



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 17, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: Linda Guthrie
Linda.Guthrie@dvn.com

Re: *Devon Energy Production Company, L. P.'s Kurtland "6" Federal Well No. 2 (API No. 30-015-33238), located on the surface 3000 feet from the North line and 610 feet from the West line (Lot 12/Unit L) of Irregular Section 6, Township 21 South, range 27 East, NMPM, Eddy County, New Mexico.*

Dear Ms. Guthrie:

The Division is in receipt of your application (*administrative application reference No. pMES0-426535117*) dated November 10, 2004 to amend Division Administrative Order NSL-4974. After my review of this application I have determined that you must have misinterpreted my letter dated November 2, 2004 concerning the "possible horizontal displacement" of the wellbore. In my November 2, 2004 letter I stated:

"In lieu of running a directional survey on this wellbore, the Division will accept a "worst case scenario" non-standard location request for both the Atoka and Morrow intervals in this matter. Please file your application to amend Division Administrative Order NSL-4974 in accordance with Division Rules 104.F and 1207.A (2)."

What I meant by this statement was for Devon to notify those affected offsetting parties pursuant to Division Rule 1207.A (2) and present them with this "worst case scenario." Nowhere in your notice to these offsets did you mention the possible encroachment of their property by this wellbore by another 491 feet. I apologize for not making my intent clearer.

Therefore, in lieu of running a directional survey on this wellbore, please provide adequate notice to all affected offsetting parties pursuant to Division Rule 1207.A (2). This notice shall include a copy of your letter to me dated September 9, 2004, with the three attachments that you proved me at that time: (i) deviation tests dated April 21, 2004; (ii) land plat of the immediate area; and (iii) Mr. Bryan G. Arrant's letter to you dated August 25, 2004, and a copy of this letter.

Once I receive verification of proper mailing, I will commence the required 20-day waiting period before acting on this request.

Devon Energy Production Company, L. P.

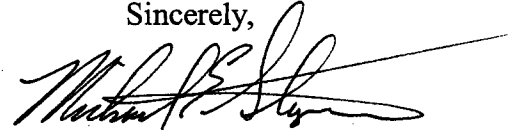
Division administrative application reference No. pMES0-426535117

January 17, 2005

Page 2

Should you have any questions or comments concerning this matter, please contact your legal counsel, Mr. James Bruce in Santa Fe at (505) 982-2043. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
James Bruce, Legal Counsel for Devon Energy Production Company, L. P. - Santa Fe

Stogner, Michael

From: Stogner, Michael
Sent: Monday, January 17, 2005 1:33 PM
To: 'Linda Guthrie (E-mail)'
Cc: Arrant, Bryan
Subject: RE: Kurtland "6" Federal #2 (30-015-33238)

Please see attachment.



devon10-1.doc

-----Original Message-----

From: Stogner, Michael
Sent: Tuesday, November 02, 2004 12:49 PM
To: Linda Guthrie (E-mail)
Cc: Arrant, Bryan
Subject: Kurtland "6" Federal #2 (30-015-33238)

Per your voice mail message to me yesterday morning concerning your letter dated Sept. 9, 2004; please see the attached letter:

<< File: devon10.doc >>

January 17, 2005

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

Attention: Linda Guthrie
Linda.Guthrie@dvn.com

Re: *Devon Energy Production Company, L. P.'s Kurtland "6" Federal Well No. 2 (API No. 30-015-33238), located on the surface 3000 feet from the North line and 610 feet from the West line (Lot 12/Unit L) of Irregular Section 6, Township 21 South, range 27 East, NMPM, Eddy County, New Mexico.*

Dear Ms. Guthrie:

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"In lieu of running a directional survey on this wellbore, the Division will accept a "worst case scenario" non-standard location request for both the Atoka and Morrow intervals in this matter. Please file your application to amend Division Administrative Order NSL-4974 in accordance with Division Rules 104.F and 1207.A (2)."

What I meant by this statement was for Devon to notify those affected offsetting parties pursuant to Division Rule 1207.A (2) and present them with this "worst case scenario." Nowhere in your notice to these offsets did you mention the possible encroachment of their property by this wellbore by another 491 feet. I apologize for not making my intent clearer.

Therefore, in lieu of running a directional survey on this wellbore, please provide adequate notice to all affected offsetting parties pursuant to Division Rule 1207.A (2). This notice shall include a copy of your letter to me dated September 9, 2004, with the three attachments that you provided me at that time: (i) deviation tests dated April 21, 2004; (ii) land plat of the immediate area; and (iii) Mr. Bryan G. Arrant's letter to you dated August 25, 2004, and a copy of this letter.

