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\*\*\* TX REPORT \*\*\*  
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TRANSMISSION OK

TX/RX NO 0473  
CONNECTION TEL 919156844783  
SUBADDRESS  
CONNECTION ID LANDRETH  
ST. TIME 02/11 17:39  
USAGE T 04'14  
PGS. SENT 12  
RESULT OK

*devon*

Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260

FAX

To: Robert E. Landreth From: Kelly Robertson - Devon Energy  
Fax: (915) 684-4783 Date: February 11, 2003  
Phone: Pages: 12 (including cover page)  
Re: Rio Blanco Prospect CC:

Urgent  For Review  Please Comment  Please Reply  Please Recycle

• Comments:

**Please find attached Exhibit "A" through Exhibit "D" to the Participation and Farmout Agreement for the Rio Blanco Prospect for your review. Should you have any questions, please feel free to contact me at the number listed below or Richard Winchester at (405) 228-4415.**

BEFORE THE  
OIL CONSERVATION EXAMINER  
Case No. 13048 Exhibit No. **20**  
Submitted By:  
*Devon Energy Production Co.*  
Hearing Date: April 10, 2003

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 \*\*\* TX REPORT \*\*\*  
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TRANSMISSION OK

TX/RX NO	0474	
CONNECTION TEL		919156825852
SUBADDRESS		
CONNECTION ID		
ST. TIME	02/11 17:43	
USAGE T	02'49	
PGS. SENT	12	
RESULT	OK	

# devon

Devon Energy Corporation  
 20 North Broadway  
 Oklahoma City, Oklahoma 73102-8260

FAX

To: Wes Petry - E.G.L. Resources

From: Kelly Robertson - Devon Energy

Fax: (915) 682-5852

Date: February 11, 2003

Phone:

Pages: 12 (including cover page)

Re: Rio Blanco Prospect

CC:

Urgent     For Review     Please Comment     Please Reply     Please Recycle

• Comments:

Please find attached Exhibit "A" through Exhibit "D" to the Participation and Farmout Agreement for the Rio Blanco Prospect for your review. Should you have any questions, please feel free to contact me at the number listed below or Richard Winchester at (405) 228-4415.

**EXHIBIT "A"**

Attached to and made a part of that certain Participation and Farmout Agreement  
Dated February 7, 2003, by and between E.G.L. Resources, Inc. and  
Devon Energy Production Company, L.P.

1. Lessor: United States of America  
Lessee: Evelyn G. Langrish  
Serial Number: NM-19142  
Lease Date: May 1, 1973  
Land Description: Township 23 South, Range 34 East, Lea County, New  
Mexico  
Section 4: Lots 1,2, S/2 NE/4, SW/4  
E.G.L.'s Interest: 50%

**EXHIBIT "B"**

**Attached to and made part of that certain Participation and Farmout Agreement  
Dated February 7, 2003, by and between E.G.L. Resources, Inc.  
And Devon Energy Production Company, L.P.**

**ASSIGNMENT OF OIL AND GAS LEASES**

STATE OF NEW MEXICO        }  
  }  
COUNTY OF LEA                }       **KNOW ALL MEN BY THESE PRESENTS:**

THAT, E.G.L. RESOURCES, INC., whose mailing address is P.O. Box 10886, Midland, Texas 79701 (hereinafter referred to as "ASSIGNOR"), for and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, equally has transferred and assigned and by these presents does hereby grant, transfer, assign and convey unto DEVON ENERGY PRODUCTION COMPANY, L.P., whose mailing address is 20 North Broadway, Oklahoma City, Oklahoma 73102-8260, their successors and assigns (hereinafter collectively referred to as "ASSIGNEES" whether one or more), without warranty either express, implied or statutory, an undivided \_\_\_\_\_ (\_\_\_\_\_ % of 8/8ths) of ASSIGNOR'S right, title, and interest in and to the oil and gas lease(s) set forth on Exhibit "A", attached hereto and made a part hereof for all purposes, (hereinafter referred to as "Subject Leases" whether one or more) covering the lands described thereon (hereinafter referred to as "Subject Lands").

