

NSL 8/11/97

11966.09

**devon**

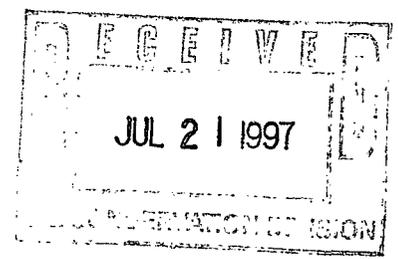
**ENERGY CORPORATION**

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

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

July 15, 1997

**Certified Mail No. Z 447 031 485**



State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

RE: Non-Standard Location Approval  
Hawk "10K" Federal #10  
Eddy County, New Mexico

Gentlemen:

Devon Energy Corporation (Nevada) requests "Non-Standard Location" approval for the referenced well located as listed below. This unorthodox location is necessary due to pipeline and topography problems.

<u>Well Name &amp; No.</u>	<u>Unit Ltr</u>	<u>Section-T-R</u>	<u>Footage Location</u>
Hawk "10K" Federal #10	K	10-18S-27E	1550' FSL & 2288' FWL

Enclosed is a map of the West Red Lake Area showing the well's location and a copy of form C-102.

Operators having wells and/or lease holdings in the offsetting 40 acre tracts will be notified by certified mail. Copies of our letters of notification to the following operators are enclosed.

Arco Permian	Midland, Texas
Altura Energy, Ltd.	Houston, Texas

Hawk "10K" Federal #10  
NSL Approval  
7/15/97  
Page Two

State of New Mexico  
Energy, Minerals and Natural Resources Dept.  
Oil Conservation Division

If you have any questions, please contact the undersigned at (405) 235-3611, X4509.

Sincerely yours,

DEVON ENERGY CORPORATION (NEVADA)

A handwritten signature in cursive script that reads "E.L. Buttross Jr.".

Mr. E.L. Buttross, Jr.  
District Engineer

ELB\dk  
Enclosures

cc: Oil Conservation Division - Artesia, NM  
Bureau of Land Management - Carlsbad, NM



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

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

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Exhibit 2

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

**OIL CONSERVATION DIVISION**

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

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code	Pool Name Red Lake (Q-GB-SA)
Property Code	Property Name Hawk "10" K Federal	Well Number 10
OGRID No.	Operator Name Devon Energy Corporation	Elevation 3468'

Surface Location

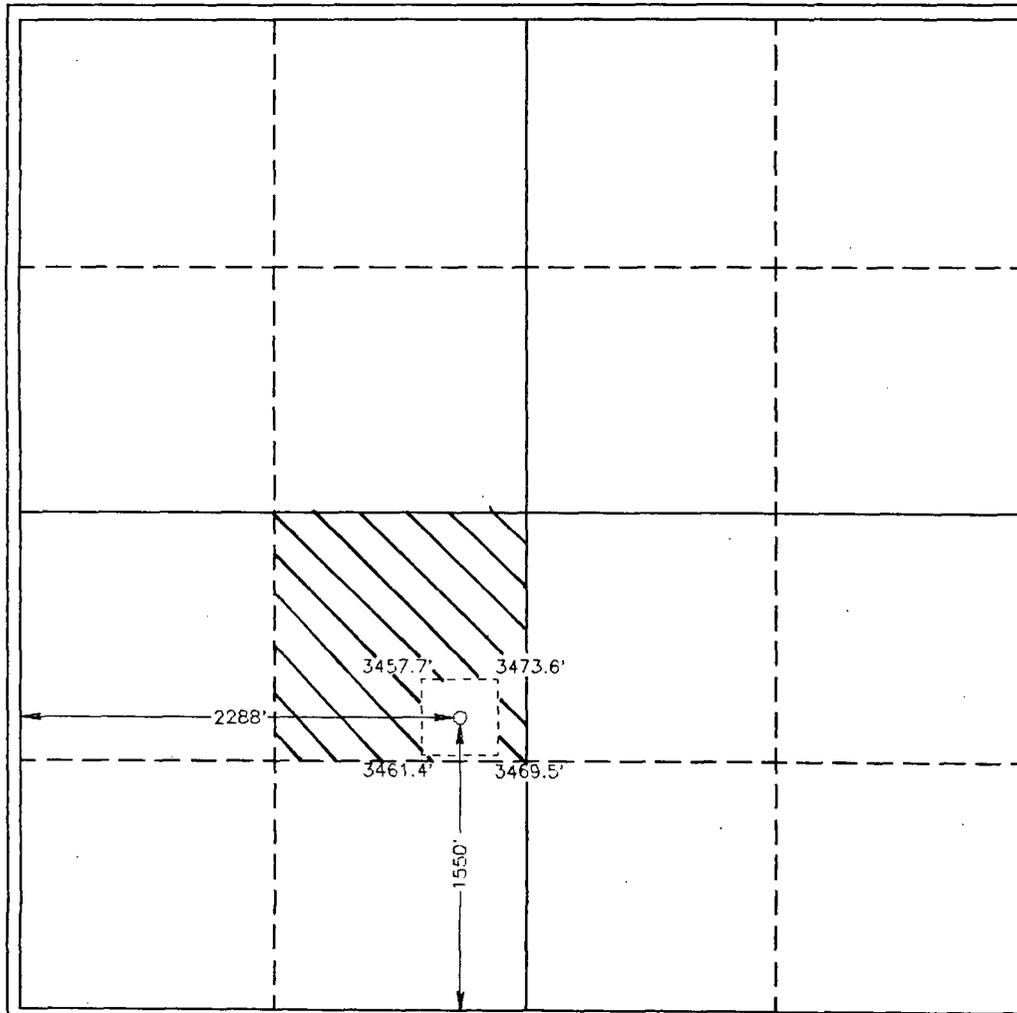
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	10	18 S	27 E		1550	South	2288	West	Eddy

