

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV1220 S. St Francis Dr., Santa Fe, NM  
87505

State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

Form C-101

Permit 1519

**RECEIVED**  
AUG 31 2005  
OCD-ANTEOIA

**APPLICATION FOR PERMIT TO DRILL**

Operator Name and Address DEVON ENERGY PRODUCTION COMPANY, LP 20 N. Broadway Oklahoma City, OK 73102		OGRID Number 6137
		API Number 30-015-34321
Property Code 33470	Property Name APACHE 24 FEE	Well No. 007A

**Surface Location**

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	24	22S	30E		1460	N	1150	W	Eddy

**Proposed Pools**

WILDCAT;DEVONIAN (GAS) 96061
------------------------------

Work Type New Well	Well Type Gas	Cable/Rotary	Lease Type Private	Ground Level Elevation 3355
Multiple N	Proposed Depth 15500	Formation Devonian	Contractor	Spud Date 11/15/2004

**Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	20	16	65.4	625	700	0
Int1	14.75	10.75	40.5	3800	2000	0
Prod	9.5	7.625	33.7	12050	2000	0
Liner1	6.5	5.5	17	15500	350	

**Casing/Cement Program: Additional Comments**

16 - Cmt lead w/450 sx Class C & tail w/ 250 sx Class C, circ to surf, 10 3/4 - cmt lead w/ 1700 sx Class C & tail w/ 300 sx Class C, circ to surface, 7 5/8- cmt lead w/ 800 sx CI C, tail w/ 400 sx CI C, lead w/600 sx CI C & tail w/200 sx thru DV tool at 4000, 5 1/2 liner cmt w/ 350 sx CI C. Hydrogen Sulfide gas may be present in the Devonian. H2S Contingency plan will be on location. 0-625 mud wt 8.4 - 8.8 vis 29-36 NC filtrate fresh water 625-3800 mud wt 8.5-10.0 vis 29-32 NC filtrate Brine 3800-12050 mud wt 9.0 - 12.5 vis 34-38 10 cc, mud up at 10,000 12050-15,500 mud wt 8.4, vis

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	10000	10000	
Annular	5000	5000	

52.17  
27.5

R-111-P

NOTIFY OCD TO WITNESS  
ALL CASING STRINGS

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		<b>OIL CONSERVATION DIVISION</b>	
Electronically Signed By:		Electronically Approved By:	
Title: manager		Title:	
Date: 09/16/2004	Phone: 432-684-4748	Approval Date: <b>SEP 07 2005</b>	Expiration Date: <b>SEP 07 2006</b>
		Conditions of Approval: No Conditions	

BLO ↑  
*Jim W. Green*  
*District II Supervisor*

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State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

Form C-102

Permit 1519

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Name WILDCAT;DEVONIAN (GAS)	Pool Code 96061
Property Code <b>33470</b>	Property Name APACHE 24 FEE	Well No. 007A
OGRID No. 6137	Operator Name DEVON ENERGY PRODUCTION COMPANY, LP	Elevation 3355

**Surface And Bottom Hole Location**

UL or Lot E	Section 24	Township 22S	Range 30E	Lot Idn	Feet From 1460	N/S Line N	Feet From 1150	E/W Line W	County Eddy
Dedicated Acres 320		Joint or Infill		Consolidation Code		Order No.			


**OPERATOR CERTIFICATION**

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

Electronically Signed By:

Title: manager

Date: 09/16/2004

**SURVEYOR CERTIFICATION**

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

Surveyed By: Gary Jones

Date of Survey: 08/11/2004

Certificate Number: 7977

## Permit Comments

**Operator:** DEVON ENERGY PRODUCTION COMPANY, LP , 6137

**Well:** APACHE 24 FEE #007A

User Name	Comment	Comment Date
GUTHRL	Pit will be constructed under general plan, depth to ground water is 100 feet or more, Not in a wellhead protection area, distance to surface water is less than 200 ft, pit will be lined with 12 mil synthetic woven liner.	9/16/2004
GUTHRL	I am submitting a letter from IMC Potash under separate cover.	9/16/2004
BARRANT	APD rejected due to letter of objection from IMC Potash letter dated 8/30/2004, Dan Morehouse Mine Engineer Superintendent.	9/20/2004

