



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



NMNM70928G
3180 (P0220)

Reference:

Cotton Draw Unit Area (NM70928X)

Application for Delaware B Participating Area Expansion

Eddy and Lea County, New Mexico

APR - 4 2013

CERTIFIED—RETURN RECEIPT REQUESTED
7012 2210 0001 2089 3219

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

Gentlemen:

Your application dated February 7, 2013 with Exhibit "A" and "B", requesting approval for the First Revision of Delaware B Participating Area, Cotton Draw Unit, is hereby approved and is effective February 1, 2012, pursuant to Section 11 of the Cotton Draw Unit Agreement, Eddy County, New Mexico. Our approval is subject to like approval by the State Commissioner of Public Lands.

The First Revision of the Delaware B Participating Area results in the addition of 160.00 acres to the participating area, for a total of 2,947.54 acres and is based upon the completion of Cotton Draw Unit 113H (3001539517), as a well capable of producing unitized substances in paying quantities.

The First Revision of the Delaware B Participating Area now includes the following described lands:

Township 24 South, Range 31 East, Eddy County, New Mexico
Section 36: SW/4

The boundary included in the Delaware B Participating Area now contains 2,947.54 acres and is described as follows:

Township 24 South, Range 31 East, Eddy County, New Mexico

Section 25: W/2NW/4 and S/2

Section 26: All

Section 34: E/2

Section 35: All

Section 36: W/2

Township 25 South, Range 31 East, Eddy County, New Mexico

Section 2: W/2

Section 3: E/2

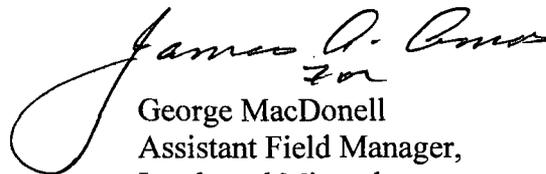
Containing 2,947.54 acres, more or less

This first expansion of the Delaware B Participating Area has been assigned number NMNM70928G for production and accounting reporting purposes. If you have any questions regarding this letter, please contact Edward G. Fernandez, Petroleum Engineer at the Division of Lands and Minerals at (575) 234-2220.

Copies of this approval letter are being distributed to the appropriate Federal agencies and one copy is returned herewith. Please advise all interested parties of the Delaware B Participating Area Expansion, (NMNM70928G), Cotton Draw Unit, and the effective date of February 1, 2012.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

Sincerely,



George MacDonell
Assistant Field Manager,
Lands and Minerals

1 Enclosure

cc: ONRR, Denver (MS357B-1)
Commissioner of Public Lands
New Mexico Taxation & Revenue Dept.
Revenue Processing Division
NMOCD, NM9210 NMP0220, (CFO I&E)

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2013 MAY -6 P 2:50



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Pecos District
Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



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2011 JUL 26 A 10:37

NMNM125386A
3180 (P0220)

Your Reference:
Cotton Draw Unit Area (NM70928X)
Application for Delaware B Participating Area
Eddy and Lea County, New Mexico

JUL 13 2011

CERTIFIED—RETURN RECEIPT REQUESTED
7008 3230 0002 0987 4748

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

Gentlemen:

Your application dated July 7, 2011, with Exhibits "A" and "B", requesting approval for the Delaware B Participating Area, Cotton Draw Unit, is hereby approved and is effective April 1, 2010, pursuant to Section 11 of the Cotton Draw Unit Agreement, Eddy County, New Mexico.

The boundary included in the Delaware B Participating Area contains 2,787.54 acres and is described as follows:

Township 24 South, Range 31 East, Eddy County, New Mexico

Section 25: W/2NW/4 and S/2

Section 26: All

Section 34: E/2

Section 35: All

Section 36: NW/4

Township 25 South, Range 31 East, Eddy County, New Mexico

Section 2: W/2

Section 3: E/2

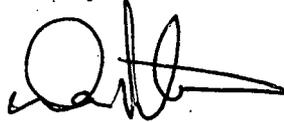
The Delaware B Participating Area contains 2,787.54 acres and is based upon the completion of Cotton Draw Unit well #118H, located with a surface hole location of 330' FNL & 1980' FEL and a bottom hole location of 330' FSL & 1980' FEL in sec. 26, T. 24 S., R. 31 E., as a discovery well capable of producing unitized substances in paying quantities.

This Delaware B Participating Area has been assigned number NMNM70928G for production and accounting reporting purposes. If you have any questions regarding this letter, please contact Edward G. Fernandez, Petroleum Engineer at the Division of Lands and Minerals at (575) 234-2220.

