



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 28, 2000

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, New Mexico 87509-0630

Attention: Mr. John Chavez, Secretary

Re: Certification of a Positive Production Response
Devon Energy Corporation (Nevada)
Turner "A" Waterflood Project

Dear Secretary Chavez:

Enclosed is a copy of a Division Certification that was issued on June 28, 2000. This document certifies that a positive production response has occurred within the Turner "A" Waterflood Project that is currently operated by Devon Energy Corporation (Nevada). In addition, this positive production response has occurred within the five year time limit as described within the *"New Mexico Enhanced Oil Recovery Act"*. The Division has determined that all wells within the certified area producing from the Grayburg-Jackson Pool are eligible for the recovered oil tax rate. These wells are shown on Exhibit "A" to the Division Certification.

For your convenience, we have also enclosed a summary page showing all pertinent data. If additional information is required, please advise.

Sincerely,

Lori Wrotenbery
Director

LW/DRC

Xc: EOR-36

POSITIVE PRODUCTION RESPONSE DATA
TURNER "A" WATERFLOOD PROJECT

NAME OF PROJECT

Turner "A" Waterflood Project

OPERATOR

Devon Energy Corporation (Nevada)
20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102-8260

POOL

Grayburg-Jackson Pool

OCD ORDER NO. APPROVING WATERFLOOD PROJECT & DATE

R-10763, February 10, 1997

PROJECT AREA

Township 17 South, Range 31 East, NMPM
Section 18: S/2
Section 19: N/2

DATE WATER INJECTION COMMENCED

October, 1996

DATE CERTIFIED PROJECT TO TAXATION & REVENUE

July 1, 1997

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

February 1, 1998

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

Injection—15
Production—18



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
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Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

June 28, 2000

Devon Energy Corporation (Nevada)
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Re: Certification of Positive Production Response
Turner "A" Waterflood Project

Dear Mr. Bruce:

Pursuant to your request dated February 28, 2000, please be advised that the Division hereby certifies that a positive production response occurred within the Turner "A" Waterflood Project on February 1, 1998.

All Grayburg-Jackson Pool producing wells within the following described area, which currently number eighteen as shown on Exhibit "A" attached hereto, shall be eligible for the recovered oil tax rate.

PROJECT AREA

Township 17 South, Range 31 East, NMPM

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

Devon Energy Corporation (Nevada) shall notify the Division:

- (a) of the change in status of any of the producing wells shown on Exhibit "A";
- (b) in the event new producing wells are drilled within the project area; and
- (c) of changes in operations within the project area which may affect the certification and resulting tax rate granted herein.

The Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

Sincerely,


Lori Wrotenbery
Director

Xc: File-EOR-36

EXHIBIT "A"
CERTIFICATION OF POSITIVE PRODUCTION RESPONSE
TURNER "A" WATERFLOOD PROJECT
PRODUCING WELLS

<u>API NUMBER</u>	<u>WELL NAME & NUMBER</u>	<u>WELL LOCATION UL-S-T-R</u>
30-015-28769	Turner "A" No. 38	Unit L, Section 18, T-17S, R-31E
30-015-28770	Turner "A" No. 39	Unit N, Section 18, T-17S, R-31E
30-015-28792	Turner "A" No. 40	Unit P, Section 18, T-17S, R-31E
30-015-28836	Turner "A" No. 41	Unit M, Section 18, T-17S, R-31E
30-015-28916	Turner "A" No. 42	Unit O, Section 18, T-17S, R-31E
30-015-28793	Turner "A" No. 43	Unit P, Section 18, T-17S, R-31E
30-015-28771	Turner "A" No. 44	Unit P, Section 18, T-17S, R-31E
30-015-28890	Turner "A" No. 45	Unit C, Section 19, T-17S, R-31E
30-015-28891	Turner "A" No. 46	Unit C, Section 19, T-17S, R-31E
30-015-28917	Turner "A" No. 47	Unit H, Section 19, T-17S, R-31E
30-015-28869	Turner "A" No. 48	Unit F, Section 19, T-17S, R-31E
30-015-28837	Turner "A" No. 49	Unit G, Section 19, T-17S, R-31E
30-015-28772	Turner "A" No. 50	Unit H, Section 19, T-17S, R-31E
30-015-28758	Turner "A" No. 51	Unit I, Section 19, T-17S, R-31E
30-015-28795	Turner "A" No. 52	Unit I, Section 18, T-17S, R-31E
30-015-28773	Turner "A" No. 53	Unit J, Section 18, T-17S, R-31E
30-015-28918	Turner "A" No. 55	Unit I, Section 18, T-17S, R-31E
30-015-29620	Turner "A" No. 60	Unit M, Section 18, T-17S, R-31E

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

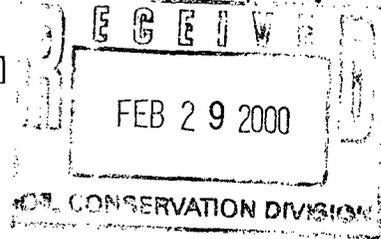
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
- DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX PMX SWD IPI EOR PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
P.O. BOX 1058
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce
Signature

Attorney for Applicant
Title

2/28/00
Date

Print or Type Name

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

February 28, 2000

David Catanach
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Catanach:

Pursuant to Division Rule 30, Devon Energy Corporation (Nevada) ("Devon") applies for administrative approval of a positive production response for its Turner "A" Lease Waterflood Project. In support thereof, Devon submits the following information:

1. Exhibit A: A copy of Order No. R-10763, which qualified the project as an Enhanced Oil Recovery Project.
2. Exhibit B: The letter from Devon requesting certification of the project. I do not know the exact date the certification was issued.
3. Exhibits C and D: A land plat of the Turner "A" Lease is attached as Exhibit C. The project area is as follows:

Township 17 South, Range 31 East, NMPM
Section 18: S½
Section 19: N½

A brief history of the project is attached as Exhibit D.

4. Exhibit E: Data on the injection wells for the project.
5. Exhibit F: Information on the wells for which a positive production response is requested. The completion dates of the wells are given on the list.
6. Exhibits G, H, and I: Graphical and tabular production data on the project.

Please call me if you need anything further on this matter.

Very truly yours,


James Bruce

Attorney for Devon Energy
Corporation (Nevada)

GRAYBURG-JACKSON POOL
(Waterflood Expansions - Various Projects-Order No. R-10763)
Eddy County, New Mexico

Order No. R-10763, Authorizing Devon Energy Corporation (Nevada) to Qualify Various Projects as "Enhanced Oil Recovery Projects", all located in the Grayburg-Jackson Pool, Eddy County, New Mexico, February 10, 1997.

Application of Devon Energy Corporation (Nevada) to Qualify Six Waterflood Expansion Projects for the Recovered Oil Tax Rate Pursuant to the "Enhanced Oil Recovery Act", Eddy County, New Mexico.

Case No. 11696
Order No. R-10763

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on January 23, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of February, 1997, 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-2268, as amended, dated June 21, 1962, the Division authorized Sinclair Oil & Gas Company to institute a waterflood project on its Keel-West leases, comprising some 5051.36 acres, and described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through seven initial injection wells located in Sections 3 and 4, Township 17 South, Range 31 East, NMPM:

KEEL-WEST WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Sections 3 through 10: All

(3) By Order No. R-3185, as amended, dated February 1, 1967, the Division authorized Sinclair Oil & Gas Company to institute a waterflood project on its C. A. Russell Lease, its Turner "A" Lease and its Turner "B" Lease, comprising some 224.09 acres, 609.43 acres, and 1786.15 acres, respectively, and all described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through two initial injection wells on the C. A. Russell Lease, eight initial injection wells on the Turner "A" Lease, and nine initial injection wells on the Turner "B" Lease, all in Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

C. A. RUSSELL WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

TURNER "A" WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

TURNER "B" WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

(4) By Order No. R-3265, dated July 10, 1967, the Division authorized Franklin, Aston & Fair, Inc., to institute a waterflood project on its Hudson Federal Lease, comprising some 160 acres, described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through two initial injection wells located in Sections 17 and 18, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

HUDSON FEDERAL WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: W/2 NW/4
Section 18: E/2 NE/4

(5) By Order No. R-4306, dated May 19, 1972, the Division authorized Atlantic Richfield Company to institute a waterflood project on its Friess-Fren Lease, comprising some 400 acres, described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through five initial injection wells located in Sections 19 and 30, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

FRIESS-FREN WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

(6) The applicant, Devon Energy Corporation (Nevada), (Devon), being the current operator of the Keel-West, C. A. Russell, Turner "A", Turner "B", Hudson Federal and Friess-Fren Waterflood Projects, seeks to qualify these six projects for the recovered oil tax rate pursuant to the "Rules and Procedures for Qualification of Enhanced Oil Recovery ("EOR") Projects and Certification for the Recovered Oil Tax Rate", as promulgated by Division Order No. R-9708, and pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(7) Applicant testified that it acquired the subject acreage and waterflood projects in January, 1994.

(8) Data regarding previous waterflood operations within the six subject projects, acquired from Division records, are summarized as follows:

PROJECT	COMMENCEMENT DATE (INJECTION)	NO. PRODUCING WELLS	NO. INJECTION WELLS
Keel-West	June, 1962	64	7
C. A. Russell	February, 1967	5	2
Turner "A"	February, 1967	8	8
Turner "B"	February, 1967	29	9
Hudson Fed.	July, 1967	4	1
Friess-Fren	May, 1972	11	5

(9) Applicant testified that although injection operations have continued to the present time, effective waterflood operations within the subject projects were essentially discontinued during the mid-1980's.



(GRAYBURG-JACKSON (WATERFLOOD EXPANSION - VARIOUS PROJECTS - ORDER NO. R-10763) POOL - Cont'd.)

(10) Division records and evidence presented by the applicant further indicates that as of January 1, 1994, operations and production within the subject projects were as follows:

<u>PROJECT</u>	<u>NO. PRODUCING WELLS</u>	<u>NO. INJECTION WELLS</u>	<u>OIL PRODUCTION</u>
Keel-West	75	20	600 BOPD
C. A. Russell	6	0	500 BOPD (Includes C. A. Russell, Turner "A", Turner "B", Hudson Federal and Friess-Fren Projects)
Turner "A"	7	3	
Turner "B"	44	15	
Friess-Fren	10	2	
Hudson Federal	4	0	

(11) The subject waterflood projects were developed essentially on 40-acre spacing with a limited number of injection wells.

(12) At the time the applicant acquired these properties, it initiated a 20-acre infill drilling and waterflood expansion program. Thus far, the applicant's efforts have been concentrated within the Keel-West Project area, however, applicant testified that it will ultimately fully develop all of the subject projects.

(13) Development within the subject projects during the period from January, 1994 through August, 1996, has occurred as follows:

<u>PROJECT</u>	<u>NUMBER OF WELLS DRILLED OR REACTIVATED</u>		<u>TOTAL NUMBER OF WELLS</u>	
	<u>PRODUCING</u>	<u>INJECTION</u>	<u>PRODUCING</u>	<u>INJECTION</u>
Keel-West	77	35	152	55
C. A. Russell	10	0	16	0
Turner "A"	15	0	22	3
Turner "B"	0	0	42	14
Friess-Fren	1	0	11	2
Hudson Federal	5	0	9	0

(14) Current production from the Keel-West, C. A. Russell, Turner "A", Friess-Fren, and Hudson Federal Waterflood Projects is approximately 1900 BOPD, 300 BOPD, 800 BOPD, 150 BOPD, 200 BOPD, respectively.

(15) Applicant submitted evidence and testimony which indicates that at full development within the six subject waterflood projects, the distribution of producing and injection wells will be as follows:

<u>PROJECT</u>	<u>NO. PRODUCING WELLS</u>	<u>NO. INJECTION WELLS</u>
Keel-West	105	128
C. A. Russell	9	8
Turner "A"	17	16
Turner "B"	35	45
Friess-Fren	9	10
Hudson Federal	6	6

(16) Capital costs incurred thus far by the applicant and projected ultimate capital costs to complete the proposed infill drilling and waterflood expansion program are as follows:

<u>PROJECT</u>	<u>CAPITAL COSTS INCURRED THROUGH AUGUST, 1996</u>	<u>FULL DEVELOPMENT COSTS</u>
Keel-West	\$42,920,570	\$43,520,570
C. A. Russell	\$2,898,267	\$3,644,149
Turner "A"	\$5,360,538	\$6,651,832
Turner "B"	\$2,004,167	\$5,664,961
Friess-Fren	\$936,705	\$1,932,382
Hudson Federal	\$1,555,527	\$1,947,880

(17) The evidence and testimony presented in this case indicates that:

a) the addition of injection wells and resultant change in injection pattern proposed to be utilized by the applicant within the subject waterflood projects represents a more efficient injection pattern than that previously utilized;

b) modern completion technology, deepening of wells and completion of zones previously not subject to waterflood/production operations will enhance the efficiency of these projects;

c) the increased producing well density and increased efficiency within the six subject waterflood projects should result in the recovery of an additional 12.0 million barrels of oil from these projects which would otherwise not be recovered;

d) each of the six subject waterflood projects has been so depleted that it is prudent to implement a waterflood injection well pattern reduction and infill drilling program to maximize the ultimate recovery of crude oil from these areas; and,

e) the proposed expansion is economically and technically feasible and has not been prematurely filed.

(18) The Keel-West, C. A. Russell, Turner "A", Turner "B", Friess-Fren, and Hudson Federal Waterflood Projects, described in Finding Nos. (2), (3), (4), and (5) above, should be qualified as "Enhanced Oil Recovery Projects" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(GRAYBURG-JACKSON (WATERFLOOD EXPANSION - VARIOUS PROJECTS - ORDER NO. R-10763) POOL - Cont'd.)

(19) To be eligible for the EOR credit, the operator should advise the Division when water injection into each additional injection well commenced or will commence within each project and at such time request that the Division certify the subject expansion projects to the New Mexico Taxation and Revenue Department.

(20) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefiting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Devon Energy Corporation (Nevada), the Keel-West, C. A. Russell, Turner "A", Turner "B", Friess-Fren and Hudson Federal Waterflood Projects, all described as follows, are hereby qualified as "Enhanced Oil Recovery Projects" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5):

KEEL-WEST WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Sections 3 through 10: All

C. A. RUSSELL WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

TURNER "A" WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 18: S/2

Section 19: N/2

TURNER "B" WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: NW/4 SW/4, S/2 S/2

Section 20: All

Section 29: All

Section 30: S/2

FRIESS-FREN WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

Section 30: NE/4

HUDSON FEDERAL WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: W/2 NW/4

Section 18: E/2 NE/4

(2) The approved "project areas" shall comprise the entire waterflood project areas described in Ordering Paragraph No. (1) above.

(3) To be eligible for the EOR credit, the operator shall advise the Division when water injection into each additional injection well commenced or will commence in each project and at such time request that the Division certify the subject expansion projects to the New Mexico Taxation and Revenue Department.

(4) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the operator must apply to the Division for certification of positive production response, which application shall identify the area actually benefiting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(5) Jurisdiction of this cause 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.

devon
ENERGY CORPORATION

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

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

February 21, 1997

Mr. William J. LeMay
Oil Conservation Division
1040 South Pacheco Street
Santa Fe, NM 87505

Dear Mr. LeMay:

Devon Energy Corporation (Nevada), the operator of the Turner "A" Waterflood Project, hereby requests the Division to issue a Certification of Qualification for the Turner "A" Waterflood Project. A draft Certification is enclosed.

Your attention to this matter is appreciated.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)



Ken Gray
District Landman

KG:da\ocd4.lt
Enclosure



**CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT
FOR THE RECOVERED OIL TAX RATE**

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act (L. 1992, Ch. 38). In order to qualify for the Recovered Oil Tax Rate, you must apply to the Division for certification of a positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: Turner "A" Waterflood Project

DIVISION ORDER NOS.: R-3185 and R-10763

OPERATOR'S ADDRESS: Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attention: Ken Gray

CERTIFICATION DATE: February _____, 1997

PROJECT AREA:

Township 17 South, Range 31 East, N.M.P.M.
Section 18: S/2
Section 19: N/2

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

**WILLIAM J. LEMAY
Director**

R 31 E



T
17
S

WELL SYMBOLS

- P&A OIL WELL
- T&A OIL WELL
- OIL WELL
- INJECTION WELL
- SI INJECTION WELL
- P&A INJECTION WELL
- LOCATION TO BE DRILLED
- D&A WELLBORE

EXHIBIT
C



GRAYBURG-JACKSON UNIT
EDDY COUNTY, NEW MEXICO

- TURNER A LEASE WATERFLOOD PROJECT
- TURNER B LEASE WATERFLOOD PROJECT



Discussion of Devon Energy Corporation's Turner "A" Waterflood Project

In January of 1994, the Turner "A" lease was producing 18 BOPD and 50 BWPD from seven producers and the three active injection wells were injecting 730 BWPD. Since taking over operations in 1994, Devon has infilled drilled to expand the waterflood project to a 20 acre per well density and has utilized a 5-spot pattern. Devon began drilling infill wells in early 1996 on the Turner "A" lease and by late 1996, had started converting producers to injectors, reactivating old injection wells, and drilling and completing new injection wells to complete the 5-spot patterns. The number of producers has increased to eighteen and the number of injectors has increased to fifteen.

Oil production peaked in June of 1996 at 870 BOPD after the completion of the increased density drilling of new producers. Current production at January of 1999 is at 370 BOPD, well above what the production rate would have been without the waterflood expansion project as developed by Devon. The injected volume of water at the beginning of 1996 went from 600 BWPD to 4,500 BWPD by year's end. Accordingly, production response from injection support can be observed by the end of 1996. The number of producers have remained unchanged since 1996 while the number of injectors has increased by three. A significant increase in production, approximately 50 BOPD, is seen in early 1998 attributable to waterflood response. Continued response from this waterflood is expected.