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First, Artesia, NM 88210

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

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name APACHE "24" FEE	Well Number 7A
OGRID No. 6137	Operator Name DEVON ENERGY PRODUCTION CO., L.P.	Elevation 3355'

Surface Location

UL or lot No. E	Section 24	Township 22 S	Range 30 E	Lot Idn	Feet from the 1460	North/South line NORTH	Feet from the 1150	East/West line WEST	County EDDY
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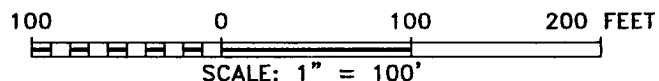
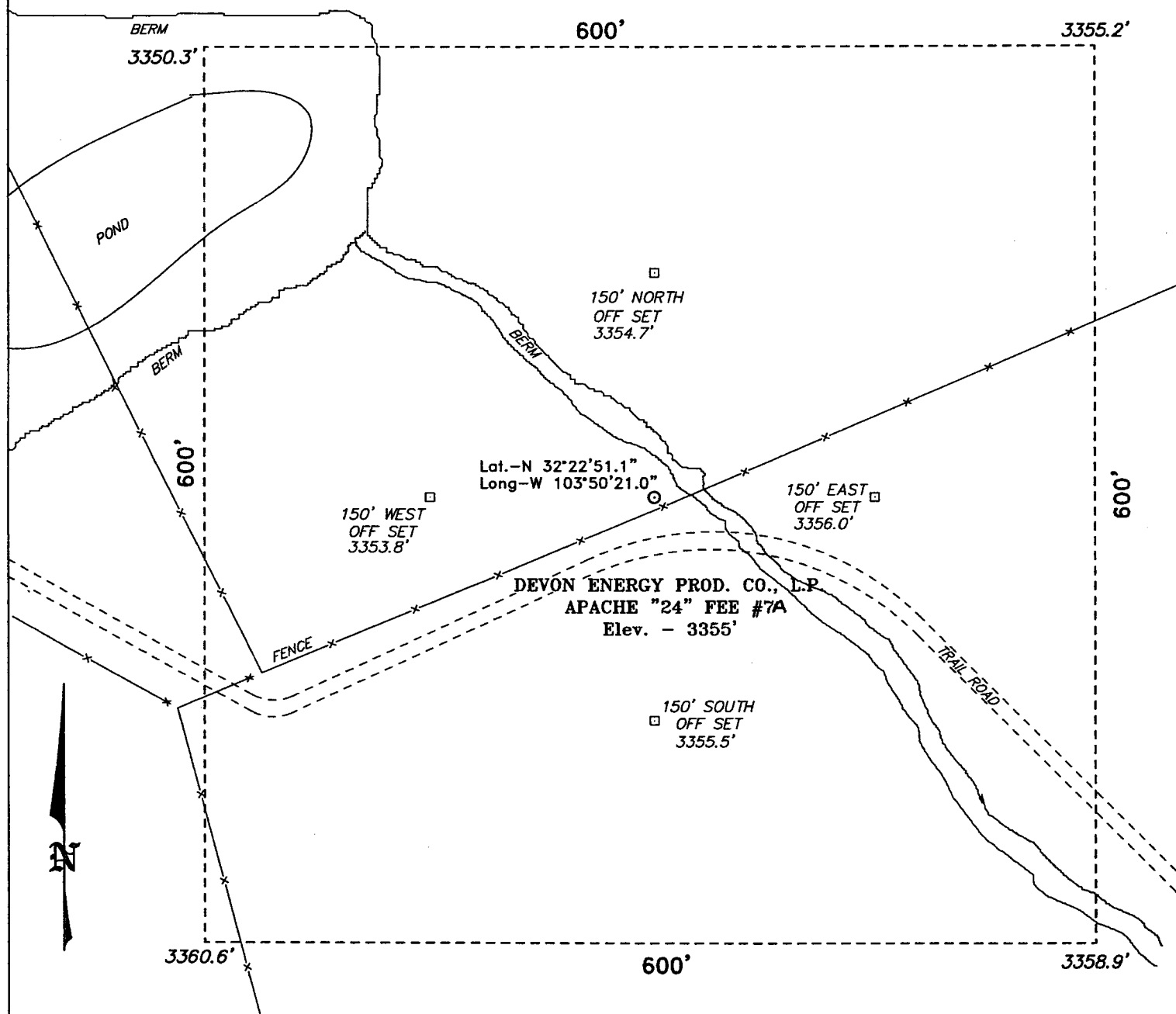
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Linda Guthrie</i> Signature Linda Guthrie Printed Name Regulatory Specialist Title 09/16/04 Date</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>AUGUST 11, 2004 Date Surveyed Signature of Gary L. Jones Professional Surveyor No. 4829 Certification No. 7977 Professional Land Surveyor</p>
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**SECTION 24, TOWNSHIP 22 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.**



