

**DEVON
ENERGY
CORPORATION**

OIL CONSERVATION DIVISION
20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102
RECEIVED
405/235-3611
405/236-4258
SEP 28 1993
FAX

September 28, 1993

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

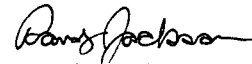
Re: Non - Standard Location Approval

Dear Sir:

On September 17, 1993 Devon Energy was notified by the OCD's Mark Ashley that our proposed East Shugart Unit #42 to be located 330' FNL and 1140' FEL of Section 34 - T18S - R31E Eddy County, New Mexico is an unorthodox location. Attached is a plat of the East Shugart Unit showing the Unit's boundaries and all the wells within; and, Forms 3160-3 and C - 102. The East Shugart Unit is a federal unit and the proposed well is to be part of this active waterflood project. The Unit ID number for the East Shugart Unit is 14-08-0001-11572. Operators that have production in the offsetting 40 acre tracts will be notified by certified mail. A copy of our notification to each operator will be sent to you along with the certified mail number. Any remaining wells that offset the proposed location are owned and operated by Devon Energy, therefore, no other notification is necessary.

Should you require any additional information regarding this unorthodox location or the issuing of an allowable please notify me at 405-552-4560.

Sincerely,


Randy Jackson
Operations Engineer

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM10193		
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME NA		
2. NAME OF OPERATOR Devon Energy Corporation (Nevada)			7. UNIT AGREEMENT NAME East Shugart Unit		
3. ADDRESS AND TELEPHONE NO. 20 North Broadway Suite 1500 Oklahoma City, OK 73102			8. FARM OR LEASE NAME WELL NO. East Shugart Unit #38		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1060' FSL & 2430' FEL At proposed prod. zone same			9. API WELL NO.		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 15 1/2 miles southeast of Loco Hills, New Mexico			10. FIELD AND POOL, OR WILDCAT Shugart		
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 1060'			11. SEC., T., R., N., OR S.E. AND SURVEY OR AREA Section 34-T18S-R31E		
19. PROPOSED DEPTH 4400'			12. COUNTY OR PARISH Eddy		
20. ROTARY OR CABLE TOOLS rotary			13. STATE NM		
21. ELEVATIONS (Show whether DP, BT, GR, etc.) 3618'			22. APPROX. DATE WORK WILL START April 15, 1993		

PROPOSED CASING AND CEMENTING PROGRAM *

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	20"		40'	cement with ready-mix to surface
11"	8 5/8" WC	50.24 ppf	950'	200 sx LITE + 100 sx Class C
7 7/8"	5 1/2" J-55	15.5 ppf	4400'	150 sx LITE + 375 sx Class C

* We plan to circulate cement to surface on all three strings (conductor, surface and longstring).

Devon Energy proposes to drill to approximately 4400' to test the Yates and Queen sands for commercial quantities of oil. If the Yates and Queen are deemed non-commercial, the wellbore will be plugged and abandoned per Federal regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

Drilling ProgramSurface Use and Operating Plan

Exhibit #1 and #1-A = Blowout Prevention Equipment
Exhibit #2 = Location and Elevation Plat
Exhibit #3 = Planned Access Roads
Exhibit #4 = Wells Within a One Mile Radius

Exhibit #5 = Production Facilities Plat
Exhibit #6 = Rotary Rig Layout
Exhibit #7 = Casing Design Program
Evidence of Bond Coverage

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.

24. Charles W. Horsman District Engineer DATE 2/26/93

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Richard L. Mann TITLE AREA MANAGER DATE 5/3/93

*See Instructions On Reverse Side

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

EXHIBIT #2

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator DEVON ENERGY		Lease EAST SHUGART UNIT		Well No. 38	
Unit Letter 0	Section 34	Township 18 SOUTH	Range 31 EAST	County EDDY	
Actual Footage Location of Well: 1060 feet from the SOUTH line and 2430 feet from the EAST line					
Ground Level Elev. 3618.0'	Producing Formation Yates and Queen Sands		Pool Shugart	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation _____

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 communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

OPERATOR CERTIFICATION

I hereby certify the 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 15, 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.