**Grayburg Jackson Field
Turner "A" Waterflood Project
Injection Well Activity Review and Status
Devon Energy Corporation, Operator Since 1994**

TURNER 'A'				
Well #	Well Type	Status	Date of First Injection	Comments
		4/1/99		
2	I	A	June-97	Converted producer to WIW
3	I	A	Nov-96	Converted producer to WIW
5	I	A	May-97	Reactivated WIW
9	I	A	*	Injecting prior to Devon's operations
10	I	A	*	Injecting prior to Devon's operations
11	I	A	Nov-96	Converted producer to WIW
12	I	A	Nov-96	Converted producer to WIW
13	I	A	Nov-96	Converted producer to WIW
14	I	A	Dec-97	Converted producer to WIW
15	I	A	Nov-96	Converted producer to WIW
35	I	A	*	Injecting prior to Devon's operations
36	I	A	Oct-96	Converted producer to WIW
56	I	A	Nov-96	Drill and complete new WIW
57	I	A	Nov-96	Drill and complete new WIW
58	I	A	Nov-96	Drill and complete new WIW
	15	Active injection wells		
	0	Shut-in or TA injection wells		



TURNER A

WELL NAME	API NUMBER	COMPLETION DATE
T_A_2	30015052270000	300313
T_A_3	30015052110000	380120
T_A_5	30015052340000	391114
T_A_6	30015052100000	400708
T_A_7	30015052360000	400804
T_A_8	30015052130000	410122
T_A_9	30015052370000	410115
T_A_10	30015052140000	410614
T_A_11	30015052150000	410412
T_A_12	30015052380000	410801
T_A_13	30015052160000	411210
T_A_14	30015023900000	411220
T_A_15	30015052400000	420710
T_A_22	30015052470000	481022
T_A_24	30015052750000	521018
T_A_25	30015052760000	521208
T_A_29	30015052260000	530602
T_A_30	30015052280000	530428
T_A_32	30015052300000	530818
T_A_33	30015052310000	530924
T_A_34	30015052320000	531030
T_A_35	30015200970000	680126
T_A_36	30015200980000	671216
T_A_38	30015287690000	960302
T_A_39	30015287700000	960215
T_A_40	30015287920000	960418
T_A_41	30015288360000	960505
T_A_42	30015289160000	960525
T_A_43	30015287930000	960416
T_A_44	30015287710000	960408
T_A_45	30015288900000	960624
T_A_46	30015288910000	960525
T_A_47	30015289170000	960602
T_A_48	30015288690000	960628
T_A_49	30015288370000	960517
T_A_50	30015287720000	960308
T_A_51	30015287580000	960514
T_A_52	30015287950000	960826
T_A_53	30015287730000	960322
T_A_55	30015289180000	960705
T_A_56	30015290090000	961022
T_A_57	30015290000000	961022
T_A_58	30015290010000	961022
T_A_60	30015296200000	980100



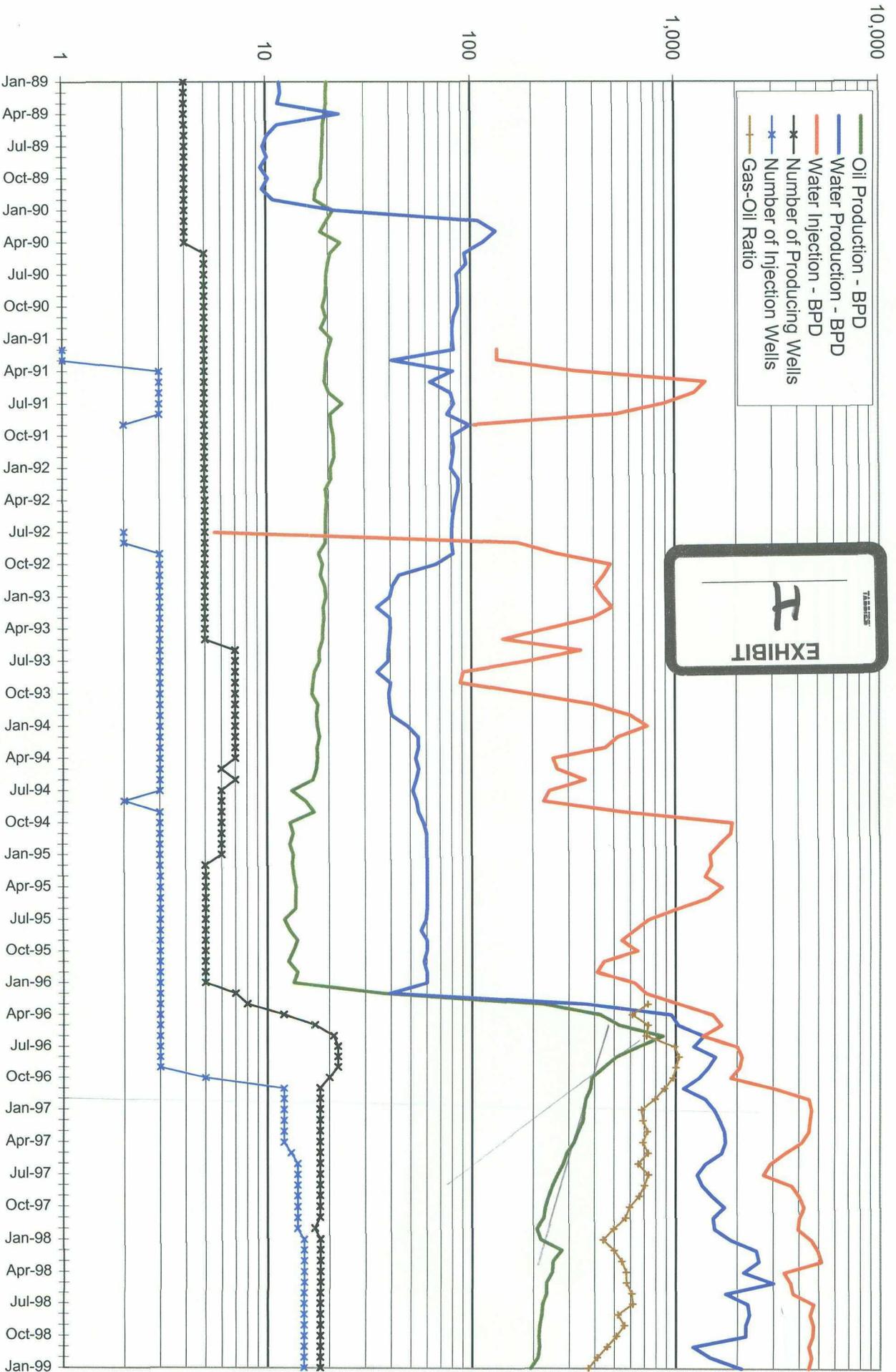
TURNER A

WELL NAME	API NUMBER	COMPLETION DATE
T A 2	30015052270000	300313
T A 3	30015052110000	380120
T A 5	30015052340000	391114
<i>P - No Prod</i> - T A 6	30015052100000	400708
<i>P</i> - T A 7	30015052360000	400804
<i>P</i> - T A 8	30015052130000	410122
T A 9	30015052370000	410115
T A 10	30015052140000	410614
T A 11	30015052150000	410412
T A 12	30015052380000	410801
T A 13	30015052160000	411210
T A 14	30015023900000	411220
T A 15	30015052400000	420710
<i>LP - 12/96</i> - T - T A 22 - <i>P</i>	30015052470000	481022
<i>T</i> - T A 24 - <i>T</i>	30015052750000	521018
T A 25 - <i>P No Prod</i>	30015052760000	521208
T A 29 - <i>D</i>	30015052260000	530602
<i>T</i> - T A 30 - <i>P</i>	30015052280000	530428
<i>T</i> - T A 32 - <i>A - T</i>	30015052300000	530818
<i>T</i> - T A 33 - <i>A - T</i>	30015052310000	530924
<i>T</i> - T A 34 - <i>A - T</i>	30015052320000	531030
T A 35	30015200970000	680126
T A 36	30015200980000	671216
T A 38 <i>L-18</i>	30015287690000	960302
T A 39 <i>N-18</i>	30015287700000	960215
T A 40 <i>P-18</i>	30015287920000	960418
T A 41 <i>M-18</i>	30015288360000	960505
T A 42 <i>O-18</i>	30015289160000	960525
T A 43 <i>P-18</i>	30015287930000	960416
T A 44 <i>P-18</i>	30015287710000	960408
T A 45 <i>C-19</i>	30015288900000	960624
T A 46 <i>C-19</i>	30015288910000	960525
T A 47 <i>H-19</i>	30015289170000	960602
T A 48 <i>F-19</i>	30015288690000	960628
T A 49 <i>G-19</i>	30015288370000	960517
T A 50 <i>H-19</i>	30015287720000	960308
T A 51 <i>I-19</i>	30015287580000	960514
<i>Add</i> - T A 52 - <i>T</i>	30015287950000	960826
T A 53 <i>J-18</i>	30015287730000	960322
T A 55 <i>I-18</i>	30015289180000	960705
T A 56	30015290090000	961022
T A 57	30015290000000	961022
T A 58	30015290010000	961022
T A 60 <i>M-18</i>	30015296200000	980100

IWCM
IPLD



TURNER 'A' WATERFLOOD PROJECT



GRAYBURG JACKSON FIELD
Turner "A" Production History
Devon Energy Corporation, Operator Since 1994

	OIL	GAS	WTR	INJ	INJ	PROD		OIL	GAS	WTR	GOR	INJ
	BBLs	MCF	BBLs	BBLs	WELLS	WELLS		BPD	MCFPD	BPD		BPD
Jan-89	616		362	0	0	4	31	20	0	12	0	0
Feb-89	551		331	0	0	4	28	20	0	12	0	0
Mar-89	613		355	0	0	4	31	20	0	11	0	0
Apr-89	583		684	0	0	4	30	19	0	23	0	0
May-89	588		352	0	0	4	31	19	0	11	0	0
Jun-89	568		304	0	0	4	30	19	0	10	0	0
Jul-89	583		300	0	0	4	31	19	0	10	0	0
Aug-89	583		314	0	0	4	31	19	0	10	0	0
Sep-89	557		283	0	0	4	30	19	0	9	0	0
Oct-89	576		318	0	0	4	31	19	0	10	0	0
Nov-89	525		288	0	0	4	30	18	0	10	0	0
Dec-89	535		337	0	0	4	31	17	0	11	0	0
Jan-90	658		663	0	0	4	31	21	0	21	0	0
Feb-90	551		3,050	0	0	4	28	20	0	109	0	0
Mar-90	570		4,132	0	0	4	31	18	0	133	0	0
Apr-90	690		3,458	0	0	4	30	23	0	115	0	0
May-90	636		2,895	0	0	5	31	21	0	93	0	0
Jun-90	600		2,853	0	0	5	30	20	0	95	0	0
Jul-90	609		2,643	0	0	5	31	20	0	85	0	0
Aug-90	608		2,676	0	0	5	31	20	0	86	0	0
Sep-90	584		2,594	0	0	5	30	19	0	86	0	0
Oct-90	585		2,684	0	0	5	31	19	0	87	0	0
Nov-90	587		2,470	0	0	5	30	20	0	82	0	0
Dec-90	572		2,517	0	0	5	31	18	0	81	0	0
Jan-91	644		2,525	0	0	5	31	21	0	81	0	0
Feb-91	560		2,305	3,778	1	5	28	20	0	82	0	135
Mar-91	606		1,271	4,176	1	5	31	20	0	41	0	135
Apr-91	584		2,451	9,758	3	5	30	19	0	82	0	325
May-91	596		1,957	44,019	3	5	31	19	0	63	0	1,420
Jun-91	606		2,388	37,533	3	5	30	20	0	80	0	1,251
Jul-91	728		2,560	27,591	3	5	31	23	0	83	0	890
Aug-91	635		2,369	16,071	3	5	31	20	0	76	0	518
Sep-91	620		2,953	3,112	2	5	30	21	0	98	0	104
Oct-91	659		2,505	0	0	5	31	21	0	81	0	0
Nov-91	639		2,471	0	0	5	30	21	0	82	0	0
Dec-91	663		2,521	0	0	5	31	21	0	81	0	0
Jan-92	637	0	2,473	0	0	5	31	21	0	80	0	0
Feb-92	598	0	2,517	0	0	5	29	21	0	87	0	0
Mar-92	600	0	2,669	0	0	5	31	19	0	86	0	0
Apr-92	588	0	2,502	0	0	5	30	20	0	83	0	0
May-92	601	0	2,535	0	0	5	31	19	0	82	0	0
Jun-92	579	0	2,418	0	0	5	30	19	0	81	0	0
Jul-92	599	0	2,481	173	2	5	31	19	0	80	0	6
Aug-92	597	0	2,482	5,246	2	5	31	19	0	80	0	169
Sep-92	536	0	2,441	7,876	3	5	30	18	0	81	0	263
Oct-92	578	0	2,072	14,976	3	5	31	19	0	67	0	483
Nov-92	547	0	1,326	13,479	3	5	30	18	0	44	0	449
Dec-92	593	0	1,270	12,642	3	5	31	19	0	41	0	408
Jan-93	601	0	1,234	13,742	3	5	31	19	0	40	0	443
Feb-93	527	0	962	13,815	3	5	28	19	0	34	0	493
Mar-93	587	0	1,238	12,267	3	5	31	19	0	40	0	396
Apr-93	561	0	1,200	7,127	3	5	30	19	0	40	0	238
May-93	578	0	1,230	4,433	3	5	31	19	0	40	0	143
Jun-93	539	0	1,173	10,382	3	7	30	18	0	39	0	346
Jul-93	558	0	1,210	5,908	3	7	31	18	0	39	0	191
Aug-93	527	0	1,070	2,819	3	7	31	17	0	35	0	91
Sep-93	503	0	1,203	2,646	3	7	30	17	0	40	0	88
Oct-93	513	0	1,220	5,922	3	7	31	17	0	39	0	191
Nov-93	530	0	1,193	11,912	3	7	30	18	0	40	0	397
Dec-93	539	0	1,262	18,693	3	7	31	17	0	41	0	603
Jan-94	545	0	1,510	22,658	3	7	31	18	0	49	0	731



GRAYBURG JACKSON FIELD
Turner "A" Production History
Devon Energy Corporation, Operator Since 1994

	OIL	GAS	WTR	INJ	INJ	PROD		OIL	GAS	WTR	GOR	INJ
	BBLs	MCF	BBLs	BBLs	WELLS	WELLS		BPD	MCFPD	BPD		BPD
Feb-94	504	0	1,530	14,682	3	7	28	18	0	55	0	524
Mar-94	543	0	1,700	14,132	3	7	31	18	0	55	0	456
Apr-94	527	0	1,595	7,550	3	7	30	18	0	53	0	252
May-94	538	0	1,705	8,195	3	6	31	17	0	55	0	264
Jun-94	501	0	1,605	10,858	3	7	30	17	0	54	0	362
Jul-94	409	0	1,594	7,491	3	6	31	13	0	51	0	242
Aug-94	478	0	1,664	7,020	2	6	31	15	0	54	0	226
Sep-94	508	0	1,645	16,667	3	6	30	17	0	55	0	556
Oct-94	400	0	1,800	58,969	3	6	31	13	0	58	0	1,902
Nov-94	401	0	1,800	56,037	3	6	30	13	0	60	0	1,868
Dec-94	399	0	1,860	50,816	3	6	31	13	0	60	0	1,639
Jan-95	415	0	1,860	45,590	3	6	31	13	0	60	0	1,471
Feb-95	370	0	1,680	41,868	3	5	28	13	0	60	0	1,495
Mar-95	416	0	1,860	43,279	3	5	31	13	0	60	0	1,396
Apr-95	412	0	1,800	50,629	3	5	30	14	0	60	0	1,688
May-95	424	0	1,860	44,741	3	5	31	14	0	60	0	1,443
Jun-95	410	0	1,800	30,731	3	5	30	14	0	60	0	1,024
Jul-95	374	0	1,840	22,848	3	5	31	12	0	59	0	737
Aug-95	398	0	1,740	19,513	3	5	31	13	0	56	0	629
Sep-95	419	0	1,800	16,325	3	5	30	14	0	60	0	544
Oct-95	414	0	1,860	20,231	3	5	31	13	0	60	0	653
Nov-95	379	0	1,740	13,347	3	5	30	13	0	58	0	445
Dec-95	435	0	1,860	12,764	3	5	31	14	0	60	0	412
Jan-96	416	0	1,860	19,560	3	5	31	13	0	60	0	631
Feb-96	1,075	0	1,140	20,769	3	7	29	37	0	39	0	716
Mar-96	6,900	5,036	11,279	32,442	3	8	31	223	162	364	730	1,047
Apr-96	12,831	7,852	28,534	45,687	3	12	30	428	262	951	612	1,523
May-96	16,377	12,002	31,871	52,073	3	17	31	528	387	1,028	733	1,680
Jun-96	25,997	18,713	41,304	40,815	3	21	30	867	624	1,377	720	1,361
Jul-96	20,488	20,231	37,913	61,996	3	22	31	661	653	1,223	987	2,000
Aug-96	15,909	16,486	48,575	65,414	3	22	31	513	532	1,567	1,036	2,110
Sep-96	13,361	13,406	43,397	61,705	3	22	30	445	447	1,447	1,003	2,057
Oct-96	12,029	11,669	40,311	57,775	5	20	31	388	376	1,300	970	1,864
Nov-96	11,491	10,135	32,704	91,655	12	18	30	383	338	1,090	882	3,055
Dec-96	11,267	8,925	43,279	139,095	12	18	31	363	288	1,396	792	4,487
Jan-97	11,010	7,498	47,890	143,205	12	18	31	355	242	1,545	681	4,620
Feb-97	9,854	6,812	46,039	126,776	12	18	28	352	243	1,644	691	4,528
Mar-97	10,310	7,482	53,732	138,768	12	18	31	333	241	1,733	726	4,476
Apr-97	9,513	6,577	52,530	123,487	12	18	30	317	219	1,751	691	4,116
May-97	9,091	6,661	51,899	105,940	13	18	31	293	215	1,674	733	3,417
Jun-97	8,435	5,523	41,852	87,105	14	18	30	281	184	1,395	655	2,904
Jul-97	8,170	6,006	39,453	83,545	14	18	31	264	194	1,273	735	2,695
Aug-97	7,723	5,437	41,815	114,530	14	18	31	249	175	1,349	704	3,695
Sep-97	7,154	4,748	45,325	121,155	14	18	30	238	158	1,511	664	4,039
Oct-97	7,104	4,226	53,793	131,580	14	18	31	229	136	1,735	595	4,245
Nov-97	6,765	3,850	45,608	120,425	14	18	30	226	128	1,520	569	4,014
Dec-97	6,434	3,191	47,885	122,845	14	17	31	208	103	1,545	496	3,963
Jan-98	6,745	2,973	57,607	143,065	15	18	31	218	96	1,858	441	4,615
Feb-98	7,740	3,862	69,375	138,915	15	18	28	276	138	2,478	499	4,961
Mar-98	7,733	4,210	79,020	159,850	15	18	31	249	136	2,549	544	5,156
Apr-98	7,439	4,247	64,358	101,681	15	18	30	248	142	2,145	571	3,389
May-98	7,194	4,124	93,111	113,119	15	18	31	232	133	3,004	573	3,649
Jun-98	6,948	4,222	52,347	112,045	15	18	30	232	141	1,745	608	3,735
Jul-98	6,873	4,222	69,534	146,130	15	18	31	222	136	2,243	614	4,714
Aug-98	6,810	3,536	70,823	140,270	15	18	31	220	114	2,285	519	4,525
Sep-98	6,428	3,585	65,640	140,830	15	18	30	214	120	2,188	558	4,694
Oct-98	6,590	3,359	67,946	144,345	15	18	31	213	108	2,192	510	4,656
Nov-98	6,413	2,954	36,310	133,805	15	18	30	214	98	1,210	461	4,460
Dec-98	6,533	2,688	45,760	142,715	15	18	31	211	87	1,476	411	4,604
Jan-99	6,002	2,237	65,045	138,245	15	18	31	194	72	2,098	373	4,460



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

June 28, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, New Mexico 87509-0630

Attention: Mr. John Chavez, Secretary

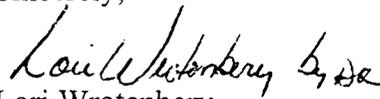
Re: Certification of a Positive Production Response
Devon Energy Corporation (Nevada)
Turner "B" Waterflood Project

Dear Secretary Chavez:

Enclosed is a copy of a Division Certification that was issued on June 28, 2000. This document certifies that a positive production response has occurred within the Turner "B" Waterflood Project that is currently operated by Devon Energy Corporation (Nevada). In addition, this positive production response has occurred within the five year time limit as described within the "*New Mexico Enhanced Oil Recovery Act*". The Division has determined that all wells within the certified area producing from the Grayburg-Jackson Pool are eligible for the recovered oil tax rate. These wells are shown on Exhibit "A" to the Division Certification.