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.
-----------------	-----------------	--------------------	-----------

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.

*E. L. Buttross, Jr.*  
Signature

E. L. Buttross, Jr.  
Printed Name

District Engineer  
Title

May 13, 1997  
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.

April 23, 1997  
Date Surveyed

Signature & Seal of  
Professional Surveyor

W.O. No. 702203  
Certificate No. Gary L. Jones 7977

BASIN SURVEYS

**devon**  
ENERGY CORPORATION

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

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

July 15, 1997

**Certified Mail No. Z 447 031 487**

Altura Energy, Ltd.  
P.O. Box 4294  
Houston, TX 77210-4294

RE: Non-Standard Location Approval  
Proposed 2800' San Andres Test  
Hawk "10K" Federal #10  
1550' FSL & 2288' FWL  
Section K-10-T18S-R27E  
Eddy County, New Mexico

Gentlemen:

We have applied for a permit to drill the referenced well. This unorthodox location was due to pipeline and topography problems. The proposed well site is in the West Red Lake area in Eddy County, New Mexico, and offsets your lease hold in Section 10-T18S-R27E.

The NMOCD Non-Standard Location Approval process requires that we notify offset lease holders and submit Proof of Notice.

Hawk "10K" Federal #10  
Non-Standard Location Approval  
July 15, 1997  
Page Two

Altura Energy, Ltd.

Please accept this certified letter as notification. If you have any questions, please contact Ernie Buttross, Jr., at (405) 235-3611, X4509.

Sincerely yours,

DEVON ENERGY CORPORATION (NEVADA)

A handwritten signature in cursive script that reads "Diana Keys".

Diana Keys  
Engineering Tech.

/dk

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

**devon**  
ENERGY CORPORATION

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

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

July 15, 1997

**Certified Mail No. Z 447 031 486**

ARCO Permian  
P.O. Box 1610  
Midland, TX 79702

RE: Non-Standard Location Approval  
Proposed 2800' San Andres Test  
Hawk "10K" Federal #10  
1550' FSL & 2288' FWL  
Section K-10-T18S-R27E  
Eddy County, New Mexico

Gentlemen:

We have applied for a permit to drill the referenced well. This unorthodox location was due to pipeline and topography problems. The proposed well site is in the West Red Lake area in Eddy County, New Mexico, and offsets your lease hold in Section 10-T18S-R27E.

The NMOCD Non-Standard Location Approval process requires that we notify offset lease holders and submit Proof of Notice.

Hawk "10K" Federal #10  
Non-Standard Location Approval  
July 15, 1997  
Page Two

Arco Permian

Please accept this certified letter as notification. If you have any questions, please contact Ernie Buttross, Jr., at (405) 235-3611, X4509.

Sincerely yours,

DEVON ENERGY CORPORATION (NEVADA)

A handwritten signature in cursive script that reads "Diana Keys".

Diana Keys  
Engineering Tech.

/dk

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

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. 11966  
ORDER NO. R-11162

APPLICATION OF DEVON ENERGY CORPORATION (NEVADA) FOR 23  
UNORTHODOX OIL WELL LOCATIONS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 16, 1998 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13<sup>th</sup> day of April, 1999, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Devon Energy Corporation (Nevada) ["Devon"], seeks authority to drill and produce the following wells at unorthodox oil well locations in Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Eagle "27-H" Federal No. 15	30-015-29942	27	1450' FNL & 990' FEL	H
Evarts "31" Federal No. 3	30-015-30171	31	1330' FSL & 1630' FEL	J
Eagle "33-G" Federal No. 6	30-015-29595	33	2460' FNL & 1350' FEL	G
Eagle "33-H" Federal No. 8	30-015-29596	33	2435' FNL & 531' FEL	H
Eagle "33-N" Federal No. 10	30-015-29598	33	230' FSL & 2140' FWL	N
Eagle "34-E" Federal No. 10	30-015-29632	34	2310' FNL & 1240' FWL	E
Eagle "34-F" Federal No. 12	30-015-29635	34	2310' FNL & 2420' FWL	F
Eagle "34-G" Federal No. 14	30-015-29636	34	2310' FNL & 1600' FEL	G
Eagle "34-I" Federal No. 18	30-015-29655	34	1740' FSL & 280' FEL	I
Eagle "34-L" Federal No. 24	30-015-29643	34	1740' FSL & 1065' FWL	L

