

NSL 7/28/97

devon
ENERGY CORPORATION

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Telephone: 405/235-3611
FAX 405/552-4550

June 3, 1997

JL - 7 1997

State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Michael E. Stogner

Re: Unorthodox Locations
Turner 'B' 134, 135, 136
Section 20-T17S-R31E
Eddy County, New Mexico

Gentlemen:

Devon Energy Corporation (Nevada), as operator of the Turner 'B' Waterflood Project, respectfully requests the Oil Conservation Division grant administrative approval of the following unorthodox locations, under the provisions of the Division general rule 104.F(1):

Turner 'B' 134	1350' FNL and 85' FEL Section 20-T17S-R31E
Turner 'B' 135	2650' FNL and 85' FEL Section 20-T17S-R31E
Turner 'B' 136	1521' FSL and 146' FEL Section 20-T17S-R31E

As reflected on the attached plat, our proposed unorthodox locations are necessary to permit the completion of an efficient production and injection pattern within the Turner 'B' Waterflood Project and the Skelly Waterflood Unit to the east as operated by the Wisser Oil Company.

Devon and Wisser have entered into a lease line development agreement covering the referenced locations, as well as additional lease line producers to be operated by Wisser which shall be the subject of further applications to be submitted by Wisser.

Attached, you will find (1) a land plat reflecting Wisser to be the only offset operator, (2) Wisser's approval of our locations, and (3) Bureau of Land Management approval of our APD.

Inasmuch as we have received a waiver from the only offset operator, we would further request that the Commission waive the applicable twenty (20) day notice period.

Feel free to contact me at (405)-552-4633 if additional information is required.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)

Ken Gray 7-28-97
Ken Gray
District Landman

KG:cj\StateNM.lt
Enclosure

*Shob w/ Ken Gray today.
A lease line agreement and
operating agreement w/
Wisser is in effect.
M. Stogner*

devon
ENERGY CORPORATION

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Telephone: 405/235-3611
FAX 405/552-4550

June 3, 1997

JUN 05 1997

The Wisser Oil Company
8115 Preston Road, Suite 400
Dallas, TX 75225

Attention: Lauri Block

Re: Unorthodox Locations
Turner 'B' 134, 135, 136
Section 20-T17S-R31E
Eddy County, New Mexico

Gentlemen:

Devon Energy Corporation (Nevada), as operator of the Turner 'B' Waterflood Project, shall apply to the New Mexico Oil Conservation Division for administrative approval of the following unorthodox well locations.

Turner 'B' 134	1350' FNL and 85' FEL Section 20-T17S-R31E
Turner 'B' 135	2650' FNL and 85' FEL Section 20-T17S-R31E
Turner 'B' 136	1521' FSL and 146' FEL Section 20-T17S-R31E

Attached, you will find a copy of our application to the New Mexico Oil Conservation Division. In accordance with Article 7 of our Cooperative Unit Line Injection Well and Unit Line Infill Drilling Agreement effective January 1, 1997, please indicate your waiver, as the offset operator, of the above unorthodox locations by signing and returning one copy of this letter as soon as possible.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)


Ken Gray
District Landman

Agreed to accept this 17th day of June 1997.

THE WISER OIL COMPANY

By:



Name:

Matt Eagleston

Title:

Project Manager

KC:cj\wisser3.h

Enclosure

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT OPERATOR'S COPY**

SUBMIT IN TRIPPLICATE*
(See other instructions on reverse side)

Form approved.

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

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 **1350' FNL & 85' FEL UNORTHWARD LOCATION** **Subject to Like Approval By State**

At top proposed prod. zone (SAME)

5. LEASE DESIGNATION AND SERIAL NO.
LC 029395-B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
NA

7. UNIT AGREEMENT NAME
NA

8. FARM OR LEASE NAME, WELL NO.
Turner "B" #134

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT
GRAYBURG-JACKSON

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
SECTION 20 - T17 S - R31 E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
5.5 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. **85'**
(Also to nearest dril. unit line if any)

16. NO. OF ACRES IN LEASE
1786.15

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. **853'**

19. PROPOSED DEPTH
4200'

20. ROTARY OR CABLE TOOLS*
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
GR=3722'

22. APPROX. DATE WORK WILL START*
June 1, 1997

RECEIVED
APR 21 97
BLM
ROSWELL, NM

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#	400' 425'	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 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. LC029395-B
Legal Description: Section 20-T17S-R31E
Bond Coverage: Statewide in CO, NM, UT, & WY
BLM Bond No.: CO1151

RECEIVED
MAY 27 1997
LAND DEPARTMENT

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 4/17/97

(This space for Federal or State office use) **General Requirements and Special Stipulations Attached**

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 Jerry L. Ferguson TITLE ADM. Manager DATE 5/22/97
See Instructions On Reverse Side

Section 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

UNITED STATES OPERATOR'S COPY
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUBMIT IN TRIPLICATE*
(See other instructions on reverse side)

Form approved.

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

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 2650' FNL & 85' FEL UNORTHODOX LOCATION
At top proposed prod. zone (SAME)
Subject to Like Approval By State

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

15 DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
85'
(Also to nearest dir. unit line if any)

16 NO. OF ACRES IN LEASE
1786.15

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.
813'

19 PROPOSED DEPTH
4200'

20 ROTARY OR CABLE TOOLS*
Rotary

21 ELEVATIONS (Show whether DF, RT, GR, etc.)
GR=3738'

22 APPROX. DATE WORK WILL START*
June 1, 1997

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#	400' 425'	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 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
- IS 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. LC029395-B
Legal Description: Section 20-T17S-R31E
Bond Coverage: Statewide in CO, NM, UT, & WY
BLM Bond No.: CO1151

RECEIVED
MAY 27 1997
LAND DEPARTMENT

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal 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 4/17/97

his space for Federal or State office use) Approval Subject to General Requirements and Special Stipulations APPROVAL DATE _____

lication approval does not warrant or certify that the applicant has 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:

ROVED BY Jerry L Ferguson TITLE ADM, Minerals DATE 5/22/97
See Instructions On Reverse Side

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

UNITED STATES OPERATORS COPY
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUBMIT IN TRIPLICATE*
(See other instructions on reverse side)

Form approved.

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

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 **1521' FSL & 146' FEL** **UNORTHODOX LOCATION**
At top proposed prod. zone (SAME) **Subject to Like Approval by State**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE.
5.5 miles East & 0.1 mile North of Loco Hills, NM.

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
146'

16. NO. OF ACRES IN LEASE
1786.15

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.
741'

19. PROPOSED DEPTH
4200'

20. ROTARY OR CABLE TOOLS*
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
GR=3753'

22. APPROX. DATE WORK WILL START*
June 1, 1997

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#	400' 425'	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 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. LC029395-B
Legal Description: Section 20-T17S-R31E
Bond Coverage: Statewide in CO, NM, UT, & WY
BLM Bond No.: CO1151

24. 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 4/17/97

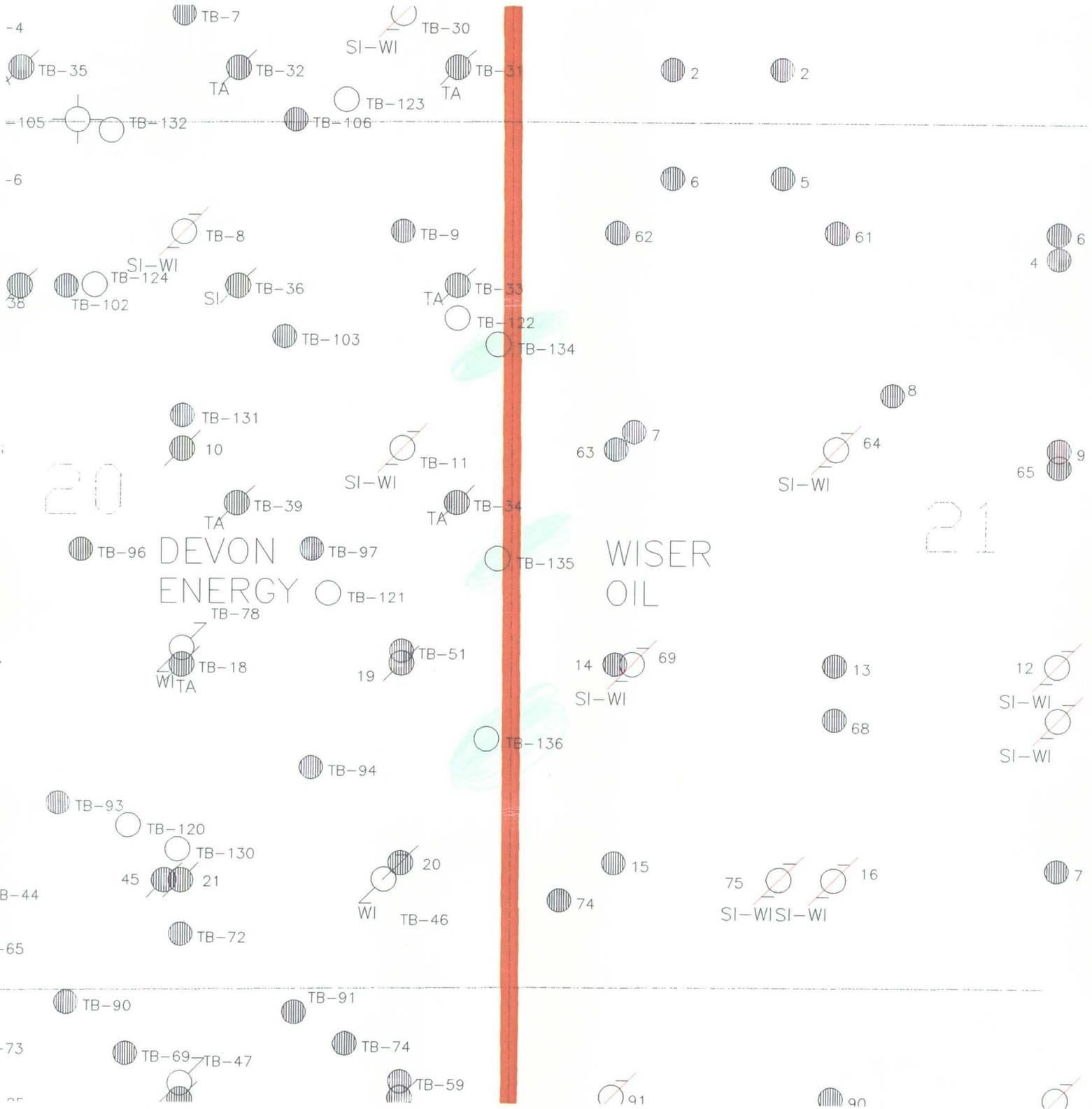
PERMIT NO. _____ APPROVAL DATE _____
(This space for Federal or State office use) **Approval Subject to General Requirements and Local Regulations**

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 Ferry L Ferguson TITLE ADM Minerals DATE 5/22/97
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



20

21

DEVON
ENERGY

WISER
OIL

-4

-6

B-44

-65

-73

90

4 6

65 9

7

90

91

SI-WI

TA

TA

SI-WI

SI

TA

SI-WI

TA

TA

SI-WI

WITA

19

SI-WI

SI-WI

SI-WI

SI-WI

SI-WI

WI

91

90

91

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10290
Order No. R-3528-A

APPLICATION OF AVON ENERGY CORPORATION
FOR AMENDMENT OF DIVISION ORDER NOS.
R-3185, R-3185-A AND R-3528 TO EXPAND
THE VERTICAL LIMITS AND TO ESTABLISH
AN INJECTION PRESSURE LIMITATION FOR
THE TURNER "B" LEASE WATERFLOOD PROJECT,
EDDY COUNTY, NEW MEXICO.

See Also Order Nos.

R-3185

R-3185-A

R-3528

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 8, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of September, 1991, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-3185, dated February 1, 1967, the Division authorized Sinclair Oil & Gas Company to institute three waterflood projects, the Russel Grayburg-Jackson Waterflood Project, Turner "A" Grayburg-Jackson Waterflood Project, and the Turner "B" Grayburg-Jackson Waterflood Project, said projects comprising all or portions of Sections 17, 18, 19, 20, 29 and 30, Township 17 South, Range 31 East, NMPM, Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water into the Grayburg-San Andres formation through two, eight and nine injection wells located within said projects, respectively.

(3) By Nunc Pro Tunc Order No. R-3185-A, dated February 19, 1968, the Division corrected certain injection well locations authorized by said Order No. R-3185.

(4) By Order No. R-3528, dated October 9, 1968, the Division authorized Sinclair Oil Corporation to expand its Turner "B" Grayburg-Jackson Waterflood Project by the injection of water into the Premier Sand member of the Grayburg formation through twelve injection wells located in Sections 20, 29 and 30, Township 17 South, Range 31 East, NMPPM, Eddy County, New Mexico, hereinafter referred to as the "Expansion Area".

(5) The current boundaries of the Russel Grayburg-Jackson Waterflood Project, Turner "A" Grayburg-Jackson Waterflood Project, Turner "B" Grayburg-Jackson Waterflood Project (including the "Expansion Area"), and the Grayburg-Jackson Friess-Fren Waterflood Project (also located in said Sections 19 and 30 and approved by Division Order No. R-4306) are as follows:

Russel Grayburg-Jackson Waterflood Project
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPPM

Section 18: NW/4, W/2 NE/4

Turner "A" Grayburg-Jackson Waterflood Project
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPPM

Section 18: S/2
Section 19: N/2

Turner "B" Grayburg-Jackson Waterflood Project
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPPM

Section 17: NW/4 SW/4, S/2 S/2
Section 20: All
Section 29: All
Section 30: SE/4

Grayburg-Jackson Friess-Fren Waterflood Project
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPPM

Section 19: E/2 SW/4, SE/4
Section 30: NE/4

(6) The Russel Grayburg-Jackson, Turner "A" Grayburg-Jackson, Grayburg-Jackson Friess-Fren and portions of the Turner "B" Grayburg-Jackson Waterflood Projects are currently owned and operated by Socorro Petroleum Company.

(7) The applicant, Avon Energy Corporation, a 50% owner of Socorro Petroleum Company, currently operates a portion of the Turner "B" Grayburg-Jackson Waterflood Project comprising the following described acreage:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 20: S/2 N/2, S/2

Section 29: All

Section 30: E/2 SE/4

(8) The applicant in this case, Avon Energy Corporation, seeks the following:

- 1) The amendment of Division Order No. R-3528 by expanding the injection interval in the twelve injection wells approved by said order to include the entire Grayburg-San Andres formation;
- 2) The establishment of an injection pressure limitation of 450 psi above the formation fracture pressure as determined from step rate tests for those twelve injection wells located within the "Expansion Area".
- 3) The establishment of an administrative procedure whereby acreage currently contained within the Russel Grayburg-Jackson, Turner "A" Grayburg-Jackson, Turner "B" Grayburg-Jackson, and Grayburg-Jackson Friess-Fren Waterflood Projects may be transferred to Avon Energy Corporation and operated as a single waterflood project.

(9) According to applicant's evidence, Avon Energy Corporation currently has a farmout agreement with Socorro Petroleum Company whereby Avon earns acreage from Socorro as said acreage is drilled or otherwise further developed.

(10) Further evidence presented indicates that all of the acreage within the subject waterflood projects is Federal lands.

(11) The transfer and operation of such acreage should result in a more efficient operation, will result in the recovery of additional oil within the projects, and will not violate correlative rights.

(12) According to applicant's evidence and testimony, expansion of the injection interval within those wells located in the "Expansion Area" will result in the recovery of an additional 2.3 million barrels of oil which would not otherwise be recovered, thereby preventing waste.

(13) The proposed expansion of the injection interval within those wells located in the "Expansion Area" should be approved.

(14) The Division has determined, after consultation with the applicant prior to the hearing, that certain "Area of Review" wells located within the "Expansion Area" are not completed in such a manner which will assure that their wellbores will not serve as a conduit for migration of the injected fluid from the proposed injection zone.

(15) Prior to commencing injection operations within one-half mile of any of the following described wells, or prior to injecting into the Turner "B" Well No. 56 located in Unit J of said Section 30, the applicant should be required to perform remedial cement operations or take other action as may be necessary in order to assure that these wellbores will not serve as a conduit for migration of injected fluid to the satisfaction of the supervisor of the Artesia district office of the Division:

Turner "B" No. 55	Unit H, Section 29, T-17S, R-31E
Turner "B" No. 60	Unit K, Section 29, T-17S, R-31E
Turner "B" No. 68	Unit P, Section 29, T-17S, R-31E
Turner "B" No. 71	Unit M, Section 29, T-17S, R-31E

(16) No injection pressure limitation currently exists on any of the injection wells in the subject waterflood projects, however, by virtue of amending the injection interval in those injection wells located within the "Expansion Area", the Division would normally impose a surface injection pressure limitation on those wells equal to 0.2 psi per foot of depth to the uppermost perforations.

(17) The applicant presented the results of step-rate tests conducted on three injection wells within the "Expansion Area". The results of these step rate tests show an average formation fracture pressure of 1208 psi.

(18) The applicant's engineering study of pressure limits based upon Frac Hite, Frac Migration, and After Frac Logs (submitted as evidence in this case) provides substantial evidence to demonstrate that injection at 1650 psi (450 psi above the formation parting pressure) will not propagate fractures outside of the vertical limits of the Grayburg-Jackson Pool.

(19) The requested increase in surface pressure limitations for the "Expansion Area" will approximate the surface injection pressure for the original injection wells for which no pressure limit was imposed.

(20) Engineering studies conducted on behalf of the applicant have demonstrated that the water injected into the original injection wells at pressures up to an average of 1870 psi remained confined to the Grayburg-Jackson Pool.

(21) There is no indication that water injected into the original injection wells at pressures higher than those sought by the applicant in this case has moved water outside of the vertical limits of the Grayburg-Jackson Pool.

(22) Applicant's request is similar to the request previously approved by the Division Order R-2268-C for Socorro Petroleum Company and for which no adverse effects have been reported.

(23) Injection into the twelve subject injection wells at a surface injection pressure of approximately 450 psi above formation fracture pressure will allow the recovery of additional oil reserves within the Grayburg-Jackson Pool, thereby preventing waste, will not endanger any fresh water aquifers, and should therefore be approved.

(24) As the reservoir pressure in the "Expansion Area" increases as a result of the injection of water, it will be necessary to periodically increase the surface pressure limitation for the project which should be authorized administratively.

(25) The applicant should be required to submit a request to the Santa Fe and Artesia offices of the Division and to the United States Bureau of Land Management (BLM) for transfer of acreage from the Socorro Petroleum Company operated Turner "A" Grayburg-Jackson, Turner "B" Grayburg-Jackson, Grayburg-Jackson Friess-Fren and Russel Grayburg-Jackson Waterflood Projects into the Avon operated Turner "B" Grayburg-Jackson Waterflood Project. Such request should be in general letter form along with a plat of the projects showing the requested acreage to be transferred.

IT IS THEREFORE ORDERED THAT:

(1) Division Order Nos. R-3185, R-3185-A and R-3528 are hereby amended authorizing Avon Energy Corporation to inject water into the Grayburg-San Andres formation, Grayburg-Jackson Pool, through the twelve injection wells (previously approved for injection by Order No. R-3528) shown on Exhibit "A" attached hereto located within the "Expansion Area" of the Turner "B" Grayburg-Jackson Waterflood Project comprising all or portions of Sections 20, 29 and 30, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico.

(2) The twelve subject injection wells or pressurization system shall be equipped with a pressure limiting device which will limit the surface injection pressure on said wells to no more than 1650 psi.

(3) The Division Director shall have the authority to administratively approve subsequent pressure increases on said wells to 450 psi above fracture pressure, provided, however, that step-rate tests, temperature surveys, tracer surveys or other supporting data the Division may deem necessary accompany such requests.

(4) The Division Director shall also have the authority to reduce or rescind said injection pressures should it become apparent that the injected fluid is not being adequately confined to the Grayburg-Jackson Pool.

(5) Prior to commencing injection operations within one-half mile of any of the following described wells, or prior to injecting into the Turner "B" Well No. 56 located in Unit J of said Section 30, the applicant shall perform remedial cement operations or take other action as may be necessary in order to assure that these wellbores will not serve as a conduit for migration of injected fluid to the satisfaction of the supervisor of the Artesia district office of the Division:

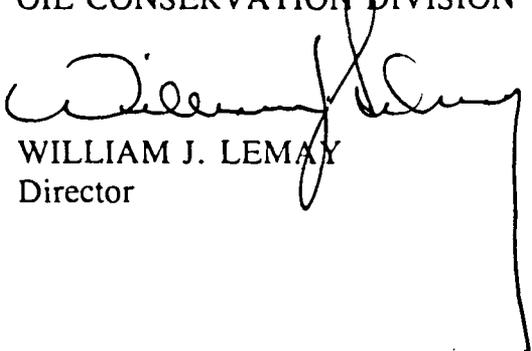
Turner "B" No. 55	Unit H, Section 29, T-17S, R-31E
Turner "B" No. 60	Unit K, Section 29, T-17S, R-31E
Turner "B" No. 68	Unit P, Section 29, T-17S, R-31E
Turner "B" No. 71	Unit M, Section 29, T-17S, R-31E

(6) The Division Director may authorize the transfer of acreage currently contained within the Socorro Petroleum Company operated Turner "A" Grayburg-Jackson, Turner "B" Grayburg-Jackson, Grayburg-Jackson Friess-Fren and Russel Grayburg-Jackson Waterflood Projects into the Avon operated Turner "B" Grayburg-Jackson Waterflood Project provided a request for such transfer of acreage is submitted to the Santa Fe and Artesia offices of the Division and to the United States Bureau of Land Management (BLM). Such request shall be in general letter form along with a plat of the projects showing the requested acreage to be transferred.

(7) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 3521
Order No. R-3185-A

IN THE MATTER OF THE APPLICATION OF
SINCLAIR OIL & GAS COMPANY FOR THREE
WATERFLOOD PROJECTS, EDDY COUNTY,
NEW MEXICO.

See Also Order No.

R-3185
R-3528
R-3528-A

NUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that through inadvertence, Order No. R-3185, dated February 1, 1967, does not reflect the true and correct locations of certain existing wells which were authorized for conversion to water injection by said order,

IT IS THEREFORE ORDERED:

(1) That the following well locations are hereby substituted in lieu of those shown in Order No. R-3185 to correctly reflect the locations of water injection wells authorized by said Order No. R-3185:

Sinclair Russell Grayburg-Jackson Waterflood Project

Injection wells:

C. A. Russell Well No. 6	990' FNL & 1384' FWL	Section 18
C. A. Russell Well No. 10	2200' FNL & 2665' FEL	Section 18

Sinclair Turner "A" Grayburg-Jackson Waterflood Project

Injection wells:

Turner "A" SP Well No. 2	2200' FSL & 440' FWL	Section 18
Turner "A" SP Well No. 5	330' FNL & 660' FWL	Section 19
Turner "A" SP Well No. 6	660' FSL & 1980' FWL	Section 18
Turner "A" SP Well No. 9	330' FNL & 1980' FEL	Section 19
Turner "A" SP Well No. 10	1980' FSL & 1830' FEL	Section 18
Turner "A" SP Well No. 11	660' FSL & 660' FEL	Section 18
Turner "A" SP Well No. 15	1650' FNL & 1980' FWL	Section 19
Turner "A" SP Well No. 35	1800' FNL & 660' FEL	Section 19

CASE No. 3521
Order No. R-3185-A

Sinclair Turner "B" Grayburg-Jackson Waterflood Project

Injection wells:

Turner "B" SP Well No. 3	330' FNL & 660' FWL	Section 20
Turner "B" SP Well No. 4	660' FSL & 1980' FWL	Section 17
Turner "B" SP Well No. 5	1980' FSL & 660' FWL	Section 17
Turner "B" SP Well No. 8	660' FNL & 1980' FEL	Section 20
Turner "B" SP Well No. 11	1980' FNL & 660' FEL	Section 20
Turner "B" SP Well No. 30	660' FSL & 660' FEL	Section 17
Turner "B" SP Well No. 41	1650' FNL & 1650' FWL	Section 20
Turner "B" SP Well No. 67	1650' FSL & 660' FWL	Section 20
Turner "B" SP Well No. 78	2080' FSL & 1980' FEL	Section 20

(2) That this order shall be effective nunc pro tunc as of February 1, 1967.

DONE at Santa Fe, New Mexico, on this 19th day of February, 1968.

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/

(2) That the subject waterflood projects shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve expansion of said projects to include such additional lands and injection wells in the area of said projects as may be necessary to complete an efficient water injection pattern.

(3) That monthly progress reports of the waterflood projects 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.

