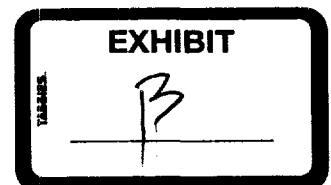
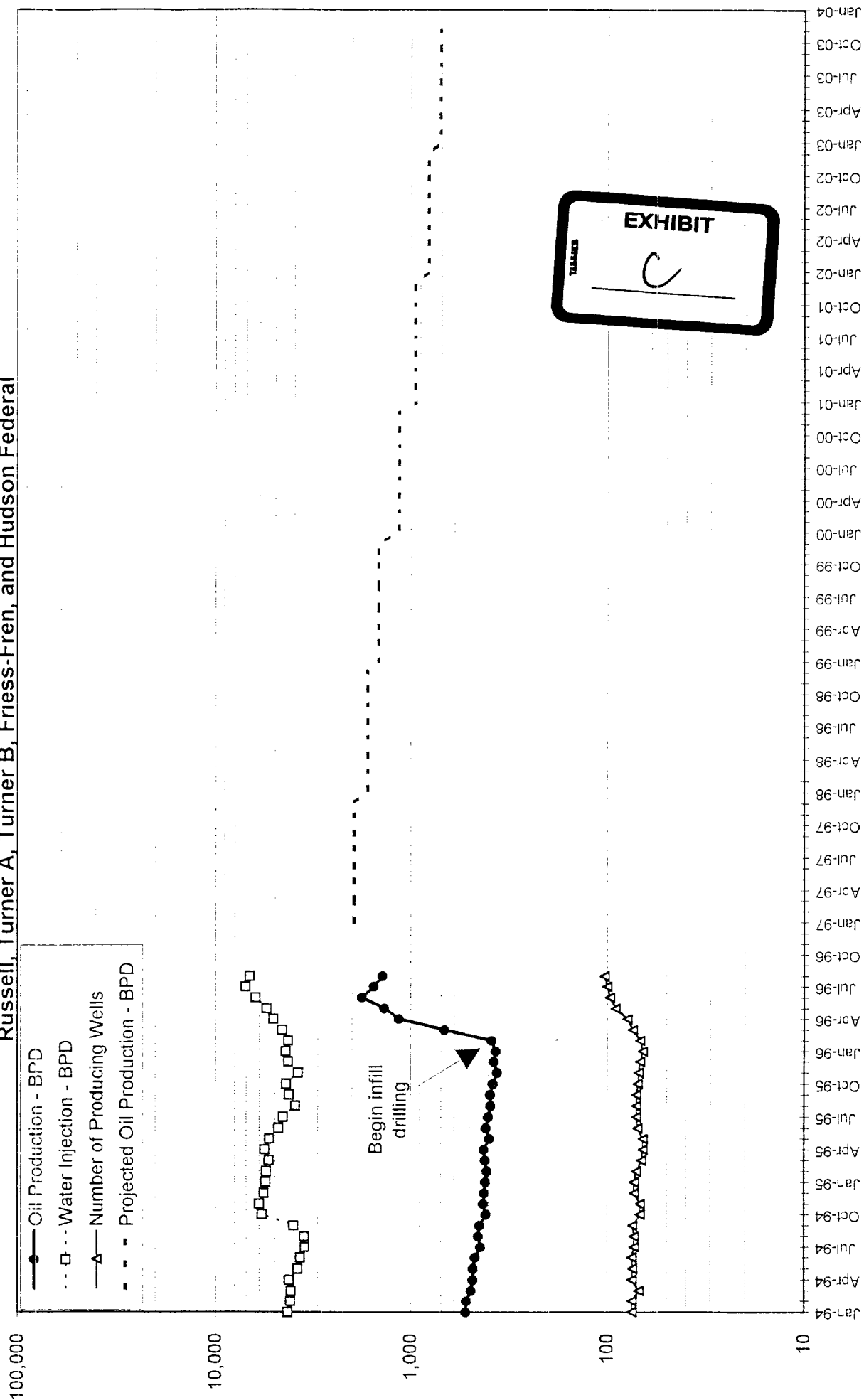


DEVON ENERGY
HUDSON FEDERAL WATERFLOOD PROJECT

Number of Producing Wells:	January, 1994	4
	August, 1996	9
	Full Development	6
Number of Injection Wells:	January, 1994	0
	August, 1996	0
	Full Development	6
Total Capital Cost	Through August, 1996	\$1 555,527
	Full Development	\$1 947,880
Injection Volumes:	January, 1994	0 BWPD
	August, 1996	0 BWPD
	Full Development	2400 BWPD
Anticipated injection commencement date:	December, 1996	
Estimated net value of incremental production:	\$5,711,000	



DEVON ENERGY SOUTHERN AREA WATERFLOOD PROJECTS Russell, Turner A, Turner B, Friess-Fren, and Hudson Federal



BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

ADMINISTRATIVE APPLICATION OF DEVON
ENERGY CORPORATION (NEVADA) TO
QUALIFY A WATERFLOOD EXPANSION
PROJECT FOR THE RECOVERED OIL
TAX RATE, EDDY COUNTY, NEW MEXICO.

