

*Neck NSC*

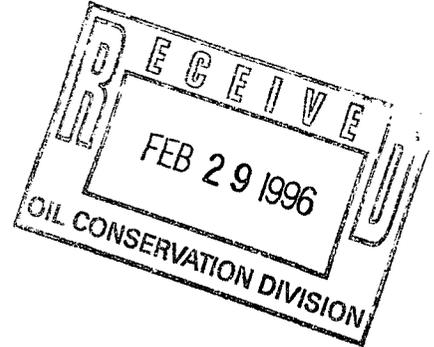
DEVON  
ENERGY  
CORPORATION

20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102

405/235-3611  
Fax 405/552-4550  
Fax 405/552-4552

February 26, 1996

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87504 - 2088



Attention: Mike Stogner

Re: Non - Standard Location Approval

Dear Sir:

It is requested that administrative approval be granted under Rule 104F. (1) for unorthodox location for the infill producing well located within the Hudson Grayburg-Jackson Waterflood Project, at the following location:

WELL	LOCATION
Hudson Federal #12	2390' FNL & 475' FWL, Sec. 17-17S-31E

Attached is a plat of the Grayburg-Jackson Waterflood Project showing the project boundaries that are adjacent to the subject well. Forms 3160 - 3 and C - 102 are attached for the well listed above. The Hudson Grayburg Jackson Waterflood project is located on federal property and each proposed well is to be part of this active waterflood project.

The above location does not conform to Rule 104. C. I. because it is located closer than 330' to the lease line. It will be drilled to a depth sufficient to produce the Grayburg - San Andres formation ( approximately 4000' ). The well will be drilled at the unorthodox location in order to prevent waste by developing an efficient production and injection pattern within the Hudson Grayburg Jackson Waterflood Project, which was approved under Order R - 3265. When fully developed these wells will combine with the existing wells ( some of which will eventually be converted to injection ) to establish a 40 acre 5 spot waterflood pattern.

Operators that have production in offsetting 40 acre tracts will be notified by certified mail. A copy of this notification to each operator will be sent to you along with the certified mail number.

The Hudson Federal #12 is offset on three sides of the 40 acre tract by Devon Energy Operating Corporation. The other side tract and two diagonal tracts are offset different operators.

Should you require any additional information regarding any of these unorthodox locations please notify me at (405) 552-4527.

Sincerely,

A handwritten signature in black ink that reads "Karen Byers". The letters are cursive and fluid.

Karen Byers  
Engineering Technician

enclosures

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE\*

Form approved.

OPERATOR'S COPY

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.  
LC-054908

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
NA

7. UNIT AGREEMENT NAME  
NA

8. FARM OR LEASE NAME, WELL NO.  
Hudson Federal #12

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT  
GRAYBURG-JACKSON

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA  
SECTION 17-T17 S- R31 E

a. TYPE OF WORK: DRILL  DEEPEN

b. TYPE OF WELL: OIL WELL  GAS WELL  Other  SINGLE ZONE  MULTIPLE ZONE

2. NAME OF OPERATOR  
DEVON ENERGY OPERATING CORPORATION

3. ADDRESS AND TELEPHONE NO.  
20 N. BROADWAY, SUITE 1500, OKC, OK 73102 (405) 552-4560

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)\*  
At surface 2390' FNL & 475' FWL UNORTHODOX LOCATION:  
At top proposed prod. zone (SAME)

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
5 miles East & 1 mile North of Loco Hills, N.M.

12. COUNTY OR PARISH  
EDDY

13. STATE  
NM

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.  
250'

16. NO. OF ACRES IN LEASE  
160.00

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.  
800'

19. PROPOSED DEPTH  
4200'

20. ROTARY OR CABLE TOOLS\*  
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
3707'  
Roswell Controlled Water Basin

22. APPROX. DATE WORK WILL START\*  
February 15, 1996

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" J-55	24.0#	450'	125 sk Lite cmt + 200 sk Class "C"
7 7/8"	5 1/2" J-55	15.5#	4200'	550 sk Lite cmt + 425 sk Class "H"

We plan to circulate cement to surface on all casing strings. Devon Energy Operating Corporation proposes to drill to 4200' to test the Grayburg-Jackson formation for commercial quantities of oil. If the Grayburg-Jackson is 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 Program

