01/28/2009 13:32 FAX 552 7843

DEVON ENERGY

🛃 002/002

<u>B</u>	23/09 BUBPENSE DIBOOKS DIAS 09 NSL PKAA 0902849642
	ABOVE THIS LINE FOR DIVISION USE ONLY ABOVE THIS LINE FOR DIVISION USE ONLY NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505 - Conservation Conservation - Conservation Division Use only - Conservation Division Division Use only - Conservation Division D
	ADMINISTRATIVE APPLICATION CHECKLIST
т	HIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
Appli	cation Acronyms: [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous De Jication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Sait Water Disposal] [IPI-Injection Pressure Increase] [COR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF APPLICATION - Check Those Which Apply for [A] [A] Location - Spacing Unit - Simultaneous Dedication [M] NSL [M] NSP [SD]
	Check One Only for [B] or [C] [B] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM
	[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR
	[D] Other: Specify
[2]	NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply [A] Working, Royalty or Overriding Royalty Interest Owners
	[B] 🔀 Offset Operators, Leaseholders or Surface Owner
	[C] Application is One Which Requires Published Legal Notice
	[D] Notification and/or Concurrent Approval by BLM or SLO U.S. Buresu of Land Management - Commissioner of Public Lands, State Land Office
	[E] For all of the above, Proof of Notification or Publication is Attached, ε nd/or,
	[F] Waivers are Attached
[3]	SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.
	CERTIFICATION: I hereby certify that the information submitted with this application for administrative val is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this cation until the required information and notifications are submitted to the Division.
	Note: Statement must be completed by an individual with managerial and/or supervisory caracity.

Perry McAlister <u>Ferry Malitan</u> <u>Manager, Land</u> <u>1-28-09</u> Print or Type Name Signature <u>Signature</u> <u>Avn. Com</u> e-mail Address



X

20 North Broadway Oklahoma City, Oklahoma 73102 405-552-7843 FAX VED

2009 JAN 23 AM 11 56

January 19, 2009

State of New Mexico Energy and Mineral Department Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505 Attention: Engineering

Re: Request for Administrative Exception to Unorthodox Location Northeast Blanco Unit No. 257H Section 35-T31N-R7W San Juan County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon") as Operator, drilled the referenced Pictured Cliffs well and dedicated the Southwest Quarter (SW/4) of Section 35-T31N-R7W as the spacing unit. Devon attempted to place this well at a legal surface location that would prevent waste by incorporating the wellpad for this well with the existing wellpad for the NEBU 68N.

The original surface location was 1160' FWL and 2395' FSL of Section 35-T31N-R7W. The original BHL was 700' FSL and 1940' FWL of the same section. This put the end of the lateral 700' east and north of the quarter section or spacing unit line, a standard location. At the last minute it was noticed that due to the location of some existing equipment on this pad the rig and drilling equipment would not fit on the pad as we had it configured. We flipped the pad, moving the SL about 80' to the east. We filed a sundry with a revised C-102. The new SL is 1240' FWL and 2390' FNL, a move of about 80' to the east. The proposed BHL stayed the same, however, due to an oversight, we failed to have the directional company make this change in the proposed directional drilling plan. As a result, they were proceeding as if we were drilling from the original location, which had the final effect of moving the BHL about 80' to the east. We drilled 2209' south of the SL, which put the BHL 681' FSL and outside the 660' setback limit. We drilled 782' east of the SL, which put the BHL 618' west of the east spacing unit line. This left us 42' too close to the spacing unit line and in a NSL situation. Devon respectfully requests that the Commission administratively approve this application for an unorthodox location in accordance with Division Rule 104(F)(3).

Leasehold for the entire Section 35-T31N-R7W is Federal lease SF-079003 (Northeast Blanco Unit Tract No. 7). The SE/4 of Section 35-T31N-R7W is the spacing unit for the recently drilled NEBU 68N. This well was drilled from the same well pad as the NEBU 257H. The NEBU 68N was spud on July 19, 2008 and turned to Pictured Cliffs sales on 11/21/08, flowing 400 MCFPD.

Appl. Unorthodox Location NEBU 257H January 20, 2009 Page 2

2

Ownership in the NEBU 68N is identical to ownership in the NEBU 257H. In the NE/4 of Section 35 Devon completed the NEBU 68M and has obtained a Paying Well Determination. In the NW/4 of Section 35 Devon completed the NEBU 250. Devon also received a Paying Well Determination for the NEBU 250. Exhibits have been prepared and Devon will file for approval of Pictured Cliffs Participating Area Expansions 10 through 22 next week. NEBU 68M will be in Expansion 20, effective September 1, 2006. NEBU 250 will be in Expansion 22, effective July 1, 2007. Both the 250 and 68M wells have the same working interest ownership as the NEBU 257H. To the northwest of the NEBU 257H spacing unit, in the NE/4 of Section 34-T31N-R7W is the NEBU 256H well, which was only recently completed and therefore does not have a Paying Well Determination. This well also is the same ownership as the NEBU 257H. In the SE/4 of Section 34-T31N-R7W, which is directly to the west of the NEBU 257H spacing unit, there is no Pictured Cliffs well. All of Section 34-T31N-R7W is NEBU Tract 7, Federal lease SF-79003.

The spacing unit to the southwest of the NEBU 257H spacing unit is the NE/4 of Section 3-T30N-R7W. This is Federal Lease SF-079001, NEBU Tract 6A. There is no Pictured Cliffs well in this spacing unit. Working interest ownership is reflected on the attached plat. Directly to the south of the NEBU 257H spacing unit is the spacing unit for the recently completed NEBU 258H well. This well is not yet ready for a Paying Well Determination. The spacing unit is the NW/4 of Section 2-T30N-R7W. This is NEBU Tracts 35 and 36, State of New Mexico leases E-289-23 and E-289-24 ownership reflected on the attached plat. To the SE of NEBU 257H is the NE/4 of Section 2-T30N-R7W. To date, no Pictured Cliffs well has been drilled in this spacing unit. The leasehold is State of New Mexico E-289-3 and ownership is reflected on the attached plat.

Devon respectfully regrets drilling this well 42' too close to the spacing unit line and would like to assure you it was an unintentional oversight. That being said, we do not believe the 42' will jeopardize production from the SE/4 of Section 35-T31N-R7W nor any of the other surrounding spacing units. We anticipate the NEBU 68N will be deemed a Paying Well and will become a part of the Pictured Cliffs Participating Area as eventually will the NEBU 257H herein.

Copies of the application for approval of the Pictured Cliffs Participating Area Expansions 10 through 22 will be forwarded to you next week. Attached for your review you will find (a)land plat showing the spacing unit and surrounding units; (b)survey plat; (c)list of affected persons as defined in Rule 1207.A(2); (d) copies of notice letters to affected persons; and (e) copy of Inwell as built directional survey.

If you have any questions or concerns regarding this application, please contact me at 405-552-4626 or jan.wooldridge@dvn.com.

Sincerely, DEVON ENERGY PRODUCTION COMPANY, L.P.

omet Woolds Janet Wooldridge, CPL Senior Landman

5053260050

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District I 1625 N. French Dr., Hobbs NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aziec, NM 87410
District IV
1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87504-2088

Form C-102 Revised October 12, 2005 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

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<u>EXHIBIT</u>

WORKING INTEREST OWNERS

BP America Production Company ATTN: John Larson 501 Westlake Park Blvd. WL1 19.158 Houston, Texas 77079

ConocoPhillips Company ATTN: Ben Malone 3401 East 30th. Street Farmington, New Mexico 87402-8807

Burlington Resources Oil & Gas Company ATTN: Ben Malone 3401 East 30th. Street Farmington, New Mexico 87402-8807

Forest Oil Corporation ATTN: Ken McPhee 707 17th Street, Suite 3600 Denver, Colorado 80202

Williams Production Company ATTN: Barbara Burnett, RPL One Williams Center, MS 25-1 Tulsa, Oklahoma 74101

B & N Company, A Limited Partnership ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, Oklahoma 73102

BN Non-Coal, LLC ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, Oklahoma 73102

Devon Energy Production Company, L. P. ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, Oklahoma 73102











Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail – Return Receipt Requested

January 19, 2009

BP America Production Company ATTN: John Larson 501 Westlake Park Blvd. Room 19.158 WL 1 Houston, Texas 77079

RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico

Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Pictured Cliffs well. Devon's records indicate that your company may be the owner of operating rights in 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 objections to this application, please so indicate by signing and returning one copy of this letter to me at the address show above.

If there are any questions, or if additional information is required, feel free to call me at (405) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

Janet Wooldridge

Senior Division Landman

Enclosures

BP America Production Company has no objection to this administrative application for unorthodox surface location.