In addition, Devon seeks authority to drill and produce the following wells at unorthodox oil well locations in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Falcon "3-N" Federal No. 18	30-015-29575	3	680' FSL & 1350' FWL	N
Carter Collier "5" Federal No. 9	30-015-29995	5	330' FNL & 2360' FEL	B
Evarts "6" Federal No. 4	30-015-30109	6	330' FNL & 1190' FEL	A
Fred "6" Federal No. 5	30-015-30155	6	1260' FNL & 990' FWL	D
Patton "6" Federal No. 6	30-015-30085	6	2460' FNL & 2310' FWL	F
Patton "6" Federal No. 4	30-015-30079	6	1593' FSL & 1469' FWL	K
Patton "6" Federal No. 3	30-015-29980	6	930' FSL & 1450' FWL	N
Hawk "9-B" Federal No. 4	30-015-29480	9	990' FNL & 1360' FEL	B
Hawk "9-J" Federal No. 16	30-015-29483	9	1630' FSL & 1650' FEL	J
Hawk "9-O" Federal No. 17	30-015-29484	9	1170' FSL & 2310' FEL	O
Hawk "17-C" Federal No. 1	30-015-29515	17	380' FNL & 1450' FWL	C
Hawk "17-C" Federal No. 2	30-015-29726	17	890' FNL & 2585' FWL	C
Kaiser No. 1	NA	18	330' FNL & 1110' FEL	A

(3) Prior to the hearing the Division issued the following Administrative Orders for four of the above-described wells:

- (a) NSL-3969 (SD), dated March 11, 1998, granted Devon approval to drill its Hawk "17-C" Federal Wells No. 1 and 2 at the above-described unorthodox oil well locations;
- (b) NSL-3982, dated March 23, 1998, granted Devon approval to drill its Carter Collier "5" Federal Well No. 9 at the above-described unorthodox oil well location; and
- (c) NSL-3983, dated March 23, 1998, granted Devon approval to drill its Evarts "6" Federal Well No. 4 at the above-described unorthodox oil well location.

Since it is unnecessary at this time to include these four wells in this application, they should be dismissed.

(4) The Red Lake (Queen-Grayburg-San Andres) Pool, as currently designated, includes the following lands in Eddy County, New Mexico:

**TOWNSHIP 16 SOUTH, RANGE 28 EAST,**

**NMPM**

Section 24: SE/4  
Section 25: All  
Section 26: S/2 S/2  
Section 27: SE/4 SE/4  
Section 34: All  
Section 35: All  
Section 36: All

**TOWNSHIP 17 SOUTH, RANGE 27 EAST,**

**NMPM**

Section 12: SE/4  
Section 13: N/2 and SE/4  
Section 22: S/2 NE/4  
Section 23: S/2 NW/4, NE/4 SW/4, and SE/4  
Section 24: NE/4, S/2 NW/4, N/2 SW/4, and SE/4  
Section 25: NE/4 and S/2  
Section 26: S/2 S/2  
Section 27: All  
Section 32: SE/4  
Section 33: NE/4 and S/2  
Section 34: All  
Section 35: All  
Section 36: All

**TOWNSHIP 17 SOUTH, RANGE 28 EAST,**

**NMPM**

Section 7: All  
Section 8: SW/4  
Section 9: NE/4 NE/4, S/2 NE/4, and SE/4  
Section 10: SW/4  
Section 11: S/2  
Section 12: SW/4 SW/4  
Section 14: W/2

**TOWNSHIP 17 SOUTH, RANGE 28 EAST,**

**NMPM**

(Continued)

Section 15: All  
Section 16: NE/4 and S/2  
Section 18: W/2  
Section 19: S/2  
Section 20: All  
Section 22: All  
Section 23: S/2 NW/4 and S/2  
Section 25: N/2  
Section 26: N/2  
Section 27: N/2 N/2 and SW/4  
Section 28: All  
Section 29: N/2, SW/4, and N/2 SE/4  
Section 30: All  
Section 31: NE/4 NE/4, W/2 E/2, and W/2

**TOWNSHIP 18 SOUTH, RANGE 26 EAST,**

**NMPM**

Section 1: E/2

**TOWNSHIP 18 SOUTH, RANGE 27 EAST,**

**NMPM**

Section 1: S/2  
Section 2: S/2  
Section 3: All  
Section 4: All  
Section 5: All  
Section 6: All  
Section 7: All  
Section 8: All  
Section 9: All  
Section 17: N/2  
Section 18: NE/4, N/2 NW/4, and SE/4 NW/4.

