

Operator Copy


devon

Samuel Walker
Landman

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October 16, 2013

Bureau of Land Management
United States Department of the Interior
Carlsbad Field Office
620 East Green Street
Carlsbad, New Mexico 88220

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: Proposed Expansion of the
Burton Flat Deep Unit
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P., (herein referred to as "Devon") as Unit Operator of the Burton Flat Deep Unit, Eddy County, New Mexico, hereby makes application for preliminary approval for the expansion of said unit area pursuant to Section 2 of the Unit Agreement. Devon intends to drill the Burton Flat Deep Unit #54 as a horizontal 1" Bone Spring producer. Approximately one-quarter of the lateral wellbore is located outside the current unit boundary in Lot 22 of Section 2, Township 21 South, Range 27 East, Eddy County, New Mexico. This request for the expansion shall include the following described lands:

<u>Land Description</u>	<u>Acreage</u>
<u>T-21S-R27E, Eddy County, NM</u>	
Section 2: Lot 22	40 acres
Total Lands Expanded	40 acres

This proposed expansion of 40 acres, more or less, in addition to the total unit area of 3,914.62 acres will result in a unit area of 3,954.62, of which 2,720 acres (68.78%) are Federal lands, and 1,074.62 acres (27.17%) are State lands and 160 acres (4.05%) are Fee lands as shown on the attached revised Exhibit "B" to the Unit Agreement. Enclosed are four (4) copies of Devon's application for preliminary approval. In support of the proposed unit expansion and attached to each copy of the application, Devon submits the following:

1. Geologic Summary
2. Figure 1-Base Map Full Unit Area
3. Figure 2-Base Map with Expansion Area
4. Figure 3-Type Log 1st Bone Spring
5. Figure 4-Structure Map Top 1st Bone Spring Formation
6. Figure 5-Porosity Thickness Map for 1st Bone Spring
7. Figure 6-Line of Cross Section in Expansion Area
8. Revised Exhibit "B" to Unit Agreement

Oil Conservation Division
Case No. 1 15077
Exhibit No. 1

Devon requests the Expansion No. 1 of the Burton Flat Deep Unit Area be effective October 1, 2013, being the first month in which drilling operations began for the Burton Flat Deep Unit #54, prior to any production obtained therefrom.

Your preliminary concurrence is therefore respectfully requested for the expansion of the above listed lands for the Burton Flat Deep Unit Area. Upon receipt of preliminary approval, Devon will send out notices of the proposed expansion of unit area to each working interest owner, lessee, and lessor and State or Federal agency whose interests are affected, advising them that thirty (30) days will be allowed for submission to Devon, as Unit Operator, of any objections.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

A handwritten signature in black ink, appearing to read 'Samuel Walker', with a long horizontal flourish extending to the right.

Samuel Walker
Landman

Enclosures

DEVON ENERGY PRODUCTION COMPANY, LP

BURTON FLAT DEEP UNIT

PROPOSED UNIT EXPANSION

LOCATION:

The proposed unit expansion consists of approximately 40 gross acres in Section 2 of T21S-R27E of Eddy County, New Mexico. The recommended acreage for inclusion in the expansion is the SE/4 W/2 S/3 (Unit N) of Section 2 of T21S-R27E.

PETROLEUM GEOLOGY:

Summary

Recent drilling for 1st Bone Spring Sandstone development within the unit progressed from north to south via horizontal drilling. This activity has proven to be an economic way to develop oil and gas reserves in the 1st Bone Spring Sandstone member of the Bone Spring Formation. The current development plan for the unit includes drilling the final four-well pad to develop the 1st Bone Spring Sandstone in the two southernmost 160-acre tracks in Sections 2 and 3 of T21S-R27E. The southernmost well in Section 2, the Burton Flat Deep Unit 54H, will be a horizontal well that will produce from both Burton Flat Deep Unit and non-unit minerals as the unit is currently defined. Figure 1 displays the current unit boundaries and the existing wells in and around the unit.

1st Bone Spring Sandstone Drilling

In 2012, Devon drilled the Burton Flat Deep Unit 47H and 48H in Sections 28 and 33 of T20S-R28E, offsetting the competitor well drill in Section 33 of T20S-R28E (Figure 1). Following these wells, Devon moved into T21S-R27E and drilled the Burton Flat Deep Unit 52H and 56H in Sections 2 and 3, respectively.

In 2013, Devon continued to develop Sections 2 and 3 of T21S-R27E by drilling Burton Flat Deep Unit 49H, 50H, 51H, 55H, 57H and 53H (Figure 1). The Burton Flat Deep Unit 54H and 58H will be the last two wells drilled in the unit for the 1st Bone Spring Sandstone (Figures 1 and 2). Based on the Burton Flat Deep Unit 52H and 56H, early production indicates that the southern half of the unit, Sections 2 and 3 of T21S-R27E and expected long term production.

1st Bone Spring Sandstone Geology

A type log for the 1st Bone Spring Sandstone (Burton Flat Deep SWD #1) is displayed in Figure 3. The 1st Bone Spring Sandstone is 150 to 300 feet thick within the unit and is comprised of sandstone and siltstone. It lies unconformably on the 2nd Bone Spring Limestone Member of the Bone Spring Formation. Geological structure at the top of the 1st Bone Spring Sandstone (Figure 4) depicts an anticlinal nose trending N-S and extending into the western half of Section 3 of T21S-R27E with the remainder of the unit characterized by generally monoclinal dip to the East.

