

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 13,958

VERIFIED STATEMENT OF KEN GRAY

Ken Gray, being duly sworn upon his oath, deposes and states:

1. I am a landman for Devon Energy Production Company, L.P., and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 1210.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the working interest owner being pooled is unlocatable.

(b) A plat outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, and SW $\frac{1}{4}$ (the W $\frac{1}{2}$) of Section 2, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, to form a standard 320.63 acre gas and spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Happy Valley-Strawn Gas Pool, Undesignated Happy Valley-Atoka Gas Pool, and Undesignated Happy Valley-Morrow Gas Pool.

The unit is to be designated to the proposed Perfecto "2" State Com. Well No. 1, to be drilled from a surface location in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 3 (approximately 2100 feet from the north line and 150 feet from the east line), Township 22 South, Range 26 East, N.M.P.M., to a bottomhole location in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2 (approximately 1650 feet from the south line and 660 feet from the west line).

(c) The party being pooled, his working interest in the well unit, and his last known address, are as follows:

Oil Conservation Division
Case No. 1
Exhibit No. 1

H.L. Boyd
411 South Canyon
Carlsbad, New Mexico 88220 (as of 1966)

0.001122789%

(d) A copy of the oil and gas lease proposal letter sent to the uncommitted working interest owner by Dale E. Neagle, on behalf of Devon Energy Production Company, L.P., is attached hereto as Exhibit B. The letter was returned as undeliverable. Mr. Neagle has also examined the Eddy County records, telephone directories, and internet directories, but has been unable to locate Mr. Boyd.

(e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against the non-consenting interest owner.

(f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other directional wells of this depth drilled in this area of Eddy County.

(g) Overhead charges of \$ 6000.00/month for a drilling well, and \$ 600.00/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for well of this depth. Applicant requests that the rates be adjusted pursuant to the COPAS accounting procedure.

(h) Applicant requests that it be designated operator of the well.

VERIFICATION

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

Ken Gray, being duly sworn upon his oath, deposes and states that: He is a landman for Devon Energy Production Company, L.P.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

