

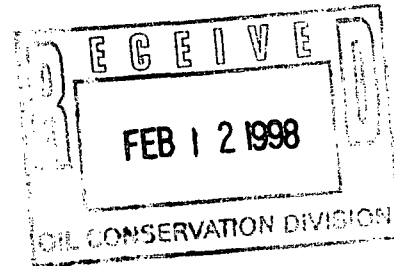
marbob
energy corporation

February 9, 1998

Certified Return Receipt
P 355 937 824

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

Attention: Ms. Lori Wrotenbery



RE: Unorthodox Location
Devon Energy Corporation
V.L. Foster #11
1650' FNL and 1050' FEL
Section 17-17S-31E, N.M.P.M.
Eddy County, New Mexico

Dear Ms. Wrotenbery:

We received notice from Devon Energy Corporation of the above described unorthodox location. We have been in contact with them and have reached an agreement. As such, this letter serves as notice to you that we have no objection to the unorthodox location described above.

If you have any questions regarding this, please contact me.

Sincerely,

Raye Miller

Raye Miller
Land Department

RM/mm

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



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

February 3, 1998

Devon Energy Corporation
20 North Broadway - Suite 1500
Oklahoma City, Oklahoma 73102-4550

Attention: Karen Byers
Engineering Technician

*Re: Application for administrative approval to drill the
V. L. Foster Well No. 11 at an unorthodox oil well
location within the Grayburg-Jackson Pool 1600 feet
from the North line and 1050 feet from the East line
(Unit H) of Section 17, Township 17 South, Range
31 East, NMPM, Eddy County, New Mexico.*

Dear Ms. Byers:

I am returning the subject application as incomplete, please refer to Division Rule 104.F(3) and submit the appropriate information to justify the drilling of this well at an unorthodox oil well location within the subject 40-acre tract. Please explain in detail and show on attached plats why all other possible standard locations are not available to Devon for a drilling location. Your application also mentioned the need to develop an efficient production/injection pattern in this interval. Is the subject 40-acre tract within an existing and active secondary recovery project, if so please reference the Division's approval Order.

Should you have any questions concerning this matter, you will first want to direct them to your legal counsel, Mr. James Bruce in Santa Fe at (505) 982-2043.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
Kathy Valdes, NMOCD - Santa Fe
James Bruce, Legal Counsel for Devon Energy Corporation - Santa Fe

NSL 2/16/98

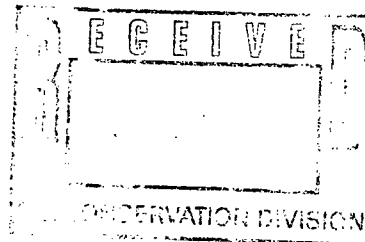
devon
ENERGY CORPORATION

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

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

January 21, 1998

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504 - 2088



Attention: Mike Stogner

Re: Non - Standard Location Approval

Dear Sir:

It is requested that administrative approval be granted under Rule 104F. (1) for unorthodox location at the following location:

WELL	LOCATION
V. L. Foster #11	1600' FNL & 1050' FEL, Sec. 17-17S-31E

Forms 3160 - 3 and C - 102 are attached for the well listed above.

The above location does not conform to Rule 104. C. I. because it is located closer than 330' to the governmental quarter - quarter section boundaries. Necessity for the unorthodox location is two-fold: 1) to avoid an archaeological site, and 2) to develop an efficient production and injection pattern in the Grayburg-San Andres formation (approximately 4000').

Operators that have production in offsetting 40 acre tracts will be notified by certified mail. A copy of this notification to each operator will be sent to you along with the certified mail number.

Should you require any additional information regarding this unorthodox location, please notify me at 405-552-4527.

Sincerely,

Karen Byers

Karen Byers
Engineering Technician

UNITED STATES OPERATOR'S COPY
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUBMIT IN
(See other instructions
reverse side)

Form approved.