Devon subdivides the 1st Bone Spring Sandstone into four intervals (Figure 3). In the Burton Flat Deep Unit, porous sandstones have been encountered in all intervals. A porosity thickness map (Figure 5) was calculated over all zones using a 10% density porosity cutoff. The map shows a clear porosity development trending NW-SE over the central and southern portions of the unit.

Figures 5 and 6 highlight the 1st Bone Spring Sandstone porosity development in the area of the proposed unit expansion. Cross-section A-A' is a structural section showing the general dip across the unit from west to east and the porosity development throughout the area (Figures 4 and 6).

RECOMMENDATION:

It is recommended to expand the Burton Flat Deep Unit as proposed (Figure 2) as the Burton Flat Deep Unit 54H will be drilled and produced from unit and non-unit minerals if the expansion is not approved.

ST NM K-6599

20

21

ST OF NM L0 1611

22

WANDA W

Burton Flat Deep Unit
Eddy County, New Mexico

684

29

USA NMNM-98124

20S 28E

ST NM L-6322

USA NMNM 0560294

USA NMNM 0428854

USA NMNM 0560294

USA NMNM 0428854

J A HARRELL ET AL

USA NMNM-108513

26

27

28

32

USA NMNM 36531

USA NMNM 18294

USA NMNM-008277

USA NMNM 0490463

USA NMNM 0490463

USA NMLC-062254A

USA NMNM 0428854

34

USA NMNM-0311499

35

USA NMNM 82992

ST OF NM L0 2766

ST OF NM L0 6523

ST OF NM L0 2766

ST NM L 3568

ST NM V0 6283

USA NMNM-0560289

USA NMNM 0560290

USA NMNM 0560295

21S 27E

USA NMNM 014768

10

11

DF NM V0 50

Legend



Existing Burton Flat Deep Unit



Townships



Sections



Devon Leasehold

This map is for illustrative purposes only and is
neither a legally recorded map nor a survey
and is not intended to be used as one. Devon
makes no warranty, representation, or
guarantee of any kind regarding this map.

Made By: Daniel Slovacek
Made For: Samuel Walker
Date: 10/02/2013
County: Eddy, NM



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**Proposed Burton Flat Deep Unit
Eddy County, New Mexico**

ST. NM K-6599

20 21

22 WAND

ST OF NM L0 1611

29

USA NMNM-98124

20S 28E

ST NM L-6322

USA NMNM 0560294

USA NMNM 0428854

USA NMNM 0560294

USA NMNM 0428854

J A HARRELL ET AL

USA NMNM-108513

USA NMNM 36531

USA NMNM 82992

34 USA NMNM-0311499

USA NMNM 18294

USA NMNM 0428854

USA NMNM-008277

USA NMNM 0490463

USA NMNM 0490463

USA NMLC-062254A

ST OF NM L0 2766

USA NMNM 0560295

USA NMNM 0560290

ST OF NM L0 6523

ST OF NM L0 2766

USA NMNM-0560289

21S 27E

ST NM L 3568

ST NM V0 6283

Legend



Proposed Burton Flat Deep Unit



Existing Burton Flat Deep Unit



Townships



Sections



Devon Leasehold

USA NMNM 014768

10

11

DF NM V0 56

0 1,000 2,000 4,000 Feet

Made By: Daniel Slovach
Made For: Samuel Walker
Date: 10/02/2013
County: Eddy, NM



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devon.com
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This map is for illustrative purposes only and is neither a legally recorded map nor a survey and is not intended to be used as one. Devon makes no warranty, representation, or guarantee of any kind regarding this map.



Figure 1. Base map with current extent of the Burton Flat Deep Unit filled in green and outlined by blue line.