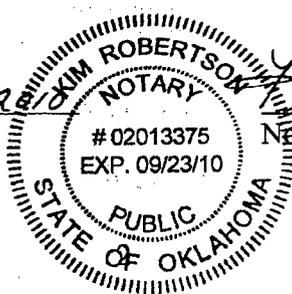
Ken Gray

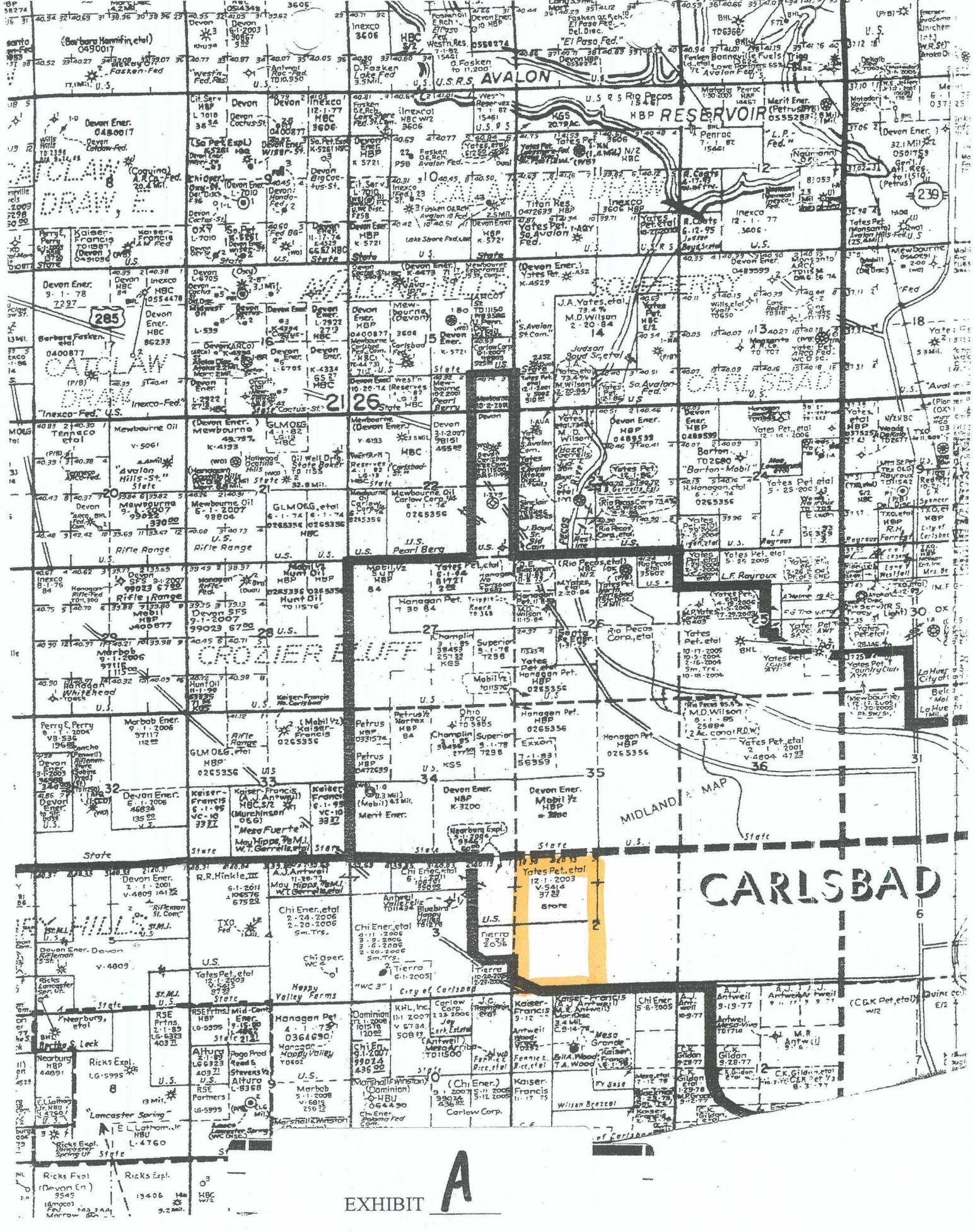
Ken Gray

SUBSCRIBED AND SWORN TO before me this 25th day of June, 2007 by Ken Gray.

My Commission Expires: 9-23-2010
Kim Robertson

Notary Public





EXHIBIT

A

P. O. Box 50832
Midland, TX 79710
Email: dneagle@sbcglobal.net

Dale E. Neagle

Office: (432) 686.7485
Cell: (432) 413.8174

May 11, 2006

T. Verne Dwyer
500 West Wall, Suite 310
Midland, TX 79701

Re: Carlsbad Flat Iron
T-22-S, R-26-E,
Section 2: SW/4,
Eddy County, New Mexico.

Dear Verne;

Please find attached copies or originals of all correspondence and mailings to mineral owners in the SW/4 of the above captioned land.

Please note that in my efforts to locate H. L. Boyd, he last appeared of record in Eddy County, New Mexico, in 1966. The last address that I could locate for him is where I sent the letter, which came back. I called the phone number of an H. L. Boyd in Fort Sumner, New Mexico. The woman who answered the phone told me that her husband had never lived in Carlsbad and never owned any property in Carlsbad.

Franklin D. Mize has agreed to lease. I mailed him a lease and am expecting it back in the mail in about a week.

I contacted FDIC about purchasing their mineral interest in Tract 5. All correspondence and e-mail messages are included with letter.

E. N. Gibbs and Mildred K. Gibbs are both deceased. I have obtained copies of their wills, and am in the process of offering to lease their heirs and devisees. Two of those heirs are deceased, one predeceased Mrs. Gibbs, and one, Paul Buff, died in England, and his relatives have no idea how to get in touch with his widow.

There is also included my letter to Carlsbad Municipal School District.

If I may be of any further assistance in this matter, please do not hesitate to contact me.

Sincerely,



Dale E. Neagle

EXHIBIT

B

P. O. Box 50832
 Midland, TX 79710
 Email: dneagle@sbcglobal.net

Dale E. Neagle

Office: (432) 686.7485

Cell: (432) 413.8174

January 3, 2006

H. L. Boyd
 411 South Canyon
 Carlsbad, NM 88220

Re: T-22-S, R-26-E

Section 2: E/2SE/4SW/4, LESS AND EXCEPT a tract of land more fully described by metes and bounds in Warranty Deed from H. L. Boyd to Mark Cathcart, dated April 25, 1947, recorded in Volume 97, Page 119, Deed Records of Eddy County, New Mexico, and LESS AND EXCEPT a tract of land more fully described by metes and bounds in Warranty Deed from H. L. Boyd to Ollie Knight, dated April 29, 1947, recorded in Volume 97, Page 141, Deed Records of Eddy County, New Mexico, and containing 0.457 net mineral acres, more or less.