**Directions to Location:**

FROM THE JUNCTION OF CO. RD. 802 AND STATE HWY 128, GO NORTHERLY ON CO. RD. 802 (WIPP ROAD) FOR APPROX. 5.0 MILES TO LEASE ROAD; THENCE WESTERLY ON LEASE ROAD FOR APPROX. 2.5 MILES TO A POINT ON THE PROPOSED LOCATION.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 4529 Drawn By: K. GOAD

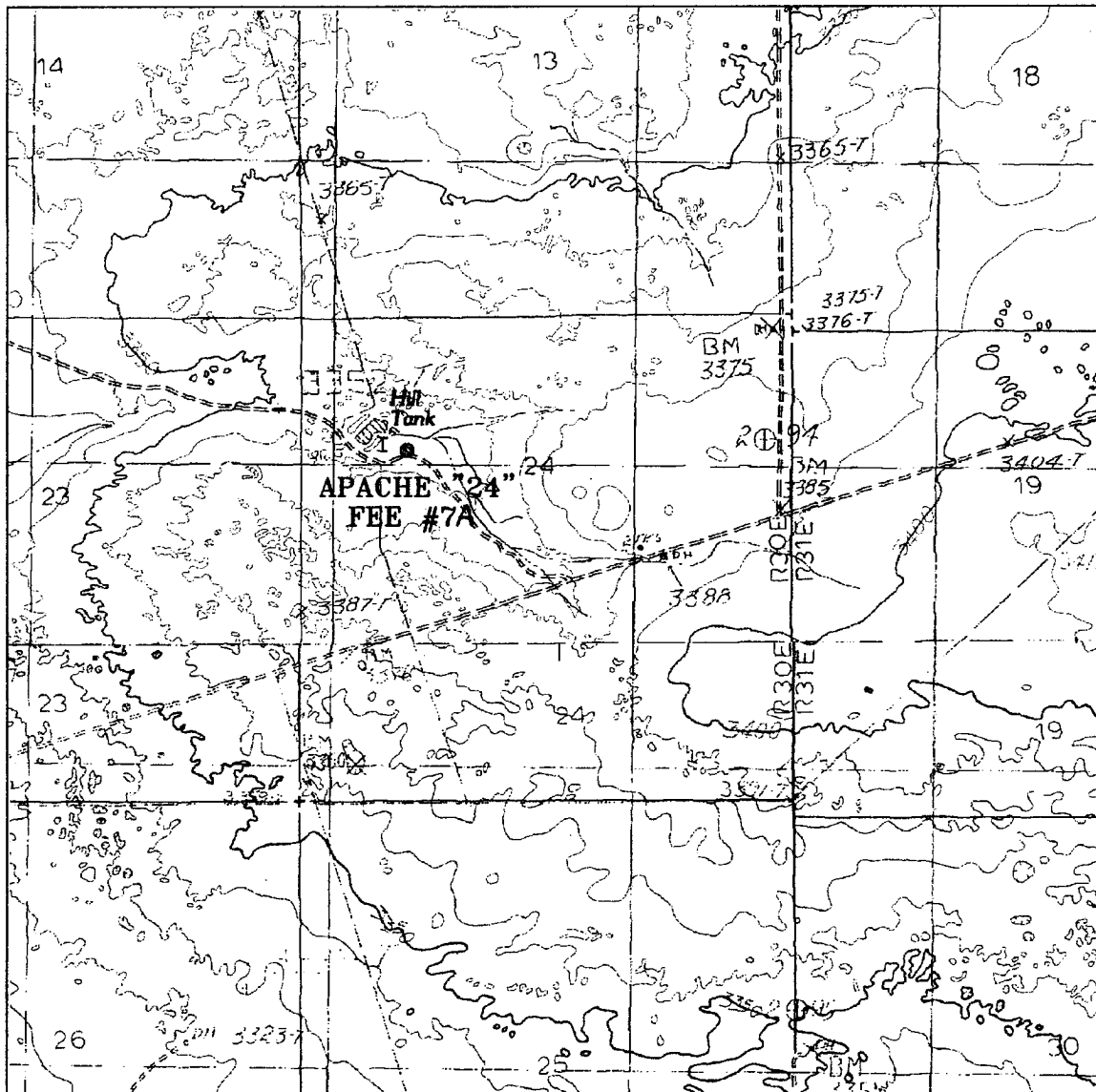
Date: 08-12-2004 Disk: KJG CD#4 - 4529A.DWG