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. LC 049998-A-	
b. TYPE OF WELL: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> Other <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME NA	
2. NAME OF OPERATOR DEVON ENERGY CORPORATION (NEVADA)		7. UNIT AGREEMENT NAME NA	
3. ADDRESS AND TELEPHONE NO. 20 N. BROADWAY, SUITE 1500, OKC, OK 73102 (405) 552-4560		8. FARM OR LEASE NAME, WELL NO. V. L. Foster #11	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 1700' FNL & 1290' FEL 1600' 1050' At top proposed prod. zone (SAME)		9. API WELL NO.	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 6 miles East & 1.3 miles North of Loco Hills, N.M.		10. FIELD AND POOL, OR WILDCAT GRAYBURG-JACKSON	
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 450' (Also to nearest drilg. unit line if any)		11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA SECTION 17-T17 S- R31 E	
16. NO. OF ACRES IN LEASE 280		12. COUNTY OR PARISH EDDY	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 650'		19. PROPOSED DEPTH 4200'	
20. ROTARY OR CABLE TOOLS* Rotary		21. APPROX. DATE WORK WILL START* April 15, 1997	
22. ELEVATIONS (Show whether DF, RT, GR, etc.) 3752		SUBJECT TO LIKE APPROVAL BY STATE	

13. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" J-55	24.0#	450'	125 sk Lite cement + 200 sk Class "C"
7/8"	5 1/2" J-55	15.5#	4200'	550 sk Lite cement + 425 sk Class "H"

We plan to circulate cement to surface on all casing strings. Devon Energy Corporation (Nevada) proposes to drill to 4200' to test the Grayburg-Jackson formation for commercial quantities of oil. If the Grayburg-Jackson is deemed non-commercial, the wellbore will be plugged and abandoned per Federal Regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

Drilling Program

Exhibits #1/1-A = Blowout Prevention Equipment
Exhibit #2 = Location and Elevation Plat
Exhibit #3/3-A = Road Map and Topo Map
Exhibit #4 = Wells Within 1 Mile Radius
Exhibit #5 = Production Facilities Plat
Exhibit #6 = Rotary Rig Layout
Exhibit #7 = Casing Design
H2S Operating Plan

The undersigned accepts all applicable terms, condition, stipulations and restrictions concerning operations conducted on the leased land or portions thereof, as described below:
Lease No. LC 049998-A-
Legal Description: Section 17-T17S-R31E
Bond Coverage: Nationwide
BLM Bond No.: CO1104

RECEIVED

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Randy Jackson TITLE RANDY JACKSON DATE 3/17/97
DISTRICT ENGINEER

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY J. A. Petrell TITLE Acting ADM, MINOR DATE 6/03/97
See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

8241-1980

CT II
J. Drawer DD
Mesia, NM 88211-0719

OIL CONSERVATION DIVISION

P. O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Grayburg Jackson	
4 Property Code 20082		5 Property Name V. L. FOSTER			6 Well Number #11
7 OGRID No. 6137		8 Operator Name DEVON ENERGY CORPORATION			9 Elevation 3746'

10 SURFACE LOCATION

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
H	17	17 SOUTH	31 EAST, N.M.P.M.		1600'	NORTH	1050'	EAST	EDDY

"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

62-049998-A		1600'	
LC-049998-A		1050'	
LC-049998-A			
LC-049998-A			

OPERATOR CERTIFICATION

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

Signature <i>Randy Jackson</i>
Printed Name Randy Jackson
Title District Engineer
Date 4/21/97

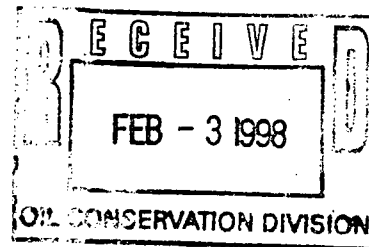
SURVEYOR CERTIFICATION

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.