- Exhibits #1/1-A = Blowout Prevention Equipment
- Exhibit #2 = Location and Elevation Plat
- Exhibit #3/3-A = Road Map and Topo Map
- Exhibit #4 = Wells Within 1 Mile Radius
- Exhibit #5 = Production Facilities Plat
- Exhibit #6 = Rotary Rig Layout
- Exhibit #7 = Casing Design
- H2S Operating Plan

The undersigned accepts all applicable terms, condition, stipulations and restrictions concerning operations conducted on the leased land or portions thereof, as described below:

Lease No. LC-054908  
Legal Description: Section 17-T17S-R31E  
Bond Coverage: Statewide in CO, NM, UT, & WY  
BLM Bond No.: CO1151

Subject to General Requirements and Special Stipulations Attached

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.

SIGNED Randy Jackson TITLE RANDY JACKSON DISTRICT ENGINEER DATE 1/23/96

(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 Melinda Vega TITLE AREA MANAGER DATE 2-21-96  
See Instructions On Reverse Side

State of New Mexico  
Energy, Minerals, and Natural Resources Department

Instructions on back

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

1980  
NM 88241-1980

ACT II

Drawer DD  
Aztec, NM 88211-0719

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

AMENDED REPORT

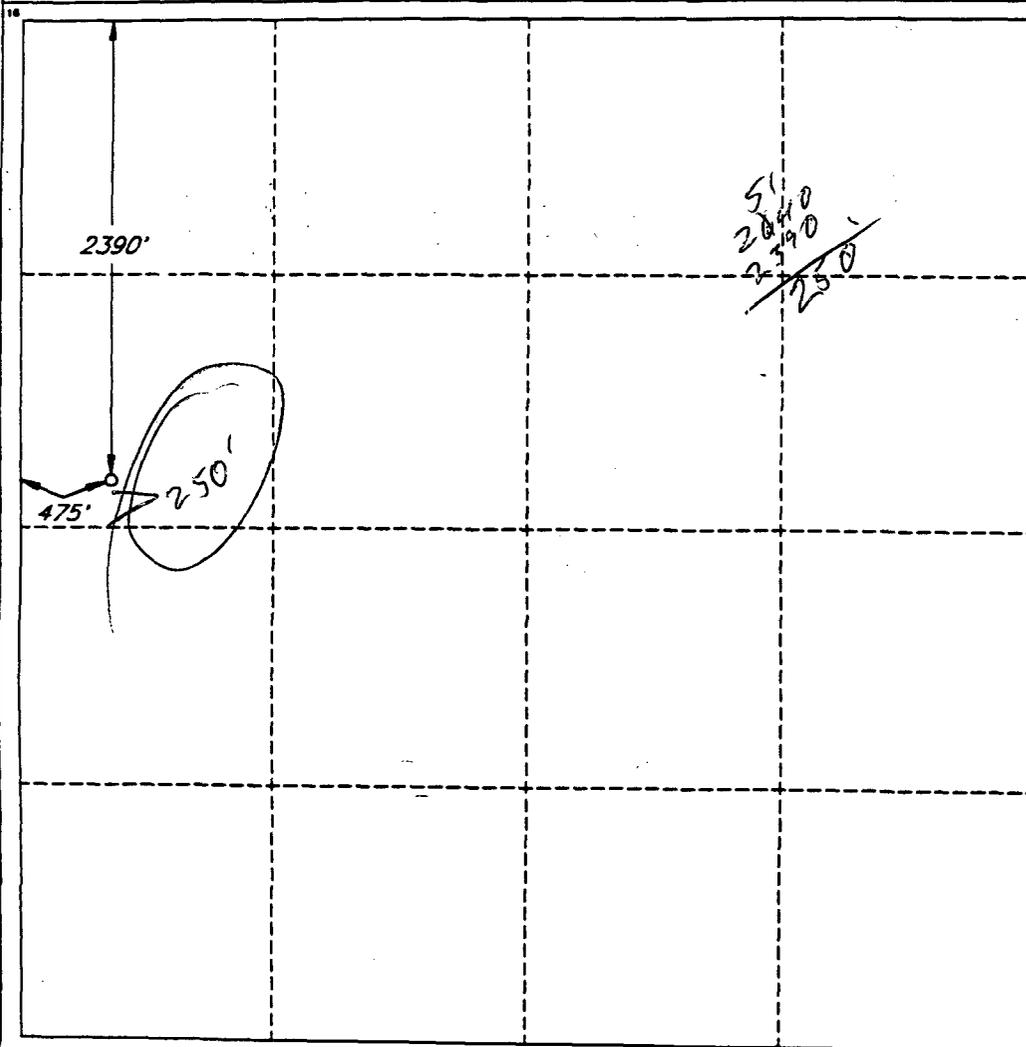
DISTRICT III  
1000 Rio Brazos Rd.  
Aztec, NM 87410