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/

BEFORE THE OIL CONSERVATION COMMISSION
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:

CASE No. 3521
Order No. R-3185

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR THREE WATERFLOOD PROJ-
ECTS, EDDY COUNTY, NEW MEXICO.

See Also Order No. R-3185-1

R-3185-1

R-3528

R-3528-A

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 25, 1967, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 1st day of February, 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, Sinclair Oil & Gas Company, seeks authority to institute three waterflood projects in the Grayburg-Jackson Pool by the injection of water into the Grayburg-San Andres formations through two wells on its C. A. Russell Lease, eight wells on its Turner "A" Lease, and nine wells on its Turner "B" Lease in Sections 17, 18, 19, and 20, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That the applicant also seeks an administrative procedure whereby said projects could be expanded to include additional lands and injection wells in the area of said projects as may be necessary in order to complete an efficient injection pattern.

(4) That the wells in each of the project areas are in an advanced state of depletion and should properly be classified as "stripper" wells.

(5) That the proposed waterflood projects should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(6) That the subject application should be approved and the projects 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, Sinclair Oil & Gas Company, is hereby authorized to institute three waterflood projects in the Grayburg-Jackson Pool by the injection of water into the Grayburg-San Andres formations through the following-described 19 wells in Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

Sinclair Russell Grayburg-Jackson Waterflood Project

Injection wells:

- C. A. Russell Well No. 6 979' FNL & 1400' FWL Section 18
- C. A. Russell Well No. 10 2147' FNL & 2374' FWL Section 18

Sinclair Turner "A" Grayburg-Jackson Waterflood Project

Injection wells:

- Turner "A" SP Well No. 2 2220' FSL & 427' FWL Section 18
- Turner "A" SP Well No. 5 332' FNL & 670' FWL Section 19
- Turner "A" SP Well No. 6 568' FSL & 1707' FWL Section 18
- Turner "A" SP Well No. 9 408' FNL & 1994' FEL Section 19
- Turner "A" SP Well No. 10 1940' FSL & 1839' FEL Section 18
- Turner "A" SP Well No. 11 589' FSL & 655' FEL Section 18
- Turner "A" SP Well No. 15 1635' FNL & 1698' FWL Section 19
- Turner "A" SP Well No. 35 700' FEL & 1840' FNL Section 19

Sinclair Turner "B" Grayburg-Jackson Waterflood Project

Injection wells:

- Turner "B" SP Well No. 3 309' FNL & 666' FWL Section 20
- Turner "B" SP Well No. 4 700' FSL & 1751' FWL Section 17
- Turner "B" SP Well No. 5 1989' FSL & 625' FWL Section 17
- Turner "B" SP Well No. 8 504' FNL & 2064' FEL Section 20
- Turner "B" SP Well No. 11 1785' FNL & 725' FEL Section 20
- Turner "B" SP Well No. 30 680' FSL & 632' FEL Section 17
- Turner "B" SP Well No. 41 1635' FNL & 1665' FWL Section 20
- Turner "B" SP Well No. 67 1650' FSL & 660' FWL Section 20
- Turner "B" SP Well No. 78 2130' FSL & 1980' FEL Section 20

BEFORE THE OIL CONSERVATION COMMISSION
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:

CASE No. 3885
Order No. R-3528

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR A WATERFLOOD EXPANSION,
EDDY COUNTY, NEW MEXICO.

See Also Order No. 2.

R-3528-A
R-3185

R-3185-A

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 9, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 22nd day of October, 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, Sinclair Oil Corporation, formerly
Sinclair Oil & Gas Company, seeks permission to expand its Turner
"B" Grayburg-Jackson Waterflood Project in the Grayburg-Jackson
Pool by the injection of water into the Premier Sand of the
Grayburg formation through 12 additional injection wells in Sec-
tions 20, 29, and 30, 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 expansion of the Turner "B" Grayburg-
Jackson Waterflood Project should result in the recovery of
otherwise unrecoverable oil, thereby preventing waste.

CASE No. 3885

Order No. WR-3528

ORDERED THAT THE SUBJECT APPLICATION SHOULD BE APPROVED AND THE EXPANDED PROJECT SHOULD BE GOVERNED BY THE PROVISIONS OF RULES 701, 702, AND 703 OF THE COMMISSION RULES AND REGULATIONS.

(5) That the subject application should be approved and the expanded 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, Sinclair Oil Corporation, formerly Sinclair Oil & Gas Company, is hereby authorized to expand its Turner "B" Grayburg-Jackson Waterflood Project in the Grayburg-Jackson Pool by the injection of water into the Premier Sand of the Grayburg formation through the following-described wells in Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

LEASE	WELL NO.	UNIT	SECTION
Turner "B" SP	44	N	20
Turner "B" SP	46	P	20
Turner "B" SP	47	B	29
Turner "B" SP	50	D	29
Turner "B" SP	54	F	29
Turner "B" SP	55	H	29
Turner "B" SP	61	J	29
Turner "B" SP	64	L	29
Turner "B" SP	66	N	29
Turner "B" SP	68	P	29
Turner "B" SP	56	J	30
Turner "B" SP	76	P	30

(2) That the expanded waterflood project 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 expanded 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.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

S E A L

esr/

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

BEFORE THE OIL CONSERVATION COMMISSION
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:

CASE No. 3226
Order No. R-2900

APPLICATION OF SKELLY OIL COMPANY
FOR A WATERFLOOD PROJECT, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 7, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 4th day of May, 1965, 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, Skelly Oil Company, seeks permission to institute a waterflood project in the Grayburg-Jackson Pool in the Dow Unit Area by the injection of water into the Premier (Grayburg) and San Andres formations through six injection wells in Section 22, 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. 3226
Order No. R-2900

(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, Skelly Oil Company, is hereby authorized to institute a waterflood project in the Grayburg-Jackson Pool in the Dow Unit Area by the injection of water into the Premier (Grayburg) and San Andres formations through the following-described six wells in Section 22, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

<u>LEASE AND</u> <u>WELL NO.</u>	<u>LOCATION</u> <u>UNIT</u>
Lynch "A" 4	J
Lynch "A" 9	N
Lynch "A" 10	L
Lynch "A" 13	F
Lynch "A" 15	B
Lynch "A" 16	H

(2) That the subject waterflood project 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.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

GUYTON B. HAYS, Member

S E A L

esr/

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

BEFORE THE OIL CONSERVATION COMMISSION
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:

CASE No. 3547
Order No. R-3214

APPLICATION OF SKELLY OIL COMPANY
FOR A WATERFLOOD EXPANSION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 5, 1967, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of April, 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 by Order No. R-2900, the Commission authorized the institution of a waterflood project in the Grayburg-Jackson Pool in the Dow Unit Area (now designated Skelly Unit Area) by the injection of water into the Premier (Grayburg) and San Andres formations through six injection wells in Section 22, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That the applicant, Skelly Oil Company, seeks amendment of said Order No. R-2900 to expand the waterflood interval authorized therein to include the entire Grayburg-Jackson producing interval, to permit the conversion to water injection of 18 additional injection wells in Sections 14, 15, 22, 23, 26, and 27, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, and the establishment of an administrative procedure whereby additional wells, within the said unit area, could be placed on water injection.

(4) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(5) That the proposed expansion should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(6) That approval of the subject application should increase the efficiency of the subject waterflood project, and otherwise prevent waste and protect correlative rights.

(7) That the subject application should be approved and the project as expanded should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

That Order No. R-2900 is hereby amended to read in its entirety as follows:

(1) That the applicant, Skelly Oil Company, is hereby authorized to effect a waterflood project in the Grayburg-Jackson Pool in the Skelly Unit Area by the selective injection of water into various zones throughout the entire Grayburg-Jackson producing interval through the following-described twenty-four wells:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Well	No.	Unit	Section
Skelly Unit -	105	F	14
Skelly Unit -	22	J	14
Skelly Unit -	24	L	14
Skelly Unit -	34	N	14
Skelly Unit -	19	F	15
Skelly Unit -	21	H	15
Skelly Unit -	26	J	15
Skelly Unit -	30	N	15
Skelly Unit -	32	P	15
Skelly Unit -	42	B	22
Skelly Unit -	44	F	22
Skelly Unit -	46	H	22
Skelly Unit -	52	J	22
Skelly Unit -	54	L	22
Skelly Unit -	56	N	22

EDDY COUNTY, NEW MEXICO
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM (Cont.)

Well	No.	Unit	Section
Skelly Unit -	58	P	22
Skelly Unit -	38	B	23
Skelly Unit -	40	D	23
Skelly Unit -	48	F	23
Skelly Unit -	71	J	23
Skelly Unit -	73	L	23
Skelly Unit -	83	D	26
Skelly Unit -	85	B	27
Skelly Unit -	96	F	27

(2) That the subject waterflood project is hereby designated the Grayburg-Jackson Skelly Unit Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve expansion of the Grayburg-Jackson Skelly Unit Waterflood Project to include additional wells, within said unit area, on water injection as may be necessary to complete an efficient waterflood injection pattern.

(3) That monthly progress reports of the expanded waterflood project authorized herein 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.

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

BEFORE THE OIL CONSERVATION COMMISSION
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:

CASE NO. 4808
Order No. R-4419

APPLICATION OF SKELLY OIL
COMPANY FOR A WATERFLOOD
EXPANSION AND DUAL COMPLETION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 4, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 16th day of October, 1972, 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, Skelly Oil Company, seeks permission to expand its Grayburg-Jackson Skelly Unit Waterflood Project in the Grayburg-Jackson Pool, by the injection of water through its Unit Well No. 114 located in Unit D of Section 14, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico.
- (3) That the applicant further seeks authority to complete its Well No. 114 in such a manner as to permit the production of oil from the Fren-Seven Rivers Pool through 2 1/16-inch tubing and the injection of water into the Grayburg-Jackson Pool through a parallel string of 2 1/16-inch tubing with separation of zones by a packer set at approximately 3300 feet.
- (4) That the applicant further seeks a procedure whereby the subject waterflood project may be expanded by the dual completion of additional wells within the boundaries of the above-described unit without the necessity for notice and hearing.
- (5) That the proposed waterflood expansion and dual completion are feasible and should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(6) 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; provided however, that the showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection as single completions or as dual completions.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby authorized to expand its Grayburg-Jackson Skelly Unit Waterflood Project in the Grayburg-Jackson Pool by the injection of water through its Unit Well No. 114 located in Unit D of Section 14, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico.

(2) That the applicant is hereby authorized to complete said Well No. 114 in such a manner as to permit the production of oil from the Fren-Seven Rivers Pool through 2 1/16-inch tubing and the injection of water into the Grayburg-Jackson Pool through a parallel string of 2 1/16-inch tubing with separation of zones by a packer set at approximately 3300 feet.

(3) That Order (2) of Order No. R-3214 is hereby amended to read in its entirety as follows:

"(2) That the subject waterflood project is hereby designated the Grayburg-Jackson Skelly Unit Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve expansion of the above-described waterflood project to include such additional injection wells in the area of said project as may be necessary to complete an efficient injection pattern; that said wells may be approved as dual completions for injection into the Grayburg-Jackson Pool and production from the Fren-Seven Rivers Pool."

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

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

-3-

Case No. 4808
Order No. R-4419

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

NSL 8/28/97



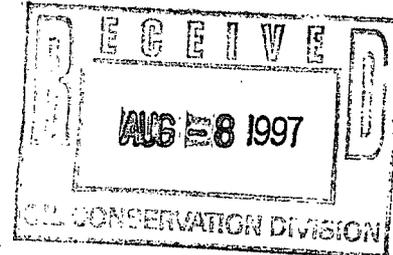
J.O. EASLEY, INC.

ESTABLISHED 1979

P.O. Box 245 88211-0245
119 South Roselawn, Suite 302
Artesia, New Mexico 88210

August 5, 1997

Telephone (505) 746-1070
Fax (505) 746-1073



Mr. William Lemay
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval to Drill a Directional Well to an
Unorthodox Bottom Hole Location
Skelly Unit #402
Skelly Waterflood Unit
Eddy County, New Mexico

Dear Mr. Lemay:

The Wiser Oil Company hereby applies for administrative approval to drill a directional well at a surface location of 2625' FNL, 230' FWL, with the bottom hole location at 2625' FNL, 10' FWL, both within Unit E of Section 28, Township 17 South, Range 31 East, N.M.P.M. It is necessary to directionally drill this well as the prime location for drilling a straight hole is inaccessible due to the existence of pipelines, power lines, and a highway R/W running through the prime drillsite.

Attached to this application are the following exhibits:

- Exhibit "A" Survey Plat, Form C-102
- Exhibit "B" Plat showing the section, township, and range in which the well is to be drilled, the project area, the proposed surface & bottom-hole locations, the producing area for the proposed well, & all offsetting drilling units & existing wells
- Exhibit "C" Vertical Plan View (Cross-Section) for the subject well
- Exhibit "D" Horizontal Plan View for the subject well
- Exhibit "E" Type Log Section which is generally representative of the Skelly Unit. Wells have been drilled which have come in right on target as illustrated on this type log from the Caprock Maljamar Unit, but there is a tendency for Skelly Unit wells to come

in anywhere from 200' shallower to an extreme of 1000' shallower than illustrated on these logs.

Exhibit "F" Lease Line agreement between The Wiser Oil Company and Devon Energy Corporation noting in Article 7 that each agrees to execute any waivers necessary to administratively obtain such unorthodox locations at the NMOCD. Devon being the only offset Operator, no Affidavit of Mailing was prepared, however, Devon will be provided a copy of this letter and application.

If you have any questions, or need additional information, please feel free to give me a call at 505-746-1070.

Sincerely,

J. O. EASLEY, INC.



Michael R. Burch, CPL
Agent for The Wiser Oil Company

/bj

Enclosures

cc/enclosure

Mr. Tim W. Gum
New Mexico Oil Conservation Division
811 South 1st Street
Artesia, New Mexico 88210

Mr. Matt Eagleston
The Wiser Oil Company
8115 Preston Road, Suite 400
Dallas, Texas 75225

Mr. Mike Jones
The Wiser Oil Company
P. O. Box 2568
Hobbs, New Mexico 88241

Mr. Ken Gray
Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

□ AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 28509	Pool Name Grayburg Jackson 7-Rivers QN GB SA
Property Code 017540	Property Name SKELLY UNIT	Well Number 402
OGRID No. 022922	Operator Name THE WISER OIL COMPANY	Elevation 3761

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	28	17 S	31 E		2625	NORTH	230	WEST	EDDY

Bottom Hole Location If Different From Surface

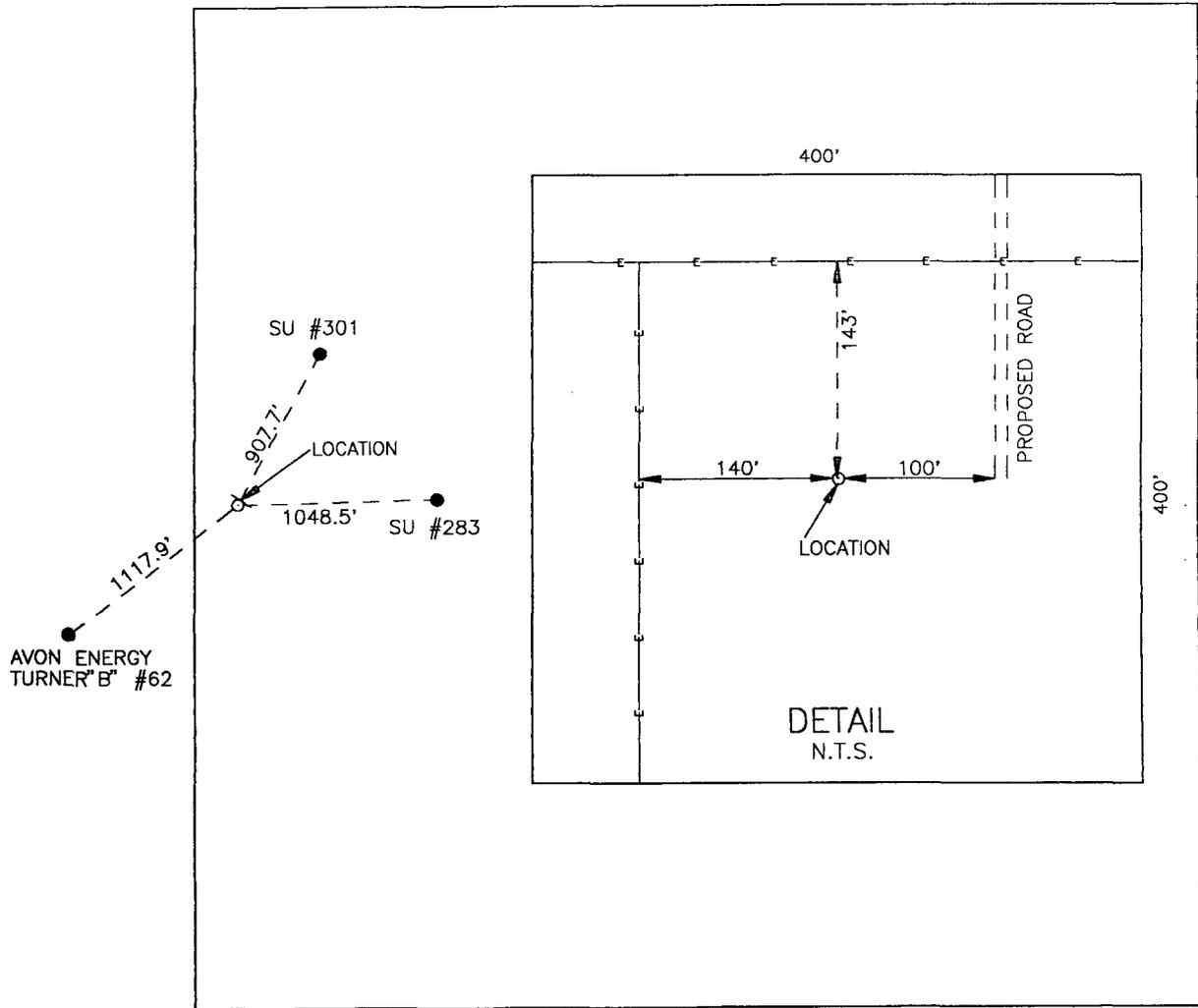
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	28	17S	31E		2625	North	10	West	Eddy

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Michael R. Burch</i> Signature Michael R. Burch, CPL Printed Name Agent for The Wiser Oil Company Title 8-4-97 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MAY 20, 1997 Date Surveyed</p>
	<p>Signature & Seal of Professional Surveyor <i>John W. West</i> NEW MEXICO 6-30-97</p>
	<p>SW:O. Num. 97-14-1078 Certification No. JOHN W. WEST, 676 PROFESSIONAL J. EIDSON, 3239 GARY G. EIDSON, 12641</p>

SECTION 28, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,
 EDDY COUNTY NEW MEXICO



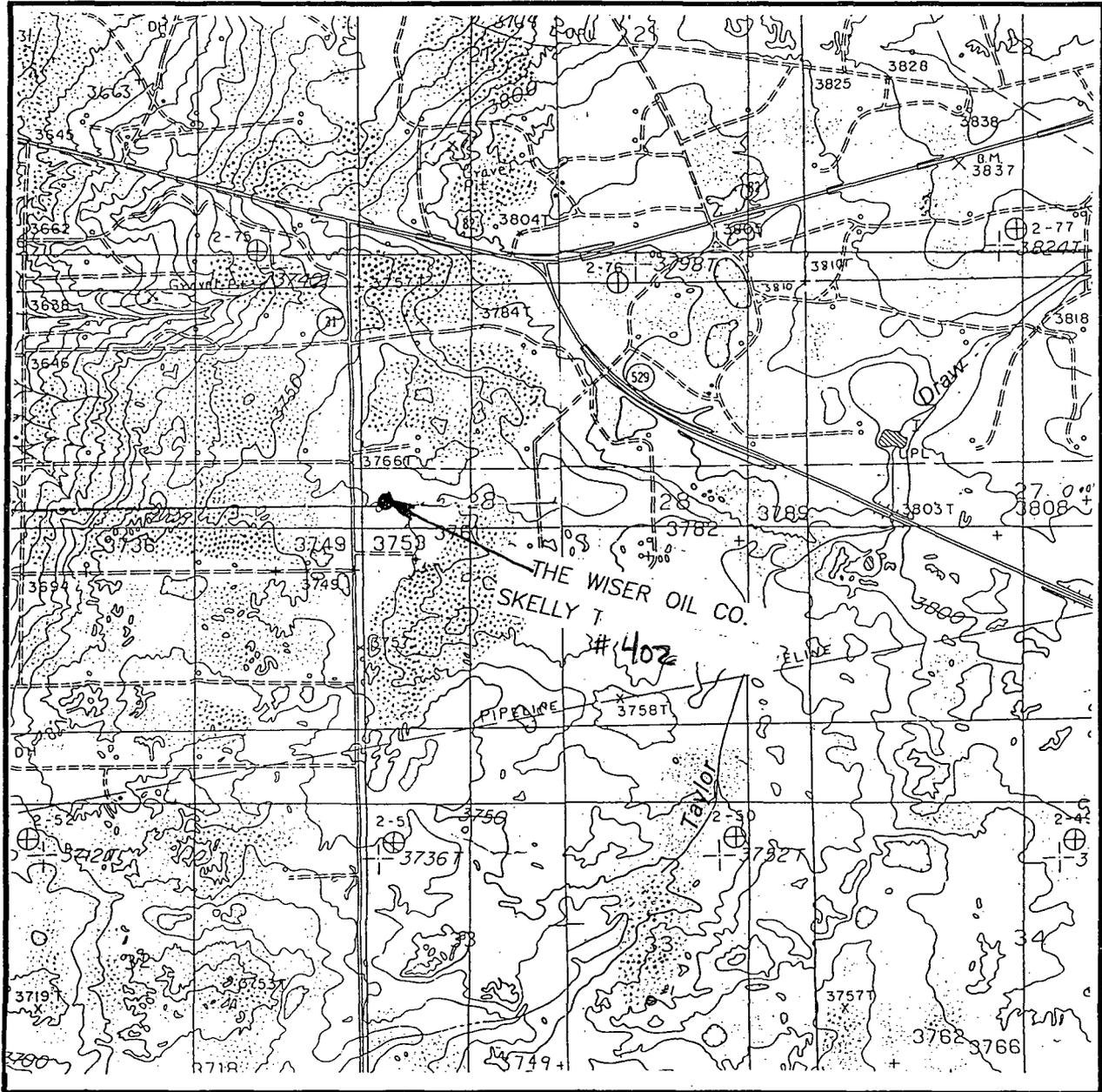
THE WISER OIL COMPANY

TOPO AT SKELLY UNIT #402 LOCATED 2625 FEET FROM THE NORTH LINE AND 230 FEET FROM THE WEST LINE SECTION 28, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

JOHN W. WEST ENGINEERING COMPANY
 CONSULTING ENGINEERS & SURVEYORS - HOBBS, NEW MEXICO

Survey Date: 6/25/97	Sheet 1 of 1 Sheets
W.O. Number: 97-11-1078	Drawn By: JAMES L. PRESLEY
Date: 6/27/97	DISK: WIS1078

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 28 TWP. 17-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2625' FNL & 230' FWL

ELEVATION 3761'

OPERATOR THE WISER OIL CO.