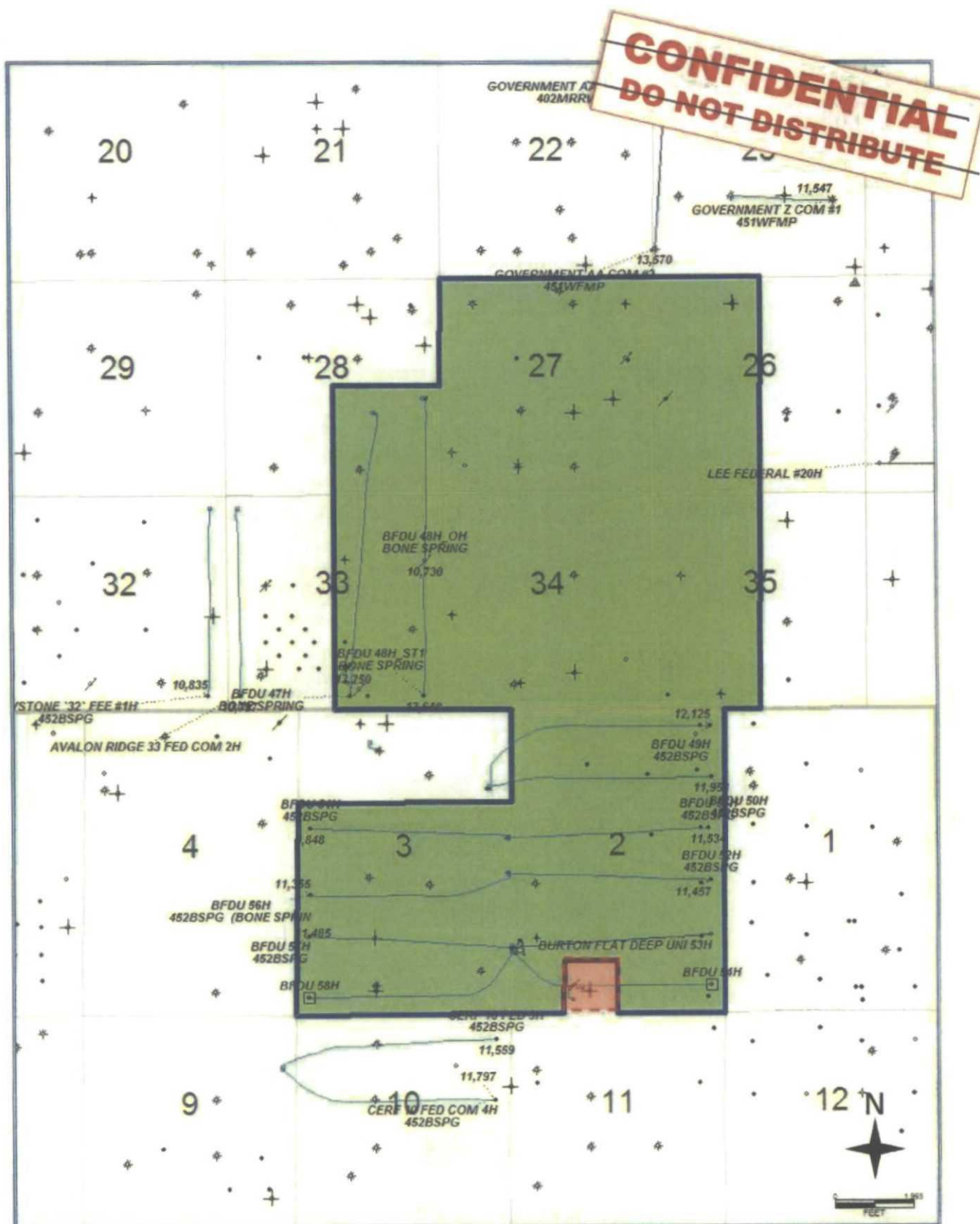


Figure 2. Current extent of the Burton Flat Deep Unit filled in green and outlined by blue line with the recommended acreage to be included in the unit outlined by red dashed line and fill with red.

