

10/5/98

10/26/98

MS

NW

NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [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-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ SD

OCT - 5 1998

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
[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. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,[F] ☐ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
 P.O. BOX 1056
 SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce
 Signature

Attorney for Applicant
 Title

10/5/98
 Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

October 5, 1998

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Devon Energy Corporation (Nevada) ("Devon") applies for administrative approval of two unorthodox oil well locations, for the following wells:

Mann Fed. "3" Well No. 2
1575 feet FSL & 330 feet FWL
NW¼SW¼ (Unit L) §3

Mann Fed. "3" Well No. 3
1024 feet FSL & 330 feet FWL
SW¼SW¼ (Unit M) §3

Township 18 South, Range 27 East, NMPM
Eddy County, New Mexico

The wells will be drilled to a depth sufficient to test the San Andres formation (Red Lake Queen-Grayburg-San Andres Pool). The pool is subject to statewide rules, with 40 acre well units, and wells to be located no closer than 330 feet to a quarter-quarter section line. Attached as Exhibits A-1 and A-2 are Form C-102's for the wells.

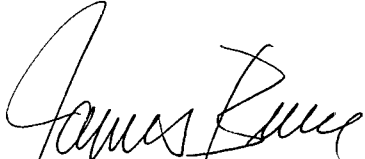
The original locations proposed by Devon were orthodox: 1650 feet FSL and 330 feet FWL for the No. 2 well, and 924 feet FSL and 330 feet FWL for the No. 3 well. The current locations are non-standard due to topographic reasons. Attached as Exhibit B is an aerial photo of the area, which shows that there are pipelines at or near the original locations. Attached as Exhibits C-1 and C-2 are well-pad plats, which also show certain of these pipelines. Thus, unorthodox locations are required.

Attached as Exhibit D is a land plat of the area, which colors each separate lease a different color. Both wells are on federal lease LC 061783-B, and are only moving toward the same lease. Thus, notice is not required to be given to any interest owner.

In Case 11996, Devon presented evidence that the subject pool is continuous across this area, trending in a northeast-southwest direction. Thus, geology is not a factor in these well locations. There are numerous draws, elevation changes, and pipelines and other facilities in the area, which often necessitate unorthodox locations. Wells in this pool drain less than 20 acres, and thus Devon is infill drilling each well unit. Devon is also considering the possibility of a future waterflood for this pool, and the proposed wells fit into a waterflood pattern. Directional drilling the wells to orthodox locations is not feasible. Wells in the pool are not prolific producers (averaging 50,000 barrels in reserves), and the added drilling and operating costs would make the wells uneconomic.

Based on the foregoing, Devon requests approval of the above unorthodox locations. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Devon Energy
Corporation (Nevada)

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 51300	Pool Name Red Lake (Q-GB-SA)
Property Code	Property Name MANN "3" FEDERAL	Well Number 2
OGRID No. 6137	Operator Name DEVON ENERGY CORP.	Elevation 3557'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	3	18 S	27 E		1575	SOUTH	330	WEST	EDDY

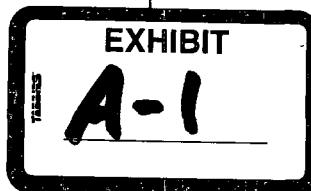
Bottom Hole Location If Different From Surface

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>E. L. Buttross, Jr.</u> Signature</p> <p><u>E. L. Buttross, Jr.</u> Printed Name</p> <p><u>District Engineer</u> Title</p> <p><u>8/27/98</u> Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><u>July 24, 1998</u> Date Surveyed</p> <p><u>GARY L JONES</u> Signature & Seal of Professional Surveyor</p> <p><u>7977</u> Certificate No.</p> <p>BASIN SURVEYS</p>



DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Department

EXHIBIT # 2
Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 51300	Pool Name Red Lake (Q-GB-SA)
Property Code	Property Name MANN "3" FEDERAL	Well Number 3
OGRID No. 6137	Operator Name DEVON ENERGY CORP.	Elevation 3551'