Date of Survey APRIL 15, 1997
Signature and Seal of Professional Surveyor <i>Roger M. Robbins</i>
Certificate No. 12128
ROGER M. ROBBINS, P.S. #12128
JOB #51182-2 / 98 SW / V.H.B.

January 30, 1998

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504 - 2088



Attention: Mike Stogner

CERTIFIED LETTER #: Z 397 639 948

Re: Non - Standard Location Approval
V. L. Foster #11

Dear Mr. Stogner,

Enclosed are copies of notice to offset operators of the V. L. Foster #11 as required. I have also enclosed copies of the letters sent.

Please let me know if anything further is needed for approval of the Non-Standard Location.

Sincerely

Karen Byers
Karen Byers
Engineering Technician

Enclosures (5)

devon
ENERGY CORPORATION

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/552-4550
Fax 405/552-4621

January 21, 1998

Marbob Energy Corp.
11352 Lovington Hwy
Artesia, NM 88210

Certified Letter #: Z 397 639 941

Dear Sir:

The BLM issued Devon Energy Corp. a permit to drill the V. L. Foster #11. The site offsets your wells in Units B & J, Sec. 17 - T17S - R31E. Dwights Production Data show that you operate the following wells:

Foster Eddy #'s 5 & 7, Unit B, Sec. 17-17S-31E
Foster Eddy #'s 9 & 11, Unit J, Sec. 17-17S-31E

The V. L. Foster #11 is located 1600' FNL & 1050' FEL, Sec. 17-17S-31E as shown on the enclosed plat. The State of New Mexico Oil Conservation Division has ruled that this is a "non - standard location" and requires that we obtain Non - Standard Location Approval from their Santa Fe Office before an allowable will be issued. A non - standard location is defined as any location closer than 330' to the outer boundaries of a lease. The NSL approval process requires that we notify offset operators and Submit Proof of Notice.

Please accept this letter as the required notification. If you have any questions regarding this matter please notify me at (405) 552 - 4527.

Sincerely,

Karen Byers
Karen Byers
Engineering Technician

cc

Oil Conservation Division - Santa Fe, New Mexico
Bureau of Land Management - Carlsbad, New Mexico

January 21, 1998

Ray Westall Operating, Inc.
P. O. Box 4
Loco Hills, NM 88255-0004

Certified Letter #: Z 397 639 745

Dear Sir:

The BLM has issued Devon Energy Corp. a permit to drill the V. L. Foster #11. The well offsets your well in Unit D, Sec. 16 - T17S - R31E. Dwights Production Data show that you operate the following well:

Kersey State #3, Unit D, Sec. 16-17S-31E

The V. L. Foster #11 will be located 1600' FNL & 1050' FEL, Sec. 17-17S-31E as shown on the enclosed plat. The State of New Mexico Oil Conservation Division has ruled that this is a "non - standard location" and requires that we obtain Non - Standard Location Approval from their Santa Fe Office before an allowable will be issued. A non - standard location is defined as any location closer than 330' to the outer boundaries of a lease. The NSL approval process requires that we notify offset operators and Submit Proof of Notice. Although this location is considered unorthodox it will not be within 330' of your lease boundary.

Please accept this letter as the required notification. If you have any questions regarding this matter please notify me at (405) 552 - 4527.

Sincerely,

Karen Byers

Karen Byers
Engineering Technician

enclosure

cc
Oil Conservation Division - Santa Fe, New Mexico
Bureau of Land Management - Carlsbad, New Mexico

January 21, 1998

Trinity University
Attn: Bernice Friesenhahn
715 Stadium Drive
San Antonio, TX 78212-7200

Certified Letter #: Z 397 639 744

Dear Sir:

The BLM has issued Devon Energy Corp. a permit to drill the V. L. Foster #11. Dwights Production Data show that you operate the following offset wells:

State A #2, Unit L, Sec. 16-17S-31E
Superior Foster #'s 1 & 3, Unit I, Sec. 17-17S-31E