By:	 	Date:	
Title:			



Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail - Return Receipt Requested

January 19, 2009

ConocoPhillips Company ATTN: Ben Malone 3401 E. 30th Street Farmington, New Mexico 87402-8807

RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico

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Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

anet Woolding

Janet Wooldridge Senior Division Landman

Enclosures

ConocoPhillips Company has no objection to this administrative application for unorthodox surface location.

By	:					

Date:

Title:



Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail - Return Receipt Requested

January 19, 2009

Burlington Resources Oil & Gas Company ATTN: Ben Malone 3401 E. 30th Street Farmington, New Mexico 87402-8807

RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico

Ladies and Gentlemen:

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Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

and Wooldridre

Janet Wooldridge Senior Division Landman

Enclosures

Burlington Resources Oil & Gas Company has no objection to this administrative application for unorthodox surface location.

B٦	<i>.</i>						
_	7•						

Date:

Title:_____



Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail - Return Receipt Requested

January 19, 2009

Forest Oil Corporation ATTN: Ken McPhee 707 17th Street, Suite 3600 Denver, Colorado 80202

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Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

Angt Wooldinge Janet Wooldridge

Senior Division Landman

Enclosures

Forest Oil Corporation has no objection to this administrative application for unorthodox surface location.

Date:

Title:



Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail – Return Receipt Requested

January 19, 2009

Williams Production Company ATTN: Barbara Burnett, RPL One Williams Center, MS 25-1 Tulsa, Oklahoma 74101

RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico

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Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

prit Wooldridge

Janet Wooldridge Senior Division Landman

Enclosures

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B	y:						

Date:

Title:

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

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR AN UNORTHODOX GAS WELL LOCATION, NEBU WELL NO. 257H, SECTION 35, TOWNSHIP 31 NORTH, RANGE 7 WEST, SAN JUAN COUNTY, NEW MEXICO.

AFFIDAVIT

COUNTY OF OKLAHOMA)

) ss. STATE OF OKLAHOMA)

Janet Wooldridge, being duly sworn upon her oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.

2. B & N Co. and BN Non-Coal LLC are managed by Devon Energy Production Company, L.P. therefore, notice was not given to them.

- Wool bridge

Janet Wooldridge, Senior Landman Devon Energy Production Company, L.P.

SUBSCRIBED AND SWORN TO before me this 19^{\pm} day of January, 2009 by Janet Wooldridge.

0 EXP. 01/26/11

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My Commission Expires:

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Page 1

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N-S FT	-367.31	-533.02	-614.33	-695.95	778 JG	-862 00	-947.58	-994.64		-1044.50	-1151.86	-1237.63	-1325.27	-1411.13		-1500.29	-1587.68	-1675.85	-1764.87	-1852.69	-1941.19	-2027.97	-2114.71	-2143.92		-2208.99
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Incl Angle Deg	68.80 72 40	73.10	75.50	75.70	76.40	75.40	75.00	75.70	PC Top @ 3850' MD/3138' TVD	75.82	76.10	82.20	86.30	91.30		93.00	92.00	91.80	91.60	91.60	91.30	91 10	92.00	91.00	o Bit	91.00
Measured Depth FT	3089.00	3276.00	3368.00	3460.00	2652.00	00.0000	3742 00	3794.00	PC Top @ :	3848.99	3968.00	4062.00	4156.00	4247.00		4341.00	4433.00	4526.00	4620.00	4713.00	4807 00	4899.00	4991 00	5022.00	Projected to Bit	5091.00

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Page 2 AS Drilled File: J:\CUST08~1\SURVEYS\DEVON\08229.SVY



20 North Broadway Oklahoma City, Oklahoma 73102 405-552-7843 FAX

Janet Wooldridge, CPL Senior Landman 405-552-4626

229 JAN 23 AM 11 56

January 19, 2009

State of New Mexico Energy and Mineral Department Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505 Attention: Engineering

Re: Request for Administrative Exception to Unorthodox Location Northeast Blanco Unit No. 257H Section 35-T31N-R7W San Juan County, New Mexico

Gentlemen:

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Appl. Unorthodox Location NEBU 257H January 20, 2009 Page 2

1

Ownership in the NEBU 68N is identical to ownership in the NEBU 257H. In the NE/4 of Section 35 Devon completed the NEBU 68M and has obtained a Paying Well Determination. In the NW/4 of Section 35 Devon completed the NEBU 250. Devon also received a Paying Well Determination for the NEBU 250. Exhibits have been prepared and Devon will file for approval of Pictured Cliffs Participating Area Expansions 10 through 22 next week. NEBU 68M will be in Expansion 20, effective September 1, 2006. NEBU 250 will be in Expansion 22, effective July 1, 2007. Both the 250 and 68M wells have the same working interest ownership as the NEBU 257H. To the northwest of the NEBU 257H spacing unit, in the NE/4 of Section 34-T31N-R7W is the NEBU 256H well, which was only recently completed and therefore does not have a Paying Well Determination. This well also is the same ownership as the NEBU 257H. In the SE/4 of Section 34-T31N-R7W, which is directly to the west of the NEBU 257H spacing unit, there is no Pictured Cliffs well. All of Section 34-T31N-R7W is NEBU Tract 7, Federal lease SF-79003.

The spacing unit to the southwest of the NEBU 257H spacing unit is the NE/4 of Section 3-T30N-R7W. This is Federal Lease SF-079001, NEBU Tract 6A. There is no Pictured Cliffs well in this spacing unit. Working interest ownership is reflected on the attached plat. Directly to the south of the NEBU 257H spacing unit is the spacing unit for the recently completed NEBU 258H well. This well is not yet ready for a Paying Well Determination. The spacing unit is the NW/4 of Section 2-T30N-R7W. This is NEBU Tracts 35 and 36, State of New Mexico leases E-289-23 and E-289-24 ownership reflected on the attached plat. To the SE of NEBU 257H is the NE/4 of Section 2-T30N-R7W. To date, no Pictured Cliffs well has been drilled in this spacing unit. The leasehold is State of New Mexico E-289-3 and ownership is reflected on the attached plat.

Devon respectfully regrets drilling this well 42' too close to the spacing unit line and would like to assure you it was an unintentional oversight. That being said, we do not believe the 42' will jeopardize production from the SE/4 of Section 35-T31N-R7W nor any of the other surrounding spacing units. We anticipate the NEBU 68N will be deemed a Paying Well and will become a part of the Pictured Cliffs Participating Area as eventually will the NEBU 257H herein.

Copies of the application for approval of the Pictured Cliffs Participating Area Expansions 10 through 22 will be forwarded to you next week. Attached for your review you will find (a)land plat showing the spacing unit and surrounding units; (b)survey plat; (c)list of affected persons as defined in Rule 1207.A(2); (d) copies of notice letters to affected persons; and (e) copy of Inwell as built directional survey.

If you have any questions or concerns regarding this application, please contact me at 405-552-4626 or jan.wooldridge@dvn.com.

Sincerely, DEVON ENERGY PRODUCTION COMPANY, L.P.

anot Wooldridge Janet Wooldridge, CPL

Senior Landman



5053260050

P.1

1625 N. French Dr., Hobbs NM 88240
,
District II
1301 W. Grand Avenue, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aziec, NM 87410
District IV
1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87504-2088

Form C-102 Revised October 12, 2005 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

,	API Number			¹ Pool Code		EAGE DEDIC		Pool /			
	API Number			1001000				1001	Vanie		
Property C	Code				⁴ Property I	Name			r.		Well Number
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OGRID N	No,		011111		* Operator	Name				۴E	levation
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				5280(R)				Certificat	e Number		

(R) - GLO Record

EXHIBIT

WORKING INTEREST OWNERS

BP America Production Company ATTN: John Larson 501 Westlake Park Blvd. WL1 19.158 Houston, Texas 77079

ConocoPhillips Company ATTN: Ben Malone 3401 East 30th. Street Farmington, New Mexico 87402-8807

Burlington Resources Oil & Gas Company ATTN: Ben Malone 3401 East 30th. Street Farmington, New Mexico 87402-8807

Forest Oil Corporation ATTN: Ken McPhee 707 17th Street, Suite 3600 Denver, Colorado 80202

Williams Production Company ATTN: Barbara Burnett, RPL One Williams Center, MS 25-1 Tulsa, Oklahoma 74101

B & N Company, A Limited Partnership ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, Oklahoma 73102

BN Non-Coal, LLC ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, Oklahoma 73102

Devon Energy Production Company, L. P. ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, Oklahoma 73102











Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail – Return Receipt Requested

January 19, 2009

BP America Production Company ATTN: John Larson 501 Westlake Park Blvd. Room 19.158 WL 1 Houston, Texas 77079

RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico

Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Pictured Cliffs well. Devon's records indicate that your company may be the owner of operating rights in 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 objections to this application, please so indicate by signing and returning one copy of this letter to me at the address show above.