DISTRICT IV  
P. O. Box 2088  
Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code		3 Pool Name Grayburg Jackson (SR, ON, GB, SA)					
4 Property Code 16326		5 Property Name HUDSON FEDERAL					6 Well Number 12		
7 OGRID No. 136025		8 Operator Name DEVON ENERGY OPERATING CORPORATION					9 Elevation 3707'		
10 SURFACE LOCATION									
UL or lot no. E	Section 17	Township 17 SOUTH	Range 31 EAST, N.M.P.M.	Lot Ida	Feet from the 2390'	North/South line NORTH	Feet from the 475'	East/West line WEST	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  
*Randy Jackson*

Printed Name  
Randy Jackson

Title  
District Engineer

Date  
1/23/96

**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  
JANUARY 5, 1996

Signature and Seal of Professional Surveyor  
*V. Lynn Bezner*

V. LYNN BEZNER  
NO. 7920

Professional Surveyor  
V. L. BEZNER S.S. #7920

JOB #43174-3-98 SW / VHB

DEVON  
ENERGY  
CORPORATION

20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102

405/235-3611  
Fax 405/552-4550  
Fax 405/552-4552

February 26, 1996

Marbob Energy Corp.  
11352 Lovington Hwy  
Artesia, NM 88210

Certified Letter #: Z 731 697 751

Dear Sir:

The BLM has issued Devon Energy Corp. a permit to drill the Hudson Federal #12. The proposed well site is within the boundaries of the Hudson Grayburg-Jackson Waterflood Project in Eddy Co. New Mexico and offset your wells in Unit C & F, Sec. 17 - T17S - R31E. Dwights Production Data show that you operate the following wells:

Foster Eddy #'s 6 & 8, Unit C, Sec. 17-17S-31E  
Foster Eddy #'s 3 & 10, Unit F, Sec. 17-17S-31E

The Hudson Federal #12 will be located 2390' FNL & 475' FWL, Sec. 17-17S-31E as shown on the enclosed plat. The State of New Mexico Oil Conservation Division has ruled that this is a "non - standard location" and requires that we obtain Non - Standard Location Approval from their Santa Fe Office before an allowable will be issued. The NSL approval process requires that we notify offset operators and Submit Proof of Notice. A non - standard location is defined as any location closer than 330' to the outer boundaries a lease. Although this location is considered unorthodox it will not be within 330' of your lease boundry.

Please accept this letter as the required notification. If you have any questions regarding this matter please notify me at (405) 552 - 4527.

Sincerely,

Karen Byers  
Engineering Technician

cc  
Oil Conservation Division - Santa Fe, New Mexico  
Bureau of Land Management - Carlsbad, New Mexico

**DEVON ENERGY  
OPERATING  
CORPORATION**

20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102

405/235-3611  
Fax 405/552-4550  
Fax 405/552-4552

February 26, 1996

Trinity University  
c/o Vice President for Fiscal Affairs  
715 Stadium Dr.  
San Antonio, TX 78284

Certified Letter #: Z 731 697 753

Dear Sir:

The BLM has issued Devon Energy Operating Corp. a permit to drill the Hudson Federal #12. The proposed well site is within the boundaries of the Hudson Grayburg-Jackson Waterflood Project in Eddy Co. New Mexico and offset your well in Unit K, Sec. 17 - T17S - R31E. Dwights Production Data show that you operate the following well:

Foster #2, Unit K, Sec. 17-17S-31E, Eddy Co., NM

The Hudson Federal #12 will be located 2390' FNL & 475' FWL, Sec. 17-17S-31E as shown on the enclosed plat. The State of New Mexico Oil Conservation Division has ruled that this is a "non - standard location" and requires that we obtain Non - Standard Location Approval from their Santa Fe Office before an allowable will be issued. The NSL approval process requires that we notify offset operators and Submit Proof of Notice. A non - standard location is defined as any location closer than 330' to the outer boundaries a lease. Although this location is considered unorthodox it will not be within 330' of your lease boundry.