ASSIGNOR excepts and reserves unto itself from this assignment, an overriding royalty interest equal to the difference between all existing leasehold burdens as of the effective date of this assignment and 23% of 8/8ths of all oil and gas produced, saved and marketed from the Subject Leases. The overriding royalty interest herein retained shall be free and clear of all costs of development and operation, but said interest shall bear and pay its portion of gross production taxes, severance taxes, pipeline taxes and all other taxes assessed against said overriding royalty interest, and said overriding royalty interest shall be subject to its proportionate part of all transportation charges and other charges reasonably incurred to render marketable such production. If the Subject Leases cover less than the entire mineral estate in the Subject Lands or in lands included in a spacing unit therewith, or if ASSIGNOR owns less than the entire leasehold estate created by the Subject Leases, and the Subject Lands covered thereby, then the overriding royalty interest herein retained shall be proportionately reduced.

This Assignment of Oil and Gas Leases is made and accepted specifically subject to the terms and conditions of (i) each of the Subject Leases, (ii) all royalties, overriding royalties, and other similar burdens on the Subject Leases, and (iii) that certain Participation and Farmout Agreement dated February 7, 2003 by and between E.G.L. Resources, Inc. and Devon Energy Production Company, L.P.

TO HAVE AND TO HOLD the same unto the ASSIGNEE, its heirs, administrators, executors, devisees, trustees, successors, and assigns, according to the terms, covenants, and conditions of the Subject Leases, the ASSIGNEE to perform all such terms, covenants, and conditions thereof as to the Subject Lands, as well as all of the terms, covenants, and conditions hereof.

IN WITNESS WHEREOF, this instrument is executed as of the date set forth in the acknowledgment below, but EFFECTIVE for all purposes as of \_\_\_\_\_.

**ASSIGNOR: E.G.L. RESOURCES, INC.**

By \_\_\_\_\_

Title: \_\_\_\_\_

ASSIGNEE: DEVON ENERGY PRODUCTION COMPANY, L.P.

By: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF TEXAS            }  
                                  }  
COUNTY OF \_\_\_\_\_  }

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_  
2003 by \_\_\_\_\_, \_\_\_\_\_ of E.G.L.  
Resources, Inc., a \_\_\_\_\_ corporation.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for the State of Texas

STATE OF OKLAHOMA       }  
                                  }  
COUNTY OF OKLAHOMA    }

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_  
\_\_\_\_\_, 2003 by D. D. DeCarlo, Vice President of Devon Energy Production Company, L.P., an  
Oklahoma limited partnership, on behalf of said partnership.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for the State of Oklahoma

**EXHIBIT "A"**

Attached to and made a part of Assignment of Oil and Gas Leases  
Dated effective \_\_\_\_\_, by and between  
E.G.L. RESOURCES, INC., ASSIGNOR, and  
DEVON ENERGY PRODUCTION COMPANY, L.P., ASSIGNEE.

Lease No.  
Date:  
Lessor:  
Lessee:  
Recording:  
Lands:

## EXHIBIT "C"

Attached to and made part of that certain Participation and Farmout Agreement  
Dated February 7, 2003, by and between E.G.L. Resources, Inc. and Devon Energy Production Company, L.P.

## DEVON ENERGY CORPORATION

OIL \_\_\_\_\_

GAS 

DATE

20 N. BROADWAY, SUITE 1500, OKLAHOMA CITY, OK 73102

2/11/2003

AUTHORIZATION FOR EXPENDITURE  
EXPLORATION DRILLING/COMPLETION COST ESTIMATE

## AFE No.:

Lease Name - Well #: Rio Blanco 4 Fed #1

Legal Description: Sec. 4-23S-34E

Footage: 1980FNL &amp; 1980 FWL / 1930FNL &amp; 1930' FWL

County or Parish, State: Lea Co., NM

Field Group:

Field: Wildcat

Prepared By: Bill Dougherty &amp; Bill Greenlees

Type 10 Exploration Drilling

Category 2-Exploration

Reserve Assoc 3-New Reserves Exploration

AUTHORITY REQUESTED FOR:- 7' Casing Exit @ 10900' and Drill to &lt;=15000' TVD to test Devonian.