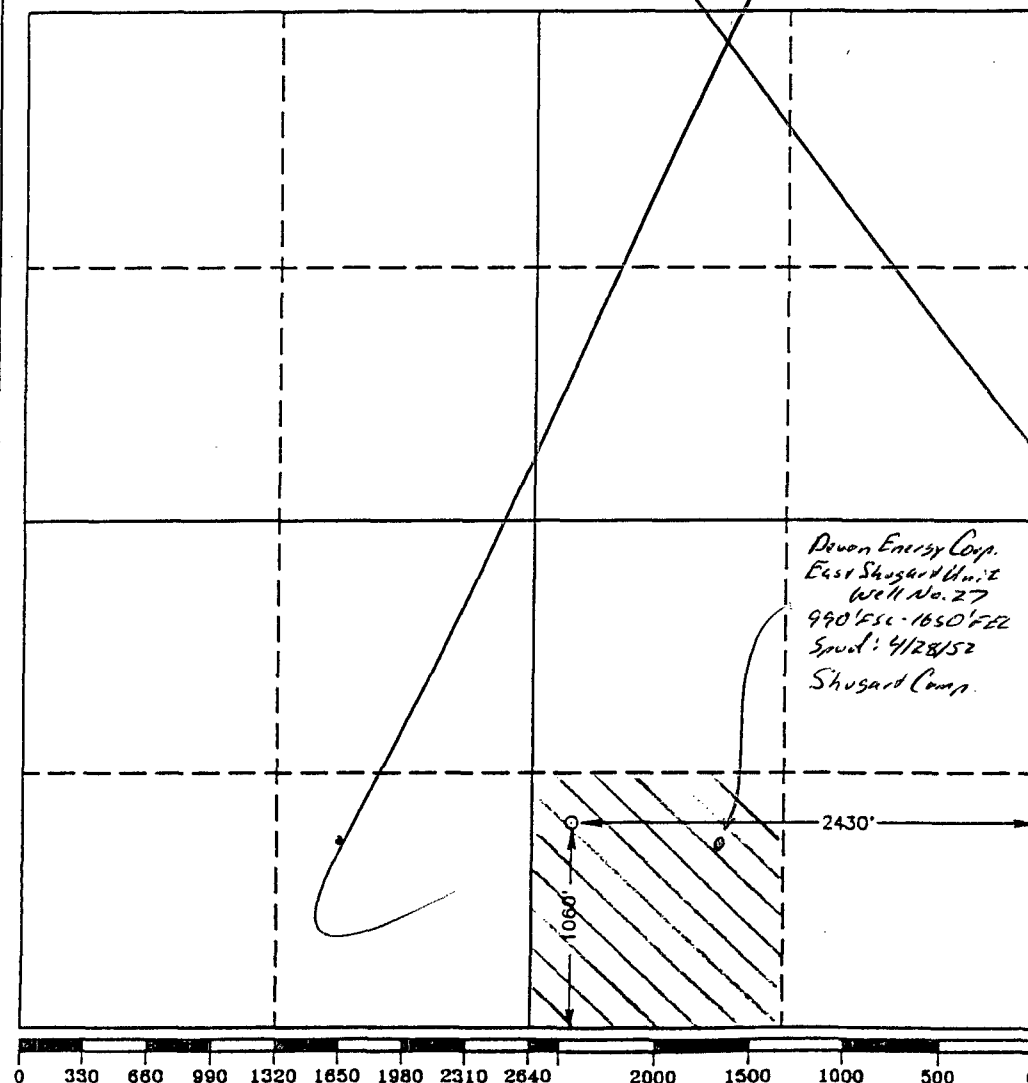
Date Surveyed

DECEMBER 4, 1992

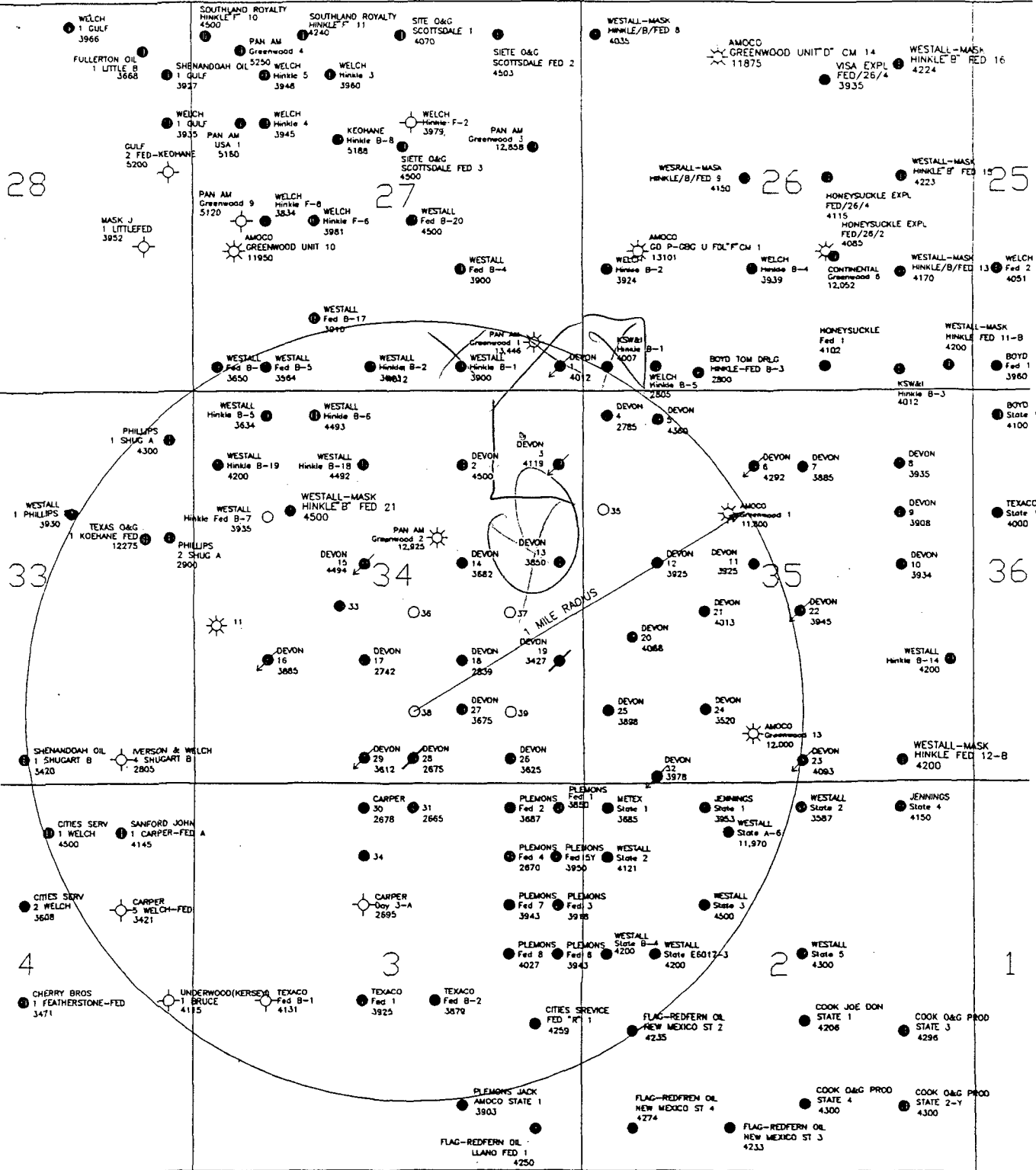
Signature & Seal of Professional Surveyor

Gary L. Jones
GARY L. JONES
NEW MEXICO
7977
CERTIFICATE No. JOHN W. WEST 876
RONALD E. EIDSON 3239
GARY L. JONES 7977

92-11-1846



R 31 E



T
18
S

T
19
S



EAST SHUGART UNIT EDDY COUNTY, NEW MEXICO

EAST SHUGART NO. 38
EXHIBIT 4

FILE: NM01510E

Scale in Feet
1000 2000 3000 4000
FILE: NM01520E

B BDOY

**EAST SHUGART UNIT #42
OFFSET OPERATORS**

Section 26 - T18S - R31E

Operator	Well	Unit #	Remarks
Tom Boyd Drlg.	Hinkle #B-1	M	Active
Tom Boyd Drlg.	Hinkle #B-5	M	Active

Section 27 - T18S - R31E

Operator	Well	Unit #	Remarks
Westall Mask	Hinkle Fed. #B-1	O	Active
Amoco	Greenwood Unit #1	P	Inactive
Amoco	Greenwood PG #1	P	Active

Section 34 - T18S - R31E

Operator	Well	Unit #	Remarks
Amoco	Greenwood Unit #2	G	P&A

(SHUGART (ATLANTIC-RICHFIELD-QUEEN PILOT WATER-FLOOD) POOL - Cont'd.)