Dear Mr. Boyd;

According to the records of Eddy County, New Mexico, you are the owner of an undivided 100.00% mineral interest, or 0.457 net mineral acres, in the above referenced tract. On behalf of my client, Devon Energy Production Company, I would like to make you an offer to lease your mineral interest in the above referenced tract under the following terms:

Lease Bonus:	\$50.00 bonus,
Lease Royalty:	Three sixteenths (3/16ths) royalty,
Term:	Three year paid-up primary term,
Rentals:	None, paid-up lease,

I have enclosed for your review two (2) Lease Inquiry Forms containing the Lease Offer above. Please complete one of the Lease Inquiry Forms and return it to me in the stamped envelope provided. If you have any questions regarding this matter, please do not hesitate to contact me at either of the telephone numbers listed above.

This offer is valid for 30 days from the date of this letter and subject to withdrawal without notice.

Sincerely,



Dale E. Neagle
 Enclosure.

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msn White Pages

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Search Information

Displaying 1-3 of 3 results matching "Boyd, H. L., NM"

1 of 3 **BOYD, H L**
RR 1 Box 120
Fort Sumner, NM
(505) 355-2880

2 of 3 **BOYD, HELEN**
Yatahey, NM
(505) 735-2127

3 of 3 **BOYD, HOWARD**
3700 Aspen Ave NE
Albuquerque, NM 87110-5645
(505) 266-3671

2426 9E94 0000 099C 4002

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or to the front if space permits.

1. Addressee to:

*H. L. Boyd
411 South Canyon
Carlsbad, NM 88220*

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressed to Agent Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: Yes No

3. Service Type Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail G.O.D.

4. Restricted Delivery? (Extra Fee) Yes

60 0000 4836 9742
Return Receipt 102595-02-M-1540

D. Neagle
P. O. Box 50832
Midland, TX 79710

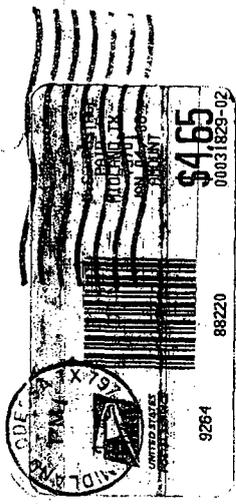
7004 1160 0000 4836 9742

INSURANCE TO BE PAID BY SENDER
NOT DELIVERABLE IF ADDRESSEE UNAVAILABLE TO FORWARD

H. L. Boyd
411 South Canyon

NSN

I opened the envelope to get my return envelope to use in another mailing.
D.H.



75710/6832

GAS _____
OIL _____



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

AUTHORITY FOR EXPENDITURE
DRILLING/COMPLETION COST ESTIMATE

DRILLING _____
COMPLETION _____

AFE NO.: 129856
Lease Name - Well #: Perfecto 2 State 2
Legal Description: SE/4 Lot P, Sec. 3-T22S-R26E

County/Parish: Eddy
State: New Mexico
Prepared By: Abbitt, Wyatt

AUTHORITY REQUESTED TO:

Funds are requested to directionally drill and complete the Perfecto 2 state 2 targeting the Morrow formation in Eddy County, NM.

Code	Intangible Description	Completion	Drilling	Dry Hole	Total
		Costs	Costs	Costs	Costs
011	DRILL-LAND, LEGAL	0	4,000	0	4,000
012	COMPL-SURF DAMAGES/RIGHTOFWAY	5,000	0	0	5,000
012	DRILL-SURF DMGS/RIGHT OF WAY	0	11,000	0	11,000
013	COMP-LOCATION, ROADS, PITS, FNS	2,500	0	0	2,500
013	DRILL-LOCATION,ROADS, PITS, FNCS	0	55,000	0	55,000
019	DRILL-OTHER SITE PREPARATION	0	10,000	0	10,000
043	DAYWORK	38,000	684,000	0	722,000
044	DRILL-MOB/DEMOBILIZATION	0	85,000	0	85,000
045	DIRECTIONAL DRILLING	0	148,000	0	148,000
049	DRILL-OTHER CONTRACTOR SERVICE	0	43,000	0	43,000
049	OTHER CONTRACTOR SERVICES	6,000	0	0	6,000
055	DRILL-TRAVEL	0	1,000	0	1,000
101	COMPL-DRILL BITS	1,000	0	0	1,000
101	DRILL BITS	0	85,000	0	85,000
102	COMPLETION FLUIDS	7,000	0	0	7,000
102	DRILL-DRILLING FLUIDS	0	84,000	0	84,000
103	DRILL-SURFACE RENTAL TOOLS & EQUIP	0	56,000	0	56,000
103	SURFACE RENTAL TOOLS & EQUIP (incl. foam/air u	10,000	0	0	10,000
104	COMPL-DOWNHOLE RNTL TOOLS & EQ	5,000	0	0	5,000
104	DOWNHOLE RENTAL TOOLS & EQUIPMENT	0	109,000	0	109,000
109	DRILL-OTHER MATRLS & SUPPLIES	0	3,000	0	3,000
109	OTHER MATERIALS & SUPPLIES	2,500	0	0	2,500
201	DRILL-WELD, ROUTABOUT & OTHER	0	30,000	0	30,000
201	WELDING, ROUSTABOUTS & OTHER SERV	1,000	0	0	1,000
202	COMPL-DIRT WORK & HEAVY EQUIPN	4,000	0	0	4,000
202	DIRT WORK & HEAVY EQUIPMENT	0	6,000	0	6,000
203	DRILL-TRUCKING & HOTSHOT	0	12,000	0	12,000
203	TRUCKING & HOTSHOT	8,000	0	0	8,000
204	PIPELINE INSTALLATION	10,000	0	0	10,000
251	CEMENT & CEMENTING SERVICES	45,000	112,000	0	157,000
254	FLOWBACK EQUIP-TESTING SERVICES	8,500	0	0	8,500
255	DRILL-LOGGING	0	89,000	0	89,000
255	LOGGING	25,000	0	0	25,000
259	CASING & TUBULAR SERVICES	4,000	33,000	0	37,000
261	COMPL-MISC.PUMPING SERVICES	2,500	0	0	2,500
263	DRILL-FLUID DISPOSAL	0	36,000	0	36,000
263	FLUID DISPOSAL	6,000	0	0	6,000
265	STIMULATION & GRAVEL PACK	200,000	0	0	200,000
269	COMPL - CONSULTANTS	8,500	0	0	8,500
269	CONSULTANTS	0	48,000	0	48,000
281	COMMUNICATION SERVICES	0	3,000	0	3,000