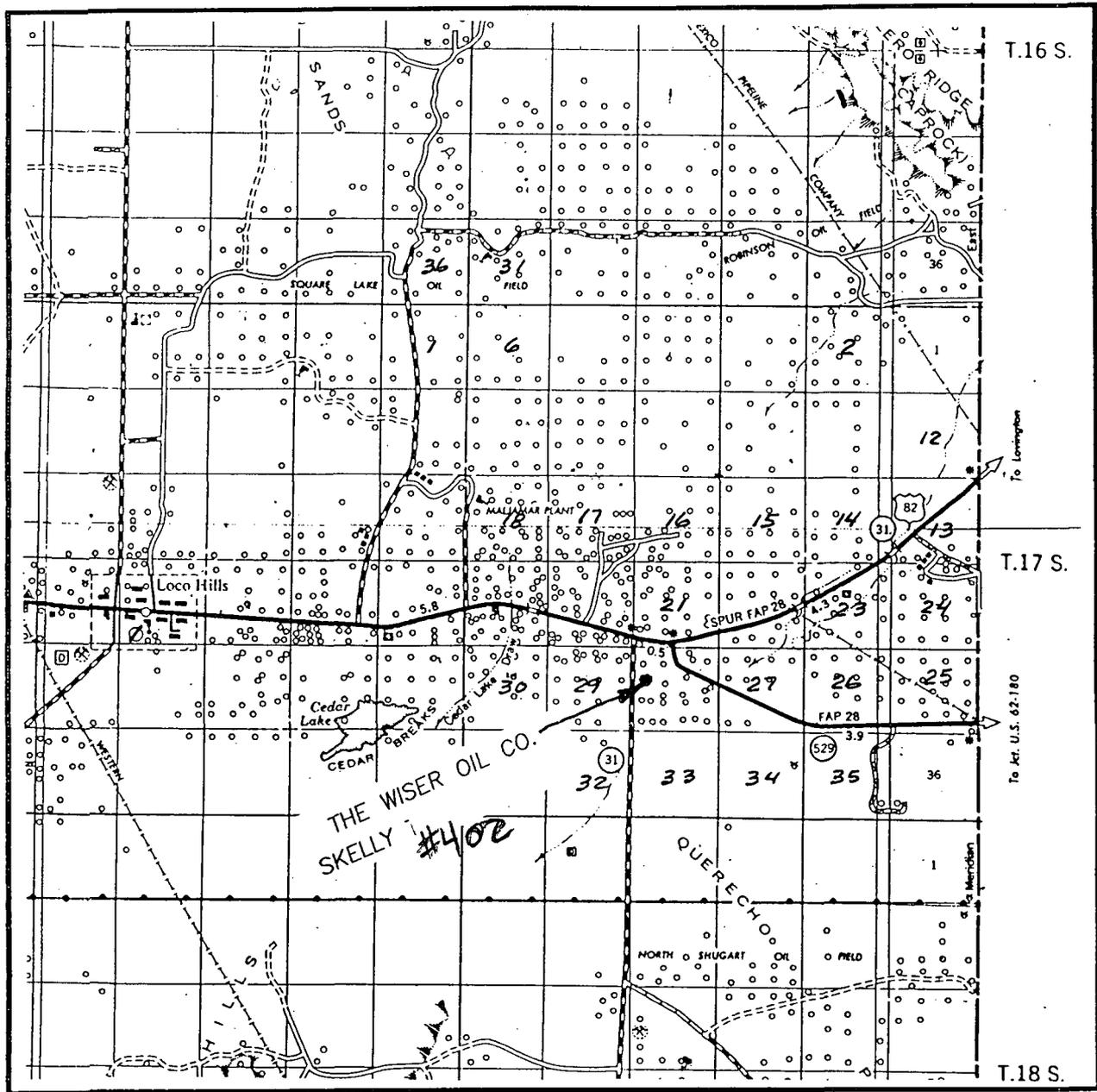
LEASE SKELLY

U.S.G.S. TOPOGRAPHIC MAP

LOCO HILLS, & MALJAMAR, N.M.

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 28 TWP. 17-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 2625' FNL & 230' FWL
 ELEVATION 3761'
 OPERATOR THE WISER OIL CO.
 LEASE SKELLY

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
 (505) 393-3117

**DIRECTIONAL WELL
PROPOSAL**

THE WISER OIL COMPANY
SKELLY UNIT #402
SEC. 28, T-17-S, R-31-E
EDDY COUNTY, NEW MEXICO

PREPARED FOR: MR. MATT EAGLESTON

PREPARED BY: RICK EATON
DIRECTIONAL COORDINATOR

JULY 25, 1997



The Future Is Working Together.

**HALLIBURTON®****HALLIBURTON ENERGY SERVICES**

2822 I-20 West / Odessa, Texas 79763 / Tel: 915-580-0014

July 25, 1997

THE WISER OIL COMPANY

Mr. Matt Eagleston
8115 Preston Rd. Suite 400
Dallas, Texas 75225

Dear Matt,

We appreciate the opportunity to present the following Directional Well Plan and Cost Estimate for the Skelly Unit #402 in Eddy County, New Mexico. Our full service capability, coupled with our experience, provides us with the tools and people required to effectively and economically control your wellbore.

Please review this information. If you have any changes or questions, please call me at (915) 580-0014. We are looking forward to working with you on this project.

Sincerely,

Rick Eaton

HALLIBURTON DRILLING SYSTEMS

Page 1

Proposal Report

Date: 7/24/97

Time: 4:38 pm

Wellpath ID: DIRECTIONAL PROPOSAL

Last Revision: 7/24/97

*Calculated using the Minimum Curvature Method**Computed using WIN-CADDS REV2.2.2*

Vertical Section Plane: N 90.00 W

Survey Reference: WELLHEAD

Offset, Reference To WellHead: (ft): 0.00 N 0.00 E 0.00 TVD

Vertical Section Reference: WELLHEAD

Closure Reference: WELLHEAD

TVD Reference: KB

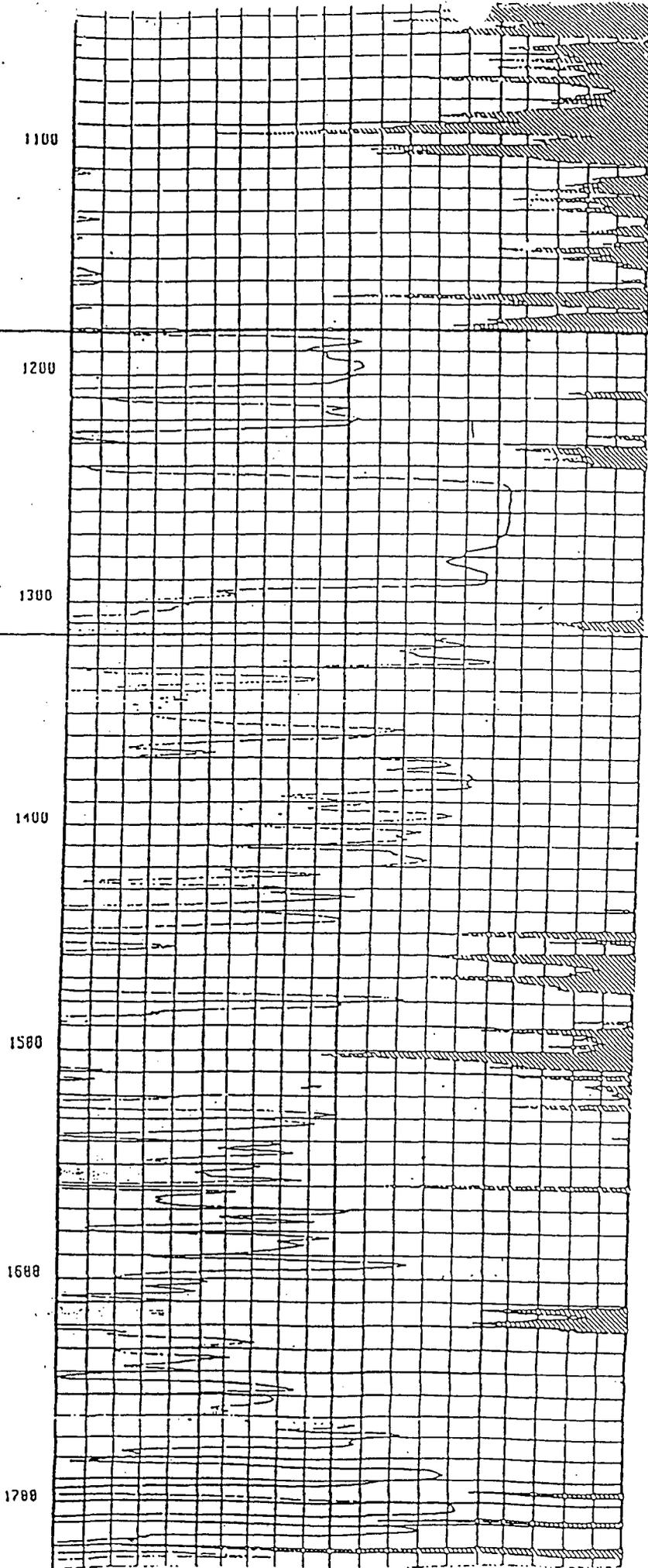
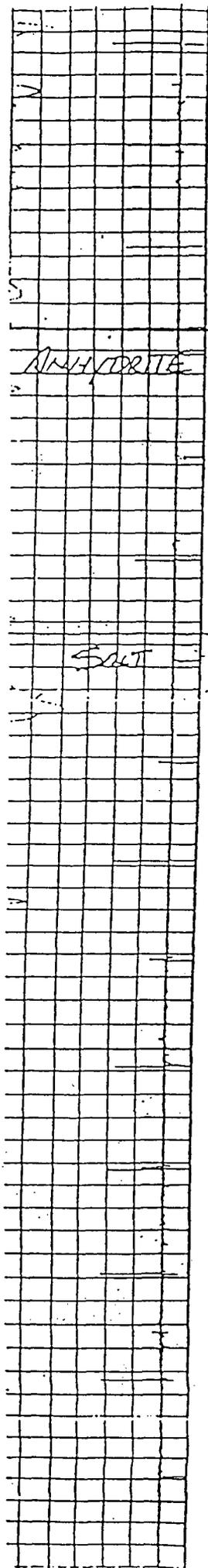
THE WISER OIL COMPANY
SKELLY UNIT #402
SEC. 28, T17S, R31E
EDDY COUNTY, NEW MEXICO
DIRECTIONAL PROPOSAL

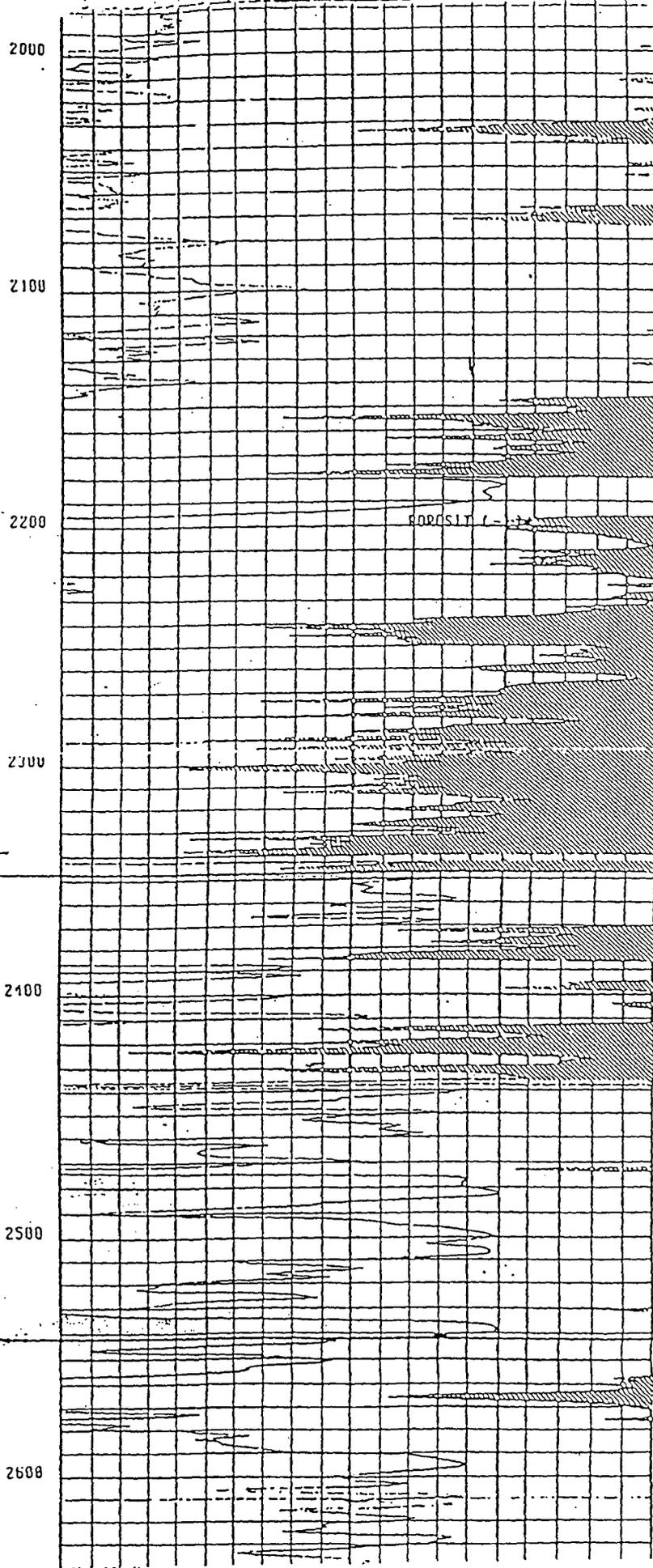
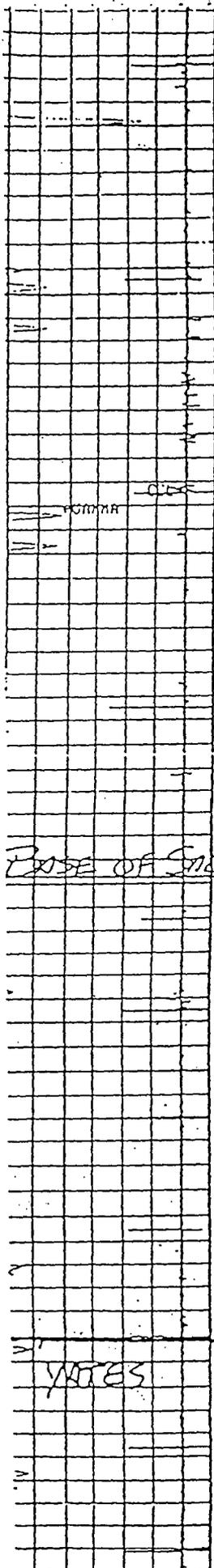
Measured Depth (ft)	Incl (deg.)	Drift Dir. (deg.)	Course Length (ft)	TVD (ft)	TOTAL Rectangular Offsets (ft)		DLS (dg/100ft)	Vertical Section (ft)
KOP / START OF BUILD @ 1.50 deg/100 ft								
1350.00	0.00	N 0.00 E	0.00	1350.00	0.00 N	0.00 E	0.00	0.00
1450.00	1.50	N 90.00 W	100.00	1449.99	0.00 S	1.31W	1.50	1.31
1550.00	3.00	N 90.00 W	100.00	1549.91	0.00 S	5.23W	1.50	5.23
1650.00	4.50	N 90.00 W	100.00	1649.69	0.00 S	11.77W	1.50	11.77
1750.00	6.00	N 90.00 W	100.00	1749.27	0.00 S	20.92W	1.50	20.92
1850.00	7.50	N 90.00 W	100.00	1848.57	0.00 S	32.68W	1.50	32.68
1950.00	9.00	N 90.00 W	100.00	1947.54	0.00 S	47.03W	1.50	47.03
2050.00	10.50	N 90.00 W	100.00	2046.09	0.00 S	63.98W	1.50	63.96
END OF BUILD								
2087.49	11.06	N 90.00 W	37.49	2082.92	0.00 S	70.97W	1.50	70.97
START OF CURVE @ 1.00 deg/100 ft								
2309.32	11.06	N 90.00 W	221.83	2300.63	0.00 S	113.54W	0.00	113.54
2409.32	10.06	N 90.00 W	100.00	2398.93	0.00 S	131.87W	1.00	131.87
2509.32	9.06	N 90.00 W	100.00	2497.54	0.00 S	148.48W	1.00	148.48
2609.32	8.06	N 90.00 W	100.00	2596.42	0.00 S	163.37W	1.00	163.37
2709.32	7.06	N 90.00 W	100.00	2695.55	0.00 S	176.53W	1.00	176.53
2809.32	6.06	N 90.00 W	100.00	2794.90	0.00 S	187.96W	1.00	187.96
2909.32	5.06	N 90.00 W	100.00	2894.42	0.00 S	197.65W	1.00	197.65
3009.32	4.06	N 90.00 W	100.00	2994.11	0.00 S	205.60W	1.00	205.60
3109.32	3.06	N 90.00 W	100.00	3093.91	0.00 S	211.82W	1.00	211.82
3209.32	2.06	N 90.00 W	100.00	3193.81	0.00 S	216.29W	1.00	216.29
3309.32	1.06	N 90.00 W	100.00	3293.77	0.00 S	219.02W	1.00	219.02
3409.32	0.06	N 90.00 W	100.00	3393.77	0.00 S	220.00W	1.00	220.00

HALLIBURTON DRILLING SYSTEMS

Proposal Report Wellpath ID: DIRECTIONAL PROPOSAL

Measured Depth (ft)	Incl (deg.)	Drift Dir. (deg.)	Course Length (ft)	TVD (ft)	TOTAL Rectangular Offsets (ft)		DLS (dg/100ft)	Vertical Section (ft)
TOP OF TARGET								
3415.56	0.00	N 0.00 E	6.23	3400.00	0.00 S	220.00W	1.00	220.00
BOTTOM OF TARGET								
3815.56	0.00	N 0.00 E	400.00	3800.00	0.00 S	220.00W	0.00	220.00
BOTTOM HOLE LOCATION								
3990.56	0.00	N 0.00 E	175.00	3975.00	0.00 S	220.00W	0.00	220.00





ROCKS

ROCKS

BASE OF SALT

SALT

2000

2100

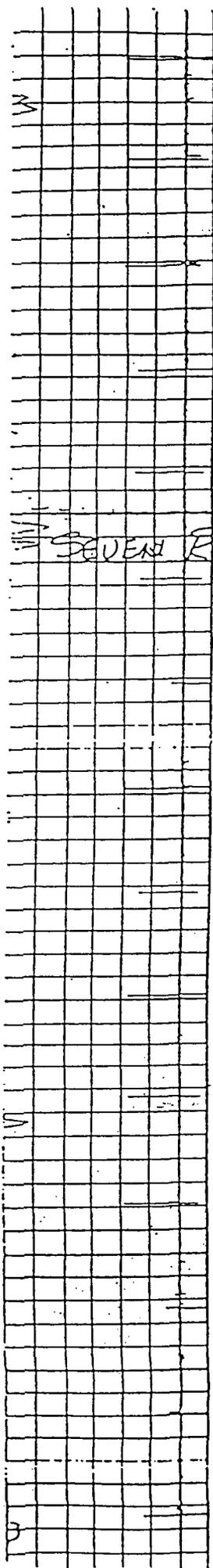
2200

2300

2400

2500

2600



2700

2800

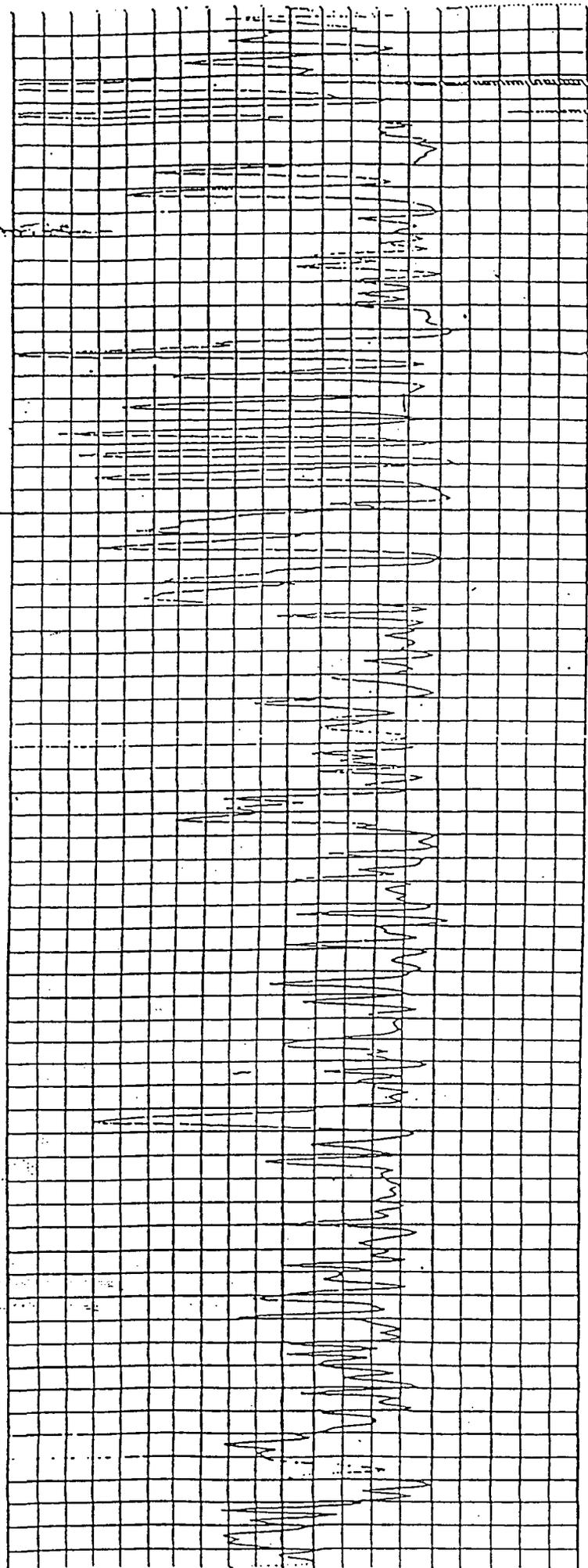
SEVEN RIVERS

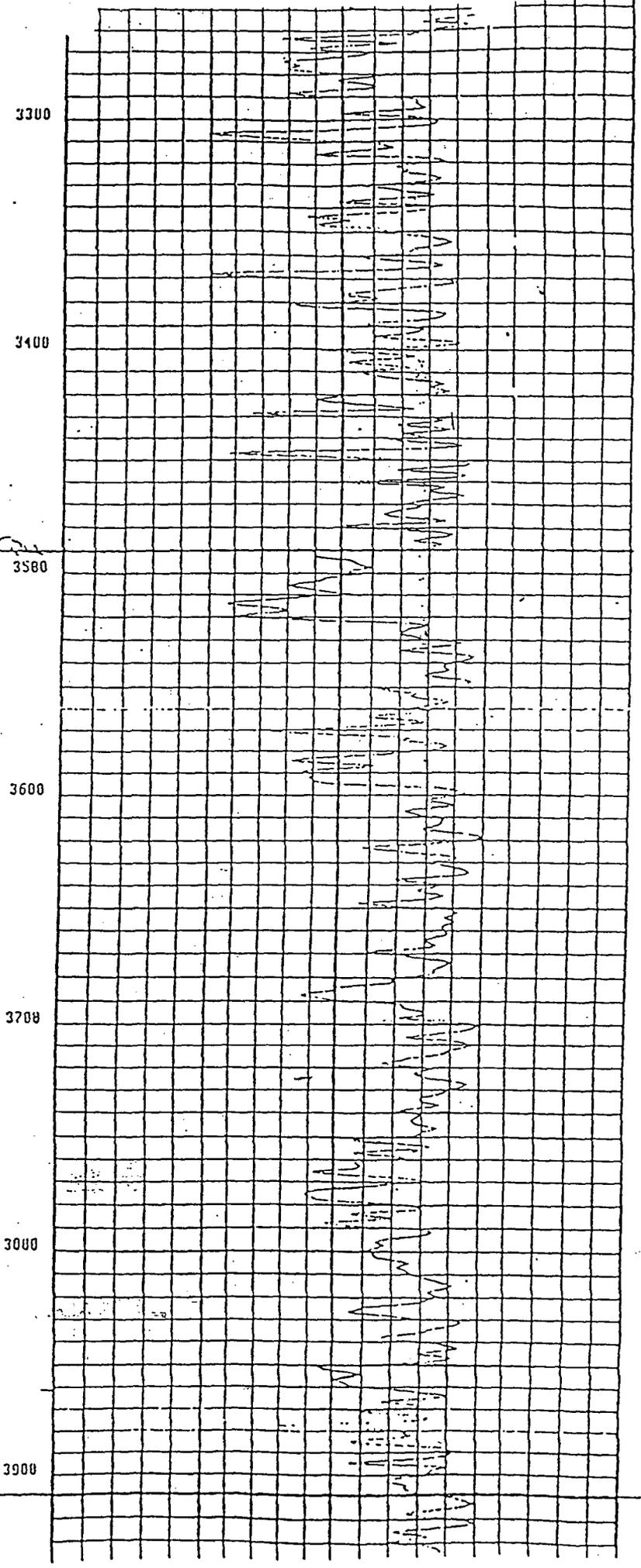
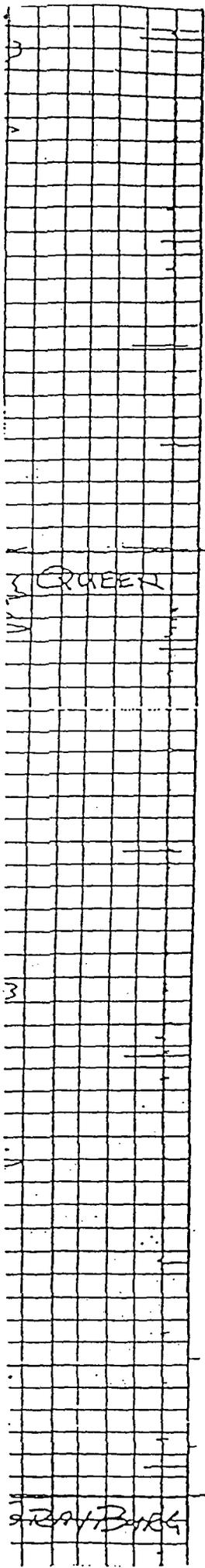
2900