(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 pilot waterflood project in the Shugart Pool by the injection of water into the Queen formation through an injection well to be drilled at an unorthodox location 100 feet from the North line and 100 feet from the West line of Section 23, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

(2) That the subject pilot waterflood project is hereby designated the Atlantic Richfield Shugart Panco 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 pilot 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
(Atlantic Richfield East Shugart Waterflood)
Eddy County, New Mexico

Order No. R-3769, Authorizing Atlantic Richfield Company to Institute a Waterflood Project in the East Shugart Unit Area, Shugart Pool, Eddy County, New Mexico, May 28, 1969.

Application of Atlantic Richfield Company for a Waterflood Project and Unorthodox Injection Well Location, Eddy County, New Mexico.

CASE NO. 4138
Order No. R-3769

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 21, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 28th day of May, 1969, 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 East Shugart Unit Area, Shugart Pool, by the injection of water into the Yates and Queen formations through 10 injection wells in Sections 27, 34, and 35, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, and through the following-described well which is to be drilled at an unorthodox location:

East Shugart Unit Well No. 32, to be located 100 feet from the South line and 990 feet from the West line of said Section 35.

(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 East Shugart Unit Area, Shugart Pool, by the injection of water into the Yates and Queen formations through the following-described wells in Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico:

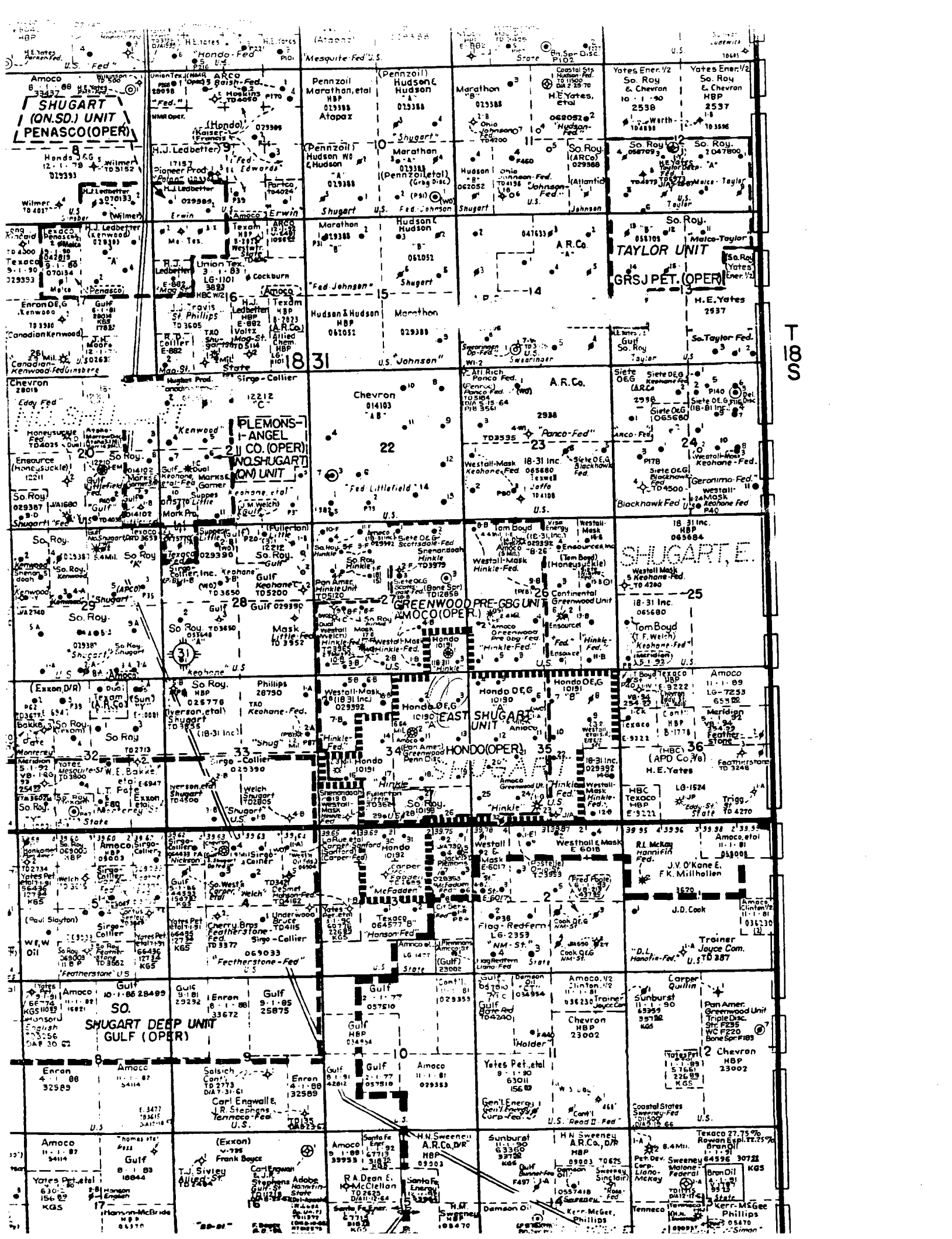
Well	No.	Unit	Section	New Unit Well No.
Atlantic Richfield Co. Hinkle "B"	3	P	27	1
Atlantic Richfield Co. Hinkle "A"	13	A	34	3
Atlantic Richfield Co. Hinkle "B"	5	F	34	15
Atlantic Richfield Co. Hinkle "A"	3	I	34	19
Atlantic Richfield Co. Hinkle "B"	6	L	34	16