(5) Currently the Red Lake (Queen-Grayburg-San Andres) Pool is governed by the Division's statewide rules, which require development on standard 40-acre spacing and proration units, each having a top unit depth bracket allowable of 80 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil, and allow infill drilling on each 40-acre unit.

(6) Within a 1236.85-acre area, more or less, comprising the following described

acreage in Eddy County, New Mexico, Devon is the operator of the West Red Lake Unit Area (approved by Division Order No. R-3453 dated July 12, 1968) in which waterflood operations are being conducted with injection into the Red Lake (Queen-Grayburg-San Andres) Pool (approved by Division Order No. R-3469, issued in Case No. 3824, dated August 13, 1968, and designated the West Red Lake Waterflood Project).

(7) The remaining 19 wells listed in Paragraph No. (2) above are either completed in or proposed to be completed in the Red Lake (Queen-Grayburg-San Andres) Pool, and each well will have a standard 40-acre, more or less, unit dedicated thereto. Eleven wells will be infill wells within existing 40-acre oil proration units while the remaining eight wells will be considered new designations.

- (8) The applicant presented evidence that indicates the following:
- (a) All of the wells are located on federal land, except the Kaiser No. 1, which is located on fee land.
  - (b) The subject pool is continuous across the area, trending in a northeast-southwest direction.
  - (c) The original locations for all of the subject wells were orthodox, but were moved due to topographic and engineering reasons.
  - (d) The subject area is near the Pecos River, with numerous draws and elevation changes of 100-200 feet. The Bureau of Land Management requested that numerous well locations be moved to prevent extreme cut and fill of slopes and prevent erosion of the highly erodible soil in this area. In addition, there are numerous gas transmission and gathering pipelines, roads, existing wells, and a gas plant. All of these factors limit well locations.
  - (e) Average reserves in wells completed in the subject pool are about 50,000 barrels of oil, which equate to approximately 24 acres of drainage. The drainage radius of such a well is much less than a well that is capable of draining 40 acres. The applicant has drilled wells within 400-450 feet of older, above-average wells in the pool, and has seen no evidence of drainage from those older wells.
  - (f) Directional drilling is not feasible because the small reserves in these wells do not justify the additional drilling and operating costs.

(g) Applicant is drilling two wells per 40-acre unit to: (i) adequately drain each unit, and (ii) prepare for a possible future waterflood project. Injection in the West Red Lake Unit has shown a favorable production response. Drilling two wells per 40-acre unit could allow the Unit's waterflood project to be expanded in the future.

(9) Each of the above-described unorthodox oil well locations should be approved for one or more of the following reasons:

- (a) The location is a move toward the interior of a lease;
- (b) The location encroaches on a lease not owned or operated by the applicant, but notice was given to the offset and the Division received no objection;
- (c) The location will not drain the offset well unit due to the limited drainage areas in the subject pool;
- (d) A well will be drilled offsetting the proposed unorthodox well, or the offsetting well unit has existing wells producing from the same pool; and/or
- (e) There are no overriding royalty interest owners in the tract offsetting the subject well, or the applicant is the only overriding royalty interest owner in the offsetting tract.

(10) Approval of the proposed unorthodox oil well locations will afford the applicant the opportunity to produce its just and equitable share of oil and gas from the subject pool and will prevent waste and protect correlative rights.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Devon Energy Corporation (Nevada), is hereby authorized to drill the wells described below at unorthodox oil well locations in the Red Lake (Queen-Grayburg-San Andres) Pool in Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico:

<b><u>Well Name and Number</u></b>	<b><u>API Number</u></b>	<b><u>Section</u></b>	<b><u>Footage Location</u></b>	<b><u>Unit</u></b>
Eagle "27-H" Federal No. 15	30-015-29942	27	1450' FNL & 990' FEL	H
Evarts "31" Federal No. 3	30-015-30171	31	1330' FSL & 1630' FEL	J

Eagle "33-G" Federal No. 6	30-015-29595	33	2460' FNL & 1350' FEL	G
Eagle "33-H" Federal No. 8	30-015-29596	33	2435' FNL & 531' FEL	H
Eagle "33-N" Federal No. 10	30-015-29598	33	230' FSL & 2140' FWL	N
Eagle "34-E" Federal No. 10	30-015-29632	34	2310' FNL & 1240' FWL	E
Eagle "34-F" Federal No. 12	30-015-29635	34	2310' FNL & 2420' FWL	F
Eagle "34-G" Federal No. 14	30-015-29636	34	2310' FNL & 1600' FEL	G
Eagle "34-I" Federal No. 18	30-015-29655	34	1740' FSL & 280' FEL	I
Eagle "34-L" Federal No. 24	30-015-29643	34	1740' FSL & 1065' FWL	L