**DEVON ENERGY PROD. CO., L.P.**

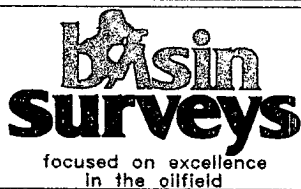
REF: APACHE "24" FEE No. 7A/ Well Pad Topo

THE APACHE "24" FEE No. 7A/LOCATED 1460' FROM  
THE NORTH LINE AND 1150' FROM THE WEST LINE OF  
SECTION 24, TOWNSHIP 22 SOUTH, RANGE 30 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 08-11-2004 Sheet 1 of 1 Sheets



APACHE "24" FEE #7A  
 Located at 1460' FNL and 1150' FWL  
 Section 24, Township 22 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basinsurveys.com

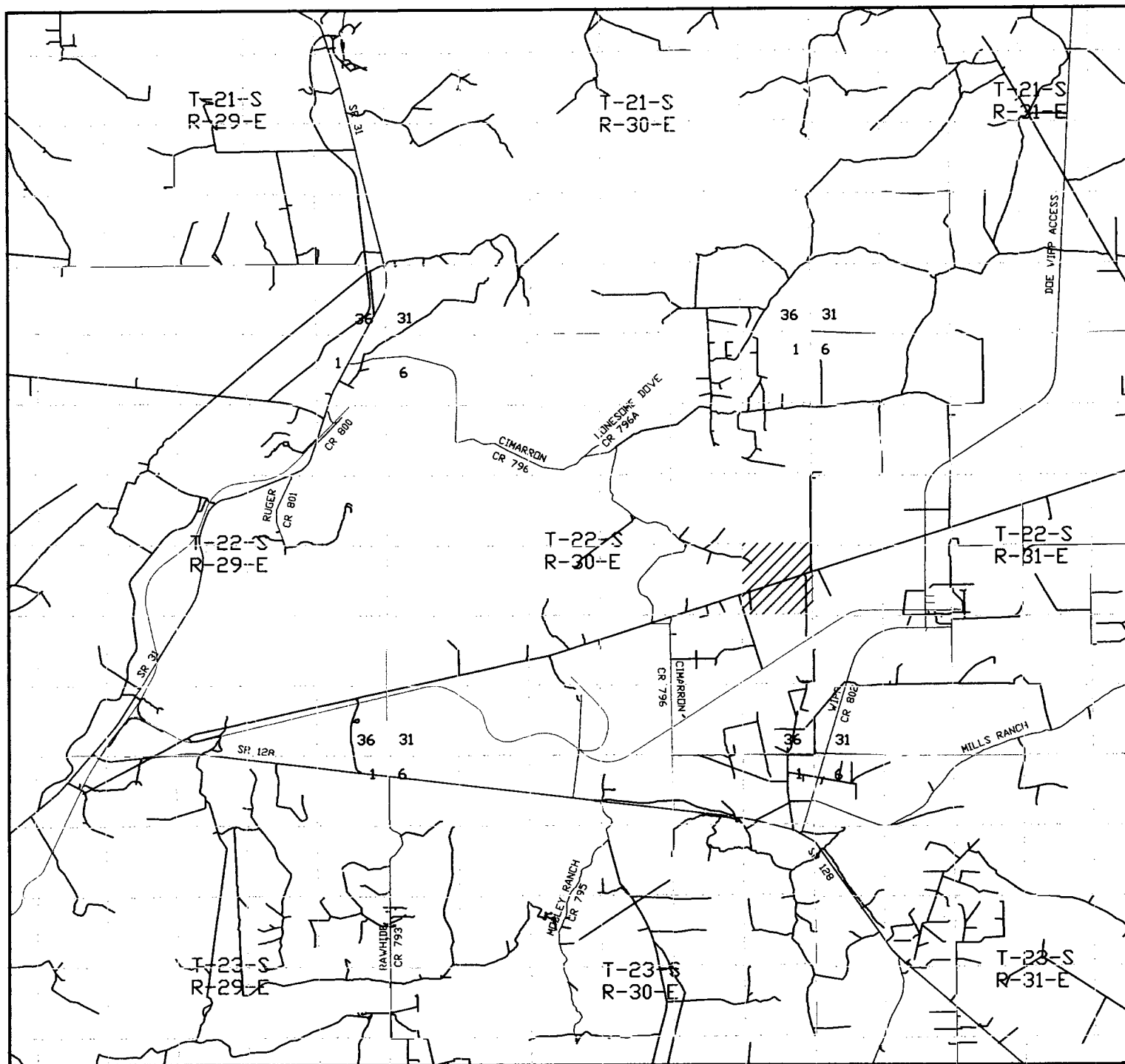
W.O. Number: 4529AA - KJG #1

Survey Date: 08-11-2004

Scale: 1" = 2000'

Date: 08-12-2004

DEVON ENERGY  
 PROD. CO., L.P.



**APACHE "24" FEE #7A**  
 Located at 1460' FNL and 1150' FWL  
 Section 24, Township 22 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.



focused on excellence  
in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basinsurveys.com

W.O. Number: 4529AA - KJG #1

Survey Date: 08-11-2004

Scale: 1" = 2 MILES

Date: 08-12-2004

**DEVON ENERGY  
 PROD. CO., L.P.**



## Permit Comments

**Operator: DEVON ENERGY PRODUCTION COMPANY, LP , 6137**

**Well: APACHE 24 FEE #007A**

User Name	Comment	Comment Date
GUTHRL	Pit will be constructed under general plan, depth to ground water is 100 feet or more, Not in a wellhead protection area, distance to surface water is less than 200 ft, pit will be lined with 12 mil synthetic woven liner.	9/16/2004
GUTHRL	I am submitting a letter from IMC Potash under separate cover.	9/16/2004
BARRANT	APD rejected due to letter of objection from IMC Potash letter dated 8/30/2004, Dan Morehouse Mine Engineer Superintendent.	9/20/2004



August 30, 2004

IMC Potash Carlsbad Inc.  
P. O. Box 71  
1361 Potash Mines Road  
Carlsbad, New Mexico 88221-0071  
505.887.2871

Linda Guthrie  
Devon Energy Production Company, L.P.  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260

Dear Ms. Guthrie:

IMC Potash Carlsbad Inc. objects to the location of Devon Energy's Application to Drill the Apache 24 Fee #7, 1460' FNL, 1150' FWL, Unit E, Section 24, Township 22 South, Range 30 East, NMPM. This location is in an area clearly designated as measured ore by the BLM, and is in IMC's LMR containing valuable potash ore. IMC's 5 year mine plan shows we expect to mine within approximately ¼ mile of this location in 2007. Although this Unit E is privately held, there is no point within this tract that is outside the ¼ mile buffer required by R-111-A and any well within the tract would constitute a hazard to the mining of federally owned potash reserves currently under lease to IMC.

Drilling the well applied for by Devon definitely constitutes a hazard to proposed mining in this area. It will expose the men and women working underground to greatly increased hazards and therefore should not be allowed.

IMC Potash Carlsbad Inc. hereby objects to the drilling of a well at this location.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Morehouse', written over a horizontal line.

Dan Morehouse  
Mine Engineering Superintendent

RECEIVED

SEP 17 2004

COB-ARTESIA

cc: Don Purvis                      Charlie High  
Joe Lara                              Craig Cranston  
Joe Mraz



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

September 17, 2004  
Bureau of Land Management  
620 East Greene St.  
Carlsbad, NM 88220-6292  
Attn: Craig Cranston or To Whom It May Concern

**RE: APPLICATION FOR PERMIT TO DRILL IN THE POTASH AREA**

**OPERATOR:** Devon Energy Production Company, L.P.  
**LEASE NAME:** Apache '24' Fee # 7A  
**LOCATION:** SEC. 24 TOWNSHIP 22 SOUTH, RANGE 30 EAST,  
1460' FNL & 1150' FWL  
EDDY COUNTY, NM, NMPM

RECEIVED

SEP 22 2004

SEP-ARTESIA

**PROPOSED DEPTH: 15,500'**

Dear Craig or To Whom It May Concern,

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuit to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether or not this application is within an established Life-of-Mine Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by this order.

