

# HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

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SANTA FE, NEW MEXICO 87504-2068

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AMY C. WRIGHT\*

\*NOT LICENSED IN NEW MEXICO

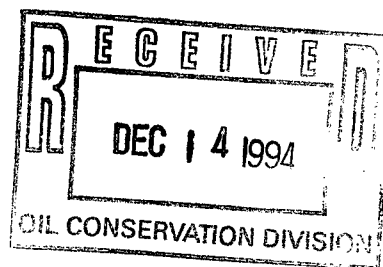
\*\*FORMERLY COMPRISING THE FIRM OF  
CULTON, MORGAN, BRITAIN & WHITE, P.C.

December 14, 1994

VIA HAND DELIVERY

Michael E. Stogner  
Oil Conservation Division  
2040 So. Pacheco Street  
Santa Fe, New Mexico 87501

Dear Mr. Stogner:



Pursuant to Division Rule 104(F)(1) and Division Memorandum 1-90, Devon Energy Corporation (Nevada) hereby applies for administrative approval of an unorthodox oil well location for the following well:

*Undesignated*  
Cactus State Well No. 7; 984 feet FNL and 2485 feet FEL (Unit B) of Section 16, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; Undesignated East Catclaw Draw-Delaware Pool. (A Form C-102 for the well is attached as Exhibit A.)

The East Catclaw Draw-Delaware Pool is subject to statewide spacing rules, with 40-acre spacing and wells to be located no closer than 330 feet to the boundary of the well unit.

Exhibit B is a land/topographic plat indicating offset leasehold ownership. The information on the plat is current and correct. Devon is the operator of Section 16, and thus offsets the proposed well to the West, South, and East. Chi Energy, Inc. is the operator to the North. Notice of the proposed well location was given to Chi Energy, Inc. by letter dated December 8, 1994, a copy of which is attached as Exhibit C.

The unorthodox location is necessary primarily due to topographic reasons. Referring to Exhibit B, existing oil wells are marked by black dots, and the proposed well is circled in red. The proposed well was moved west from an orthodox location (2310 feet FEL) due to a pipeline at that location, highlighted in yellow on the plat. The pipeline affects orthodox locations in the western portion of the well unit.

POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 88202  
(505) 622-6510  
FAX (505) 623-9332

POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 683-4691  
FAX (915) 683-6518

POST OFFICE BOX 9238  
AMARILLO, TEXAS 79105  
(806) 372-5569  
FAX (806) 372-9761

POST OFFICE BOX 2043  
ALBUQUERQUE, NEW MEXICO 87103  
(505) 768-1500  
FAX (505) 768-1529

401 W. 15TH STREET, SUITE 800  
AUSTIN, TEXAS 78701  
(512) 476-7137  
FAX (512) 476-5431

Michael E. Stogner  
December 14, 1994  
Page 2

Moreover, the eastern portion of the well unit is quite rocky, leading to increased surface disturbance and increased costs if a drillsite is located on that part of the unit. As a result, a location is not favored in the eastern portion of the well unit.

Geology also is a factor in this application. Attached as Exhibits D and E are structure maps on top of the Delaware "B" and "D" zones, respectively. As you move further East in the NW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 16, the acreage becomes less prospective ("LKO" on the structure maps refers to lowest known oil).

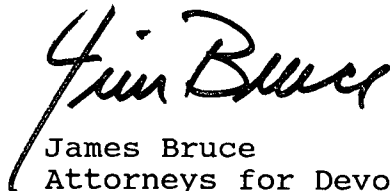
Directional drilling to reach a standard bottom-hole location would increase the cost of the well by approximately \$50,000, and lead to substantially higher operating costs. Other operators who have drilled directional wells in the Delaware have experienced substantial cost overruns and operational difficulties. As a result, Devon does not desire to directionally drill the well.

Based on all these factors, Devon requests approval of the proposed location.

This application is submitted in triplicate. Your attention to this matter is appreciated. If this matter cannot be processed administratively, please set it for the first available hearing. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY

A handwritten signature in black ink, appearing to read "Jim Bruce", is written over the typed name.

