

✓ → 4/27/17

RECEIVED: 4-6-2017	REVIEWER: LRL	TYPE: NSL	APP NO: PKSC1709731879
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

160 Acres

Applicant: Devon Energy Production Company, L.P. **OGRID Number:** 6137
Well Name: Blue Krait 23 Fed 911 **API:** 30-025-43237
Pool: Red Hills; Bone Spring, North **Pool Code:** 96434

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

NSL- 7525

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
 B. Check one only for [I] or [II]
 [I] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☒ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Justin Porter

Print or Type Name

Signature

Date

4/5/2017

(405) 228-8704

Phone Number

Justin.Porter@dvn.com

e-mail Address



Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102

405 235 3611 Phone
www.devonenergy.com

April 24, 2017

VIA EMAIL to: Leonard.Lowe@state.nm.us

Michael.McMillan@state.nm.us

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
Attn: Mr. Leonard Lowe and Mr. Michael McMillan

Re: Application for a Non-Standard Location
Blue Krait 23 Fed 3H
E/2 E/2 Section 23-T24S-R33E
Lea County, New Mexico

Gentlemen:

On April 5, 2017, Devon Energy Production Company, L.P. ("Devon") requested administrative approval of an unorthodox well location for the **Blue Krait 23 Fed 3H** well to be completed in the Red Hills; Bone Spring, North Pool (Pool Code 96434). The C-102 enclosed with Devon's application showed the permitted surface location 200' FSL & 710' FEL with a permitted bottom hole location 330' FNL & 1,284' FEL of Section 23-T24S-R33E. Please note the surface location has moved twenty feet to the east and is now 200' FSL & 690' FEL; however, the BHL and take points will not change from those discussed in the cover letter dated April 5, 2017.

In summary, the projected FTP (first take point) is expected to be approximately 330' FSL & 1,284' FEL and the projected LTP (last take point) is expected to be approximately 330' FNL & 1,284' FEL Section 23-T24S-R33E. Attached is the revised C-102 for the **Blue Krait 23 Fed 3H**.

You have requested additional information regarding Devon's application for the non-standard location. Pursuant to your request, enclosed please find information provided by Devon's engineer for this area explaining the reasons for proposing to drill the Blue Krait 23 Fed 3H at a non-standard location.

If anything further is needed, please let me know. My phone number is (405) 552-6160; my email is Carol.Glass@devon.com

DEVON ENERGY PRODUCTION COMPANY, L.P.

A handwritten signature in blue ink that reads "Carol Glass". The signature is fluid and cursive, with the first and last names clearly legible.

Carol Glass
Landman

Enclosures



Devon Energy Production Company, L.P. 405 235 3611 Phone
333 West Sheridan Avenue www.devonenergy.com
Oklahoma City, OK 73102

April 24, 2017

VIA EMAIL to:

Leonard.Lowe@state.nm.us

Michael.McMillan@state.nm.us

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
Attn: Mr. Leonard Lowe and Mr. Michael McMillan

Re: Application for a Non-Standard Location
Blue Krait 23 Fed 3H
E/2 E/2 Section 23-T24S-R33E
Lea County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon") respectfully requests administrative approval of an unorthodox well location for the **Blue Krait 23 Fed 3H** well to be completed in the Red Hills; Bone Spring, North Pool (Pool Code 96434).

Devon desires to develop Section 23-T24S-R33E in a manner which will protect correlative rights and prevent waste. Devon's objective is to prudently produce reserves in such a manner that may not otherwise be recovered. The non-standard location allows Devon to optimize well spacing for horizontal development thereby minimizing the risk of leaving reserves behind.

If anything further is needed contact me at (405) 552-4780 or Jaron.Lang@devon.com.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L.P.

A handwritten signature in blue ink that reads "Jaron Lang". The signature is fluid and cursive, with the first name "Jaron" and last name "Lang" clearly distinguishable.

