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Kelly Robertson
Land Associate

Devon Energy Corporation
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July 15, 2008

Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Mark Fesmire, P.E.
Director

RE: Case No. 14096
Order No. R-12936
NW/4 NW/4 of Section 32, T18S, R32E
Lea County, New Mexico

Dear Mr. Fesmire:

Pursuant to Order No. R-12936 in Case No. 14096, please find enclosed an itemized spreadsheet showing the costs to date in the drilling of the Hulkster Well No. 1. Please note that the column labeled "Fld Est" shows the anticipated costs and column labeled "G/L" shows the actual costs to date. At this time, not all expected invoices have been received. Therefore, we anticipate the total costs to be significantly higher than what is actually represented to date.

Should you have any questions or concerns, please feel free to contact the undersigned at (405) 228-8765. Thank you for your help in this matter.

Very truly yours,
Devon Energy Production Company, L.P.

A handwritten signature in black ink that reads "Kelly W. Robertson". The signature is written in a cursive, flowing style.

Kelly W. Robertson
Land Associate

Enclosures

Hulkster #1 - AFE # 134502

Gen	Sub	Desc	AFE Amt	UTC	Comment	G/L	Fid Est
203	001	DRILL-INTANGIBLE COSTS	0	0		0	0
	002	COMPL-INTANGIBLE COSTS	0	0		0	0
Total 203			0	0		0	0
204	001	DRILL-EQUIPMENT	0	0		0	0
	002	COMPL-EQUIPMENT	0	0		0	0
Total 204			0	0		0	0
206	011	DRILL-LAND, LEGAL	2,000	2,000		30,408	0
	012	DRILL-SURF DMGS/RIGHT OF WAY	5,000	5,000		5,026	0
	013	DRILL-LOCATION,ROADS,PITS,FNCS	35,000	35,000		54,431	1,075
	014	DRILL-ARCHEOLOGICAL TESTING	2,000	2,000		0	0
	019	DRILL-OTHER SITE PREPARATION	10,000	10,000		27,513	0
	022	DRILL-WEATHER DELAY	0	0		0	0
	041	DRILL-TURNKEY DRILLING COSTS	0	0		0	0
	042	DRILL-FOOTAGE	0	0		0	0
	043	DRILL-DAYWORK	506,000	506,000		0	827,750
	044	DRILL-MOB/DEMobilIZATION	92,000	92,000		0	108,500
	045	DRILL-DIRECTIONAL DRILLING	0	0		0	0
	049	DRILL-OTHER CONTRACTOR SERVICE	0	0		0	263
	055	DRILL-TRAVEL	0	0		0	0
	056	DRILL-MEALS AND ENTERTAINMENT	0	0		0	0
	101	DRILL-DRILL BITS	55,000	55,000		50,609	40,486
	102	DRILL-DRILLING FLUIDS	18,500	18,500		71,129	147,263
	103	DRILL-SURFACE RENTAL TOOLS & EQ	25,000	25,000		102,866	94,961
	104	DRILL-DOWNHOLE RNTL TOOLS & EQ	25,000	25,000		20,794	3,150
	105	CLOSED LOOP SYSTEM COSTS	0	0		69,521	0
	109	DRILL-OTHER MATRLS & SUPPLIES	2,000	2,000		21,463	21,107
	201	DRILL-WELD,ROUSTABOUT & OTHER	31,000	31,000		39,316	36,538
	202	DRILL-DIRT WORK & HEAVY EQPMNT	3,000	3,000		1,275	50,700
	203	DRILL-TRUCKING & HOTSHOT	20,000	20,000		10,272	10,760