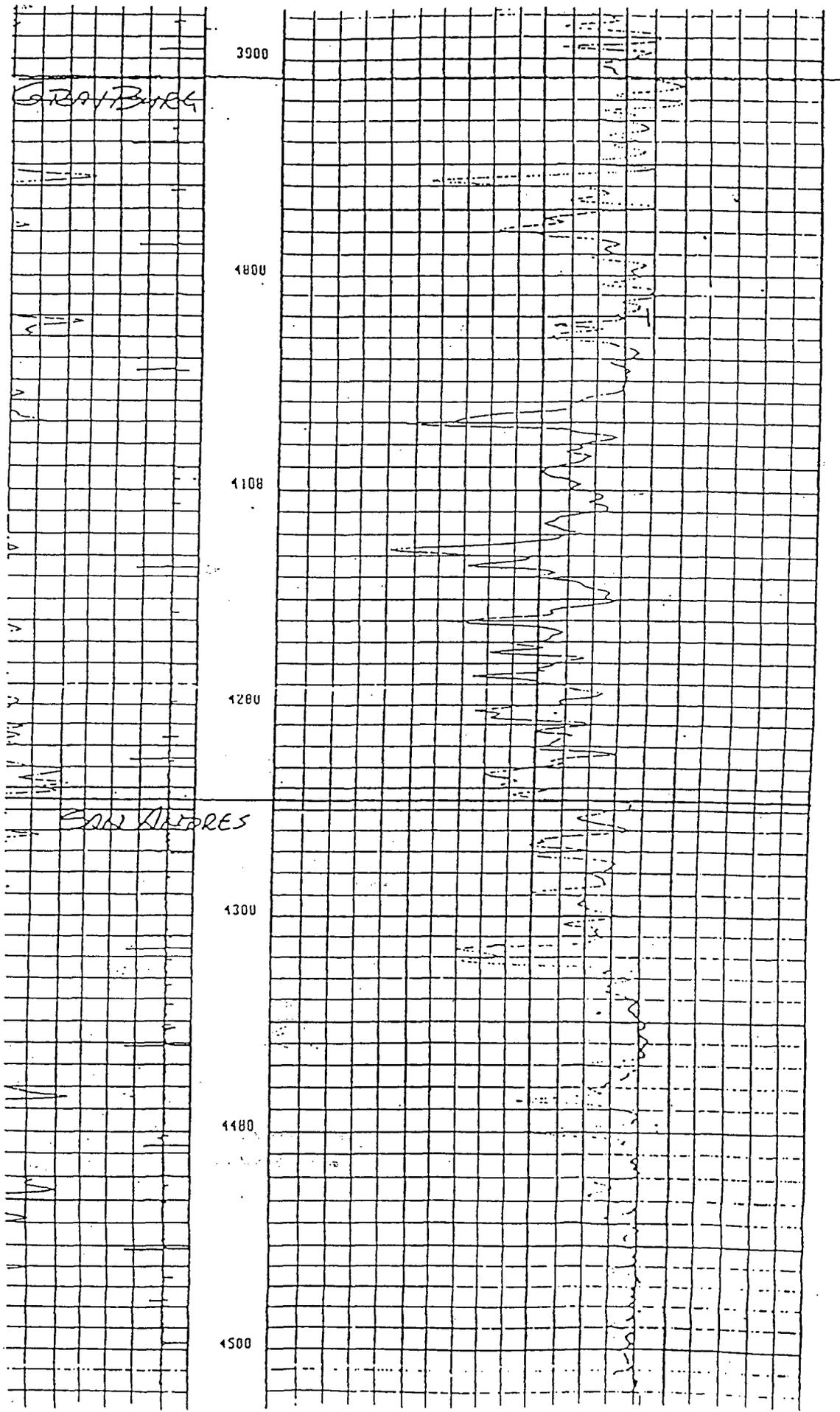
3000

3100

3200







3900

GREAT BRIDGE

4800

4108

4280

EAST ANDRES

4300

4480

4500

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

Vertical line with handwritten notes on the right side of the grid.

COOPERATIVE UNIT LINE INJECTION WELL
AND UNIT LINE INFILL DRILLING AGREEMENT

SKELLY WATERFLOOD UNIT
TURNER "B" WATERFLOOD PROJECT

THIS AGREEMENT is entered into by The Wisser Oil Company as Operator of the Skelly Waterflood Unit, hereafter referred to as "Wisser", and Devon Energy Corporation (Nevada), as Operator of the Turner "B" Waterflood Project, hereafter referred to as "Devon".

RECITALS:

1. Wisser is the Operator of the Skelly Waterflood Unit under the terms of the applicable Unit Agreement and the Unit Operating Agreement for said Unit (the "Unit") and the owner of 100% working interest therein.
2. Devon is the Operator of the Turner "B" Waterflood Project as approved by State of New Mexico Oil Conservation Division Order No. R-3185 (the "Project") and the owner of 100% working interest therein.
3. The Unit Area of the Skelly Waterflood Unit includes, among other lands, the W/2 W/2 of Section 21, the W/2 NW/4 and NW/4 SW/4 of Section 28, all in Township 17 South, Range 31 East, Eddy County, New Mexico, and the Project Area for the Turner "B" Waterflood Project, includes, among other lands, the E/2 E/2 of Section 20, the NE/4 SE/4 and E/2 NE/4 of Section 29, all in Township 17 South, Range 31 East, Eddy County, New Mexico.
4. Wisser and Devon desire to enter into an agreement to provide for the continued operation of existing injection wells, the reactivation of existing shut-in injection wells, and the conversion of additional wells to injection as provided in Article 1, along the common boundary of the above described lands for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations underlying said lands in order to enhance the recovery of hydrocarbons from their respective Unit/Project. Wisser and Devon also desire to enter into an agreement to drill up to six infill producing wells on 20 acre spacing units along the common boundary line of the Skelly Waterflood Unit and the Turner "B" Waterflood Project in accordance with Article 7 below.

NOW, THEREFORE, in consideration of the mutual benefits to be derived from the covenants and obligations herein contained, Wisser and Devon agree as follows:

ARTICLE 1

INJECTION WELLS

1.1 Wisser has made application before the New Mexico Oil Conservation Division to convert to injection or reactivate existing shut-in injection wells as follows:

Skelly Unit #62 Located in NW/4 NW/4 of Section 21-T17S-R31E
Skelly Unit #63 Located in SW/4 NW/4 of Section 21-T17S-R31E
Skelly Unit #69 Located in NW/4 SW/4 of Section 21-T17S-R31E
Skelly Unit #74 Located in SW/4 SW/4 of Section 21-T17S-R31E
Skelly Unit #91 Located in NW/4 NW/4 of Section 28-T17N-R31E
Skelly Unit #92 Located in SW/4 NW/4 of Section 28-T17N-R31E
Skelly Unit 100 Located in NW/4 SW/4 of Section 28-T17N-R31E

Within one hundred twenty (120) days of receipt of approval by the New Mexico Oil Conservation Division, Wisser shall convert, reactivate and equip the above wells as necessary, for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations. These wells shall be equipped, maintained and operated under this agreement, and the

covenants of Wisser under this agreement shall be performed at the expense of Wisser as an item of unit expense under the Unit Operating Agreement for the Skelly Waterflood Unit.

1.2 Devon, within thirty (30) days after execution of this agreement, shall make application before the New Mexico Oil Conservation Division to convert to injection or reactivate existing shut-in injection wells as follows:

Turner "B" #11 Located in SE/4 NE/4 of Section 20-T17S-R31E
Turner "B" #9 Located in NE/4 NE/4 of Section 20-T17S-R31E
Turner "B" #51 Located in NE/4 SE/4 of Section 20-T17S-R31E
Turner "B" #59 Located in NE/4 NE/4 of Section 29-T17S-R31E
Turner "B" #62 Located in NE/4 SE/4 of Section 29-T17S-R31E

Within one hundred twenty (120) days of receipt of approval by the New Mexico Oil Conservation Division, Devon shall convert, reactivate, and equip the above wells as necessary, for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations. These wells shall be equipped, maintained and operated under this agreement, and the covenants of Devon under this agreement shall be performed at the sole expense and risk of Devon.

1.2.1 Wisser and Devon recognize that the following Devon operated wells have previously been converted to injection and are currently injecting water into one or more of the Seven Rivers, Queen, Grayburg and San Andres formations:

Turner "B" #46 Located in SE/4 SE/4 of Section 20-T17S-R31E
Turner "B" #55 Located in SE/4 NE/4 of Section 29-T17S-R31E

The above wells shall continue to be operated in accordance with the terms of this agreement and more specifically in accordance with Article 2.2 hereof.

1.3 Well Log: Upon execution of this agreement and upon request, each party shall provide the other party with a copy of a porosity log on each of the wells contemplated by this agreement, indicating perforation depth. Each party, upon request, shall also provide the other party with details of workover operations on each of the wells, including stimulation and squeezing operations.

1.4 Replacement and Substitute Wells: It is recognized by the parties that the incremental recovery of hydrocarbons reasonably expected from each Unit/Project Area as a result of the injection operations contemplated by this agreement may not justify the drilling of a replacement well in the event a party is unable to continue operations of existing injection wells or is unable to convert its well to an injection well or to obtain governmental authorization to inject fluids into the well. If, as a result of a lack of wellbore integrity or other condition in the hole or formations penetrated, either party is unable after exercising reasonable diligence as would a prudent operator to continue operations of existing injection wells or to convert the wells described in Articles 1.1, 1.2 and 1.2.1 herein to injection wells or to obtain governmental authorization to inject fluids into the Seven Rivers, Queen, Grayburg and San Andres formations, said party shall, within thirty (30) days, notify the other party hereto in writing of the condition of such well and shall have the option but not the obligation to propose either to substitute an existing well therefor, or to drill a replacement well at a location within three hundred (300) feet of the well to be replaced.

If the notifying party has elected to drill a replacement well, it shall, within a reasonable time after giving the above described notice, begin operations for the drilling of the replacement well. If it has chosen to propose a substitute well, the remaining party hereto may either accept or reject the proposed substitute well. If the notifying party proposes a substitute well that is acceptable to the remaining party hereto, the notifying party shall drill and equip said well within one hundred twenty (120) days after receiving the remaining party's written acceptance thereof. If the remaining party hereto rejects the proposed substitute well, such remaining party shall have the option to cease operating any adjacent injection well covered by this agreement.

ARTICLE 2

OPERATION

2.1 Water Supply: Each party either has constructed or shall construct and maintain facilities necessary for delivery of water to its injection wells and shall furnish water suitable for injection therein. Each party, upon request, shall provide the other party with a water analysis of its injection water.

2.2 Injection: Except as otherwise provided in Article 1.4 herein ("Replacement and Substitute Wells"), water injection into each of the proposed conversion injection wells and re-activated injection wells shall commence within sixty (60) days after receipt of approval by the New Mexico Oil Conservation Division. Injection of water into each injection well covered by this agreement, shall be at rates and pressures mutually agreed upon, and below the fracturing pressure of the formation as determined by periodic step-rate injectivity tests. Prior to running a step-rate test, the operating pressure on the well shall be set at a level lower than the lowest fracturing pressures measured by step-rate tests in nearby injection wells completed in the formation. If the rates and pressures cannot be mutually agreed upon, the rate shall be at least 300 barrels of water a day, provided the rate does not result in a bottomhole pressure which is greater than the formation fracturing pressure. Each party, upon request, shall provide the other party details of the results of each step-rate test and any fall-off tests conducted on its wells. Each month, each party shall provide the other party with a statement showing the average daily injection rate and the average daily injection pressure, for the previous month, along with the cumulative injection volumes, for all wells within 700 feet of the common unit boundary.

2.3 Injection Profile: Each party shall run annual radioactive water tracer surveys on its wells. Each party shall, upon request, provide a copy of its injection profile logs to the other party hereto.

2.4 Metering: Each party shall be responsible, at its sole cost and expense, for installing and maintaining in good working order, appropriate pressure gauges and water meters for each of the injection wells covered by this agreement.

ARTICLE 3

INTERESTS AND OBLIGATIONS OF PARTIES

3.1 Interests of Parties: Nothing in this agreement shall be deemed to be an assignment or a cross-assignment of interests in the respective Unit/Project Areas. This agreement is entered into for the sole purpose of providing for the operation of injection and infill producing wells on the common boundary of the Unit/Project Areas to enhance the recovery of hydrocarbons from each Unit/Project Area so that the party who operates the Unit/Project Area, along with the other owners of interests in production from the Unit/Project Area, may benefit by an increase in ultimate recovery of hydrocarbons from the Unit/Project Area.

3.2 Obligations of Parties: The obligations and liabilities of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations as set out in this agreement. It is not the intention of the parties to create, nor shall this agreement be construed to create, a mining or other partnership or association, or to render the parties liable as partners.

ARTICLE 4

FORCE MAJEURE

If either party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, that party shall give to the other party prompt notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than the continuance of, the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed shall mean an act of God, strike, lockout or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, failure of water supply, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

ARTICLE 5

NOTICES

All notices and other communications authorized or required between the parties under this agreement shall be deemed to have been given when such communications in writing shall have been received by fax or United States mail, by the party to whom the notice is given at the following address:

Wiser:

The Wiser Oil Company
8115 Preston Road, Suite 400
Dallas, TX 75225
Attn: Matt Eagleston
Project Manager

Devon:

Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attn: Steve Cromwell
Land Manager

Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to the other party.

ARTICLE 6

EFFECTIVE DATE AND TERM OF AGREEMENT

6.1 Effective Date: The effective date of this agreement shall be January 1, 1997.

6.2 Term of Agreement: This agreement shall be in effect for a period of five (5) years after the effective date hereof and so long thereafter as the Skelly Waterflood Unit, and the Turner "B" Waterflood Project are in effect, unless earlier terminated as hereafter set forth.

This agreement may be terminated at any time after the expiration of such five (5) year term by unanimous agreement of the parties hereto. If the parties are unable to agree, the term of this agreement shall not extend beyond ten (10) years from the cessation of operations attributable to the wells covered in Article 1 and Article 7 hereof.

ARTICLE 7 INFILL DEVELOPMENT

In order to further enhance the ultimate recovery of hydrocarbons from both the Skelly Waterflood Unit and the Turner "B" Waterflood Project, Wiser and Devon each agree to drill and operate three infill producing wells along the common boundary of the Unit/Project at the approximate locations described on Exhibit "A" attached hereto. Such wells shall be drilled and completed within one hundred eighty (180) days from the execution of this agreement. Wiser and Devon recognize that in order to be able to drill these infill wells at the proposed locations, each company will be required to obtain unorthodox location approval from the New Mexico Oil Conservation Division. Accordingly, Wiser and Devon hereby covenant to execute any waivers

necessary for the remaining party hereto to administratively obtain such unorthodox locations in accordance with applicable New Mexico Oil Conservation Division rules.

In order to share in the risks and rewards of drilling the proposed infill wells, Wiser and Devon further agree that an operating agreement between the parties, designating Devon as operator of those infill wells located on the Turner "B" Lease, and further designating Wiser as operator of those infill wells located on the Skelly Unit, which shall be executed simultaneously with this agreement, is attached hereto as Exhibit "B" and made a part hereof. Said operating agreement shall govern the drilling, completion and all other operations associated with such infill wells. Notwithstanding the current working interest ownership of the Turner "B" Waterflood Project and the Skelly Waterflood Unit as recited in paragraphs 1 and 2 above, the working interest of the parties under said operating agreement shall be:

The Wiser Oil Company	50.00%
Devon Energy Corporation (Nevada)	50.00%

The operating agreement and exhibits thereto shall become effective as of the effective date of this agreement and shall govern any operations not expressly covered by this agreement. In the event of a conflict between the terms of the Operating Agreement attached hereto as Exhibit "B" and the terms of this agreement, the terms of this agreement shall prevail.

Production attributable to the Devon operated infill wells as set forth on Exhibit "A" shall be commingled into an existing Turner "B" tank battery of Devon's choice. Production attributable to the Wiser operated infill wells as set forth on Exhibit "A" shall be commingled into an existing Skelly Waterflood tank battery of Wiser's choice. Wiser and Devon agree that production from such infill wells shall be allocated based upon monthly well tests. Well testing shall be accomplished utilizing a test heater treater or test separator. Produced fluid from a well to be tested will be segregated from the field production and diverted to a test vessel where the separation of oil, gas and water will occur. Only one well shall be tested at a time. No other wells shall be allowed to produce into the test vessel when another well is being tested. Oil and water volumes exiting the vessel will be metered or sent to a test tank for direct measurement.

If metering oil volumes, meter accuracy should be at least $\pm 1.0\%$ with a repeatability of at least $\pm 0.05\%$. Oil meters should be calibrated on a quarterly basis with each party having the right, upon thirty (30) days written notice, to witness such oil meter calibrations. Any time the accuracy of a meter is in question either party with reasonable written notification may inspect the other party's oil meter at their own expense.

Gas volumes may be allocated based on the applicable Project or Unit GOR, or gas volumes may be measured using an orifice well tester connected to the gas outlet on the heater treater or test separator.

ARTICLE 8

COMPLIANCE WITH LAWS AND REGULATIONS

8.1 Laws, Regulations and Orders: This agreement shall be subject to and operations hereunder shall be conducted in compliance with the conservation laws of the State of New Mexico, the valid rules, regulations and orders of the New Mexico Oil Conservation Division and all other applicable federal, state and local laws, ordinances, rules, regulations and orders.

8.2 Governing Law: This agreement and all matters pertaining hereto, including, but not limited to, matters of performance, nonperformance, breach, remedies, procedures, rights, duties and interpretations or construction, shall be governed and determined by the law of the State of New Mexico.

ARTICLE 9

INDEMNITY

Each party hereto agrees to protect, defend, indemnify and hold harmless the other party from and against any claims, demands, causes of action, losses and/or liabilities of every kind and character arising out of, incident to, or in connection with such other party's water injection operations pursuant to the provisions of this agreement excepting, however, any claim, demand, cause of action, loss and/or liability which may result from the gross negligence or willful misconduct of such other party, its agents, officers, or employees. Such indemnity shall include, without limitation, reasonable attorney's fees, court costs and similar expenses. Each party hereby releases the other party from any liability for damages to the releasing party's interest in and to the releasing party's land described herein arising out of, incident to, or in connection with the operations contemplated by this agreement, provided such operations are conducted in accordance with the terms and conditions of this agreement and such damage is not the result of gross negligence or willful misconduct of such other party.

ARTICLE 10

MISCELLANEOUS

10.1 Entire Agreement: This agreement embodies the entire agreement between the parties relating to the subject matter hereof and shall supersede all other agreements, assurances, conditions, covenants or terms relating hereto, whether written or verbal or antecedent or contemporaneous with the execution thereof. This agreement may be modified or amended only by an instrument in writing signed by both parties.

10.2 Captions: Captions have been inserted for reference purposes only and shall not define or limit the terms of this agreement.

10.3 Binding Effect: This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective successors, legal representatives and assigns.

WITNESS EXECUTION this 25th day of April, 1997.

ATTEST:

THE WISER OIL COMPANY

By: _____

By: W. B. Phillips
W. B. Phillips
Attorney-in-Fact

ATTEST:

DEVON ENERGY CORPORATION (NEVADA)

By: Steve Cronwell
STEVE CRONWELL
Assistant Secretary

By: J. M. Lacey
J. M. Lacey
Vice President

RDC
KIA
RL

EXHIBIT "A"

Attached to and made a part of that certain Joint Operating Agreement dated January 1, 1997 by and between The Wisser Oil Company and Devon Energy Corporation (Nevada)

I. CONTRACT AREA:

Skelly Unit Well #258, 10' FSL and 10' FWL, Section 21-T17S-R31E
 Skelly Unit Well #271, 1300' FNL and 10' FWL, Section 28-T17S-R31E
 Skelly Unit Well #282, 2625' FNL and 10' FWL, Section 28-T17S-R31E
 Turner B-134, 1150' FNL and 10' FEL, Section 20-T17S-R31E
 Turner B-135, 2625' FNL and 10' FEL, Section 20-T17S-R31E
 Turner B-136, 3900' FNL and 10' FEL, Section 20-T17S-R31E

OPERATOR:

The Wisser Oil Company
 The Wisser Oil Company
 The Wisser Oil Company
 Devon Energy Corporation (Nevada)
 Devon Energy Corporation (Nevada)
 Devon Energy Corporation (Nevada)

II. ADDRESSES FOR NOTICE PURPOSES:

The Wisser Oil Company
 8115 Preston Road, Suite 400
 Dallas, TX 75225
 Attn: Matt Eagleston
 Project Manager

Devon Energy Corporation (Nevada)
 20 North Broadway, Suite 1500
 Oklahoma City, OK 73102
 Attn: Steve Cromwell
 Land Manager

III. PERCENTAGE WORKING INTERESTS OF THE PARTIES:

<u>Parties</u>	<u>Percentage Working Interest in Contract Area</u>
The Wisser Oil Company	50.00%
Devon Energy Corporation (Nevada)	50.00%
Totals	100.00%

IV. DESCRIPTION OF COMMITTED LEASEHOLD:

Each of the Oil, Gas and Mineral Leases, or undivided interests therein, committed to this Agreement by the parties hereto and listed hereinafter are committed INsofar, AND ONLY INsofar, as each covers lands and depths within the Contract Area. All recording references are to the County Records of Eddy County, New Mexico.

A. Leases committed by The Wisser Oil Company (100%):

LESSOR	LESSEE	LEASE DATE	LESSOR ROY.	OTHER BURDENS	RECORDING REFERENCES BOOK PAGE
USA #LC-029420-B	Skelly Oil Company	4/30/98	oil - .0210000 gas - .1250000	0100000 ORRI	

a. Leases committed by Devon Energy Corporation (Nevada) (100%):

LESSOR	LESSEE	LEASE DATE	LESSOR ROY.	OTHER BURDENS	RECORDING REFERENCES BOOK PAGE
USA #LC-029395-4	Danziger Oil & Refining Co.	4/1/96	oil - .0210000 gas - .1250000	-0-	

NSL 9/10/97



J.O. EASLEY, INC.

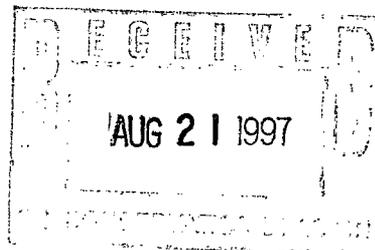
ESTABLISHED 1979

P.O. Box 245 88211-0245
119 South Roselawn, Suite 302
Artesia, New Mexico 88210

Telephone (505) 746-1070

Fax (505) 746-1073

August 19, 1997



Mr. William Lemay
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Application for Administrative Approval
Unorthodox Location
Skelly Unit # 401
Skelly Waterflood Unit
Eddy County, New Mexico

Dear Mr. Lemay:

The Wiser Oil Company hereby applies for administrative approval of the above noted well at an unorthodox well location of 1300' FNL & 60' FWL in Section 28-17S-31E, within the Skelly Unit.

We seek this approval to facilitate the effective production of reserves within both the Skelly Waterflood Unit and Turner "B" Waterflood Project. In Article 7 of the attached Unit Line Agreement between Wiser and Devon Energy, each agrees to execute any waivers necessary to administratively obtain such unorthodox locations at the NMOCD. Devon being the only offset Operator, no Affidavit of Mailing was prepared, however, Devon will be provided a copy of this letter and application.

If you have any questions, or need additional information, please feel free to gibe me a call at (505) 746-1070. Thank you for your attention to this matter.

Sincerely,
J. O. Easley, Inc.