Once I receive verification of proper mailing, I will commence the required 20-day waiting period before acting on this request.

Should you have any questions or comments concerning this matter, please contact your legal counsel, Mr. James Bruce in Santa Fe at (505) 982-2043. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
James Bruce, Legal Counsel for Devon Energy Production Company, L. P. - Santa Fe

New Susp: 2-14-2005

Stogner, Michael

From: Gray, Ken (OKC) [Ken.Gray@dvn.com]
Sent: Monday, January 24, 2005 9:07 AM
To: MSTOGNER@state.nm.us
Cc: Guthrie, Linda
Subject: Kurland 6 Federal #2; pMESO-426535117

In accordance with your letter dated January 17, 2005, attached you will find notification packages to offset operators of the Kurland 6 Federal #2 which have been sent via certified mail on January 24, 2005. Please advise if further action is required.

<<Gray, Ken (grayk) - 01-24-05 - TM9YFN9.pdf>>

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

1/24/2005



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

January 24, 2005

Fasken Oil & Ranch, Ltd.
303 West Wall, Suite 1800
Midland, Texas 79701-5106
Attn: Sally Kvasnicka

Re: Kurland 6 Federal #2
Section 6-T21S-R27E
Eddy County, New Mexico

Gentlemen:

By letter dated November 10, 2004 Devon Energy Production Company, L.P. ("Devon") as operator of the referenced well made administrative application to New Mexico Oil Conversation Division ("NMOCD") for an amendment to an existing NSL-974 to include both the Burton Flat East Morrow Gas Pool and the Undesignated Alacran Hills Atoka Gas Pool. As an offset operator, your company was provided with notice of such application which you approved. A copy of Devon's application, notice to offset operators and your approval of the application are attached.

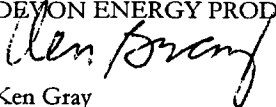
Please be advised that a typographical error identified the location of the well as being 3300' FSL & 660' FWL when the actual location of the well is 3000' FNL & 610' FWL. Additionally, upon further discussion, Devon and the NMOCD have agreed that in the absence of a directional survey in the wellbore of the Kurland 6 Federal #2 additional horizontal displacement could have occurred in the drilling of the well such that the wellbore could have encroached on the offset property an additional 491' under a "worst case scenario". A copy of Michael Stogner's letter dated January 17, 2005 is attached for your review. Mr. Stogner has requested that your company be provided with the above information, along with the attachments prior to approving Devon's administrative application, in the absence of any objection.

Based on the above information, if you have no objection to Devon's application, please so indicate by signing and returning one copy of this letter to the undersigned.

If there are any questions or if additional information is required, feel free to contact me at (405) 552-4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.


Ken Gray
Senior Land Advisor

Fasken Oil & Ranch, Ltd. has no objection to this administrative application for amendment to NMOCD Administrative Order NSL-4974.

By: _____

Title: _____



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

January 24, 2005

Merit Energy Company
13727 Noel Road, Suit 500
Dallas, Texas 75240-1336
Attn: Anna McMinn

Re: Kurland 6 Federal #2
Section 6-T21S-R27E
Eddy County, New Mexico

Gentlemen:

By letter dated November 10, 2004 Devon Energy Production Company, L.P. ("Devon") as operator of the referenced well made administrative application to New Mexico Oil Conversation Division ("NMOCD") for an amendment to an existing NSL-974 to include both the Burton Flat East Morrow Gas Pool and the Undesignated Alacran Hills Atoka Gas Pool. As an offset operator, your company was provided with notice of such application which you approved. A copy of Devon's application, notice to offset operators and your approval of the application are attached.

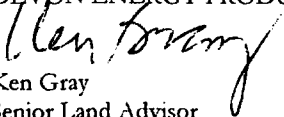
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Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.


Ken Gray
Senior Land Advisor

Merit Energy Company has no objection to this administrative application for amendment to NMOCD Administrative Order NSL-4974.

By: _____

Title: _____

January 17, 2005

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

Attention: Linda Guthrie
Linda.Guthrie@dvn.com

Re: *Devon Energy Production Company, L. P.'s Kurtland "6" Federal Well No. 2 (API No. 30-015-33238), located on the surface 3000 feet from the North line and 610 feet from the West line (Lot 12/Unit L) of Irregular Section 6, Township 21 South, range 27 East, NMPM, Eddy County, New Mexico.*

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"In lieu of running a directional survey on this wellbore, the Division will accept a "worst case scenario" non-standard location request for both the Atoka and Morrow intervals in this matter. Please file your application to amend Division Administrative Order NSL-4974 in accordance with Division Rules 104.F and 1207.A (2)."