Thank you for your assistance.

Sincerely,

**Bryan G. Arrant**

**PES, District II Artesia NMOCD**

In LMR	Yes <u>X</u>	No <u>    </u>
In Buffer Zone	Yes <u>    </u>	No <u>    </u>

**Comments:**

THIS IS IN IMC'S LMR.

**Signature:** Craig Cranston **Date:** 9-20-04



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

September 16, 2004

US Department of Energy

Carlsbad Field Office

P.O. Box 3090

Carlsbad, NM 88221-3090

Attn: Mr. Harold Johnson, NEPA Compliance Manager or To Whom IT May Concern,

**RE: Devon Energy Production Company, L.P. Application to drill the: Apache '24' Fee # 7A,  
Located in Unit E, of Section 24, Township 22 South, Range 30 East in Eddy County, New Mexico.**

Dear Mr. Johnson or To Whom It May Concern,

The Application to drill (APD) for the above referenced well is enclosed for your review. The Apache '24' Fee # 7A well location lies within 1 mile of the WIPP withdraw area. Per the terms of the Joint Powers Agreement between the Energy Minerals and Natural Resources Department, the DOE and other agencies, a copy of this APD is provided so that you may have the opportunity to develop and submit any comments thereon.

Please feel free to call if you have any questions about this matter or if I can provide any further information.

Respectfully yours,

Bryan G. Arrant

PES

Cc:

Anne Clark -Coordinator of the N.M. Radioactive Waste Consultation Task Force for the New Mexico Energy, Minerals and Natural Resources Department

Tim Gum- District Supervisor for the New Mexico Oil Conservation Division office, District II

Joe Mraz-Geologist for the New Mexico State Land Office Oil and Minerals Division

Doug Lynn-Land Use Coordinator for the U.S. Department of Energy,

Linda Guthrie-Regulatory Specialist for Devon Energy Production Company, L.P.

RECEIVED  
AUG 31 2005  
ODD-ARTEDIA

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

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

CASE NO. 13368

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L. P. FOR AN  
ORDER AUTHORIZING THE DRILLING OF A WELL IN THE POTASH AREA,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 13372

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L. P. FOR AN  
UNORTHODOX DEEP GAS WELL LOCATION AND FOR AN ORDER  
AUTHORIZING THE DRILLING OF A WELL IN THE POTASH AREA, EDDY  
COUNTY, NEW MEXICO.

ORDER NO. R-12403

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 2, 2004, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8<sup>th</sup> day of August, 2005, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given as required by law and in accordance with New Mexico Oil Conservation Division/Commission Order No. R-111-P, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the hearing, Division Cases No. 13367, 13368, and 13372 were consolidated for the purpose of testimony.

(3) The applicant in Case No. 13368, Devon Energy Production Company, L. P. (hereinafter referred to as "Applicant" or "Devon"), seeks approval to drill its proposed Apache "24" Fee Well No. 6 (API No. 30-015-33248) to an approximate depth of 7,900 feet at a standard Delaware oil well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 24, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico. Pursuant to Division Rule 104.B (1), the SW/4 NW/4 of Section 24 is to be dedicated to this well to form a standard 40-acre oil spacing and proration unit for the Undesignated Southeast Quahada Ridge-Delaware Pool (50443).

(4) In companion Case No. 13372, Devon seeks approval to drill its proposed Apache "24" Fee Well No. 7-A to an approximate depth of 15,500 feet at a standard deep Devonian gas well location 1460 feet from the North line and 1150 feet from the West line (Unit E) of Section 24. Pursuant to Division Rule 104.C (2), the N/2 of Section 24 is to be dedicated to this well to form a standard 320-acre lay-down gas spacing unit for deep wildcat Devonian gas production.

(5) Applicant's initial application in Case No. 13372 sought an exception to Division Rule 104.C (2) (a) for the location of the above-described James Ranch Unit Well No. 7-A. However, the proposed location is considered to be standard for the proposed 320-acre deep Devonian gas spacing unit. Applicant's erroneous request for an unorthodox gas well location in Case No. 13372 should therefore be dismissed.