Michael R. Burch, CPL

mrb/s
Enclosures

cc/

Mr. Tim W. Gumm
NMOCD
811 South 1st Street
Artesia, NM 88210

Mr. Matt Eagleston
The Wiser Oil Co.
8115 Preston Road
Suite 400
Dallas, Texas 75225

Mr. Mike Jones
The Wiser Oil Co.
P. O. Box 2568
Hobbs, NM 88241

Mr. Ken Gray
Devon Energy Corp.
20 North Broadway
Suite 1500
Oklahoma City, OK
73102-8260

EXHIBIT "D"

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer ED, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

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

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-	28509	Grayburg Jackson 7-Rivers ON GB SA
Property Code	Property Name	Well Number
OGRI No. 7540	SKELLY UNIT	401
022922	Operator Name	Elevation
	THE WISER OIL COMPANY	3770

Surface Location

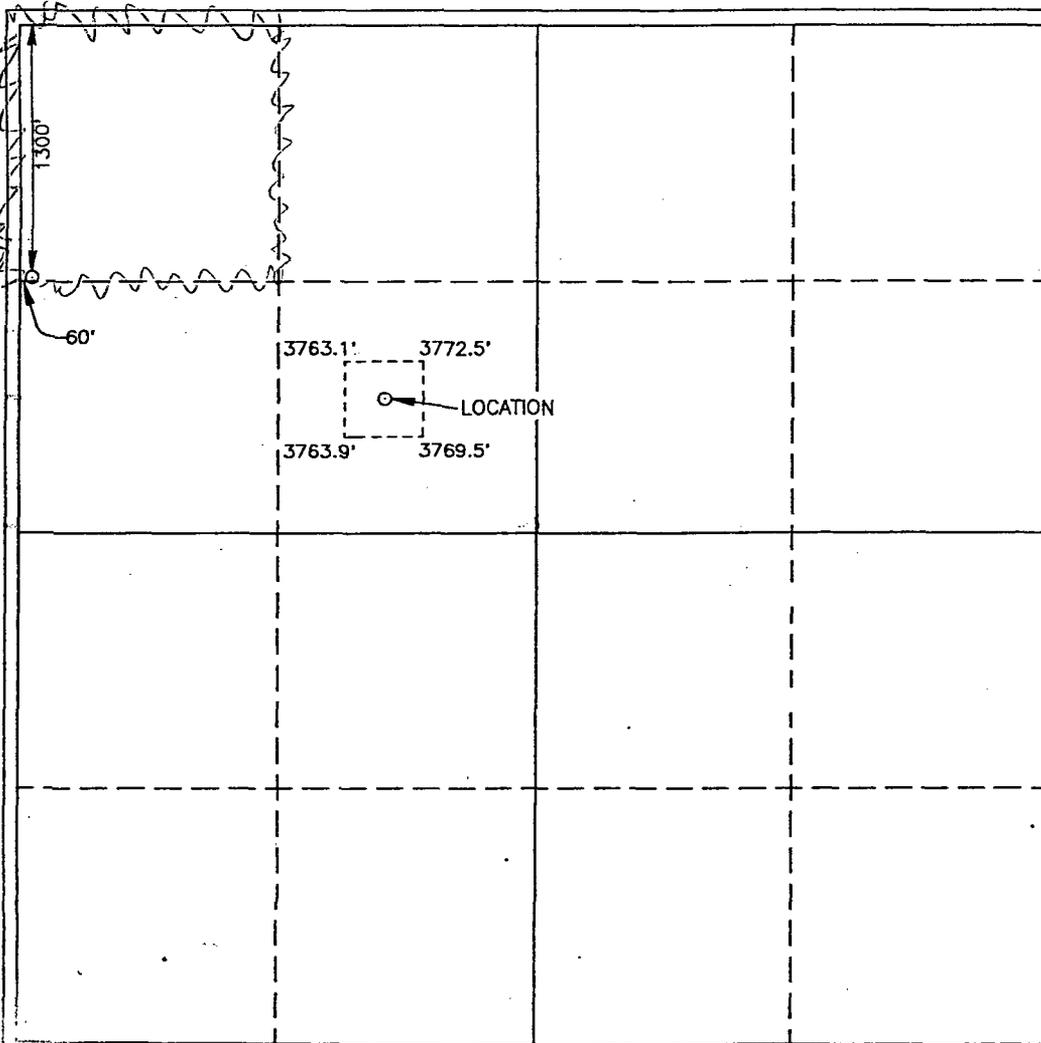
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	28	17 S	31 E		1300	NORTH	60	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

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

Michael R. Burch
Signature

Michael R. Burch, CPL
Printed Name
Agent for The Wisser Oil
Title
Company
8-19-97
Date

SURVEYOR CERTIFICATION

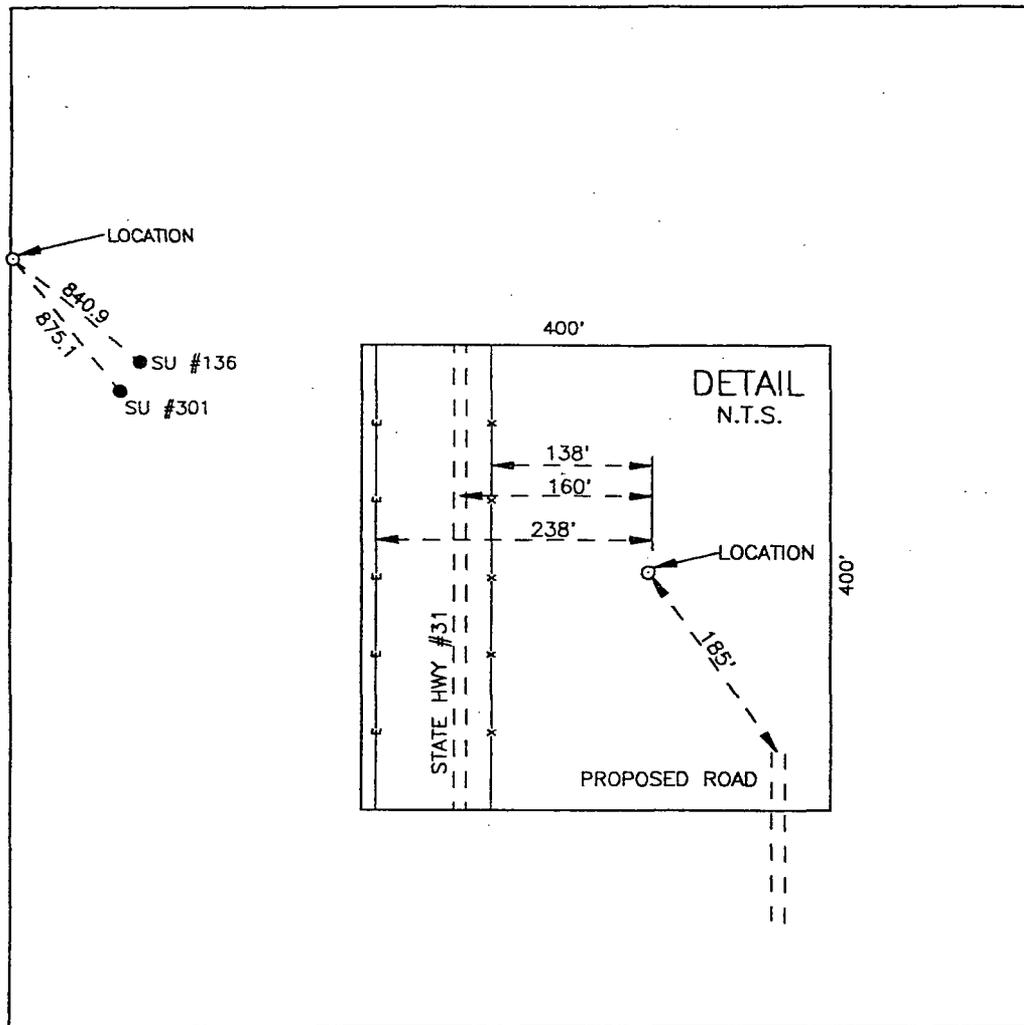
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

AUGUST 8, 1997
Date Surveyed

Ronald J. Edson
Signature & Seal
Professional Surveyor
JLP

Professional Surveyor
R. J. Edson
8-19-97
87-116-345

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239
RONALD J. EIDSON, 12641



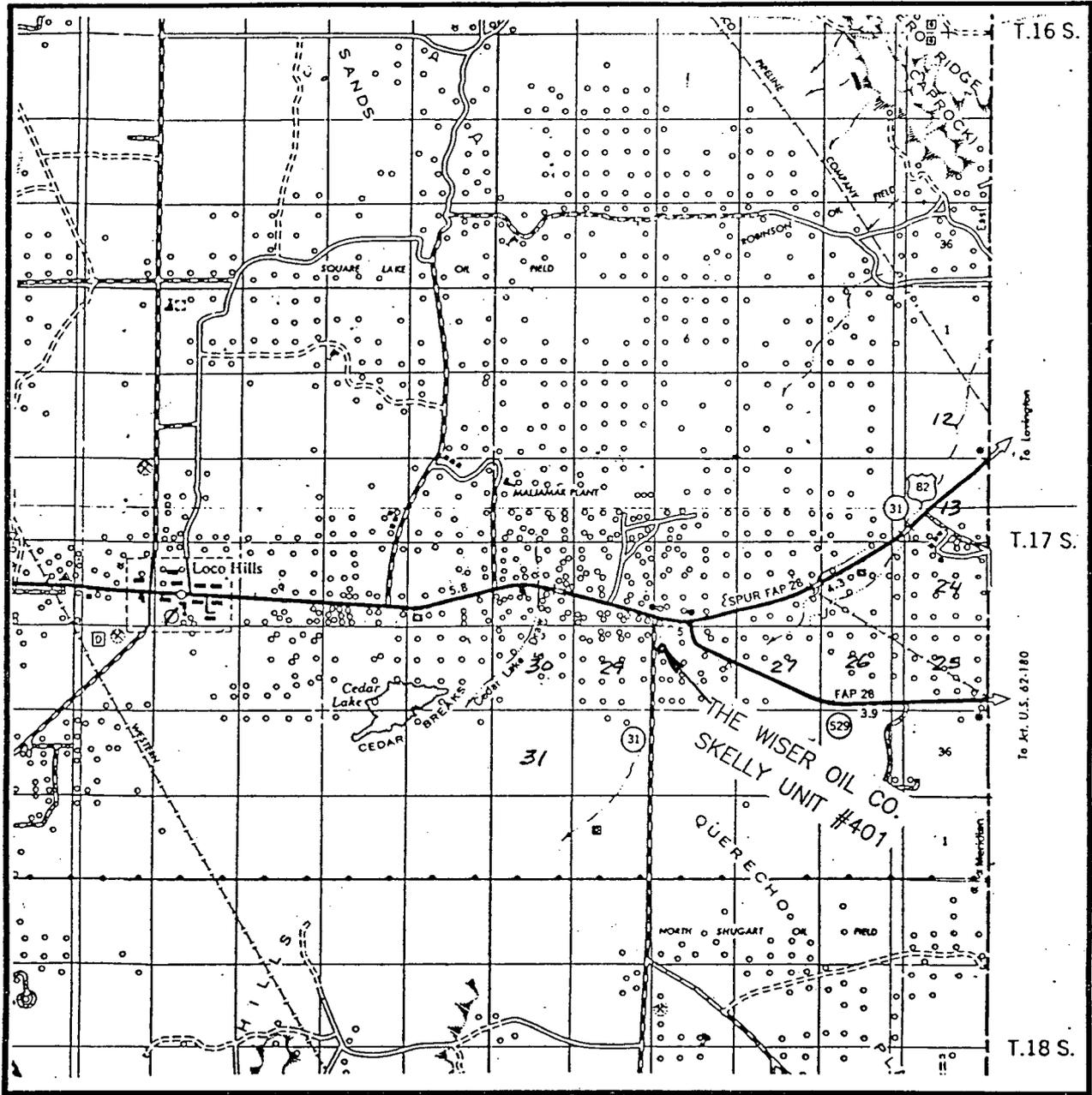
THE WISER OIL COMPANY

TOPO AT SKELLY UNIT #401 LOCATED 1300 FEET FROM THE NORTH LINE AND 60 FEET FROM THE WEST LINE. SECTION 28, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 8/8/97	Sheet 1 of 1 Sheets
W.O. Number: 97--11-1345	Drawn By: JAMES L. PRESLEY
Date: 8/11/97	DISK: WIS1345

JOHN W. WEST ENGINEERING COMPANY
 CONSULTING ENGINEERS & SURVEYORS - HOBBS, NEW MEXICO

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 28 TWP. 17-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1300' FNL & 60' FWL
 ELEVATION 3770'
 OPERATOR THE WISER OIL CO.
 LEASE SKELLY UNIT

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

COOPERATIVE UNIT LINE INJECTION WELL
AND UNIT LINE INFILL DRILLING AGREEMENT

SKELLY WATERFLOOD UNIT
TURNER "B" WATERFLOOD PROJECT

THIS AGREEMENT is entered into by The Wisser Oil Company as Operator of the Skelly Waterflood Unit, hereafter referred to as "Wisser", and Devon Energy Corporation (Nevada), as Operator of the Turner "B" Waterflood Project, hereafter referred to as "Devon".

RECITALS:

1. Wisser is the Operator of the Skelly Waterflood Unit under the terms of the applicable Unit Agreement and the Unit Operating Agreement for said Unit (the "Unit") and the owner of 100% working interest therein.
2. Devon is the Operator of the Turner "B" Waterflood Project as approved by State of New Mexico Oil Conservation Division Order No. R-3185 (the "Project") and the owner of 100% working interest therein.
3. The Unit Area of the Skelly Waterflood Unit includes, among other lands, the W/2 W/2 of Section 21, the W/2 NW/4 and NW/4 SW/4 of Section 28, all in Township 17 South, Range 31 East, Eddy County, New Mexico, and the Project Area for the Turner "B" Waterflood Project, includes, among other lands, the E/2 E/2 of Section 20, the NE/4 SE/4 and E/2 NE/4 of Section 29, all in Township 17 South, Range 31 East, Eddy County, New Mexico.
4. Wisser and Devon desire to enter into an agreement to provide for the continued operation of existing injection wells, the reactivation of existing shut-in injection wells, and the conversion of additional wells to injection as provided in Article 1, along the common boundary of the above described lands for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations underlying said lands in order to enhance the recovery of hydrocarbons from their respective Unit/Project. Wisser and Devon also desire to enter into an agreement to drill up to six infill producing wells on 20 acre spacing units along the common boundary line of the Skelly Waterflood Unit and the Turner "B" Waterflood Project in accordance with Article 7 below.

NOW, THEREFORE, in consideration of the mutual benefits to be derived from the covenants and obligations herein contained, Wisser and Devon agree as follows:

ARTICLE 1

INJECTION WELLS

- 1.1 Wisser has made application before the New Mexico Oil Conservation Division to convert to injection or reactivate existing shut-in injection wells as follows:

Skelly Unit #62 Located in NW/4 NW/4 of Section 21-T17S-R31E
Skelly Unit #63 Located in SW/4 NW/4 of Section 21-T17S-R31E
Skelly Unit #69 Located in NW/4 SW/4 of Section 21-T17S-R31E
Skelly Unit #74 Located in SW/4 SW/4 of Section 21-T17S-R31E
Skelly Unit #91 Located in NW/4 NW/4 of Section 28-T17N-R31E
Skelly Unit #92 Located in SW/4 NW/4 of Section 28-T17N-R31E
Skelly Unit 100 Located in NW/4 SW/4 of Section 28-T17N-R31E

Within one hundred twenty (120) days of receipt of approval by the New Mexico Oil Conservation Division, Wisser shall convert, reactivate and equip the above wells as necessary, for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations. These wells shall be equipped, maintained and operated under this agreement, and the

covenants of Wisser under this agreement shall be performed at the expense of Wisser as an item of unit expense under the Unit Operating Agreement for the Skelly Waterflood Unit.

1.2 Devon, within thirty (30) days after execution of this agreement, shall make application before the New Mexico Conservation Division to convert to injection or reactivate existing shut-in injection wells as follows:

- Turner "B" #11 Located in SE/4 NE/4 of Section 20-T17S-R31E
- Turner "B" #9 Located in NE/4 NE/4 of Section 20-T17S-R31E
- Turner "B" #51 Located in NE/4 SE/4 of Section 20-T17S-R31E
- Turner "B" #59 Located in NE/4 NE/4 of Section 29-T17S-R31E
- Turner "B" #62 Located in NE/4 SE/4 of Section 29-T17S-R31E

Within one hundred twenty (120) days of receipt of approval by the New Mexico Oil Conservation Division, Devon shall convert, reactivate, and equip the above wells as necessary, for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations. These wells shall be equipped, maintained and operated under this agreement, and the covenants of Devon under this agreement shall be performed at the sole expense and risk of Devon.

1.2.1 Wisser and Devon recognize that the following Devon operated wells have previously been converted to injection and are currently injecting water into one or more of the Seven Rivers, Queen, Grayburg and San Andres formations:

- Turner "B" #46 Located in SE/4 SE/4 of Section 20-T17S-R31E
- Turner "B" #55 Located in SE/4 NE/4 of Section 29-T17S-R31E

The above wells shall continue to be operated in accordance with the terms of this agreement and more specifically in accordance with Article 2.2 hereof.

1.3 Well Log: Upon execution of this agreement and upon request, each party shall provide the other party with a copy of a porosity log on each of the wells contemplated by this agreement, indicating perforation depth. Each party, upon request, shall also provide the other party with details of workover operations on each of the wells, including stimulation and squeezing operations.

1.4 Replacement and Substitute Wells: It is recognized by the parties that the incremental recovery of hydrocarbons reasonably expected from each Unit/Project Area as a result of the injection operations contemplated by this agreement may not justify the drilling of a replacement well in the event a party is unable to continue operations of existing injection wells or is unable to convert its well to an injection well or to obtain governmental authorization to inject fluids into the well. If, as a result of a lack of wellbore integrity or other condition in the hole or formations penetrated, either party is unable after exercising reasonable diligence as would a prudent operator to continue operations of existing injection wells or to convert the wells described in Articles 1.1, 1.2 and 1.2.1 herein to injection wells or to obtain governmental authorization to inject fluids into the Seven Rivers, Queen, Grayburg and San Andres formations, said party shall, within thirty (30) days, notify the other party hereto in writing of the condition of such well and shall have the option but not the obligation to propose either to substitute an existing well therefor, or to drill a replacement well at a location within three hundred (300) feet of the well to be replaced.

If the notifying party has elected to drill a replacement well, it shall, within a reasonable time after giving the above described notice, begin operations for the drilling of the replacement well. If it has chosen to propose a substitute well, the remaining party hereto may either accept or reject the proposed substitute well. If the notifying party proposes a substitute well that is acceptable to the remaining party hereto, the notifying party shall drill and equip said well within one hundred twenty (120) days after receiving the remaining party's written acceptance thereof. If the remaining party hereto rejects the proposed substitute well, such remaining party shall have the option to cease operating any adjacent injection well covered by this agreement.

ARTICLE 2

OPERATION

2.1 Water Supply: Each party either has constructed or shall construct and maintain facilities necessary for delivery of water to its injection wells and shall furnish water suitable for injection therein. Each party, upon request, shall provide the other party with a water analysis of its injection water.

2.2 Injection: Except as otherwise provided in Article 1.4 herein ("Replacement and Substitute Wells"), water injection into each of the proposed conversion injection wells and re-activated injection wells shall commence within sixty (60) days after receipt of approval by the New Mexico Oil Conservation Division. Injection of water into each injection well covered by this agreement, shall be at rates and pressures mutually agreed upon, and below the fracturing pressure of the formation as determined by periodic step-rate injectivity tests. Prior to running a step-rate test, the operating pressure on the well shall be set at a level lower than the lowest fracturing pressures measured by step-rate tests in nearby injection wells completed in the formation. If the rates and pressures cannot be mutually agreed upon, the rate shall be at least 300 barrels of water a day, provided the rate does not result in a bottomhole pressure which is greater than the formation fracturing pressure. Each party, upon request, shall provide the other party details of the results of each step-rate test and any fall-off tests conducted on its wells. Each month, each party shall provide the other party with a statement showing the average daily injection rate and the average daily injection pressure, for the previous month, along with the cumulative injection volumes, for all wells within 700 feet of the common unit boundary.

2.3 Injection Profile: Each party shall run annual radioactive water tracer surveys on its wells. Each party shall, upon request, provide a copy of its injection profile logs to the other party hereto.

2.4 Metering: Each party shall be responsible, at its sole cost and expense, for installing and maintaining in good repair, appropriate pressure gauges and water meters for each of the injection wells covered by this agreement.

ARTICLE 3

INTERESTS AND OBLIGATIONS OF PARTIES

3.1 Interests of Parties: Nothing in this agreement shall be deemed to be an assignment or a cross-assignment of interests in the respective Unit/Project Areas. This agreement is entered into for the sole purpose of providing for the operation of injection and infill producing wells on the common boundary of the Unit/Project Areas to enhance the recovery of hydrocarbons from each Unit/Project Area so that the party who operates the Unit/Project Area, along with the other owners of interests in production from the Unit/Project Area, may benefit by an increase in ultimate recovery of hydrocarbons from the Unit/Project Area.

3.2 Obligations of Parties: The obligations and liabilities of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations as set out in this agreement. It is not the intention of the parties to create, nor shall this agreement be construed to create, a mining or other partnership or association, or to render the parties liable as partners.

ARTICLE 4

FORCE MAJEURE

If either party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, that party shall give to the other party prompt notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than the continuance of, the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed shall mean an act of God, strike, lockout or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, failure of water supply, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

ARTICLE 5

NOTICES

All notices and other communications authorized or required between the parties under this agreement shall be deemed to have been given when such communications in writing shall have been received by fax or United States mail, by the party to whom the notice is given at the following address:

Wiser:

The Wiser Oil Company
8115 Preston Road, Suite 400
Dallas, TX 75225
Attn: Matt Eagleston
Project Manager

Devon:

Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attn: Steve Cromwell
Land Manager

Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to the other party.

ARTICLE 6

EFFECTIVE DATE AND TERM OF AGREEMENT

6.1 Effective Date: The effective date of this agreement shall be January 1, 1997.

6.2 Term of Agreement: This agreement shall be in effect for a period of five (5) years after the effective date hereof and so long thereafter as the Skelly Waterflood Unit, and the Turner "B" Waterflood Project are in effect, unless earlier terminated as hereafter set forth.

This agreement may be terminated at any time after the expiration of such five (5) year term by unanimous agreement of the parties hereto. If the parties are unable to agree, the term of this agreement shall not extend beyond ten (10) years from the cessation of operations attributable to the wells covered in Article 1 and Article 7 hereof.

ARTICLE 7 INFILL DEVELOPMENT

In order to further enhance the ultimate recovery of hydrocarbons from both the Skelly Waterflood Unit and the Turner "B" Waterflood Project, Wiser and Devon each agree to drill and operate three infill producing wells along the common boundary of the Unit/Project at the approximate locations described on Exhibit "A" attached hereto. Such wells shall be drilled and completed within one hundred eighty (180) days from the execution of this agreement. Wiser and Devon recognize that in order to be able to drill these infill wells at the proposed locations, each company will be required to obtain unorthodox location approval from the New Mexico Oil Conservation Division. Accordingly, Wiser and Devon hereby covenant to execute any waivers

necessary for the remaining party hereto to administratively obtain such unorthodox locations in accordance with applicable New Mexico Oil Conservation Division rules.

In order to share in the risks and rewards of drilling the proposed infill wells, Wisser and Devon further agree that an operating agreement between the parties, designating Devon as operator of those infill wells located on the Turner "B" Lease, and further designating Wisser as operator of those infill wells located on the Skelly Unit, which shall be executed simultaneously with this agreement, is attached hereto as Exhibit "B" and made a part hereof. Said operating agreement shall govern the drilling, completion and all other operations associated with such infill wells. Notwithstanding the current working interest ownership of the Turner "B" Waterflood Project and the Skelly Waterflood Unit as recited in paragraphs 1 and 2 above, the working interest of the parties under said operating agreement shall be:

The Wisser Oil Company	50.00%
Devon Energy Corporation (Nevada)	50.00%

The operating agreement and exhibits thereto shall become effective as of the effective date of this agreement and shall govern any operations not expressly covered by this agreement. In the event of a conflict between the terms of the Operating Agreement attached hereto as Exhibit "B" and the terms of this agreement, the terms of this agreement shall prevail.

Production attributable to the Devon operated infill wells as set forth on Exhibit "A" shall be commingled into an existing Turner "B" tank battery of Devon's choice. Production attributable to the Wisser operated infill wells as set forth on Exhibit "A" shall be commingled into an existing Skelly Waterflood tank battery of Wisser's choice. Wisser and Devon agree that production from such infill wells shall be allocated based upon monthly well tests. Well testing shall be accomplished utilizing a test heater treater or test separator. Produced fluid from a well to be tested will be segregated from the field production and diverted to a test vessel where the separation of oil, gas and water will occur. Only one well shall be tested at a time. No other wells shall be allowed to produce into the test vessel when another well is being tested. Oil and water volumes exiting the vessel will be metered or sent to a test tank for direct measurement.

If metering oil volumes, meter accuracy should be at least $\pm 1.0\%$ with a repeatability of at least $\pm 0.05\%$. Oil meters should be calibrated on a quarterly basis with each party having the right, upon thirty (30) days written notice, to witness such oil meter calibrations. Any time the accuracy of a meter is in question either party with reasonable written notification may inspect the other party's oil meter at their own expense.