What I meant by this statement was for Devon to notify those affected offsetting parties pursuant to Division Rule 1207.A (2) and present them with this "worst case scenario." Nowhere in your notice to these offsets did you mention the possible encroachment of their property by this wellbore by another 491 feet. I apologize for not making my intent clearer.

Therefore, in lieu of running a directional survey on this wellbore, please provide adequate notice to all affected offsetting parties pursuant to Division Rule 1207.A (2). This notice shall include a copy of your letter to me dated September 9, 2004, with the three attachments that you proved me at that time: (i) deviation tests dated April 21, 2004; (ii) land plat of the immediate area; and (iii) Mr. Bryan G. Arrant's letter to you dated August 25, 2004, and a copy of this letter.

Once I receive verification of proper mailing, I will commence the required 20-day waiting period before acting on this request.

Devon Energy Production Company, L. P.

Division administrative application reference No. pMES0-426535117

January 17, 2005

Page 2

Should you have any questions or comments concerning this matter, please contact your legal counsel, Mr. James Bruce in Santa Fe at (505) 982-2043. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
James Bruce, Legal Counsel for Devon Energy Production Company, L. P. - Santa Fe



RECEIVED

NOV 16 2004

FASKEN OIL AND
RANCH LTD.
LAND DEPT.
Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

November 10, 2004

Fasken Oil & Ranch, Ltd.
303 West Wall, Suite 1800
Midland, Texas 79701-5106
Attn: Sally Kvasnicka

Re: Kurland 6 Federal #2
Section 6-T21S-R27E
Eddy County, New Mexico

Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s administrative application for approval of an amendment to NMOCD Administrative Order NSL-4974, a copy of which is attached, for an unorthodox well location covering the referenced test well which has been approved for downhole commingling for the production of natural gas from the Burton Flat Morrow Gas and the Undesignated Alacran Hills Atoka Gas Pool. New Mexico Oil Conservation Division (NMOCD) records indicate that your company is the named operator of an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

If there are any questions or if additional information is required, feel to call me at (405) 552-4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.



Ken Gray
Senior Land Advisor

KG:
Enclosures

Fasken Oil & Ranch, Ltd. has no objection to this administrative application for amendment to NMOCD Administrative Order NSL-4974.

By: Sally M. Kvasnicka
Title: Land Manager

*On the condition that Devon Energy Production Company, L.P. grant Fasken Oil and Ranch, Ltd., a like waiver on request.



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-6260
Fax 405-552-8113

November 10, 2004

Merit Energy Company
13727 Noel Road, Suite 500
Dallas, Texas 75240-1336
Attn: Anna M. McMinn

Re: Kurland 6 Federal #2
Section 6-T21S-R27E
Eddy County, New Mexico

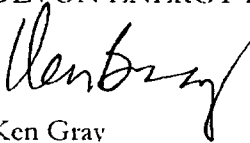
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If there are any questions or if additional information is required, feel to call me at (405) 552-4633.

Yours very truly,

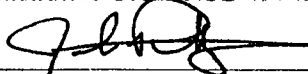
DEVON ENERGY PRODUCTION COMPANY, L.P.


Ken Gray
Senior Land Advisor

KG:
Enclosures



Merit Energy Company has no objection to this administrative application for amendment to NMOCD Administrative Order NSL-4974.

By:  11/18/04

Title: WESTERN FORMAN OPS ENR



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 2, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: Linda Guthrie
Linda.Guthrie@devn.com

Re: *Devon Energy Production Company, L. P.'s Kurtland "6" Federal Well No. 2 (API No. 30-015-33238), located on the surface 3000 feet from the North line and 610 feet from the West line (Lot 12/Unit L) of Irregular Section 6, Township 21 South, range 27 East, NMPM, Eddy County, New Mexico.*

Dear Ms. Guthrie:

I received your letter dated September 9, 2004, and have subsequently reviewed the Division's well file on the Kurtland "6" Federal Well No. 2 and Division Administrative Orders NSL-4974 and DHC-3323. Please refer to Division Administrative Order NSL-4974, which was issued for the Burton Flat-Morrow Gas Pool (73280) only. Since the subject well is dually completed in the Morrow interval and the Undesignated Alacran Hills-Atoka Gas Pool (70060) under the authorization of Division Administrative Order DHC-3323, dated August 6, 2004, the NSL order will need to be amended to include the Atoka interval.

In lieu of running a directional survey on this wellbore, the Division will accept a "worst case scenario" non-standard location request for both the Atoka and Morrow intervals in this matter. Please file your application to amend Division Administrative Order NSL-4974 in accordance with Division Rules 104.F and 1207.A (2).