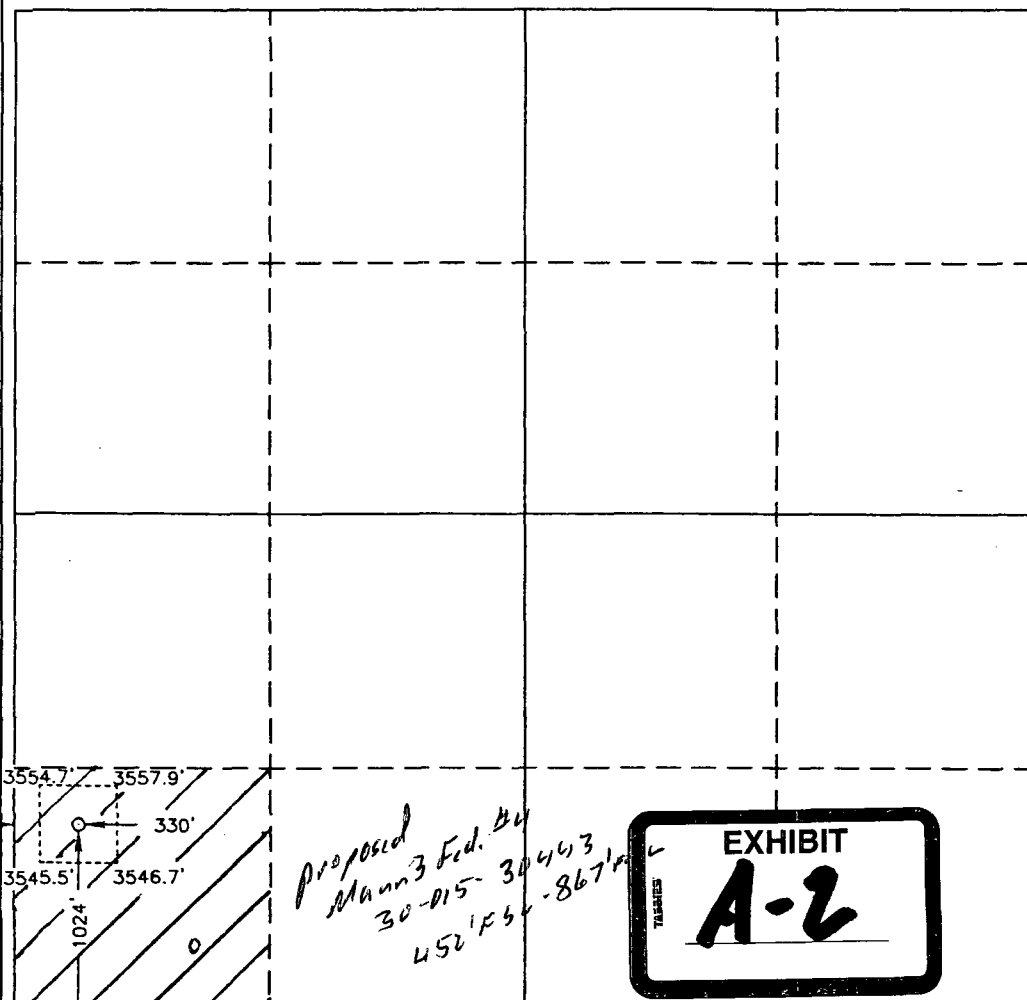
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	3	18 S	27 E		1024	SOUTH	330	WEST	EDDY

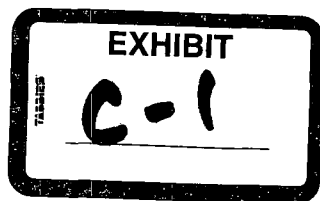
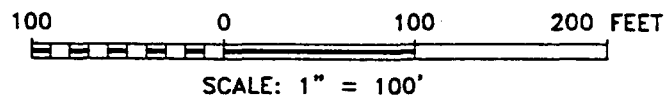
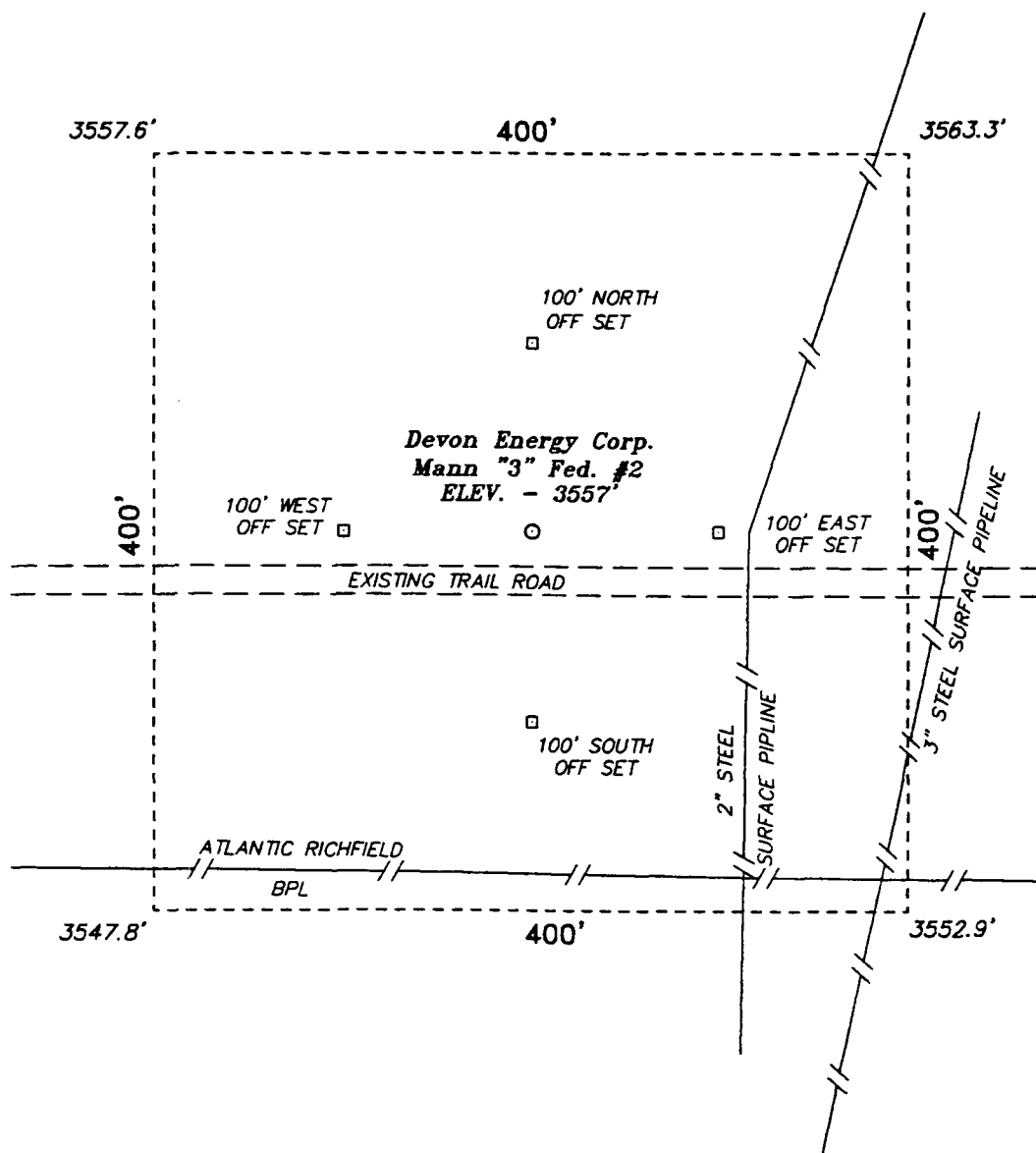
Bottom Hole Location If Different From Surface