Jaron Lang
Reservoir Engineer



Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102

405 235 3611 Phone
www.devonenergy.com

April 5, 2017

2017 APR -6 P 1:10

VIA FED EX OVERNIGHT MAIL

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
Attn: Mr. Leonard Lowe

Re: Application for a Non-Standard Location
Blue Krait 23 Fed 3H
E/2 E/2 Section 23-T24S-R33E
Lea County, New Mexico

Dear Mr. Lowe:

~~Devon Energy Production Company, L.P. ("Devon") respectfully requests administrative approval of an unorthodox well location for the Blue Krait 23 Fed 3H well to be completed in the Red Hills; Bone Spring, North Pool (Pool Code 96434). As shown on the enclosed C-102, the permitted surface location is 200' FSL & 710' FEL with a permitted bottom hole location 330' FNL & 1,284' FEL of Section 23-T24S-R33E. The projected FTP (first take point) is expected to be approximately 330' FSL & 1,284' FEL and the projected LTP (last take point) is expected to be approximately 330' FNL & 1,284' FEL Section 23-T24S-R33E. The reason for permitting this well at an unorthodox location is to maximize recovery.~~

Please be advised Devon owns 100% of the leasehold interest in all of Section 23-T24S-R33E and 100% of the leasehold interest in the W/2 and W/2 E/2 Section 14-T24S-R33E. EOG Resources, Inc. is the operator of wells located in Section 26-T24S-R33 and is being notified of this application with notifications being sent via certified mail to the address shown on the enclosed list labeled "Notified Parties".

Enclosed for your review are the following:

- Form C-102 for the Blue Krait 23 Fed 3H;
- Land plat showing the project area for the Blue Krait 23 Fed 3H lateral and adjoining units;
- List of the affected parties, which is EOG Resources, Inc.;
- Administrative Application Checklist

If you have any questions concerning this application, please contact the undersigned at (405) 552-6160.

DEVON ENERGY PRODUCTION COMPANY, L.P.

Carol Glass
Landman

Enclosures

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
8111 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name BLUE KRAIT 23 FED		⁶ Well Number 611
⁷ OGRID No. 6137	⁸ Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P.		⁹ Elevation 3562.2

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	23	24 S	33 E		200	SOUTH	690	EAST	LEA

¹¹ 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
A	23	24 S	33 E		330	NORTH	1284	EAST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>N89°33'14"E 2638.47 FT</p> <p>NW CORNER SEC. 23 LAT. = 32.2103545°N LONG. = 103.5516507°W NMSP EAST (FT) N = 441140.13 E = 783098.19</p> <p>W Q CORNER SEC. 23 LAT. = 32.2031048°N LONG. = 103.5516485°W NMSP EAST (FT) N = 438502.76 E = 783118.06</p> <p>SW CORNER SEC. 23 LAT. = 32.1958504°N LONG. = 103.5516422°W NMSP EAST (FT) N = 435863.85 E = 783139.20</p>		<p>N89°33'14"E 2638.47 FT</p> <p>DNF NE CORNER SEC. 23 LAT. = 32.2103608°N LONG. = 103.5345930°W NMSP EAST (FT) N = 441181.22 E = 788373.97</p> <p>BLUE KRAIT 23 FED 3H ELEV. = 3562.2' LAT. = 32.1963982°N (NAD83) LONG. = 103.5368167°W NMSP EAST (FT) N = 436096.57 E = 787723.83</p> <p>S Q CORNER SEC. 23 LAT. = 32.1958491°N LONG. = 103.5431170°W NMSP EAST (FT) N = 435882.45 E = 785778.38</p> <p>SE CORNER SEC. 23 LAT. = 32.1958483°N LONG. = 103.5345863°W NMSP EAST (FT) N = 435901.64 E = 788415.27</p>		<p>N89°33'14"E 2638.47 FT</p> <p>1284'</p> <p>BOTTOM OF HOLE</p> <p>BOTTOM OF HOLE LAT. = 32.2094526°N LONG. = 103.5387428°W NMSP EAST (FT) N = 440841.29 E = 787092.91</p> <p>E Q CORNER SEC. 23 LAT. = 32.2031101°N LONG. = 103.5345876°W NMSP EAST (FT) N = 438543.46 E = 788395.26</p> <p>200'</p> <p>690'</p> <p>SURFACE LOCATION</p>	
<p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE.</p>		<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>¹⁸ SURVEYOR CERTIFICATION</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>APRIL 12, 2017</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>Certificate Number _____</p> <p>NEW MEXICO JULIAN F. JARAMILLO SURVEYOR JULIAN F. JARAMILLO, PLS 12797 SURVEY NO. 3672F</p>			

Devon Energy Production Co.
LP., Blue Krait 23 Fed 3H
NSL Notice Plat

Devon Energy
Production Co. LP

BLUE KRAIT
23 FED 3H
PROJECT
AREA

EOG RESOURCES, INC.