Copies of this approval letter are being distributed to the appropriate Federal agencies and one copy is returned herewith. Please advise all interested parties of the Delaware B Participating Area, NMNM70928G, Cotton Draw Unit, and the effective date of April 1, 2010.

Since there is a well currently producing, this approval requires the submission of a Payor Information Form MMS-4025 to the Office of Natural Resource Revenue (ONRR) within 30 days (30 CFR 210.51). Please notify the designated payor or payors as soon as possible regarding this requirement. Any producing royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Office of Natural Resource Revenue at 1-800-525-9167 or 303-231-3504.

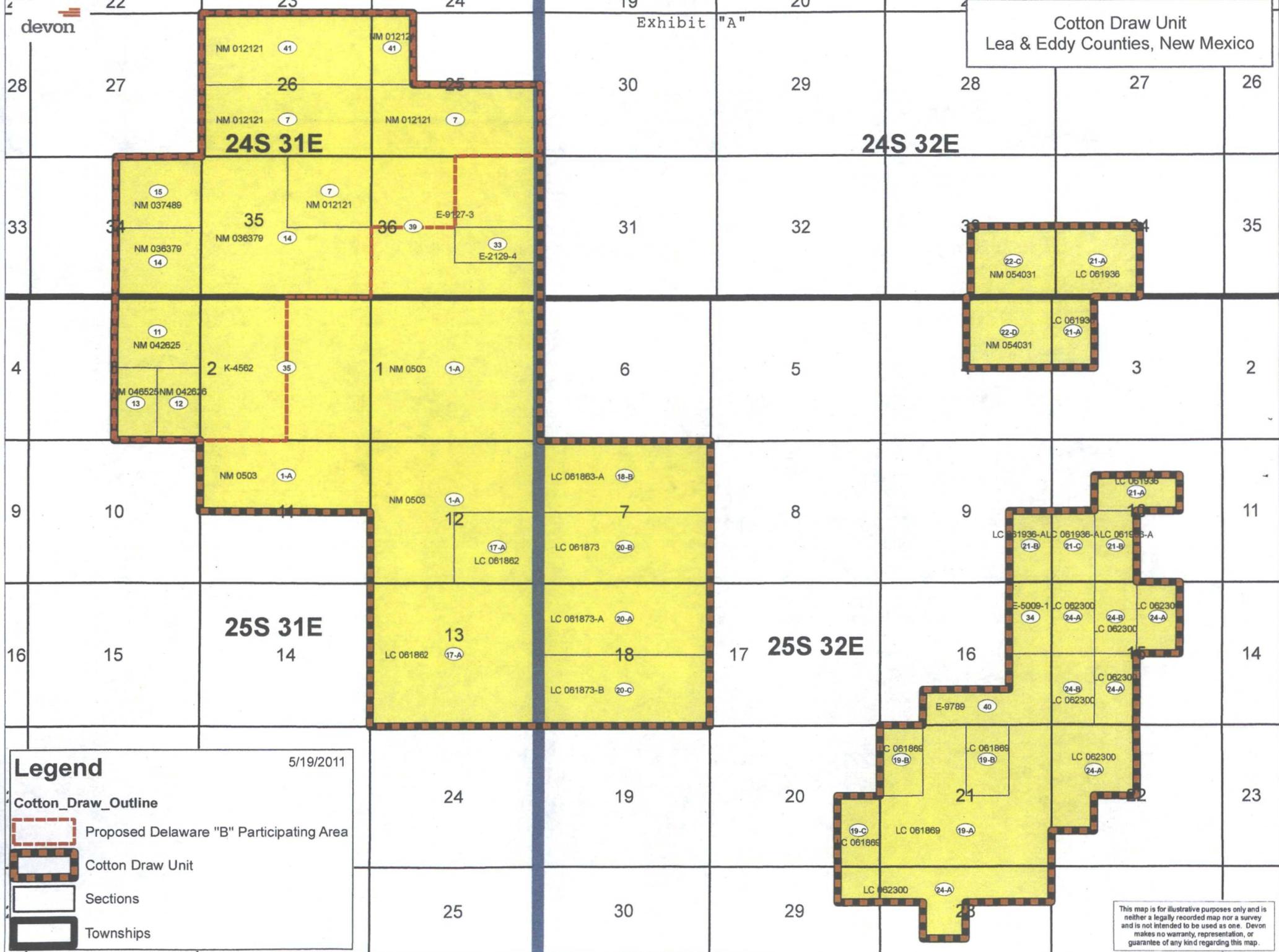
Sincerely,



Don Peterson
Assistant Field Manager,
Lands and Minerals

1 Enclosure

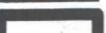
cc: ONRR, Denver (MS357B-1)
Commissioner of Public Lands
New Mexico Taxation & Revenue Dept.
Revenue Processing Division
NMOCD
NM9210
NMP0220, (CFO I&E)



Cotton Draw Unit
Lea & Eddy Counties, New Mexico

Legend 5/19/2011

Cotton_Draw_Outline

-  Proposed Delaware "B" Participating Area
-  Cotton Draw Unit
-  Sections
-  Townships

This map is for illustrative purposes only and is neither a legally recorded map nor a survey and is not intended to be used as one. Devon makes no warranty, representation, or guarantee of any kind regarding this map.

