



505 N. Big Spring, Suite 507
Midland, TX 79701
(915) 684-4781 (915) 684-4783 Fax Email: relandreth@aol.com

Robert E. Landreth

Fax

To: Richard Winchester/Devon Energy Corp. **From:** Bob Landreth

Fax: 405-552-8113 **Pages:** 2 (including cover sheet)

Phone: **Date:** March 25, 2003

Re: **CC:**

Urgent For Review Please Comment Please Reply Please Recycle

• **Comments:**

BEFORE THE
OIL CONSERVATION EXAMINER
Case No. 13048 Exhibit No. 29
Submitted By:
Devon Energy Production Co.
Hearing Date: April 10, 2003

Robert E. Landreth
OIL AND GAS EXPLORATION

405 N. BIG SPRING, SUITE 507

MIDLAND, TEXAS 79701

(915) 684-4781

FAX# (915) 684-4783

March 21, 2003

VIA FACSIMILE: 405-552-8113

Devon Energy Corporation
20 Broadway
Oklahoma City, OK 73101-8260
Attn: Mr. Richard Winchester

Re: Rio Blanco Fcd Com #1 Re-Entry
Lea County, NM

Richard,

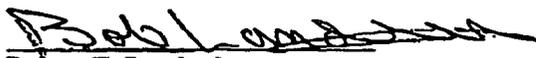
EGL Resources, Inc. and I have filed our own application with the NMOCD on the issues of operatorship, 640 acre spacing, and compulsory pooling for the captioned well. Our application will be heard with Devon's on April 10.

Obviously, Devon feels that it will prevail at the hearing. Equally obvious is that we feel just as strongly that we will prevail. That is always the way it is when it comes to legal proceedings, so this letter is probably a waste of time. However, we would still be willing to try to work out an agreement, rather than having to spend the next two weeks preparing for a hearing.

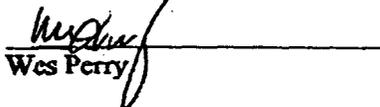
I also think we both need to recognize that there are several areas in Lea County, New Mexico where we need to be working together, rather than in conflict, in the future, and I think we are getting off on the wrong foot with what has happened already on Rio Blanco. In my opinion, Devon has taken what was our prospect, turned it into your prospect, and is trying to run the show. I don't respond very well under those circumstances.

Nevertheless, I am willing to make a stab at working this out. Let's start with the basics. Our bottom line is a 640 acre working interest unit for the re-entry, as Devon originally proposed, for rights from the base of the Morrow to the base of the Devonian, with development of the prospect to proceed under pool rules for the North Bell Lake Devonian pool. EGL and myself are not interested in drilling multiple wells to drain the same reserves, but we can put appropriate language in the Operating Agreement to allow the flexibility to drill another Devonian well in Section 4 to protect from drainage.

Since farmout terms are now off the table under Devon's February 28 letter, our options are to join or be force pooled if Devon prevails at the OCD, and we are prepared to accept that outcome. If Devon is willing to agree to 640 acre spacing and a 640 acre working interest unit in Section 4 in return for operatorship, we will agree to either join or go non-consent as to all or a portion of our interests under the terms of a mutually acceptable operating agreement with the typical 100%-300% penalty language. No sense discussing other details at this point if the above is not agreeable. The courtesy of an early reply is requested.


Robert E. Landreth

Concur: EGL Resources, Inc.


Wes Perry

REL/tk