Account Number	Sub	Description	Estimated Costs
203	1	INTANGIBLE DRILL AND DEV COSTS - For AFE closure process only	\$0
204	1	EQUIPMENT - For AFE closure process only	\$0
206	11	LAND, LEGAL	\$1,000
206	12	SURFACE DAMAGES / RIGHT OF WAY	\$3,000
206	13	LOCATION,ROADS,PITS,FENCES	\$8,000
206	14	ARCHEOLOGICAL TESTING	\$0
206	19	OTHER SITE PREPARATION	\$2,000
206	41	TURNKEY DRILLING COSTS	\$0
206	42	FOOTAGE	\$0
206	43	DAYWORK - 36 days @ \$8000/day	\$288,000
206	44	MOBILIZATION/DEMOBILIZATION	\$35,000
206	45	DIRECTIONAL DRILLING - 8 days @ \$6000/day plus Gyro	\$54,500
206	49	OTHER CONTRACTOR SERVICES	\$0
206	55	TRAVEL	\$0
206	56	MEALS AND ENTERTAINMENT	\$0
206	101	DRILL BITS	\$72,600
206	102	DRILLING FLUIDS	\$30,000
206	103	SURFACE RENTAL TOOLS & EQUIPMENT	\$18,000
206	104	DOWNHOLE RENTAL TOOLS & EQUIPMENT	\$72,000
206	109	OTHER MATERIALS & SUPPLIES	\$0
206	201	WELDING, ROUSTABOUTS & OTHER SERVICES	\$5,000
206	202	DIRT WORK & HEAVY EQUIPMENT	\$0
206	203	TRUCKING & HOTSHOT	\$8,000
206	204	PIPELINE INSTALLATION - Wellhead to LACT, CDP, etc only	\$0
206	251	CEMENT & CEMENTING SERVICES 5" liner	\$21,000
206	255	LOGGING	\$45,000
206	257	OPEN HOLE EVALUATION	\$18,000
206	259	CASING & TUBULAR SERVICES	\$10,000
206	263	FLUID DISPOSAL	\$0
206	266	HELICOPTER TRANSPORTATION	\$0
206	267	MARINE TRANSPORTATION	\$0
206	269	CONSULTANTS - 38 days @ 700/day	\$26,600
206	271	FISHING SERVICES	\$0
206	281	COMMUNICATIONS SERVICES	\$0
206	301	POWER & FUEL	\$28,800
206	302	WATER	\$20,000
206	303	INJECTED CO2	\$0
206	305	DYED DIESEL-TEXAS - Use only when coding for tax deduction	\$0
206	501	PULLING & SWABBING UNITS	\$0
206	502	SNUBBING UNIT & COILED TUBING	\$0
206	503	BACKFILL PITS/RESTORE LOCATION	\$5,000
206	552	SAFETY EQUIPMENT & TRAINING - H2S	\$2,500
206	559	ENVMT & SAFETY MISCELLANEOUS	\$0
206	711	COMPANY SUPERVISION	\$0
206	721	DRILLING OVERHEAD - Contingency 15%	\$114,000
206	741	WELL CONTROL INSURANCE	\$0
206	751	LOST & DAMAGED EQUIPMENT	\$0
206	794	OBO IDC-AFED	\$0

OIL \_\_\_\_\_

**DEVON ENERGY CORPORATION**GAS   x    
DATE \_\_\_\_\_

20 N. BROADWAY, SUITE 1500, OKLAHOMA CITY, OK 73102

2/11/2003

**AUTHORIZATION FOR EXPENDITURE  
EXPLORATION DRILLING/COMPLETION COST ESTIMATE**

AFE No.:

Lease Name - Well #: Rio Blanco 4 Fed #1

Legal Description: Sec. 4-23S-34E

Footage: 1980FNL &amp; 1980 FWL / 1930FNL &amp; 1930' FWL

County or Parish, State: Lea Co., NM

Field Group:

Field: Wildcat

Prepared By: Bill Dougherty &amp; Bill Greenlees

Type 10 Exploration Drilling

Category 2-Exploration

Reserve Assoc 3-New Reserves Exploration

AUTHORITY REQUESTED FOR:- 7" Casing Exit @ 10900' and Drill to &lt;=15000' TVD to test Devonian.