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

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

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <u>E.L. Buttross Jr.</u> Signature E.L. Buttross, Jr. Printed Name District Engineer Title 8/27/98 Date
	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 Surveyed <u>July 24, 1998</u> Signature & Seal of Professional Surveyor <u>[Signature]</u> Certificate No. <u>7977</u>
	EXHIBIT A-2
	BASIN SURVEYS

SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



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

W.O. Number: 8297 Drawn By: K. GOAD

Date: 08-03-98 Disk: KJG #115 - 8297B.DWG

Devon Energy Corp.

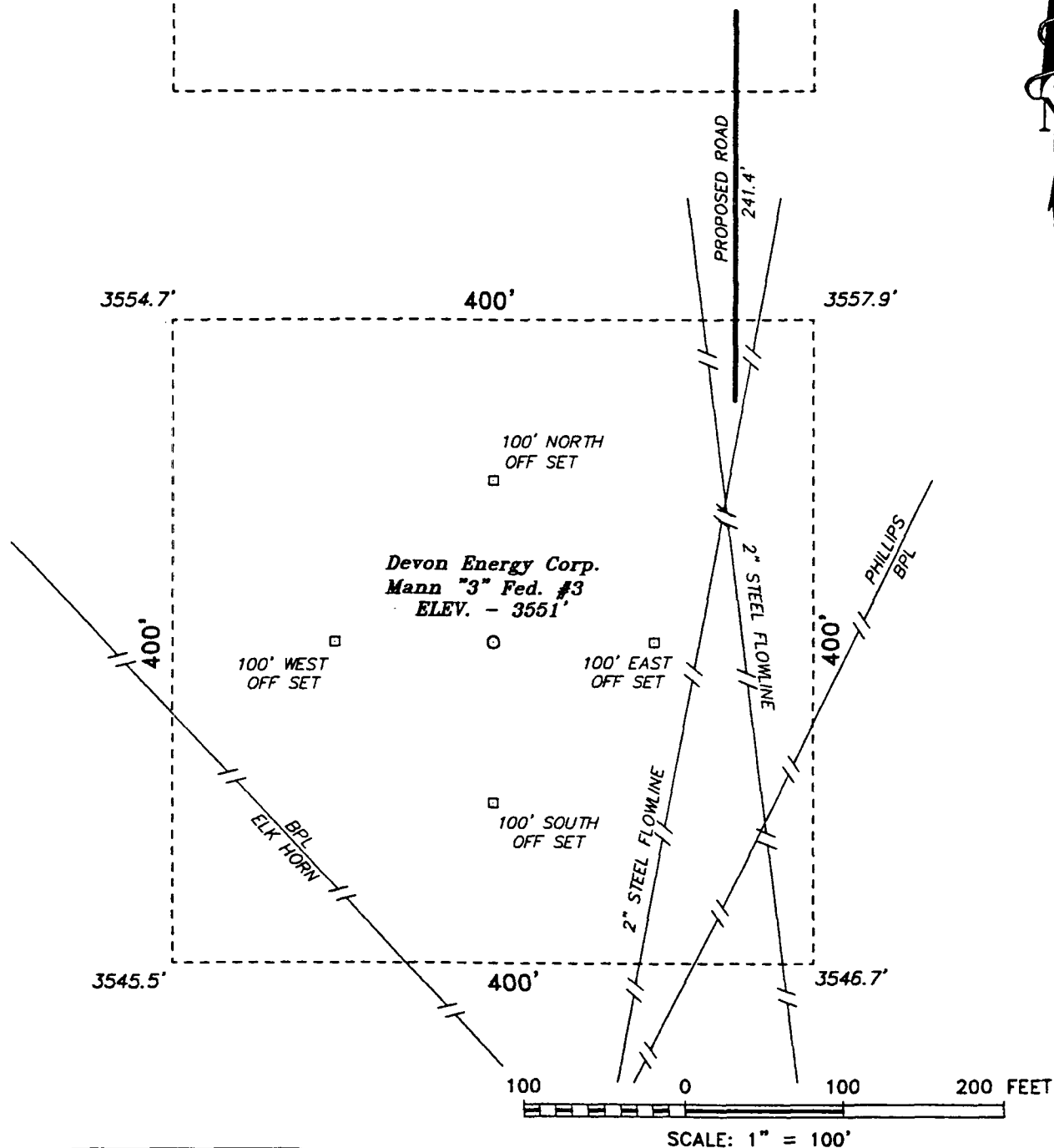
REF: Mann "3" Fed. No. 2 / Well Pad Topo