Atlantic Richfield Co. Hinkle "B"	1	N	34	29
Cities Service Oil Co. Hinkle "A"	1	O	34	28
Atlantic Richfield Co. Hinkle "A"	12	C	35	6
Atlantic Richfield Co. Hinkle "B"	4	J	35	22
Atlantic Richfield Co. Hinkle "B"	7Y	O	35	23
East Shugart Unit Well No. 32 to be drilled at an unorthodox location 100' FSL and 990' FWL - Section 35				

(2) That the subject waterflood project is hereby designated the Atlantic Richfield East Shugart 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.



**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE*

(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK

DRILL ☒

DEEPEN ☐

B. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER ☐

SINGLE ZONE ☐

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Devon Energy Corporation (Nevada)

3. ADDRESS AND TELEPHONE NO.

(405) 552-4511
20 North Broadway Suite 1500 Oklahoma City, OK 73102

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface 330' FNL & 1140' FEL WELL LOCATION IS:

At proposed prod. zone same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15 1/2 miles southeast of Loco Hills, NM.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.

(Also to nearest drig. unit line, if any)

330'

16. NO. OF ACRES IN LEASE

560

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

900'

19. PROPOSED DEPTH

4500'

20. ROTARY OR CABLE TOOLS

rotary

21. ELEVATIONS (Show whether DP, RT, GR, etc.)

3638.5'

22. APPROX. DATE WORK WILL START*

October 30, 1993

23.

PROPOSED CASING AND CEMENTING PROGRAM *

Capitan Contracting Co. Inc. Broken Bow, OK

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	14"		40'	cmt with readi-mix to surface
12 1/4"	8 5/8", J-55	24 ppf	950'	280 sx LITE + 200 sx Class "C"
7 7/8"	5 1/2", J-55	15.5 ppf	4500'	550 sx LITE + 500 sx Class "C"

* We plan to circulate cement to surface on all casing strings.

Devon Energy proposes to drill to 4500' (+) to test the Queen sand formation for commercial quantities oil oil. If the Queen sand is deemed non-commercial, the wellbore will be plugged and abandoned per Federal regulations. Programs to adhere to onshore oil and gas regulation are outlined in the following exhibits and attachments.

