



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office
2909 West Second Street
Roswell, New Mexico 88201-1287

IN REPLY REFER TO:

SW-907

3105.2 (06200)

APR 21 1998

CERTIFIED-RETURN RECEIPT REQUESTED
P 293 298 485

Devon Oil Corporation (Nevada)
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

Gentlemen:

A review of our files concerning your Well No. 2-Inexco 17 Federal Com., Federal Lease NM-84, Communitization Agreement (CA) SW-907, NW¼SE¼ sec. 17, T. 21 S., R. 26 E., Eddy County, New Mexico, shows that the well was shut-in during September 1994. This CA, which includes leases NM-0106774-A, NM-0400877-A, NM-0554478, and NM-7297-A, became effective April 18, 1974 for two years and so long as communitized substances are or can be produced in paying quantities. Therefore, this CA must contain a well capable of producing hydrocarbons in paying quantities, i.e. enough to pay the day-to-day operating and communitized area maintenance costs, or it will expire effective the date of receipt of this letter.

We have determined that this CA may not be capable of production in paying quantities. Under 43 CFR 3107.2-2, you are allowed 60 days from receipt of this letter within which to commence reworking or drilling operations on the lease. The CA will remain in full force and effect if approved operations are commenced within the 60-day period and are continued with reasonable diligence until paying production is restored.

If you believe that the CA is capable of production in paying quantities, which are to pay the day-to-day operating costs, including minimum royalty on a sustained basis, you must submit justification within 60 days of receipt of this letter to this office.

If a reworking or drilling operation proposal or justification that the well is capable of production in paying quantities is not submitted within 60 days from receipt of this letter, the CA will automatically terminate. A Notice of Intention to Abandon (NIA) the well should be filed with this office within 90 days after receipt of this letter. Leases NM-0106774-A, NM-0400877-A, NM-0554478, NM-84, and NM-7297-A committed to the CA may be eligible for an extension under 43 CFR 3107.4.

The aforementioned information is furnished so you may take such action as you consider appropriate. You are further reminded that no production tests or other operations should be conducted on the CA without prior approval of this office. If you have any further questions regarding this letter, please contact David Glass of this office at phone (505) 627-0275.

Sincerely,

RECEIVED

APR 24 1998

PRODUCTION DEPT.

Alexis C. Swoboda
for Armando A. Lopez
Acting Assistant District Manager,
Minerals Support Team