THE MANN "3" FED. No. 2 LOCATED 1575' FROM THE
SOUTH LINE AND 330' FROM THE WEST LINE OF
SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 07-24-98 Sheet 1 of 1 Sheets

SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Devon Energy Corp.
Mann "3" Fed. #2



EXHIBIT

C-2

Devon Energy Corp.

REF: Mann "3" Fed. No. 3 / Well Pad Topo

THE MANN "3" FED. No. 3 LOCATED 1024' FROM THE
SOUTH LINE AND 330' FROM THE WEST LINE OF
SECTION 3, TOWNSHIP 18 SOUTH, RANGE 27 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 8297

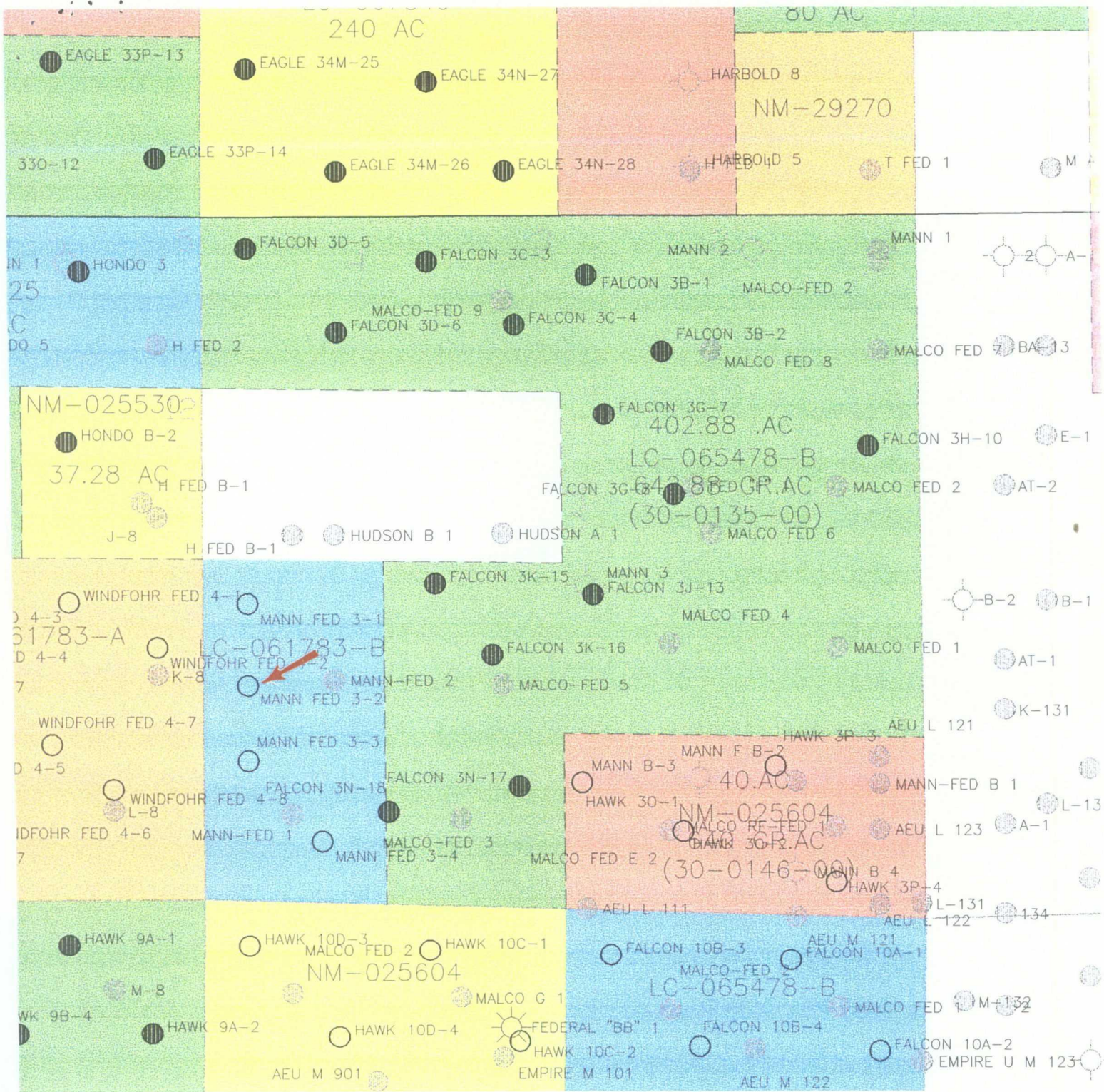
Drawn By: K. GOAD

Date: 08-03-98

Disk: KJG #115 - 8297A.DWG

Survey Date: 07-24-98

Sheet 1 of 1 Sheets



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
N.M. Oil and Gas Division
5700 1ST ST.
ARTESIA, NM 88210-2834

Form approved.

48

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐

b. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ Other ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
DEVON ENERGY CORPORATION (NEVADA) 6137

3. ADDRESS AND TELEPHONE NO.
20 N. BROADWAY, SUITE 1500, OKC, OK 73102 (405) 552-4511

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 1575' FSL & 330' FWL, Unit "L"

At top proposed prod. zone (SAME)

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 7 miles southeast of Artesia, NM

5. LEASE DESIGNATION AND SERIAL NO.
LC-061783-B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
NA

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
Mann 3 Federal #2 23715

9. API WELL NO.
30-015-30441

10. FIELD AND POOL, OR WILDCAT
Red Lake; Q-GB-SA 51300

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Section 3-T18S-27E

12. COUNTY OR PARISH
Eddy County

13. STATE
New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
330'
(Also to nearest drlg. unit line if any)

16. NO. OF ACRES IN LEASE
80

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
500'

19. PROPOSED DEPTH