Account Number	Sub	Description	Estimated Costs
206	801	FIELD LABOR	\$0
206	802	GENERAL LABOR	\$0
206	831	VEHICLE EXPENSE	\$0
206	861	FIELD OFC EXPENSE (SHOREBASE)	\$0
206	865	COMPANY BENEFITS	\$0
206	895	TAXES - OTHER	\$0
206	996	IDC ACCRUAL - For JIB use only	\$0
<b>INTANGIBLE DRILLING COSTS</b>			<b>\$888,000</b>
207	794	OBO EQUIPMENT - AFE'D	\$0
207	895	TAXES - OTHER	\$0
207	901	SURFACE CASING	\$0
207	902	INTERMEDIATE CASING	\$0
207	904	CONDUCTOR CASING/DRIVE PIPE	\$0
207	911	LINER 5" 18# FJ	\$50,000
207	925	SUBSURFACE EQUIP - Whipstock + 5" liner hanger	\$47,000
207	931	WELLHEAD VALVES & EQUIPMENT - Repair	\$5,000
207	996	EQUIPMENT ACCRUAL - For JIB use only	\$0
601	1	OBO/DELETED INT CUTBACK CLRG - For JIB use only	\$0
<b>TANGIBLE DRILLING COSTS</b>			<b>\$102,000</b>
<b>TOTAL DRILLING COSTS:</b>			<b>\$990,000</b>

**For Completion Purposes:**

216	11	LAND, LEGAL	\$0
216	19	OTHER SITE PREPARATION	\$0
216	41	TURNKEY COMPLETION COSTS	\$0
216	43	DAYWORK -3 days @ 8000/day	\$24,000
216	44	MOBILIZATION/DEMobilIZATION	\$10,000
216	49	OTHER CONTRACTOR SERVICES	\$0
216	55	TRAVEL	\$0
216	56	MEALS AND ENTERTAINMENT	\$0
216	101	DRILL BITS	\$0
216	102	COMPLETION FLUIDS	\$0
216	103	SURFACE RENTAL TOOLS & EQUIPMENT	\$5,000
216	104	DOWNHOLE RENTAL TOOLS & EQUIPMENT	\$10,000
216	109	OTHER MATERIALS & SUPPLIES	\$0
216	201	WELDING, ROUTABOUTS & OTHER SERV	\$10,000
216	202	DIRT WORK & HEAVY EQUIPMENT	\$0
216	203	TRUCKING & HOTSHOT	\$10,000
216	204	PIPELINE INSTALLATION	\$0
216	251	CEMENT & CEMENTING SERVICES -	\$0
216	254	FLOWBACK EQUIPMENT--TESTING SERVICES	\$10,000
216	255	LOGGING	\$30,000
216	259	CASING & TUBULAR SERVICES	\$0
216	263	FLUID DISPOSAL	\$0
216	265	STIMULATION & GRAVEL PACK	\$115,000
216	266	HELICOPTER TRANSPORTATION	\$0
216	267	MARINE TRANSPORTATION	\$0
216	269	CONSULTANTS	\$7,000
216	271	FISHING SERVICES	\$0
216	281	COMMUNICATIONS SERVICES	\$0

OIL \_\_\_\_\_

**DEVON ENERGY CORPORATION**GAS  \_\_\_\_\_  
DATE \_\_\_\_\_

20 N. BROADWAY, SUITE 1500, OKLAHOMA CITY, OK 73102

2/11/2003

**AUTHORIZATION FOR EXPENDITURE  
EXPLORATION DRILLING/COMPLETION COST ESTIMATE**

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Field Group:

Field: Wildcat

Prepared By: Bill Dougherty &amp; Bill Greenlees

Type 10 Exploration Drilling

Category 2-Exploration

Reserve Assoc 3-New Reserves Exploration

AUTHORITY REQUESTED FOR:- 7" Casing Exit @ 10900' and Drill to &lt;=15000' TVD to test Devonian.