Please include/attach well requirement data with ballot.

EXHIBIT C

GAS _____
 OIL _____



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

AUTHORITY FOR EXPENDITURE
DRILLING/COMPLETION COST ESTIMATE

DRILLING _____
 COMPLETION _____

AFE NO.: 129856
 Lease Name - Well #: Perfecto 2 State 2
 Legal Description: SE/4 Lot P, Sec. 3-T22S-R26E

County/Parish: Eddy
 State: New Mexico
 Prepared By: Abbitt, Wyatt

AUTHORITY REQUESTED TO:

Funds are requested to directionally drill and complete the Perfecto 2 state 2 targeting the Morrow formation in Eddy County, NM.

Code	Intangible Description	Completion Costs	Drilling Costs	Dry Hole Costs	Total Costs
302	DRILL-WATER	0	75,000	0	75,000
302	WATER	3,000	0	0	3,000
306	COMPL-OTHER POWER & FUEL	4,000	0	0	4,000
306	DRILL-POWER & FUEL	0	79,000	0	79,000
501	PULLING & SWABBING UNITS	40,000	0	0	40,000
503	BACKFILL PITS/RESTORE LOCATION	2,500	53,000	0	55,500
552	DRILL-SAFETY EQUIP & TRAINING	0	4,000	0	4,000
552	SAFETY EQUIPMENT & TRAINING	2,000	0	0	2,000
559	COMPL-ENVMNT & SAFETY MISC	2,000	0	0	2,000
711	COMPANY SUPERVISION	3,500	0	0	3,500
721	DRILL-DRILLING OVERHEAD	0	10,000	0	10,000
895	DRILL-TAXES -OTHER IDC	0	113,000	0	113,000
Total Intangibles		456,500	2,081,000	0	2,537,500

Code	Tangible Description	Completion Costs	Drilling Costs	Dry Hole Costs	Total Costs
901	SURFACE CASING	0	16,000	0	16,000
902	INTERMEDIATE CASING	0	330,000	0	330,000
904	CONDUCTOR CASING/DRIVE PIPE	0	7,000	0	7,000
911	LINER	52,000	0	0	52,000
915	TUBING	80,000	0	0	80,000
925	SUBSURFACE EQUIP	25,000	0	0	25,000
931	WELLHEAD VALVES & EQUIPMENT	5,000	9,000	0	14,000
941	TANKS	22,000	0	0	22,000
945	TREATING EQUIPMENT	15,000	0	0	15,000
961	COMPL-LINE PIPE, METERS & FITTINGS	10,000	0	0	10,000
986	COMPL-SURFACE-OTH TANG EQUIPMENT	23,500	0	0	23,500
Total Tangibles		232,500	362,000	0	594,500

TOTAL ESTIMATED COSTS	689,000	2,443,000	0	3,132,000
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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: _____ Print Name: _____

Title: _____

Date: _____

Email: _____

Please include/attach well requirement data with ballot.