3400'

20. ROTARY OR CABLE TOOLS*
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
GR 3557'

22. APPROX. DATE WORK WILL START*
November 1, 1998

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	14"	Conductor	40'	Redimix
12 1/4"	8 5/8", J-55	24 ppf	1150'	350 sx Lite + 200 sx Class C
7 7/8"	5 1/2", J-55	15.5 ppf	3400'	250 sx Lite + 350 sx Class C

* Cement will be circulated to surface on all casing strings.

Devon Energy plans to drill to 3400' +/- to test the San Andres Formation for commercial quantities of oil. If the San Andres 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

Surface Use and Operating Plan

Exhibit #1 - Blowout Prevention Equipment/
Choke Manifold

Exhibit #2 - Location and Elevation Plat

Exhibit #3 - Planned Access Roads

Exhibit #4 - Wells Within a One Mile Radius

Exhibit #5 - Production Facilities Plan

Exhibit #6 - Rotary Rig Layout

Exhibit #7 - Casing Design Parameters and Factors

Exhibit #8 - H₂S Operating Plan

The undersigned accepts all applicable terms, conditions, stipulation, and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Nationwide
BLM Bond File No.: CO-1104

NSL-

IN 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.

24.

SIGNED E. L. Buttross Jr.

E. L. BUTTROSS, JR.
TITLE DISTRICT ENGINEER

DATE 8/27/98

*(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 (ORIG. SIGN) JOHN S. SMITH

Assistant Field Office Manager,
Lands and Minerals
TITLE _____

DATE OCT 13 1998

See Instructions On Reverse Side

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
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OIL CONSERVATION DIVISION

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1000 Rio Brazos Rd., Aztec, NM 87410

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Surface Location

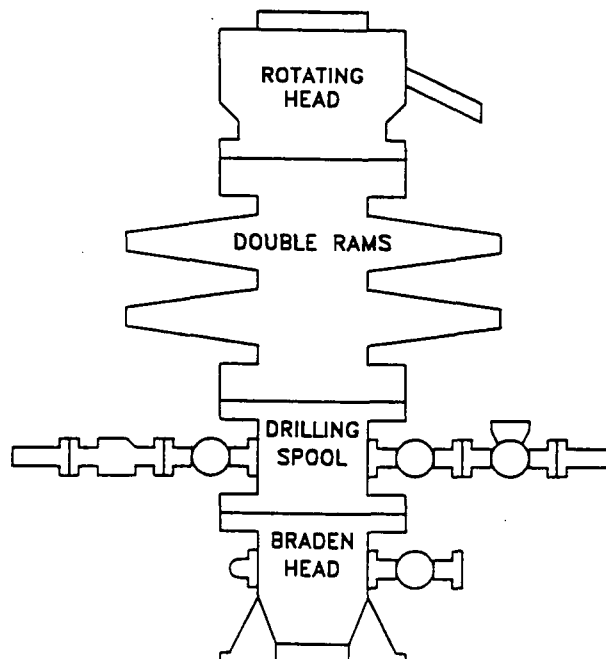
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Bottom Hole Location If Different From Surface