Account Number	Sub	Description	Estimated Costs
216	301	POWER & FUEL	\$4,000
216	302	WATER	\$5,000
216	305	DYED DIESEL-TEXAS - Use when coding for tax deduction	\$0
216	501	PULLING & SWABBING UNITS	\$18,000
216	502	SNUBBING UNIT & COLIED TUBING	\$0
216	503	BACKFILL PITS/RESTORE LOCATION	\$3,000
216	552	SAFETY EQUIPMENT & TRAINING	\$500
216	559	ENVNMT & SAFETY MISCELLANEOUS	\$500
216	711	COMPANY SUPERVISION	\$2,000
216	721	DRILLING OVERHEAD	\$5,000
216	741	WELL CONTROL INSURACNE	\$0
216	751	LOST & DAMAGED EQUIPMENT	\$0
216	794	OBO ICC-AFED	\$0
216	801	FIELD LABOR	\$0
216	802	GENERAL LABOR (ENGINEER)	\$0
216	831	VEHICLE EXPENSE	\$0
216	861	FIELD OFC EXPENSE (SHOREBASE)	\$0
216	865	COMPANY BENEFITS	\$0
216	895	TAXES-OTHER	\$0
216	996	IDC ACCRUAL - For JIB use only	\$0
		<b>INTANGIBLE COMPLETION COSTS</b>	<b>\$269,000</b>
217	794	OBO-EQUIPMENT-AFED	\$0
217	895	TAXES-OTHER	\$0
217	903	PRODUCTION CASING	\$0
217	911	LINER	\$0
217	915	TUBING	\$50,000
217	921	SUCKER RODS	\$0
217	925	SUBSURFACE EQUIPMENT	\$10,000
217	931	WELLHEAD VALVES & EQUIPMENT	\$5,000
217	935	ARTIFICIAL LIFT EQUIPMENT	\$0
217	941	TANKS	\$0
217	945	TREATING EQUIPMENT	\$0
217	951	COMPRESSORS	\$0
217	953	CATHODIC PROTECTION	\$0
217	955	WATER DISPOSAL PUMPS	\$0
217	961	LINE PIPE, METERS & FITTINGS	\$10,000
217	986	SURFACE-OTHER TANG EQUIP	\$0
217	996	EQUIPMENT ACCRUAL - For JIB use only	\$0
		<b>TANGIBLE COMPLETION COSTS</b>	<b>\$75,000</b>
		<b>TOTAL COMPLETION COSTS:</b>	<b>\$344,000</b>

For P&amp;A Purposes Only:

206	253	P&A COSTS	\$30,000
206	712	P&A COMPANY SUPERVISION	\$0
206	799	P&A OBO IDC	\$0
206	803	P&A GENERAL LABOR	\$0
206	832	P&A VEHICLE EXPENSE	\$0
206	866	P&A COMPANY BENEFITS	\$0
		<b>INTANGIBLE P&amp;A COSTS</b>	<b>\$30,000</b>
207	799	P&A OBO TANGIBLE	\$0

OIL \_\_\_\_\_

# DEVON ENERGY CORPORATION

GAS   x    
DATE \_\_\_\_\_

20 N. BROADWAY, SUITE 1500, OKLAHOMA CITY, OK 73102

2/11/2003

## AUTHORIZATION FOR EXPENDITURE EXPLORATION DRILLING/COMPLETION COST ESTIMATE

AFE No.:

Lease Name - Well #: Rio Blanco 4 Fed #1

Legal Description: Sec. 4-23S-34E

Footage: 1980FNL & 1980 FWL / 1930FNL & 1930' FWL

County or Parish, State: Lea Co., NM

Field Group:

Field: Wildcat

Prepared By: Bill Dougherty & Bill Greenlees

Type 10 Exploration Drilling

Category 2-Exploration

Reserve Assoc 3-New Reserves Exploration

AUTHORITY REQUESTED FOR:- 7" Casing Exit @ 10900' and Drill to <=15000' TVD to test Devonian.