And in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Falcon "3-N" Federal No. 18	30-015-29575	3	680' FSL & 1350' FWL	N
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Patton "6" Federal No. 4	30-015-30079	6	1593' FSL & 1469' FWL	K
Patton "6" Federal No. 3	30-015-29980	6	930' FSL & 1450' FWL	N
Hawk "9-B" Federal No. 4	30-015-29480	9	990' FNL & 1360' FEL	B
Hawk "9-J" Federal No. 16	30-015-29483	9	1630' FSL & 1650' FEL	J
Hawk "9-O" Federal No. 17	30-015-29484	9	1170' FSL & 2310' FEL	O
Kaiser No. 1	NA	18	330' FNL & 1110' FEL	A

(2) Each well shall have a standard 40-acre oil spacing and proration unit dedicated thereto.

(3) Jurisdiction of this case is 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

  
LORI WROTENBERY  
Director

S E A L

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Div. 1010 00  
311 S. 1st  
Albuquerque, NM

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires March 31, 1993

SP

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well  Gas Well  Other -----

2. Name of Operator

DEVON ENERGY CORPORATION (NEVADA)

3. Address and Telephone No.

20 NORTH BROADWAY, SUITE 1500, OKLAHOMA CITY, OKLAHOMA 73102 (405) 235-3611A

4. Location of Well (Footage. Sec., T., R., M., or Survey Description)

1550' FSL & FWL of Section K-10-T18S-R27E  
2280

5. Lease Designation and Serial No.

NM-025604

6. If Indian, Allottee or Tribe Name

NA

7. If Unit or CA, Agreement Designation

NA

8. Well Name and No.

Hawk "10"K Federal #10

9. API Well No.

30-015

10. Field and Pool, or Exploratory Area

Red Lake (Q-GB-SA)

11. County or Parish, State

Eddy County, NM

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other APD Extensions

- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

This Application for Permit to Drill this well was approved on June 13, 1997.

At this time Devon Energy Corporation (Nevada) requests an extension of one year to drill this well.

APPROVED FOR 12 MONTH PERIOD  
ENDING JUN 13 1998

14. I hereby certify that the foregoing is true and correct

Signed Marie Ozment  
(This space for Federal or State office use)

Marie Ozment

Title Engineering Technician

Date February 23, 1998

Approved by (ORIG. SGD.) DAVID R. CLARK  
Conditions of approval, if any:

Title PETROLEUM ENGINEER

Date MAR 09 1998

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 to any matter within its jurisdiction.

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
N.M. Oil Cons. Division  
877 S. 1ST ST.  
ARTESIA, NM 88210-2834

Form approved.

48

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   
5-16-97 JP 5-15-97 RSM 1997 MAY 15 P

2. NAME OF OPERATOR: DEVON ENERGY CORPORATION (NEVADA) 6137

3. ADDRESS AND TELEPHONE NO.: 20 N. BROADWAY, SUITE 1500, OKC, OK 73102 (405) 235-3611

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)\*  
At surface 1550' FSL & 2288' FWL  
At top proposed prod. zone (SAME) Unit K  
SUBJECT TO LIKE APPROVAL BY STATE UNORTHODOX LOCATION

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
Approximately 7 miles southeast of Artesia, NM

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 1550

16. NO. OF ACRES IN LEASE 640  
19. PROPOSED DEPTH 2800'

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 900

20. ROTARY OR CABLE TOOLS\* Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) GL 3468

22. APPROX. DATE WORK WILL START\* July 1, 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	14"	Conductor	40'	Redimix
12 1/4"	8 5/8", J-55	24 ppf	1150'	300 sx Lite + 200 sx Class C
7 7/8"	5 1/2", J-55	15.5 ppf	2800'	150 sx Lite + 350 sx Class C

\* Cement will be circulated to surface on all casing strings.

Devon Energy plans to drill to 2800'+/- to test the San Andres Formation for commercial quantities of oil. If the San Andres is deemed non-commercial, the wellbore will be plugged and abandoned per Federal regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

- Drilling Program concerning
- Surface Use and Operating Plan
- Exhibit #1 - Blowout Prevention Equipment
- Exhibit #1-A - Choke Manifold
- Exhibit #2 - Location and Elevation Plat
- Exhibit #3 - Planned Access Roads
- Exhibit #4 - Wells Within a One Mile Radius
- Exhibit #5 - Production Facilities Plan
- Exhibit #6 - Rotary Rig Layout
- Exhibit #7 - Casing Design Parameters and Factors
- H<sub>2</sub>S Operating Plan

The undersigned accepts all applicable terms, conditions, stipulation, and restrictions operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Nationwide  
BLM Bond File No.: CO-1104