Case 11696

APPLICATION

Devon Energy Corporation (Nevada) files this application pursuant to the Enhanced Oil Recovery Act (L. 1992, Ch. 38) and Division Order No. R-9708. In support thereof, applicant states:

1. The name of the operator is Devon Energy Corporation (Nevada), whose address is Suite 1500, 20 North Broadway, Oklahoma City, Oklahoma 73102.

2. The waterflood project is referred to as the Hudson Federal Waterflood Project, and the project area for the expansion is as follows:

Township 17 South, Range 31 East, N.M.P.M.

Section 17: W½NW¼

Section 18: E½NE¼

containing 160 acres, more or less.

A plat outlining the project area for the Hudson Federal Waterflood Project is attached hereto as Exhibit A. The subject pool is the Grayburg-Jackson Pool.

3. The project area is not unitized. The entire project area is comprised of Federal Lease LC 054908. The working interest owners under the lease, as to the Grayburg-Jackson Pool, are: Devon Energy Corporation (Nevada); Sharon Aston Olsen, Trustee of the Sharon Aston Olsen Trust; First National Bank of Chicago, Trustee

of the Aston Partnership; Charles Aston, Executor of the Lincoln Aston Estate; and NationsBank of Texas, N.A., Agent for the Aston Family Limited Partnership.

4. Secondary recovery shall be by a waterflood project. The injection formation is the Grayburg-San Andres formation of the Grayburg-Jackson Pool, with the injected water consisting of produced water from the Grayburg-Jackson Pool, and makeup water from the Keel-West fresh water system. The waterflood project was approved by Division Order No. R-3165.

5. Pursuant to Order No. R-9708, project data is summarized on Exhibit B attached hereto, and includes:

- (a) Number of producing wells;
- (b) Number of injection wells;¹
- (c) Capital cost of additional facilities;
- (d) Estimated net value of incremental production recovered from the project;
- (e) Anticipated injection commencement date; and
- (f) Anticipated injection volumes.

This project qualifies as an expansion which is entitled to the recovered oil tax rate because the number of injection and producing wells is being significantly increased, greatly expanding the waterflood pattern. Also, fracture stimulation and completion technology has improved significantly since the waterflood project was instituted, which will allow greater recovery of oil within the project area.

6. The projected primary plus secondary production from the

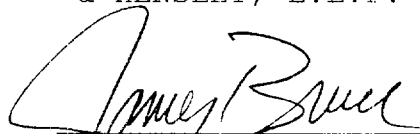
¹The injection and producing wells in the project area are shown on Exhibit A. The number of producing wells in August 1996 is greater than the number of producing wells at full development because certain wells will initially be producers, but will later be converted to injection.

project expansion is shown on Exhibit C² attached hereto.³

WHEREFORE, Applicant requests that the Division administratively qualify the expansion of the Hudson Federal Waterflood Project as an Enhanced Oil Recovery Project, and certify the project for the Recovered Oil Tax Rate.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.



James Bruce
P. O. Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554

Attorneys for Devon Energy
Corporation (Nevada)

cc: Artesia District Office

²Exhibit C shows the combined projected production from the C.A Russell Waterflood Project, Hudson Federal Waterflood Project, Turner "A" Waterflood Project, Turner "B" Waterflood Project, and Friess-Fren Waterflood Project. EOR applications regarding all of these waterflood projects are being submitted to the Division.

³The initial increase in production is due to drilling new wells in the project area, which are being produced before being converted to injection.

VERIFICATION

STATE OF OKLAHOMA)
COUNTY OF OKLAHOMA)

Dick Morrow, being duly sworn upon his oath, deposes and states that: he is a petroleum engineer and an employee of applicant; he is familiar with the matters set forth in the foregoing application; and the statements therein are true and correct to the best of his knowledge.

Dick Morrow
Dick Morrow

SUBSCRIBED AND SWORN TO before me this 22nd day of November, 1996 by Dick Morrow.

