



OCD - Artesia

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**

Governor

**BETTY RIVERA**

Cabinet Secretary

**Lori Wrotenbery**  
Director

Oil Conservation Division

December 15, 2002

Devon Energy Production Company, L. P.  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260

Attention: Ken Gray

*RE: Administrative application for Devon Energy Production Company, L. P.'s proposed Bad Axe "23" Federal Com. Well No. 1 to be drilled at an unorthodox gas well location within the Indian Basin-Upper Pennsylvanian Gas Pool (33685) 660 feet from the North line and 2110 feet from the West line (Unit C) of Section 23, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Gray:

Reference is made to your application (*administration application reference No. pKRV0-233730283*) filed with the New Mexico Oil Conservation Division ("Division") on December 2, 2002. The Division recognizes Devon Energy Production Company, L. P.'s ("Devon") concern about potential drainage within the Cisco/Canyon interval on the boundary common to both the Indian Basin-Upper Pennsylvanian Gas Pool and South Dagger Draw-Upper Pennsylvanian Associated Pool (33685) where the two pools are governed under two different sets of spacing and well location rules:

- (i) 320-acre spacing with wells to be no closer than 660 feet to the outer boundary of such unit for the South Dagger Draw-Upper Pennsylvanian Associated Pool as set forth by special pool rules promulgated by Division Order No. R-5353, as amended; and
- (ii) 640-acre spacing with wells to be no closer than 1650-feet to the outer boundary of such unit for the Indian Basin-Upper Pennsylvanian Gas Pool as set forth by special pool rules promulgated by Division Order No. R-8170, as amended.

However, from your application it appears that Devon's main reason for the justification for this unorthodox Upper-Pennsylvanian well location is to accommodate the deeper Indian Basin-Morrow Gas Pool (78960) Morrow gas production that this well, which pool is governed by the "Special Rules and Regulations for the Indian Basin-Morrow Gas Pool," as promulgated by Division Orders No. R-8170-O-1/R-2441-B, issued in Case No. 11512 and dated July 31, 1996, and R-8170-O-2/R-2441-C, dated August 15, 1996, which includes provisions: (i) for 640-acre spacing; (ii) requiring wells to be located no closer than 660 feet to the outer boundary of a unit nor closer than 330 feet to any

governmental quarter-quarter section or subdivision inner boundary; (iii) that allows for one infill well per 640-acre unit; and (iv) that confines these special pool rules to those lands that are within the pool's horizontal limits. The Division's records indicate that Marathon Oil Company's Indian Basin Gas Com. Well No. 1 (API No. 30-015-00037), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 23 is currently producing from the Indian Basin-Morrow Gas Pool and is therefore holding all of Section 23, being a standard 640-acre gas spacing unit for this pool. Since a spacing unit can only have one operator, which is Marathon Oil Company, in this case for the deeper Morrow gas production, Devon is not entitled to complete in this zone. Therefore, Devon's reasoning is invalid.

In order to complete this application, please provide further explanation with respect to the Cisco/Canyon's drainage characteristics and how this location is needed to protect Devon's correlative rights and waste will be protected.

Should you have any questions concerning this matter, please contact your legal counsel in Santa Fe at (505) 982-2043 or me at (505) 476-3465.

Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
James Bruce, Legal Counsel for Devon Energy Production Company, L. P. - Santa Fe

233730283 NSL 12/22/02

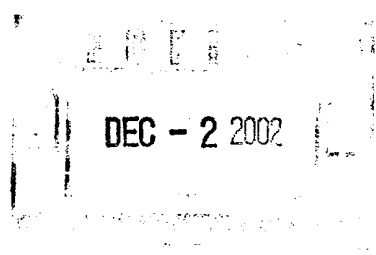
# devon

Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260  
Fax 405-552-8113

November 26, 2002

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505  
Attn: Michael Stogner

Re: Bad Axe 23 Federal Com #1  
660' FNL & 2110' FWL  
Section 23-T21S-R23E  
Eddy County, New Mexico



Gentlemen:


Devon Energy Production Company, L.P. (Devon) as Operator, intends to drill the referenced well to a depth of approximately 9,500' to test the Morrow formation although the Cisco Canyon (Upper Penn) formation is of equal importance in the drilling of this well because of its proximity to the South Dagger Draw Upper Penn Associated Pool. The permitted location is an orthodox location under the existing Indian Basin Morrow Gas Pool Rules, but is an unorthodox location with respect to the existing Indian Basin Upper Penn Gas Pool Rules.