If there are any questions, or if additional information is required, feel free to call me at (405) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

)addidge Janet Wooldridge

Senior Division Landman

Enclosures

BP America Production Company has no objection to this administrative application for unorthodox surface location.

By:	Date:
Title:	



Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail - Return Receipt Requested

January 19, 2009

ConocoPhillips Company ATTN: Ben Malone 3401 E. 30th Street Farmington, New Mexico 87402-8807

RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico

Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Pictured Cliffs well. Devon's records indicate that your company may be the owner of operating rights in 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 objections to this application, please so indicate by signing and returning one copy of this letter to me at the address show above.

If there are any questions, or if additional information is required, feel free to call me at (405) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

anet Wooldidre

Janet Wooldridge Senior Division Landman

Enclosures

ConocoPhillips Company has no objection to this administrative application for unorthodox surface location.

By:

Date:

Title:



Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail - Return Receipt Requested

January 19, 2009

Burlington Resources Oil & Gas Company ATTN: Ben Malone 3401 E. 30th Street Farmington, New Mexico 87402-8807

RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico

Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Pictured Cliffs well. Devon's records indicate that your company may be the owner of operating rights in 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 objections to this application, please so indicate by signing and returning one copy of this letter to me at the address show above.

If there are any questions, or if additional information is required, feel free to call me at (405) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

Janet Wooldridge Senior Division Landman

Enclosures

Burlington Resources Oil & Gas Company has no objection to this administrative application for unorthodox surface location.

B	/:					

Date:_____

Title:_____



Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail - Return Receipt Requested

January 19, 2009

Forest Oil Corporation ATTN: Ken McPhee 707 17th Street, Suite 3600 Denver, Colorado 80202

RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico

Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Pictured Cliffs well. Devon's records indicate that your company may be the owner of operating rights in 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 objections to this application, please so indicate by signing and returning one copy of this letter to me at the address show above.

If there are any questions, or if additional information is required, feel free to call me at (405) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

Myt Wooldridge Janet Wooldridge

Senior Division Landman

Enclosures

Forest Oil Corporation has no objection to this administrative application for unorthodox surface location.

By	:	

Date:

Title:



Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail – Return Receipt Requested

January 19, 2009

Williams Production Company ATTN: Barbara Burnett, RPL One Williams Center, MS 25-1 Tulsa, Oklahoma 74101

RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico

Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Pictured Cliffs well. Devon's records indicate that your company may be the owner of operating rights in 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 objections to this application, please so indicate by signing and returning one copy of this letter to me at the address show above.

If there are any questions, or if additional information is required, feel free to call me at (405) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

and Wooldridge

Janet Wooldridge Senior Division Landman

Enclosures

Williams Production Company has no objection to this administrative application for unorthodox surface location.

B	y:					

Date:___

Title:_____

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

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR AN UNORTHODOX GAS WELL LOCATION, NEBU WELL NO. 257H, SECTION 35, TOWNSHIP 31 NORTH, RANGE 7 WEST, SAN JUAN COUNTY, NEW MEXICO.

AFFIDAVIT

COUNTY OF OKLAHOMA)) ss.

STATE OF OKLAHOMA)

Janet Wooldridge, being duly sworn upon her oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.

2. B & N Co. and BN Non-Coal LLC are managed by Devon Energy Production Company, L.P. therefore, notice was not given to them.

+ Wooldrid

Janet Wooldridge, Senior Landman Devon Energy Production Company, L.P.

SUBSCRIBED AND SWORN TO before me this 19^{\pm} day of January, 2009 by Janet Wooldridge.



ennan Notáry

My Commission Expires:

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Page 1

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82.20 158.90 3184.56 -1237.63 86.30 160.30 3193.97 -1325.27 91.30 161.20 3195.88 -1411.13 91.30 161.20 3195.88 -1411.13 92.00 161.80 3195.35 -1500.29 92.00 161.80 3188.34 -1587.68 91.60 161.30 3185.25 -1567.68 91.60 161.30 3185.25 -1675.85 91.60 161.30 3185.25 -1675.85 91.60 161.40 3182.47 -1764.87 91.60 160.30 3177.49 -1764.87 91.00 160.30 3177.49 -1941.19 91.00 160.30 3177.49 -1941.19 91.00 160.30 3175.56 -2027.97 91.00 160.60 3172.26 -2143.92	411.24	1223.07	1223.07	160.35	1.03
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91.60 161.40 3182.47 91.60 160.30 3179.87 91.60 160.30 3177.49 91.10 160.90 3175.56 92.00 160.60 3172.26 91.00 160.60 3172.26	595.31	1778.44	1778.44	160.44	.58
91.60 160.30 3179.87 91.30 160.40 3177.49 91.10 160.90 3175.56 92.00 160.60 3172.26	625.36	1872.39	1872.39	160.49	.24
91.30 160.40 3177.49 91.10 160.90 3175.56 92.00 160.30 3172.26 91.00 160.60 3172.26	655.85	1965.35	1965.35	160.51	1.18
91.10 160.90 3175.56 92.00 160.30 3173.07 91.00 160.60 3172.26	687.45	2059.32	2059.32	160.50	.34
92.00 160.30 3173.07 91.00 160.60 3172.26	717.93	2151.30	2151.30	160.51	.59
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New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson Governor

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary Mark Fesmire Division Director Oil Conservation Division



February 18, 2009

Ms. Janet Wooldridge Devon Energy Production Company, L.P. 20 North Broadway Oklahoma City, OK 73102 FAX No. 405-552-7843

Re: Northeast Blanco Unit Well No. 257H Unit E, Section 35-31N-7W San Juan County, New Mexico Non-Standard Location application

Dear Ms. Wooldridge:

In reviewing this application, I noticed that the notice letters you sent to offsetting interest owners do not include the statement required by Division Rule Part 15, Section 13.D to the effect that any objection must be filed with the division "within 20 days from the date the division received the application."

Accordingly it is necessary that offsetting owners be re-noticed. However, based on my examination of the title information you have supplied, I believe the only notice required for this application was to Forest Oil Corporation, the leasehold owner in the NE/4 of Section 2-30N-7W. Although the location also encroaches toward the SE/4 of Section 35-31N-7W, you have represented that ownership of that unit is identical to ownership of the SW/4 of Section 35. Therefore no notice to owners in the SE/4 of Section 35 is required.

Please re-notice Forest, including the required language, and we will process the application after 20 days from the date of the new notice. Alternatively, we will process the application if you supply a waiver of notice signed by Forest.



February 18, 2009 Page 2

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If you have questions or other concerns, please feel free to contact the undersigned.

Very truly yours,

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David K. Brooks Legal Examiner 505-476-3450 david.brooks@state.nm.us

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Jo Ann Kerran ja.kerran@dvn.com #05-552-8156

2009 FEB 25 PM 1 25

February 24, 2009

State of New Mexico Oil Conservation Division ATTN: David K. Brooks 1220 South St. Francis Drive Santa Fe, New Mexico 87505

RE: Waiver of Notice of Application for Administrative Exception – Non-Standard Location Northeast Blanco Unit Well No. 257H Unit E, Section 35-T31N-R7W San Juan County, New Mexico

Dear Mr. Brooks:

Enclosed is a Waiver of Notice from Omimex Petroleum, Inc., successor to interest of Forest Oil Corporation, with respect to the Non-Standard Location Exception for the NEBU 257H well.

If you need additional information or assistance, please contact Janet Wooldridge at 405-552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

Jo Ann Kerran Land Associate

Enclosures

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February 23, 2009

20 North Broadway Oklahoma City, Oklahoma 73102 405-552-7843 FAX Janet Wooldridge, CPL Senior Landman 405-552-4626

Omimex Petroleum, Inc. 2001 Beach Street, Suite 810 Fort Worth, Texas 76103 Attention: Clark P. Storm, Vice President

Re: Waiver of Notice of Application for Administrative Exception - Non-Standard Location Northeast Blanco Unit Well No 257H Unit E, Section 35-T31N-R7W San Juan County, New Mexico

Gentlemen:

On January 19, 2008 Devon Energy Production Company, L.P. ("Devon") sent notice by certified mail to your predecessor in title, Forest Oil Corporation, of Devon's administrative application for approval of an unorthodox well location covering the NEBU 257H Pictured Cliffs well. On June 30th, 2009 Omimex Petroleum, Inc. ("Omimex") provided documentation to Devon that Omimex now owned the interest in this property formerly held by Forest Oil Corporation. In addition, Omimex, as successor by assignment to Forest Oil Corporation, provided written declaration of no objection to this administrative application for unorthodox location.