Drilling Program

Surface Use and Operating Plan

Exhibits #1/#1-A = Blowout Prevention Equipment

Exhibit #2 = Location & Elevation Plat

Exhibit #3 = Planned Access Roads

Exhibit #4 = Wells Within One Mile Radius

Exhibit #5 = Production Facilities Plat

Exhibit #6 = Rotary Rig Layout

Exhibit #7 = Casing Design Program
Evidence of Bond Coverage
H₂S Operating Plan

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Randy Jackson TITLE District Engineer

DATE August 13, 1993

(This space for Federal or State office use)

PERMIT NO. _____

APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ Scott Powers TITLE Acting Area Manager DATE 9-14-93

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

OIL CONSERVATION DIVISION

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

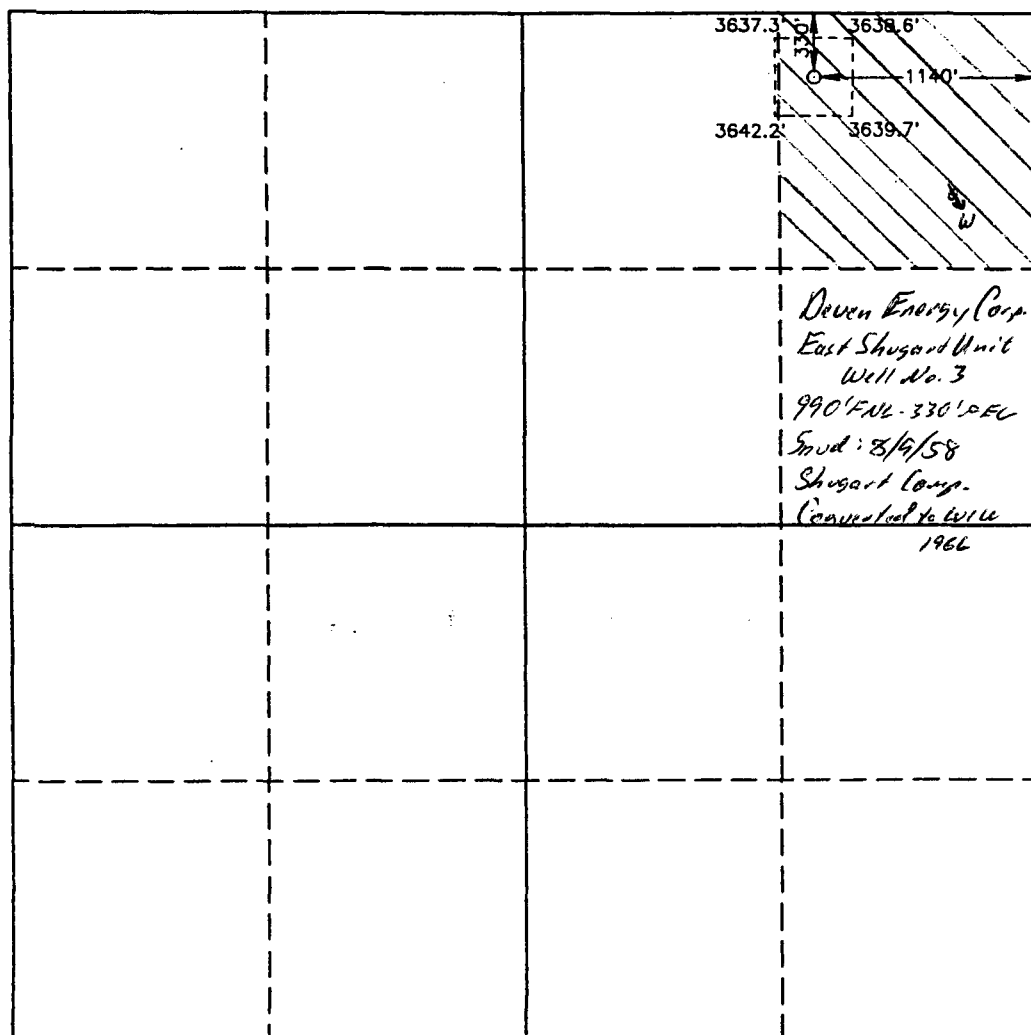
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All Distances must be from the outer boundaries of the section