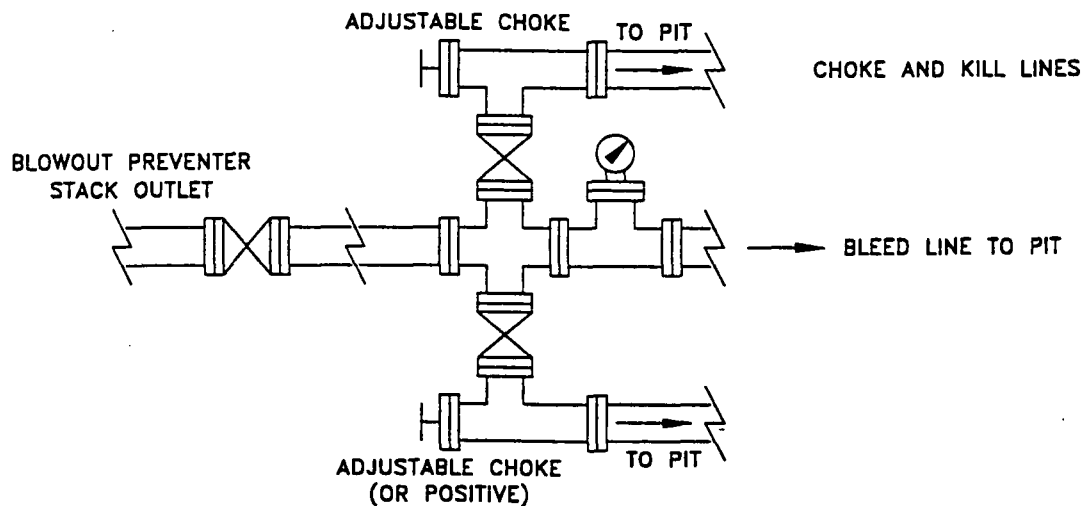
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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	<p>Basin Surveys</p>	
	<p>Basin Surveys</p>	



CHOKE MANIFOLD REQUIREMENT (2000 psi WP)



devon

WEST RED LAKE AREA
EDDY COUNTY, NEW MEXICO

SCHMATIC
BLOWOUT PREVENTOR
(2000 PSI MINIMUM WP)

Q:\...PROJECTS\EXPANDED

WRLBOP	

Attachment to Exhibit #1
NOTES REGARDING BLOWOUT PREVENTORS
Mann 3 Federal #2
Eddy County, New Mexico

1. Drilling nipple will be constructed so it can be removed mechanically without the aid of a welder. The minimum internal diameter will equal BOP bore.
2. Wear ring will be properly installed in head.
3. Blowout preventor and all associated fittings will be in operable condition and tested to 1000 psi with the rig pump.
- 4.
4. All fittings will be flanged.
5. A full bore safety valve with proper thread connections will be available on the rotary rig floor at all times.
6. All choke lines will be anchored to prevent movement.
7. All BOP equipment will be equal to or larger in bore than the internal diameter of the last casing string.
8. Will maintain a Kelly cock attached to the Kelly.
9. Hand wheels and wrenches will be properly installed and tested for safe operation.
10. All BOP equipment will meet API standards and include a minimum 40 gallon accumulator having two independent means of power to initiate closing operation.

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION04/06/99 10:49:11
OGOMES -TPYC
PAGE NO: 1

Sec : 03 Twp : 18S Rng : 27E Section Type : NORMAL

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E 40.00 Federal owned U A A A	F 40.00 Federal owned U A A A	G 40.00 Federal owned U A A A A	H 40.00 Federal owned U A A

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION04/06/99 10:49:18
OGOMES -TPYJ
PAGE NO: 2

Sec : 03 Twp : 18S Rng : 27E Section Type : NORMAL

L 40.00 Federal owned U A A A	K 40.00 Federal owned U A A A	J 40.00 Federal owned U A A	I 40.00 Federal owned U A
M 40.00 Federal owned U A A A	N 40.00 Federal owned U R A A A	O 40.00 Federal owned U R A A A A	P 40.00 Federal owned U R A A A A A A

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

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

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

CASE NO. 11966
ORDER NO. R-11162

APPLICATION OF DEVON ENERGY CORPORATION (NEVADA) FOR 23
UNORTHODOX OIL WELL LOCATIONS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 16, 1998 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of April, 1999, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Devon Energy Corporation (Nevada) ["Devon"], seeks authority to drill and produce the following wells at unorthodox oil well locations in Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Eagle "27-H" Federal No. 15	30-015-29942	27	1450' FNL & 990' FEL	H
Evarts "31" Federal No. 3	30-015-30171	31	1330' FSL & 1630' FEL	J
Eagle "33-G" Federal No. 6	30-015-29595	33	2460' FNL & 1350' FEL	G
Eagle "33-H" Federal No. 8	30-015-29596	33	2435' FNL & 531' FEL	H
Eagle "33-N" Federal No. 10	30-015-29598	33	230' FSL & 2140' FWL	N
Eagle "34-E" Federal No. 10	30-015-29632	34	2310' FNL & 1240' FWL	E
Eagle "34-F" Federal No. 12	30-015-29635	34	2310' FNL & 2420' FWL	F
Eagle "34-G" Federal No. 14	30-015-29636	34	2310' FNL & 1600' FEL	G
Eagle "34-I" Federal No. 18	30-015-29655	34	1740' FSL & 280' FEL	I
Eagle "34-L" Federal No. 24	30-015-29643	34	1740' FSL & 1065' FWL	L