30015406930000
BFDU 52H_P



6,852

CONFIDENTIAL
DO NOT DISTRIBUTE

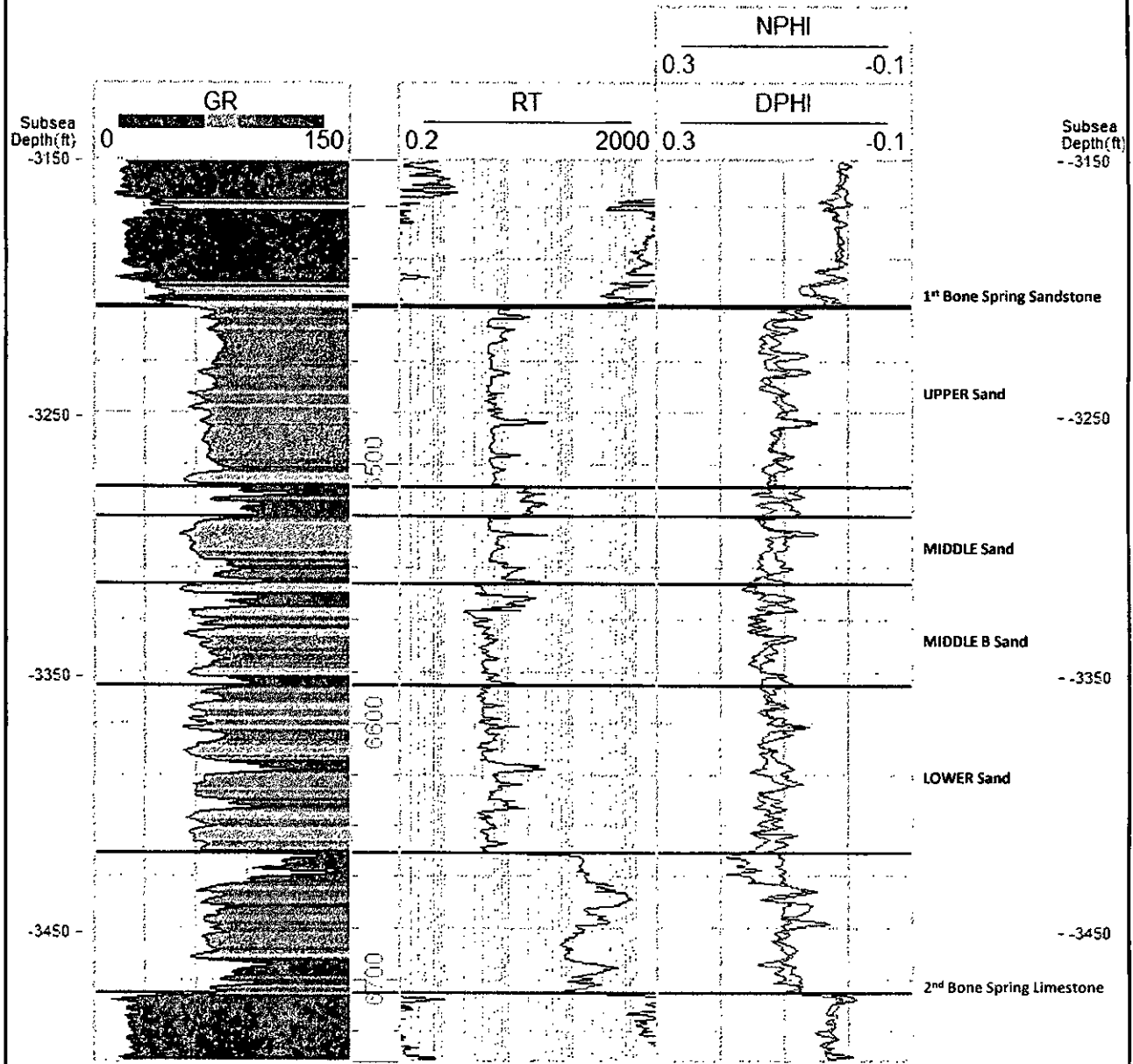


Figure 3. Type log from the Burton Flat Deep Unit 52H Pilot Hole for 1st Bone Spring Sandstone in the Burton Flat Deep Unit.

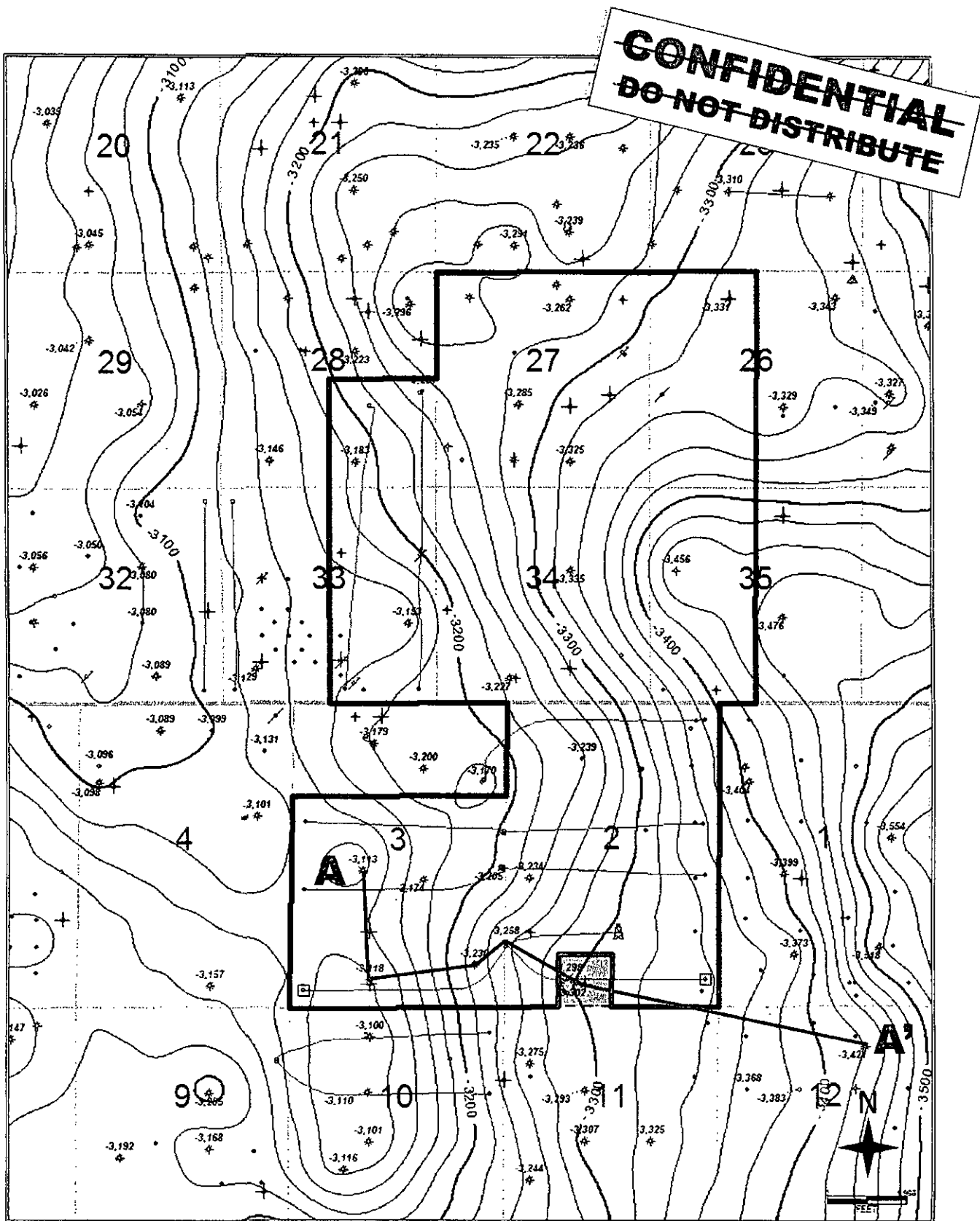


Figure 4. Structure map (C.I. = 20 ft) at the top of the 1st Bone Spring Sandstone in and around the Burton Flat Deep Unit. Cross-section A-A', shown in Figure 6, is identified in red on structure map.

