



## United States Department of the Interior

**Bureau of Land Management**  
Farmington, New Mexico  
1235 La Plata Highway, Suite A  
Farmington, New Mexico 87401

IN REPLY REFER TO:

43CFR 3162.3-1 &  
43CFR 3162.5-1(a and b)

August 27, 2004



*df*  
Devon Energy Corporation  
Attn.: Darren Segrest - Operations Engineer Advisor  
20 North Broadway  
Oklahoma City, OK 73102-8260

Dear Mr. Segrest:

Reference is made to the following well on Federal oil and gas lease NM - 03358:

**30-045-32 414**

**No. 490A NEBU, located 780' FSL and 660' FEL, Section 14 T.31N., R.7W., San Juan County, New Mexico.**

The Application for Permit to Drill (APD) this well was approved on July 26, 2004 to a permitted depth of 3282' or the top of the Pictured Cliffs Formation. A Sundry Notice reflecting this revised TD from the originally proposed TD of 3382' was also approved on July 26, 2004. Your APD indicates that this well will be a cavitation type completion in the Fruitland Coal. On August 22, 2004 we received a copy of the mud log for the referenced well. After reviewing the log, the results indicate that the well was drilled to a log depth of 3471' or 93' into the Pictured Cliffs formation according to the Pictured Cliffs log top at 3378'. Prior approval for the drilling of a Fruitland coal sump in the underlying Pictured Cliffs formation is essential in protecting the correlative rights of the Pictured Cliffs lessee, and is also required for approval to utilize the sump.

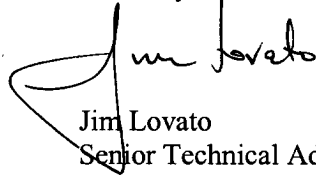
This office has no record, written or verbal, which authorizes a revised total depth for this well into the Pictured Cliffs Formation. As such, you are in violation of 43 CFR 3162.3-1 Application for Permit to Drill and 43 CFR 3162.5-1(a and b), Environmental Obligations which requires prior approval before commencing changes in an approved permit. Further violations under this regulation will result in an assessment for failure to comply with a written order of the authorized officer.

Under 43 CFR 3165.3, you may request an Administrative Review of any instructions, orders, or decisions issued by the Authorized Officer. Such a request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-

0115. Such a request will not result in a suspension of the instructions, orders, or decisions unless the reviewing official so determines. Procedures governing appeals from the instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et. Seq.

If you have any questions regarding the above, please contact me at (505) 599-6367.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lovato". The signature is written in a cursive style with a large, sweeping initial "J".

Jim Lovato  
Senior Technical Advisor  
Petroleum Engineer

cc: NMOCD:Aztec