For your convenience, we have also enclosed a summary page showing all pertinent data. If additional information is required, please advise.

Sincerely,


Lori Wrotenbery
Director

LW/DRC

Xc: EOR-36

POSITIVE PRODUCTION RESPONSE DATA
TURNER "B" WATERFLOOD PROJECT

NAME OF PROJECT

Turner "B" Waterflood Project

OPERATOR

Devon Energy Corporation (Nevada)
20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102-8260

POOL

Grayburg-Jackson Pool

OCD ORDER NO. APPROVING WATERFLOOD PROJECT & DATE

R-10763, February 10, 1997

PROJECT AREA

Township 17 South, Range 31 East, NMPM
Section 17: NW/4 SW/4 and S/2 S/2
Sections 20 and 29: All
Section 30: S/2

DATE WATER INJECTION COMMENCED

March, 1997

DATE CERTIFIED PROJECT TO TAXATION & REVENUE

July 1, 1997

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

September 1, 1997

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

Injection—35
Production—46



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 28, 2000

Devon Energy Corporation (Nevada)
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Re: Certification of Positive Production Response
Turner "B" Waterflood Project

Dear Mr. Bruce:

Pursuant to your request dated February 28, 2000, please be advised that the Division hereby certifies that a positive production response occurred within the Turner "B" Waterflood Project on September 1, 1997.

All Grayburg-Jackson Pool producing wells within the following described area, which currently number forty-six as shown on Exhibit "A" attached hereto, shall be eligible for the recovered oil tax rate.

PROJECT AREA

Township 17 South, Range 31 East, NMPM

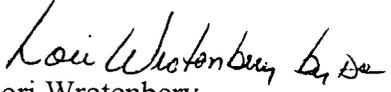
Section 17:	NW/4 SW/4 and S/2 S/2
Sections 20 and 29:	All
Section 30:	S/2

Devon Energy Corporation (Nevada) shall notify the Division:

- (a) of the change in status of any of the producing wells shown on Exhibit "A";
- (b) in the event new producing wells are drilled within the project area; and
- (c) of changes in operations within the project area which may affect the certification and resulting tax rate granted herein.

The Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

Sincerely,


Lori Wrotenberg
Director

Xc: File-EOR-36

EXHIBIT "A"
 CERTIFICATION OF POSITIVE PRODUCTION RESPONSE
 TURNER "B" WATERFLOOD PROJECT
PRODUCING WELLS

<u>API NUMBER</u>	<u>WELL NAME & NUMBER</u>	<u>WELL LOCATION UL-S-T-R</u>
30-015-05181	Turner "B" No. 1	Unit P, Section 17, T-17S, R-31E
30-015-05185	Turner "B" No. 7	Unit O, Section 17, T-17S, R-31E
30-015-05450	Turner "B" No. 63	Unit O, Section 29, T-17S, R-31E
30-015-05454	Turner "B" No. 71	Unit M, Section 29, T-17S, R-31E
30-015-26388	Turner "B" No. 80	Unit L, Section 29, T-17S, R-31E
30-015-26389	Turner "B" No. 81	Unit J, Section 29, T-17S, R-31E
30-015-26385	Turner "B" No. 82	Unit J, Section 29, T-17S, R-31E
30-015-26390	Turner "B" No. 83	Unit F, Section 29, T-17S, R-31E
30-015-26391	Turner "B" No. 84	Unit B, Section 29, T-17S, R-31E
30-015-26386	Turner "B" No. 85	Unit B, Section 29, T-17S, R-31E
30-015-26392	Turner "B" No. 86	Unit L, Section 29, T-17S, R-31E
30-015-26387	Turner "B" No. 87	Unit K, Section 29, T-17S, R-31E
30-015-26571	Turner "B" No. 88	Unit J, Section 29, T-17S, R-31E
30-015-26595	Turner "B" No. 89	Unit C, Section 29, T-17S, R-31E
30-015-26606	Turner "B" No. 90	Unit C, Section 29, T-17S, R-31E
30-015-26603	Turner "B" No. 91	Unit A, Section 29, T-17S, R-31E
30-015-26596	Turner "B" No. 92	Unit N, Section 20, T-17S, R-31E
30-015-26611	Turner "B" No. 93	Unit N, Section 20, T-17S, R-31E
30-015-26637	Turner "B" No. 94	Unit I, Section 20, T-17S, R-31E
30-015-26612	Turner "B" No. 95	Unit L, Section 20, T-17S, R-31E
30-015-26618	Turner "B" No. 96	Unit G, Section 20, T-17S, R-31E
30-015-26619	Turner "B" No. 97	Unit H, Section 20, T-17S, R-31E
30-015-26620	Turner "B" No. 98	Unit M, Section 29, T-17S, R-31E
30-015-26621	Turner "B" No. 99	Unit L, Section 29, T-17S, R-31E
30-015-26617	Turner "B" No. 100	Unit M, Section 20, T-17S, R-31E
30-015-26695	Turner "B" No. 101	Unit D, Section 20, T-17S, R-31E

30-015-26664	Turner "B" No. 102	Unit C, Section 20, T-17S, R-31E
30-015-26665	Turner "B" No. 103	Unit B, Section 20, T-17S, R-31E
30-015-26696	Turner "B" No. 104	Unit N, Section 17, T-17S, R-31E
30-015-26705	Turner "B" No. 105	Unit O, Section 17, T-17S, R-31E
30-015-26706	Turner "B" No. 106	Unit P, Section 17, T-17S, R-31E
30-015-28895	Turner "B" No. 107	Unit L, Section 30, T-17S, R-31E
30-015-28984	Turner "B" No. 108	Unit K, Section 30, T-17S, R-31E
30-015-29571	Turner "B" No. 109	Unit M, Section 30, T-17S, R-31E
30-015-29572	Turner "B" No. 110	Unit N, Section 30, T-17S, R-31E
30-015-29530	Turner "B" No. 111	Unit O, Section 30, T-17S, R-31E
30-015-29573	Turner "B" No. 113	Unit N, Section 30, T-17S, R-31E
30-015-29187	Turner "B" No. 114	Unit P, Section 30, T-17S, R-31E
30-015-30211	Turner "B" No. 115	Unit A, Section 20, T-17S, R-31E
30-015-28791	Turner "B" No. 116	Unit N, Section 17, T-17S, R-31E
30-015-28920	Turner "B" No. 118	Unit M, Section 20, T-17S, R-31E
30-015-29387	Turner "B" No. 132	Unit B, Section 20, T-17S, R-31E
30-015-29620	Turner "B" No. 134	Unit H, Section 20, T-17S, R-31E
30-015-29621	Turner "B" No. 135	Unit I, Section 20, T-17S, R-31E
30-015-29622	Turner "B" No. 136	Unit I, Section 20, T-17S, R-31E
30-015-29954	Turner "B" No. 137	Unit B, Section 29, T-17S, R-31E

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

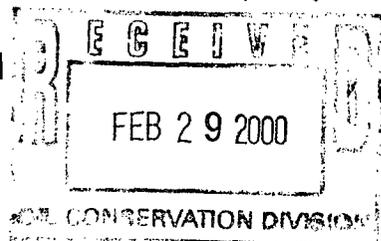
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.



Note: Statement must be completed by an individual with supervisory capacity.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504

James Bruce
Signature

Attorney for Applicant
Title

2/28/00
Date

Print or Type Name

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

February 28, 2000

David Catanach
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Catanach:

Pursuant to Division Rule 30, Devon Energy Corporation (Nevada) ("Devon") applies for administrative approval of a positive production response for its Turner "B" Lease Waterflood Project. In support thereof, Devon submits the following information:

1. Exhibit A: A copy of Order No. R-10763, which qualified the project as an Enhanced Oil Recovery Project.
2. Exhibit B: The letter from Devon requesting certification of the project. I do not know the exact date the certification was issued.
3. Exhibits C and D: **A land plat of the Turner "B" Lease is attached as Exhibit C to a positive production response application for Devon's Turner "A" Lease Waterflood Project, which is filed along with this application. The project area is as follows:**

Township 17 South, Range 31 East, NMPM
Section 17: NW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$
Section 20: All
Section 29: All
Section 30: S $\frac{1}{2}$

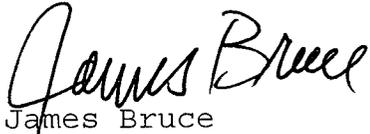
A brief history of the project is attached as Exhibit D.

4. Exhibit E: Data on the injection wells for the project.
5. Exhibit F: Information on the wells for which a positive production response is requested. The completion dates of the wells are given on the list.

6. Exhibits G, H, and I: Graphical and tabular production data on the project.

Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

Attorney for Devon Energy
Corporation (Nevada)

GRAYBURG-JACKSON POOL
(Waterflood Expansions - Various Projects-Order No. R-10763)
Eddy County, New Mexico

Order No. R-10763, Authorizing Devon Energy Corporation (Nevada) to Qualify Various Projects as "Enhanced Oil Recovery Projects", all located in the Grayburg-Jackson Pool, Eddy County, New Mexico, February 10, 1997.

Application of Devon Energy Corporation (Nevada) to Qualify Six Waterflood Expansion Projects for the Recovered Oil Tax Rate Pursuant to the "Enhanced Oil Recovery Act", Eddy County, New Mexico.

Case No. 11696
Order No. R-10763

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on January 23, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of February, 1997, 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-2268, as amended, dated June 21, 1962, the Division authorized Sinclair Oil & Gas Company to institute a waterflood project on its Keel-West leases, comprising some 5051.36 acres, and described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through seven initial injection wells located in Sections 3 and 4, Township 17 South, Range 31 East, NMPM:

KEEL-WEST WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Sections 3 through 10: All

(3) By Order No. R-3185, as amended, dated February 1, 1967, the Division authorized Sinclair Oil & Gas Company to institute a waterflood project on its C. A. Russell Lease, its Turner "A" Lease and its Turner "B" Lease, comprising some 224.09 acres, 609.43 acres, and 1786.15 acres, respectively, and all described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through two initial injection wells on the C. A. Russell Lease, eight initial injection wells on the Turner "A" Lease, and nine initial injection wells on the Turner "B" Lease, all in Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

C. A. RUSSELL WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

TURNER "A" WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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



TURNER "B" WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

(4) By Order No. R-3265, dated July 10, 1967, the Division authorized Franklin, Aston & Fair, Inc., to institute a waterflood project on its Hudson Federal Lease, comprising some 160 acres, described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through two initial injection wells located in Sections 17 and 18, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

HUDSON FEDERAL WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: W/2 NW/4
Section 18: E/2 NE/4

(5) By Order No. R-4306, dated May 19, 1972, the Division authorized Atlantic Richfield Company to institute a waterflood project on its Friess-Fren Lease, comprising some 400 acres, described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through five initial injection wells located in Sections 19 and 30, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

FRIESS-FREN WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

(6) The applicant, Devon Energy Corporation (Nevada), (Devon), being the current operator of the Keel-West, C. A. Russell, Turner "A", Turner "B", Hudson Federal and Friess-Fren Waterflood Projects, seeks to qualify these six projects for the recovered oil tax rate pursuant to the "Rules and Procedures for Qualification of Enhanced Oil Recovery ("EOR") Projects and Certification for the Recovered Oil Tax Rate", as promulgated by Division Order No. R-9708, and pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(7) Applicant testified that it acquired the subject acreage and waterflood projects in January, 1994.

(8) Data regarding previous waterflood operations within the six subject projects, acquired from Division records, are summarized as follows:

PROJECT	COMMENCEMENT DATE (INJECTION)	NO. PRODUCING WELLS	NO. INJECTION WELLS
Keel-West	June, 1962	64	7
C. A. Russell	February, 1967	5	2
Turner "A"	February, 1967	8	8
Turner "B"	February, 1967	29	9
Hudson Fed.	July, 1967	4	1
Friess-Fren	May, 1972	11	5

(9) Applicant testified that although injection operations have continued to the present time, effective waterflood operations within the subject projects were essentially discontinued during the mid-1980's.

(GRAYBURG-JACKSON (WATERFLOOD EXPANSION - VARIOUS PROJECTS - ORDER NO. R-10763) POOL - Cont'd.)

(10) Division records and evidence presented by the applicant further indicates that as of January 1, 1994, operations and production within the subject projects were as follows:

<u>PROJECT</u>	<u>NO. PRODUCING WELLS</u>	<u>NO. INJECTION WELLS</u>	<u>OIL PRODUCTION</u>
Keel-West	75	20	600 BOPD
C. A. Russell	6	0	500 BOPD (Includes C. A. Russell, Turner "A", Turner "B", Hudson Federal and Friess-Fren Projects)
Turner "A"	7	3	
Turner "B"	44	15	
Friess-Fren	10	2	
Hudson Federal	4	0	

(11) The subject waterflood projects were developed essentially on 40-acre spacing with a limited number of injection wells.

(12) At the time the applicant acquired these properties, it initiated a 20-acre infill drilling and waterflood expansion program. Thus far, the applicant's efforts have been concentrated within the Keel-West Project area, however, applicant testified that it will ultimately fully develop all of the subject projects.

(13) Development within the subject projects during the period from January, 1994 through August, 1996, has occurred as follows:

<u>PROJECT</u>	<u>NUMBER OF WELLS DRILLED OR REACTIVATED</u>		<u>TOTAL NUMBER OF WELLS</u>	
	<u>PRODUCING</u>	<u>INJECTION</u>	<u>PRODUCING</u>	<u>INJECTION</u>
Keel-West	77	35	152	55
C. A. Russell	10	0	16	0
Turner "A"	15	0	22	3
Turner "B"	0	0	42	14
Friess-Fren	1	0	11	2
Hudson Federal	5	0	9	0

(14) Current production from the Keel-West, C. A. Russell, Turner "A", Friess-Fren, and Hudson Federal Waterflood Projects is approximately 1900 BOPD, 300 BOPD, 800 BOPD, 150 BOPD, 200 BOPD, respectively.

(15) Applicant submitted evidence and testimony which indicates that at full development within the six subject waterflood projects, the distribution of producing and injection wells will be as follows:

<u>PROJECT</u>	<u>NO. PRODUCING WELLS</u>	<u>NO. INJECTION WELLS</u>
Keel-West	105	128
C. A. Russell	9	8
Turner "A"	17	16
Turner "B"	35	45
Friess-Fren	9	10
Hudson Federal	6	6

(16) Capital costs incurred thus far by the applicant and projected ultimate capital costs to complete the proposed infill drilling and waterflood expansion program are as follows:

<u>PROJECT</u>	<u>CAPITAL COSTS INCURRED THROUGH AUGUST, 1996</u>	<u>FULL DEVELOPMENT COSTS</u>
Keel-West	\$42,920,570	\$43,520,570
C. A. Russell	\$2,898,267	\$3,644,149
Turner "A"	\$5,360,538	\$6,651,832
Turner "B"	\$2,004,167	\$5,664,961
Friess-Fren	\$936,705	\$1,932,382
Hudson Federal	\$1,555,527	\$1,947,880

(17) The evidence and testimony presented in this case indicates that:

a) the addition of injection wells and resultant change in injection pattern proposed to be utilized by the applicant within the subject waterflood projects represents a more efficient injection pattern than that previously utilized;

b) modern completion technology, deepening of wells and completion of zones previously not subject to waterflood/production operations will enhance the efficiency of these projects;

c) the increased producing well density and increased efficiency within the six subject waterflood projects should result in the recovery of an additional 12.0 million barrels of oil from these projects which would otherwise not be recovered;

d) each of the six subject waterflood projects has been so depleted that it is prudent to implement a waterflood injection well pattern reduction and infill drilling program to maximize the ultimate recovery of crude oil from these areas; and,

e) the proposed expansion is economically and technically feasible and has not been prematurely filed.

(18) The Keel-West, C. A. Russell, Turner "A", Turner "B", Friess-Fren, and Hudson Federal Waterflood Projects, described in Finding Nos. (2), (3), (4), and (5) above, should be qualified as "Enhanced Oil Recovery Projects" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(GRAYBURG-JACKSON (WATERFLOOD EXPANSION - VARIOUS PROJECTS - ORDER NO. R-10763) POOL - Cont'd.)

(19) To be eligible for the EOR credit, the operator should advise the Division when water injection into each additional injection well commenced or will commence within each project and at such time request that the Division certify the subject expansion projects to the New Mexico Taxation and Revenue Department.

(20) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefiting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Devon Energy Corporation (Nevada), the Keel-West, C. A. Russell, Turner "A", Turner "B", Friess-Fren and Hudson Federal Waterflood Projects, all described as follows, are hereby qualified as "Enhanced Oil Recovery Projects" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5):

KEEL-WEST WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Sections 3 through 10: All

C. A. RUSSELL WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

TURNER "A" WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 18: S/2

Section 19: N/2

TURNER "B" WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: NW/4 SW/4, S/2 S/2

Section 20: All

Section 29: All

Section 30: S/2

FRIESS-FREN WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

Section 30: NE/4

HUDSON FEDERAL WATERFLOOD PROJECT

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: W/2 NW/4

Section 18: E/2 NE/4

(2) The approved "project areas" shall comprise the entire waterflood project areas described in Ordering Paragraph No. (1) above.

(3) To be eligible for the EOR credit, the operator shall advise the Division when water injection into each additional injection well commenced or will commence in each project and at such time request that the Division certify the subject expansion projects to the New Mexico Taxation and Revenue Department.

(4) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the operator must apply to the Division for certification of positive production response, which application shall identify the area actually benefiting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(5) Jurisdiction of this cause 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.

devon

ENERGY CORPORATION

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

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

February 21, 1997

Mr. William J. LeMay
Oil Conservation Division
1040 South Pacheco Street
Santa Fe, NM 87505

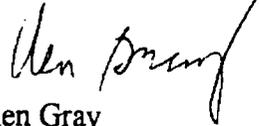
Dear Mr. LeMay:

Devon Energy Corporation (Nevada), the operator of the Turner "B" Waterflood Project, hereby requests the Division to issue a Certification of Qualification for the Turner "B" Waterflood Project. A draft Certification is enclosed.