James Bruce  
Attorneys for Devon Energy  
Corporation (Nevada)

Enclosures  
cc: Ken Gray (w/encl.)

devon.ltr

DISTRICT I

P. O. Box 1980

Hobbs, NM 88241-1980

DISTRICT II

P. O. Drawer DD

Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brozos Rd.

Aztec, NM 87410

DISTRICT IV

P. O. Box 2088

Santa Fe, NM 87507-2088

State of New Mexico  
Energy, Minerals, and Natural Resources DepartmentForm C-102  
Revised 02-10-94

Instructions on back

Submit to the Appropriate  
District OfficeState Lease - 4 copies  
Fee Lease - 3 copies**OIL CONSERVATION DIVISION**

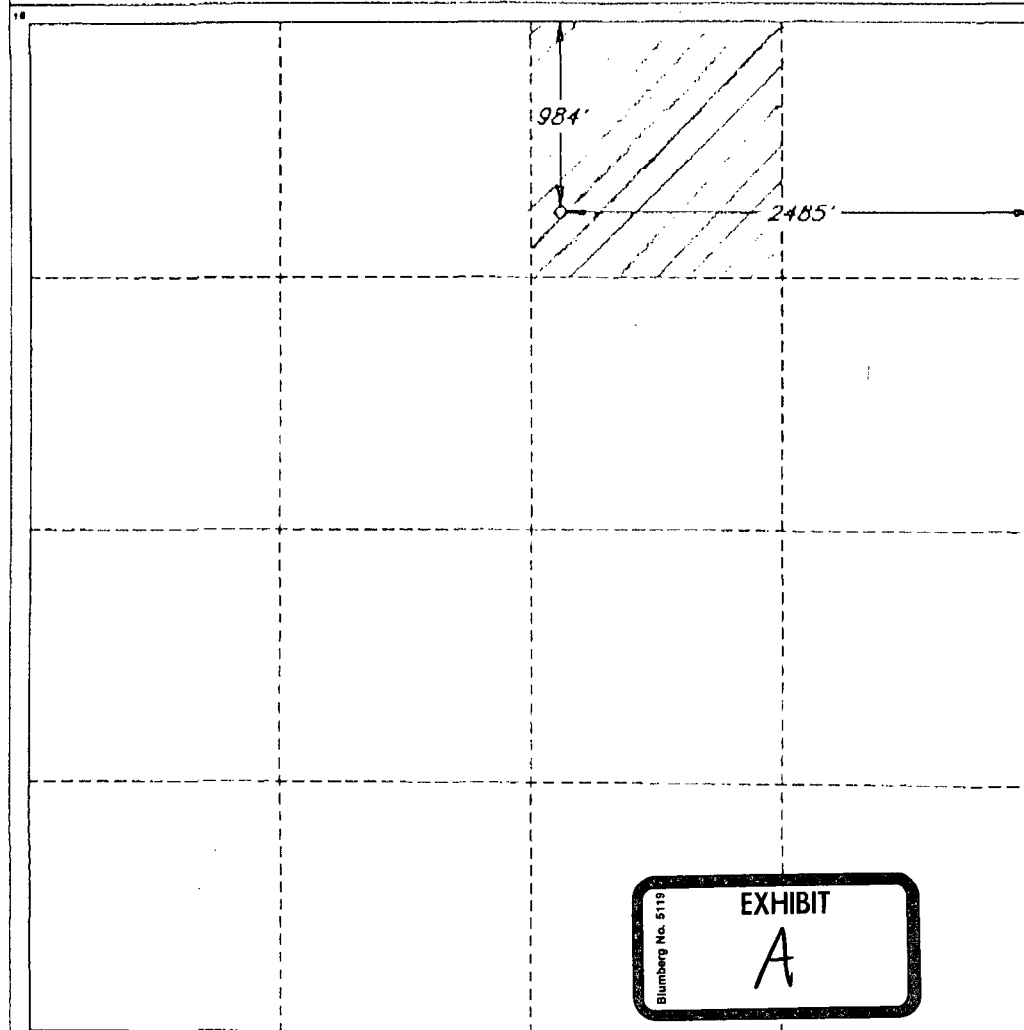
P. O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code 10500		3 Pool Name East Catclaw Draw Delaware					
4 Property Code B		5 Property Name CACTUS STATE						6 Well Number 7	
7 GRID No. 6137		8 Operator Name DEVON ENERGY OPERATING COMPANY						9 Elevation 3274'	
10 SURFACE LOCATION									
UL or lot no. B	Section 16	Township 21 SOUTH	Range 26 EAST, N.M.P.M.	Lot Ida	Feet from the 984'	North/South line NORTH	Feet from the 2485'	East/West line EAST	County EDDY
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 40		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN  
CONSOLIDATED OR A NON-STANDARD UNIT 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