(6) The New Mexico Oil and Gas Act, Section 70-2-12 (B) (17) NMSA 1978, empowers the Division *"to regulate and, where necessary, prohibit drilling or producing operations for oil or gas within any area containing commercial deposits of potash where the operations would have the effect unduly to reduce the total quantity of the commercial deposits of potash which may reasonably be recovered in commercial quantities or where the operations would interfere unduly with the orderly commercial development of the potash deposits."*

(7) Division Order No. R-111, dated November 9, 1951, as amended by Order Nos. R-111-A through R-111-O, established the "Potash Area," which *"represents the area in various parts of which potash mining operations are now in progress, or in which core tests indicate commercial potash reserves."* Furthermore, Division Order No. R-111-P established *"The Rules and Regulations Governing the Exploration and Development of Oil and Gas in Certain Areas Herein Defined, Which Are Known To Contain Potash Reserves (Potash Area)."*

(8) Division records and the evidence presented by Devon indicates that:

(a) By Application for Permit to Drill ("APD") dated December 13, 2003, Devon filed its request to drill its above-described Apache "24" Fee Well No. 6 with the Division district office in Artesia, New Mexico.

(b) Since all of Section 24 is within the designated oil/potash area, Devon on January 23, 2004 notified all potash lessees within one mile of the proposed Apache "24" Fee Well No. 6. IMC Potash Carlsbad, Inc., now Mosaic Potash ("Mosaic"), a party of record in this hearing, is the only potash lessee within one mile of the proposed well location.

(c) On February 19, 2004 the Division's Artesia district office approved Devon's APD for its Apache "24" Fee Well No. 6.

(d) Mosaic, by letter dated April 12, 2004 to Devon and copied to the supervisor of the Division's Artesia district office, objected to the drilling of the proposed Apache "24" Fee Well No. 6.

(e) On September 20, 2004, the Division's Artesia district office rescinded Devon's APD for the Apache "24" Fee Well No. 6.

(f) By APD dated September 16, 2004, Devon filed its request to drill its above-described Apache "24" Fee Well No. 7-A with the Division district office in Artesia, New Mexico.

(g) Mosaic, by letter dated August 30, 2004 to Devon and copied to the supervisor of the Division's Artesia district office, objected to the drilling of the proposed Apache "24" Fee Well No. 7-A.

(h) On September 20, 2004, the Division's Artesia district office rejected Devon's APD for the Apache "24" Fee Well No. 7-A.

(9) The SW/4 NW/4 (Unit E) of Section 24 is fee surface/fee minerals (oil, gas, and potash). Applicant is the current lessee of a valid oil and gas lease from all mineral interest owners covering the mineral rights under this 40-acre tract.

(10) Order R-111-P provides that for wells on State Lands or on Federal Lands, the Division shall inquire of the New Mexico State Land Office ("SLO") or the United States Bureau of Land Management ("BLM"), as the case may be, as to whether the lands involved are within an area designated a Life of Mine Reserve ("LMR").

(11) With regard to potash leasing and potash development in a nine-section area comprising Sections 13, 14, 23, 24, 25, and 26, Township 22 South, Range 30 East, NMPM and Sections 18, 19, and 30, Township 22 South, Range 31 East, NMPM, all in Eddy County, New Mexico, the evidence presented demonstrates that:

(a) Mosaic holds federal potash leases in the S/2 of Section 14; all of Section 23; the SW/4 of Section 24; the W/2 NE/4, SE/4 NE/4, W/2, and SE/4 of Section 25; and all of Section 26, all in Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico;

(b) all of Section 13; the N/2 of Section 14; the N/2 and SE/4 of Section 24; and the NE/4 NE/4 of Section 25, all in Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico, is unleased federal potash;

(c) the SW/4 NW/4 (Unit E) of Section 24 (fee minerals) is currently unleased with respect to potash;

(d) Sections 18, 19, and 30, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico, are within the United States Department of Energy's Waste Isolation Pilot Plant ("WIPP") area that is condemned of all mineral development;

(e) all of Sections 13, 14, 23, 24, and 26, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico, are within the "Measured Potash Reserves" area (Potash Enclave) and most of Section 25, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico, is within the area designated as barren, as depicted on the latest map published by the United States Bureau of Land Management of the distribution of potash resources within the Carlsbad Mining District, Eddy and Lea Counties, New Mexico;



(f) most of the western half of Section 24, including all of the SW/4 NW/4 (Unit E) of Section 24, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico, is designated as an LMR; and

(g) the closest potash mining operations is approximately two miles to the southwest of Devon's proposed well location.