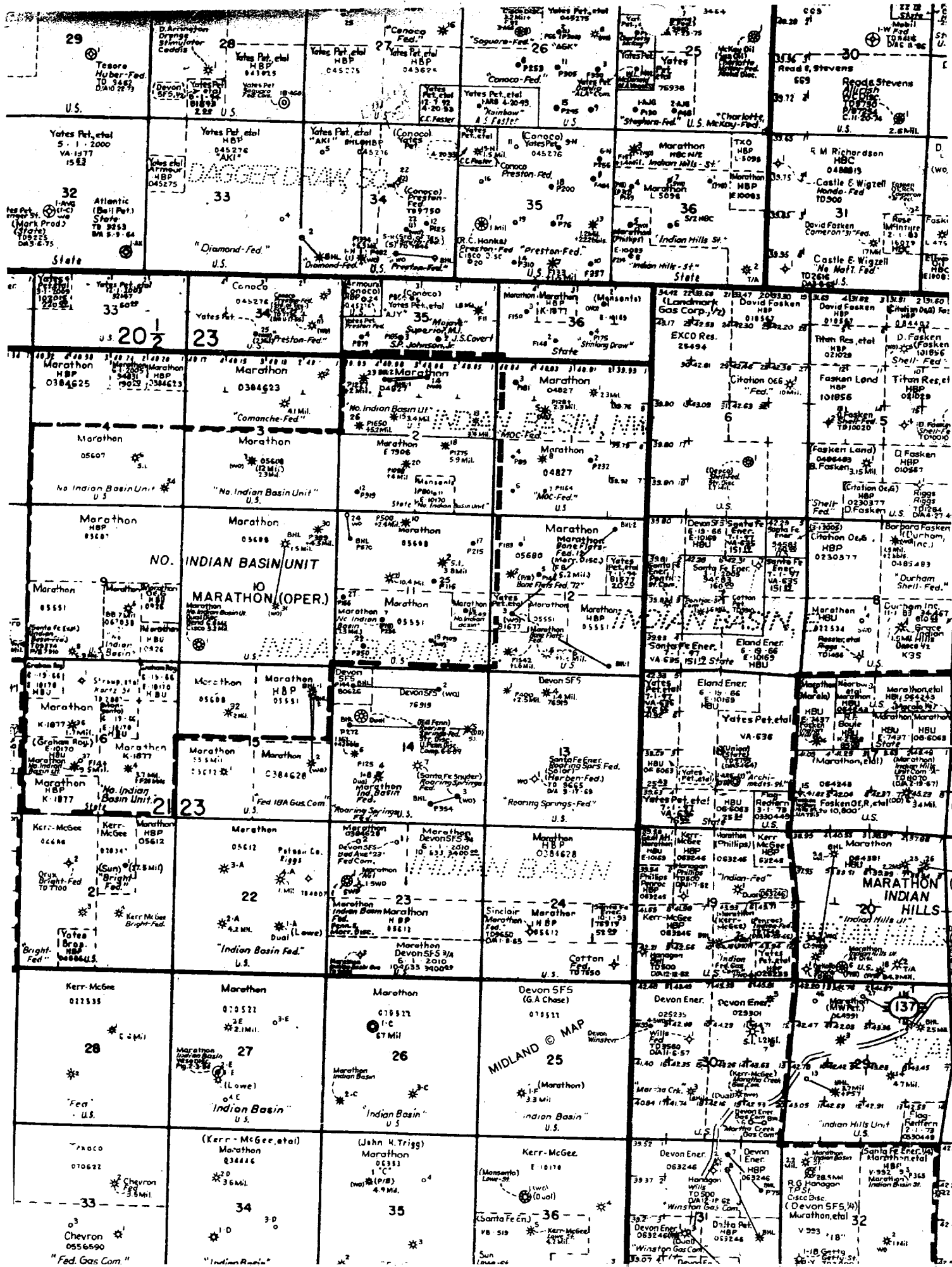
Inasmuch as this well will be producing from an unorthodox location from that permitted by the Indian Basin Upper Penn Gas Pool Rules, Devon respectfully requests that the Commission administratively approve this application for an unorthodox location in accordance with Division Rule 104(F)(3). The location of choice is an excellent location to test both the Morrow and the Cisco Canyon without the additional expense of drilling two (2) separate wells. Additionally, Devon should be allowed to produce the well at this location (as to the Cisco Canyon) in order to protect from potential drainage from offsetting wells in Section 14 which are drilled under different pool rules, tighter spacing and closer set backs. Our records reflect that Marathon Oil Company, Southwest Royalties, Inc., Encore Operating, L.P., and Nortex Corporation are the offsetting interest owners affected by this application.