Your attention to this matter is appreciated.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)



Ken Gray
District Landman

KG:da\ocd5.lt
Enclosure



CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT
FOR THE RECOVERED OIL TAX RATE

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act (L. 1992, Ch. 38). In order to qualify for the Recovered Oil Tax Rate, you must apply to the Division for certification of a positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: Turner "B" Waterflood Project

DIVISION ORDER NOS.: R-3185 and R-10763

OPERATOR'S ADDRESS: Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attention: Ken Gray

CERTIFICATION DATE: February _____, 1997

PROJECT AREA:

Township 17 South, Range 31 East, N.M.P.M.

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

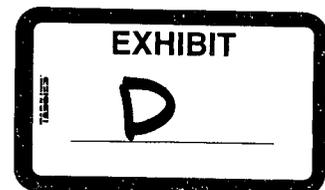
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

Discussion of Devon Energy Corporation's Turner "B" Waterflood Project

In January of 1994, the Turner "B" lease was producing 430 BOPD and 3,640 BWPD from 44 producers and 15 active injection wells were injecting 3,300 BWPD. The predecessor operator had infilled drilled to expand the waterflood project to a 20 acre per well density with drilling activity beginning in 1990. Since taking over operations in 1994, Devon has utilized and completed a 5-spot pattern within the waterflood project. In early 1997, Devon began converting producers to injectors, reactivating old injection wells, and drilling and completing new injection wells to complete the 5-spot patterns. The number of producers has decreased to 40 and the number of injectors has increased to 28.

Oil production peaked at first of 1991 at 1,620 BOPD after the completion of the increased density drilling of new producers. Current production at January of 1999 is at 460 BOPD, well above what the production rate would have been without the waterflood expansion project. The produced volume of water from this lease was more or less re-injected from 1990 up until early 1995 without any additional volume of make-up water added to injection. As injection volume has increased in the Turner "B" lease due to adding more injection wells and bolstering injection volume with additional make-up water from water source supply wells, then accordingly, production response from the increase in injection support can be observed. Note that the current rate of production from 40 producers is above the rate at the time Devon took over operations in 1994 from 44 producers. Continued response from this waterflood is expected.



**Grayburg Jackson Field
Turner "B" Waterflood Project
Injection Well Activity Review and Status
Devon Energy Corporation, Operator Since 1994**

TURNER 'B'				
Well #	Well Type	Status	Date of First Injection	Comments
2	I	A	Jan-98	Converted producer to WIW ✓
3	I	A	*	Injecting prior to Devon's operations ✓
4	I	A	Jan-98	Converted producer to WIW ✓
5	I	SI	*	Shut-in prior to Devon's operations
6	I	A	Apr-97	Converted producer to WIW ✓
8	I	A	Apr-97	Converted producer to WIW ✓
11	I	A	Dec-97	Converted producer to WIW ✓
30	I	A	Jan-98	Converted producer to WIW ✓
41	I	A	*	Injecting prior to Devon's operations ✓
42	I	A	Oct-97	Converted producer to WIW ✓
43	I	A	Apr-97	Converted producer to WIW ✓
44	I	A	*	Injecting prior to Devon's operations ✓
46	I	A	*	Reworked 1/98, injecting prior to rework ✓
47	I	A	*	Injecting prior to Devon's operations ✓
48	I	A	Jun-97	Converted producer to WIW ✓
49	I	A	Apr-97	Converted producer to WIW ✓
50	I	A	*	Injecting prior to Devon's operations ✓
51	I	A	Dec-97	Converted producer to WIW ✓
52	I	A	May-97	Converted producer to WIW ✓
53	I	A	Apr-97	Converted producer to WIW ✓
54	I	A	*	Injecting prior to Devon's operations ✓
55	I	A	*	Injecting prior to Devon's operations ✓
56	I	A	*	Injecting prior to Devon's operations ✓
59	I	A	Dec-97	Converted producer to WIW ✓
60	I	A	Mar-97	Converted producer to WIW ✓
61	I	A	*	Injecting prior to Devon's operations ✓
62	I	A	Jan-98	Converted producer to WIW ✓
64	I	A	*	Injecting prior to Devon's operations ✓
66	I	P&A	*	P&A 6/96, active prior to P&A since 8/91
67	I	A	*	Injecting prior to Devon's operations ✓
68	I	A	*	Injecting prior to Devon's operations ✓
72	I	A	Oct-97	Converted producer to WIW ✓
78	I	A	*	Injecting prior to Devon's operations ✓
79	I	A	Apr-97	Converted producer to WIW ✓
131	I	A	Sep-97	Redrill of Turner "B" #10 ✓
133	I	A	Sep-97	Redrill of Turner "B" #66 ✓
138	I	A	Mar-99	Redrill of Turner "B" #9 ✓
	35	Active injection wells		
	1	Shut-in or TA injection wells		



Well Name API Number Completion Date

T B 134	H-20	30015296200000	971021
T B 135	I-20	30015296210000	971030
T B 136	I-20	30015296220000	971103
T B 01	P-17	30015051810000	381121
T B 02		30015051820000	410616
T B 03		30015052790000	410922
T B 04		30015051830000	411204
T B 05		30015051840000	420710
T B 06		30015053040000	420725
T B 07	O-17	30015051850000	420714
T B 08		30015052800000	421017
T B 30		30015051860000	491128
T B 56		30015054730000	960909
T B 101	NP D-20	30015266950000	920821
T B 102	C-20	30015266640000	920708
T B 103	NP - B-20	30015266650000	920713
T B 104	N-17	30015266960000	920600
T B 106	P-17	30015267060000	920808
T B 107	L-30	30015288950000	361125
T B 111	O-30	30015295300000	970829
T B 114	P-30	30015291870000	970803
T B 116	N-17	30015287910000	960422
T B 118	M-20	30015289200000	960820
T B 131		30015293860000	970905
T B 132	B-20	30015293870000	970821
T B 133		30015296490000	970822
T B 11		30015052830000	430418
T B 41		30015053100000	530715
T B 42		30015052780000	531218
T B 43		30015053140000	551015
T B 44		30015053110000	551121
T B 46		30015053130000	560708
T B 47		30015054350000	570606
T B 48		30015054580000	570828
T B 49		30015054360000	571101
T B 50		30015054370000	571125
T B 51		30015052980000	580118
T B 52		30015054420000	580223
T B 53		30015054720000	580625
T B 54		30015054430000	580818
T B 55		30015054440000	581008
T B 59		30015054460001	901208
T B 60		30015054470000	590420
T B 61		30015054480000	590608
T B 62		30015054490000	590807
T B 63	O-29	30015054500000	590918
T B 64		30015054510000	591031
T B 67		30015053001000	600901
T B 68		30015054520000	600903
T B 71	M-29	30015054540000	601024
T B 72		30015053020001	720602
T B 76	Cont Find	30015057500000	610512
T B 78		30015053030000	610512
T B 79		30015201090000	680126
T B 80	L-29	30015263880000	901125
T B 81	J-29	30015263890000	901125
T B 82	J-29	30015263850000	901206
T B 83	F-29	30015263900000	900813
T B 84	B-29	30015263910000	901021
T B 85	B-29	30015263860000	901101
T B 86	L-29	30015263920000	910114
T B 87	K-29	30015263870000	901228
T B 88	J-29	30015265710000	910105
T B 89	C-29	30015265950000	910101
T B 91	A-29	30015266030000	910130
T B 92	N-20	30015265960000	910122
T B 93	N-20	30015266110000	910304
T B 94	I-20	30015266370000	910326
T B 95	L-20	30015266120000	910221
T B 96	G-20	30015266180000	910226
T B 97	H-20	30015266190000	910321
T B 98	M-29	30015266200000	910420
T B 100	NP M-20	30015266170000	910313
T B 108	K-30	30015289840000	961207
T B 109	M-30	30015295710000	970929
T B 110	N-30	30015295720000	970914
T B 113	N-30	30015295730000	970917
T B 115	A-20	30015302110000	990318
T B 137	B-29	30015299540000	971221
T B 138		30015303210000	990213

LP-7-99 - Check SI

LP-7-99 SI - Check P

Prod - Add - Check
2-00, 3-00
Prod Add - Check
3-00

Gwells

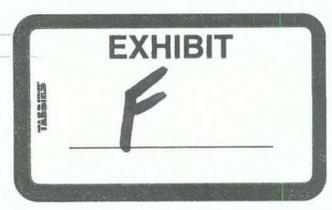
46

Active Add

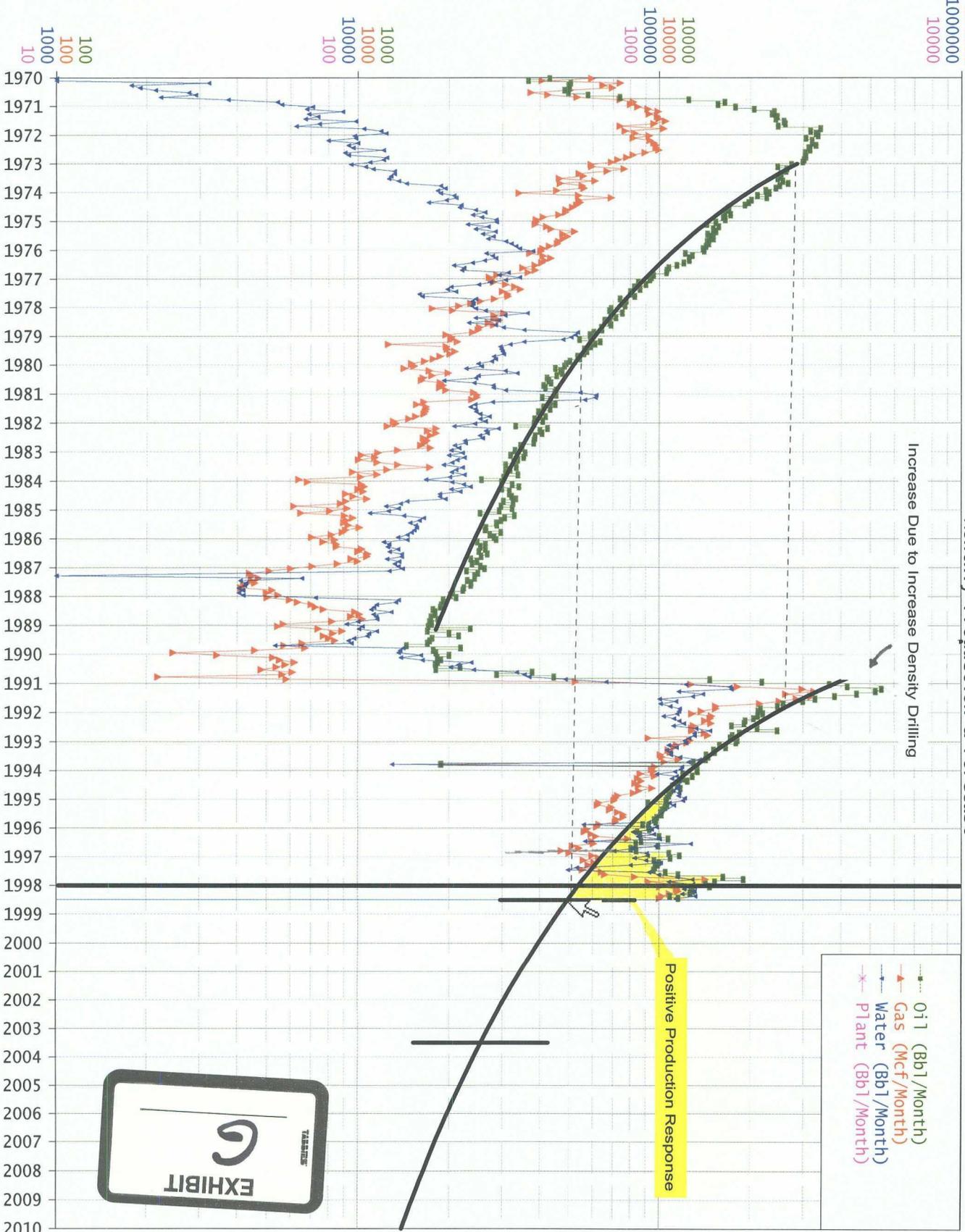
Check - Cont Find

LP 1197 - 907-30-015-26606
Active Add - 99? L-29
LP 1196 - 105-30-011-26705
BT?

Check Active Add



Major Phase: OIL



PSD	7/1/98
Phase	OIL
Decline Type	300.0
Decline (%)	28.9
q1	11434.8
Remaining(Mcf)	1304474.
OGRE Cum(Mcf)	7621354.
OGRE Ut(Mcf)	8925828.

PSD	7/1/98
Phase	OIL
Decline Type	300.0
Decline (%)	28.9
q1	11434.8
Remaining(B1s)	1304474.
OGRE Cum(B1s)	7621354.
OGRE Ut(B1s)	8925828.



TURNER 'B' WATERFLOOD PROJECT

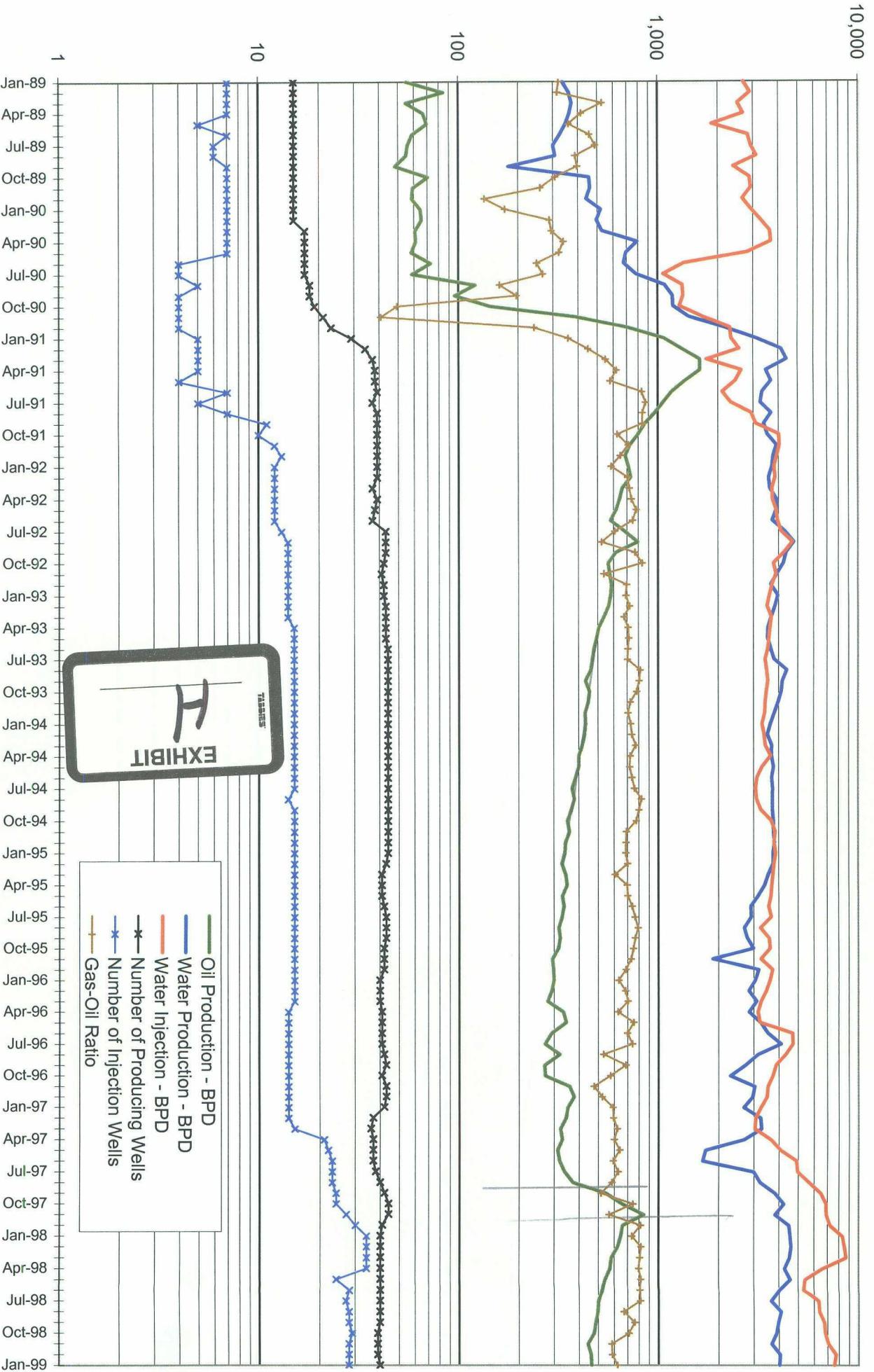


EXHIBIT H

Oil Production - BPD
 Water Production - BPD
 Water Injection - BPD
 Number of Producing Wells
 Gas-Oil Ratio

GRAYBURG JACKSON FIELD
Turner "B" Production History
Devon Energy Corporation, Operator Since 1994