Gen	Sub	Desc	AFE Amt	UTC	Comment	G/L	Fid Est
	204	DRILL-PIPELINE INSTALLATION	0	0		0	0
	251	DRILL-CEMENT & CEMENTING SERVCS	53,500	53,500		39,666	31,580
	255	DRILL-LOGGING	90,000	90,000		26,433	0
	257	DRILL-OPEN HOLE EVALUATION	20,000	20,000		30,987	56,033
	258	DRILL--DIVING/ROV EQ SERVICES	0	0		0	0
	259	DRILL-CASING & TUBULAR SERVCS	12,000	12,000		32,215	13,950
	263	DRILL-FLUID DISPOSAL	7,500	7,500		30,353	0
	266	DRILL-HELICOPTER TRANSPORTATON	0	0		0	0
	267	DRILL-MARINE TRANSPORTATION	0	0		0	0
	269	DRILL-CONSULTANTS	37,500	37,500		153,416	99,000
	271	DRILL-FISHING SERVICES	0	0		10,479	3,775
	281	DRILL-COMMUNICATION SERVICES	2,500	2,500		2,226	0
	283	DRILL-TEMPORARY ABANDONMENT	0	0		0	0
	301	DRILL-ELECTRICITY USAGE	0	0		0	0
206	302	DRILL-WATER	50,000	50,000		16,629	17,691
	303	DRILL-CO2 INJECTED	0	0		0	0
	305	DRILL-DYED DIESEL - TEXAS	0	0		0	0
	306	DRILL-OTHER POWER & FUEL	65,000	65,000		0	151,248
	307	DRILL - DYED DIESEL	0	0		146,727	11,615
	308	DRILL - DYED DIESEL - TEXAS	0	0		0	0
	309	DRILL - GASOLINE	0	0		0	0
	410	DRILL-DW/INTL-FEASBLTY STUDY	0	0		0	0
	411	DRILL-DW/INTL-INTGRTD PRJTEM	0	0		0	0
	412	DRILL-DW/INTL-DEVELOP PLAN	0	0		0	0
	413	DRILL-DW/INTL-FINAL DESIGN	0	0		0	0
	414	DRILL-DW/INTL-FREIGHT FORWARD	0	0		0	0
	502	DRILL-SNUB UNIT & COILED TUBNG	0	0		0	0
	503	DRILL-BACKFILL PITS/RESTR LOCA	50,000	50,000		0	0

Gen	Sub	Desc	AFE Amt	UTC	Comment	G/L	Fid Est
206	552	DRILL-SAFETY EQUIP & TRAINING	2,500	2,500		2,200	0
	559	DRILL-ENVMT EQUIP & TRAINING	15,000	15,000		0	0
	711	DRILL-COMPANY SUPERVISION	0	0		0	0
	721	DRILL-DRILLING OVERHEAD	0	0		15,287	0
	723	DRLG OHD RVRSL 100% PROP	0	0		0	0
	731	DRILL-CONSTRUCTION OVERHEAD	0	0		0	0
	732	CONSTR OVRHD RVRSL 100% PROP	0	0		0	0
	741	DRILL-WELL CONTROL INSURANCE	0	0		0	0
	751	DRILL-LOST OR DAMAGED EQUIPMNT	0	0		1,179	0
	794	DRILL-OBO IDC-AFE'D	0	0		0	0
	801	DRILL-FIELD LABOR	0	0		0	0
	802	DRILL-GENERAL LABOR	0	0		0	0
	804	DRILL-REPAIR & RPL MTL-SURFACE	0	0		0	0
	806	DRILL-REPAIR & REPL SUBSURFACE	0	0		0	0
	831	DRILL-VEHICLE EXPENSE	0	0		0	0
207	861	DRILL-FIELD OFC EXP (SHOREBASE	0	0		0	0
	865	DRILL-COMPANY BENEFITS	0	0		0	0
	895	DRILL-TAXES - OTHER IDC	0	0		373	0
	900	INTERNATIONAL DRILL IDC - TRSF	0	0		0	0
	998	INTERNATIONAL DRILL IDC-OTHR %	0	0		0	0
	258	DRILL-DIVING/ROV EQ SERVICES	0	0		0	0
	282	DRILL-SCADA	0	0		0	0
	284	DRILL-SCADA-PROGRAMMING	0	0		0	0
	285	DRILL-SCADA-LABOR	0	0		0	0
	286	DRILL-SCADA-EQUIPMENT	0	0		0	0
	378	DRILL-P&A EQUIP SALVAGE	0	0		0	0
	794	DRILL-OBO - EQUIPMENT-AFE'D	0	0		0	0
	895	DRILL-TAXES - OTHER	0	0		0	0
Total 206			1,237,000	1,237,000		1,012,792	1,727,444