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Sincerely,

Karen Byers  
Engineering Technician

cc  
Oil Conservation Division - Santa Fe, New Mexico  
Bureau of Land Management - Carlsbad, New Mexico

Is your RETURN ADDRESS completed on the reverse side?

**NSL - Hudson Fed #12 Offset Oper. Letter**

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1.  Addressee's Address  
 2.  Restricted Delivery  
 Consult postmaster for fee.

3. Article Addressed to:  
 Trinity Univ.  
 c/o Vice Pres. of Fiscal Affairs  
 715 Stadium Dr.  
 San Antonio, TX 78284

4a. Article Number  
 Z 731 697 753

4b. Service Type  
 Registered  
 Certified  
 Insured  
 COD  
 Express Mail  
 Return Receipt for Merchandise

5. Signature (Addressee)

6. Signature (Agent)

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 \*U.S. GPO: 1989-362-714 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Z 731 697 751



**Receipt for Certified Mail**

No Insurance Coverage Provided  
 Do not use for International Mail  
 (See Reverse)

Sent to  
 Marbob Energy Corp  
 Street and No.  
 11352 Lovington Hwy  
 P.O., State and ZIP Code  
 Artesia, NM 88210

Postage \$

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, and Addressee's Address

TOTAL Postage & Fees \$

Postmark or Date  
 NSL offset oper.  
 Letter  
 Hudson Fed #12

PS Form 3800, March 1993

Fold at line over top of envelope to the right of the return address

**CERTIFIED**

Z 731 697 751

**MAIL**

Is your RETURN ADDRESS completed on the reverse side?

**NSL - Hudson Fed #12 Offset Oper. Letter**

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
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 Artesia, NM 88210

4a. Article Number  
 Z 731 697 751

4b. Service Type  
 Registered  
 Certified  
 Insured  
 COD  
 Express Mail  
 Return Receipt for Merchandise

5. Signature (Addressee)

6. Signature (Agent)

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 \*U.S. GPO: 1989-362-714 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Z 731 697 753



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No Insurance Coverage Provided  
 Do not use for International Mail  
 (See Reverse)

Sent to  
 Trinity Univ.  
 Street and No.  
 c/o VP for Fiscal Affairs  
 P.O., State and ZIP Code  
 715 Stadium Dr.  
 San Antonio, TX 78284

Postage \$

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, and Addressee's Address

TOTAL Postage & Fees \$

Postmark or Date  
 NSL - Hudson Fed #12  
 Offset Operator  
 Letter

PS Form 3800, March 1993

Fold at line over top of envelope to the right of the return address

**CERTIFIED**

Z 731 697 753

**MAIL**



BEFORE THE OIL CONSERVATION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF FRANKLIN, ASTON &  
FAIR, INC., FOR A WATERFLOOD PROJ-  
ECT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 28, 1967,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of July, 1967, 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, Franklin, Aston & Fair, Inc., seeks  
permission to institute a waterflood project in the Grayburg-  
Jackson Pool by the injection of water into the Grayburg-San  
Andres formations through its Hudson Well No. 5 to be drilled at  
an unorthodox location 2480 feet from the North line and 1160  
feet from the West line of Section 17, and through its Hudson  
Well No. 1 located 660 feet from the North line and 660 feet from  
the East line of Section 18, both in Township 17 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.

CASE No. 3599  
Order No. R-3265

(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, Franklin, Aston & Fair, Inc., is hereby authorized to institute a waterflood project in the Grayburg-Jackson Pool by the injection of water into the Grayburg-San Andres formations through its Hudson Well No. 5 to be drilled at an unorthodox location 2480 feet from the North line and 1160 feet from the West line of Section 17, and through its Hudson Well No. 1 located 660 feet from the North line and 660 feet from the East line of Section 18, both in Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico.

(2) That the subject waterflood project is hereby designated the F. A. F. Hudson 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  
designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/