Gas volumes may be allocated based on the applicable Project or Unit GOR, or gas volumes may be measured using an orifice well tester connected to the gas outlet on the heater treater or test separator.

ARTICLE 8

COMPLIANCE WITH LAWS AND REGULATIONS

8.1 Laws, Regulations and Orders: This agreement shall be subject to and operations hereunder shall be conducted in compliance with the conservation laws of the State of New Mexico, the valid rules, regulations and orders of the New Mexico Oil Conservation Division and all other applicable federal, state and local laws, ordinances, rules, regulations and orders.

8.2 Governing Law: This agreement and all matters pertaining hereto, including, but not limited to, matters of performance, nonperformance, breach, remedies, procedures, rights, duties and interpretations or construction, shall be governed and determined by the law of the State of New Mexico.

ARTICLE 9

INDEMNITY

Each party hereto agrees to protect, defend, indemnify and hold harmless the other party from and against any claims, demands, causes of action, losses and/or liabilities of every kind and character arising out of, incident to, or in connection with such other party's water injection operations pursuant to the provisions of this agreement excepting, however, any claim, demand, cause of action, loss and/or liability which may result from the gross negligence or willful misconduct of such other party, its agents, officers, or employees. Such indemnity shall include, without limitation, reasonable attorney's fees, court costs and similar expenses. Each party hereby releases the other party from any liability for damages to the releasing party's interest in and to the releasing party's land described herein arising out of, incident to, or in connection with the operations contemplated by this agreement, provided such operations are conducted in accordance with the terms and conditions of this agreement and such damage is not the result of gross negligence or willful misconduct of such other party.

ARTICLE 10

MISCELLANEOUS

10.1 Entire Agreement: This agreement embodies the entire agreement between the parties relating to the subject matter hereof and shall supersede all other agreements, assurances, conditions, covenants or terms relating hereto, whether written or verbal or antecedent or contemporaneous with the execution thereof. This agreement may be modified or amended only by an instrument in writing signed by both parties.

10.2 Captions: Captions have been inserted for reference purposes only and shall not define or limit the terms of this agreement.

10.3 Binding Effect: This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective successors, legal representatives and assigns.

WITNESS EXECUTION this 25th day of April, 1997.

ATTEST:

THE WISER OIL COMPANY

By: _____

By: W. B. Phillips
W. B. Phillips
Attorney-in-Fact

ATTEST:

DEVON ENERGY CORPORATION (NEVADA)

By: Steve Cronwell
STEVE CRONWELL
Assistant Secretary

By: J. M. Lacey
J. M. Lacey
Vice President

FCC
KAT
PR

EXHIBIT "A"

Attached to and made a part of that certain Joint Operating Agreement dated January 1, 1997 by and between The Wisser Oil Company and Devon Energy Corporation (Nevada)

I. CONTRACT AREA:

OPERATOR:

# 400	Skelly Unit Well #258, 10' FSL and 10' FWL, Section 21-T17S-R31E	The Wisser Oil Company
# 401	Skelly Unit Well #271, 1300' FNL and 10' FWL, Section 28-T17S-R31E	The Wisser Oil Company
# 402	Skelly Unit Well #282, 2625' FNL and 10' FWL, Section 28-T17S-R31E	The Wisser Oil Company
	Turner B-134, 1350' FNL and 10' FEL, Section 20-T17S-R31E	Devon Energy Corporation (Nevada)
	Turner B-135, 2625' FNL and 10' FEL, Section 20-T17S-R31E	Devon Energy Corporation (Nevada)
	Turner B-136, 3900' FNL and 10' FEL, Section 20-T17S-R31E	Devon Energy Corporation (Nevada)

II. ADDRESSES FOR NOTICE PURPOSES:

The Wisser Oil Company 8115 Preston Road, Suite 400 Dallas, TX 75225 Attn: Matt Eagleston Project Manager	Devon Energy Corporation (Nevada) 20 North Broadway, Suite 1500 Oklahoma City, OK 73102 Attn: Steve Cromwell Land Manager
---	---

III. PERCENTAGE WORKING INTERESTS OF THE PARTIES:

<u>Parties</u>	<u>Percentage Working Interest in Contract Area</u>
The Wisser Oil Company	50.00%
Devon Energy Corporation (Nevada)	50.00%
Totals	100.00%

IV. DESCRIPTION OF COMMITTED LEASEHOLD:

Each of the Oil, Gas and Mineral Leases, or undivided interests therein, committed to this Agreement by the parties hereto and listed hereinafter are committed INsofar, AND ONLY INsofar, as each covers lands and depths within the Contract Area. All recording references are to the County Records of Eddy County, New Mexico.

A. Leases committed by The Wisser Oil Company (100%):

LESSOR	LESSEE	LEASE DATE	LESSOR ROY.	OTHER BURDENS	RECORDING REFERENCES BOOK PAGE
USA #LC-029420-B	Skelly Oil Company	4/30/98	oil - .0210000 gas - .1250000	.0100000 ORRI	

B. Leases committed by Devon Energy Corporation (Nevada) (100%):

LESSOR	LESSEE	LEASE DATE	LESSOR ROY.	OTHER BURDENS	RECORDING REFERENCES BOOK PAGE
USA #LC-029095-41	Danziger Oil & Refining Co.	4/1/96	oil - .0210000 gas - .1250000	-	

NSL

9/29/97



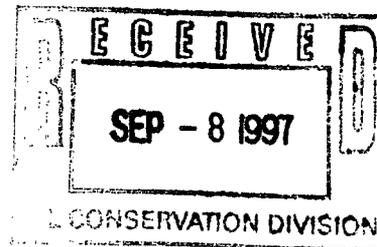
J.O. EASLEY, INC.

ESTABLISHED 1979

P.O. Box 245 88211-0245
119 South Roselawn, Suite 302
Artesia, New Mexico 88210

September 3, 1997

Telephone (505) 746-1070
Fax (505) 746-1073



Mr. William Lemay
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval to Drill a Directional Well
to an Unorthodox Bottom Hole Location
Skelly Unit #400
Skelly Waterflood Unit
Eddy County, New Mexico

Dear Mr. Lemay:

The Wiser Oil Company hereby applies for administrative approval to drill a directional well at a surface location of 100' FSL, 260' FWL, with the bottom hole location at 10' FSL, 10' FWL, both within Unit M of Section 21, Township 17 South, Range 31 East, N.M.P.M. It is necessary to directionally drill this well as the prime location for drilling a straight hole is inaccessible due to the existence of pipelines running through the prime drillsite.

Attached to this application are the following exhibits:

- Exhibit "A" Survey Plat, Form C-102
- Exhibit "B" Plat showing the section, township, and range in which the well is to be drilled, the project area, the proposed surface & bottom-hole locations, the producing area for the proposed well, & all offsetting drilling units & existing wells
- Exhibit "C" Vertical Plan View (Cross-Section) for the subject well
- Exhibit "D" Horizontal Plan View for the subject well
- Exhibit "E" Type Log Section which is generally representative of the Skelly Unit. Wells have been drilled which have come in right on target as illustrated on this type log from the Caprock Maljamar Unit, but there is a tendency for Skelly Unit wells to come

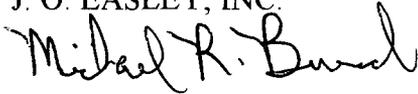
in anywhere from 200' shallower to an extreme of 1000' shallower than illustrated on these logs.

Exhibit "F" Lease Line Agreement between The Wiser Oil Company and Devon Energy Corporation noting in Article 7 that each agrees to execute any waivers necessary to administratively obtain such unorthodox locations at the NMOCD. Devon being the only offset Operator, no Affidavit of Mailing was prepared, however, Devon is being provided a copy of this letter and application.

If you have any questions, or need additional information, please feel free to give me a call at 505-746-1070.

Sincerely,

J. O. EASLEY, INC.



Michael R. Burch, CPL
Agent for The Wiser Oil Company

mrb/s

Enclosures

cc/enclosure

Mr. Tim W. Gum
New Mexico Oil Conservation Division
811 South 1st Street
Artesia, New Mexico 88210

Mr. Matt Eagleston
The Wiser Oil Company
8115 Preston Road, Suite 400
Dallas, Texas 75225

Mr. Mike Jones
The Wiser Oil Company
P. O. Box 2568
Hobbs, New Mexico 88241

Mr. Ken Gray
Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260

DISTRICT I
P.O. Box 1990, Hobbs, NM 88241-1990

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 88, Artesia, NM 88211-0719

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

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

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 28509	Pool Name Grayburg Jackson 7-Rivers QN GB SA
Property Code 017540	Property Name SKELLY UNIT	Well Number 400
OGRID No. 022922	Operator Name THE WISER OIL COMPANY	Elevation 3753

Surface Location

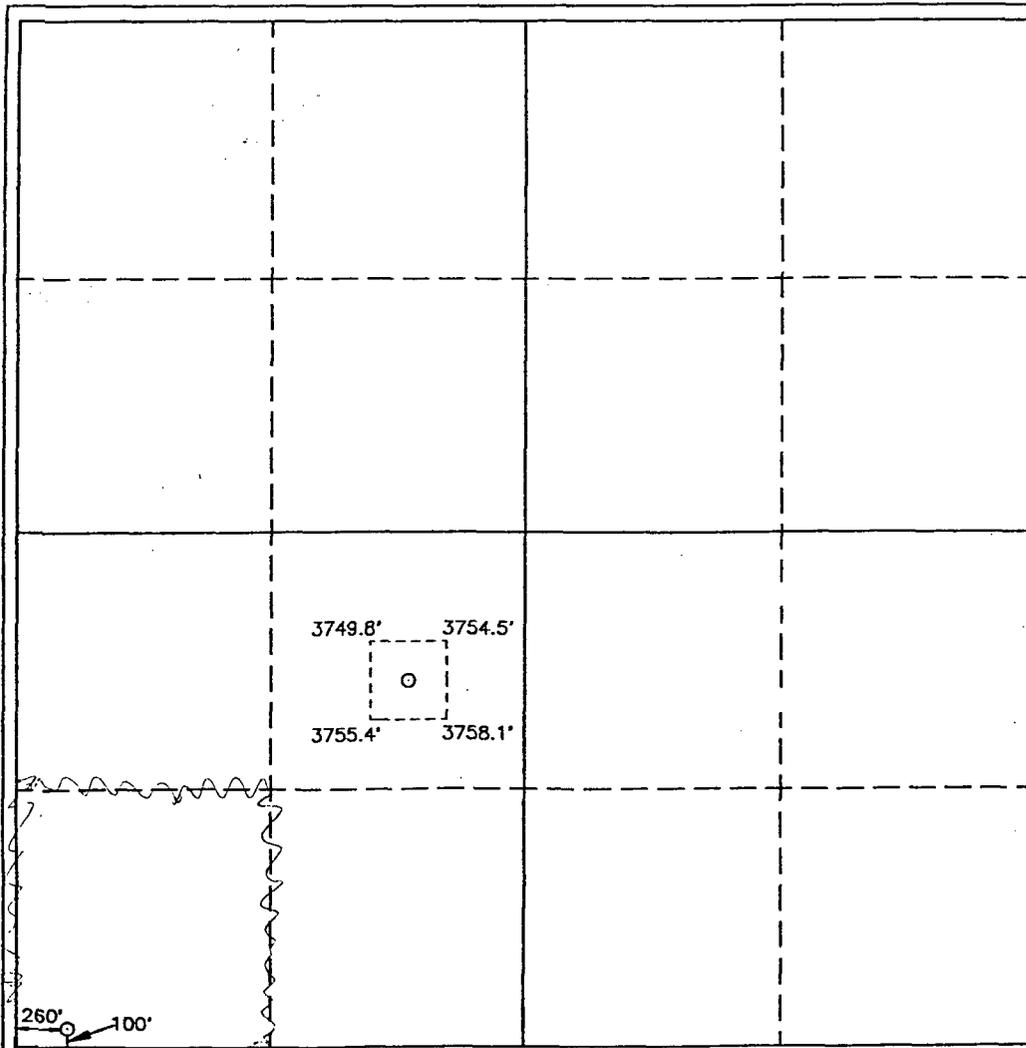
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	21	17 S	31 E		100	SOUTH	260	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	21	17S	31E		10	SOUTH	10	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

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

Michael R. Burch
Signature

Michael R. Burch, CPL
Printed Name

Agent for The Wisser Oil
Title

Company
Date 9-3-97

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.

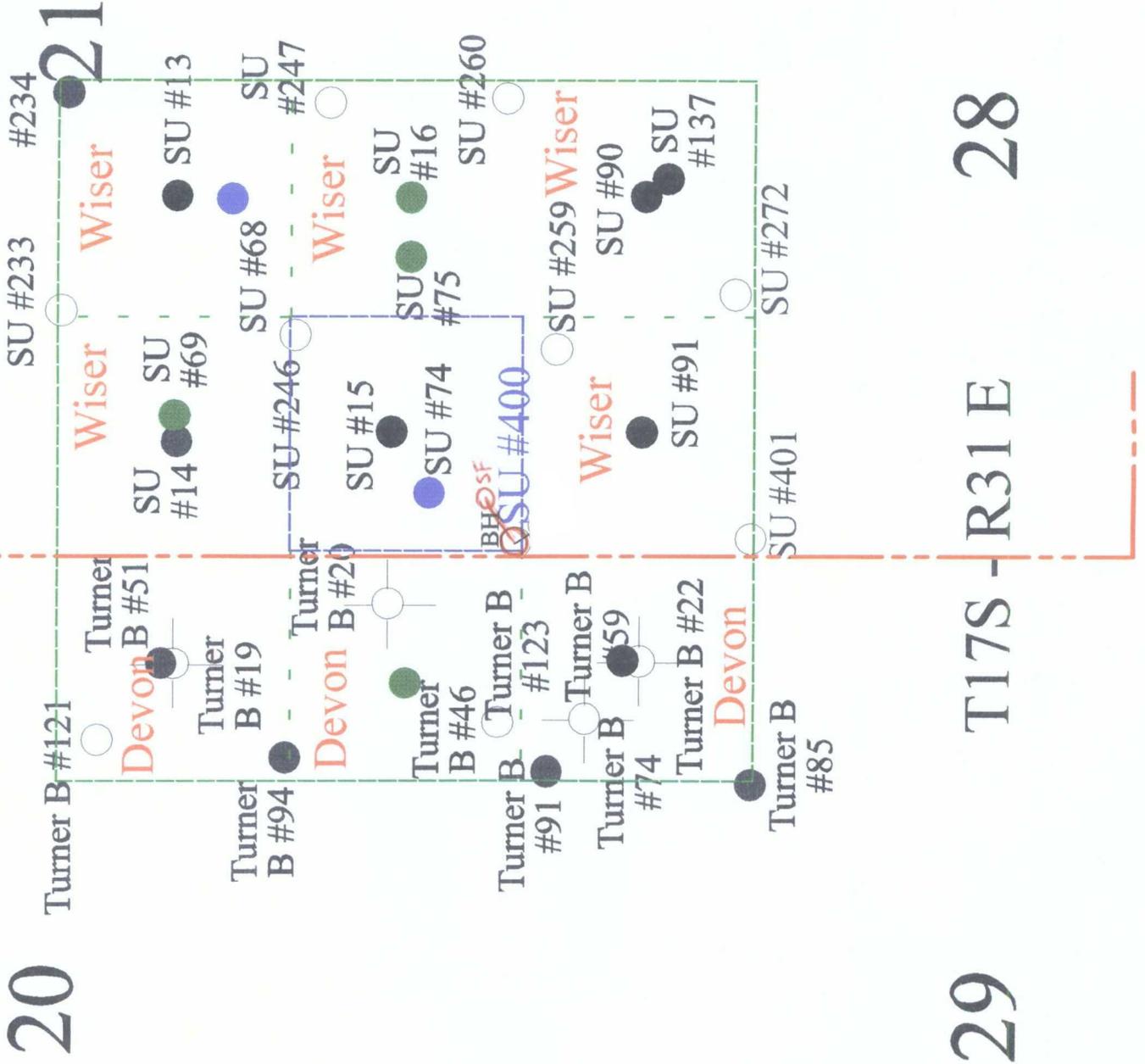
AUGUST 19, 1997
Date Surveyed

JLP
Signature of Seal of Professional Surveyor

NEW MEXICO
Professional Surveyor
3249 E. 8-20-97
P.O. Num. 97-111344

Certificate No. JOHN F. WEST, 678
RONALD S. EIDSON, 3239
G. EIDSON, 12641

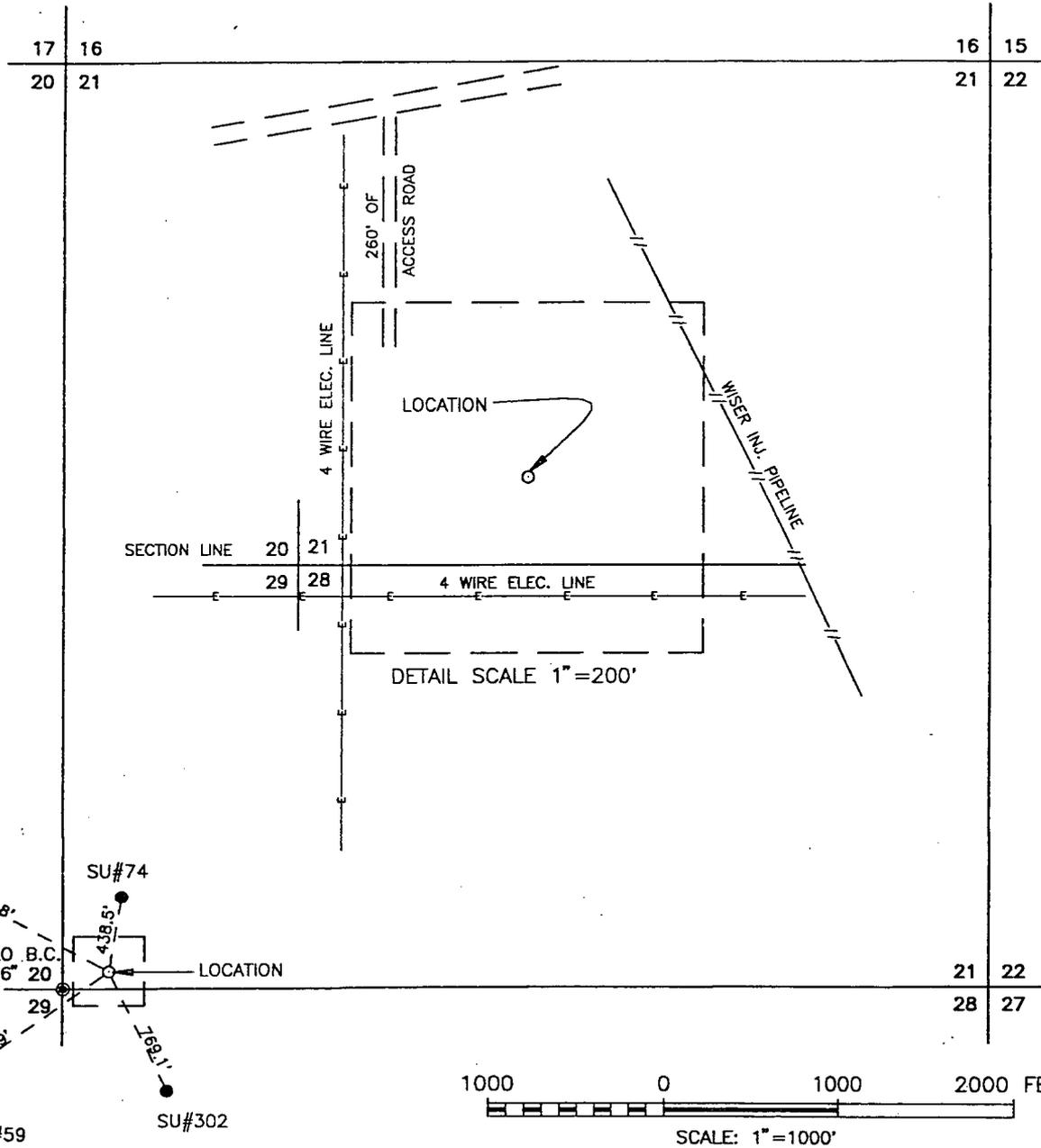
Skelly Unit #400 Directionally Drilled Well



Offset Operators are shown in red
(All offset tracts have been drilled)

--- Skelly Unit Outline
--- SU #400 Offset Drilling Area
--- SU #400 Producing Area

- Production Facilities
- New Water Injection Well
- Existing Water Injection Well
- Producing Oil Well
- ☀ Producing Gas Well
- ★ Producing Oil & Gas Well
- Plugged and Abandoned Well
- ◐ Temporarily Abandoned Well



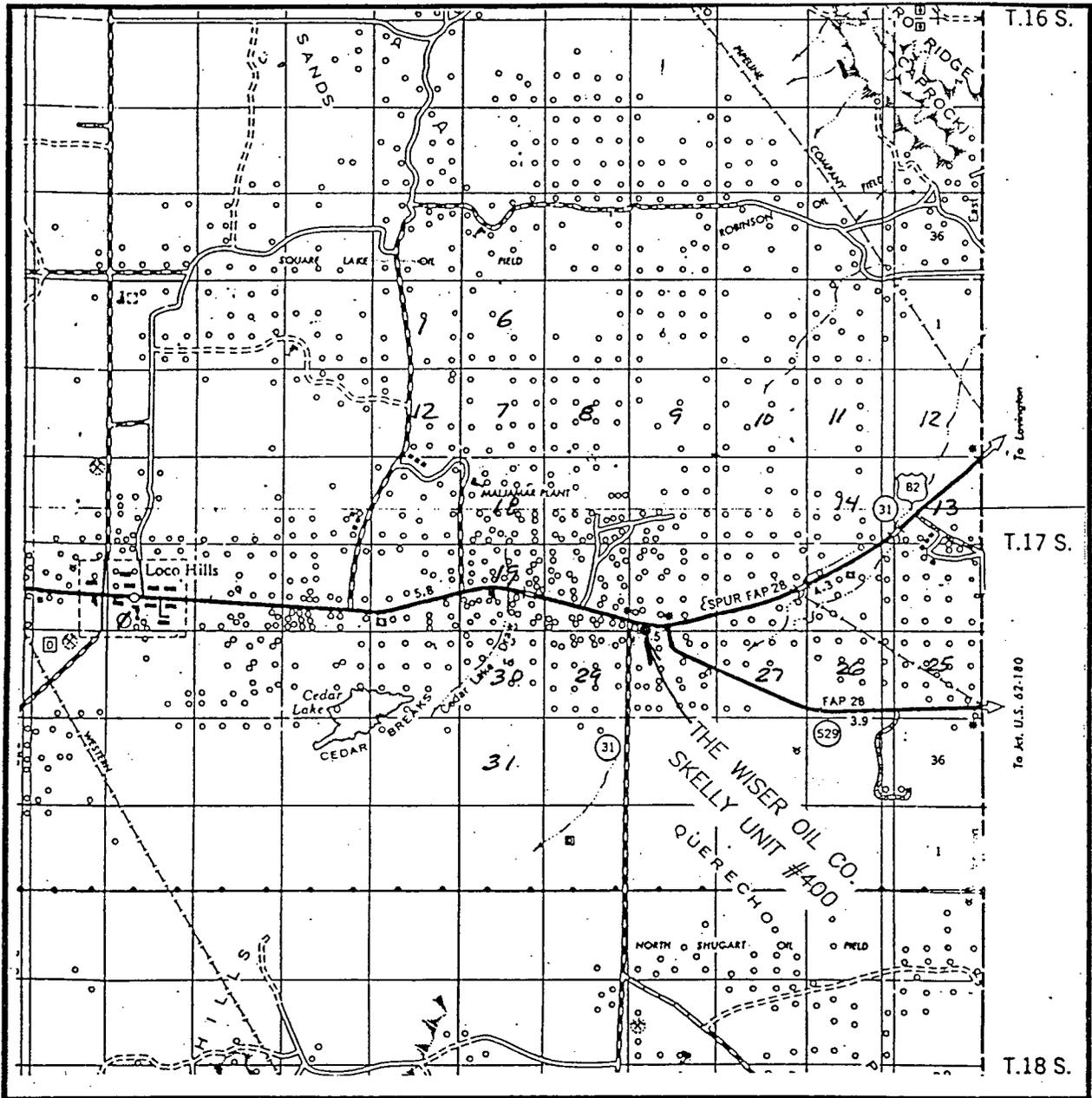
THE WISER OIL COMPANY

TOPO AT SKELLY UNIT #400 LOCATED 100 FEET FROM THE SOUTH LINE AND 260 FEET FROM THE WEST LINE SECTION 21, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