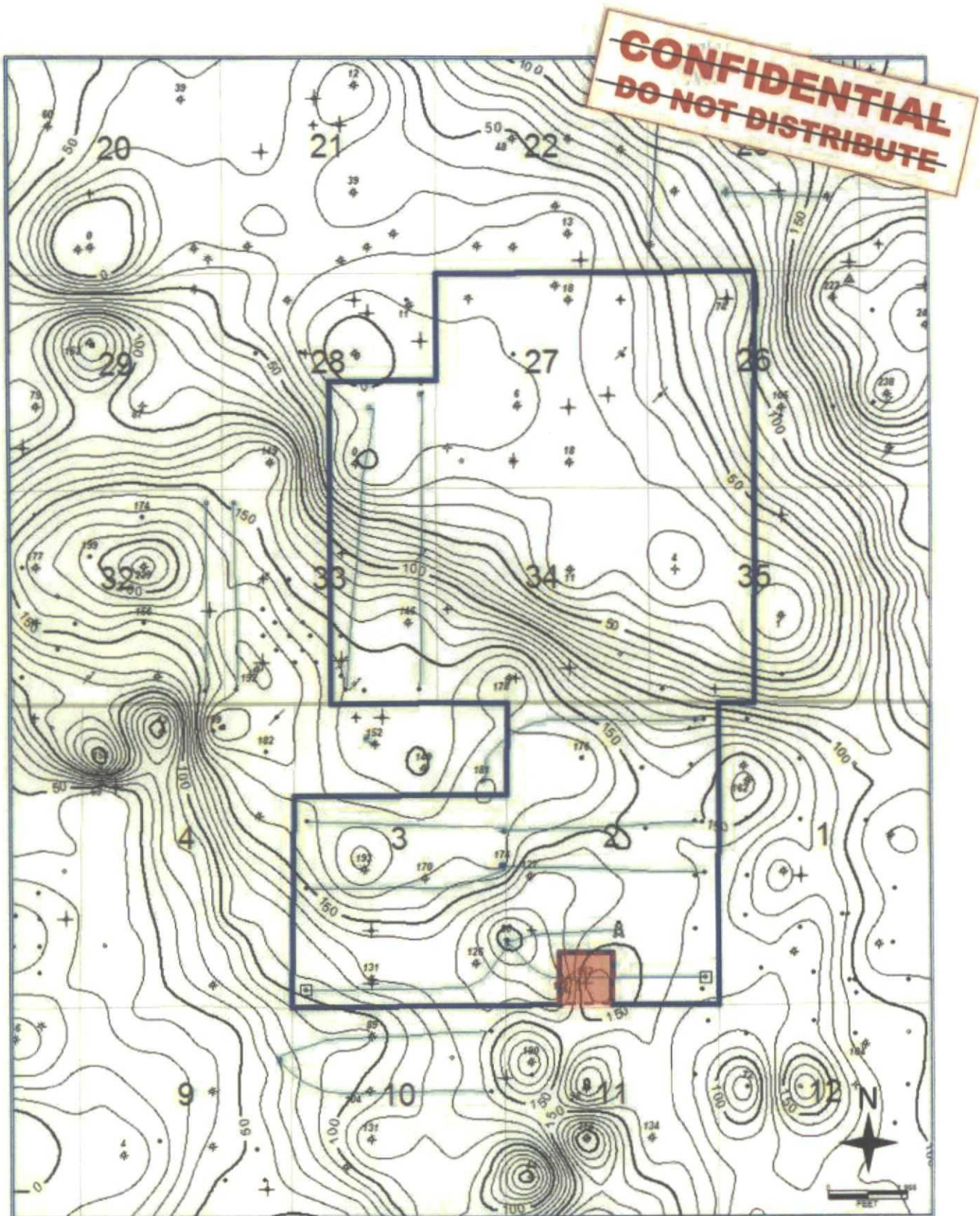


Figure 5. Porosity thickness (C.I. = 10 ft) map in and around the Burton Flat Deep Unit.

