



Case File

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

May 21, 2003

Lori Wrotenberg
Director
Oil Conservation Division

Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102

Attention: **Diane Busch**

Case 13090

Re: *Administrative application of Devon Energy Production Company, L. P. for well density exception (administrative application reference No. pKRV0-311530313) filed with the New Mexico Oil Conservation Division ("Division") on April 24, 2003 for the proposed NEBU Well No. 105-B (API No. 30-045-31308) to be drilled 1005 feet from the South line and 830 feet from the East line (Unit P) of Section 24, Township 30 North, Range 8 West, NMPM, Blanco-Mesaverde Pool (72319), San Juan County, New Mexico.*

Dear Ms. Busch:

The "federal sundry notice" with attachments you submitted to the Division's Santa Fe office as an application April 24, 2003 cannot be addressed administratively, see Rules I.B (1) (b) and (f) of the "Special Rules for the Blanco-Mesaverde Pool," as promulgated by Division Rules R-10987-A and R-10987-A (1), see copy attached.

I have prepared the following advertisement, which will be placed on the next available hearing docket scheduled for June 19, 2003:

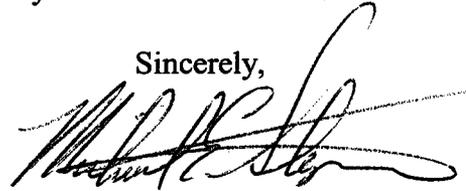
"Application of Devon Energy Production Company, L. P. for an exception to the well density provisions of the special rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. The applicant in this matter proposes to drill its NEBU Well No. 105-B 1005 feet from the South line and 830 feet from the East line (Unit P) of Section 24, Township 30 North, Range 8 West, as a second infill Mesaverde gas well within an existing standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 24, which is located in San Juan County one mile west of the Navajo Reservoir Dam. The eastern boundary of this 320-acre unit abuts the San Juan/Rio Arriba county line. Applicant is seeking an exception to Rule I.B (1) (b) of the "Special Rules for the Blanco-Mesaverde Pool," as promulgated by Division Orders No. R-10987-A and R-10987-A (1), in order to drill and complete this well within the same quarter-quarter section (SE/4 SE/4 of Section 24) as its existing NEBU Well No. 105-A (API No. 30-045-22044), located at a standard infill gas well location 1010 feet from the South line and 920 feet from the East line (Unit P) of Section 24.

Devon Energy Production Company, L. P.
May 21, 2003
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Please provide the required notice set forth in Rule II of the special Blanco-Mesaverde Pool rules and the applicable provisions of Division Rule 1207.A.

Should you have any questions or comments concerning this matter, please contact your legal counsel, Mr. James Bruce in Santa Fe at (505) 982-2043. Thank you.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
James Bruce, Legal Counsel for Devon Energy Production Company, L. P. - Santa Fe

PNRVO311530313

MS NSL 5/14/03

Case 13090

Form 3160-15
(November 1996)

APR 24 2003

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
SF-078615-A

6. If Indian, Allottee, or Tribe Name

7. If Unit or CA. Agreement Designation
NORTHEAST BLANCO UNIT

8. Well Name and No.
NEBU 105B

9. API Well No.
30-045-31308

10. Field and Pool, or Exploratory Area
Blanco Mesaverde Basin Dakota

11. County or Parish, State
San Juan NM

SUBMIT IN TRIPLICATE- Other Instructions on the reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Devon Energy Production Company, L.P. Attn: Diane Busch

3a. Address **20 N. Broadway Oklahoma City, OK 73102**
3b. Phone No. (include area code) **(405) 228-4362**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1005' FSL & 830' FEL SE 1/4, SE 1/4, Sec. 24, T 30N R. 8W
Latitude Longitude

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION				
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/ Resume)	<input type="checkbox"/> Water Shut-off	
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity	
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Unorthodox Location	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and abandon	<input type="checkbox"/> Temporarily Abandon		
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug back	<input type="checkbox"/> Water Disposal		

13. Describe Proposed or Completed Operation (clearly state all pertinent details including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths or pertinent markers and sands. Attach the Bond under which the work will performed or provide the Bond No. on file with the BLM/ BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in anew interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notice shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Devon Energy Production Company, L.P. requests approval to complete and produce the Cliffhouse, Menefee and Point Lookout intervals of the Mesaverde formation in the subject well. Devon has received an approved APD from the BLM dated February 18, 2003.