JOHN W. WEST ENGINEERING COMPANY
 CONSULTING ENGINEERS & SURVEYORS - HOBBS, NEW MEXICO

Survey Date: 8/19/97	Sheet 1 of 1 Sheets
W.O. Number: 97-11-1344	Drawn By: JAMES L. PRESLEY
Date: 8/20/97	DISK: WIS1344

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 21 TWP. 17-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 100' FSL & 260' FWL
 ELEVATION 3753'
 OPERATOR THE WISER OIL CO.
 LEASE SKELLY UNIT

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

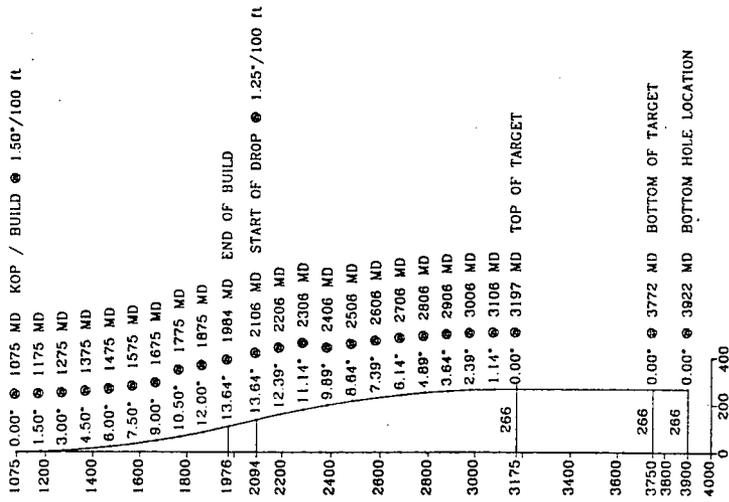
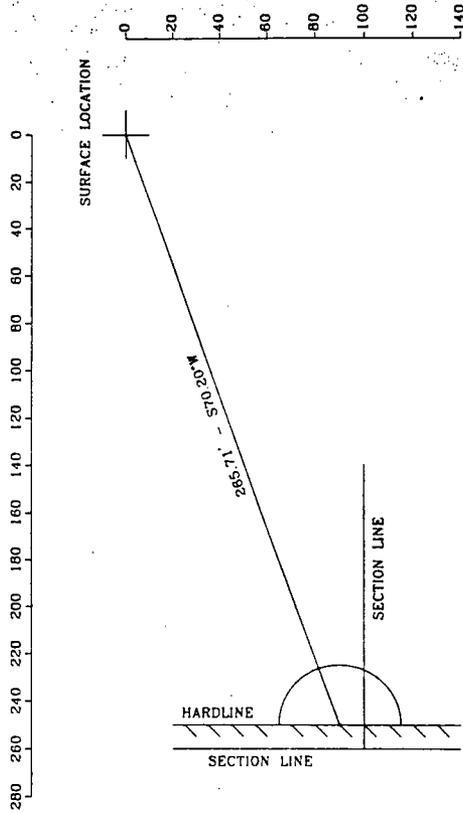
THE WISER OIL COMPANY
 SKELLY UNIT #400
 SEC. 21, T17S, R31E
 EDDY COUNTY, NEW MEXICO
 DIRECTIONAL PROPOSAL



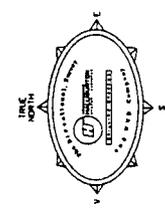
DRILLING SYSTEMS

HORIZONTAL VIEW
 SCALE 20 ft. / in.
 SURVEY REF: WELLHEAD

VERTICAL VIEW
 SCALE 200 ft. / in.
 TVD REF: KB
 VERTICAL SECTION REF: WELLHEAD



PROPOSED BHL	
TVD	3900.00
MD	3922.27
VS	265.71
N/S	90.00 S
E/W	250.00 W



VERTICAL SECTION PLANE: S 70.20 W

HALLIBURTON DRILLING SYSTEMS

Page 1

Proposal Report

Date: 8/22/97

Time: 2:51 pm

Wellpath ID: DIRECTIONAL PROPOSAL

Last Revision: 8/22/97

Calculated using the Minimum Curvature Method

Computed using WIN-CADDS REV2.2.2

Vertical Section Plane: S 70.20 W

Survey Reference: WELLHEAD

Offset, Reference To WellHead: (ft): 0.00 N 0.00 E 0.00 TVD

Vertical Section Reference: WELLHEAD

Closure Reference: WELLHEAD

TVD Reference: KB

THE WISER OIL COMPANY
SKELLY UNIT #400
SEC. 21, T17S, R31E
EDDY COUNTY, NEW MEXICO
DIRECTIONAL PROPOSAL

Measured Depth (ft)	Incl (deg.)	Drift Dir. (deg.)	Course Length (ft)	TVD (ft)	TOTAL Rectangular Offsets (ft)		DLS (dg/100ft)	Vertical Section (ft)
KOP / BUILD @ 1.50 deg/100 ft								
1075.00	0.00	N 0.00 E	0.00	1075.00	0.00 N	0.00 E	0.00	0.00
1175.00	1.50	S 70.20 W	100.00	1174.99	0.44 S	1.23W	1.50	1.31
1275.00	3.00	S 70.20 W	100.00	1274.91	1.77 S	4.93W	1.50	5.23
1375.00	4.50	S 70.20 W	100.00	1374.69	3.99 S	11.08W	1.50	11.77
1475.00	6.00	S 70.20 W	100.00	1474.27	7.09 S	19.69W	1.50	20.92
1575.00	7.50	S 70.20 W	100.00	1573.57	11.07 S	30.75W	1.50	32.68
1675.00	9.00	S 70.20 W	100.00	1672.54	15.93 S	44.25W	1.50	47.03
1775.00	10.50	S 70.20 W	100.00	1771.09	21.67 S	60.18W	1.50	63.96
1875.00	12.00	S 70.20 W	100.00	1869.16	28.27 S	78.54W	1.50	83.47
1975.00	13.50	S 70.20 W	100.00	1966.70	35.75 S	99.30W	1.50	105.54
END OF BUILD								
1984.13	13.64	S 70.20 W	9.13	1975.57	36.47 S	101.31W	1.50	107.68
START OF DROP @ 1.25 deg/100 ft								
2106.32	13.64	S 70.20 W	122.20	2094.32	46.23 S	128.42W	0.00	136.49
2206.32	12.39	S 70.20 W	100.00	2191.75	53.86 S	149.61W	1.25	159.01
2306.32	11.14	S 70.20 W	100.00	2289.65	60.76 S	168.79W	1.25	179.39
2406.32	9.89	S 70.20 W	100.00	2387.97	66.94 S	185.95W	1.25	197.63
2506.32	8.64	S 70.20 W	100.00	2486.66	72.39 S	201.09W	1.25	213.73
2606.32	7.39	S 70.20 W	100.00	2585.68	77.11 S	214.21W	1.25	227.66
2706.32	6.14	S 70.20 W	100.00	2684.99	81.10 S	225.29W	1.25	239.44
2806.32	4.89	S 70.20 W	100.00	2784.52	84.36 S	234.32W	1.25	249.04
2906.32	3.64	S 70.20 W	100.00	2884.24	86.87 S	241.31W	1.25	256.48
3006.32	2.39	S 70.20 W	100.00	2984.10	88.65 S	246.26W	1.25	261.73

HALLIBURTON DRILLING SYSTEMS

Page 2

Date: 8/22/97

Proposal Report Wellpath ID: DIRECTIONAL PROPOSAL

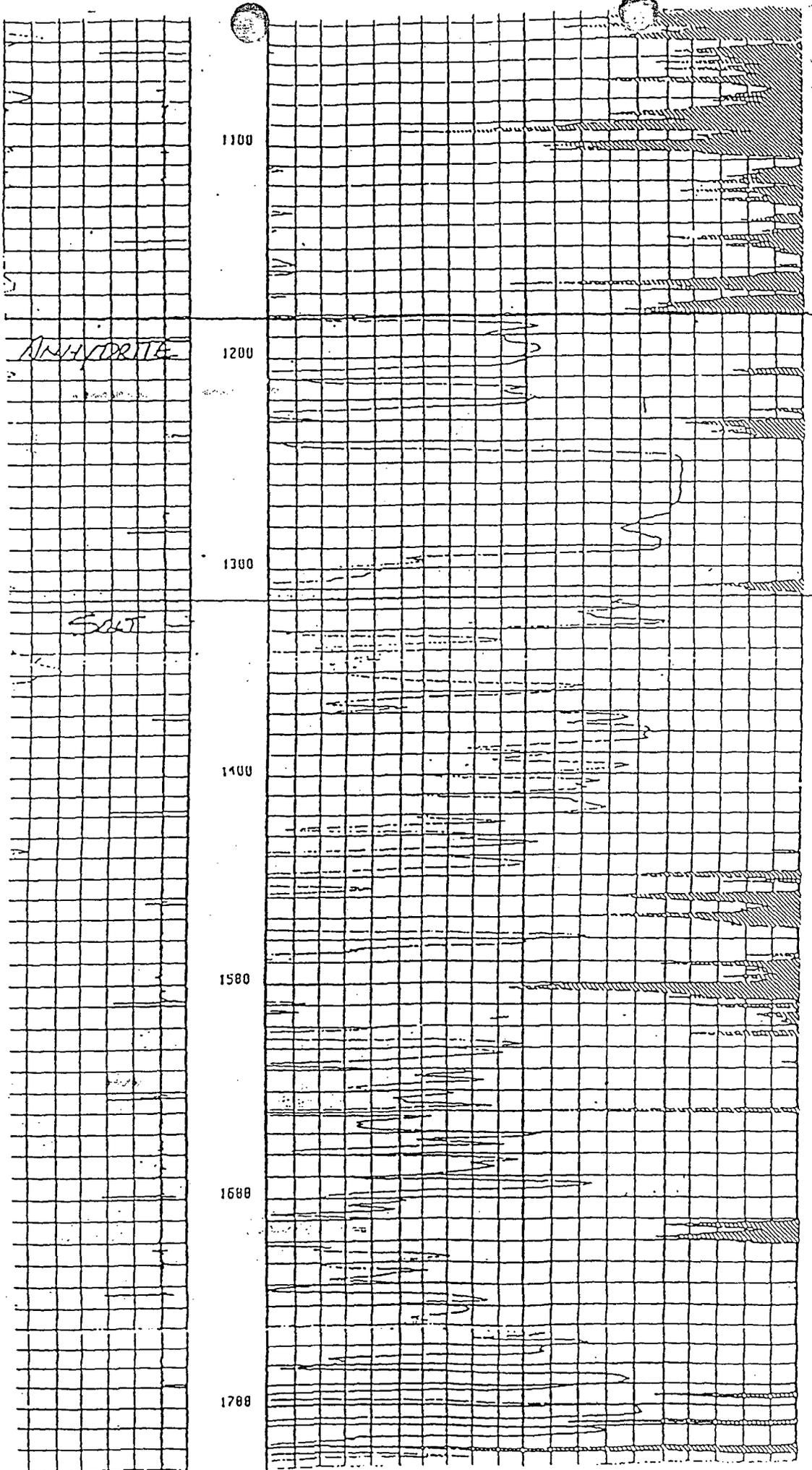
Measured Depth (ft)	Incl (deg.)	Drift Dir. (deg.)	Course Length (ft)	TVD (ft)	TOTAL Rectangular Offsets (ft)		DLS (dg/100ft)	Vertical Section (ft)
3106.32	1.14	S 70.20 W	100.00	3084.05	89.69 S	249.15W	1.25	264.80
TOP OF TARGET								
3197.27	0.00	N 0.00 E	90.95	3175.00	90.00 S	250.00W	1.25	265.71
BOTTOM OF TARGET								
3772.27	0.00	N 0.00 E	575.00	3750.00	90.00 S	250.00W	0.00	265.71
BOTTOM HOLE LOCATION								
3922.27	0.00	N 0.00 E	150.00	3900.00	90.00 S	250.00W	0.00	265.71

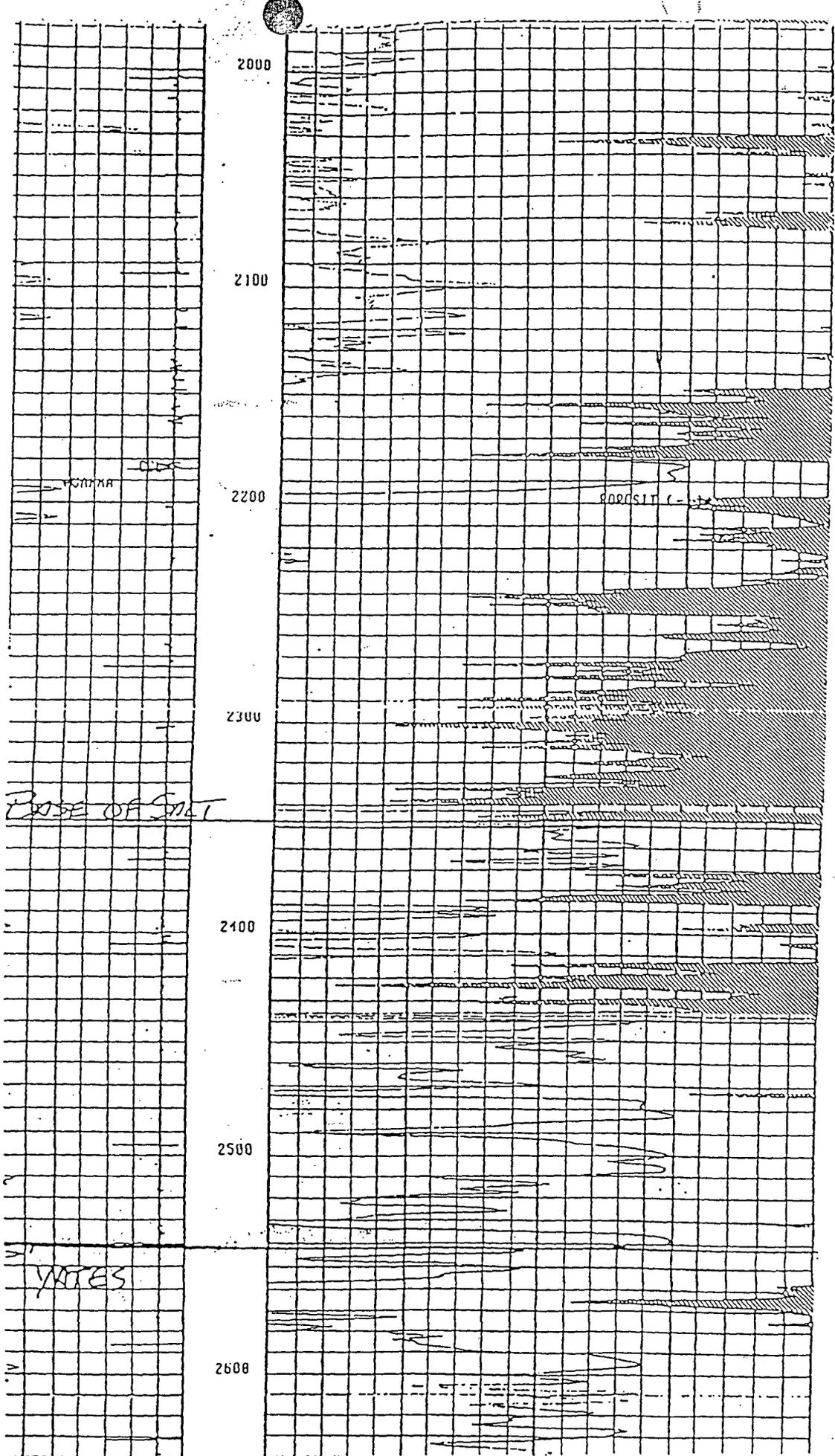
TYPE LOG FOR CMU SHOWING FORMATION TOPS Exh. b. XVIII-B

TYPE LOG

 HALLIBURTON		GAMMA COLLAR					
		DSN 1					
COMP. : WISER OIL COMPANY INC. WELL : CMU #160 FIELD : MALJAKAR GRAYBURG COUNTY : LEA ST. N. M.	COMPANY WISER OIL COMPANY INC.						
	WELL CMU #160						
	FIELD MALJAKAR GRAYBURG		SAN ADDRESS				
	COUNTY LEA		STATE N.M.				
	API NO. 32-025-32327		OTHER SERVICES				
	LOCATION : 40° FSL & 157° FSL WELL LETTER :						
	SEC. 18 TWP. 17-S RGE. 33-E						
	PERMANENT DATUM	GL	ELEV. 4137'	ELEV. 4137'			
	LOG MEASURED FROM	KB	12.0 FT. ABOVE PERM. DATUM	D.F.			
	DRILLING MEAS FROM	KB		G.L. 4137'			
DATE & TIME LOGGED : 12/08/95 @ 08:00 TYPE OF FLUID IN HOLE : OIL							
RUN No.	ONE	DENSITY OF FLUID	NA				
DEPTH - DRILLER	4850	FLUID LEVEL	FUL.				
DEPTH - LOGGER	4788	CEMENT TOP EST./LOGGED	NA				
BTA LOGGED INTERVAL	4787	EQUIPMENT & LOCATION	7634 1-2555				
TOP LOGGED INTERVAL	SURF	RECORDED BY	WILL				
MAX RECORDED TEMP.	NA	WITNESSED BY	MR. G. A. ...				
CEMENTING DATA : SURF. STRING : INT. STRING : PROD. STRING : LINES							
DATE/TIME CEMENTED							
PRIMARY/SQUEEZE							
COMPRESSIVE STR. EXPECTED @ :							
CEMENT VOLUME							
CEMENT TYPE/WEIGHT							
MUD TYPE/MUD WGT.							
FORMULATION							
RUN		BOREHOLE RECORD		CASING AND TUBING RECORD			
No.	BIT SZ.	FROM	TO	SIZE	WGT.	FROM	TO
ONE				8.625	NA	3	1200
TWO	7.875	1200	4850	5.5	17.0	0	4850

FORM 100-101





2000

2100

2200

2300

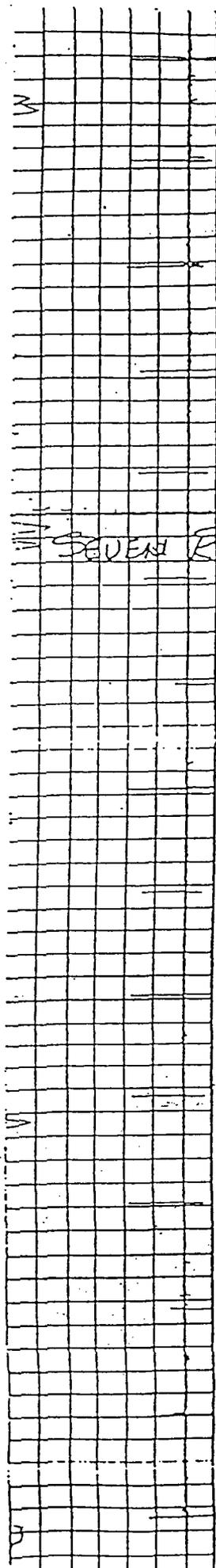
BASE OF SALT

2400

2500

YATES

2600



2700

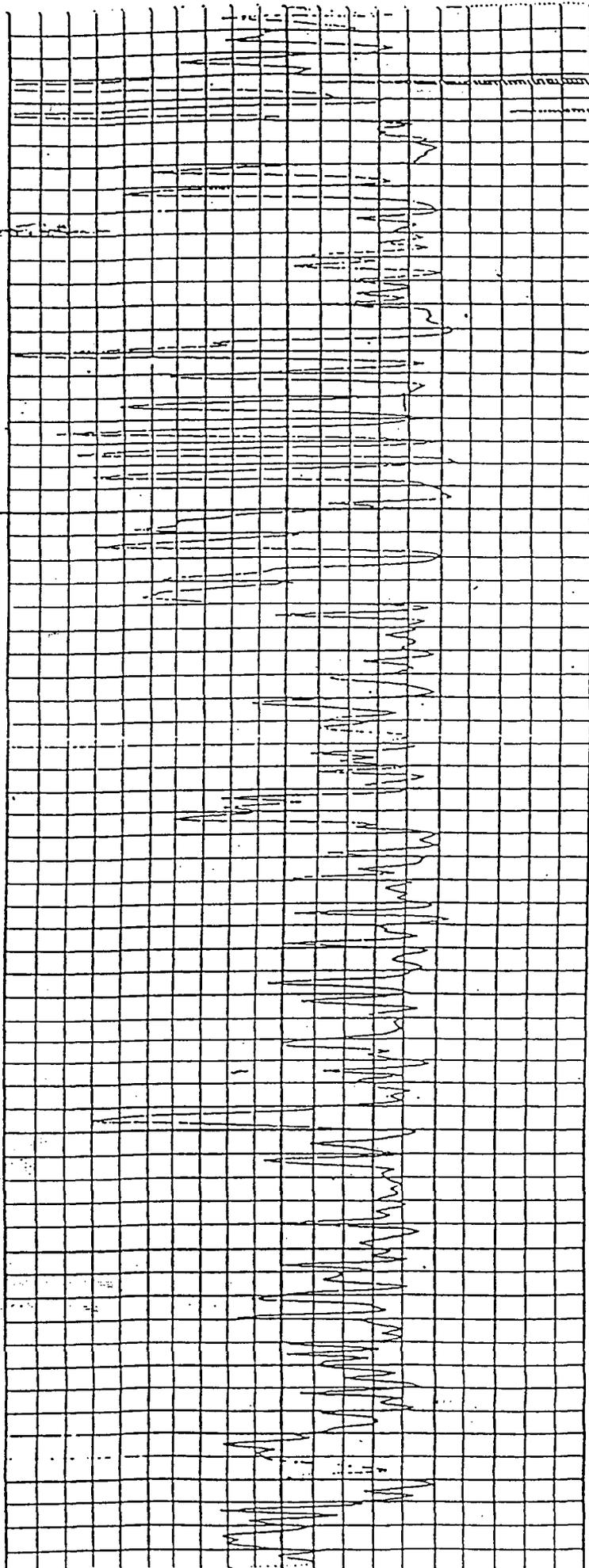
2000

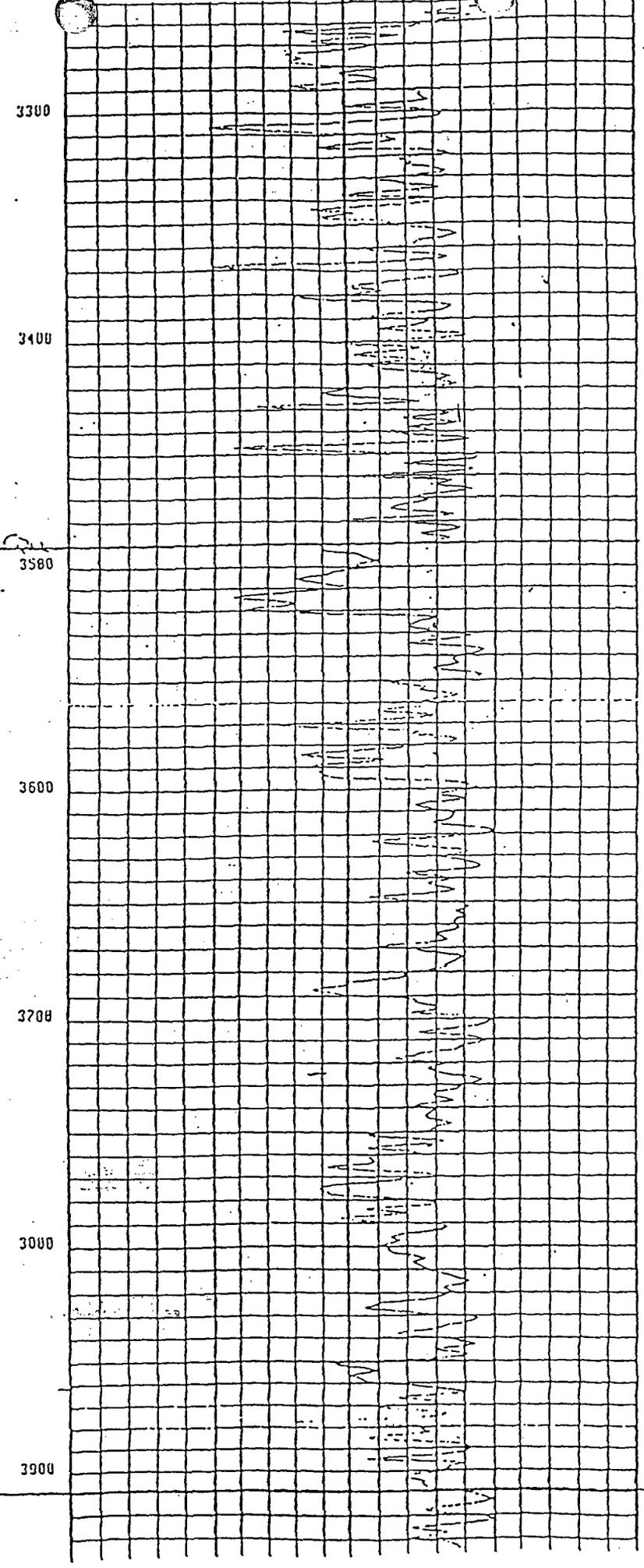
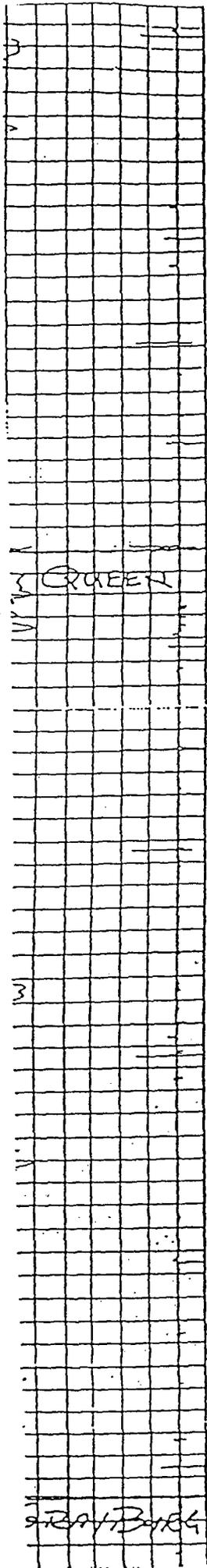
2000