	OIL	GAS	WTR	INJ	INJ	PROD		OIL	GAS	WTR	GOR	INJ
	BBLs	MCF	BBLs	BBLs	WELLS	WELLS		BPD	MCFPD	BPD	GOR	BPD
Jan-89	1,702	545	10,349	82,917	7	15	31	55	18	334	320	2,675
Feb-89	2,353	742	10,087	80,929	7	15	28	84	27	360	315	2,890
Mar-89	1,693	890	11,528	77,699	7	15	31	55	29	372	526	2,506
Apr-89	2,002	829	10,871	80,104	7	15	30	67	28	362	414	2,670
May-89	2,157	772	10,754	57,605	5	15	31	70	25	347	358	1,858
Jun-89	1,759	802	9,716	84,581	7	15	30	59	27	324	456	2,819
Jul-89	1,726	841	9,305	90,363	6	15	31	56	27	300	487	2,915
Aug-89	1,696	656	9,523	96,454	6	15	31	55	21	307	387	3,111
Sep-89	1,444	572	5,339	71,615	7	15	30	48	19	178	396	2,387
Oct-89	2,184	670	14,095	89,147	7	15	31	70	22	455	307	2,876
Nov-89	1,774	458	13,784	87,409	7	15	30	59	15	459	258	2,914
Dec-89	1,811	245	13,610	82,229	7	15	31	58	8	439	135	2,653
Jan-90	2,002	343	16,123	90,558	7	15	31	65	11	520	171	2,921
Feb-90	1,828	525	13,848	91,443	7	15	28	65	19	495	287	3,266
Mar-90	1,881	553	16,330	112,538	7	17	31	61	18	527	294	3,630
Apr-90	1,834	619	23,726	109,987	7	17	30	61	21	791	338	3,666
May-90	1,798	577	21,478	86,653	7	17	31	58	19	693	321	2,795
Jun-90	2,179	540	20,261	40,570	4	17	30	73	18	675	248	1,352
Jul-90	1,808	481	24,151	32,937	4	17	31	58	16	779	266	1,062
Aug-90	3,775	609	33,558	41,198	5	18	31	122	20	1,083	161	1,329
Sep-90	2,875	564	35,569	40,193	4	18	30	96	19	1,186	196	1,340
Oct-90	4,454	219	36,913	39,796	4	19	31	144	7	1,191	49	1,284
Nov-90	11,580	472	42,792	50,329	4	21	30	386	16	1,426	41	1,678
Dec-90	21,893	5,266	66,569	71,202	4	23	31	706	170	2,147	241	2,297
Jan-91	33,239	11,817	95,469	72,064	5	29	31	1,072	381	3,080	356	2,325
Feb-91	36,904	16,512	115,578	71,376	5	34	28	1,318	590	4,128	447	2,549
Mar-91	50,263	27,480	136,317	54,090	5	37	31	1,621	886	4,397	547	1,745
Apr-91	48,607	30,193	103,732	78,262	5	38	30	1,620	1,006	3,458	621	2,609
May-91	42,219	24,384	113,833	75,399	4	38	31	1,362	787	3,672	578	2,432
Jun-91	35,146	29,161	99,325	62,831	7	39	30	1,172	972	3,311	830	2,094
Jul-91	32,854	28,516	100,353	71,581	5	37	31	1,060	920	3,237	868	2,309
Aug-91	29,930	25,033	113,642	90,623	7	39	31	965	808	3,666	836	2,923
Sep-91	25,762	21,524	100,994	92,122	11	39	30	859	717	3,366	835	3,071
Oct-91	24,649	15,409	108,831	124,463	10	39	31	795	497	3,511	625	4,015
Nov-91	21,655	15,408	116,972	120,897	12	39	30	722	514	3,899	712	4,030
Dec-91	21,250	13,797	116,398	121,520	13	39	31	685	445	3,755	649	3,920
Jan-92	22,061	12,855	114,778	117,711	12	39	31	712	415	3,703	583	3,797
Feb-92	21,195	14,926	103,413	111,487	12	39	29	731	515	3,566	704	3,844
Mar-92	20,525	14,767	111,903	114,948	12	37	31	662	476	3,610	719	3,708
Apr-92	19,254	14,165	116,632	111,836	12	39	30	642	472	3,888	736	3,728
May-92	19,121	14,882	120,775	120,201	12	38	31	617	480	3,896	778	3,877
Jun-92	17,388	12,998	111,531	118,466	12	37	30	580	433	3,718	748	3,949
Jul-92	21,122	12,831	132,671	127,403	13	43	31	681	414	4,280	607	4,110
Aug-92	24,583	12,835	147,576	145,523	14	43	31	793	414	4,761	522	4,694
Sep-92	18,449	14,150	130,677	127,693	14	43	30	615	472	4,356	767	4,256
Oct-92	17,452	14,525	130,972	116,853	14	42	31	563	469	4,225	832	3,769
Nov-92	17,195	9,219	117,578	116,441	14	41	30	573	307	3,919	536	3,881
Dec-92	18,150	12,659	113,448	114,965	14	42	31	585	408	3,660	697	3,709
Jan-93	17,964	12,377	122,797	111,490	14	42	31	579	399	3,961	689	3,596
Feb-93	15,850	11,437	107,397	97,965	14	43	28	566	408	3,836	722	3,499
Mar-93	16,606	11,218	114,035	113,906	14	43	31	536	362	3,679	676	3,674
Apr-93	15,153	10,734	106,004	108,541	15	43	30	505	358	3,533	708	3,618
May-93	15,269	10,898	109,224	110,679	15	43	31	493	352	3,523	714	3,570
Jun-93	14,303	10,105	109,323	105,799	15	44	30	477	337	3,644	706	3,527
Jul-93	14,531	10,213	117,507	106,021	15	44	31	469	329	3,791	703	3,420
Aug-93	14,251	11,600	136,080	108,075	15	44	31	460	374	4,390	814	3,486
Sep-93	12,977	10,413	125,160	105,920	15	44	30	433	347	4,172	802	3,531
Oct-93	14,036	10,958	127,612	107,359	15	44	31	453	353	4,117	781	3,463
Nov-93	13,375	9,690	119,117	102,589	15	44	30	446	323	3,971	724	3,420
Dec-93	13,353	9,439	117,916	105,571	15	44	31	431	304	3,804	707	3,406
Jan-94	13,408	9,763	112,787	102,237	15	44	31	433	315	3,638	728	3,298



GRAYBURG JACKSON FIELD
Turner "B" Production History
Devon Energy Corporation, Operator Since 1994

	OIL	GAS	WTR	INJ	INJ	PROD		OIL	GAS	WTR	GOR	INJ
	BBLs	MCF	BBLs	BBLs	WELLS	WELLS		BPD	MCFPD	BPD		BPD
Feb-94	11,969	8,838	98,314	94,625	15	44	28	427	316	3,511	738	3,379
Mar-94	12,890	9,937	114,286	105,981	15	44	31	416	321	3,687	771	3,419
Apr-94	11,968	8,650	110,215	109,318	15	44	30	399	288	3,674	723	3,644
May-94	12,392	8,901	116,605	102,315	15	44	31	400	287	3,761	718	3,300
Jun-94	11,523	8,491	110,535	93,331	15	44	30	384	283	3,685	737	3,111
Jul-94	11,469	8,712	115,538	94,814	15	44	31	370	281	3,727	760	3,059
Aug-94	11,756	9,670	115,240	95,843	14	44	31	379	312	3,717	823	3,092
Sep-94	10,961	8,748	111,399	97,422	15	44	30	365	292	3,713	798	3,247
Oct-94	10,847	8,409	116,430	113,727	15	44	31	350	271	3,756	775	3,669
Nov-94	10,751	7,426	112,965	114,969	15	44	30	358	248	3,766	691	3,832
Dec-94	10,611	7,304	117,815	117,120	15	44	31	342	236	3,800	688	3,778
Jan-95	10,524	7,221	116,094	119,257	15	44	31	339	233	3,745	686	3,847
Feb-95	9,181	6,424	104,780	105,924	15	43	28	328	229	3,742	700	3,783
Mar-95	10,636	6,445	109,601	115,645	15	41	31	343	208	3,536	606	3,730
Apr-95	10,462	7,299	101,778	110,723	15	41	30	349	243	3,393	698	3,691
May-95	10,236	7,199	97,676	113,100	15	41	31	330	232	3,151	703	3,648
Jun-95	10,091	7,437	86,900	106,812	15	42	30	336	248	2,897	737	3,560
Jul-95	10,172	7,750	90,242	113,293	15	43	31	328	250	2,911	762	3,655
Aug-95	9,823	7,759	83,226	100,146	15	43	31	317	250	2,685	790	3,231
Sep-95	9,639	7,365	83,316	107,186	15	43	30	321	246	2,777	764	3,573
Oct-95	9,754	7,303	92,519	111,882	15	42	31	315	236	2,984	749	3,609
Nov-95	8,816	6,441	56,059	97,555	15	42	30	294	215	1,869	731	3,252
Dec-95	9,218	6,322	98,092	115,166	15	42	31	297	204	3,164	686	3,715
Jan-96	9,279	5,859	94,464	111,900	15	40	31	299	189	3,047	631	3,610
Feb-96	8,445	5,759	81,911	100,202	15	40	29	291	199	2,825	682	3,455
Mar-96	8,634	6,071	95,949	100,970	15	40	31	279	196	3,095	703	3,257
Apr-96	10,009	6,284	85,091	94,190	14	41	30	334	209	2,836	628	3,140
May-96	10,696	8,026	100,310	99,330	14	41	31	345	259	3,236	750	3,204
Jun-96	8,714	6,087	105,520	140,240	14	41	30	290	203	3,517	699	4,675
Jul-96	8,362	6,179	127,190	145,630	14	41	31	270	199	4,103	739	4,698
Aug-96	9,908	5,254	97,489	134,010	14	42	31	320	169	3,145	530	4,323
Sep-96	8,044	5,515	81,566	115,760	14	43	30	268	184	2,719	686	3,859
Oct-96	8,396	4,826	70,770	115,600	14	41	31	271	156	2,283	575	3,729
Nov-96	10,760	5,113	90,764	105,674	14	43	30	359	170	3,025	475	3,522
Dec-96	11,686	6,106	91,540	108,010	14	43	31	377	197	2,953	523	3,484
Jan-97	10,870	6,429	82,670	100,620	14	42	31	351	207	2,667	591	3,246
Feb-97	9,618	5,711	90,440	85,431	14	37	28	344	204	3,230	594	3,051
Mar-97	9,996	6,205	101,231	93,679	15	36	31	322	200	3,266	621	3,022
Apr-97	9,885	5,929	80,255	109,303	21	37	30	330	198	2,675	600	3,643
May-97	9,676	6,184	53,104	126,062	22	37	31	312	199	1,713	639	4,067
Jun-97	9,574	5,678	49,670	146,695	23	37	30	319	189	1,656	593	4,890
Jul-97	10,475	6,568	92,554	153,510	23	38	31	338	212	2,986	627	4,952
Aug-97	11,554	6,732	99,763	175,445	23	40	31	373	217	3,218	583	5,660
Sep-97	16,263	8,365	114,446	194,270	24	42	30	542	279	3,815	514	6,476
Oct-97	20,377	15,163	131,001	213,255	24	44	31	657	489	4,226	744	6,879
Nov-97	25,336	14,307	114,505	207,090	27	44	30	845	477	3,817	565	6,903
Dec-97	20,432	16,560	139,150	222,735	30	41	31	659	534	4,489	810	7,185
Jan-98	20,016	14,700	141,005	257,615	34	40	31	646	474	4,549	734	8,310
Feb-98	17,438	14,220	128,500	238,255	34	40	28	623	508	4,589	815	8,509
Mar-98	17,945	14,463	139,760	268,240	34	40	31	579	467	4,508	806	8,653
Apr-98	17,091	13,582	127,757	197,502	34	40	30	570	453	4,259	795	6,583
May-98	16,753	13,673	141,069	167,410	24	40	31	540	441	4,551	816	5,400
Jun-98	15,618	12,561	120,417	159,328	28	40	30	521	419	4,014	804	5,311
Jul-98	15,487	12,552	112,984	195,935	27	40	31	500	405	3,645	810	6,320
Aug-98	15,393	10,333	126,602	197,525	28	40	31	497	333	4,084	671	6,372
Sep-98	14,522	11,020	118,935	202,030	28	40	30	484	367	3,965	759	6,734
Oct-98	14,728	10,460	120,320	210,915	29	39	31	475	337	3,881	710	6,804
Nov-98	13,268	7,739	109,898	211,860	28	39	30	442	258	3,663	583	7,062
Dec-98	14,235	8,356	125,385	238,890	28	39	31	459	270	4,045	587	7,706
Jan-99	14,285	8,882	124,315	234,110	28	40	31	461	287	4,010	622	7,552



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 7, 1997

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, New Mexico 87509-0630

Attention: Mr. John Chavez, Secretary

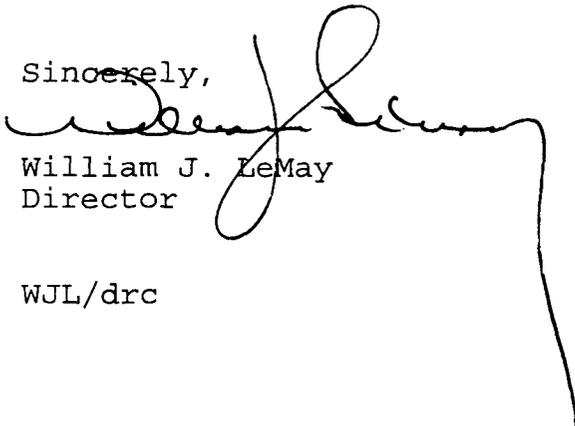
RE: Certification of a Positive
Production Response,
Devon Energy Corporation
Hudson Federal Waterflood Project

Dear Secretary Chavez:

Enclosed is a copy of a Division Certification which was issued on October 7, 1997. This document certifies that a positive production response has occurred within the Hudson Federal Waterflood Project Area which is currently operated by Devon Energy Corporation. In addition, this positive production response has occurred within the five year time limit as described within the "New Mexico Enhanced Oil Recovery Act". The Division has determined that all wells within the certified area producing from the Grayburg-Jackson Pool are eligible for the recovered oil tax rate. These wells are shown on Exhibit "A" to the Division Certification.

For your convenience we have also enclosed a summary page showing all pertinent data. If additional information is required please advise.

Sincerely,


William J. LeMay
Director

WJL/drc

POSITIVE PRODUCTION RESPONSE DATA
HUDSON FEDERAL WATERFLOOD PROJECT

NAME OF PROJECT

Hudson Federal Waterflood Project

OPERATOR

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

POOL

Grayburg-Jackson Pool

OCD ORDER NO. APPROVING WATERFLOOD PROJECT & DATE

R-10763, February 10, 1997

PROJECT AREA

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: W/2 NW/4

Section 18: E/2 NE/4

DATE WATER INJECTION COMMENCED

February, 1997

DATE CERTIFIED PROJECT TO TAXATION & REVENUE

July 1, 1997

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

March 1, 1997,

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

Injection: 2

Production: 9



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 7, 1997

Devon Energy Corporation
20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102-8260

Attention: Mr. Ken Gray

Re: Certification of Positive Production Response
Hudson Federal Waterflood Project

Dear Mr. Gray:

Pursuant to your request dated August 19, 1997, please be advised that the Division hereby certifies that a positive production response occurred within the Hudson Federal Waterflood Project on March 1, 1997.

All Grayburg-Jackson Pool producing wells within the following described area, which currently number nine as shown on Exhibit "A" attached hereto, shall be eligible for the recovered oil tax rate:

PROJECT AREA

Township 17 South, Range 31 East, NMPM

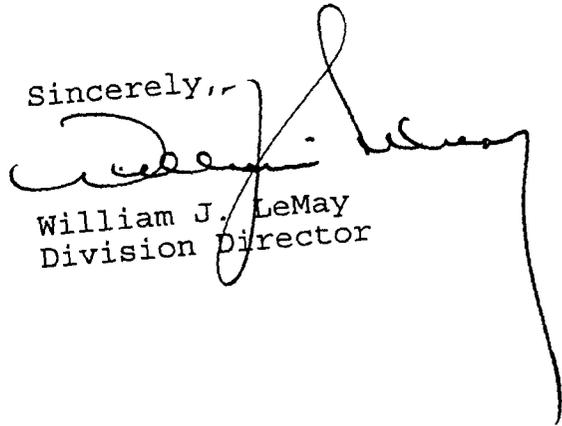
Section 17: W/2 NW/4
Section 18: E/2 NE/4

Devon Energy Corporation shall notify the Division:

- a) of the change in status of any of the producing wells shown on Exhibit "A";
- b) in the event new producing wells are drilled within the project area;
- c) of changes in operations within the project area which may affect the certification and resulting tax rate granted herein.

The Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

Sincerely,

A handwritten signature in cursive script, appearing to read 'William J. LeMay', written over the typed name and title.

William J. LeMay
Division Director

xc: File-EOR-36

EXHIBIT "A"
CERTIFICATION OF POSITIVE PRODUCTION RESPONSE
HUDSON FEDERAL WATERFLOOD PROJECT
PRODUCING WELLS

<u>API NUMBER</u>	<u>WELL NAME & NUMBER</u>	<u>WELL LOCATION-UL-S-T-R</u>
30-015-05209	Hudson Federal No. 2	H-18-17S-31E
30-015-05179	Hudson Federal No. 3	E-17-17S-31E
30-015-20073	Hudson Federal No. 5	E-17-17S-31E
30-015-28961	Hudson Federal No. 7	A-18-17S-31E
30-015-28888	Hudson Federal No. 8	E-17-17S-31E
30-015-28790	Hudson Federal No. 9	H-18-17S-31E
30-015-28798	Hudson Federal No. 10	H-18-17S-31E
30-015-28962	Hudson Federal No. 11	A-18-17S-31E
30-015-28834	Hudson Federal No. 12	E-17-17S-31E



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 1, 1997

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, NM 87509-0630

Attention: John Chavez, Secretary

**RE: Certification of EOR Project
Devon Energy Corporation
Keel-West, C.A. Russell, Truner 'A', Turner 'B',
Hudson Federal and Friess Fren Waterflood Projects**

Dear Secretary Chavez:

Enclosed is a copy of the certification issued to Devon Energy Corporation for its above referenced waterflood EOR projects, certified by this Division on March 1, 1997, to be a qualified Enhanced Oil Recovery Project. If the operator applies for certification of positive production response within five years from that date, these projects will be eligible for the *Recovered Oil Tax Rate* as provided in Laws of 1992, Chapter 38.

Only oil production from that portion of the lands identified in the certification which is actually developed for enhanced recovery will be eligible for the reduced tax rate. At the time positive production response is certified, we will identify for you the specific lands and wells within the project which qualify for the *Recovered Oil Tax Rate*.

Sincerely,

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

William J. LeMay
Director

WJL/BES

Enclosures



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 1, 1997

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Attention: Mr. Ken Gray

**CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT(S)
FOR RECOVERED OIL TAX RATE**

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Projects have been approved by the Division as secondary projects, pursuant to the provisions of the *New Mexico Enhanced Oil Recovery Act* (Laws of 1992, Chapter 38). In order to qualify for the *Recovered Oil Tax Rate*, you must apply for certification of positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of these projects is terminated for any reason, the operator of the projects must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECTS: Keel-West Waterflood Project
C.A. Russell Waterflood Project
Turner 'A' Waterflood Project
Turner 'B' Waterflood Project
Hudson Federal Waterflood Project
Friess Fren Waterflood Project

OCD ORDER NO. R-10763

OPERATOR: Devon Energy Corporation
ADDRESS: Attention: Ken Gray
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

CERTIFICATION DATE: March 1, 1997

KEEL-WEST PROJECT AREA:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 3 through 10: All

C.A. RUSSELL PROJECT AREA:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

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

TURNER 'A' PROJECT AREA:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 18: S/2

Section 19: N/2

TURNER 'B' PROJECT AREA:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 5: NW/4 NW/4, S/2 S/2

Section 20: All

Section 29: All

Section 30: S/2

HUDSON FEDERAL PROJECT AREA:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 18: W/2 NW/4

Section 19: E/2 NE/4

FRIESS FREN PROJECT AREA:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

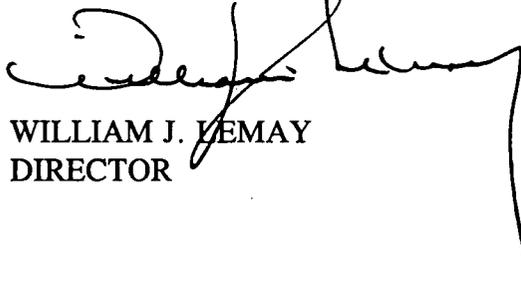
Section 19: SE/4, E/2 SW/4

Section 19: NE/4

EOR Project Certification
Devon Energy Corporation
July 1, 1997
Page 3

APPROVED BY:

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name and title.