Should you have any questions or comments concerning this matter, please contact your legal counsel, Mr. James Bruce in Santa Fe at (505) 982-2043. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
James Bruce, Legal Counsel for Devon Energy Production Company, L. P. - Santa Fe



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

September 9, 2004

Mr. Michael Stogner
New Mexico OCD
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: Kurland 6 Federal #2
API# 30-015-33238

Dear Mr. Stogner;

Per our earlier conversation, I am attaching a copy of our calculations of the maximum possible horizontal displacement in this well along with the lease map.

Our calculations reveal a maximum displacement of 490.77'. If you assume the worst case scenario the results would still not exceed the distance to the nearest outer boundary line, which in this case would be 610'. Therefore, we do not believe that the displacement "triggers" the requirement in the rules to need to run a directional survey. However, the Artesia office has requested such under 19.15.3.111.B(2). I discussed this with Bryan Arrant and as I mentioned on the phone, he suggested I contact you with my concerns. If it is not necessary, I would obviously prefer to not have to spend those resources on a survey.

Additionally for your information, we have a NSL order #4974 as well as Order DHC-3323 for commingling the Burton Flat-Morrow and Undesignated Alacran Hills-Atoka pools.

Thank you for your assistance in clarifying the interpretation of this requirement for me. Please contact me at 405 228-8209 if I can provide any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Linda Guthrie".

Linda Guthrie
Regulatory Specialist

KURLAND 6 FEL #2

SEC 6, 21S, 27E

Eddy County, New Mexico

LEASE & WELL

(Give Unit, Section, Township and Range)

OPERATOR

DEVON ENERGY 20 N BROADWAY, SUITE 1500 OKLAHOMA CITY, OK 73102

DRILLING CONTRACTOR

NABORS DRILLING USA, LP

The Undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above-described well and that he has conducted deviation tests and obtained the following results:

DEGREES @ DEPTH	DEGREES @ DEPTH	DEGREES @ DEPTH	DEGREES @ DEPTH
<i>Ft</i>	<i>Ft</i>	<i>Ft</i>	
1 3.97 228	2 17.44 5405	2 3/4 4.46 8320	
1 5.42 539	1 1/2 14.47 5958	3 6.64 8447	
3/4 6.40 1028	2 16.33 6426	2 1/4 9.69 8694	
4 1/4 36.90 1526	3 1/4 28.34 6926	2 8.72 8944	
5 3/4 9.21 1618	4 11.92 7097	3 13.03 9193	
5 3/4 9.41 1712	3 1/2 7.75 7224	3 3/4 16.41 9444	
5 1/4 8.69 1807	4 6.20 7313	3 1/2 15.20 9693	
4 1/2 7.53 1903	3 1/2 4.33 7384	3 13.34 9948	
3 1/2 11.78 2096	4 8.64 7508	3 9.57 10131	
2 1/2 17.18 2490	5 3/4 12.72 635	3 27.11 10649	
1 1/4 9.07 2906	5 1/4 8.60 7729	1 1/2 6.96 10915	
1 8.72 3406	5 1/2 8.72 7820		
1 8.88 3915	4 3/4 7.70 7913		
1 8.56 4406	4 6.55 8007		
2 17.41 4905	3 11.51 8227		

