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March 19, 2003

Oil Conservation Division
Attn David Catanach
1220 South St. Francis Drive
Santa Fe, NM 87505

FILE-
WFX-747

RECEIVED

MAR 20 2003

OIL CONSERVATION
DIVISION

Re: Division Order No. WFX-747
West Red Lake Unit Waterflood Project
Eddy, County, New Mexico

Dear Mr. Catanach:

We are in receipt of your letter dated March 5, 2003 detailing the results of your examination of Form C-115's. In connection with this, you have had several phone conversations with Karen Cottom of this office.

The primary concern remaining in this matter is whether or not water injected in the WRLU #43 can make it's way to groundwater intervals via the old Julia "A" Federal Well No. 2 in Unit P, Sec. 5-18S-27E. All available records indicate that the Julia A2 well was originally TD'd at 1260'. The injection interval in the WRLU No. 43 is from 2,142' - 2,194'. Therefore, almost 1000' of natural formation are between the top of our injection interval and the lowest point at which fluids could enter the Julia "A" #2 wellbore. I have discussed this with our Geologist for this area, and he states that there are several impermeable formations in this 1000' that would preclude fluid movement over that interval. We do not believe, therefore, that any well work is necessary on the Julia well. We agree that this information should have been provided to you some time ago, and apologize for being so late.

As for the permit terminating due to non-commencement of injection, Karen has provided you with documentation showing that injection into the unit had indeed commenced before expiration of the extension on January 19, 2002. We believe, therefore, that the conditions of Order No. WFX-747 were met, and that the permit is currently in force.

The WRLU #43 is still shut in, per your March 5th letter. We will contact you in a few days to confirm that we can return this well to active status. Should you have further questions, please contact Karen Cottom at 405-228-7512 or Tom Pepper at 405-552-4513. Thanks in advance.

Sincerely,

Gerald T. (Tom) Pepper
Operations Engineering Advisor
Devon Energy Production Company, L.P.