





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

Richard Winchester  
Land Advisor

Phone: (405) 228-4415  
Fax: (405) 552-8113

March 28, 2003

Mr. Robert E. Landreth  
505 N. Big Spring, Suite 507  
Midland, Texas 79701  
Via Facsimile (915) 684-4783

E.G.L. Resources, Inc.  
P.O. Box 10886  
Midland, Texas 79702  
Via Facsimile (915) 682-5852

**Re: Rio Blanco "4" Federal Com #1  
Devon's Rio Blanco Devonian Prospect  
Lea County, New Mexico**

Gentlemen:

On Tuesday, March 25, 2003, Devon Energy Production Company, L.P. ("Devon") received your letter dated March 21, 2003 in which Landreth and EGL demand that Devon surrender operations of its Rio Blanco "4" Federal Com Well No. 1 unless Devon concedes to dedicating the well to 640-acre unit for Devonian production.

Your position assumes that the New Mexico Oil Conservation Division will require dedication of the well to a 640-acre spacing unit rather than a 320-acre spacing unit consisting of the N/2 of Section 4, T23S, R34E. You have failed to provide Devon with evidence that your position is correct. It is Devon's position that this is a "wildcat" Devonian well proposed in accordance with Division Rule 104.A.

As you are aware, Devon, through its purchase of WesternGeco seismic data, has concluded that the Devonian formation in Section 4 is separate from the North Bell Lake Devonian pool. Your proposals for development have all been conditioned upon you reviewing the seismic data Devon purchased. We suggest that once you have purchased from WesternGeco this seismic data and reviewed it, you will reach the same conclusion we have—that 320-acre spacing units are appropriate.

Under NMOCD Rule 104.C., 320-acre spacing applies to any deep gas well in Lea County, in which the projected gas producing formation is of Wolfcamp age or older. Clearly, the Devonian formation objective meets this test.

**BEFORE THE  
OIL CONSERVATION EXAMINER**  
Case No. 13048 Exhibit No. **31**  
Submitted By:  
**Devon Energy Production Co.**  
Hearing Date: April 10, 2003

Devon is the designated operator of record with the NMOCD for the Rio Blanco "4" Federal Com #1 Well. Devon has obtained the necessary sundry notices required to pursue the proposed re-entry operations. We are ready to move forward on this project in accordance with the NMOCD's rules and regulations. Please let me know if you are interested in participating in the proposed re-entry operations and I will forward an operating agreement for your execution.

Please call me at (405) 228-4415 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard C. Winchester". The signature is fluid and cursive, with a prominent initial "R" and "C".

Richard C. Winchester  
Land Advisor



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\*\*\* TX REPORT \*\*\*  
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devon

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

FAX

To: Mr. Wes Perry - EGL Resources

From: Danielle Rice

Fax: 915-682-5852

Date: 3/28/03

Phone:

Pages: 3 (including cover page)

Re: Rio Blanco 4 Fed #1

CC:

Urgent

For Review

Please Comment

Please Reply

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• Comments:

*Should you have any problems receiving this fax, please contact Danielle Rice at (405) 228-7519.*

DEVON ENERGY  
*Robert E. Landreth*  
OIL AND GAS EXPLORATION

505 N. BIG SPRING, SUITE 507

MIDLAND, TEXAS 79701

(915) 684-4781

FAX# (915) 684-4783

April 4, 2003

VIA FACSIMILE: 405-552-8113  
Devon Energy Corporation  
20 Broadway  
Oklahoma City, OK 73101-8260  
Attn: Mr. Richard Winchester

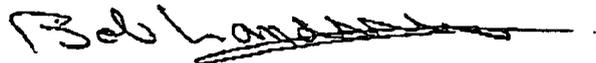
Re: Rio Blanco 4 Federal Com #1 Re-entry  
Lea County, New Mexico

Dear Richard,

Reference your letter of March 28, 2003, captioned subject. Your letter misstates that all of EGL's/Landreth's proposals have been conditioned on reviewing the 3D seismic which Devon has. Neither EGL Resources' February 27 re-entry proposal letter or our letter of March 21 had such a condition. Like Devon's latest proposal, they were simply the necessary steps to move beyond the failed negotiations and on to the re-entry operation under standard industry procedures.

As a matter of information, we have a non-proprietary seismic line running northeast-southwest in close proximity to both the Conoco-Bell Lake Unit Well #6 in Section 6, T23S-R34E and the Rio Blanco 4 Fed Com #1 in Section 4. This line shows a small fault in Section 5 of insufficient displacement to separate the Devonian reservoir in Section 6 from the target Devonian objective in Section 4. Like Devon, we are bound by licensing restrictions from using this data in a hearing where it can be made a part of public record. Regardless, existing well control makes a strong case that the two areas are a common reservoir.

Yours very truly,



Robert E. Landreth

REL/ak  
Original Mailed

BEFORE THE  
OIL CONSERVATION EXAMINER  
Case No. 13048 Exhibit No. 32  
Submitted By:  
Devon Energy Production Co.  
Hearing Date: April 10, 2003