Please see attached proposal and plats.

14. I hereby certify that the foregoing is true and correct.

Name (Printed/ Typed) Diane Busch	Title Sr. Operations Technician
Signature <i>Diane Busch</i>	Date 4-22-03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any are attached. Approval of this notice does not warrant Office 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.

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

PROPOSED NEBU #105B

Devon is requesting approval to drill NEBU #105B to be located in the SE/4 of Sec 24-T30N-R8W. The well is being proposed as a commingled Mesaverde/Dakota gas well and will be drilled from the pad of the existing NEBU #105A.

NEBU #105A is a Mesaverde producer but is completed only in the Lewis Shale interval of the Mesaverde Group. In 1976, the 105A was TD'd in the Lewis Shale at 4278' after encountered strong gas kicks while drilling. The well never penetrated the productive Cliffhouse, Menefee, or Point Lookout sands located lower in the Mesaverde interval and well below the Lewis perforations.

Devon is requesting the opportunity to complete the proposed NEBU #105B in the Cliffhouse, Menefee, and Point Lookout sands. The gas reserves that exist in these members of the Mesaverde Group at the 105A/105B location will never be recovered if approval is not granted.

Devon believes that the proposed NEBU #105B should recover an estimated ^{+/-}4.0 BCF of reserves from the Cliffhouse, Menefee, and Point Lookout based on the projected ultimate recoveries of offset wells. The four 160-acre offset wells are expected to recover an average of 4.2 BCF per well. The table below lists the wells offsetting the proposed NEBU #105B as well as their TD's, perforated intervals, cumulative recoveries, and estimated ultimate recoveries.

WELL	SPOT	S	T	R	TD	PERF INTERVAL	CUM GAS	ULTIMATE RECOVERY
					Feet	Feet	MMF	MMF
NEBU 105A	SE	24	30N	8W	4278'	4240'-4245'	15,596	19950

OFFSET WELLS								
NEBU 105	NE	24	30N	8W	5714'	5024'-5714'	5933	6000
NEBU 103	SW	24	30N	8W	5455'	4820'-5360'	3720	3870
NEBU 103A	NW	24	30N	8W	6000'	4998'-5686'	2201	2670
NEBU 34	SW	19	30N	7W	5725'	5022'-5648'	4210	4385
AVERAGE							4016	4231

District I
 PO Box 1980, Hobbs NM 88241-1980
 District II
 PO Drawer KK, Artesia, NM 87211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 21, 1994

Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
		78319 / 71599		Blanco Mesaverde / Basin Dakota	
4 Property Code		5 Property Name			6 Well Number
19641		NEBU			# 105B
7 OGRID No.		8 Operator Name			9 Elevation
6137		Devon Energy Production Company, L.P.			6328

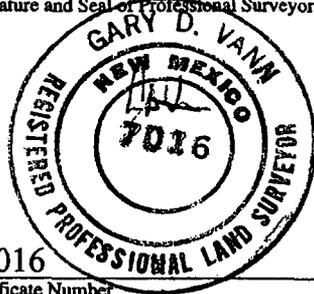
10 Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	24	30 N	8 W		1005	SOUTH	830	EAST	SAN JUAN

11 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
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			
MV - E / 320 OK - E / 320									

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

16	2641(R)	24	2610(R)	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature <u>Diiane Busch</u> Printed Name <u>DIANE BUSCH</u> Title <u>SR. OPERATIONS TECH</u> Date <u>12-16-02</u>	
	5157(R)		2545(R)		18 SURVEYOR CERTIFICATION <i>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.</i> Date of Survey <u>November 5, 2002</u> Signature and Seal of Professional Surveyor  Certificate Number <u>7016</u>
					070 Farmington, NM 2002 DEC 19 AM 11:32 RECEIVED 5268(R)