The V. L. Foster #11 will be located 1600' FNL & 1050' FEL, Sec. 17-17S-31E as shown on the enclosed plat. The State of New Mexico Oil Conservation Division has ruled that this is a "non - standard location" and requires that we obtain Non - Standard Location Approval from their Santa Fe Office before an allowable will be issued. A non - standard location is defined as any location closer than 330' to the outer boundaries of a lease. The NSL approval process requires that we notify offset operators and Submit Proof of Notice. Although this location is considered unorthodox it will not be within 330' of your lease boundary.

Please accept this letter as the required notification. If you have any questions regarding this matter please notify me at (405) 552 - 4527.

Sincerely,

Karen Byers

Karen Byers
Engineering Technician

enclosure

cc

Oil Conservation Division - Santa Fe, New Mexico
Bureau of Land Management - Carlsbad, New Mexico

January 21, 1998

E. M. Closuit, Sr., Trust
Fort Worth Club Tower # B-P-1
Fort Worth, TX 76102

Certified Letter #: Z 397 639 942

Dear Sir:

The BLM has issued Devon Energy Corp. a permit to drill the V. L. Foster #11. The well offsets your wells in Unit D, E & L, Sec. 16 - T17S - R31E.

The V. L. Foster #11 will be located 1600' FNL & 1050' FEL, Sec. 17-17S-31E as shown on the enclosed plat. The State of New Mexico Oil Conservation Division has ruled that this is a "non - standard location" and requires that we obtain Non - Standard Location Approval from their Santa Fe Office before an allowable will be issued. A non - standard location is defined as any location closer than 330' to the outer boundaries of a lease. The NSL approval process requires that we notify offset operators and Submit Proof of Notice. Although this location is considered unorthodox it will not be within 330' of your lease boundary.

Please accept this letter as the required notification. If you have any questions regarding this matter please notify me at (405) 552 - 4527.

Sincerely,

Karen Byers

Karen Byers
Engineering Technician

enclosure

cc

Oil Conservation Division - Santa Fe, New Mexico
Bureau of Land Management - Carlsbad, New Mexico

[illegible][illegible]

33	Postmark or Date	Offset operator notice for
----	------------------	----------------------------

hearing, only one (1) well per spacing unit is permitted in non-prorated pools. [5-25-64...2-1-96]

104.E. Form C-102, "Well Location and Acreage Dedication Plat", for any well shall designate the exact legal subdivision allotted to the well and Form C-101, "Application for Permit to Drill, Deepen, or Plug Back", will not be approved by the Division without such proper designation of acreage. [12-29-52...2-1-96]

104.F. UNORTHODOX LOCATIONS

(1) Well locations for producing wells and/or injection wells which are unorthodox based on the well location requirements of Rule 104.C(1)(a) above and which are necessary to permit the completion of an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that any such unorthodox location within such project is no closer than the required minimum orthodox distance to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Such locations shall only require such prior approval as is necessary for an orthodox location. [1-1-50...2-1-96]

(2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon. [1-1-82...2-1-96]

(3) Applications for administrative approval of unorthodox locations pursuant to Rule 104.F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells, and a list of affected parties. If the proposed unorthodox location is based upon topography or archaeology, the plat shall also show and describe the existent topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location. [2-9-66...2-1-96]

- (a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches. [2-9-66...2-1-96]
- (b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:
 - (i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;
 - (ii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and
 - (iii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well. [2-9-66...2-1-96]

(4) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A)(5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application. [2-9-66...2-1-96]

(5) The Division Director may set any application for administrative

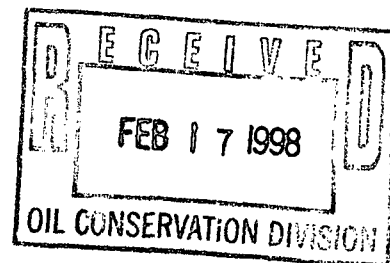
**DEVON
ENERGY
CORPORATION**

20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

405/235-3611
Fax 405/552-4550

February 11, 1998

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, New Mexico 87505



Attention: Michael E. Stogner

Dear Mr. Stogner:

On February 3, 1998 the OCD returned Devon Energy Corporation's application for unorthodox location for the following well:

WELL	LOCATION
V. L. Foster #11	1600' FNL & 1050' FEL Section 17-T17S-R31E

In your correspondence you requested more detail showing why other possible standard locations were not available.

This location was originally staked at a standard location (1650' FNL & 1650' FEL Section 17-T17S-R31E); however, during subsequent archeological investigations 6 previously recorded archeological sites were encountered within ¼ mile of the proposed location. Three of the arch sites were within 500' of the original location forcing it to be moved on two different occasions before an area acceptable to the Bureau of Land Management archeologist could be located. The attached Figure #1 illustrates the original location of the V. L. Foster #11 in relation to the previously recorded archeological sites. As this figure shows the original V. L. Foster #11 location was situated within archeological site LA 75429. Movement to the north and south was restricted due to the extent of LA 75429. Movement to the west was restricted by the existing well Last Chance Federal #1 (located 1650' FNL and 2310' FEL of Section 17-T17S-R31E). This being the case the well was moved 600' east and re-staked at the location listed in the above table. Figure #2 illustrates the final V. L. Foster #11 location in relation to LA 75429.

Staking the subject well at this location allowed arch site LA 75429 to be avoided. Furthermore while this move still left the well as an unorthodox location the two 40 acre tracts being encroached upon (the north and east offset 40 acre tracts) are operated by Devon Energy. The V. L. Foster #11 location as it is now staked is in excess of 330' from the boundary of any 40 acre tract operated by any third party.

In the original application reference was made to the development of an efficient production and injection pattern in the Grayburg – San Andres formation. The V. L. Foster lease is not part of any secondary recovery project; however, this lease is surrounded on three sides by active secondary recovery projects operated by Devon Energy. Should these existing projects respond to water injection Devon would certainly investigated the possibility of initiating secondary recovery operations at this lease. Therefore, while secondary recovery operations are not actively underway at this lease, Devon would prefer to drill any new wells at locations where they could be utilized within any future injection patterns.

Hopefully the above information and attachments will provide the additional detail you requested. This information along with the original application is again being submitted so that administrative approval under Rule 104F (2) for unorthodox location can be attained.

If you wish to discuss this matter please feel free to call me at 405-552-4560.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Jackson", with a stylized, cursive script.