Gen	Sub	Desc	AFE Amt	UTC	Comment	G/L	Fld Est
	900	INTERNATIONAL DRILL TANG-TRSF	0	0		0	0
	901	DRILL-SURFACE CASING	36,800	36,800		23,426	38,450
	902	DRILL-INTERMEDIATE CASING	109,900	109,900		62,635	112,993
	904	DRILL-CONDCTR CASNG/DRIVE PIPE	0	0		0	25,088
	911	DRILL-LINER	0	0		0	0
207	915	DRILL - TUBING	0	0		0	0
	925	DRILL-SUBSURFACE EQUIPMENT	0	0		0	0
	931	DRILL-WELLHEAD VALVES & EQPMT	10,000	10,000		1,914	10,222
	998	INTERNATIONAL DRILL TANG-OTHR%	0	0		0	0
	Total 207		156,700	156,700		87,976	186,753
	011	COMPL-LAND,LEGAL	0	0		0	0
	012	COMPL-SURF DAMAGES/RIGHTOFWAY	7,000	7,000		1,496	0
	013	COMPL-LOCATION, ROADS, PITS,FNS	10,000	10,000		4,888	8,607
	019	COMPL-SITE PREPARATION	1,000	1,000		50	950
	022	COMPL-WEATHER DELAY	0	0		0	0
	041	COMPL-TURNKEY COMPLETION COSTS	0	0		0	0
	043	COMPL-DAYWORK	66,000	66,000		0	90,250
	044	COMPL-MOB/DEMobilIZATION	0	0		0	0
	045	COMPL-DIRECTIONAL SERVICES	0	0		0	16,000
	049	COMPL-OTHER CONTRACTOR SERVICE	0	0		0	10,350
216	055	COMPL-TRAVEL	0	0		0	0
	056	COMPL-MEALS & ENTERTAINMENT	0	0		0	0
	101	COMPL-DRILL BITS	0	0		0	0
	102	COMPL-COMPLETION FLUIDS	14,000	14,000		29,774	26,062
	103	COMPL-SURFACE RNTAL TOOLS & EQ	30,000	30,000		2,219	39,590
	104	COMPL-DOWNHOLE RNTL TOOLS & EQ	12,000	12,000		3,174	950
	109	COMPL-OTHER MATERIALS & SUPPLS	1,000	1,000		472	0
	201	COMPL-WELD,ROUSTABOUT & OTHER	46,500	46,500		33,723	7,050
	202	COMPL-DIRT WORK & HEAVY EQUIPN	6,000	6,000		4,473	3,250

Gen	Sub	Desc	AFE Amt	UTC	Comment	G/L	Fld Est
216	203	COMPL-TRUCKING & HOTSHOT	6,000	6,000		7,980	7,660
	204	COMPL-PIPELINE INSTALLATION	10,000	10,000		5,615	0
	251	COMPL-CEMENT & CEMENTING SERVC	30,000	30,000		10,382	48,586
	254	COMPL-FLOWBACK EQMT-TEST SERVC	24,000	24,000		0	10,700
	255	COMPL-LOGGING	29,000	29,000		22,023	21,800
	257	UNKNOWN	0	0		0	1,000
	258	COMPL-DIVING/ROV EQ SERVICES	0	0		0	0
	259	COMPL-CASING & TUBULAR SERVICE	0	0		10,402	19,215
	261	COMPL-MISC. PUMPING SERVICES	0	0		0	1,140
	263	COMPL-FLUID DISPOSAL	12,000	12,000		4,537	0
	265	COMPL-STIMULATION & GRAVELPACK	200,000	200,000		105,651	242,950
	266	COMPL-HELICOPTER TRANSPORTATON	0	0		0	0
	267	COMPL-MARINE TRANSPORTATION	0	0		0	0
	269	COMPL-CONSULTANTS	14,500	14,500		18,663	21,650
	271	COMPL-FISHING SERVICES	0	0		0	0
	281	COMPL-COMMUNICATIONS SERVICES	0	0		2,005	0
	283	COMPL-TA FACILITIES REMOVAL	0	0		0	0
	301	COMPL-ELECTRICITY USAGE	0	0		0	0
	302	COMPL-WATER	5,000	5,000		0	0
	305	COMPL-DYED DIESEL - TEXAS	0	0		0	0
	306	COMPL-OTHER POWER & FUEL	0	0		0	0
	307	COMPL-DYED DIESEL	0	0		0	0
	308	COMPL-DYED DIESEL-TEXAS	0	0		0	0
	309	COMPL-GASOLINE	0	0		0	0
	501	COMPL-PULLINGS & SWABBING UNIT	63,000	63,000		16,004	54,550
	502	COMPL-SNUBBING UNIT & COILDTBG	0	0		0	0
	503	COMPL-BACKFILLPTS/RESTORE LOC	0	0		0	0
	552	COMPL-SAFETY EQPMT & TRAINING	0	0		868	0