WILLIAM J. LEMAY
DIRECTOR

SEAL

cc: Mr. John Chavez, Secretary, Taxation and Revenue



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 7, 1997

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, New Mexico 87509-0630

Attention: Mr. John Chavez, Secretary

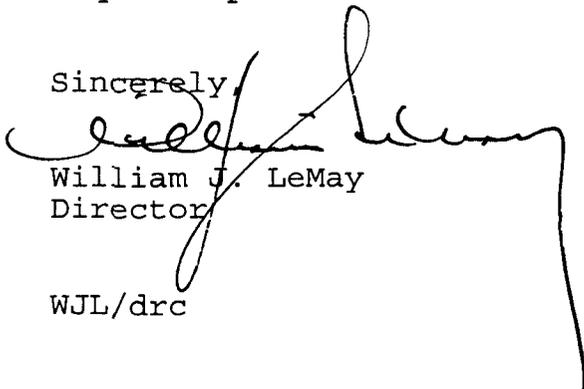
RE: Certification of a Positive
Production Response,
Devon Energy Corporation
Keel-West Waterflood Project

Dear Secretary Chavez:

Enclosed is a copy of a Division Certification which was issued on October 7, 1997. This document certifies that a positive production response has occurred within the Keel-West Waterflood Project Area which is currently operated by Devon Energy Corporation. In addition, this positive production response has occurred within the five year time limit as described within the "New Mexico Enhanced Oil Recovery Act". The Division has determined that all wells within the certified area producing from the Grayburg-Jackson Pool are eligible for the recovered oil tax rate. These wells are shown on Exhibit "A" to the Division Certification.

For your convenience we have also enclosed a summary page showing all pertinent data. If additional information is required please advise.

Sincerely,


William J. LeMay
Director

WJL/drc

POSITIVE PRODUCTION RESPONSE DATA
KEEL-WEST WATERFLOOD PROJECT

NAME OF PROJECT

Keel-West Waterflood Project

OPERATOR

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

POOL

Grayburg-Jackson Pool

OCD ORDER NO. APPROVING WATERFLOOD PROJECT & DATE

R-10763, February 10, 1997

PROJECT AREA

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Sections 3 through 10: All

DATE WATER INJECTION COMMENCED

March, 1995

DATE CERTIFIED PROJECT TO TAXATION & REVENUE

July 1, 1997

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

September 1, 1996,

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

Injection: 85
Production: 140



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 7, 1997

Devon Energy Corporation
20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102-8260

Attention: Mr. Ken Gray

Re: Certification of Positive Production Response
Keel-West Waterflood Project

Dear Mr. Gray:

Pursuant to your request dated August 19, 1997, please be advised that the Division hereby certifies that a positive production response occurred within the Keel-West Waterflood Project on September 1, 1996.

All Grayburg-Jackson Pool producing wells within the following described area, which currently number one-hundred forty as shown on Exhibit "A" attached hereto, shall be eligible for the recovered oil tax rate:

PROJECT AREA

Township 17 South, Range 31 East, NMPM

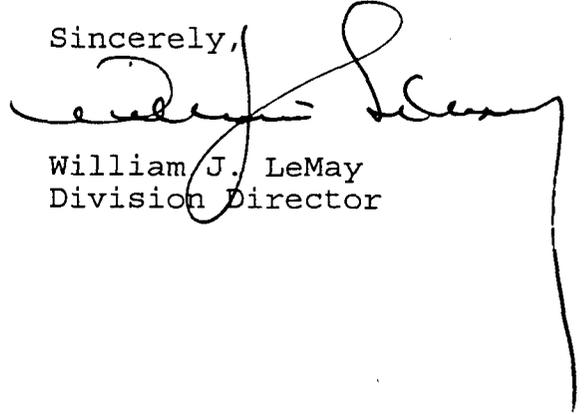
Sections 3 through 10: All

Devon Energy Corporation shall notify the Division:

- a) of the change in status of any of the producing wells shown on Exhibit "A";
- b) in the event new producing wells are drilled within the project area;
- c) of changes in operations within the project area which may affect the certification and resulting tax rate granted herein.

The Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is written in a cursive style with a large, looping initial "W". A long, thin vertical line extends downwards from the right side of the signature.

William J. LeMay
Division Director

xc: File-EOR-36

EXHIBIT "A"
 CERTIFICATION OF POSITIVE PRODUCTION RESPONSE
 KEEL-WEST WATERFLOOD PROJECT
PRODUCING WELLS

<u>API NUMBER</u>	<u>WELL NAME & NUMBER</u>	<u>WELL LOCATION-UL-S-T-R</u>
30-015-20014	J.L. KEEL "A" No. 15	E-7-17S-31E
30-015-28078	J.L. KEEL "A" No. 18	C-7-17S-31E
30-015-28059	J.L. KEEL "A" No. 20	B-7-17S-31E
30-015-28046	J.L. KEEL "A" No. 21	A-7-17S-31E
30-015-28047	J.L. KEEL "A" No. 22	A-7-17S-31E
30-015-28222	J.L. KEEL "A" No. 24	L-7-17S-31E
30-015-28234	J.L. KEEL "A" No. 25	M-7-17S-31E
30-015-28254	J.L. KEEL "A" No. 27	I-7-17S-31E
30-015-28298	J.L. KEEL "A" No. 29	M-7-17S-31E
30-015-28216	J.L. KEEL "A" No. 31	F-7-17S-31E
30-015-28440	J.L. KEEL "A" No. 32	J-7-17S-31E
30-015-28262	J.L. KEEL "A" No. 33	H-7-17S-31E
30-015-28233	J.L. KEEL "A" No. 34	N-7-17S-31E
30-015-28263	J.L. KEEL "A" No. 35	I-7-17S-31E
30-015-28295	J.L. KEEL "A" No. 36	C-7-17S-31E
30-015-28642	J.L. KEEL "A" No. 19Y	J-7-17S-31E
30-015-05083	J.L. KEEL "B" No. 1	D-6-17S-31E
30-015-05103	J.L. KEEL "B" No. 2	M-8-17S-31E
30-015-05104	J.L. KEEL "B" No. 3	N-8-17S-31E
30-015-10372	J.L. KEEL "B" No. 27	J-8-17S-31E
30-015-24694	J.L. KEEL "B" No. 32	B-6-17S-31E
30-015-25446	J.L. KEEL "B" No. 33	A-6-17S-31E
30-015-25447	J.L. KEEL "B" No. 34	H-6-17S-31E
30-015-25448	J.L. KEEL "B" No. 35	C-6-17S-31E
30-015-25934	J.L. KEEL "B" No. 37	E-5-17S-31E
30-015-25940	J.L. KEEL "B" No. 40	E-6-17S-31E
30-015-25980	J.L. KEEL "B" No. 41	B-5-17S-31E
30-015-26061	J.L. KEEL "B" No. 44	A-5-17S-31E
30-015-26100	J.L. KEEL "B" No. 46	P-8-17S-31E
30-015-28096	J.L. KEEL "B" No. 50	I-5-17S-31E
30-015-28097	J.L. KEEL "B" No. 51	M-5-17S-31E
30-015-28098	J.L. KEEL "B" No. 52	P-6-17S-31E
30-015-28099	J.L. KEEL "B" No. 53	O-6-17S-31E
30-015-28092	J.L. KEEL "B" No. 54	D-8-17S-31E
30-015-28291	J.L. KEEL "B" No. 55	D-8-17S-31E
30-015-28100	J.L. KEEL "B" No. 56	D-8-17S-31E
30-015-28079	J.L. KEEL "B" No. 57	I-8-17S-31E
30-015-28077	J.L. KEEL "B" No. 58	M-8-17S-31E
30-015-28101	J.L. KEEL "B" No. 59	D-6-17S-31E
30-015-28223	J.L. KEEL "B" No. 60	C-6-17S-31E
30-015-28292	J.L. KEEL "B" No. 61	H-6-17S-31E
30-015-28293	J.L. KEEL "B" No. 62	G-6-17S-31E

30-015-28294	J.L. KEEL "B"	No. 63	M-6-17S-31E
30-015-28224	J.L. KEEL "B"	No. 64	N-6-17S-31E
30-015-28227	J.L. KEEL "B"	No. 65	M-6-17S-31E
30-015-28317	J.L. KEEL "B"	No. 67	B-5-17S-31E
30-015-28225	J.L. KEEL "B"	No. 68	A-5-17S-31E
30-015-28290	J.L. KEEL "B"	No. 70	H-5-17S-31E
30-015-28250	J.L. KEEL "B"	No. 71	H-6-17S-31E
30-015-28571	J.L. KEEL "B"	No. 73	N-5-17S-31E
30-015-28593	J.L. KEEL "B"	No. 74	B-8-17S-31E
30-015-28579	J.L. KEEL "B"	No. 75	B-8-17S-31E
30-015-28279	J.L. KEEL "B"	No. 77	H-8-17S-31E
30-015-28296	J.L. KEEL "B"	No. 78	J-8-17S-31E
30-015-28488	J.L. KEEL "B"	No. 79	G-6-17S-31E
30-015-28253	J.L. KEEL "B"	No. 80	D-5-17S-31E
30-015-28252	J.L. KEEL "B"	No. 81	E-6-17S-31E
30-015-28307	J.L. KEEL "B"	No. 82	H-6-17S-31E
30-015-28308	J.L. KEEL "B"	No. 83	K-5-17S-31E
30-015-28551	J.L. KEEL "B"	No. 84	H-5-17S-31E
30-015-28297	J.L. KEEL "B"	No. 85	I-5-17S-31E
30-015-28484	J.L. KEEL "B"	No. 86	N-5-17S-31E
30-015-28249	J.L. KEEL "B"	No. 87	A-8-17S-31E
30-015-28441	J.L. KEEL "B"	No. 88	A-8-17S-31E
30-015-28261	J.L. KEEL "B"	No. 89	A-8-17S-31E
30-015-28248	J.L. KEEL "B"	No. 90	F-8-17S-31E
30-015-28442	J.L. KEEL "B"	No. 91	G-8-17S-31E
30-015-28256	J.L. KEEL "B"	No. 92	I-8-17S-31E
30-015-28251	J.L. KEEL "B"	No. 94	P-8-17S-31E

30-015-05061	H.E. WEST "A"	No. 2	B-4-17S-31E
30-015-05066	H.E. WEST "A"	No. 7	A-4-17S-31E
30-015-10374	H.E. WEST "A"	No. 13	C-3-17S-31E
30-015-26015	H.E. WEST "A"	No. 15	A-3-17S-31E
30-015-26573	H.E. WEST "A"	No. 18	B-3-17S-31E
30-015-26790	H.E. WEST "A"	No. 19	P-4-17S-31E
30-015-26793	H.E. WEST "A"	No. 20	I-4-17S-31E
30-015-26787	H.E. WEST "A"	No. 21	E-3-17S-31E
30-015-27127	H.E. WEST "A"	No. 22	I-4-17S-31E
30-015-27128	H.E. WEST "A"	No. 23	P-4-17S-31E
30-015-27368	H.E. WEST "A"	No. 24	H-4-17S-31E
30-015-27369	H.E. WEST "A"	No. 25	F-3-17S-31E
30-015-28321	H.E. WEST "A"	No. 26	D-3-17S-31E
30-015-28322	H.E. WEST "A"	No. 27	E-3-17S-31E
30-015-28318	H.E. WEST "A"	No. 28	H-3-17S-31E
30-015-28467	H.E. WEST "A"	No. 29	H-4-17S-31E
30-015-28465	H.E. WEST "A"	No. 30	F-3-17S-31E
30-015-28323	H.E. WEST "A"	No. 31	H-3-17S-31E
30-015-28324	H.E. WEST "A"	No. 32	G-3-17S-31E
30-015-28325	H.E. WEST "A"	No. 33	O-4-17S-31E
30-015-28536	H.E. WEST "A"	No. 34	G-4-17S-31E

30-015-05950	H.E. WEST "B"	No. 22Y	O-9-17S-31E
30-015-05068	H.E. WEST "B"	No. 3	C-4-17S-31E
30-015-05059	H.E. WEST "B"	No. 25	P-3-17S-31E
30-015-25921	H.E. WEST "B"	No. 31	P-10-17S-31E
30-015-25989	H.E. WEST "B"	No. 34	I-10-17S-31E
30-015-25993	H.E. WEST "B"	No. 35	L-9-17S-31E
30-015-26033	H.E. WEST "B"	No. 41	N-10-17S-31E
30-015-26044	H.E. WEST "B"	No. 42	H-10-17S-31E
30-015-26049	H.E. WEST "B"	No. 43	M-9-17S-31E
30-015-26099	H.E. WEST "B"	No. 45	N-9-17S-31E
30-015-26791	H.E. WEST "B"	No. 49	M-3-17S-31E
30-015-27109	H.E. WEST "B"	No. 50	N-3-17S-31E
30-015-27110	H.E. WEST "B"	No. 51	F-10-17S-31E
30-015-27149	H.E. WEST "B"	No. 52	D-10-17S-31E
30-015-27148	H.E. WEST "B"	No. 53	H-9-17S-31E
30-015-27150	H.E. WEST "B"	No. 54	B-9-17S-31E
30-015-27353	H.E. WEST "B"	No. 56	N-3-17S-31E
30-015-27317	H.E. WEST "B"	No. 57	N-3-17S-31E
30-015-27311	H.E. WEST "B"	No. 58	C-10-17S-31E
30-015-27318	H.E. WEST "B"	No. 59	K-10-17S-31E
30-015-27561	H.E. WEST "B"	No. 60	E-10-17S-31E
30-015-27401	H.E. WEST "B"	No. 61	E-10-17S-31E
30-015-27564	H.E. WEST "B"	No. 62	J-9-17S-31E
30-015-27480	H.E. WEST "B"	No. 63	G-9-17S-31E
30-015-27402	H.E. WEST "B"	No. 64	B-9-17S-31E
30-015-28634	H.E. WEST "B"	No. 65	O-3-17S-31E
30-015-27785	H.E. WEST "B"	No. 66	B-10-17S-31E
30-015-27354	H.E. WEST "B"	No. 67	G-10-17S-31E
30-015-28575	H.E. WEST "B"	No. 68	J-10-17S-31E
30-015-28535	H.E. WEST "B"	No. 69	J-10-17S-31E
30-015-28574	H.E. WEST "B"	No. 70	L-10-17S-31E
30-015-28573	H.E. WEST "B"	No. 71	I-9-17S-31E
30-015-28131	H.E. WEST "B"	No. 72	P-9-17S-31E
30-015-28132	H.E. WEST "B"	No. 73	E-4-17S-31E
30-015-28264	H.E. WEST "B"	No. 74	D-4-17S-31E
30-015-28466	H.E. WEST "B"	No. 76	J-3-17S-31E
30-015-28314	H.E. WEST "B"	No. 77	M-4-17S-31E
30-015-28315	H.E. WEST "B"	No. 79	F-9-17S-31E
30-015-28299	H.E. WEST "B"	No. 80	L-9-17S-31E
30-015-28316	H.E. WEST "B"	No. 81	O-9-17S-31E
30-015-28483	H.E. WEST "B"	No. 83	D-4-17S-31E
30-015-28300	H.E. WEST "B"	No. 84	L-4-17S-31E
30-015-28387	H.E. WEST "B"	No. 85	K-3-17S-31E
30-015-28388	H.E. WEST "B"	No. 86	K-4-17S-31E
30-015-28468	H.E. WEST "B"	No. 87	M-4-17S-31E
30-015-28537	H.E. WEST "B"	No. 88	D-9-17S-31E
30-015-28565	H.E. WEST "B"	No. 89	L-9-17S-31E
30-015-28469	H.E. WEST "B"	No. 90	K-9-17S-31E
30-015-28470	H.E. WEST "B"	No. 91	K-9-17S-31E
30-015-28538	H.E. WEST "B"	No. 92	J-9-17S-31E

August 19, 1997

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

Re: Keel-West, C. A. Russell,
Hudson Federal Waterflood Projects
T17S-R31E
Eddy County, New Mexico

Gentlemen:

Devon Energy Corporation (Nevada), as operator of the referenced waterflood projects ("the Projects"), respectfully requests administrative approval for the applicable severance tax reduction as provided for pursuant to the Enhanced Oil Recovery Act of 1992. The Projects were approved as "Enhanced Oil Recovery Projects" under NMOCD Order No. R-10763 and certified by letter dated July 1, 1997.

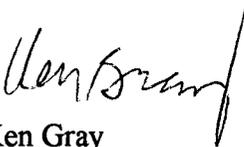
In support of this request, you will find enclosed a recent historical discussion of the development of each of the Projects, a Project lease map, production curves for each Project, new well injection data, and copies of form C-115 listing the producing wells relative to each Project. Additionally, we are requesting that the reduced severance tax rate to be effective as of the date of first "positive production response". Such date(s) as reflected on the enclosed production curves are as follows:

<u>Project</u>	<u>Effective Date</u>
Keel-West	September 1, 1996
C. A. Russell	February 1, 1997
Hudson Federal	March 1, 1997

If additional information is required, please contact me at (405) 552-4633.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)


Ken Gray
District Landman

Discussion of Devon Energy's Grayburg Jackson Waterflood Projects

KEEL-WEST WATERFLOOD PROJECT

In January, 1994 the Keel-West project was producing about 600 BOPD and 3000 BWPD from 75 wells. The 20 active injection wells were merely reinjecting the produced water. Wells were on 40-acre spacing with a very irregular waterflood pattern because many of the injection wells were inactive. Devon began drilling 20-acre infill wells in late 1994 and in March, 1995 began expanding the waterflood to a 5-spot pattern by converting wells to injection and reactivating old injection wells (which included perforating additional pay zones and/or deepening to expose the entire pay section to water injection). The number of injection wells has increased from 20 to 85 and in June, 1996 we began to inject an additional 10,000 BWPD of make-up water from the caprock via our Keel-West water supply system.

Oil production peaked at about 2800 BOPD in January, 1996 as the infill drilling program was completed. Oil production then went on a very steady decline until the additional water injection began to take affect in September, 1996. Total oil production has been fairly constant since that time, well above what would have been produced without the waterflood expansion. During this period of constant oil production additional wells have been converted to water injection, reducing the producing well count from 139 to 131. Thus, the flattening of oil production is even more evident on a "per well" basis as shown by the red dots on the attached production plot.