Unfortunately, Devon erred in its January 19, 2009 notice and failed to properly advise you that as an offsetting interest owner to the NEBU 257H property and in accordance with Division Rule Part 15, Section 13.D you have the right to object to said administrative application for approval of an unorthodox well location covering the NEBU 257H Pictured Cliffs well and that said objection must be filed with the New Mexico Oil Conservation Division within 20 days from the date the division received said application. By re-noticing you with the required language, essentially the application will begin a new 20 day notice period. Alternatively, we may supply a waiver of notice executed by you to the New Mexico Oil Conservation Division.

It is Devon's desire to prevent any further delay in the processing of the referenced application. If you are in agreement to a waiver of notice with respect to this corrected notice, please so indicate by signing and returning one copy of this letter to me at the address shown above.

Should you have any questions, please contact me at 405-552-4626.

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Omimex Petroleum, Inc. February 23, 2009 Page 2

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Janet Wooldridge, CPL

Omimex Petroleum, Inc. successor by assignment to Forest Oil Corporation hereby waives notice of this administrative application for unorthodox location for the NEBU 257H well.

By:______CLARK P. STORMS Title:______Vice President Land & Legal

Date: 2-25-09



Janet Wooldridge Jan.wooldridge@dvn.com 405-552-4626

Certified Mail – Return Receipt Requested

January 19, 2009

Forest Oil Corporation ATTN: Ken McPhee 707 17th Street, Suite 3600 Denver, Colorado 80202

RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico

Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Pictured Cliffs well. Devon's records indicate that your company may be the owner of operating rights in 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 objections to this application, please so indicate by signing and returning one copy of this letter to me at the address show above.

If there are any questions, or if additional information is required, feel free to call me at (405) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

Janet Wooldridge

Senior Division Landman

Enclosures

By:

Onince Petroleun, Inc., successor by assignment to Erest Oil Corporation Forest Oil Corporation has no objection to this administrative application for unorthodox surface location.

Jan 30, 2009 Date:

Title: VICE PRESMENT



Omimex Resources, Inc.

Omimex Energy, Inc. Omimex Petroleum, Inc. Omimex Canada, Ltd.

Jānuary 30, 2009



Ms. Janet Wooldridge Devon Energy Corporation 20 North Broadway Oklahoma City, Oklahoma 73102-8260

Re: ANEBU Well No. 257H

SW/4 Section 35-31N-7W

3-¡San Juan County; New Mexico;

, Dear Ms. Wooldridge

Enclosures

Omimex Petroleum, Inc. is successor to Forest Oil Corporation in the above referenced well as signified by General Assignment, Bill of Sale, Conveyance and Assumption dated November 25, 2008 but effective December 1, 2008, by and between Forest Oil Corporation and Omimex Petroleum, Inc. A copy of that General Assignment and a recorded copy of the Assignment filed in Rio Arriba County, New Mexico are attached for your files.

Also enclosed is one copy of your letter dated January 19, 2009 which has been executed and approved by Omimex Petroleum, Inc.

If you have any questions please call me at (817) 735-1500, ext. 219 Very truly yours;

7 OMIMEX PETROLEUM, INC

Marie Baldin

Marie Baldwin Land Assistant

2001.BEACH ST., SUITE 810/ . FORT WORTH TEXAS 76103 . FHONE (817) 735-1500 . FAX (817) 735-


FOREST OIL CORPORATION

707 Seventeenth Street, Suite 3600 Denver, CO 80202 (303) 812-1400

November 25, 2008

DEVON ENERGY PRODUCTION CO, LP 20 N BROADWAY, STE 1500 OKLAHOMA CITY, OK 73102-8260

Attention: Steve Holmes

Re: Letter in Lieu of Transfer Order (See Exhibit A hereto for list of wells and properties)

Gentlemen:

This letter will serve as notice that **FOREST OIL CORPORATION**, ("Forest") has sold its interests in the properties described in Exhibit A attached hereto, to **OMIMEX PETROLEUM**, **INC** ("Omimex"), whose address is, 2001 Beach Street, Suite 810, Fort Worth, Texas 76103.

Enclosed you will find a copy of the unrecorded Assignment and Bill of Sale ("Assignment") whereby all right, title and interest of Forest was transferred to Omimex. The assignment has been sent for recordation and a recorded copy will be furnished to you if you request same.

This letter is executed by Forest and Omimex as an agreement in lieu of separate Division or Transfer Orders. The transfer will be effective December 1, 2008, Forest will handle accounting on the properties through the production month of November 2008. Please continue remitting production proceeds to Forest through November 2008 production.

Commencing with December 2008 production, please remit production proceeds related to December and forward production directly to Omimex. Please remit all production proceeds related to November 2008 production and prior to Forest.

All future requests and correspondence that would previously have been directed to Forest should be sent to Omimex at the following address:

Omimex Petroleum, Inc. 2001 Beach Street, Suite 810 Fort Worth, Texas 76103 Tax ID Number: 26-3526364 All payments made by check should be sent to the following address, to wit:

Omimex Petroleum, Inc. 2001 Beach Street, Suite 810 Fort Worth, Texas 76103

All payments made by wire transfer should be sent to the following account, to wit:

Account Name: Omimex Petroleum, Inc. Bank: Citibank, N.A. Austin, TX ABA: 113193532 Acct. Number: 9786160087

In consideration of your acceptance of this Letter-In-Lieu of Division or Transfer Orders, Omimex hereby ratifies, confirms, adopts and agrees to be bound by all the terms and conditions of all previous sale contracts, Transfer and/or Division Orders insofar as they cover and relate to the interests acquired from Forest, and Forest and Omimex further agree to indemnify, save and hold you harmless from and against any and all claims, demands, actions, judgments, damages, liabilities and expenses that you sustain by reason of payment in accordance with this letter.

<u>PLEASE DO NOT SUSPEND PAYMENTS</u>. IT IS THE INTENTION OF FOREST AND OMIMEX THAT THERE BE NO SUSPENSION OR INTERRUPTION OF PAYMENTS.

If you have any questions regarding this transfer of interests or other matters set forth herein, or if for any reason, you are unable to comply with the directions set forth in this letter, you are requested to contact:

Omimex Petroleum, Inc. 2001 Beach Street, Suite 810 Fort Worth, Texas 76103 Attention: Clark P. Storms Telephone: 817-735-1500, ext. 207 Facsimile: 817-735-8033 Email: clark storms@omimexgroup.com

In order that we may have a record evidencing your acceptance of this letter, we request that you sign one copy of this letter in the space provided and return it to Forest.

OMIMEX PETROLEUM, INC.

BY: Clark P. Storms TITLE: Vice President FOREST OIL CORPORATION

BY: Glen J. Mizenko TITLE: Senior Vice President

AGREED AND ACCEPTED:

		_ <u></u> ·	 	
BY: _	•		 	
DATE: _			 	

Attachment: Assignment and Bill of Sale with Exhibit A

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

ASSIGNMENT

50 50 63

This Assignment ("Assignment") is from FOREST OIL CORPORATION, a New York corporation, whose address is 707 Seventeenth Street, Suite 3600, Denver, Colorado 80202 ("Assignor"), to OMIMEX PETROLEUM, INC., a Delaware corporation, whose address is 2001 Beach Street, Suite 810, Fort Worth, Texas 76103 ("Assignee").

WITNESSETH:

Assignor, for and in consideration of the sum of One Hundred and No/100 Dollars (\$100.00) and other good and valuable consideration in hand paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, BARGAINED, SOLD, CONVEYED, ASSIGNED and DELIVERED, and by these presents does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN and DELIVER, subject to the terms and provisions of this Assignment, all of Assignor's right, title and interest in and to the leases described on Exhibit "A" attached hereto "Leases"), together with all wells, equipment, fixtures and personal property related thereto collectively referred to hereinafter as the "Interests"), subject however to that certain Agreement for Purchase and Sale of Assets by and between Assignor Assignee dated September 24, 2008.

TO HAVE AND TO HOLD the Interests, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto Assignee, its successors and assigns, forever, subject to the matters set forth herein.

This Assignment is made without any warranty, express or implied, by Assignor except Assignor does hereby bind and obligate itself and its affiliates, successors and assigns to warrant and forever defend unto Assignee, its successors and assigns, all and singular the Interests against all persons lawfully claiming or to claim the same or any part thereof by, through or under Assignor but not otherwise.

All tangible equipment and personal property included in the Interests are sold "AS IS, WHERE IS" and Assignor MAKES NO, AND DISCLAIMS ANY, REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED, AND WHETHER BY COMMON LAW, STATUTE, OR OTHERWISE. Assignor and Assignee agree that the preceding disclaimers of warranty are "conspicuous" disclaimers for purposes of any applicable law, rule or order.