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

NSL

acs 5/22/97

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

24. SIGNED E. L. Buttross, Jr. TITLE DISTRICT ENGINEER DATE 5/14/97

\*(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY (ORIG. SGD.) ARMANDO A. LOPEZ TITLE Acting ADM. MINERALS DATE 6/13/97

See Instructions On Reverse Side

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Exhibit 2

Form C-102  
Revised February 10, 1994

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

Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

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

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code	Pool Name Red Lake (Q-GB-SA)
Property Code	Property Name Hawk "10" K Federal	Well Number 10
OGRID No.	Operator Name Devon Energy Corporation	Elevation 3468'

Surface Location

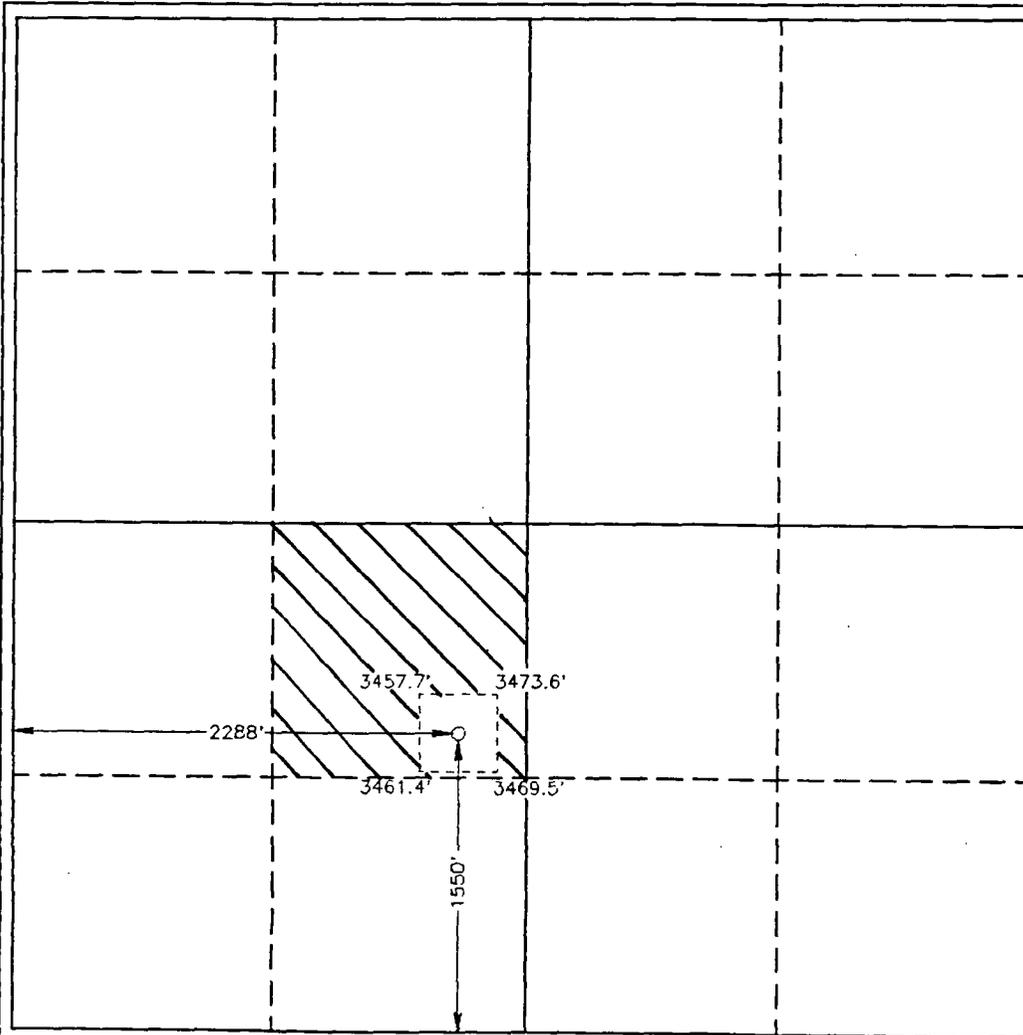
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	10	18 S	27 E		1550	South	2288	West	Eddy

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.

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.