In addition, Devon seeks authority to drill and produce the following wells at unorthodox oil well locations in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Falcon "3-N" Federal No. 18	30-015-29575	3	680' FSL & 1350' FWL	N
Carter Collier "5" Federal No. 9	30-015-29995	5	330' FNL & 2360' FEL	B
Evarts "6" Federal No. 4	30-015-30109	6	330' FNL & 1190' FEL	A
Fred "6" Federal No. 5	30-015-30155	6	1260' FNL & 990' FWL	D
Patton "6" Federal No. 6	30-015-30085	6	2460' FNL & 2310' FWL	F
Patton "6" Federal No. 4	30-015-30079	6	1593' FSL & 1469' FWL	K
Patton "6" Federal No. 3	30-015-29980	6	930' FSL & 1450' FWL	N
Hawk "9-B" Federal No. 4	30-015-29480	9	990' FNL & 1360' FEL	B
Hawk "9-J" Federal No. 16	30-015-29483	9	1630' FSL & 1650' FEL	J
Hawk "9-O" Federal No. 17	30-015-29484	9	1170' FSL & 2310' FEL	O
Hawk "17-C" Federal No. 1	30-015-29515	17	380' FNL & 1450' FWL	C
Hawk "17-C" Federal No. 2	30-015-29726	17	890' FNL & 2585' FWL	C
Kaiser No. 1	NA	18	330' FNL & 1110' FEL	A

(3) Prior to the hearing the Division issued the following Administrative Orders for four of the above-described wells:

- (a) NSL-3969 (SD), dated March 11, 1998, granted Devon approval to drill its Hawk "17-C" Federal Wells No. 1 and 2 at the above-described unorthodox oil well locations;
- (b) NSL-3982, dated March 23, 1998, granted Devon approval to drill its Carter Collier "5" Federal Well No. 9 at the above-described unorthodox oil well location; and
- (c) NSL-3983, dated March 23, 1998, granted Devon approval to drill its Evarts "6" Federal Well No. 4 at the above-described unorthodox oil well location.

Since it is unnecessary at this time to include these four wells in this application, they should be dismissed.

(4) The Red Lake (Queen-Grayburg-San Andres) Pool, as currently designated, includes the following lands in Eddy County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 28 EAST,
NMPM

Section 24: SE/4
Section 25: All
Section 26: S/2 S/2
Section 27: SE/4 SE/4
Section 34: All
Section 35: All
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 27 EAST,
NMPM

Section 12: SE/4
Section 13: N/2 and SE/4
Section 22: S/2 NE/4
Section 23: S/2 NW/4, NE/4 SW/4, and SE/4
Section 24: NE/4, S/2 NW/4, N/2 SW/4, and SE/4
Section 25: NE/4 and S/2
Section 26: S/2 S/2
Section 27: All
Section 32: SE/4
Section 33: NE/4 and S/2
Section 34: All
Section 35: All
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 28 EAST,
NMPM

Section 7: All
Section 8: SW/4
Section 9: NE/4 NE/4, S/2 NE/4, and SE/4
Section 10: SW/4
Section 11: S/2
Section 12: SW/4 SW/4
Section 14: W/2

TOWNSHIP 17 SOUTH, RANGE 28 EAST,
NMPM

(Continued)

Section 15: All
Section 16: NE/4 and S/2
Section 18: W/2
Section 19: S/2
Section 20: All
Section 22: All
Section 23: S/2 NW/4 and S/2
Section 25: N/2
Section 26: N/2
Section 27: N/2 N/2 and SW/4
Section 28: All
Section 29: N/2, SW/4, and N/2 SE/4
Section 30: All
Section 31: NE/4 NE/4, W/2 E/2, and W/2

TOWNSHIP 18 SOUTH, RANGE 26 EAST,
NMPM

Section 1: E/2

TOWNSHIP 18 SOUTH, RANGE 27 EAST,
NMPM

Section 1: S/2
Section 2: S/2
Section 3: All
Section 4: All
Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: All
Section 17: N/2
Section 18: NE/4, N/2 NW/4, and SE/4 NW/4.

(5) Currently the Red Lake (Queen-Grayburg-San Andres) Pool is governed by the Division's statewide rules, which require development on standard 40-acre spacing and proration units, each having a top unit depth bracket allowable of 80 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil, and allow infill drilling on each 40-acre unit.

(6) Within a 1236.85-acre area, more or less, comprising the following described

acreage in Eddy County, New Mexico, Devon is the operator of the West Red Lake Unit Area (approved by Division Order No. R-3453 dated July 12, 1968) in which waterflood operations are being conducted with injection into the Red Lake (Queen-Grayburg-San Andres) Pool (approved by Division Order No. R-3469, issued in Case No. 3824, dated August 13, 1968, and designated the West Red Lake Waterflood Project).