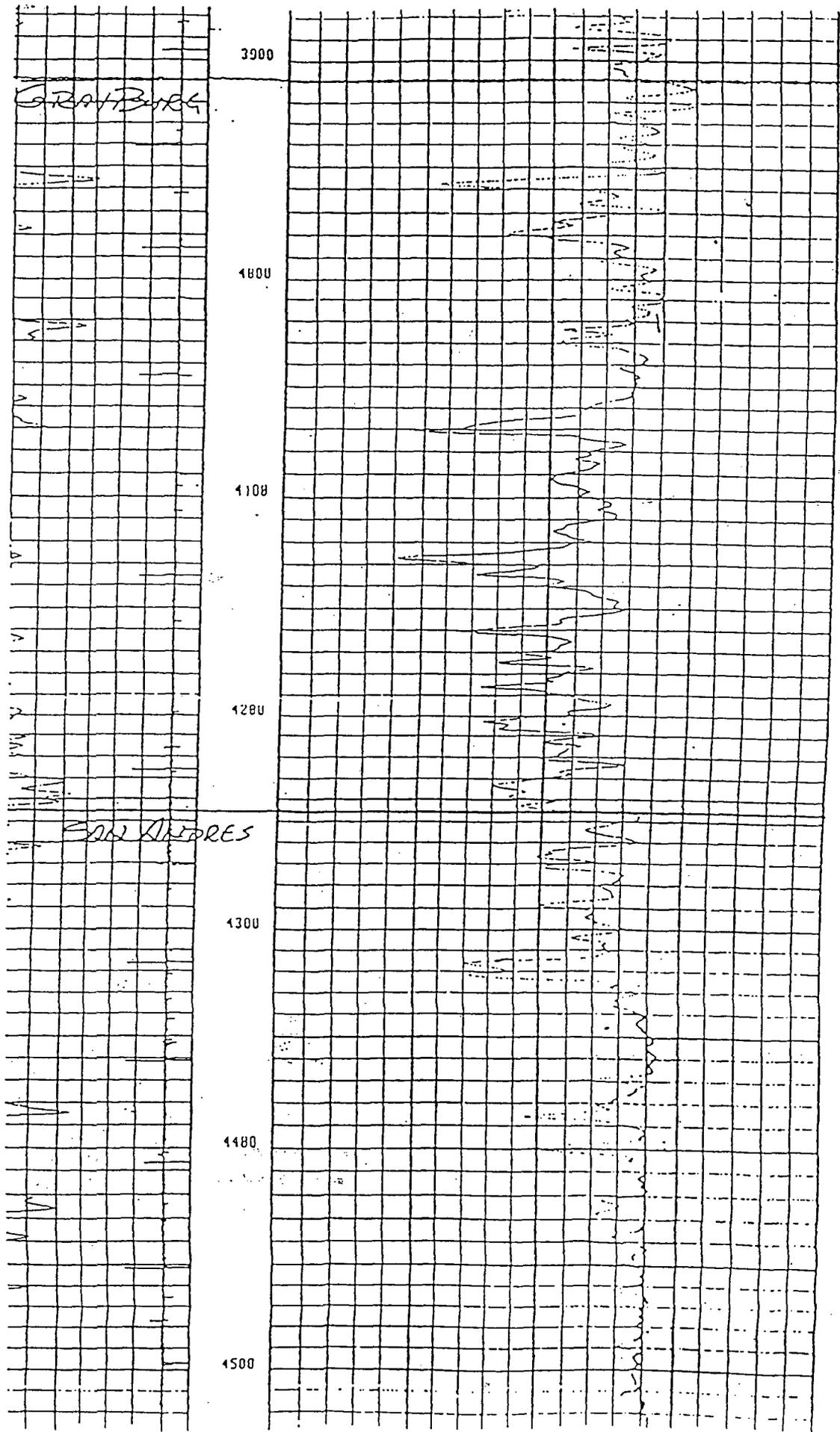
3000

3100

3200







3900

GRANITE

4800

4108

4280

SAND AND GRAVEL

4300

4480

4500

COOPERATIVE UNIT LINE INJECTION WELL
AND UNIT LINE INFILL DRILLING AGREEMENT

SKELLY WATERFLOOD UNIT
TURNER "B" WATERFLOOD PROJECT

THIS AGREEMENT is entered into by The Wisser Oil Company as Operator of the Skelly Waterflood Unit, hereafter referred to as "Wisser", and Devon Energy Corporation (Nevada), as Operator of the Turner "B" Waterflood Project, hereafter referred to as "Devon".

RECITALS:

1. Wisser is the Operator of the Skelly Waterflood Unit under the terms of the applicable Unit Agreement and the Unit Operating Agreement for said Unit (the "Unit") and the owner of 100% working interest therein.
2. Devon is the Operator of the Turner "B" Waterflood Project as approved by State of New Mexico Oil Conservation Division Order No. R-3185 (the "Project") and the owner of 100% working interest therein.
3. The Unit Area of the Skelly Waterflood Unit includes, among other lands, the W/2 W/2 of Section 21, the W/2 NW/4 and NW/4 SW/4 of Section 28, all in Township 17 South, Range 31 East, Eddy County, New Mexico, and the Project Area for the Turner "B" Waterflood Project, includes, among other lands, the E/2 E/2 of Section 20, the NE/4 SE/4 and E/2 NE/4 of Section 29, all in Township 17 South, Range 31 East, Eddy County, New Mexico.
4. Wisser and Devon desire to enter into an agreement to provide for the continued operation of existing injection wells, the reactivation of existing shut-in injection wells, and the conversion of additional wells to injection as provided in Article 1, along the common boundary of the above described lands for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations underlying said lands in order to enhance the recovery of hydrocarbons from their respective Unit/Project. Wisser and Devon also desire to enter into an agreement to drill up to six infill producing wells on 20 acre spacing units along the common boundary line of the Skelly Waterflood Unit and the Turner "B" Waterflood Project in accordance with Article 7 below.

NOW, THEREFORE, in consideration of the mutual benefits to be derived from the covenants and obligations herein contained, Wisser and Devon agree as follows:

ARTICLE 1

INJECTION WELLS

1.1 Wisser has made application before the New Mexico Oil Conservation Division to convert to injection or reactivate existing shut-in injection wells as follows:

- Skelly Unit #62 Located in NW/4 NW/4 of Section 21-T17S-R31E
- Skelly Unit #63 Located in SW/4 NW/4 of Section 21-T17S-R31E
- Skelly Unit #69 Located in NW/4 SW/4 of Section 21-T17S-R31E
- Skelly Unit #74 Located in SW/4 SW/4 of Section 21-T17S-R31E
- Skelly Unit #91 Located in NW/4 NW/4 of Section 28-T17N-R31E
- Skelly Unit #92 Located in SW/4 NW/4 of Section 28-T17N-R31E
- Skelly Unit 100 Located in NW/4 SW/4 of Section 28-T17N-R31E

Within one hundred twenty (120) days of receipt of approval by the New Mexico Oil Conservation Division, Wisser shall convert, reactivate and equip the above wells as necessary, for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations. These wells shall be equipped, maintained and operated under this agreement, and the

COPY

covenants of Wisser under this agreement shall be performed at the expense of Wisser as an item of unit expense under the Unit Operating Agreement for the Skelly Waterflood Unit.

1.2 Devon, within thirty (30) days after execution of this agreement, shall make application before the New Mexico Oil Conservation Division to convert to injection, or reactivate existing shut-in injection wells as follows:

Turner "B" #11 Located in SE/4 NE/4 of Section 20-T17S-R31E
Turner "B" #9 Located in NE/4 NE/4 of Section 20-T17S-R31E
Turner "B" #51 Located in NE/4 SE/4 of Section 20-T17S-R31E
Turner "B" #59 Located in NE/4 SE/4 of Section 29-T17S-R31E
Turner "B" #62 Located in NE/4 SE/4 of Section 29-T17S-R31E

Within one hundred twenty (120) days of receipt of approval by the New Mexico Oil Conservation Division, Devon shall convert, reactivate, and equip the above wells as necessary, for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations. These wells shall be equipped, maintained and operated under this agreement, and the covenants of Devon under this agreement shall be performed at the sole expense and risk of Devon.

1.2.1 Wisser and Devon recognize that the following Devon operated wells have previously been converted to injection and are currently injecting water into one or more of the Seven Rivers, Queen, Grayburg and San Andres formations:

Turner "B" #46 Located in SE/4 SE/4 of Section 20-T17S-R31E
Turner "B" #55 Located in SE/4 NE/4 of Section 29-T17S-R31E

The above wells shall continue to be operated in accordance with the terms of this agreement and more specifically in accordance with Article 2.2 hereof.

1.3 Well Log: Upon execution of this agreement and upon request, each party shall provide the other party with a copy of a porosity log on each of the wells contemplated by this agreement, indicating perforation depth. Each party, upon request, shall also provide the other party with details of workover operations on each of the wells, including stimulation and squeezing operations.

1.4 Replacement and Substitute Wells: It is recognized by the parties that the incremental recovery of hydrocarbons reasonably expected from each Unit/Project Area as a result of the injection operations contemplated by this agreement may not justify the drilling of a replacement well in the event a party is unable to continue operations of existing injection wells or is unable to convert it to an injection well or to obtain governmental authorization to inject fluids into the well. If, as a result of a lack of wellbore integrity or other condition in the hole or formations penetrated, either party is unable, after exercising reasonable diligence as would a prudent operator to continue operations of existing injection wells or to convert the wells described in Articles 1.1, 1.2 and 1.2.1 herein to injection wells or to obtain governmental authorization to inject fluids into the Seven Rivers, Queen, Grayburg and San Andres formations, said party shall, within thirty (30) days, notify the other party hereto in writing of the condition of such well and shall have the option but not the obligation to propose either to substitute an existing well therefor, or to drill a replacement well at a location within three hundred (300) feet of the well to be replaced.

If the notifying party has elected to drill a replacement well, it shall, within a reasonable time after giving the above described notice, begin operations for the drilling of the replacement well. If it has chosen to propose a substitute well, the remaining party hereto may either accept or reject the proposed substitute well. If the notifying party proposes a substitute well that is acceptable to the remaining party hereto, the notifying party shall drill and equip said well within one hundred twenty (120) days after receiving the remaining party's written acceptance thereof. If the remaining party hereto rejects the proposed substitute well, such remaining party shall have the option to cease operating any adjacent injection well covered by this agreement.

ARTICLE 2

OPERATION

2.1 Water Supply: Each party either has constructed or shall construct and maintain facilities necessary for delivery of water to its injection wells and shall furnish water suitable for injection therein. Each party, upon request, shall provide the other party with a water analysis of its injection water.

2.2 Injection: Except as otherwise provided in Article 1.4 herein ("Replacement and Substitute Wells"), water injection into each of the proposed conversion injection wells and re-activated injection wells shall commence within sixty (60) days after receipt of approval by the New Mexico Oil Conservation Division. Injection of water into each injection well covered by this agreement, shall be at rates and pressures mutually agreed upon, and below the fracturing pressure of the formation as determined by periodic step-rate injectivity tests. Prior to running a step-rate test, the operating pressure on the well shall be set at a level lower than the lowest fracturing pressures measured by step-rate tests in nearby injection wells completed in the formation. If the rates and pressures cannot be mutually agreed upon, the rate shall be at least 300 barrels of water a day, provided the rate does not result in a bottomhole pressure which is greater than the formation fracturing pressure. Each party, upon request, shall provide the other party details of the results of each step-rate test and any fall-off tests conducted on its wells. Each month, each party shall provide the other party with a statement showing the average daily injection rate and the average daily injection pressure, for the previous month, along with the cumulative injection volumes, for all wells within 700 feet of the common unit boundary.

2.3 Injection Profile: Each party shall run annual radioactive water tracer surveys on its wells. Each party shall, upon request, provide a copy of its injection profile logs to the other party hereto.

2.4 Metering: Each party shall be responsible, at its sole cost and expense, for installing and maintaining in good repair, appropriate pressure gauges and water meters for each of the injection wells covered by this agreement.

ARTICLE 3

INTERESTS AND OBLIGATIONS OF PARTIES

3.1 Interests of Parties: Nothing in this agreement shall be deemed to be an assignment or a cross-assignment of interests in the respective Unit/Project Areas. This agreement is entered into for the sole purpose of providing for the operation of injection and infill producing wells on the common boundary of the Unit/Project Areas to enhance the recovery of hydrocarbons from each Unit/Project Area so that the party who operates the Unit/Project Area, along with the other owners of interests in production from the Unit/Project Area, may benefit by an increase in ultimate recovery of hydrocarbons from the Unit/Project Area.

3.2 Obligations of Parties: The obligations and liabilities of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations as set out in this agreement. It is not the intention of the parties to create, nor shall this agreement be construed to create, a mining or other partnership or association, or to render the parties liable as partners.

ARTICLE 4

FORCE MAJEURE

If either party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, that party shall give to the other party prompt notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than the continuance of, the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed shall mean an act of God, strike, lockout or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, failure of water supply, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

ARTICLE 5

NOTICES

All notices and other communications authorized or required between the parties under this agreement shall be deemed to have been given when such communications in writing shall have been received by fax or United States mail, by the party to whom the notice is given at the following address:

Wiser:

The Wiser Oil Company
8115 Preston Road, Suite 400
Dallas, TX 75225
Attn: Matt Eagleston
Project Manager

Devon:

Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attn: Steve Cromwell
Land Manager

Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to the other party.

ARTICLE 6

EFFECTIVE DATE AND TERM OF AGREEMENT

6.1 Effective Date: The effective date of this agreement shall be January 1, 1997.

6.2 Term of Agreement: This agreement shall be in effect for a period of five (5) years after the effective date hereof and so long thereafter as the Skelly Waterflood Unit, and the Turner "B" Waterflood Project are in effect, unless earlier terminated as hereafter set forth.

This agreement may be terminated at any time after the expiration of such five (5) year term by unanimous agreement of the parties hereto. If the parties are unable to agree, the term of this agreement shall not extend beyond ten (10) years from the cessation of operations attributable to the wells covered in Article 1 and Article 7 hereof.

ARTICLE 7

INFILL DEVELOPMENT

In order to further enhance the ultimate recovery of hydrocarbons from both the Skelly Waterflood Unit and the Turner "B" Waterflood Project, Wiser and Devon each agree to drill and operate three infill producing wells along the common boundary of the Unit/Project at the approximate locations described on Exhibit "A" attached hereto. Such wells shall be drilled and completed within one hundred eighty (180) days from the execution of this agreement. Wiser and Devon recognize that in order to be able to drill these infill wells at the proposed locations, each company will be required to obtain unorthodox location approval from the New Mexico Oil Conservation Division. Accordingly, Wiser and Devon hereby covenant to execute any waivers

necessary for the remaining party hereto to administratively obtain such unorthodox locations in accordance with applicable New Mexico Oil Conservation Division rules.

In order to share in the risks and rewards of drilling the proposed infill wells, Wisser and Devon further agree that an operating agreement between the parties, designating Devon as operator of those infill wells located on the Turner "B" Lease, and further designating Wisser as operator of those infill wells located on the Skelly Unit, which shall be executed simultaneously with this agreement, is attached hereto as Exhibit "B" and made a part hereof. Said operating agreement shall govern the drilling, completion and all other operations associated with such infill wells. Notwithstanding the current working interest ownership of the Turner "B" Waterflood Project and the Skelly Waterflood Unit as recited in paragraphs 1 and 2 above, the working interest of the parties under said operating agreement shall be:

The Wisser Oil Company	50.00%
Devon Energy Corporation (Nevada)	50.00%

The operating agreement and exhibits thereto shall become effective as of the effective date of this agreement and shall govern any operations not expressly covered by this agreement. In the event of a conflict between the terms of the Operating Agreement attached hereto as Exhibit "B" and the terms of this agreement, the terms of this agreement shall prevail.

Production attributable to the Devon operated infill wells as set forth on Exhibit "A" shall be commingled into an existing Turner "B" tank battery of Devon's choice. Production attributable to the Wisser operated infill wells as set forth on Exhibit "A" shall be commingled into an existing Skelly Waterflood tank battery of Wisser's choice. Wisser and Devon agree that production from such infill wells shall be allocated based upon monthly well tests. Well testing shall be accomplished utilizing a test heater treater or test separator. Produced fluid from a well to be tested will be segregated from the field production and diverted to a test vessel where the separation of oil, gas and water will occur. Only one well shall be tested at a time. No other wells shall be allowed to produce into the test vessel when another well is being tested. Oil and water volumes exiting the vessel will be metered or sent to a test tank for direct measurement.

If metering oil volumes, meter accuracy should be at least $\pm 1.0\%$ with a repeatability of at least $\pm 0.05\%$. Oil meters should be calibrated on a quarterly basis with each party having the right, upon thirty (30) days written notice, to witness such oil meter calibrations. Any time the accuracy of a meter is in question either party with reasonable written notification may inspect the other party's oil meter at their own expense.

Gas volumes may be allocated based on the applicable Project or Unit GOR, or gas volumes may be measured using an orifice well tester connected to the gas outlet on the heater treater or test separator.

ARTICLE 8

COMPLIANCE WITH LAWS AND REGULATIONS

8.1 Laws, Regulations and Orders: This agreement shall be subject to and operations hereunder shall be conducted in compliance with the conservation laws of the State of New Mexico, the valid rules, regulations and orders of the New Mexico Oil Conservation Division and all other applicable federal, state and local laws, ordinances, rules, regulations and orders.

8.2 Governing Law: This agreement and all matters pertaining hereto, including, but not limited to, matters of performance, nonperformance, breach, remedies, procedures, rights, duties and interpretations or construction, shall be governed and determined by the law of the State of New Mexico.

ARTICLE 9

INDEMNITY

Each party hereto agrees to protect, defend, indemnify and hold harmless the other party from and against any claims, demands, causes of action, losses and/or liabilities of every kind and character arising out of, incident to, or in connection with such other party's water injection operations pursuant to the provisions of this agreement excepting, however, any claim, demand, cause of action, loss and/or liability which may result from the gross negligence or willful misconduct of such other party, its agents, officers, or employees. Such indemnity shall include, without limitation, reasonable attorney's fees, court costs and similar expenses. Each party hereby releases the other party from any liability for damages to the releasing party's interest in and to the releasing party's land described herein arising out of, incident to, or in connection with the operations contemplated by this agreement, provided such operations are conducted in accordance with the terms and conditions of this agreement and such damage is not the result of gross negligence or willful misconduct of such other party.

ARTICLE 10

MISCELLANEOUS

10.1 Entire Agreement: This agreement embodies the entire agreement between the parties relating to the subject matter hereof and shall supersede all other agreements, assurances, conditions, covenants or terms relating hereto, whether written or verbal or antecedent or contemporaneous with the execution thereof. This agreement may be modified or amended only by an instrument in writing signed by both parties.

10.2 Captions: Captions have been inserted for reference purposes only and shall not define or limit the terms of this agreement.

10.3 Binding Effect: This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective successors, legal representatives and assigns.

WITNESS EXECUTION this 25th day of April, 1997.

ATTEST:

THE WISER OIL COMPANY

By: _____

By: W. B. Phillips
W. B. Phillips
Attorney-in-Fact

ATTEST:

DEVON ENERGY CORPORATION (NEVADA)

By: Steve Cronwell
STEVE CRONWELL
Assistant Secretary

By: J. M. Lacey
J. M. Lacey
Vice President

FCC
KAT
PC

EXHIBIT "A"

Attached to and made a part of that certain Joint Operating Agreement dated January 1, 1997 by and between The Wisser Oil Company and Devon Energy Corporation (Nevada)

I. CONTRACT AREA:

	OPERATOR:
# 400 — Skelly Unit Well #258, 10' FSL and 10' FWL, Section 21-T17S-R31E	The Wisser Oil Company
# 401 — Skelly Unit Well #271, 1300' FNL and 10' FWL, Section 28-T17S-R31E	The Wisser Oil Company
— Skelly Unit Well #282, 2625' FNL and 10' FWL, Section 28-T17S-R31E	The Wisser Oil Company
# 402 — Turner B-134, 1350' FNL and 10' FEL, Section 20-T17S-R31E	Devon Energy Corporation (Nevada)
— Turner B-135, 2625' FNL and 10' FEL, Section 20-T17S-R31E	Devon Energy Corporation (Nevada)
— Turner B-136, 3900' FNL and 10' FEL, Section 20-T17S-R31E	Devon Energy Corporation (Nevada)

II. ADDRESSES FOR NOTICE PURPOSES:

The Wisser Oil Company 8115 Preston Road, Suite 400 Dallas, TX 75225 Attn: Matt Eagleston Project Manager	Devon Energy Corporation (Nevada) 20 North Broadway, Suite 1500 Oklahoma City, OK 73102 Attn: Steve Cromwell Land Manager
---	---

III. PERCENTAGE WORKING INTERESTS OF THE PARTIES:

<u>Parties</u>	<u>Percentage Working Interest in Contract Area</u>
The Wisser Oil Company	50.00%
Devon Energy Corporation (Nevada)	50.00%
Totals	100.00%

IV. DESCRIPTION OF COMMITTED LEASEHOLD:

Each of the Oil, Gas and Mineral Leases, or undivided interests therein, committed to this Agreement by the parties hereto and listed hereinafter are committed INsofar, AND ONLY INsofar, as each covers lands and depths within the Contract Area. All recording references are to the County Records of Eddy County, New Mexico.

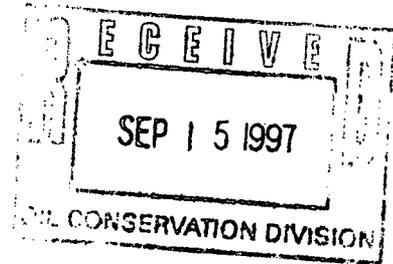
A. Leases committed by The Wisser Oil Company (100%):

LESSOR	LESSEE	LEASE DATE	LESSOR ROY.	OTHER BURDENS	RECORDING REFERENCES BOOK PAGE
USA #LC-029420-B	Skelly Oil Company	4/30/98	oil - .0210000 gas - .1250000	.0100000 ORRI	

B. Leases committed by Devon Energy Corporation (Nevada) (100%):

LESSOR	LESSEE	LEASE DATE	LESSOR ROY.	OTHER BURDENS	RECORDING REFERENCES BOOK PAGE
USA #LC-029954-U	Danziger Oil & Refining Co.	4/1/96	oil - .0210000 gas - .1250000	-	

September 10, 1997



State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Attention: Michael E. Stogner

Re: Unorthodox Locations
Turner 'B' 134, 135, 136
Section 20-T17S-R31E
Eddy County, New Mexico

Gentlemen:

Devon Energy Corporation (Nevada), as operator, has previously applied to the NMOCD by letter dated June 3, 1997 for administrative approval for the drilling of the referenced wells at unorthodox locations. During our voice mail telephone conversation of September 8, you advised that you were granting verbal approval of the referenced unorthodox locations and that the formal order(s) would be forthcoming.

Accordingly, based upon your verbal direction Devon will commence operations for the drilling, completion and production of said wells during the week of September 8.

Thank you for your cooperation.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)

A handwritten signature in cursive script, appearing to read "Ken Gray".

Ken Gray
District Landman

KG:ej\NMOCD.h1

cc: Randy Jackson