*E. L. Buttross, Jr.*  
Signature

E. L. Buttross, Jr.

Printed Name  
District Engineer

Title  
Date  
May 13, 1997

**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.

April 23, 1997

Date Surveyed

Signature & Seal of  
Professional Surveyor

*Gary L. Jones*  
W.O. No. 7022a3

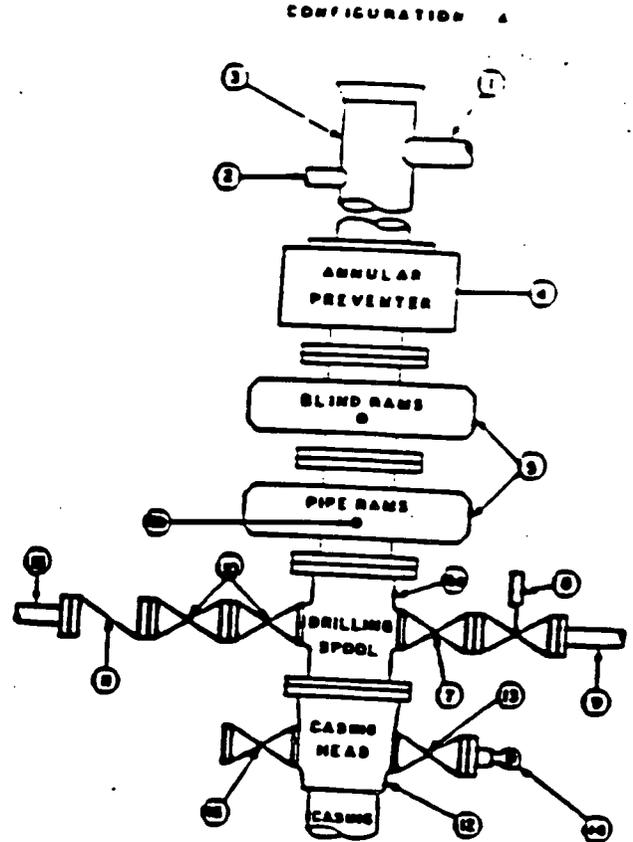
Certificate No. Gary L. Jones 7977  
PROFESSIONAL SURVEYOR

BASIN SURVEYS

STACK REQUIREMENTS

No	Item	Min I.D	Min. Nominal
1	Flange		
2	Fit up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above.)		
7	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	3-1/8"	
8	Gate valve—power operated	3-1/8"	
9	Line to choke manifold		3"
10	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/>	2-1/10"	
11	Check valve	2-1/16"	
12	Casing head		
13	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	1-13/16"	
14	Pressure gauge with needle valve		
15	Kill line to rig fluid pump manifold		2"

OPTIONAL			
16	Flanged valve	1-13/16"	



CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above braccenhead or casinghead. Working pressure of preventer to be 3,000 psi, minimum.
2. Automatic accumulator (20 gallon, minimum) capable of closing SOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. SOP controls, to be located near driller's position.
4. Kelly equipped with Kelly cock.
5. Inade blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9. Type RX ring gaskets in place of Type R.

MEC TO FURNISH:

1. Braccenhead or casinghead and side valves.
2. Wear bushing, if required.

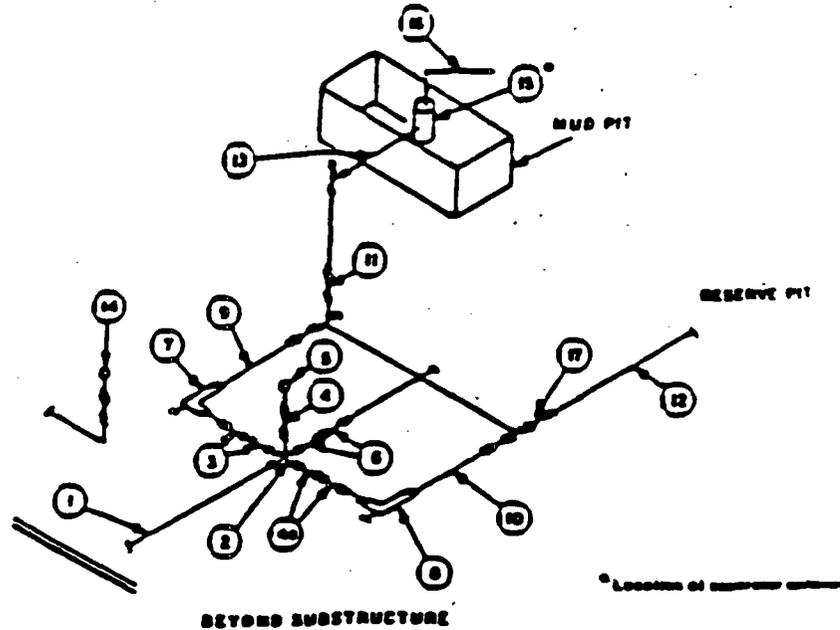
GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventer up through choke. Valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. Choke will be positioned so as not to hamper or delay changing of choke beam. Replaceable parts for adjustable choke, other beam sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. All valves to be equipped with hand-wheel or handles ready for immediate use.
6. Choke lines must be suitably enclosed.