File
#14

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

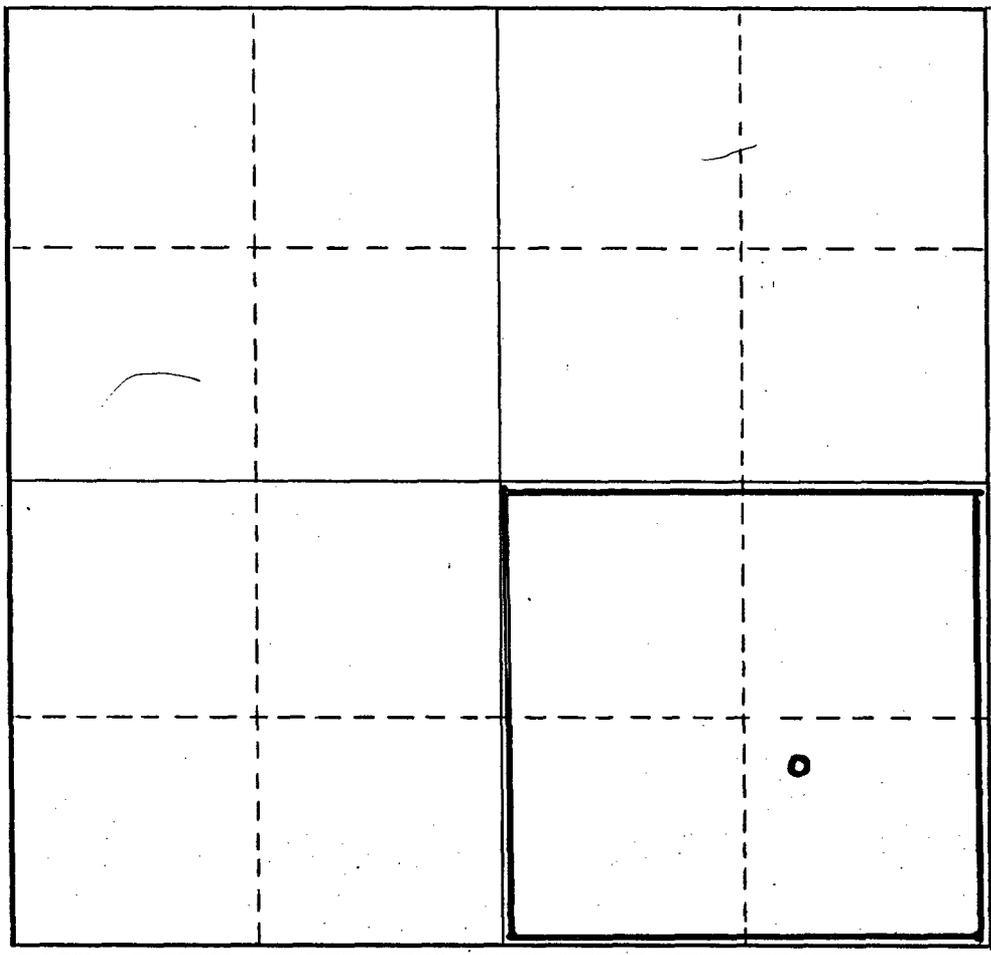
All distances must be from the outer boundaries of the Section.

Operator Blackwood and Nichols Company		Lease Northeast Blanco Unit		Well No. 64
Unit Letter P	Section 24	Township 30 N	Range 8 W	County San Juan
Actual Footage Location of Well: 1010 feet from the South line and 920 feet from the East line				
Ground Level Elev. 6328	Producing Formation Chacra	Pool Undesignated	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: *[Signature]*
Position: **District Manager**
Company: **Blackwood and Nichols Co.**
Date: **8-27-76**

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 knowledge and belief.

Date Surveyed: _____
Registered Professional Engineer and/or Land Surveyor

Certificate No. _____