**NOTIFIED PARTIES
BLUE KRAIT 23 FED 3H**

<u>Affected Offset Operators</u>	<u>Certified Mail Tracking #</u>	<u>Date Sent</u>
EOG Resources, Inc. 5509 Champions Drive Midland, TX 79706 Attn: Mr. Gavin Smith	9414 8149 0152 7181 2550 74	4/5/2017



Devon Energy Corporation
333 West Sheridan Avenue
Oklahoma City, OK 73102

405 235 3611 Phone
www.devonenergy.com

April 5, 2016

VIA CERTIFIED MAIL
RETURN RECEIPT REQUEST

EOG Resources, Inc.
5509 Champions Drive
Midland, TX 79706
Attn: Mr. Gavin Smith

COPY

RE: Application of Devon Energy Production Company, L.P. for
Administrative Approval of an Unorthodox Well Location for the Blue Krait 23 Fed 3H
E/2 E/2 Section 23-T24S-R33E,
Lea County, New Mexico

Dear Mr. Smith:

Enclosed is a copy of the above referenced application which was submitted with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from the date the division receives this application with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within the twenty-day period, this application may be approved administratively by the division.

If you have any questions concerning this application, please contact me at (405) 552-6160 or Carol.Glass@dvn.com.

Very truly yours,

Devon Energy Production Company, L.P.

Carol Glass
Landman

Enclosures

Lowe, Leonard, EMNRD

From: Glass, Carol <Carol.Glass@dvn.com>
Sent: Thursday, April 27, 2017 10:56 AM
To: McMillan, Michael, EMNRD; Lowe, Leonard, EMNRD
Subject: Blue Krait 23 Fed 3H NSL and Blue Krait 23 Fed 5H NSL
Attachments: BLUE KRAIT 23 FED 3H NSL.pdf; BLUE KRAIT 23 14 FED 5H.PDF

Mr. McMillan and Mr. Lowe:

Attached please find updated plat and statement from Jaron Lang, Reservoir Engineer at Devon Energy Production Company, LP regarding the Blue Krait 23 Fed 3H NSL Application.

Also attached, please find statement from Mr. Lang regarding the Blue Krait 23 14 Fed 5H NSL Application.

If anything further is needed, please advise.

Thank you and have a good day.

Carol Glass
Landman
Devon Energy Corporation
333 W. Sheridan Avenue
Oklahoma City, OK 73102
Direct Line: 405.552.6160
Carol.Glass@dvn.com

Confidentiality Warning: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of all or any portion of this message and any attachments is strictly prohibited. If you are not the intended recipient, please notify the sender immediately by return e-mail, and delete this message and any attachments from your system.

Lowe, Leonard, EMNRD

From: McMillan, Michael, EMNRD
Sent: Monday, April 24, 2017 9:48 AM
To: justin.porter@dv.com
Cc: Lowe, Leonard, EMNRD
Subject: RE: Blue Krait 23-14 Fed Well No. 3H and 5H NSL application

Further, the OCD will require a signed statement by a landman that the units the operator is encroaching if less than 100 feet have identical ownership.

Thank You
Mike

From: McMillan, Michael, EMNRD
Sent: Monday, April 24, 2017 8:58 AM
To: 'justin.porter@dv.com' <justin.porter@dv.com>
Cc: Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>
Subject: Blue Krait 23-14 Fed Well No. 3H and 5H NSL application

Justin:
The OCD is requiring more substantial reasons for NSL application when the project area is less than 100 feet from the Unit boundary. Therefore, if it is for engineering reasons, a signed statement from the engineer describing the reason for the NSL application. Likewise, if it is for geologic reasons, a geologist will be required to sign a statement.

The engineering Bureau will not recommend signature by the Director until it is received..
Thank You

MICHAEL A. MCMILLAN

Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448
Michael.McMillan@state.nm.us

MICHAEL A. MCMILLAN

Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448
Michael.McMillan@state.nm.us

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Tuesday, May 2, 2017 1:14 PM
To: 'Justin.Porter@dmn.com'
Cc: Brown, Maxey G, EMNRD; Kautz, Paul, EMNRD; 'lisa@rwbyram.com'; 'jglover@blm.gov'; Jones, William V, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD
Subject: APPROVED NSL-7525; API #: 30-025-43237_Blue Krait 23 Federal Well No. 3H, Lea County

Importance: High

Mr. Justin Porter,

The following administrative order has been issued and will soon be available on the Division's web site: <http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

NSL-7525

Devon Energy Production Company, L.P.

API #: 30-025-43237

WELL: Blue Krait 23 Federal Well No. 3H, Lea County

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>