

NSL 8/11/97

devon

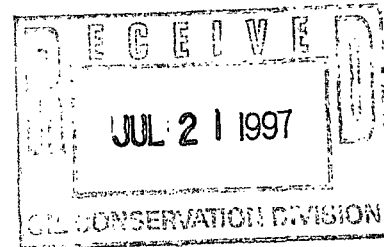
ENERGY CORPORATION

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

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

July 16, 1997

Certified Mail No. Z 447 031 498



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

RE: Non-Standard Location Approval
Hawk "10N" Federal #16
Eddy County, New Mexico

Gentlemen:

Devon Energy Corporation (Nevada) requests "Non-Standard Location" approval for the referenced well located as listed below. This unorthodox location is necessary due to pipeline and topography problems.

<u>Well Name & No.</u>	<u>Unit Ltr</u>	<u>Section-T-R</u>	<u>Footage Location</u>
Hawk "10N" Federal #16	N	10-18S-27E	280' FSL & 2130' FWL

Enclosed is a map of the West Red Lake Area showing the well's location and a copy of form C-102.

Operators having wells and/or lease holdings in the offsetting 40 acre tracts will be notified by certified mail. Copies of our letters of notification to the following operators are enclosed.

Arco Permian
Altura Energy, Ltd.

Midland, Texas
Houston, Texas

21
830
280
550

Hawk "10N" Federal #16
NSL Approval
7/16/97
Page Two

State of New Mexico
Energy, Minerals and Natural Resources Dept.
Oil Conservation Division

If you have any questions, please contact the undersigned at (405) 235-3611, X4509.

Sincerely yours,

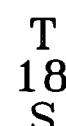
DEVON ENERGY CORPORATION (NEVADA)

A handwritten signature in black ink, reading "E. L. Buttross Jr." in a cursive script.

Mr. E.L. Buttross, Jr.
District Engineer

ELB\dk
Enclosures

cc: Oil Conservation Division - Artesia, NM
Bureau of Land Management - Carlsbad, NM

T
17
S

Hawk "10 N" #16

Scale in Feet

1000 0 1000 2000 3000 4000

NOISE

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit 2

Form C-102
Revised February 10, 1984
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

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

☐ AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Red Lake (Q-GB-SA)
Property Code	Property Name	Well Number
	Hawk "10" N Federal	16
OGRID No.	Operator Name	Elevation
	Devon Energy Corporation	3456'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	18 S	27 E		280	South	2130	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. Signature E. L. Buttross, Jr. Printed Name District Engineer Title May 13, 1997 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. April 23, 1997 Date Surveyed Signature & Seal of Professional Surveyor
	W.O. No. 702265 Certificate No. Gary L. Jones 7977 BASIN-SURVEYS

devon
ENERGY CORPORATION

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

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

July 16, 1997

Certified Mail No. Z 447 031 499

ARCO Permian
P.O. Box 1610
Midland, TX 79702

RE: Non-Standard Location Approval
Proposed 2800' San Andres Test
Hawk "10N" Federal #16
280' FSL & 2130' FWL
Section N-10-T18S-R27E
Eddy County, New Mexico

Gentlemen:

We have applied for a permit to drill the referenced well. This unorthodox location was due to pipeline and topography problems. The proposed well site is in the West Red Lake area in Eddy County, New Mexico, and offsets your lease hold in Section 15 and 16-T18S-R27E.

The NMOCD Non-Standard Location Approval process requires that we notify offset lease holders and submit Proof of Notice.

Hawk "10N" Federal #16
Non-Standard Location Approval
July 16, 1997
Page Two

Arco Permian

Please accept this certified letter as notification. If you have any questions, please contact Ernie Buttross, Jr., at (405) 235-3611, X4509.

Sincerely yours,

DEVON ENERGY CORPORATION (NEVADA)

A handwritten signature in cursive script that reads "Diana Keys".

Diana Keys
Engineering Tech.

/dk

cc: Oil Conservation Division - Santa Fe, NM
Oil Conservation Division - Artesia, NM
Bureau of Land Management - Carlsbad, NM

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
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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
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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

S E A L

CMD : ONGARD 04/12/99 11:30:59
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TP1K

OGRID Idn : 6137 API Well No: 30 15 29674 APD Status(A/C/P): A
Opr Name, Addr: DEVON ENERGY CORP (NEVADA) Aprvl/Cncl Date : 06-13-1997
20 N BROADWAY
STE 1500
OKLAHOMA CITY,OK 73102

Prop Idn: 21007 HAWK 10 N FEDERAL Well No: 16

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	:	N	10	18S	27E		FTG 280 F S	FTG 2130 F W
OCD U/L	:	N	API County		:	15		

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3456

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 2800 Prpsd Frmtn : SAN ANDRES

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION04/12/99 11:17:27
OGOMES -TP1K
PAGE NO: 2

Sec : 10 Twp : 18S Rng : 27E Section Type : NORMAL

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

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

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION04/12/99 11:30:40
OGOMES -TP1K
PAGE NO: 1

Sec : 10 Twp : 18S Rng : 27E Section Type : NORMAL

D 40.00 Federal owned U A A	C 40.00 CS OPEN U R A A A	B 40.00 Federal owned U A	A 40.00 Federal owned U A A A A
E 40.00 CS OPEN U R A A	F 40.00 CS OPEN U R A	G 40.00 Federal owned U A	H 40.00 Federal owned U A

M0002: This is the first page

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