Gen	Sub	Desc	AFE Amt	UTC	Comment	G/L	Fld Est
	559	COMPL-ENVMT & SAFETY MISC	0	0		0	0
	711	COMPL-COMPANY SUPERVISION	0	0		747	300
	721	COMPL-COMPLETION OVERHEAD	0	0		9,323	0
	723	COMPL OVRHD RVSL 100% PROP	0	0		0	0
	731	COMPL-CONSTRUCTION OVERHEAD	0	0		0	0
	732	CNSTR OVRHD RVSL 100% PROP	0	0		0	0
	741	COMPL-WELL CONTROL INSURANCE	0	0		0	0
	751	COMPL-LOST OR DAMAGED EQUIPMNT	0	0		0	0
	794	COMPL-OBO ICC - AFE'D	0	0		0	0
216	801	COMPL-IDC-FIELD LABOR	0	0		0	0
	802	COMPL-GENERAL LABOR (ENGINEER)	0	0		0	0
	805	COMPL-REPAIR & RPL SURFACE	0	0		0	0
	806	COMPL-REPAIR & RPL-SUBSURFACE	0	0		0	0
	831	COMPL-VEHICLE EXPENSE	0	0		298	0
	861	COMPL-FIELD OFC EXP (SHOREBASE	0	0		0	0
	865	COMPL-COMPANY BENEFITS	0	0		252	0
	895	COMPL-TAXES - OTHER - IDC	0	0		0	0
	900	INTERNATIONAL COMPL IDC-TRSF	0	0		0	0
	998	INTERNATIONAL COMPL-OTHER %	0	0		0	0
Total 216			587,000	587,000		295,020	632,610
	201	COMPL - WELD, ROUSTABOUT & OTH	0	0		0	0
	258	COMPL-DIVING/ROV EQ SERVICES	0	0		0	0
	282	COMPL-SCADA	10,000	10,000		0	0
	284	COMPL-SCADA-PROGRAMMING	0	0		0	0
217	285	COMPL-SCADA-LABOR	0	0		0	0
	286	COMPL-SCADA-EQUIPMENT	0	0		108	0
	794	COMPL-OBO EQUIPMENT AFE'D	0	0		0	0
	801	COMPL-TANG-FIELD LABOR	0	0		0	0
	895	COMPL-TAXES - OTHER	0	0		0	0

Gen	Sub	Desc	AFE Amt	UTC	Comment	G/L	Fld Est
	903	COMPL-PRODUCTION CASING	188,000	188,000		169,729	0
	911	COMPL-LINER	0	0		0	0
	915	COMPL-TUBING	72,600	72,600		55,655	57,000
	921	COMPL-SUCKER RODS	32,000	32,000		0	29,200
	925	COMPL-SUBSURFACE EQUIPMENT	7,000	7,000		2,614	11,000
	931	COMPL-WELLHEAD VALVES & EQUIPT	13,500	13,500		1,654	18,887
	935	COMPL-ARTIFICIAL LIFT EQUIPMENT	110,000	110,000		101,838	94,695
	941	COMPL-TANKS	70,000	70,000		10,389	10,096
	945	COMPL-TREATING EQUIPMENT	24,000	24,000		34,509	27,000
	951	COMPL-COMPRESSORS	0	0		0	0
217	953	COMPL-CATHODIC PROTECTION	0	0		0	0
	955	COMPL-WATER DISPOSAL PUMPS	0	0		0	0
	961	UNKNOWN	0	0		0	7,500
	962	COMPL-STEEL LINE PIPE	0	0		255	0
	964	COMPL-METERS AND FITTINGS	29,000	29,000		23,152	0
	986	COMPL-SURFACE-OTHER TANG EQUIP	0	0		27,241	0
	998	INTERNATIONAL COMPL TANG-OTHR%	0	0		0	0
	≡ Total 217		556,100	556,100		427,143	255,378
	030	PREPAID DRILLING COSTS	0	0		0	0
	053	PREPAID CASH CALL-CAPITAL-HOU	0	0		0	0
290	054	PREPAID CASH CALL-CAPITAL-OKC	0	0		0	0
	≡ Total 290		0	0		0	0
	001	OBO/DELETED INT CUTBACK CLRG	0	0		0	0
601	≡ Total 601		0	0		0	0
	999	UNKNOWN	0	0		0	0
999	≡ Total 999		0	0		0	0
			2,536,800	2,536,800		1,822,930	2,802,185