Account Number	Sub	Description	Estimated Costs
207	905	P&A CASING	\$0
207	906	P&A LINER	\$0
207	907	P&A TUBING	\$0
207	908	P&A SUBSURFACE EQUIPMENT	\$0
207	909	P&A WELLHEAD	\$0
207	910	P&A SURFACE EQUIPMENT	\$0
TANGIBLE P&A COSTS			\$0
<b>TOTAL P&amp;A COSTS:</b>			<b>\$30,000</b>

DRY HOLE INTANGIBLE COSTS (Drilling + P&A) \$918,000  
 DRY HOLE TANGIBLE COSTS (Drilling + P&A) \$102,000

COMPLETED WELL INTANGIBLE COSTS (Drilling + Completion) \$1,157,000  
 COMPLETED WELL TANGIBLE COSTS (Drilling + Completion) \$177,000

<b>TOTAL ESTIMATED COSTS</b>	<b>\$1,334,000</b>
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Note: Costs and participations are generally estimates. Billings will be based on actual expenditures.

**WORKING INTEREST OWNER APPROVAL**

Company Name:

Signature:

Title:

Date:

**EXHIBIT "D"**

**Attached to and made part of that certain Participation and Farmout Agreement  
Dated February 7, 2003, by and between E.G.L. Resources, Inc.  
And Devon Energy Production Company, L.P.**

**ASSIGNMENT OF OIL AND GAS LEASES**

STATE OF NEW MEXICO        }  
  }  
COUNTY OF LEA            }       **KNOW ALL MEN BY THESE PRESENTS:**

THAT, \_\_\_\_\_, whose mailing \_\_\_\_\_  
\_\_\_\_\_ (hereinafter referred to as "ASSIGNOR"),  
for and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good  
and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,  
equally has transferred and assigned and by these presents does hereby grant, transfer, assign and  
convey unto \_\_\_\_\_, whose mailing address is \_\_\_\_\_  
\_\_\_\_\_, their successors and assigns (hereinafter  
collectively referred to as "ASSIGNEES" whether one or more), without warranty either express,  
implied or statutory, an undivided \_\_\_\_\_ ( \_\_\_\_\_% of  
8/8ths) of ASSIGNOR'S right, title, and interest in and to the oil and gas lease set forth on  
Exhibit "A", attached hereto and made a part hereof for all purposes, covering the lands  
described thereon (hereinafter referred to as "Subject Lands").

This Assignment of Oil and Gas Leases is made and accepted specifically subject to the  
terms and conditions of (i) each of the Subject Leases, (ii) all royalties, overriding royalties, and  
other similar burdens on the Subject Leases.

TO HAVE AND TO HOLD the same unto the ASSIGNEE, its heirs, administrators,  
executors, devisees, trustees, successors, and assigns, according to the terms, covenants, and  
conditions of the Subject Leases, the ASSIGNEE to perform all such terms, covenants, and  
conditions thereof as to the Subject Lands, as well as all of the terms, covenants, and conditions  
hereof.

IN WITNESS WHEREOF, this instrument is executed as of the date set forth in the  
acknowledgment below, but EFFECTIVE for all purposes as of \_\_\_\_\_.

**ASSIGNOR:**

By \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNEE:**

By: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT "A"**

Attached to and made a part of Assignment of Oil and Gas Leases  
Dated effective \_\_\_\_\_, by and between  
\_\_\_\_\_, ASSIGNOR, and  
\_\_\_\_\_, ASSIGNEE

Lease No.:  
Date:  
Lessor:  
Lessee:  
Recording:  
Lands:

**END OF EXHIBIT**