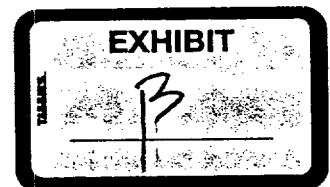
Aida Peters
Notary Public

My Commission expires:

Jan 24, 1998

DEVON ENERGY
HUDSON FEDERAL WATERFLOOD PROJECT

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DEVON ENERGY SOUTHERN AREA WATERFLOOD PROJECTS Russell, Turner A, Turner B, Friess-Fren, and Hudson Federal

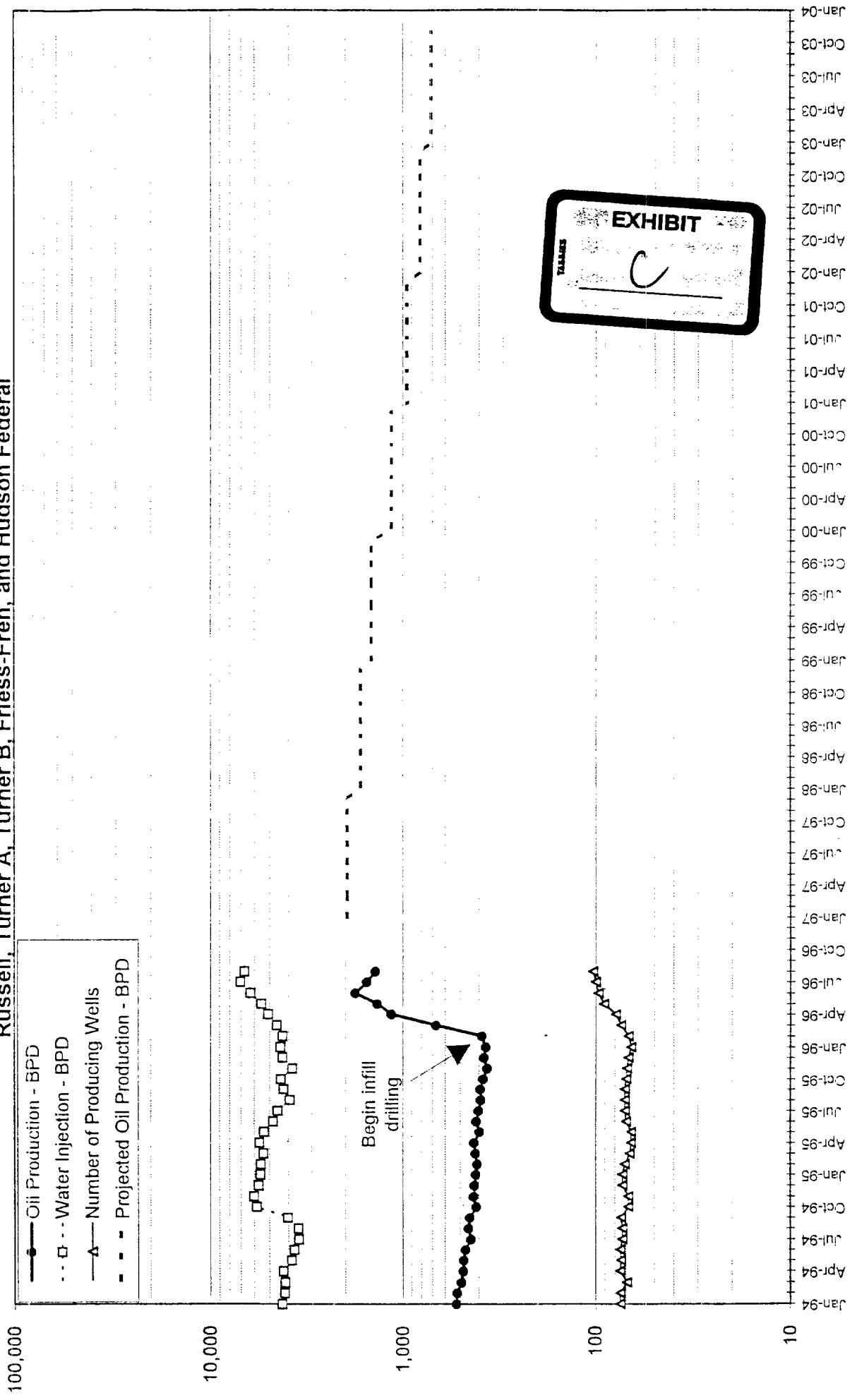


EXHIBIT
C