C. A. RUSSELL WATERFLOOD PROJECT

The Russell lease was producing less than 10 BOPD from 6 wells until early 1996 when Devon drilled 10 infill wells increasing production to over 300 BOPD. Previous waterflood operations on this lease had been discontinued in 1986. In late 1996 Devon converted 4 producers to water injection and reactivated 2 old injection wells, so there are now 6 active injection wells in this project injecting about 1200 BWPD.

Oil production peaked at about 350 BOPD in June, 1996 as the infill drilling program was completed. Oil production then declined to about 160 BOPD until the water injection began to take affect in early 1997. Total oil production has increased to 180 BOPD, well above what would have been produced without the waterflood. Considering the reduced producing well count caused by the conversions, the increase in oil production is even more evident on a "per well" basis as shown by the red dots on the attached production plot.

HUDSON FEDERAL WATERFLOOD PROJECT

The Hudson Federal lease was producing less than 10 BOPD from 4 wells until early 1996 when Devon drilled 6 infill wells increasing production to over 200 BOPD. Previous waterflood

operations on this lease had been discontinued in 1978. Two wells were converted to water injection in January, 1997 and current water injection is about 500 BWPD.

Oil production peaked at about 240 BOPD in June, 1996 as the infill drilling program was completed. Oil production then declined to about 110 BOPD until the water injection began to take affect in March, 1997. Total oil production has increased to 120 BOPD, well above what would have been produced without the waterflood. Considering the reduced producing well count caused by the conversions, the increase in oil production is even more evident on a "per well" basis as shown by the red dots on the attached production plot.

GRAYBURG JACKSON FIELD
Keel-West Waterflood Project
Date of First Injection for New Injection Wells

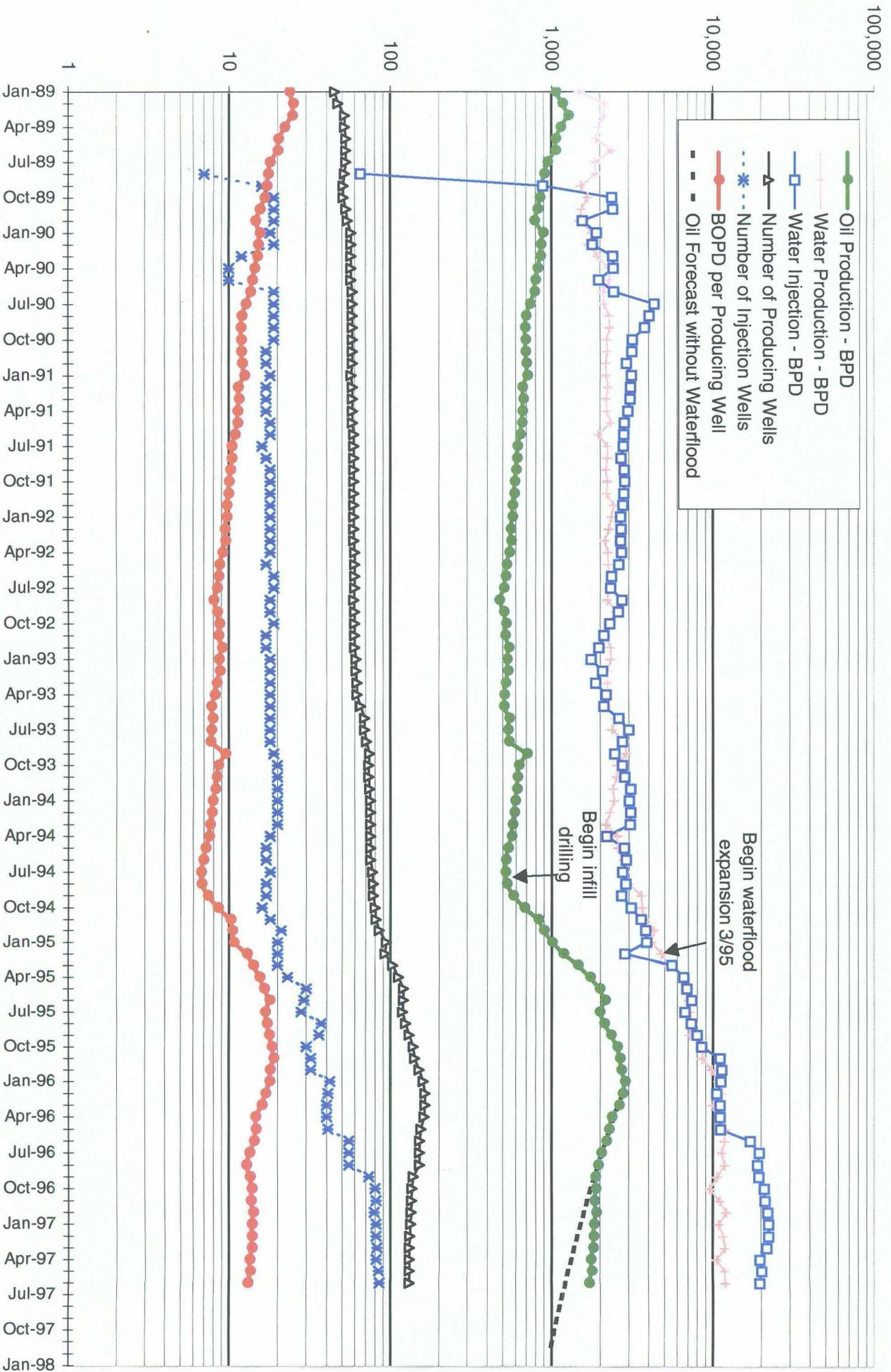
<u>Lease</u>	<u>Well No.</u>	<u>Date of First Injection</u>	<u>Lease</u>	<u>Well No.</u>	<u>Date of First Injection</u>
J. L. Keel "A"	3	September, 1996	H. E. West "A"	4	June, 1996
	4	October, 1996		5	April, 1995
	6	September, 1996		6	June, 1996
	7	May, 1997		7	**
	9	August, 1995		8	**
	10	September, 1996		9	**
	11	August, 1995		11	March, 1997
	12	August, 1995		13	**
	14	June, 1997		14	April, 1995
	16	September, 1996		16	June, 1996
	17	September, 1996		17	May, 1995
	23	November, 1995	H. E. West "B"	3	**
	28	September, 1996		6	June, 1996
	30	September, 1996		9	June, 1996
J. L. Keel "B"	1	**		10	**
	2	**		11	June, 1996
	4	**		12	**
	5	September, 1996		13	**
	6	August, 1995		14	**
	7	September, 1995		15	**
	9	September, 1996		16	May, 1995
	10	September, 1996		17	**
	11	August, 1995		18	**
	12	October, 1996		19	**
	13	September, 1996		20	**
	14	September, 1996		21	**
	17	August, 1995		22Y	**
	18	August, 1995		24	**
	19	September, 1996		26	**
	20	August, 1995		27	June, 1996
	21	August, 1995		28	**
	22	August, 1995		29	**
	23	October, 1996		30	**
	24	October, 1996		32	June, 1996
	25	May, 1997		33	May, 1995
	29	October, 1996		36	May, 1995
	30	August, 1995		37	October, 1996
	31	September, 1996		38	May, 1995
	36	September, 1996		39	June, 1996
	38	August, 1995		40	May, 1995
	39	August, 1995		44	May, 1995
	42	October, 1996		46	June, 1996
	45	September, 1996		47	May, 1995
	47	November, 1995		48	February, 1997
	72	September, 1996		55	**
	76	November, 1996		78	June, 1996

Note: Wells marked with ** were existing injection wells prior to waterflood expansion.

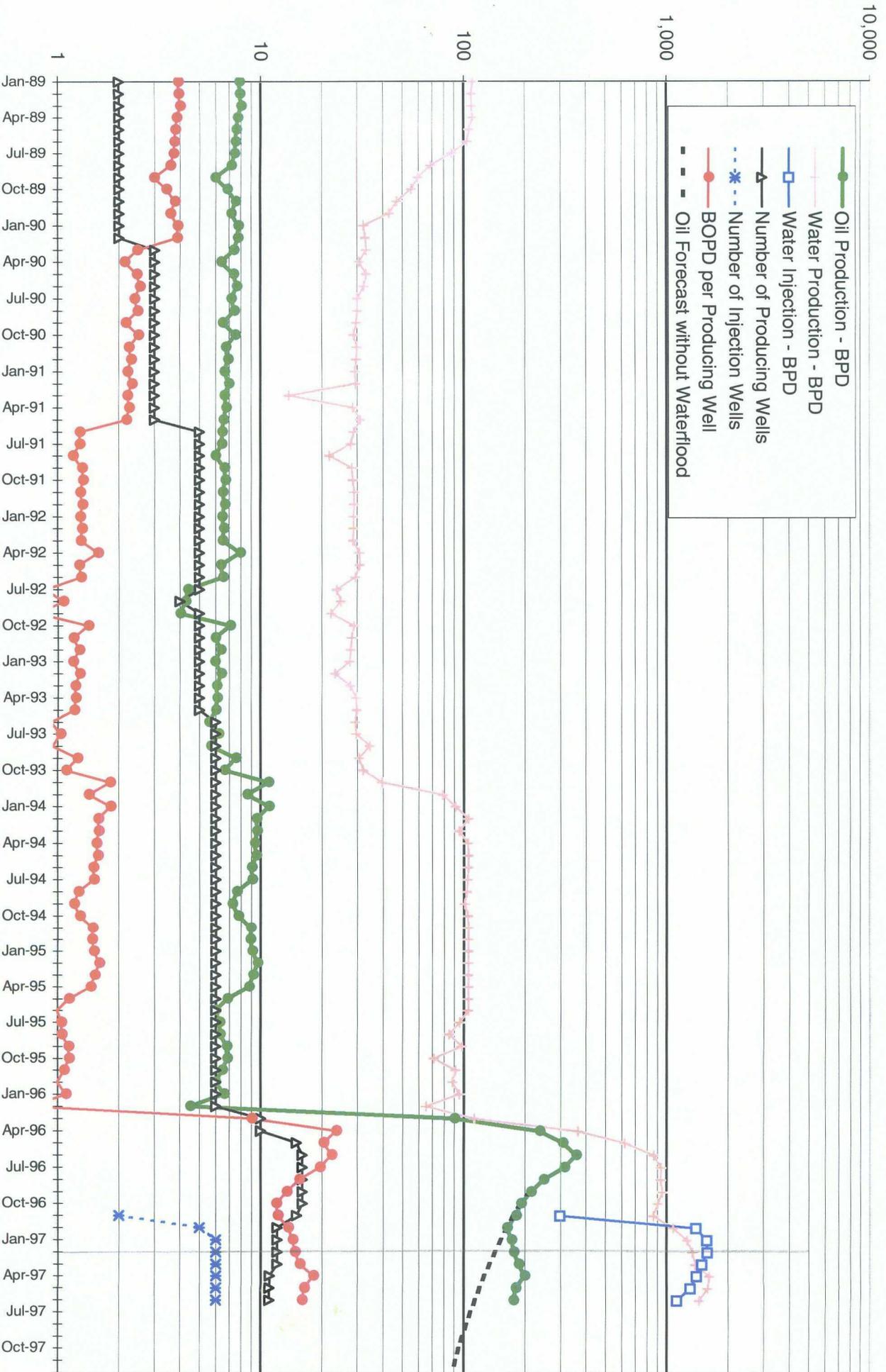
GRAYBURG JACKSON FIELD
Hudson Federal and C.A. Russell Waterflood Projects
Date of First Injection for New Injection Wells

<u>Lease</u>	<u>Well No.</u>	<u>Date of First Injection</u>
Hudson Federal	1	March, 1997
	6	February, 1997
C. A. Russell	6	November, 1996
	7	November, 1996
	8	January, 1997
	9	December, 1996
	10	December, 1996
	11	December, 1996

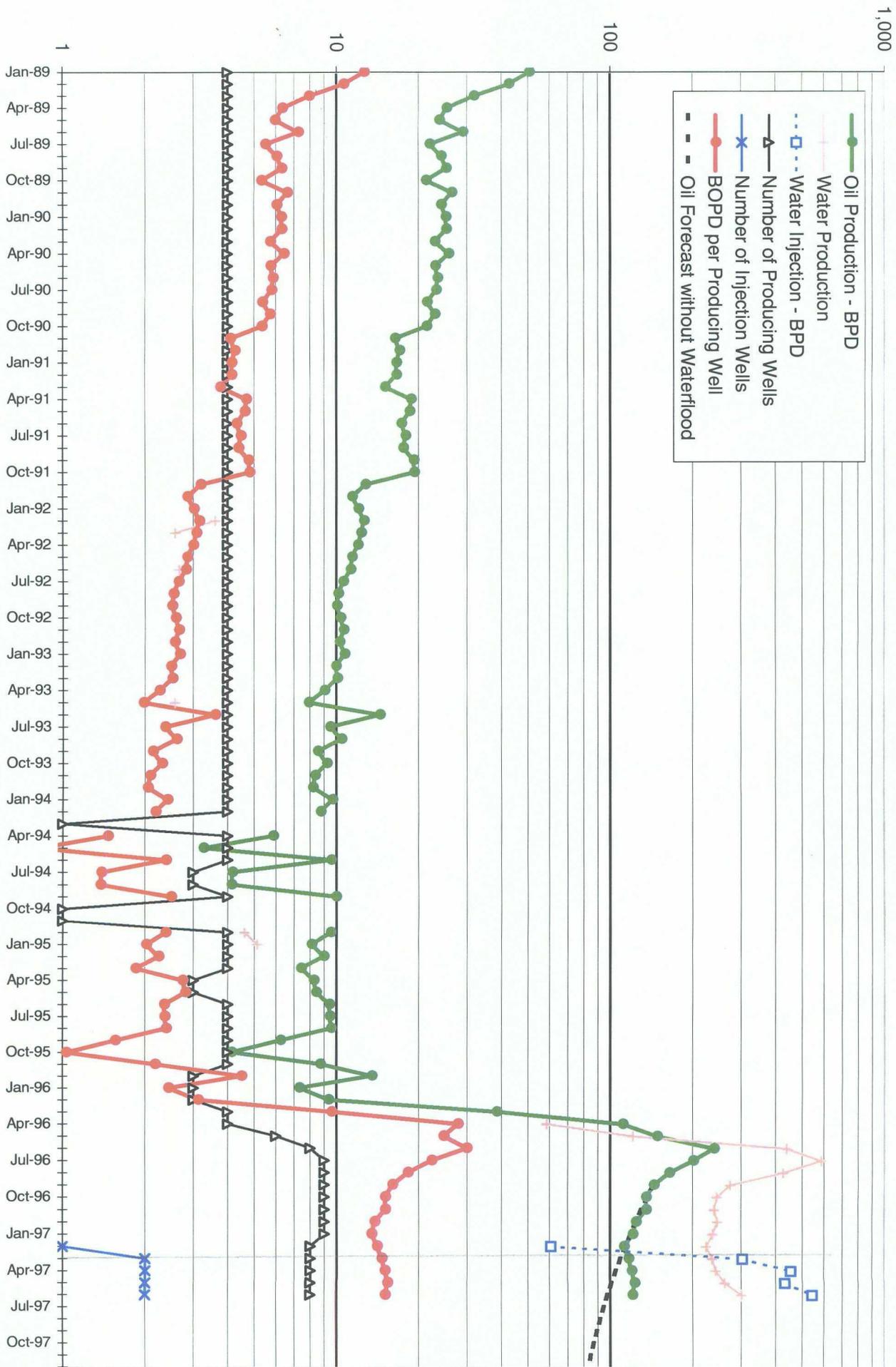
DEVON ENERGY KEEL-WEST WATERFLOOD PROJECT



DEVON ENERGY C.A. RUSSELL WATERFLOOD PROJECT



DEVON ENERGY HUDSON FEDERAL WATERFLOOD PROJECT



7		INJECTION				PRODUCTION				DISPOSITION OF OIL, GAS, AND WATER						
POOL NO. AND NAME Property No. and Name Well No. & U-L-S-T-R API No.,	8 C O D E	9 Volume	10 Pressure	11 C O D E	12 Barrels of oil/conden- sate produced	13 Barrels of water produced	14 MCF Gas Produced	15 Days Prod- uced	16 C O D E	17 Point of Disposition	18 Gas BTU or Oil API Gravity	19 Oil on hand at beginning of month	20 Volume (Bbls/mcf)	21 Transporter OGRID	22 C O D E	23 Oil on hand at end of month
008 G-18-17S-31E 30-015-05221	I	2670	1610	W												
009 B-18-17S-31E 30-015-05222	I	1985	1555	W												
010 F-18-17S-31E 30-015-05233	I	5945	1463	W												
011 C-18-17S-31E 30-015-21258	I	7805	1334	W												
012 C-18-17S-31E 30-015-28809	P				367	8638	266	30								
013 D-18-17S-31E 30-015-28756	P				674	5952	489	30								
014 E-18-17S-31E 30-015-28799	P				985	6063	716	30								
015 F-18-17S-31E 30-015-28757	P				279	3794	202	30								
016 F-18-17S-31E 30-015-28867	P				343	844	249	30								
017 E-18-17S-31E 30-015-28835	P				600	5957	435	30								
018 B-18-17S-31E 30-015-28794	P				557	666	403	30								
019 B-18-17S-31E 30-015-28924	P				503	5457	364	30								
020 E-18-17S-31E 30-015-28889	P				142	4095	103	30								
021 G-18-17S-31E 30-015-28868	P				757	1753	549	30	0 G	2306910 2306930	37.0 1529	410	5099 3825	022628 005097	562	

7	INJECTION			PRODUCTION					DISPOSITION OF OIL, GAS, AND WATER							
	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
POOL NO. AND NAME Property No. and Name Well No. & U-L-S-T-R API No.,	C O D E	Volume	Pressure	C O D E	Barrels of oil/conden- sate produced	Barrels of water produced	MCF Gas Produced	Days Prod- uced	C O D E	Point of Disposition	Gas BTU or Oil API Gravity	Oil on hand at beginning of month	Volume (Bbls/mcf)	Transporter OGRID	C O D E	Oil on hand at end of month
081 0-09-17S-31E 30-015-28316	P				279	1246	242	30	0	2307810	34.2	668	8556	022628	U	436
083 D-04-17S-31E 30-015-28483	P				902	344	780	30	0	2806430	34.2	790	8053	022628	G	511
084 L-04-17S-31E 30-015-28300	P				484	524	420	30	0	2307830	1449		7125	005097	G	
085 K-03-17S-31E 30-015-28387	P				239	3609	179	30	0	2806431	1569		146	005097	G	
086 K-04-17S-31E 30-015-28388	P				541	1064	469	30	0				62510		G	
087 M-04-17S-31E 30-015-28468	P				263	2662	228	30	0				67056		G	
088 D-09-17S-31E 30-015-28537	P				178	11897	155	30	0						W	
089 L-09-17S-31E 30-015-28565	P				402	1546	348	30	0						M	
090 K-09-17S-31E 30-015-28469	P				348	6177	301	30	0							
091 K-09-17S-31E 30-015-28470	P				64	1695	56	30	0							
092 J-09-17S-31E 30-015-28538	P				281	1321	243	29	0							