Printed Name

Charles W. Horsman

Title

District Engineer

Date

11/23/94

**SURVEYOR CERTIFICATION**

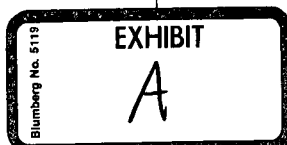
I hereby certify that the well  
location shown on this plat was  
plotted from field notes of actual  
surveys made by me or under  
my supervision, and that the  
same is true and correct to the  
best of my belief.

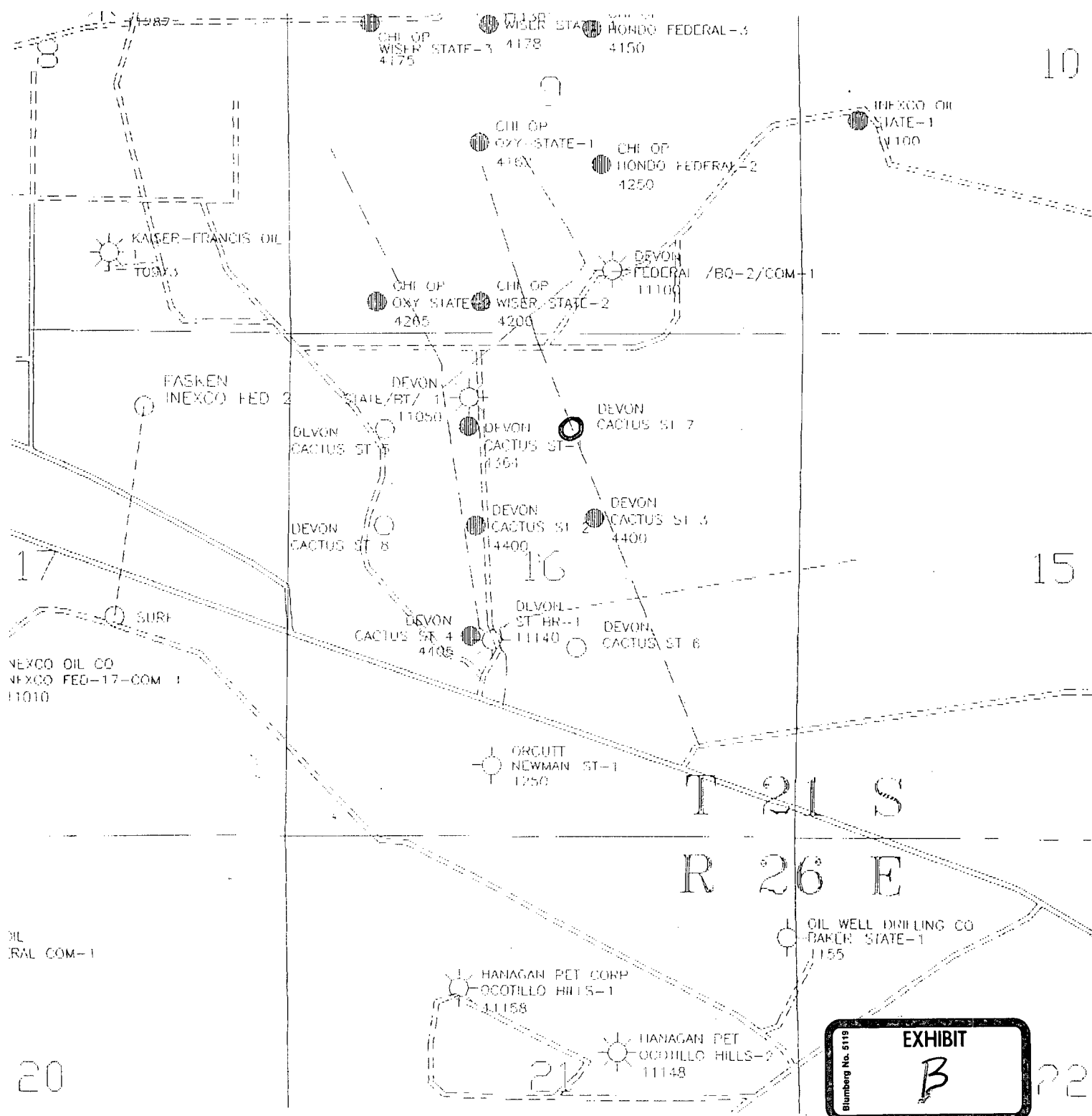
Date of Survey

NOVEMBER 18, 1994

Signature and Seal of  
Professional Surveyor

V. L. LYNNE  
NO. 7920  
JAN 1995  
JOB #36863 / 58 NE / V.H.B.







ENERGY CORPORATION

20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102-8260Telephone: 405/235-3611  
FAX 405/552-4550

December 8, 1994

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Chi Energy, Inc.  
P. O. Box 1799  
Midland, Texas 79702  
Attention: Bill Bergman

Re: Cactus State #7  
2,485' FEL and 984' FNL  
Section 16-T21S-R26E  
East Catclaw Draw Delaware Field  
Eddy County, New Mexico

Gentlemen:

Devon Energy Corporation (Nevada), as Operator, shall apply to the New Mexico Oil Conservation Division for administrative approval for the referenced unorthodox well location for the drilling of an approximate 3,500' Delaware test well.

Devon's original APD located 990' FNL and 2,310' FEL was denied by the state due to the existence of a pipeline. Our records reflect that Chi Energy, Inc. is the only offset operator in the East Catclaw Draw Delaware Field subject to this application. In that regard, Devon respectfully requests that Chi grant a waiver to the proposed unorthodox location by signing and returning one copy of this letter to the undersigned as soon as possible.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)

Ken Gray  
District Landman

KG:da  
Enclosure  
chienc.let

Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 1994.