(7) The remaining 19 wells listed in Paragraph No. (2) above are either completed in or proposed to be completed in the Red Lake (Queen-Grayburg-San Andres) Pool, and each well will have a standard 40-acre, more or less, unit dedicated thereto. Eleven wells will be infill wells within existing 40-acre oil proration units while the remaining eight wells will be considered new designations.

(8) The applicant presented evidence that indicates the following:

- (a) All of the wells are located on federal land, except the Kaiser No. 1, which is located on fee land.
- (b) The subject pool is continuous across the area, trending in a northeast-southwest direction.
- (c) The original locations for all of the subject wells were orthodox, but were moved due to topographic and engineering reasons.
- (d) The subject area is near the Pecos River, with numerous draws and elevation changes of 100-200 feet. The Bureau of Land Management requested that numerous well locations be moved to prevent extreme cut and fill of slopes and prevent erosion of the highly erodible soil in this area. In addition, there are numerous gas transmission and gathering pipelines, roads, existing wells, and a gas plant. All of these factors limit well locations.
- (e) Average reserves in wells completed in the subject pool are about 50,000 barrels of oil, which equate to approximately 24 acres of drainage. The drainage radius of such a well is much less than a well that is capable of draining 40 acres. The applicant has drilled wells within 400-450 feet of older, above-average wells in the pool, and has seen no evidence of drainage from those older wells.
- (f) Directional drilling is not feasible because the small reserves in these wells do not justify the additional drilling and operating costs.

- (g) Applicant is drilling two wells per 40-acre unit to: (i) adequately drain each unit, and (ii) prepare for a possible future waterflood project. Injection in the West Red Lake Unit has shown a favorable production response. Drilling two wells per 40-acre unit could allow the Unit's waterflood project to be expanded in the future.

(9) Each of the above-described unorthodox oil well locations should be approved for one or more of the following reasons:

- (a) The location is a move toward the interior of a lease;
- (b) The location encroaches on a lease not owned or operated by the applicant, but notice was given to the offset and the Division received no objection;
- (c) The location will not drain the offset well unit due to the limited drainage areas in the subject pool;
- (d) A well will be drilled offsetting the proposed unorthodox well, or the offsetting well unit has existing wells producing from the same pool; and/or
- (e) There are no overriding royalty interest owners in the tract offsetting the subject well, or the applicant is the only overriding royalty interest owner in the offsetting tract.

(10) Approval of the proposed unorthodox oil well locations will afford the applicant the opportunity to produce its just and equitable share of oil and gas from the subject pool and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Devon Energy Corporation (Nevada), is hereby authorized to drill the wells described below at unorthodox oil well locations in the Red Lake (Queen-Grayburg-San Andres) Pool in Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Eagle "27-H" Federal No. 15	30-015-29942	27	1450' FNL & 990' FEL	H
Evarts "31" Federal No. 3	30-015-30171	31	1330' FSL & 1630' FEL	J

Eagle "33-G" Federal No. 6	30-015-29595	33	2460' FNL & 1350' FEL	G
Eagle "33-H" Federal No. 8	30-015-29596	33	2435' FNL & 531' FEL	H
Eagle "33-N" Federal No. 10	30-015-29598	33	230' FSL & 2140' FWL	N
Eagle "34-E" Federal No. 10	30-015-29632	34	2310' FNL & 1240' FWL	E
Eagle "34-F" Federal No. 12	30-015-29635	34	2310' FNL & 2420' FWL	F
Eagle "34-G" Federal No. 14	30-015-29636	34	2310' FNL & 1600' FEL	G
Eagle "34-I" Federal No. 18	30-015-29655	34	1740' FSL & 280' FEL	I
Eagle "34-L" Federal No. 24	30-015-29643	34	1740' FSL & 1065' FWL	L

And in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico:

<u>Well Name and Number</u>	<u>API Number</u>	<u>Section</u>	<u>Footage Location</u>	<u>Unit</u>
Falcon "3-N" Federal No. 18	30-015-29575	3	680' FSL & 1350' FWL	N
Fred "6" Federal. No. 5	30-015-30155	6	1260' FNL & 990' FWL	D
Patton "6" Federal No. 6	30-015-30085	6	2460' FNL & 2310' FWL	F
Patton "6" Federal No. 4	30-015-30079	6	1593' FSL & 1469' FWL	K
Patton "6" Federal No. 3	30-015-29980	6	930' FSL & 1450' FWL	N
Hawk "9-B" Federal No. 4	30-015-29480	9	990' FNL & 1360' FEL	B
Hawk "9-J" Federal No. 16	30-015-29483	9	1630' FSL & 1650' FEL	J
Hawk "9-O" Federal No. 17	30-015-29484	9	1170' FSL & 2310' FEL	O
Kaiser No. 1	NA	18	330' FNL & 1110' FEL	A

(2) Each well shall have a standard 40-acre oil spacing and proration unit dedicated thereto.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

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