Operator DEVON ENERGY CORPORATION			Lease EAST SHUGART UNIT		Well No. 42
Unit Letter A	Section 34	Township 18 SOUTH	Range 31 EAST	NMPM	County LEA
Actual Footage Location of Well: 330 feet from the NORTH line and 1140 feet from the EAST line					
Ground Level Elev. 3638.5'	Producing Formation Yates and Queen Sands		Pool Shugart		Dedicated Acreage: 40 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
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 the the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Randy Jackson
Printed Name
Randy Jackson
Position
District Engineer
Company
Devon Energy Corporation (Nevada)
Date
July 28, 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
JULY 1, 1993
Signature & Seal of Professional Surveyor
[Signature]
Certificate No. **JOHN W. WEST 676**
RONALD J. BRIDSON 3239
GARY L. JONES 7977
PROFESSIONAL LAND SURVEYOR

93-11-1250

**DEVON
ENERGY
CORPORATION**

20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/236-4258

September 29, 1993

RE: East Shugart Unit #42
Non-Standard Location Approval

Ray Westall Operating Company
P. O. Box 4
Loco Hills, NM 88255

Certified Letter #: P 164 780 230

Dear Sirs:

We have applied for a permit to drill the above referenced well. The proposed well site is within our East Shugart Unit in Eddy County, NM and offsets the following property which our records show you operate:

Hinkle Federal #B-1

The East Shugart Unit #42 is located:

330' FNL & 1140' FEL
Section 34-T18S-R31E

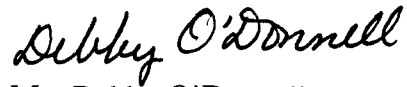
The State of New Mexico Oil Conservation Division has ruled that this location is "non-standard". They require that we obtain Non-Standard Location Approval from their Santa Fe Office before allowing the Bureau of Land Management to issue us a permit. The NSL approval process requires that we notify 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

A handwritten signature in black ink that reads "Debby O'Donnell". The signature is written in a cursive, flowing style.

Ms. Debby O'Donnell
Engineering Technician

cc.

Oil Conservation Division - Santa Fe, NM
Bureau of Land Management - Carlsbad, NM

**DEVON
ENERGY
CORPORATION**

20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/236-4258

September 29, 1993

RE: East Shugart Unit #42
Non-Standard Location Approval

Amoco Producing Company
P. O. Box 3092
Houston, TX 77253

Certified Letter #: P 164 780 231

Dear Sirs:

We have applied for a permit to drill the above referenced well. The proposed well site is within our East Shugart Unit in Eddy County, NM and offsets the following Amoco properties:

Greenwood Unit #1
Greenwood PG #1
Greenwood Unit #2

The East Shugart Unit #42 is located:

330' FNL & 1140' FEL
Section 34-T18S-R31E

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 allowing the Bureau of Land Management to issue us a permit. The NSL approval process requires that we notify offset operators and submit Proof of Notice.

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Ms. Debby O'Donnell
Engineering Technician

cc.

Oil Conservation Division - Santa Fe, NM
Bureau of Land Management - Carlsbad, NM

**DEVON
ENERGY
CORPORATION**

20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/236-4258

September 29, 1993

RE: East Shugart Unit #42
Non-Standard Location Approval

Tom Boyd Drilling
616 Mechem Drive
Ruidoso, NM 88345

Certified Letter #: P 164 780 229

Dear Sirs:

We have applied for a permit to drill the above referenced well. The proposed well site is within our East Shugart Unit in Eddy County, NM and offsets the following properties which our records show you operate:

Hinkle #B-1
Hinkle #B-5

The East Shugart Unit #42 is located:

330' FNL & 1140' FEL
Section 34-T18S-R31E

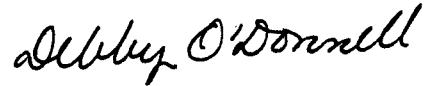
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DEVON ENERGY CORPORATION

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Ms. Debby O'Donnell
Engineering Technician

cc.

Oil Conservation Division - Santa Fe, NM
Bureau of Land Management - Carlsbad, NM