Attached you will find a land plat reflecting Marathon, etal as the affected parties, a net Cisco Canyon Isopach map and a State of New Mexico form C-102.

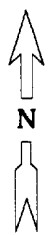
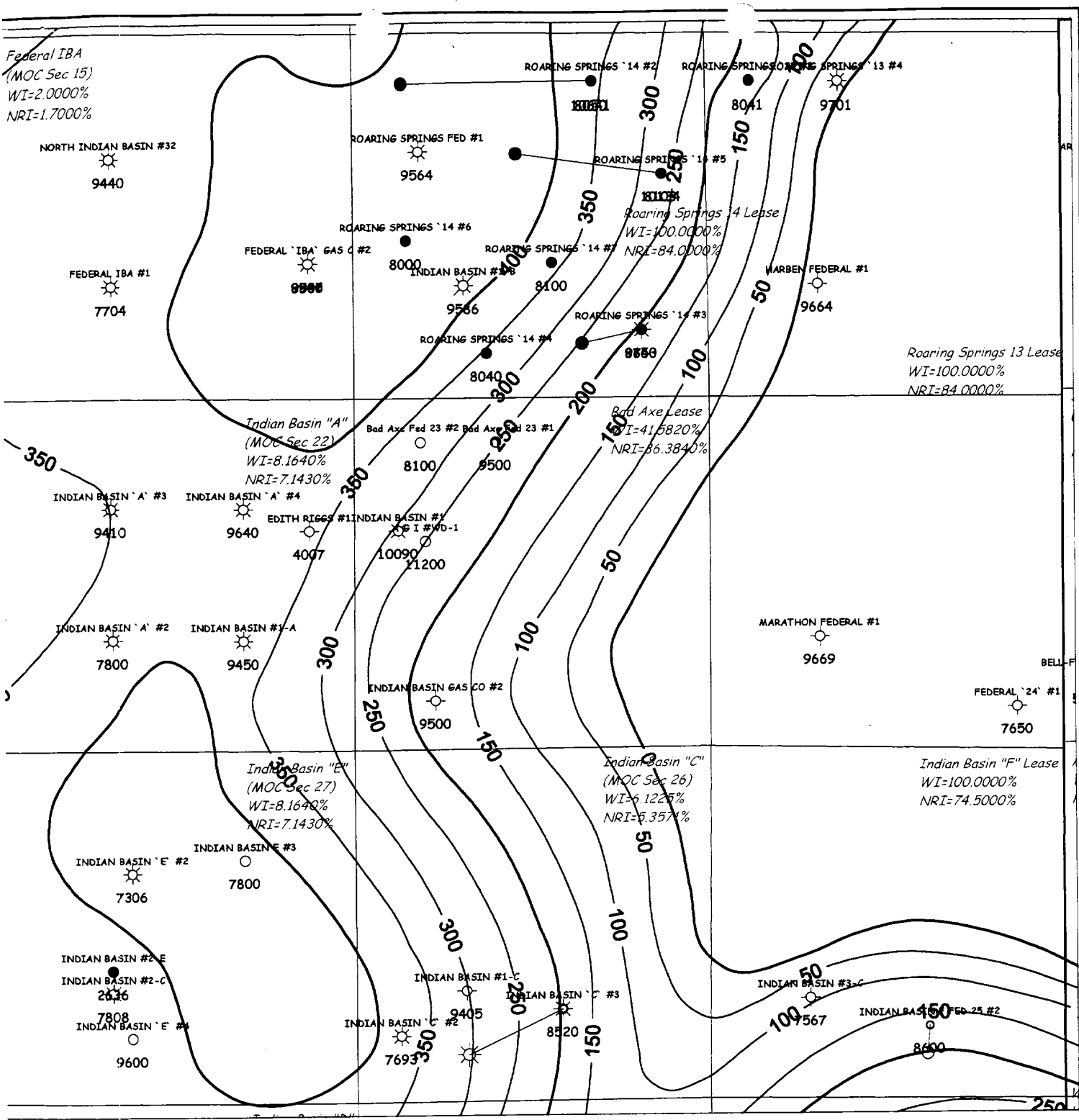
Feel free to call me at (405) 552-4633 if there are any questions or concerns regarding this application.