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVA-
TION DIVISION FOR THE PURPOSE
OF CONSIDERING:

CASE NO. 11696
ORDER NO. R-10763

APPLICATION OF DEVON ENERGY
CORPORATION (NEVADA) TO
QUALIFY SIX WATERFLOOD
EXPANSION PROJECTS FOR THE
RECOVERED OIL TAX RATE
PURSUANT TO THE "ENHANCED OIL
RECOVERY ACT", EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 23, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of February, 1997, 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-2268, as amended, dated June 21, 1962, the Division authorized Sinclair Oil & Gas Company to institute a waterflood project on its Keel-West leases, comprising some 5051.36 acres, and described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through seven initial injection wells located in Sections 3 and 4, Township 17 South, Range 31 East, NMPM:

KEEL-WEST WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Sections 3 through 10: All

(3) By Order No. R-3185, as amended, dated February 1, 1967, the Division authorized Sinclair Oil & Gas Company to institute a waterflood project on its C. A. Russell Lease, its Turner "A" Lease and its Turner "B" Lease, comprising some 224.09 acres, 609.43 acres, and 1786.15 acres, respectively, and all described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through two initial injection wells on the C. A. Russell Lease, eight initial injection wells on the Turner "A" Lease, and nine initial injection wells on the Turner "B" Lease, all in Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

C. A. RUSSELL WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 18: NW/4, W/2 NE/4

TURNER "A" WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 18: S/2
Section 19: N/2

TURNER "B" WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 17: NW/4 SW/4, S/2 S/2
Section 20: All
Section 29: All
Section 30: S/2

(4) By Order No. R-3265, dated July 10, 1967, the Division authorized Franklin, Aston & Fair, Inc., to institute a waterflood project on its Hudson Federal Lease, comprising some 160 acres, described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through two initial injection wells located in Sections 17 and 18, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

HUDSON FEDERAL WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 17: W/2 NW/4
Section 18: E/2 NE/4

(5) By Order No. R-4306, dated May 19, 1972, the Division authorized Atlantic Richfield Company to institute a waterflood project on its Friess-Fren Lease, comprising some 400 acres, described as follows, by the injection of water into the Grayburg and San Andres formations, Grayburg-Jackson Pool, through five initial injection wells located in Sections 19 and 30, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

FRIESS-FREN WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 19: SE/4, E/2 SW/4
Section 30: NE/4

(6) The applicant, Devon Energy Corporation (Nevada), (Devon), being the current operator of the Keel-West, C. A. Russell, Turner "A", Turner "B", Hudson Federal and Friess-Fren Waterflood Projects, seeks to qualify these six projects for the recovered oil tax rate pursuant to the "Rules and Procedures for Qualification of Enhanced Oil Recovery ("EOR") Projects and Certification for the Recovered Oil Tax Rate", as promulgated by Division Order No. R-9708, and pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(7) Applicant testified that it acquired the subject acreage and waterflood projects in January, 1994.

(8) Data regarding previous waterflood operations within the six subject projects, acquired from Division records, are summarized as follows:

<u>PROJECT</u>	<u>COMMENCEMENT DATE (INJECTION)</u>	<u>NO. PRODUCING WELLS</u>	<u>NO. INJECTION WELLS</u>
Keel-West	June, 1962	64	7
C.A. Russell	February, 1967	5	2
Turner "A"	February, 1967	8	8
Turner "B"	February, 1967	29	9
Hudson Fed.	July, 1967	4	1
Friess-Fren	May, 1972	11	5

(9) Applicant testified that although injection operations have continued to the present time, effective waterflood operations within the subject projects were essentially discontinued during the mid-1980's.

(10) Division records and evidence presented by the applicant further indicates that as of January 1, 1994, operations and production within the subject projects were as follows:

<u>PROJECT</u>	<u>NO. PRODUCING WELLS</u>	<u>NO. INJECTION WELLS</u>	<u>OIL PRODUCTION</u>
Keel-West	75	20	600 BOPD
C. A. Russell	6	0	500 BOPD (Includes C.A. Russell, Turner "A", Turner "B", Hudson Federal and Friess-Fren Projects) Projects)
Turner "A"	7	3	
Turner "B"	44	15	
Friess-Fren	10	2	
Hudson Federal	4	0	

(11) The subject waterflood projects were developed essentially on 40-acre spacing with a limited number of injection wells.

(12) At the time the applicant acquired these properties, it initiated a 20-acre infill drilling and waterflood expansion program. Thus far, the applicant's efforts have been concentrated within the Keel-West Project area, however, applicant testified that it will ultimately fully develop all of the subject projects.

(13) Development within the subject projects during the period from January, 1994 through August, 1996, has occurred as follows:

<u>PROJECT</u>	<u>NUMBER OF WELLS DRILLED OR REACTIVATED</u>		<u>TOTAL NUMBER OF WELLS</u>	
	<u>PRODUCING</u>	<u>INJECTION</u>	<u>PRODUCING</u>	<u>INJECTION</u>
Keel-West	77	35	152	55
C. A. Russell	10	0	16	0
Turner "A"	15	0	22	3
Turner "B"	0	0	42	14
Friess-Fren	1	0	11	2
Hudson Federal	5	0	9	0

(14) Current production from the Keel-West, C. A. Russell, Turner "A", Friess-Fren, and Hudson Federal Waterflood Projects is approximately 1900 BOPD, 300 BOPD, 800 BOPD, 150 BOPD, 200 BOPD, respectively.

(15) Applicant submitted evidence and testimony which indicates that at full development within the six subject waterflood projects, the distribution of producing and injection wells will be as follows:

<u>PROJECT</u>	<u>NO. PRODUCING WELLS</u>	<u>NO. INJECTION WELLS</u>
Keel-West	105	128
C. A. Russell	9	8
Turner "A"	17	16
Turner "B"	35	45
Friess-Fren	9	10
Hudson Federal	6	6

(16) Capital costs incurred thus far by the applicant and projected ultimate capital costs to complete the proposed infill drilling and waterflood expansion program are as follows:

<u>PROJECT</u>	<u>CAPITAL COSTS INCURRED THROUGH AUGUST, 1996</u>	<u>FULL DEVELOPMENT COSTS</u>
Keel-West	\$42,920,570	\$43,520,570
C. A. Russell	\$2,898,267	\$3,644,149
Turner "A"	\$5,360,538	\$6,651,832
Turner "B"	\$2,004,167	\$5,664,961
Friess-Fren	\$ 936,705	\$1,932,382
Hudson Federal	\$1,555,527	\$1,947,880

(17) The evidence and testimony presented in this case indicates that:

- a) the addition of injection wells and resultant change in injection pattern proposed to be utilized by the applicant within the subject waterflood projects represents a more efficient injection pattern than that previously utilized;
- b) modern completion technology, deepening of wells and completion of zones previously not subject to waterflood/production operations will enhance the efficiency of these projects;
- c) the increased producing well density and increased efficiency within the six subject waterflood projects should result in the recovery of an additional 12.0 million barrels of oil from these projects which would otherwise not be recovered;
- d) each of the six subject waterflood projects has been so depleted that it is prudent to implement a waterflood injection well pattern reduction and infill drilling program to maximize the ultimate recovery of crude oil from these areas; and,
- e) the proposed expansion is economically and technically feasible and has not been prematurely filed.

(18) The Keel-West, C. A. Russell, Turner "A", Turner "B", Friess-Fren, and Hudson Federal Waterflood Projects, described in Finding Nos. (2), (3), (4), and (5) above, should be qualified as "Enhanced Oil Recovery Projects" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(19) To be eligible for the EOR credit, the operator should advise the Division when water injection into each additional injection well commenced or will commence within each project and at such time request that the Division certify the subject expansion projects to the New Mexico Taxation and Revenue Department.

(20) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Devon Energy Corporation (Nevada), the Keel-West, C. A. Russell, Turner "A", Turner "B", Friess-Fren and Hudson Federal Waterflood Projects, all described as follows, are hereby qualified as "Enhanced Oil Recovery Projects" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5):

KEEL-WEST WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Sections 3 through 10: All

C. A. RUSSELL WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 18: NW/4, W/2 NE/4

TURNER "A" WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 18: S/2
Section 19: N/2

TURNER "B" WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 17: NW/4 SW/4, S/2 S/2
Section 20: All
Section 29: All
Section 30: S/2

FRIESS-FREN WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 19: SE/4, E/2 SW/4
Section 30: NE/4

HUDSON FEDERAL WATERFLOOD PROJECT
TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 17: W/2 NW/4
Section 18: E/2 NE/4

(2) The approved "project areas" shall comprise the entire waterflood project areas described in Ordering Paragraph No. (1) above.

(3) To be eligible for the EOR credit, the operator shall advise the Division when water injection into each additional injection well commenced or will commence in each project and at such time request that the Division certify the subject expansion projects to the New Mexico Taxation and Revenue Department.

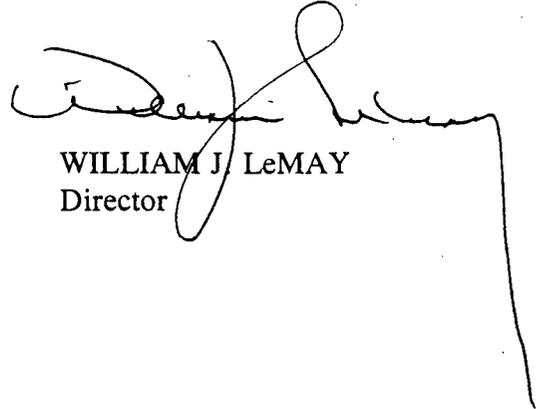
(4) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the operator must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 11696
Order No. R-10763
Page -9-

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

EOR N/R

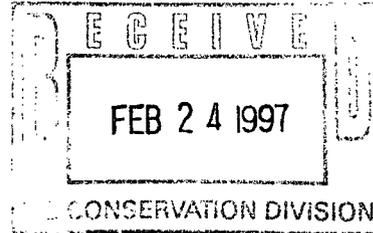
devon
ENERGY CORPORATION

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

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

February 21, 1997

Mr. William J. LeMay
Oil Conservation Division
1040 South Pacheco Street
Santa Fe, NM 87505



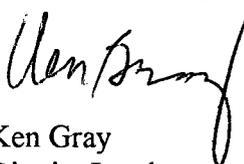
Dear Mr. LeMay:

Devon Energy Corporation (Nevada), the operator of the Keel West Waterflood Project, hereby requests the Division to issue a Certification of Qualification for the Keel West Waterflood Project. A draft Certification is enclosed.

Your attention to this matter is appreciated.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)


Ken Gray
District Landman

KG:da\ocd2.lt
Enclosure

CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT
FOR THE RECOVERED OIL TAX RATE

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act (L. 1992, Ch. 38). In order to qualify for the Recovered Oil Tax Rate, you must apply to the Division for certification of a positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: Keel West Waterflood Project

DIVISION ORDER NOS.: R-2268 and R-10763

OPERATOR'S ADDRESS: Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attention: Ken Gray

CERTIFICATION DATE: February _____, 1997

PROJECT AREA:

Township 17 South, Range 31 East, N.M.P.M.
Sections 3 through 10: All

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

EOR N/R

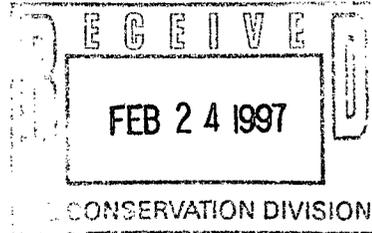
devon
ENERGY CORPORATION

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

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

February 21, 1997

Mr. William J. LeMay
Oil Conservation Division
1040 South Pacheco Street
Santa Fe, NM 87505



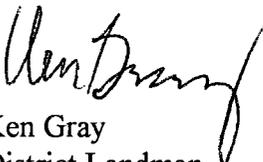
Dear Mr. LeMay:

Devon Energy Corporation (Nevada), the operator of the C. A. Russell Waterflood Project, hereby requests the Division to issue a Certification of Qualification for the C. A. Russell Waterflood Project. A draft Certification is enclosed.

Your attention to this matter is appreciated.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)


Ken Gray
District Landman

KG:da\ocd3.lt
Enclosure

CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT
FOR THE RECOVERED OIL TAX RATE

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act (L. 1992, Ch. 38). In order to qualify for the Recovered Oil Tax Rate, you must apply to the Division for certification of a positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: C. A. Russell Waterflood Project

DIVISION ORDER NOS.: R-3185 and R-10763

OPERATOR'S ADDRESS: Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attention: Ken Gray

CERTIFICATION DATE: February _____, 1997

PROJECT AREA:

Township 17 South, Range 31 East, N.M.P.M.
Section 18: NW/4, W/2 NE/4

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

EOR N/A

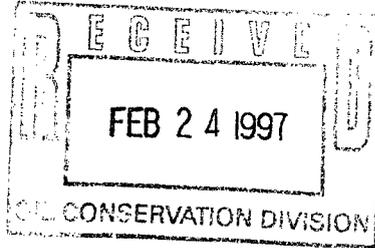
devon
ENERGY CORPORATION

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

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

February 21, 1997

Mr. William J. LeMay
Oil Conservation Division
1040 South Pacheco Street
Santa Fe, NM 87505



Dear Mr. LeMay:

Devon Energy Corporation (Nevada), the operator of the Turner "A" Waterflood Project, hereby requests the Division to issue a Certification of Qualification for the Turner "A" Waterflood Project. A draft Certification is enclosed.

Your attention to this matter is appreciated.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)

Ken Gray
District Landman

KG:da\ocd4.lt
Enclosure

CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT
FOR THE RECOVERED OIL TAX RATE

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act (L. 1992, Ch. 38). In order to qualify for the Recovered Oil Tax Rate, you must apply to the Division for certification of a positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: Turner "A" Waterflood Project

DIVISION ORDER NOS.: R-3185 and R-10763

OPERATOR'S ADDRESS: Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attention: Ken Gray

CERTIFICATION DATE: February _____, 1997

PROJECT AREA:

Township 17 South, Range 31 East, N.M.P.M.
Section 18: S/2
Section 19: N/2

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

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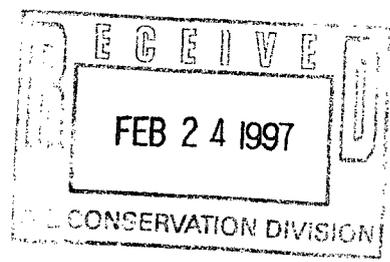
devon
ENERGY CORPORATION

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

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

February 21, 1997

Mr. William J. LeMay
Oil Conservation Division
1040 South Pacheco Street
Santa Fe, NM 87505



Dear Mr. LeMay:

Devon Energy Corporation (Nevada), the operator of the Turner "B" Waterflood Project, hereby requests the Division to issue a Certification of Qualification for the Turner "B" Waterflood Project. A draft Certification is enclosed.

Your attention to this matter is appreciated.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)

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

Ken Gray
District Landman

KG:da\ocd5.lt
Enclosure

CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT
FOR THE RECOVERED OIL TAX RATE

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act (L. 1992, Ch. 38). In order to qualify for the Recovered Oil Tax Rate, you must apply to the Division for certification of a positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: Turner "B" Waterflood Project

DIVISION ORDER NOS.: R-3185 and R-10763

OPERATOR'S ADDRESS: Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attention: Ken Gray

CERTIFICATION DATE: February _____, 1997

PROJECT AREA:

Township 17 South, Range 31 East, N.M.P.M.
Section 17: NW/4 NW/4, S/2 S/2
Section 20: All
Section 29: All
Section 30: S/2

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

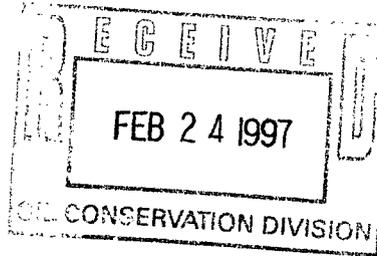
devon
ENERGY CORPORATION

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

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

February 21, 1997

Mr. William J. LeMay
Oil Conservation Division
1040 South Pacheco Street
Santa Fe, NM 87505



Dear Mr. LeMay:

Devon Energy Corporation (Nevada), the operator of the Hudson Federal Waterflood Project, hereby requests the Division to issue a Certification of Qualification for the Hudson Federal Waterflood Project. A draft Certification is enclosed.

Your attention to this matter is appreciated.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)

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

Ken Gray
District Landman

KG:da\ocd6.lt
Enclosure

CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT
FOR THE RECOVERED OIL TAX RATE

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act (L. 1992, Ch. 38). In order to qualify for the Recovered Oil Tax Rate, you must apply to the Division for certification of a positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: Hudson Federal Waterflood Project

DIVISION ORDER NOS.: R-3265 and R-10763

OPERATOR'S ADDRESS: Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attention: Ken Gray

CERTIFICATION DATE: February _____, 1997

PROJECT AREA:

Township 17 South, Range 31 East, N.M.P.M.
Section 17: W/2 NW/4
Section 18: E/2 NE/4

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

EOR N/A

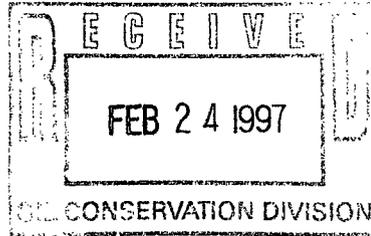
devon
ENERGY CORPORATION

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

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

February 21, 1997

Mr. William J. LeMay
Oil Conservation Division
1040 South Pacheco Street
Santa Fe, NM 87505



Dear Mr. LeMay:

Devon Energy Corporation (Nevada), the operator of the Friess Fren Waterflood Project, hereby requests the Division to issue a Certification of Qualification for the Friess Fren Waterflood Project. A draft Certification is enclosed.

Your attention to this matter is appreciated.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)

A handwritten signature in black ink, appearing to read "Ken Gray".

Ken Gray
District Landman

KG:da\ocd7.lt
Enclosure

CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT
FOR THE RECOVERED OIL TAX RATE

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act (L. 1992, Ch. 38). In order to qualify for the Recovered Oil Tax Rate, you must apply to the Division for certification of a positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: Friess Fren Waterflood Project

DIVISION ORDER NOS.: R-4306 and R-10763

OPERATOR'S ADDRESS: Devon Energy Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, OK 73102
Attention: Ken Gray

CERTIFICATION DATE: February _____, 1997

PROJECT AREA:

Township 17 South, Range 31 East, N.M.P.M.
Section 19: SE/4, E/2 SW/4
Section 30: NE/4

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director