Cum Totals 177.41 + 178.22 + 135.14 = 490.77' cum Displacement

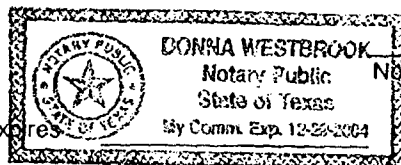
Drilling Contractor

Nabors Drilling USA, LP

By

Don Nelson-District Drilling Superintendent

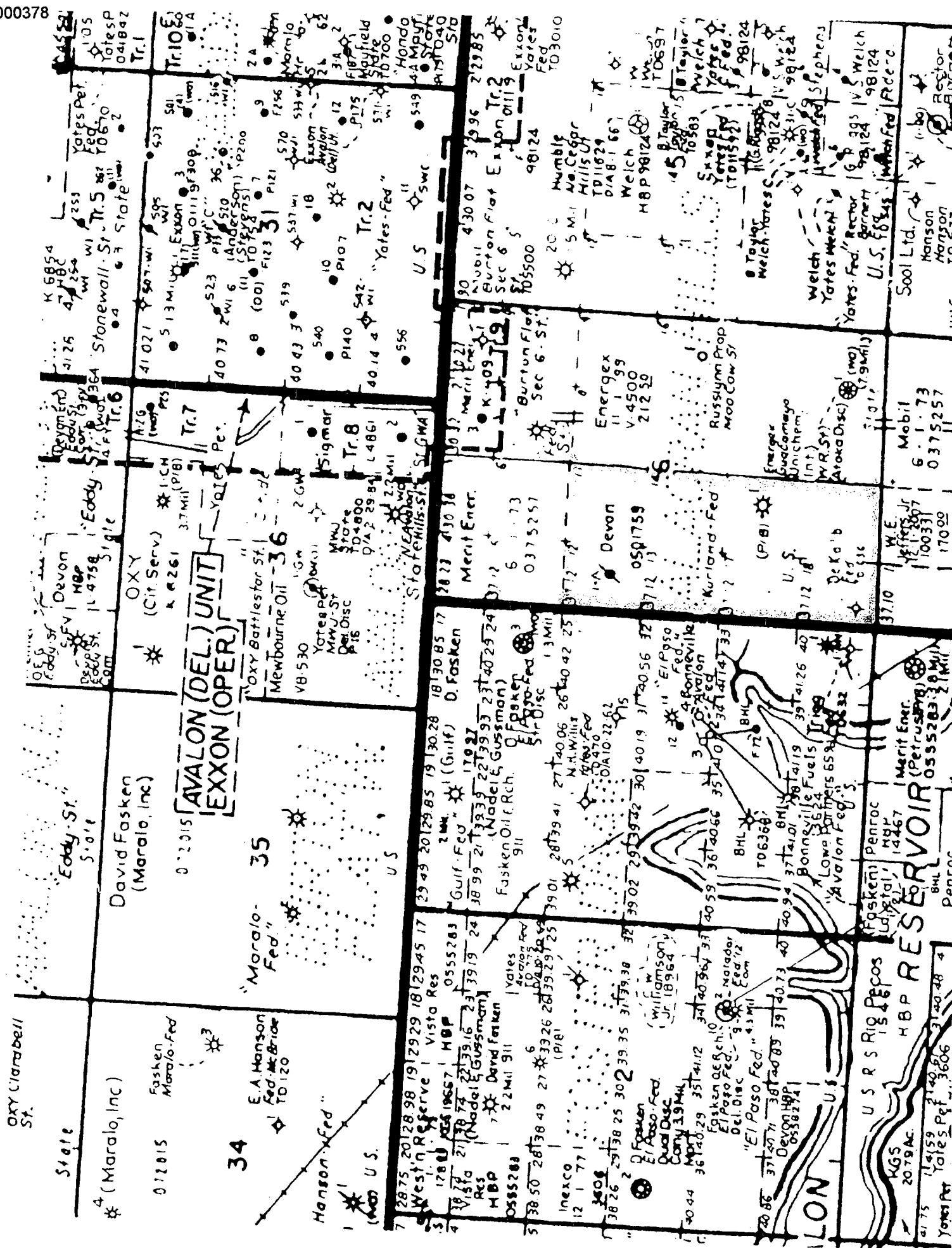
Subscribed and sworn to before me this 21 day of April, 2004



My Commission Expires

MIDLAND

County TEXAS





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 25, 2004

Devon Energy Production Company
20 N. Broadway, Suite 1500
Oklahoma City, OK 73102-8260

Attn: Ms. Linda Guthrie or To Whom It may Concern:

**RE: Devon Energy Production Company, L.P. well: The Kurland '6' Federal #2, located in Lot 12, 3000' FNL & 610' FWL of Section 6 in Township 21 South, Range 27 East in Eddy County, New Mexico.
API # 30-015-33238**

Dear Ms. Linda Guthrie or To Whom It May Concern:

In regards to the above referenced well, a directional survey shall be ran immediately in order to establish the bottom hole location and the producing interval per New Mexico Oil Conservation Division Rule 111.B.(2). The cumulative displacement of 490.77' supports the requirement of this rule although a NSL # 4974 for said well has been issued. I have provided a part of NMOCD Rule 111 that pertains to this matter for your reference.

19.15.3.111 DEVIATION
TESTS AND DIRECTIONAL WELLS:

(2) Excessive Deviation. When the deviation averages more than five degrees in any 500-foot interval, the operator shall include the calculations of the maximum possible horizontal displacement of the hole. When the maximum possible horizontal displacement exceeds the distance to the nearest outer boundary line of the appropriate unit, the operator shall run a directional survey to establish the location of the producing interval(s).

Please call if you have any questions regarding this matter,

Bryan G. Arrant
PES

Cc: Tim Gum- District Supervisor, Artesia
Michael Stogner-Chief Hearing Examiner, Santa Fe
Well File