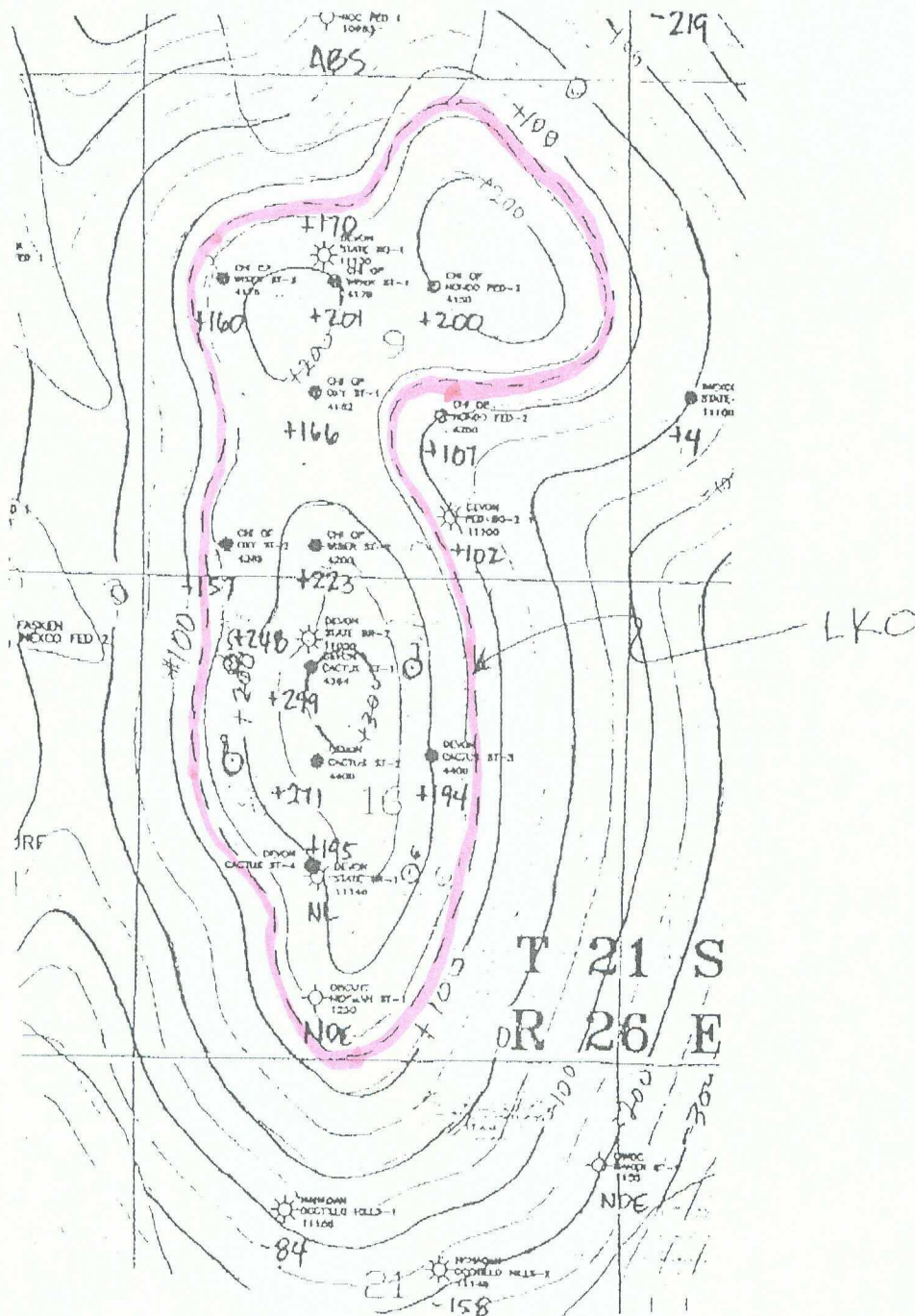
Chi Energy, Inc.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