EXHIBIT "B"
COTTON DRAW UNIT AREA
DELAWARE "B" PARTICIPATING AREA
LEA AND EDDY COUNTIES, NEW MEXICO

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS OF ALL LANDS IN THE UNIT AREA

Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease or Application	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner
<u>FEDERAL LAND</u>							
7	T-24-S, R-31-E						
	Section 25: S1/2						
	Section 26: S1/2	800.00	NM 012121	USA (All)	XTO Energy Inc.	1/2 Clara Loving	XTO Energy Inc. 1/2
	Section 35: NE1/4		12-1-50	12 1/4%	Devon Energy Production Company, L.P.	1/2 B. E. Spencer Estate 1% 1/2 Robert E. Ferguson 1/4 of 1% J. S. Ward and Son, Inc. 1/4 of 1%	Devon Energy Production Company, L.P. 1/2
11	T-25-S, R-31-E						
	Section 3: Lots 1 & 2 and S 1/2 NE1/4	159.38	NM 042625	USA (All)	XTO Energy Inc.	1/2 None	XTO Energy Inc. 1/2
			3-1-58	12 1/2%	Devon Energy Production Company, L.P.	1/2	Devon Energy Production Company, L.P. 1/2
12	T-25-S, R-31-E						
	Section 3: E1/2 SE1/4	80.00	NM 042626	USA (All)	XTO Energy Inc.	1/2 None	XTO Energy Inc. 1/2
			3-1-58	12 1/2%	Devon Energy Production Company, L.P.	1/2	Devon Energy Production Company, L.P. 1/2
13	T-25-S, R-31-E						
	Section 3: W1/2 SE1/4	80.00	NM 046525	USA (All)	XTO Energy Inc.	1/2 R. Hal Johnson, Jr. 3%	XTO Energy Inc. 1/2
			6-1-58	12 1/2%	Devon Energy Production Company, L.P.	1/2	Devon Energy Production Company, L.P. 1/2
14	T-24-S, R-31-E						
	Section 34: Lots 3 & 4 and N1/2 SE1/4						
	Section 35: Lots 1, 2, 3 & 4 and N/2 S/2 and NW1/4	628.68	NM 036379	USA (All)	XTO Energy Inc.	1/2 None	XTO Energy Inc. 1/2
			8-1-57	12 1/2%	Devon Energy Production Company, L.P.	1/2	Devon Energy Production Company, L.P. 1/2

Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease or Application	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner And Percentage	Working Interest Owner
15	T-24-S, R-31-E						
	Section 34: NE1/4	160.00	NM 037489	USA (All)	XTO Energy Inc.	1/2	XTO Energy Inc. 1/2
			10-1-57	12 1/2%	Devon Energy Production Company, L.P.	1/2	Devon Energy Production Company, L.P. 1/2
41	T-24-S, R-31-E						
	Section 25: W1/2 NW1/4	80.00	NM 012121	USA (All)	XTO Energy Inc.	1/2	XTO Energy Inc. 1/2
	Section 26: N 1/2	320.00	12-1-50	12 1/2%	Devon Energy Production Company, L.P.	1/2	Devon Energy Production Company, L.P. 1/2
						NW/4 Section 26	
						Ballard E Spencer Trust, Inc. 1.0%	
						Wells Fargo Bank, N.A. Trustee Of Patricia Boyle Young Management Trust 1/2 of 0.979167%	
						Richard D. Jones Jr. 1/4 of 0.979167%	
						Baloney Feathers, Ltd. 1/4 of 0.979167%	
						JADT Minerals, Ltd. 3/4 of .375%	
						Bill Wiggins, Pers. Rep. Of Estate of	
						Esther A. Denton, dec. 1/4 of .375%	
						Centenary Petroleum Corp. 1.0%	
						Richard C. Gibson. 0.125%	
						Jan Elise McWhirter Fescenmeyer .015625%	
						Wells Fargo Bank, N.A., Trustee Of Irene L. Southard Management Trust u/t/a 3/3/1989 1/12 of 1.0%	
						Leda Zelios 1/32 of 1.0%	
						Robert E. Ferguson and Rosemary M. Ferguson Trustees Of the Ferguson Family Trust 1/4 of 1.0%	
						NW/4 Section 26	
						Ballard E Spencer Trust, Inc. 1.0%	
						Richard C. Gibson. 0.125%	
						Jan Elise McWhirter Fescenmeyer .015625%	

Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease or Application	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner
41 (continued)	T-24-S, R-31-E					NW/4 Section 26 (continued)	XTO Energy Inc.
	Section 25: W1/2 NW1/4	80.00	NM 012121	USA (All)	XTO Energy Inc.	1/2 Wells FargoBank, N.A., Trustee Of Irene L. Southard Management Trust u/t/a 3/3/1989 1/12 of 1.0%	Devon Energy Production
	Section 26: N 1/2	320.00	12-1-50	12 1/2%	Devon Energy Production Company, L.P.	1/2 Leda Zelios 1/32 of 1.0% JADT Minerals, Ltd. 3/4 of .375% Bill Wiggins, Pers. Rep. Of Estate of Esther A. Denton, dec. 1/4 of .375% Robert E. Ferguson and Rosemary M. Ferguson Trustees Of the Ferguson Family Trust 1/4 of 1.0% W/2 NW/4 Ballard E Spencer Trust, Inc. 1.0% Wells Fargo Bank, N.A. Trustee Of Patricia Boyle Young Management Trust 1/2% of 0.979167% Richard D. Jones Jr. 1/4 of 0.979167% Baloney Feathers, Ltd. 1/4 of 0.979167% JADT Minerals, Ltd. 3/4 of .375% Bill Wiggins, Pers. Rep. Of Estate of Esther A. Denton, dec. 1/4 of .375% Jan Elise McWhirter Fescenmeyer .015625% Wells FargoBank, N.A., Trustee Of Irene L. Southard Management Trust u/t/a 3/3/1989 1/12 of 1.0%	Company, L.P.

Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease or Application	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner
41 (continued)	T-24-S, R-31-E					W/2 NW/4 (continued)	
	Section 25: W1/2 NW1/4	80.00	NM 012121	USA (All)	XTO Energy Inc.	Leda Zelios 1/32 of 1.0%	XTO Energy Inc.
	Section 26: N 1/2	320.00	12-1-50	12 1/2%	Devon Energy Production Company, L.P.	Robert E. Ferguson and Rosemary M. Ferguson Trustees Of the Ferguson Family Trust 1/4 of 1.0%	Devon Energy Production Company, L.P.
	<u>STATE LAND</u>						
35	T-25-S, R-31-E						
	Section 2: Lots 3 & 4 and S1/2 NW 1/4 and SE1/4	319.48	K-4562 11-17-64	State (All) 12 1/2%	XTO Energy Inc. Devon Energy Production Company, L.P.	1/2 None 1/2	XTO Energy Inc. Devon Energy Production Company, L.P.
39	T-24-S, R-31-E						
	Section 36: NW/4	160.00	E-9127 6-21-1955	State (All) 12 1/2%	XTO Energy, Inc. Devon Energy Production Company, L.P.	1/2 None 1/2	XTO Energy, Inc. Devon Energy Production Company, L.P.

SUMMARY

	<u>Number of Tracts</u>	<u>Acreage</u>	<u>Percent of Delaware "B" Participating Area</u>
Federal Land	7	2,308.06	82.80
State Land	5	479.48	17.20
Fee Land	0	0.00	0.00
TOTAL	12	2,787.54	100.00



State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

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COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

Ray Powell, M.S., D.V.M.
COMMISSIONER

July 21, 2011

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

Attention: Mr. Sam McCurdy

Re: Cotton Draw Unit
Delaware B Participating Area: Effective April 1, 2010
Eddy and Lea Counties, New Mexico

Dear Mr. McCurdy:

We are in receipt of your application of July 7, 2011 requesting approval of a 2,787.54 acre Delaware B participating area for the Cotton Draw Unit.

The Bureau of Land Management by their letter of July 13, 2011 notified this office of their approval of the Delaware B participating area.

Please be advised that the Commissioner of Public Lands has this date approved the Delaware B participating area for the Cotton Draw Unit effective April 1, 2010.

Please notify all interested parties of this approval.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
Larry J. Roybal, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/LR/pm

cc: Reader File
BLM-Carlsbad Attn: Mr. Wesley Ingram
OCD-Santa Fe Attn: Mr. Ed Martin
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Mr. Kurt McFall