RIO ARRIBA MOISES A MORALES JR, CLERK 200900098 Book 532 Page 98 1 of 4 01/06/2009 01:00:41 PM BY DELORA This Assignment is made and accepted subject to all burdens, encumbrances, contracts and agreements which are of record or listed in Exhibit "A" to the extent that same are in force and effect and affect the Interests.

Assignee assumes, as of date of execution of this Assignment, all of Assignor's obligations relating to the Interests, including, but not limited to, the obligation of plugging and abandoning any well on the Leases, at Assignee's cost, risk and expense (to the extent of the interest herein assigned).

This Assignment shall bind and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment on this 25th day of November, 2008, but effective for all purposes as of 12:01 a.m. on December 1, 2008.

ASSIGNOR:

FOREST OIL CORPORATION

By: RE Name: Glen Mizenko

Title: Senior Vice President

ASSIGNEE

OMIMEX PETROLEUM, INC.

lans By:

Name: Clark P. Storms Title: Vice President

> RIO ARRIBA MOISES A MORALES JR, CLERK 200900098 Book 532 Page 98 2 of 4 01/06/2009 01:00:41 PM BY DELORA

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STATE OF COLORADO

COUNTY OF DENVER

This instrument was acknowledged before me on <u>Mounder 25</u>, 2008 by Glen Mizenko, Senior Vice President of Forest Oil Corporation, a New York corporation, on behalf of said corporation.

§ § §

ry Public in and for the Stat

Printed Name: _

My Commission Expires:

Judy E. Johnson Notary Public State of Colorado My Commission Expires: September 19, 2012

STATE OF COLORADO § SCOUNTY OF DENVER §

This instrument was acknowledged before me on $\underline{MMMW} 25$, 2008 by Clark P. Storms, Vice President of Omimex Petroleum, Inc., a Delaware corporation, on behalf of said corporation.

olorad Notary Public in and for the State οł. Printed Name: My Commission Expires:

Judy E. Johnson Notary Public State of Colorado My Commission Expires: September 19, 2012

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RIO ARRIBA MOISES A MORALES JR, CLERK 200900098 Book 532 Page 98 3 of 4 01/06/2009 01:00:41 PM BY DELORA

EXHIBIT 'A'

Page _____ of





RIO ARRIBA MOISES A MORALES JR, CLERK 200900098 Book 532 Page 98 4 of 4 01/06/2009 01:00:41 FM BY DELORA



GENERAL ASSIGNMENT, BILL OF SALE, CONVEYANCE AND ASSUMPTION

This General Assignment, Bill of Sale, Conveyance and Assumption (the "Assignment") dated effective as of the Effective Time is from FOREST OIL CORPORATION, a New York corporation ("Assignor"), by and through its hereunto duly authorized officer, and is to OMIMEX PETROLEUM, INC., a Delaware corporation ("Assignee"), acting by and through its hereunto duly authorized officer. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THAT:

ARTICLE 1

Defined Terms

The following words, terms and phrases when used herein shall have the respective meanings set forth below:

1.1 "Assets" shall mean the following:

(a) All right, title and interest of Assignor in and to all oil and gas leases, other similar leases, mineral interests, royalties, and overriding royalties, whether producing or non-producing, as described on Schedule A-1 attached hereto (the "Leases"), and any other oil, gas or other mineral rights and interests of any type in, on or under or relating to the lands also described on Schedule A-1 (the "Land"), and including any and all right, title and interest of Assignor in and to the oil, gas and other hydrocarbons and other products produced in association therewith in, on or under any of the foregoing, and all oil and gas wells and injection and disposal wells located on any of the foregoing, or used or useful in connection therewith, or on lands pooled or unitized therewith, including, without limitation, the wells described in Schedule A-2 attached hereto (the "Wells");

(b) All right, title and interest of Assignor in, to and under or derived from all presently existing or proposed unitization, pooling and communitization agreements, declarations and orders, and the properties covered and the units created or to be created thereby (including, but not limited to, all units formed or to be formed under orders, regulations, rules or other official actions of any federal, state or other governmental agency having jurisdiction) described in Schedule A-3 attached hereto to the extent that they relate to or affect any of the properties and interests of Assignor described or referred to in sub section (a) of this Section 1.1 ("Unit Agreements"), or the production of oil, gas and other hydrocarbons and other products produced in association therewith attributable to said properties and interests;

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(c) All right, title and interest of Assignor in, to and under or derived from all presently existing and effective oil, gas liquids, condensate, casinghead gas and gas sales, purchase, exchange, gathering, transportation and processing contracts described in Schedule A-3 attached hereto to the extent that they relate to any of the properties and interests of Assignor described or referred to in sub section (a) of this Section 1.1 ("Product Sales and Transportation Agreements"), operating agreements, joint venture agreements, farmout agreements described in Schedule A-3 attached hereto to the extent that they relate to any of the properties and all other agreements and instruments described in Schedule A-3 attached hereto to the extent that they relate to any of the properties and interests of Assignor described or referred to in sub section (a) of this Section 1.1 ("Operating Agreements");

(d) All right, title and interest of Assignor in or to all personal property, fixtures, equipment leases, improvements, and other personal property, whether real, personal, or mixed (including, but not limited to, well equipment, casing, tubing, tanks, rods, tank batteries, boilers, buildings, pumps, motors, machinery, injection facilities, disposal facilities, field separators and liquid extractors, compressors, pipelines, gathering systems, docking facilities, air service facilities, helicopter facilities, power lines, telephone and telegraph lines, roads, and field processing plants, field offices and office furnishings related thereto, field office leases, equipment leases, trailers and all other appurtenances thereunto belonging), (the "Equipment") and in and to all easements, permits, licenses, servitudes, rights-of-way, surface leases and other surface rights, to the extent now being used or proposed to be used in connection with the exploration, development, operation or maintenance of the properties and interests described in sub sections (a), (b) and (c) of this Section 1.1, or now being used or proposed to be used in connection with the producing, treating, processing, storing, gathering, transporting or marketing of oil, gas and other hydrocarbons and other products produced in association therewith attributable to such properties or interests, and all contract rights (including rights under leases to third parties) related thereto (the "Easements") and in and to all natural gas, crude oil, condensate or other products produced from the properties described or referred to in sub section (a) of this Section 1.1 placed into storage or into pipelines (the "Products");

(e) All of Assignor's right, title and interest in and to any production imbalances or balancing agreements relating to any of the Leases or otherwise arising by virtue of the fact that Assignor may not have taken or marketed its full share of oil, gas and other hydrocarbons and other products produced in association therewith attributable to its ownership prior to the Effective Time;

(f) All of Assignor's right, title and interest in and to the seisimic described in Schedule B attached hereto.

(g) All of Assignor's right, title and interest in and to all causes of action, judgments, pending litigation, claims and demands set forth on Schedule C; and

(h) All accounting records, books and files relating to any of the foregoing matters set forth in this Section 1.1 including, without limitation, all production records, operating records, correspondence, lease records, well records, and division order records; prospect files; title records (including abstracts of title, title opinions and memoranda, and title curative documents related to the Leases and Wells), contracts, geological data and interpretative reports, maps, electric logs, core data, pressure data, decline curves, graphical production curves, and a non-exclusive license to all geophysical data owned by Assignor (collectively, the "Records"); provided, however, that the Records shall not include payroll and personnel records and any geophysical and interpretive data or reports that Assignor is not contractually permitted to assign.

1.2 "Effective Time" shall mean December 1, 2008, at 12:01 a.m., local time, said time to be determined for each locality in which the Assets are located in accordance with the time generally observed in said locality.

1.3 "Purchase Agreement" shall mean that certain Agreement for Purchase and Sale of Assets dated September 24, 2008, executed by and between Assignor, and others, as "Seller" and Assignee as "Purchaser," covering and describing the Assets.

ARTICLE 2

<u>Conveyance</u>

Assignor, for and in consideration of the sum of One Hundred and No/100 Dollars (\$100.00) and other good and valuable consideration in hand paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, has granted, bargained, sold, conveyed, assigned and delivered, and by these presents does hereby grant, bargain, sell, convey, assign and deliver, the Assets unto Assignee, subject to the terms and provisions of this Assignment.

ARTICLE 3

Assumption

Subject to the provisions of the Purchase Agreement, Assignee hereby assumes the obligations, express and implied, contained in the Leases, applicable operating and unit agreements, production sales agreements and related agreements, but only to the extent they relate to the Assets or to the oil and gas business of Assignor related thereto. Assignee specifically agrees to be responsible for its share of the proper plugging and abandoning of the wells, flowlines and pipelines presently located on the leases and the restoration of the site in accordance with the terms of the applicable leases, as well as any wells subsequently drilled on the leases, all as may be required by the applicable governmental authority having jurisdiction. Assignee agrees to indemnify Assignor for any loss or damage attributable to Assignee's failure to fulfill its obligations assumed hereunder. The assumption of said obligations by Assignee hereunder shall not be deemed to create, confirm or give rise to any rights of any third party, as third-party beneficiary or otherwise, or to waive any

defenses available to Assignor or Assignee with respect to any such liabilities, it being understood that such assumption is for the sole purpose of allocating responsibility between Assignor and Assignee.