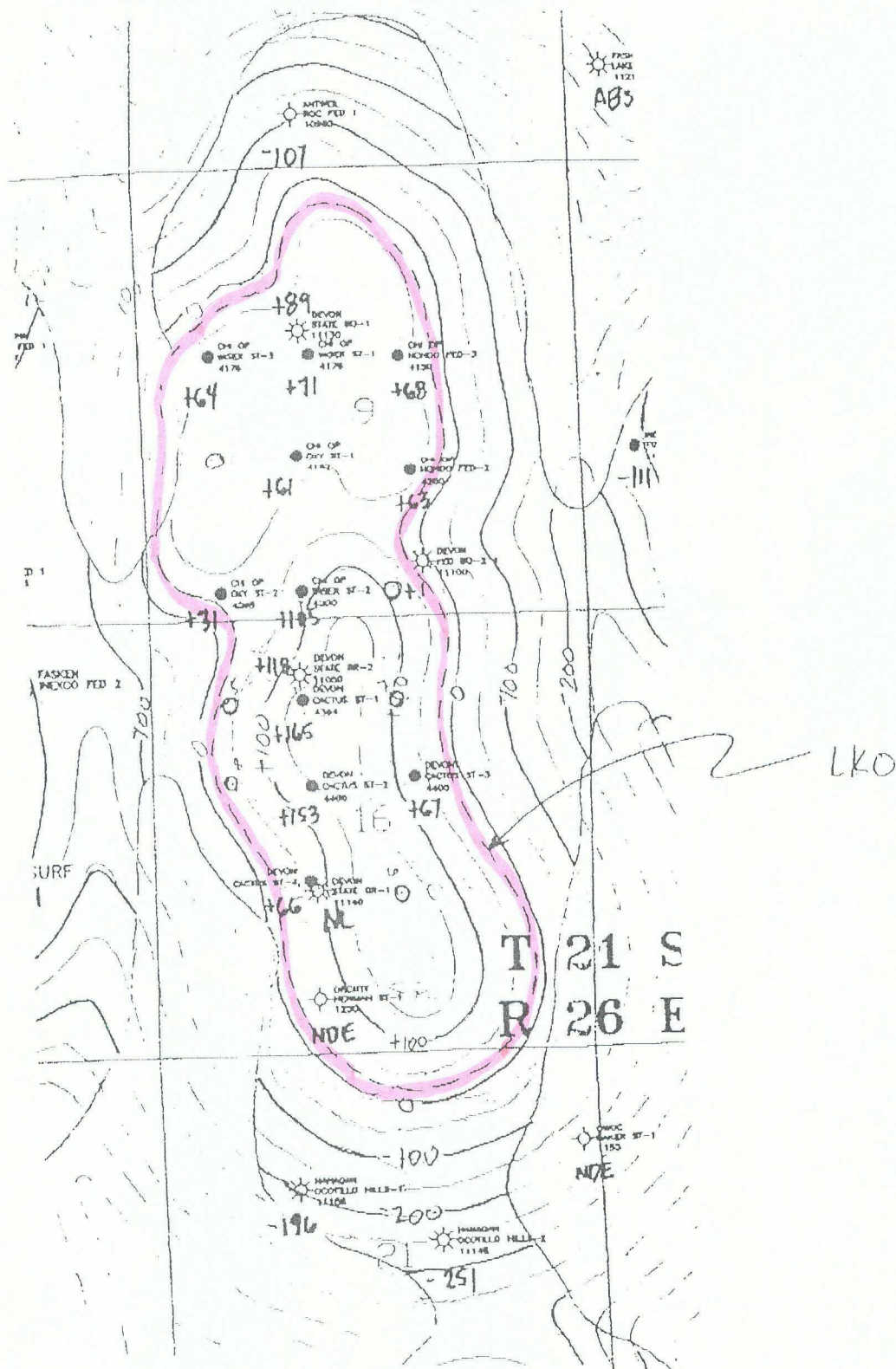


Blumberg No. 5119

## EXHIBIT

D

STRUCTURE MAP  
T/ "B" ZONE



Blumberg No. 5119

EXHIBIT

E

STRUCTURE MAP  
T / "D" ZONE



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THOMAS E. HOOD\*\*  
REBECCA NICHOLS JOHNSON

January 24, 1995

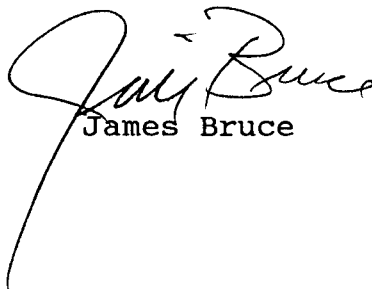
Mr. William LeMay  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87501

Dear Mr. LeMay:

The Division issued Administrative Order NSL-3457 to Devon Energy Corporation. We appreciate the prompt issuance of the Order. There was one minor error in the Order (copy enclosed): On the second line, the actual operator is Devon Energy Corporation, not Devon Energy Operating Company. If it is necessary, would you please issue a corrected letter. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY

  
James Bruce

Enclosure

JGB/sp



State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**  
Santa Fe, New Mexico 87505



**OIL CONSERVATION DIVISION**



January 10, 1995

Devon Energy Corporation  
c/o Hinkle, Cox, Eaton, Coffield & Hensley  
P. O. Box 2068  
Santa Fe, New Mexico 87504-2068

Attention: James Bruce

**Administrative Order NSL-3457**

Dear Mr. Bruce:

Reference is made to your application dated December 14, 1994 on behalf of the operator Devon Energy Operating Company for a non-standard oil well location for its proposed Cactus State Well No. 7 to be drilled 984 feet from the North line and 2485 feet from the East line (Unit B) of Section 16, Township 21 South, Range 26 East, NMPM, Undesignated East Catclaw Draw-Delaware Pool, Eddy County, New Mexico. The NW/4 NE/4 of said Section 16 shall be dedicated to the well forming a standard 40-acre oil spacing and proration unit.

By the authority granted me under the provisions of Division General Rule 104.F(1), the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay  
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia  
New Mexico State Land Office - Santa Fe