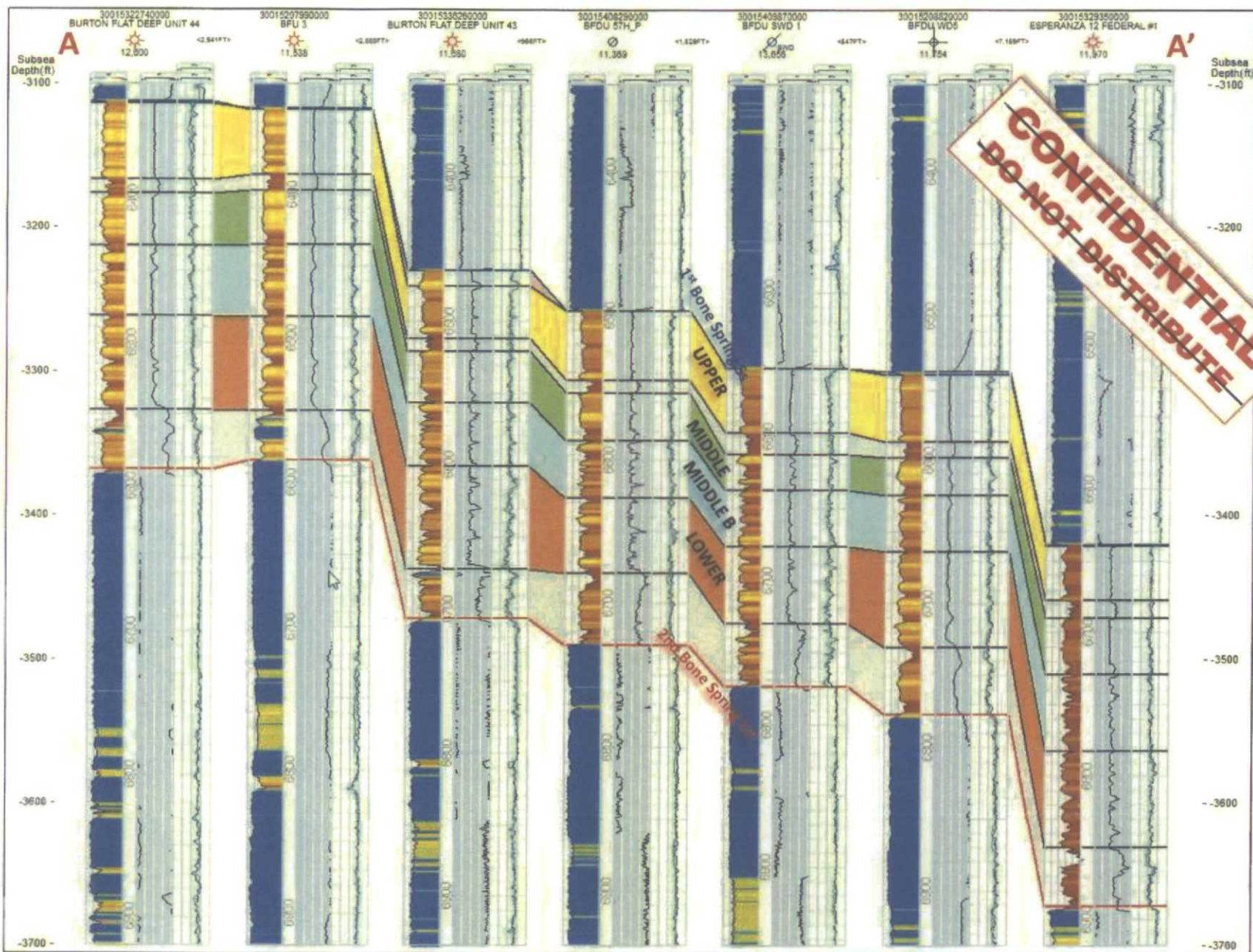


Figure 6. Cross-section A-A' outlined on the Structure map in Figure 4. Cross-section shows the structural dip from west to east through the unit. E-logs and lines of correlation between wells show the reservoir continuity across the unit.

REVISED EXHIBIT "B"

SCHEDULE OF LANDS AND LEASES
 BURTON FLAT DEEP UNIT AGREEMENT
 EDDY COUNTY, NEW MEXICO

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS OF ALL LANDS IN THE UNIT AREA

Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease or Application	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner
FEDERAL LAND							
1	T20S-R28E						
	Sec. 33: SW/4 SE/4	40.00	LC -062254-A 4-30-62	USA (All) 12.5 %	Devon Energy Production Company L.P.- 100%	Agnes Dunigan- 0.5% Thomas Lea Dunigan and State National Bank of El Paso , Trustees under the Will of Joseph L. Dunigan, deceased- 0.5% Patricia Mayfield Janzen- 2.0% Patricia Mayfield Janzen & El Paso National Bank, Trustees under the Will of Thomas Moore Mayfield, Jr.- 1.0% Unknown- 1.0%	Devon Energy Production Company L.P.- 100%
A	T20S-R28E						

Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease or Application	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner
	Sec. 33: S/2 NE/4	80.00	NM-36531 4-30-62	USA (All) 12.5 %	Devon Energy Production Company L.P.- 100%	Agnes Dunigan- 0.5% Thomas Lea Dunigan and State National Bank of El Paso , Trustees under the Will of Joseph L. Dunigan, deceased- 0.5% Patricia Mayfield Janzen- 2.0% Patricia Mayfield Janzen & El Paso National Bank, Trustees under the Will of Thomas Moore Mayfield, Jr.- 1.0% Unknown- 1.0%	Devon Energy Production Company L.P.- 100%
5	T20S-R28E						
	Sec. 34: E/2	320.00	NM-0311499 9-30-72	USA (All) 12.5 %	Devon Energy Production Company L.P.- 81.567797% Energen Resources Corporation- 18.432203%	Lloyd Company- 2.25% Nora Helen McCaw, Trustee of The McCaw Family Trust under Trust Agreement dated March 1, 1992- 0.50% Reva Company- 2.25%	Devon Energy Production Company L.P.- 81.567797% Energen Resources Corporation- 18.432203%
6	T20S-R28E						
	Sec. 27: NE/4 SE/4	40.00	NM-0366691 4-30-73	USA (All) 12.5 %	Claremont Corporation- 5.0% J&L Resources- 24.10112% Redfern Enterprises, Inc.- 46.79776% Sieb Resources, Inc.- 24.10112%	Thomas G. Laros- 3%	Claremont Corporation- 5.0% J&L Resources- 24.10112% Redfern Enterprises, Inc.- 46.79776% Sieb Resources, Inc.- 24.10112%
7	T20S-R28E						
	Sec. 33: N/2 NE/4	80.00	NM-0401842 6-30-73	USA (All) 12.5 %	Ard Energy Group, Ltd.- 33.33333% Edward R. Hudson, Jr.- 33.33333% William A. Hudson, II- 33.33333%	None	Ard Energy Group, Ltd.- 33.33333% Edward R. Hudson, Jr.- 33.33333% William A. Hudson, II- 33.33333%
8	T20S-R28E						

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Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease or Application	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner
	Sec. 27: E/2 NW/4, SW/4 NW/4, SE/4 SW/4, W/2 SE/4 Sec. 34: NW/4 NW/4, SW/4, S/2 NW/4	520.00	NM-0428854 9-31-73	USA (All) 12.5 %	Devon Energy Production Company L.P.- 96.927966% Energen Resources Corporation- 3.072034%	Javelina Partners- 0.1212500% Francis Hill Hudson, Trustee of Lindy's Living Trust, dated July 8, 1994- 0.2121875% Zorro Partners, Ltd.- 0.4243750% Diane L. Hanley, Successor Trustee of the Delmar Hudson Lewis Living Trust dated September 9, 2002- 0.2121875% W.T. Probandt- 0.0300000% Jorie B. Lamb, Trustee of the Swinehart 1973 Trust f/b/o Jorie B. Lamb- 1.50% Leslie A. Mallet, Trustee of the Swinehart 1973 Trust f/b/o Leslie A. Mallet- 1.50%	Devon Energy Production Company L.P.- 96.927966% Energen Resources Corporation- 3.072034%
9	T20S-R28E						
	Sec. 35: W/2	320.00	NM-0442882 9-30-73	USA (All) 12.5 %	Devon Energy Production Company L.P.- 96.927966% Energen Resources Corporation- 3.072034%	Edward R. Hudson, Jr., Trustee of the Hudson New Mexico Mineral Trust- 3.75% Patricia Boyle Young- 1.25%	Devon Energy Production Company L.P.- 96.927966% Energen Resources Corporation- 3.072034%
10	T20S-R28E						
	Sec. 33: E/2 SE/4	80.00	NM-0490463 12-31-73	USA (All) 12.5 %	Devon Energy Production Company L.P.- 96.927966% Energen Resources Corporation- 3.072034%	Edith B. Myers- 5%	Devon Energy Production Company L.P.- 96.927966% Energen Resources Corporation- 3.072034%
12	T21S-R27E						
	Sec. 3: Lots 13, 14, SW/4	240.00	NM-0560289 8-31-72	USA (All) 12.5 %	Devon Energy Production Company L.P.- 81.567797% Energen Resources Corporation- 18.432203%	John W. Gates, LLC- 0.50% Lloyd Company- 1.25%	Devon Energy Production Company L.P.- 81.567797% Energen Resources Corporation- 18.432203%

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Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease or Application	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner
13	T21S-R27E						
	Sec. 3: Lots 9, 10, 11, 15, 16, SE/4	360.00	NM-0560290 10-31-72	USA (All) 12.5 %	Devon Energy Production Company L.P.- 81.567797% Energen Resources Corporation- 18.432203%	Ard Oil, Ltd.- 0.1875% Edward R. Hudson, Jr., Trustee of the Hudson New Mexico Mineral Trust- 1.3125% Gwendolyn Taylor Rutledge- 0.5000% Ann T. Tollefson, Trustee of the Ann Tollefson Trust dated June 7, 2006- 1.50% Gene E. Trowbridge, Jr.- 1.50%	Devon Energy Production Company L.P.- 81.567797% Energen Resources Corporation- 18.432203%
15	T20S-R28E						
	Sec. 27: W/2 SW/4, SE/4 SE/4	120.00	NM-0560294 2-28-74	USA (All) 12.5 %	Devon Energy Production Company L.P.- 96.927966% Energen Resources Corporation- 3.072034%	Connie Dunn- 1.250% Trustee of the Roy Dunn and Connie Fong Dunn Family Trust dated September 26, 1990- 1.250% Helen Frankot, Trustee of the John and Helen Frankot Trust as amended and restated, dated June 2, 1997- 1.250% John Halagan, Jr.- 0.625% Joe Halagan- 0.625%	Devon Energy Production Company L.P.- 96.927966% Energen Resources Corporation- 3.072034%
16	T21S-R27E						
	Sec. 3: Lot 12	40.00	NM-0560295	USA (All) 12.5 %	Devon Energy Production Company L.P.- 96.927966% Energen Resources Corporation- 3.072034%	*These interests must bear a production payment equal to \$750.00 per acre based on 200 acres, or \$150,000.00, payable out of 5% of production, owned by Sol West, as his separate property.	Devon Energy Production Company L.P.- 96.927966% Energen Resources Corporation- 3.072034%
17	T20S-R28E						