Yours very truly,  
DEVON ENERGY PRODUCTION COMPANY, L.P.

  
Ken Gray  
Senior Land Advisor  
Kg/Bad Axe 23 UL



Federal IBA  
(MOC Sec 15)  
WI=2.0000%  
NRI=1.7000%



devon

Indian Basin Area  
Eddy County, NM

Isopach:  
Net Cisco-Canyon  
Dolomite

DISTRICT I  
P. O. Box 1980  
Hobbs, NM 88241-1980

DISTRICT II  
P. O. Drawer DD  
Aztec, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Rd.  
Aztec, NM 87410

DISTRICT IV  
P. O. Box 2088  
Santa Fe, NM 87507-2088

State of New Mexico  
Energy, Minerals, and Natural Resources Department

Form C-102  
Revised 02-10-94  
Instructions on back

Submit to the Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

OIL CONSERVATION DIVISION

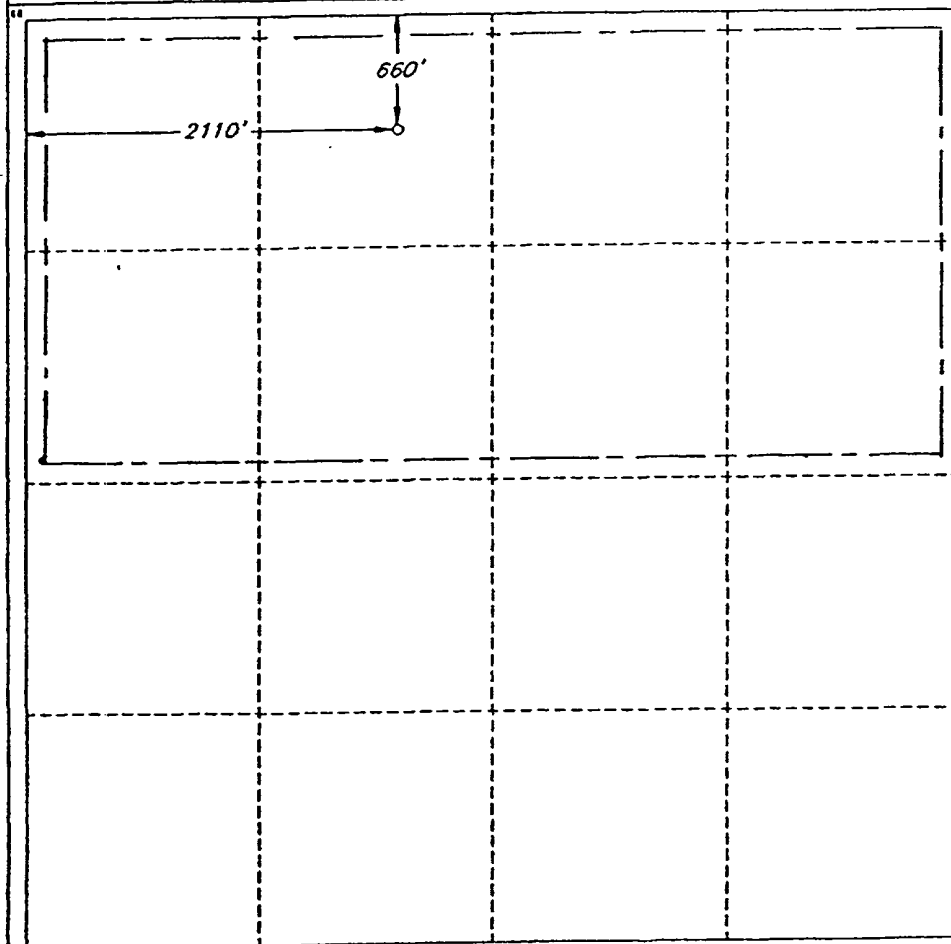
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name Indian Basin (Morrow) <del>Daguer Draw South (Upper Penn)</del>					
4 Property Code		5 Property Name BAD AXE '23' FEDERAL CDM						6 Well Number 1	
7 OGRID No. 20305		8 Operator Name DEVON-SFS OPERATING, INC. <del>SANTA FE SNYDER CORPORATION</del>						9 Elevation 3817'	
* SURFACE LOCATION									
UL or lot no. C	Section 23	Township 21 SOUTH	Range 23 EAST, N.M.P.M.	Lot 1da	Feet from the 660'	North/South line NORTH	Feet from the 2110'	East/West line WEST	County EDDY
"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot 1da	Feet from the	North/South line	Feet from the	East/West line	County
11 Dedicated Acres 320		12 Joint or Infill		13 Consolidation Code		14 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *James P. Stinson*  
Printed Name: James P. "Phil" Stinson