7. Handwheels and extensions to be connected and ready for use
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Do not use kill line for routine fill-up operations

Attachment to Exhibit #1  
NOTES REGARDING BLOWOUT PREVENTORS  
Devon Energy Corporation (Nevada)  
Hawk "10" K Federal #10  
1550' FSL & 2288' FWL  
Section K-10-T18S-R27E  
Eddy County, New Mexico

1. Drilling nipple will be constructed so it can be removed mechanically without the aid of a welder. The minimum internal diameter will equal BOP bore.
2. Wear ring will be properly installed in head.
3. Blowout preventor and all associated fittings will be in operable condition to withstand a minimum 3000 psi working pressure.
4. All fittings will be flanged.
5. A full bore safety valve tested to a minimum 3000 psi WP with proper thread connections will be available on the rotary rig floor at all times.
6. All choke lines will be anchored to prevent movement.
7. All BOP equipment will be equal to or larger in bore than the internal diameter of the last casing string.
8. Will maintain a kelly cock attached to the kelly.
9. Hand wheels and wrenches will be properly installed and tested for safe operation.
10. Hydraulic floor control for blowout preventor will be located as near in proximity to driller's controls as possible.
11. All BOP equipment will meet API standards and include a minimum 40 gallon accumulator having two independent means of power to initiate closing operation.



MINIMUM REQUIREMENTS										
No		3,000 MWP			5,000 MWP			10,000 MWP		
		ID	NOMINAL	RATING	ID	NOMINAL	RATING	ID	NOMINAL	RATING
1	Line from drilling stand		3"	3,000		3"	5,000		3"	10,000
2	Cross 3" x 3" x 3" x 3"			3,000			5,000			10,000
3	Valves (1) Gas □ Plug □		3-1/8"	3,000		3-1/8"	5,000		3-1/8"	10,000
4	Valve Gas □ Plug □		1-13/16"	3,000		1-13/16"	5,000		1-13/16"	10,000
4a	Valves (1)		3-1/16"	3,000		3-1/16"	5,000		3-1/16"	10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gas □ Plug □		3-1/8"	3,000		3-1/8"	5,000		3-1/8"	10,000
7	Adjustable Choke (C)		2"	3,000		2"	5,000		2"	10,000
8	Adjustable Choke		1"	3,000		1"	5,000		2"	10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gas □ Plug □		3-1/8"	3,000		3-1/8"	5,000		3-1/8"	10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Pressure recording instrument standard pressure gauge			3,000			5,000			10,000
15	Gas Separator		2' x 5'			2' x 5'			2' x 5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gas □ Plug □		3-1/8"	3,000		3-1/8"	5,000		3-1/8"	10,000

(1) Only one required in Class 3M.

(2) Gas valves only shall be used for Class 10M.

(3) Pressure operated hydraulic chokes requires an 1,000 psi and 10,000 psi for drilling.

### EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

- All connections in choke manifold shall be welded, mudded, flanged or Cameron clamp of comparable rating.
- All flanges shall be API 6B or 6BX and ring gaskets shall be API FX or BX. Use only BX for 10 MWP.
- All lines shall be securely anchored.
- Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
- Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
- Line from drilling stand to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using butt plugged tees.
- Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well

**WRS COMPLETION REPORT**

COMPLETIONS 30-1-0060 07/02/98 SEC 10 TWP 18S RGE 27E  
30-015-29672-0000 PAGE 1

NMEX EDDY \* 1550FSL 2288FWL SEC  
STATE COUNTY FOOTAGE SPOT

DEVON ENERGY OPERATOR D  
WELL CLASS INIT FIN

10 HAWK '10K' FEDERAL  
WELL NO. LEASE NAME

3468GR RED LAKE  
OPER ELEV FIELD/POOL/AREA

API 30-015-29672-0000  
LEASE NO. PERMIT OR WELL I.D. NO.

06/29/1998 ROTARY VERT AB-LOC  
SPUD DATE COMP. DATE TYPE TOOL HOLE TYPE STATUS

2800 SN ANDRS  
PROJ. DEPTH PROJ. FORM CONTRACTOR

DRILLERS T.D. LOG T.D. PLUG BACK TD OLD T.D. FORM T.D.

LOCATION DESCRIPTION

6 MI SE ARTESIA, NM

DRILLING PROGRESS DETAILS

DEVON ENERGY  
20 N BROADWAY  
STE 1500  
OKLAHOMA CITY, OK 73102  
405-235-3611  
05/19 LOC/1997/  
06/29 ABND LOC

IC# 300157038497



CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

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PAGE NO: 2

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<p>M 40.00 CS OPEN  U R A A A</p>	<p>N 40.00  Federal owned U A A</p>	<p>O 40.00  Federal owned</p>	<p>P 40.00  Federal owned</p>

PF01 HELP      PF02              PF03 EXIT      PF04 GoTo      PF05              PF06  
PF07 BKWD      PF08 FWD          PF09 PRINT      PF10 SDIV      PF11              PF12

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OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

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PAGE NO: 1

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<p>E 40.00 CS OPEN  U R A A</p>	<p>F 40.00 CS OPEN  U R A</p>	<p>G 40.00  Federal owned U A</p>	<p>H 40.00  Federal owned U A</p>

M0002: This is the first page

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD    PF08 FWD        PF09 PRINT   PF10 SDIV     PF11            PF12