TO HAVE AND TO HOLD the Assets, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto Assignee, its successors and assigns, forever, subject to the matters set forth herein.

ARTICLE 4

Warranties and Limitations on Warranties

4.1 Notwithstanding anything to the contrary in this Assignment (including any exhibit, schedule or other attachment hereto) and without limiting, disclaiming or negating Assignor's rights under the Purchase Agreement as provided in Section 5.2 below, this Assignment is made without any warranty, express or implied, by Assignor except the following warranty set forth in this Section 4.1. Assignor does hereby bind itself and its successors and assigns to warrant and forever defend all and singular the Assets unto Assignee and Assignee's successors and assigns, against every person whomsoever claiming or to claim the same or any part thereof by, through or under Assignor, but not otherwise, hereby specially warranting the Assets as against every person whomsoever claim the same or any part thereof by, through or under Assignor, but not otherwise, hereby specially warranting the Assets as against every person whomsoever claim the same or any part thereof by, through or under Assignor, but not otherwise, hereby specially warranting the Assets as against every person whomsoever claim the same or any part thereof by, through or under Assignor, but not otherwise, hereby specially warranting the Assets as against every person whomsoever claim the same or any part thereof by, through or under Assignor, but not otherwise, in the case of each Asset or portion thereof and with respect to which a "W.I." and a "N.R.I." is expressly specified in Schedule A,

(a) that the share of costs attributable thereto (or cost-bearing interest) is, and shall be throughout the life of the property, not greater than the share set forth in Schedule A as the "W.L." for the Asset or portion thereof (unless Assignor's net revenue interest attributable thereto is greater than the net revenue interest share specified in Schedule A by a proportionate or greater amount), and

(b) that the share of oil and gas production (or net revenue interest) which is attributable thereto is, and shall be throughout the life of the property, not less than the share set forth in Schedule A as the "N.R.I." for that Asset or portion thereof.

4.2 To the extent the same as transferable,

(a) Assignor hereby transfers and assigns unto Assignee, its successors and assigns, all its rights under and by virtue of all covenants and warranties pertaining to the

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Assets, express or implied (including, without limitation, title warranties and manufacturers', suppliers' and contractors' warranties), which have heretofore been made by all of Assignor's predecessors in title, or by all third party manufacturers, suppliers and contractors (the "Prior Covenants and Warranties"), and

(b) this Conveyance is made with full substitution and subrogation of Assignee, its successors and assigns, in and to and under and by virtue of the Prior Covenants and Warranties and with full subrogation to all rights accruing under the statutes of limitation, prescription and repose under the laws of the applicable jurisdictions in relation to the Assets and all causes of action, rights of action or warranty of Assignor against all former owners of the Assets.

4.3 The parties agree that to the extent required by applicable law, rule or order to be operative the disclaimers of certain warranties contained in this Section and in the conveyancing document to be delivered pursuant to this Agreement are "conspicuous" disclaimers for the purposes of any such applicable law, rule or order. ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES ANY WARRANTY AS TO THE CONDITION OF ANY PERSONAL PROPERTY, EQUIPMENT, FIXTURES AND ITEMS OF MOVABLE PROPERTY COMPRISING ANY PART OF THE ASSETS, INCLUDING

(a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY,

(b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE,

(c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OR MATERIALS,

(d) ANY RIGHTS OF ASSIGNEE UNDER APPLICABLE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, AND

(e) ANY CLAIM BY ASSIGNEE FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN,

IT BEING EXPRESSLY UNDERSTOOD BY ASSIGNEE THAT SAID PERSONAL PROPERTY, FIXTURES, EQUIPMENT, AND ITEMS ARE BEING CONVEYED TO ASSIGNEE "AS IS", "WHERE IS", WITH ALL FAULTS, AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR AND THAT ASSIGNEE WILL MAKE, PRIOR TO CLOSING, SUCH INSPECTIONS THEREOF AS ASSIGNEE DEEMS APPROPRIATE. Except as otherwise expressly set forth herein or in the Purchase Agreement, Assignor also expressly disclaims and negates any implied or express warranty as to the accuracy of any of the information furnished with respect to the existence or extent of reserves or the value of the Assets based thereon or the condition or state of repair of any of the Assets (it being understood that all estimates of quantities or values of oil and gas reserves on which Assignee has relied or is relying have been derived by individual evaluation of Assignee).

ARTICLE 5

<u>Miscellaneous</u>

5.1 Assignor has executed or will execute separate assignments of individual oil, gas and mineral leases or interests therein which are included in the Assets for filing with and approval by the United States of America, and the various state and county authorities in which the Assets lie. Assignor also has executed or will execute separate assignments and conveyances of fee tracts, surface leases, pipelines, easements, servitudes, processing plants, and other personal property, which are included in the Assets for filing in the public records of the counties which such properties are located. In addition to such assignments and conveyances (without creating any additional conveyances, warranties or representations of or by Assignor), Assignor covenants and agrees to execute and deliver to Assignee all such other and additional conveyances, instruments and other documents and to do all such other acts and things as may be necessary more fully to assure Assignee all of the Assets and the respective properties, rights and interests herein and hereby granted or intended to be granted. Such separate or additional assignments and conveyances,

(a) shall evidence the conveyance and assignment of the Assets herein made or intended to be made;

(b) shall not modify any of the terms, covenants and warranties herein set forth and shall not create any additional representations, covenants or warranties of or by Assignor to Assignee; and

(c) shall be deemed to contain all of the terms and provisions hereof, as fully and to all intents and purposes as though the same were set forth at length in the separate assignments. In the event any term or provision of such a separate or additional assignment or conveyance should be inconsistent with or conflict with the terms or provisions of this Assignment, the terms and provisions of this Assignment shall control and shall govern the rights, obligations and interests of the parties hereto, their successors and assigns. Such separate assignments and conveyances and this Assignment shall, when taken together, be deemed to constitute the one conveyance and assignment by Assignor of all of the Assets. This Assignment, insofar as it pertains to those Assets as to which said separate assignments have been or will be executed for filing with and approval by the United States of America, or a state or other governmental authority, are made and accepted subject to such approval and to the terms of such approval if and to the extent required by law.

5.2 This Assignment is in all respects delivered pursuant to and is made subject to the Purchase Agreement; however, the representations and warranties made by Assignor to Assignee in the Purchase Agreement are separate from and independent of any representation or warranty set forth in this Assignment; and neither the representations and warranties nor other terms of the Purchase Agreement shall be limited, expanded, extended, extinguished, negated, disclaimed or otherwise modified by this Assignment; provided, however, that if any representation or warranty contained in the Purchase Agreement covers-the-same-subject matter-as-any-representation-or-warranty contained in this Assignment, no double recovery for the same act breaching both warranties or representations shall be permitted.

5.3 Unless provided otherwise, all references in the Schedules hereto to recording data of a lease or other instrument or agreement include, and are intended as a reference to, the Volume or Book (and Entry or File Number if provided) and the page of the appropriate Federal, State or County records where and when recorded, and reference is hereby made to each of such instruments and the record thereof for all purposes.

5.4 This Assignment shall bind and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment in multiple counterparts on this 25th day of November, 2008, but to be effective for all purposes as of the Effective Time.

ASSIGNOR:

FOREST OIL CORPORATION Rup5 By:_ Name: Glen Mizenko Title: Senior Vice President

ASSIGNEE:

OMIMEX PETROLEUM, INC.

2 By: Name: Clark Storms Title: Vice President

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BEFORE ME, $\underline{\mathcal{T}}_{\mathcal{A}}$, $\underline{\mathcal{C}}_{\mathcal{A}}$, $\underline{\mathcal{T}}_{\mathcal{A}}$, a Notary in and for the said State and County, this day personally appeared $\underline{\mathcal{C}}_{\mathcal{A}}$, $\underline{\mathcal{M}}_{\mathcal{L}}$, appearing herein in his capacity as $\underline{\mathcal{S}}_{\mathcal{A}}$ of FOREST OIL CORPORATION, to me personally known to be the identical person whose name is subscribed to the foregoing instrument as representing FOREST OIL CORPORATION and acknowledged to me that he executed the same on the date hereof on behalf of said corporation, and that it was executed for the uses, purposes and considerations therein expressed by authority of the Board of Directors of said corporation, as the free act and deed of said corporation.