Randy Jackson
District Engineer

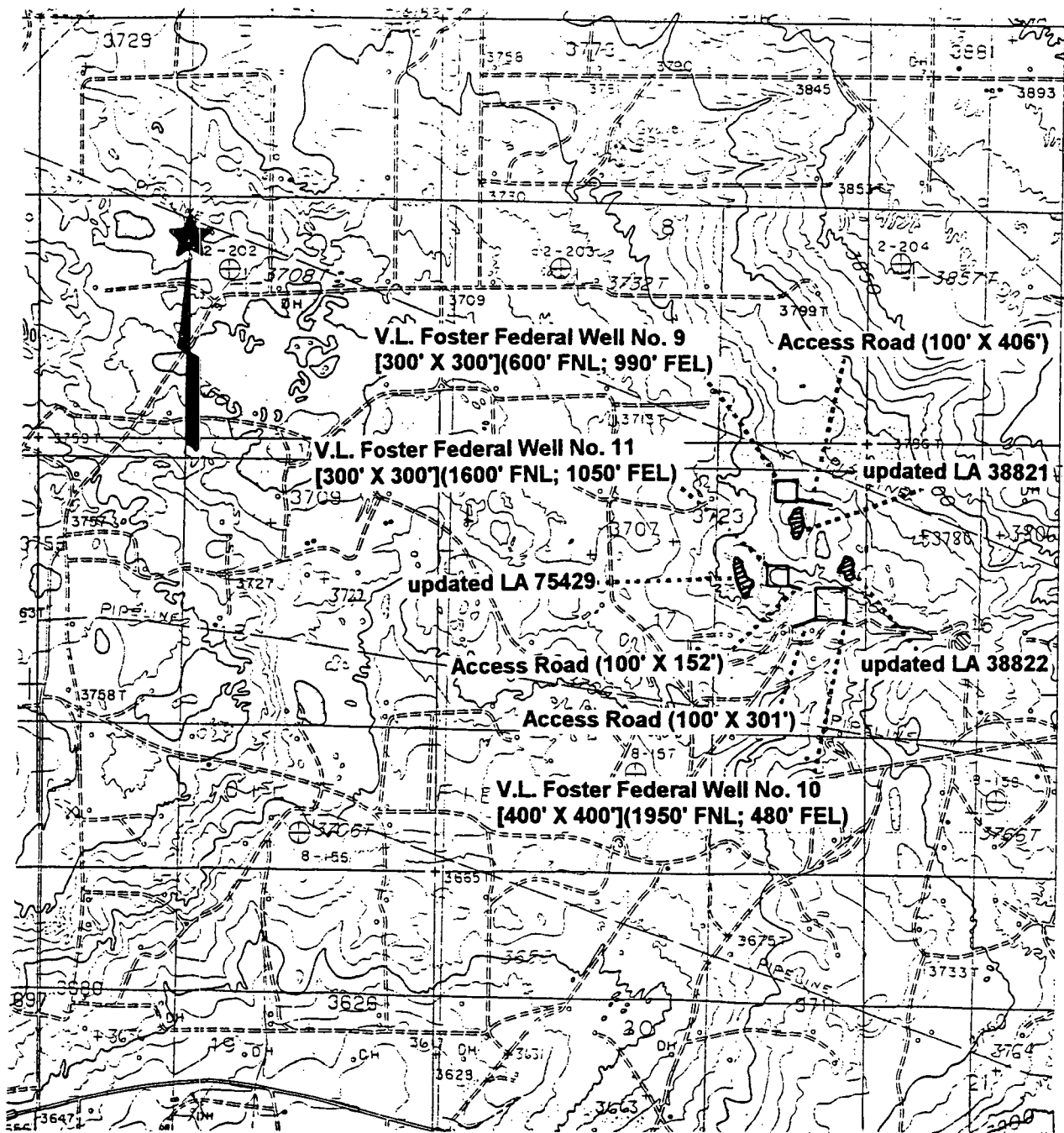
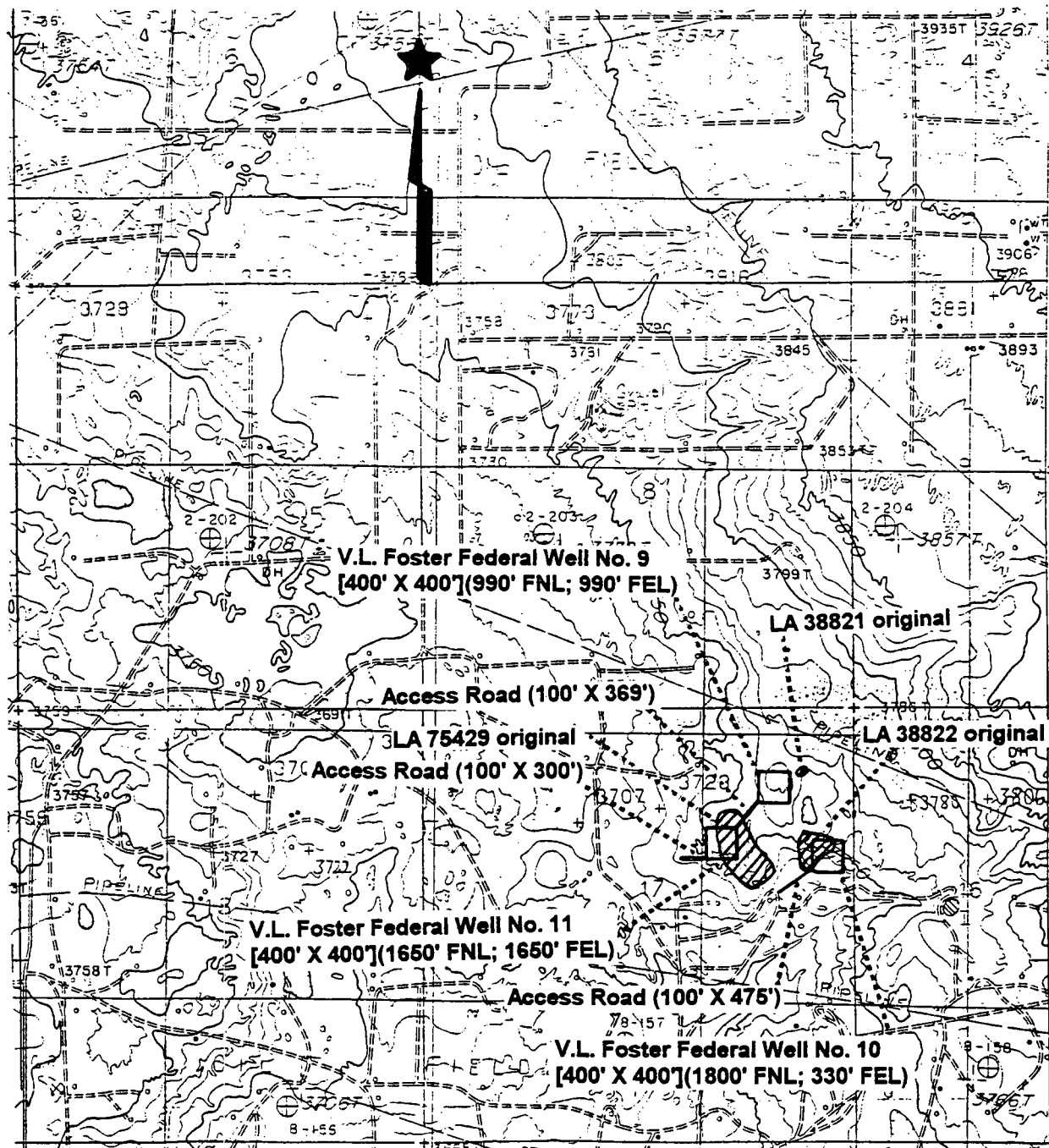
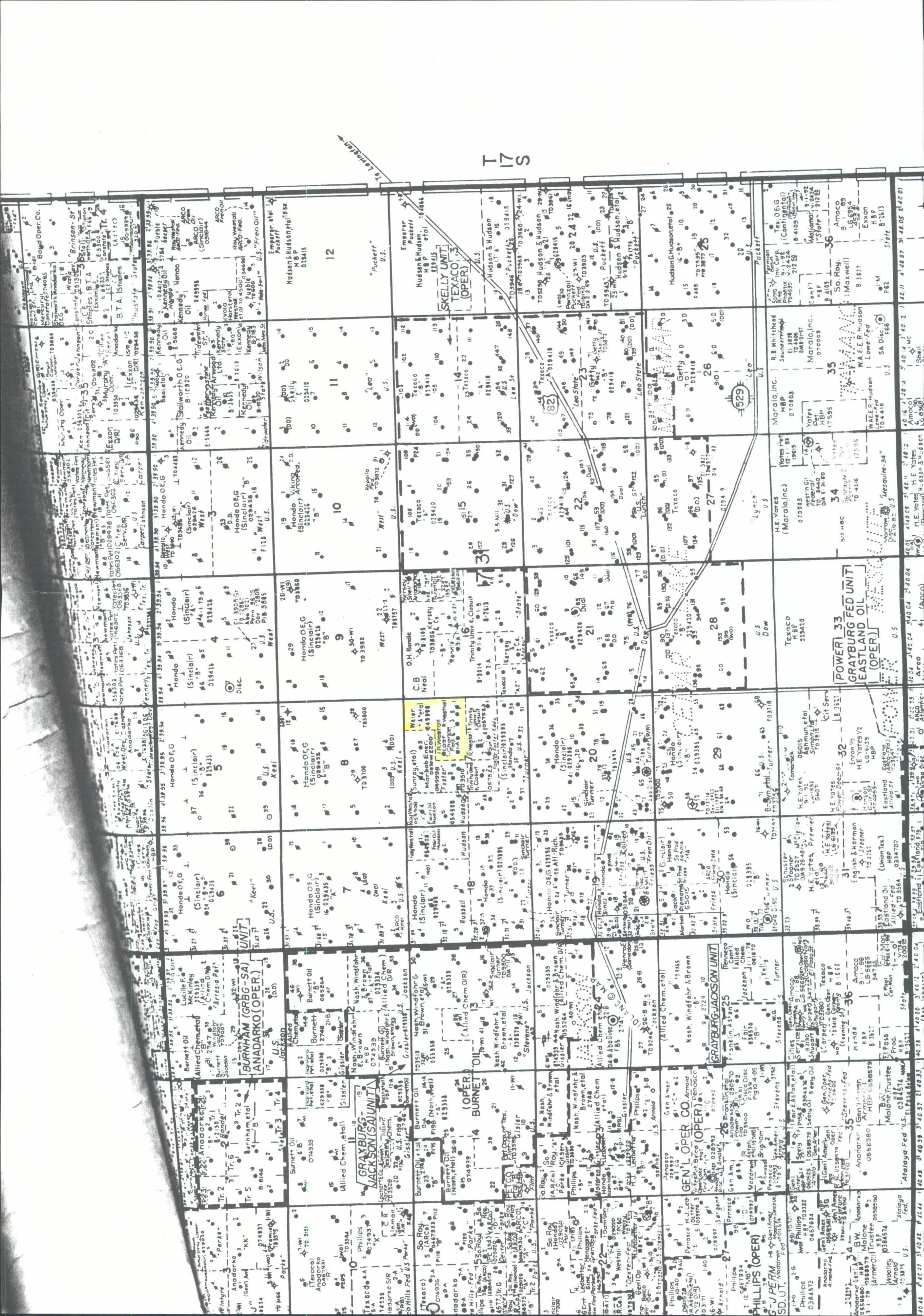


FIGURE 2. Showing DEVON ENERGY OPERATING CORPORATION'S Proposed Relocated and Size Restricted Well Pads: V.L. Foster Federal Well No. 9, [300' X 300'](600' FNL; 990' FEL); Access Road (100' X 406'); V.L. Foster Federal Well No. 10, [400' X 400'](1950' FNL; 480' FEL); Access Road (100' X 301'); and the V.L. Foster Federal Well No. 11, [300' X 300'](1050' FNL; 1600' FEL); Access Road (100' X 152'); in relation to previously recorded sites: LA 38821, LA 38822, and LA 75429, as updated; located in Section 17, T 17 S, R 31 E, NMPM, Eddy County, New Mexico Map Reference: USGS 7.5' Series, Loco Hills, NM (Prov. Ed. 1985).





T 17 S

To Landlord

POWER 33
GRAYBURG FED UNIT
EASTLAND (OPER)

GRAYBURG-JACKSON UNIT
(OPER)

GRAYBURG-JACKSON UNIT
(OPER)

BURNHAM (GRBG-SA) UNIT
ANADARKO (OPER)