(12) With regard to oil and gas development in the immediate area, Devon presented evidence that demonstrates:

(a) there are no well bores within Sections 14, 24, and 26, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico;

(b) there are at least seventeen well bores within Sections 13, 24, and 25, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico, some of which are located within the Measured Potash Reserves area;

(c) Devon's proposed Apache "24" Fee Well No. 7-A has the potential of finding oil and gas reserves capable of producing in commercial quantities within both the Delaware and Devonian formations.

(13) According to Order R-111-P, an LMR determination by either the SLO or the BLM is within the exclusive authority of those agencies and such a determination by them is binding upon the Division.

(14) However, Order R-111-P makes no provision for an LMR determination when the proposed well is located on fee lands, nor does Order R-111-P authorize a potash lessee to designate an LMR over lands not leased to that potash lessee.

(15) Sub-part G (e) 3 of the these rules, provides that; *"application to drill in the LMR area, including buffer zones, may be approved only by mutual agreement of lessor and lessees of both potash and oil and gas interests."*

(16) The evidence presented indicates that the surface owner and all mineral interest owners have consented to Devon's drilling of both its Apache "24" Fee Wells No. 6 and 7-A and desires to have their oil and gas minerals developed first and in preference to any potash reserves underlying the SW/4 NW/4 (Unit E) of Section 24.

(17) The application in both Cases no. 13368 and 13372 should be approved and Devon's APD to drill its above-described: (i) Apache "24" Fee Well No. 6 (API No. 30-015-33248), previously rescinded by the Division's Artesia district office on September 20, 2004, should be reinstated; and (ii) Apache "24" Fee Well No. 7-A that was rejected by the Division's Artesia district office on September 20, 2004, should be accepted.

(18) Devon must comply with all applicable drilling, casing, cementing, and plugging requirements of a deep gas well set forth in Division Order No. R-111-P.

(19) Further, as provided in sub-part H of Order R-111-P, a representative of Mosaic or a representative of any owner of a potash mineral interest within one mile of the proposed Apache "24" Fee Wells No. 6 and 7-A may be present during drilling, cementing, casing, and plugging of said wells to observe conformance with all requirements of Order R-111-P and of this order.

**IT IS THEREFORE ORDERED THAT:**

(1) In Division Case No. 13368, Devon Energy Production Company, L. P. ("Devon") is hereby granted authority to drill its Apache "24" Fee Well No. 6 (API No. 30-015-33248) to an approximate depth of 7,900 feet at a standard Delaware oil well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 24, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico. The SW/4 NW/4 of Section 24 is to be dedicated to this well to form a standard 40-acre oil spacing and proration unit for the Undesignated Southeast Quahada Ridge-Delaware Pool (50443).

(2) In companion Case No. 13372, Devon is hereby granted authority to drill its Apache "24" Fee Well No. 7-A to an approximate depth of 15,500 feet at a standard deep Devonian gas well location 1460 feet from the North line and 1150 feet from the West line (Unit E) of Section 24. The N/2 of Section 24 is to be dedicated to this well to form a standard 320-acre lay-down gas spacing unit for deep wildcat Devonian gas production.

(3) That portion of Case No. 13372 for an unorthodox deep gas well location for Devon's proposed Apache "24" Fee Well No. 7-A is hereby dismissed.

Case No. 13368 & 13372

Order No. R-12403

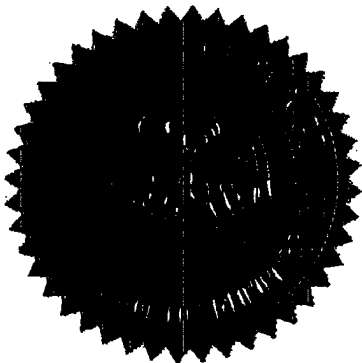
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(4) Devon shall comply with all applicable drilling, casing, cementing, and plugging requirements of a deep gas well set forth in Division Order No. R-111-P.

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

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



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P. E.  
Director