Notary Public in and for the State of ______ Printed Name:______ My Commission Expires:______

Judy E. Johnson Notary Public State of Colorado My Commission Expires: September 19, 2012

200 STATE OF 888 888 COUNTY OF

BEFORE ME, <u>Twy E, Jaco</u>, a Notary in and for the said State and County, this day personally appeared <u>Clark P Storm</u>, appearing herein in his capacity as <u>I/P</u> of OMIMEX PETROLEUM, INC., to me personally known to be the identical person whose name is subscribed to the foregoing instrument as representing OMIMEX PETROLEUM, INC and acknowledged to me that he executed the same on the date hereof on behalf of said corporation, and that it was executed for the uses, purposes and considerations therein expressed by authority of the Board of Directors of said corporation, as the free act and deed of said corporation.



Notary Public in and for the

State of ______ Printed Name: ______ My Commission Expires: ______

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SCHEDULE "A"

Preamble.

This Preamble is part of the Schedule A attached to and made a part of this Assignment. The parties agree and stipulate the following:

- Any heading at the top of a page indicating the name of a prospect or well is for identification purposes only and is not intended to, nor should it be construed as, constituting a part of the description of the interests or as limiting the interests described or as describing any interest in excess of Assignor's actual interest.
- (2) One or more pages may indicate decimal interests owned by Assignor in a well or wells. The decimal interests indicated are for warranty purposes only and are not intended, nor should they be construed as, limiting the interests described. For purposes of these interest indications: (i) "WI" means "working interest" which is the share of the cost of operations for that well for which Assignor is responsible; (ii) "NRI" means "net revenue interest" which is Assignor's interest in production after deducting all burdens against production and includes Assignor's royalty interest, if any, therein; and (iii) "ORI" means the overriding royalty interest owned by Assignor.
- (3) Recording information references are to book or volume and page, or the filenumber, instrument number or other identification number, of the applicable public records for proper recordation of the instrument in the county in which the real property affected by the instrument is located.
- (3) The land description is intended to reflect the lands in which Assignor owns an interest; however, such description shall not limit the interest described or purport to describe any interest in excess of Assignor's actual interest and such description shall be deemed to include all of Assignor's right, title and interest in the leases and other interests and not in excess thereof.
- (4) The lease number on the left side of the page that appears on one or more pages is Assignor's internal lease number as is for identification purposes only and does not constitute part of the description.

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Schedule A-2 Wells

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and Forest Oil Corporation, as Seller

Attachad to and made a part of that cartain Adreament For Purchase and Sale of Assets Effective July 1, 2006, by and between Omimex Rescurbes, Inc. as Purchasen, and Forest Oil Corporal

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Schedule A.2 Wells Attached to and made a part or that certain Agreement For Purchase and Sale of Assets Effective July 1. 2009, by and between Omitmex Resources, the, as Purchasier, and Forest Oil Corporation, as Seller

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Effective July 1, 2008, by and between Omimex Resources, Inc. as Purchaser, and Forest Oil Corporation, as Seller Attached to and made a part of that certain Agreement For Purchase and Sale of Assets NIOBRARA (THX) VIOBRARA (THX) VIOBRARA'(THX) BLANCO DAKOTA FRTLDCOAL BLANCO FRTLDCOAL MESAVRD BLANCO FRTLDCOAL MESAVRD MESAVRD DAKOTA TAPPICCLF WILLIAMS FRODUCTION CONFANY WILLIAMS FRODUCTION COMPANY WILLIAMS PRODUCTION COMPANY WILLIAMS FRODUCTION COMPANY WILLIAMS PRODUCTION COMPANY WILLIAMS PRODUCTION COMPANY WILLIAMS PRODUCTION COMPANY WILLIAMS PRODUCTION COMPANY BURLINGTON RESOURCES BURLINGTON RESOURCES BURLINGTON RESOURCES! BURLINGTON RESOURCES! FOREST OIL CORPORATION OPERATOR NAME CHEVRON MIDCONTINENT LP CHEVRON MIDCONTINENT LP CHEVRON MIDCONTINENT LP CONDCOPHILUPS COMPANY CONOCOPHILLIPS COMPANY CONOCOPHILLIPS COMPANY CONOCOPHILLIPS COMPANY CONOCOPHILLIPS COMPANY BURLINGTON RESOURCES BURUNGTON RESOURCES BURLINGTON RESOURCES BURLINGTON RESOURCES CONOCOPHILLIPS CONOCOPHILLIPS CONOCOPHILLIPS CONOCOPHILLIPS SOMOCOPHILLIPS CONOCOPHILUPS CONDCOPHILLIPS CONOCOPHILLIPS CONOCOPHILLUPS CONOCOPHILLUPS CONOCOPHILLUPS SAN JUAN 29-5 UNIT DK SAN JUAN 29-5 UNIT MV(GOBRNADR RINCON PC (PICTURED CLIFFS) PA ME Colorado WELL NAME 207037.4051 BARKEY 10-5.5-4.5 207037.4051 BARKEY 10-5.5-4.5 207037.031 BENNETT STATE 1-16-5-4.5 207037.031 BENNETT STATE 16-16-5-4.5 207037.051 BENNETT STATE 8-16-5-4.5 207037.051 BENNETT STATE 8-16-5-5-5.5 207037.05 ROSA UNIT #185 & #185A DK ROSA UNIT #185 & #185A DK ROSA UNIT #274 FC FOSA UNIT #328 DK ROSA UNIT #332B MV ROSA UNIT #332B MV ROSA UNIT #332 MV ROSA UNIT #3341 FC ROSA UNIT #3414 FC ROSA UNIT #3414 FC ROSA UNIT #3414 FC WELL NAME RINCON MV NC (.02577353) RINCON NP DK SUMMARY SAN JUAN 28-7 UNIT DK SAN JUAN 28-7 UNIT MV SAN JUAN 29-5 #71 NP DK SAN JUAN 29-5 UNIT DK SAN JUAN 29-5 UNIT FC SAN JUAN 29-5 UNIT FC SAN JUAN 29-6 UNIT FC SAN JUAN 29-6 UNIT FC SAN JUAN 31-6 UNIT FC SAN JUAN 31-6 UNIT MV STATE #3 PC CHACRO SAN JUAN 27-5 UNIT DK SAN JUAN 27-5 UNIT FC SAN JUAN 27-5 UNIT FC SAN JUAN 30-6 UNIT MV SAN JUAN 28-6 UNIT DK SAN JUAN 28-6 UNIT FC SAM JUAN 30-6 UNIT FC SAN JUAN 31-6 UNIT DK 5.4N JUAN 27-5 UNIT PC 5.4N JUAN 29-6 #449 NP SAN JUAN 29-6 UNIT MV SAN JUAN 28-5 UNIT PC SAN JUAN 28-7 #69 FC SAN JUAN 28-7 #69 FC JUAN 28-7 UNIT SAN JUAN 29-5 UNIT SAN JUAN 30-6 UNIT SAN JUAN 29-5 UNIT SAN JUAN 27-5 UNIT SAN JUAN 28-6 #477 SAN JUAN 28-6 UNIT SAN JUAN 31-6 UNIT ROSA UNIT #342A ROSA UNIT DK ROSA UNIT FC ROSA UNIT FC ROSA UNIT S.AN. 204107,330 204107,620 204107.430 204107.520 204107.530 204107.220 204107.210 204107.160 204107.250 204107.240 204107.250 204107.260 204107,650 204107,162 204107,260 204107,290 204107.630 304107.008 204107.380 204107.350 204107.470 204107.480 WELL NO 204107.930 204107.190 204107.200 304107.005 204 107.590 204 107.590 204107.270 204107.640 204107.320 30-1107.009 201107 340 204107.350 304107.010 204107.370 204107,400 -110,701 MUE 204107,420 1107.450 204107,450 204107.540 204107.550 304107,008 204107.300 204107.310 204107,600 304107,007 204107.560 204107.570 20-1-107.580

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devon	Devon Energy Corporation Janet Wooldridge 20 North Broadway Jan.wooldridge@dvn.com Oklahoma City, OK 73102-8260 405-552-4626
Certified Mail – Return Receipt Requested	CERTIFIED MAIL RECEIPT <i>Comesticident Only Notinsuring Coverage Provided</i>)
January 19, 2009	FEICIAL USE
Forest Oil Corporation ATTN: Ken McPhee 707 17 th Street, Suite 3600 Denver, Colorado 80202	Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)
RE: NEBU Well No. 257H SW/4 Section 35-31N-7W San Juan County, New Mexico	Sent To Forest Oil Corporation Street, Apt. No.; Or PO Box No. City, State, ZiP-4 Forest Oil Corporation ATTN: Ken McPhee 707 17th Street, #3600
Ladies and Gentlemen:	Denver, CO 80202-4966

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Pictured Cliffs well. Devon's records indicate that your company may be the owner of operating rights in 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 objections to this application, please so indicate by signing and returning one copy of this letter to me at the address show above.