<u>Tract No.</u>	<u>Description of Land</u>	<u>No. of Acres</u>	<u>Serial No. and Date of Lease or Application</u>	<u>Basic Royalty and Percentage</u>	<u>Lessee of Record</u>	<u>Overriding Royalty Owner and Percentage</u>	<u>Working Interest Owner</u>
	Sec. 27: NW/4 NW/4	40.00	NM-2722 8-31-77	USA (All) 12.5 %	Davoll, Inc.- 35.524% Great Western Drilling Ltd.- 64.476%	Joe B. Schultz- 1.5% Rosina C. Schultz- 1.5%	Davoll, Inc.- 35.524% Great Western Drilling Ltd.- 64.476%
19	T20S-R28E						
	Sec. 26: W/2	320.00	NM-15873 7-31-82	USA (All) 12.5 %	Devon Energy Production Company L.P.- 100%	Heirs of Grace E. LaRue- 4%	Devon Energy Production Company L.P.- 100%
20	T20S-R28E						
	Sec. 34: NE/4 NW/4	40.00	NM-15874-A 6-30-82	USA (All) 12.5 %	Devon Energy Production Company L.P.- 100%	None	Devon Energy Production Company L.P.- 100%
21	T20S-R28E						
	Sec. 27: NE/4 SW/4	40.00	NM-18219 4-30-83	USA (All) 12.5 %	Comanche Oil & Gas Company- 80% Shirley A. Johnston, Trustee of the Johnston Family Trust- 20%	None	Comanche Oil & Gas Company- 80% Shirley A. Johnston, Trustee of the Johnston Family Trust- 20%

Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease or Application	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner
22	T20S-R28E Sec. 33: NW/4 SE/4	40.00	NM-18294	USA (All) 12.5 %	Ard Energy Group, Ltd.- 1.000397% Claremont Corporation- 0.037515% Davoil, Inc.- 0.266536% Devon Energy Production Company, L.P.- 90.048995% Energen Resources Corporation- 5.449221% Great Western Drilling Ltd.- 0.483761% Edward R. Hudson, Jr.- 1.000396% Zorro Partners, Ltd. - 1.000397% J&L Resources Inc. - 0.180830% Redfern Enterprises, Inc.- 0.351122% Sieb Resources, Inc. - 0.180830%	None	Ard Energy Group, Ltd.- 1.000397% Claremont Corporation- 0.037515% Davoil, Inc.- 0.266536% Devon Energy Production Company, L.P.- 90.048995% Energen Resources Corporation- 5.449221% Great Western Drilling Ltd.- 0.483761% Edward R. Hudson, Jr.- 1.000396% Zorro Partners, Ltd. - 1.000397% J&L Resources Inc. - 0.180830% Redfern Enterprises, Inc.- 0.351122% Sieb Resources, Inc. - 0.180830%
STATE LAND							
23	T21S-R27E Sec. 2: Lots 1-4, 7-9, 13-14	314.62	L-2766 4-15-79	State (All) 12.5 %	Devon Energy Production Company L.P.- 100%	None	Devon Energy Production Company L.P.- 100%
24	T21S-R27E Sec. 2: SE/4, W/2 SW/4, NE/4 SW/4	280.00	L-3568 9-16-79	State (All) 12.5 %	Devon Energy Production Company L.P.- 81.567797% Energen Resources Corporation- 18.432203%	None	Devon Energy Production Company L.P.- 81.567797% Energen Resources Corporation- 18.432203%
25	T20S-R28E						

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Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease or Application	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner
26	Sec. 28: SE/4 T21S-R27E	160.00	L-6322 6-1-81	State (All) 12.5 %	Devon Energy Production Company L.P.- 100%	None	Devon Energy Production Company L.P.- 100%
28	Sec. 2: Lots 5-6, 10-12, 15, 16 T21S-R27E	280.00	L-6523 9-1-81	State (All) 12.5 %	Devon Energy Production Company L.P.- 100%	None	Devon Energy Production Company L.P.- 100%
	Sec. 2: SE/4 SW/4	40.00	V-6283	State (All) 12.5 %	Devon Energy Production Company L.P.- 100%	None	Devon Energy Production Company L.P.- 100%
<u>FEE LAND</u>							
27	T20S-R28E						
	Sec. 27: NE/4	160.00	Fee 8-17-78	J.A. Harrell Margaret Harless T.D. Sumner 12.5 %	Devon Energy Production Company L.P.- 100%	None	Devon Energy Production Company L.P.- 100%
<u>SUMMARY</u>							
		Number of Tracts	Acreage	Percent of Burton Flat Deep Unit			
	Federal Land	17	2,720.00	68.78%			
	State Land	5	1,074.62	27.17%			
	Fee Land	1	160	4.05%			
	Totals	23	3,954.62	100.00%			