Title: Agent for Santa Fe Snyder

Date: 6-27-2000

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: JUNE 15, 2000

Signature and Seal of Professional Surveyor

V. LYNN BEZNER  
NO. 7920

Certification No. 7920  
V. LYNN BEZNER, S.P.S.  
JOB #68941 - S.F. / J.C.P.

\* Candace R. Graham

Candace R. Graham, Engr. Tech, Devon-SFS Operating, Inc.  
resubmitting due to expiration of original APD 10/3/2002



Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260  
Fax 405-552-8113

November 26, 2002

To Offset Owners  
See Address List Attached

Re: Bad Axe 23 Federal Com #1  
Section 23-T21S-R23E  
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon"), as Operator, has filed with New Mexico Oil Conservation Division, an Application for Administrative approval for an Unorthodox Well Location covering the referenced well for the reasons cited in the Application which is attached hereto. Our records reflect that, as an interest owner in Sections 15 & 22-T21S-R23E, you are an affected owner.

In that regard, Devon respectfully requests that you waive any objection you may have to these Application by signing and returning one (1) copy of this letter to the undersigned at your earliest convenience.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray  
Senior Land Advisor

KG/dh:badaxe1&2loc.ltr  
Enclosures

Agree to waive objection to Devon's Application for Administrative approval of an Unorthodox Well Location covering the Bad Axe 23 Federal Com #1.

Company: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

OFFSET OWNERS  
Bad Axe 23 Federal Com #1  
Section 23-T21S-R23E  
Eddy County, New Mexico

Marathon Oil Company  
P. O. Box 552  
Midland, TX 79702  
Attn: Joe Rusnak

Southwest Royalties, Inc.  
P. O. Box 11390  
Midland, TX 79702  
Attn: Marty Bloodworth

Encore Operating, L.P.  
777 Main Street, Suite 1400  
Fort Worth, TX 76102  
Attn: Mark A. Carter

Nortex Corporation  
1415 Louisiana Street, Suite 3100  
Houston, TX 77002  
Attn: Robert Kent



CMD :  
OG6IWCM

ONGARD  
INQUIRE WELL COMPLETIONS

12/13/02 13:36:51  
OGOMES -TPER

API well No : 30 15 37 Eff Date : 11-01-2001 WC Status : A  
Pool Idn : 78960 INDIAN BASIN;MORROW (PRO GAS)  
OGRID Idn : 14021 MARATHON OIL CO  
Prop Idn : 6403 INDIAN BASIN GAS COM

Well No : 001  
L Elevation: 3832

U/L Sec Township Range North/South East/West Prop/Act (P/A)  
-----  
B.H. Locn : E 23 21S 23E FTG 1980 F N FTG 660 F W P  
Lot Identifier:  
Dedicated Acre: 640.00  
Lease Type : F  
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll  
PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06  
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : ONGARD 12/13/02 13:37:46  
 OG6IWCN INQUIRE WELL COMPLETIONS OGOMES -TPEB

API Well No : 30 15 37 Eff Date : 11-01-2001 WC Status : P  
 Pool Idn : 96101 SWD;DEVONIAN  
 OGRID Idn : 14021 MARATHON OIL CO  
 Prop Idn : 6403 INDIAN BASIN GAS COM

Well No : 001  
 Elevation: 3832

U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: E	23	21S	23E	FTG 1980 F N FTG 660 F W	A

Lot Identifier:  
 Dedicated Acre:  
 Lease Type : F  
 Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06  
 PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NxtREC

CMD : ONGARD 12/13/02 13:38:01  
 OG6ACRE C102-DEDICATE ACREAGE OGOMES -TPEB  
 Page No : 1

API Well No : 30 15 37 Eff Date : 11-01-2001  
 Pool Idn : 78960 INDIAN BASIN;MORROW (PRO GAS)  
 Prop Idn : 6403 INDIAN BASIN GAS COM Well No : 001  
 Spacing Unit : 55728 OCD Order : Simultaneous Dedication:  
 Sect/Twp/Rng : 23 21S 23E Acreage : 640.00 Revised C102? (Y/N) :  
 Dedicated Land:

S	Base U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
A	23	23	21S	23E	40.00	N	FD		
B	23	23	21S	23E	40.00	N	FD		
C	23	23	21S	23E	40.00	N	FD		
D	23	23	21S	23E	40.00	N	FD		
E	23	23	21S	23E	40.00	N	FD		
F	23	23	21S	23E	40.00	N	FD		
G	23	23	21S	23E	40.00	N	FD		
H	23	23	21S	23E	40.00	N	FD		
I	23	23	21S	23E	40.00	N	FD		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
 PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD :  
OG6ACRE

ONGARD  
C102-DEDICATE ACREAGE

12/13/02 13:38:04  
OGOMES -TPEB  
Page No : 2

API Well No : 30 15 37 Eff Date : 11-01-2001  
Pool Idn : 78960 INDIAN BASIN;MORROW (PRO GAS)  
Prop Idn : 6403 INDIAN BASIN GAS COM  
Spacing Unit : 55728 OCD Order :  
Sect/Twp/Rng : 23 21S 23E Acreage : 640.00  
Dedicated Land:

Well No : 001  
Simultaneous Dedication:  
Revised C102? (Y/N) :

S	Base U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
J	23	23	21S	23E	40.00	N	FD		
K	23	23	21S	23E	40.00	N	FD		
L	23	23	21S	23E	40.00	N	FD		
M	23	23	21S	23E	40.00	N	FD		
N	23	23	21S	23E	40.00	N	FD		
O	23	23	21S	23E	40.00	N	FD		
P	23	23	21S	23E	40.00	N	FD		

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD :  
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL

12/13/02 13:38:15  
OGOMES -TPEB  
Page No: 1

OGRID Identifier : 14021 MARATHON OIL CO  
Pool Identifier : 78960 INDIAN BASIN;MORROW (PRO GAS)  
API Well No : 30 15 37 Report Period - From : 01 1996 To : 12 2002

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15	37 INDIAN BASIN GAS COM	11 01 30	3430	F
30 15	37 INDIAN BASIN GAS COM	12 01 31	3657	F
30 15	37 INDIAN BASIN GAS COM	01 02 31	3617	F
30 15	37 INDIAN BASIN GAS COM	02 02 28	3043	F
30 15	37 INDIAN BASIN GAS COM	03 02 31	3049	F
30 15	37 INDIAN BASIN GAS COM	04 02 30	2656	F
30 15	37 INDIAN BASIN GAS COM	05 02 31	2508	F

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll  
PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM  
PF07 BKWD PF08 FWD PF09 PF10 NXTPool PF11 NXTOGD PF12

CMD : ONGARD  
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL

12/13/02 13:38:19  
 OGOMES -TPEB  
 Page No: 2

OGRID Identifier : 14021 MARATHON OIL CO  
 Pool Identifier : 78960 INDIAN BASIN;MORROW (PRO GAS)  
 API Well No : 30 15 37 Report Period - From : 01 1996 To : 12 2002

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15	37 INDIAN BASIN GAS COM	06 02 30	2206	F
30 15	37 INDIAN BASIN GAS COM	07 02 31	2101	F
30 15	37 INDIAN BASIN GAS COM	08 02 31	1938	F
30 15	37 INDIAN BASIN GAS COM	09 02 30	1771	F

Reporting Period Total (Gas, Oil) : 29976

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
 PF07 BKWD PF08 FWD PF09 PF10 NXTPool PF11 NXTOGD PF12

CMD :  
OG6IPRD

ONGARD  
INQUIRE PRODUCTION BY POOL/WELL

12/13/02 13:38:19  
OGOMES -TPEB  
Page No: 2

OGRID Identifier : 14021 MARATHON OIL CO  
Pool Identifier : 78960 INDIAN BASIN;MORROW (PRO GAS)  
API Well No : 30 15 37 Report Period - From : 01 1996 To : 12 2002

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 15	37 INDIAN BASIN GAS COM	06 02 30	2206	F
30 15	37 INDIAN BASIN GAS COM	07 02 31	2101	F
30 15	37 INDIAN BASIN GAS COM	08 02 31	1938	F
30 15	37 INDIAN BASIN GAS COM	09 02 30	1771	F

Reporting Period Total (Gas, Oil) : 29976

E0049: User may continue scrolling.  
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PF07 BKWD PF08 FWD PF09 PF10 NXTPPOOL PF11 NXTOGD PF12