If there are any questions, or if additional information is required, feel free to call me at (405) 552-4626.

Sincerely,

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DEVON ENERGY PRODUC	· · · · · · · · · · · · · · · · · · ·	. , a.a. Vuudha aquad aarar -
Janet Wooldridge Senior Division Landman	 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	completerentilis/section/on/del/verm A. Signature X Agent A. Signature X Addressee B. Received by (Printed Name) C. Date of Delivery M. Robber 1/26/9° D. Is delivery address different from item 12 Yes
Enclosures	1. Article Addressed to:	D. Is delivery address different from item 1? U'Yes If YES, enter delivery address below: UNO
Forest Oil Corporation has no location.	ATTN: Ken McPhee	
By:	707 17th Street, #3600 Denver, CO 80202-4966	3. Service Type Image: Certified Mail Registered Image: Certified Mail Registered Image: Certified Mail Image: Certimage: Cerimage:
Title:	2. Article Number 7005 (Transfer from service label)	3110 0002 8249 7162
	PS Form 3811, February 2004 Domestic Re	eturn Receipt 102595-02-M-154(

EXHIBIT

WORKING INTEREST OWNERS

BP America Production Company ATTN: John Larson 501 Westlake Park Blvd. WL1 19.158 Houston, Texas 77079

ConocoPhillips Company ATTN: Ben Malone 3401 East 30th. Street Farmington, New Mexico 87402-8807

Burlington Resources Oil & Gas Company ATTN: Ben Malone 3401 East 30th. Street Farmington, New Mexico 87402-8807

Forest Oil Corporation ATTN: Ken McPhee 707 17th Street, Suite 3600 Denver, Colorado 80202

Williams Production Company ATTN: Barbara Burnett, RPL One Williams Center, MS 25-1 Tulsa, Oklahoma 74101

B & N Company, A Limited Partnership ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, Oklahoma 73102

BN Non-Coal, LLC ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, Oklahoma 73102

Devon Energy Production Company, L. P. ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, Oklahoma 73102

EXHIBIT

NEBU 257H SW/4 Section 35-T31N-R7W Application for Administrative Location Exception

Section 35-T31N-R7W:	SW/4 - NEBU 257H	•
	SE/4 - NEBU 68N	
	NE/4 - NEBU 68M	
	NW/4 - NEBU 250	
Section 34-T31N-R7W:	NE/4 - NEBU 256H	
	SE/4 - Unit Tract 7	
Working Interes	st Owner	Working Interest
BP America Productio	n Company	.50000000
Burlington Resources	Oil & Gas Company, LP	.11756569
ConocoPhillips Compa	ny	.04898858
BN Non-Coal, LLC		.07050376
B & N Company, L. P.		.00864412
Devon Energy Product	ion Company, L. P.	.25429785
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Section 3-T30N-R7W: NE/4 – Unit Tract 6A

Working Interest Owner BP America Production Company ConocoPhillips Company

Section 2-T30N-R7W: NW/4 – NEBU 258H

Working Interest Owner Williams Production Company ConocoPhillips Company

Section 2-T30N-R7W: NE/4 – Unit Tract 34

Working Interest Owner

Forest Oil Corporation

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20 North Broadway Oklahoma City, Oklahoma 73102 405-552-7843 FAX Janet Wooldridge, CPL Senior Landman 405-552-4626

January 19, 2009

State of New Mexico Energy and Mineral Department Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505 Attention: Engineering

Re: Request for Administrative Exception to Unorthodox Location Northeast Blanco Unit No. 257H Section 35-T31N-R7W San Juan County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon") as Operator, drilled the referenced Pictured Cliffs well and dedicated the Southwest Quarter (SW/4) of Section 35-T31N-R7W as the spacing unit. Devon attempted to place this well at a legal surface location that would prevent waste by incorporating the wellpad for this well with the existing wellpad for the NEBU 68N.

The original surface location was 1160' FWL and 2395' FSL of Section 35-T31N-R7W. The original BHL was 700' FSL and 1940' FWL of the same section. This put the end of the lateral 700' east and north of the quarter section or spacing unit line, a standard location. At the last minute it was noticed that due to the location of some existing equipment on this pad the rig and drilling equipment would not fit on the pad as we had it configured. We flipped the pad, moving the SL about 80' to the east. We filed a sundry with a revised C-102. The new SL is 1240' FWL and 2390' FNL, a move of about 80' to the east. The proposed BHL stayed the same, however, due to an oversight, we failed to have the directional company make this change in the proposed directional drilling plan. As a result, they were proceeding as if we were drilling from the original location, which had the final effect of moving the BHL about 80' to the east. We drilled 2209' south of the SL, which put the BHL 681' FSL and outside the 660' setback limit. We drilled 782' east of the SL, which put the BHL 618' west of the east spacing unit line. This left us 42' too close to the spacing unit line and in a NSL situation. Devon respectfully requests that the Commission administratively approve this application for an unorthodox location in accordance with Division Rule 104(F)(3).

Leasehold for the entire Section 35-T31N-R7W is Federal lease SF-079003 (Northeast Blanco Unit Tract No. 7). The SE/4 of Section 35-T31N-R7W is the spacing unit for the recently drilled NEBU 68N. This well was drilled from the same well pad as the NEBU 257H. The NEBU 68N was spud on July 19, 2008 and turned to Pictured Cliffs sales on 11/21/08, flowing 400 MCFPD.

Appl. Unorthodox Location NEBU 257H January 19, 2009 Page 2

Ownership in the NEBU 68N is identical to ownership in the NEBU 257H. In the NE/4 of Section 35 Devon completed the NEBU 68M and has obtained a Paying Well Determination. In the NW/4 of Section 35 Devon completed the NEBU 250. Devon also received a Paying Well Determination for the NEBU 250. Exhibits have been prepared and Devon will file for approval of Pictured Cliffs Participating Area Expansions 10 through 22 next week. NEBU 68M will be in Expansion 20, effective September 1, 2006. NEBU 250 will be in Expansion 22, effective July 1, 2007. Both the 250 and 68M wells have the same working interest ownership as the NEBU 257H. To the northwest of the NEBU 257H spacing unit, in the NE/4 of Section 34-T31N-R7W is the NEBU 256H well, which was only recently completed and therefore does not have a Paying Well Determination. This well also is the same ownership as the NEBU 257H. In the SE/4 of Section 34-T31N-R7W, which is directly to the west of the NEBU 257H spacing unit, there is no Pictured Cliffs well. All of Section 34-T31N-R7W is NEBU Tract 7, Federal lease SF-79003.

The spacing unit to the southwest of the NEBU 257H spacing unit is the NE/4 of Section 3-T30N-R7W. This is Federal Lease SF-079001, NEBU Tract 6A. There is no Pictured Cliffs well in this spacing unit. Working interest ownership is reflected on the attached plat. Directly to the south of the NEBU 257H spacing unit is the spacing unit for the recently completed NEBU 258H well. This well is not yet ready for a Paying Well Determination. The spacing unit is the NW/4 of Section 2-T30N-R7W. This is NEBU Tracts 35 and 36, State of New Mexico leases E-289-23 and E-289-24 ownership reflected on the attached plat. To the SE of NEBU 257H is the NE/4 of Section 2-T30N-R7W. To date, no Pictured Cliffs well has been drilled in this spacing unit. The leasehold is State of New Mexico E-289-3 and ownership is reflected on the attached plat.

Devon respectfully regrets drilling this well 42' too close to the spacing unit line and would line to assure you it was an unintentional oversight. That being said, we do not believe the 42' will jeopardize production from the SE/4 of Section 35-T31N-R7W nor any of the other surrounding spacing units. We anticipate the NEBU 68N will be deemed a Paying Well and will become a part of the Pictured Cliffs Participating Area as eventually will the NEBU 257H herein.

Copies of the application for approval of the Pictured Cliffs Participating Area Expansions 10 through 22 will be forwarded to you next week. Attached for your review you will find (a)land plat showing the spacing unit and surrounding units; (b)survey plat; (c)list of affected persons as defined in Rule 1207.A(2); (d) copies of notice letters to affected persons; and (e) copy of Inwell as built directional survey.

If you have any questions or concerns regarding this application, please contact me at 405-552-4626 or jan.wooldridge@dvn.com.

Sincerely, DEVON ENERGY PRODUCTION COMPANY, L.P.

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Janet Wooldridge, CPL Senior Landman

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	District IV 1220 St. Francis I	Dr., Santa F	e, NM 87505								AM	ENDED REPORT
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	* Property (Code				^s Proper	ty Name					* Well Number
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