your office informing you of the tract's unleased status is all that would be required to complete the processing of the APD.

With the notification of the offset operator and this notification that the 40 acres to the west is unleased I believe we have now met all of the requirements that you felt were lacking to proceed with the processing of the APD. Should there be any other questions regarding this application please call me at 405-552-4560.

Thank you for cooperation in this matter.

Sincerely,



Randy Jackson
Operations Engineer

DEVON ENERGY CORPORATION
20 NORTH BROADWAY, SUITE 1500
OKLAHOMA CITY, OK 73102-8260
OFFICE (405) 235-3611

FAX TRANSMISSION
Xerox 7033_(405) 552-4550
Monroe MX-3060 (405) 552-4552

DATE: May 12, 1993

TO: Mike Stogrow

COMPANY: _____

FAX PHONE: 505/827-5741

OFFICE PHONE: _____

FROM: Randy Jackson
DEVON ENERGY CORPORATION

NUMBER OF PAGES FOLLOWING: 1

TRANSMISSION COMPLETED: _____