

5:27.04 DATE IN	SUSPENSE <i>NH</i>	ENGINEER <i>Stagner</i>	LOGGED IN <i>5-28-04</i>	TYPE <i>NSL</i>	APP NO. <i>0414926260</i>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Devon

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Quantified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

RECEIVED

MAY 27 2004

Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ~~Do Not Apply~~

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

Reviewed
6/10/04

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

W. Thomas Kellahin

Print or Type Name

Signature

[Signature]

KELLAHIN & KELLAHIN
 Attorneys At Law

P.O. Box 2265

Santa Fe, NM 87504-2265

5/27/04
 Date

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.net

May 26, 2004

HAND DELIVERED

RECEIVED

MAY 27 2004

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

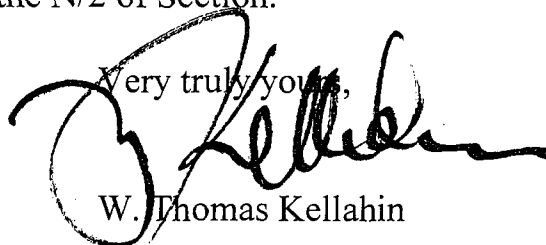
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Administrative Application of Devon Energy
Production Company, L.P. for approval of
a unorthodox well location for its
Rio Blanco "9" Well No. 1, Unit B,
N/2 dedication, Section 9
T23S, R34E, Lea County, New Mexico
Northeast Bell Lake-Devonian Gas Pool

Dear Mr. Fesmire:

On behalf of Devon Energy Production Company, L.P., please find enclosed our referenced administrative application that is being filed in accordance with Division Rule 104.F. This location crowds the interior line between the NW/4 and the NE/4 of this spacing unit (511 feet instead of 660 feet) consisting of the N/2 of Section.

Very truly yours,



W. Thomas Kellahin

CC: Devon Energy Production Company, L.P.
Attn: Richard Winchester

**ENERGY, MINERALS AND NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR APPROVAL OF AN
UNORTHODOX WELL LOCATION
LEA COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now Devon Energy Production Company, L.P. ("Devon") and by and through its attorneys, Kellahin & Kellahin, and in accordance with Division General Rule 104.F, applies to the New Mexico Oil Conservation Division ("Division") for approval of an unorthodox gas well location for its Rio Blanco "9" Com Well No. 1 to be located 660 feet FNL and 2129 feet FEL (Unit D) of Section 9, T23S, R34E, Lea County, New Mexico to be dedicated to a standard 320-acre gas spacing unit ("GPU") consisting of the N/2 of this section to be drilled to test the Devonian formation within the Northeast Dell Lake-Devonian Gas Pool;

In support, Devon states:

1. Devon is the proposed operator of the Rio Blanco "9" Well No. 1 and a working interest owner in the N/2 of Section 9, T23S, R34E, Lea County, New Mexico
2. The well is to be located 660 feet FNL and 2129 feet FEL (Unit B) Section 9, T23S, R34E, at an unorthodox gas well location. **See Exhibit "A" Division Form C-102 attached.**
3. Devon's proposed unorthodox well location encroached on an internal boundary of the GPU (511 feet instead of 660 feet) from the quarter section line
4. Effective August 31, 1999, the Division amended Rule 104 to require well to be no closer than 660 feet to the side boundaries of the quarter section in which the well was located.

TECHNICAL EVIDENCE

5. Devon's 3-D Seismic data demonstrates that the proposed unorthodox gas well location is estimated to be 20 feet higher within this structure feature than at the closest standard location. **See Exhibit "B" Devon's seismic structure map attached.**

AFFECTED PARTIES

6. All of the North half of Section 9 is part of the same State of New Mexico Oil & Gas Lease, E-1932. **See Exhibit "C" attached.**

7. All of the working interest owners in the N/2 of this section are in support of this application.

NOTIFICATION

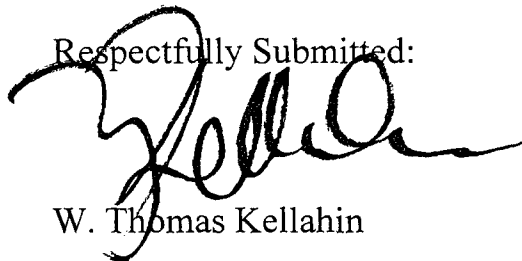
8. Notice has been sent to all of the interest owners in the GPU. **See Exhibit "D" attached.**

REQUEST

9. Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the gas in the Devonian formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the printed name.

W. Thomas Kellahin

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1998

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
Property Code	Property Name		Well Number
	RIO BLANCO "9" STATE		1
OGRID No.	Operator Name		Elevation
	DEVON ENERGY PRODUCTION COMPANY LP		3405'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	9	23 S	34 E		660	NORTH	2129	EAST	LEA

Bottom Hole Location If Different From Surface

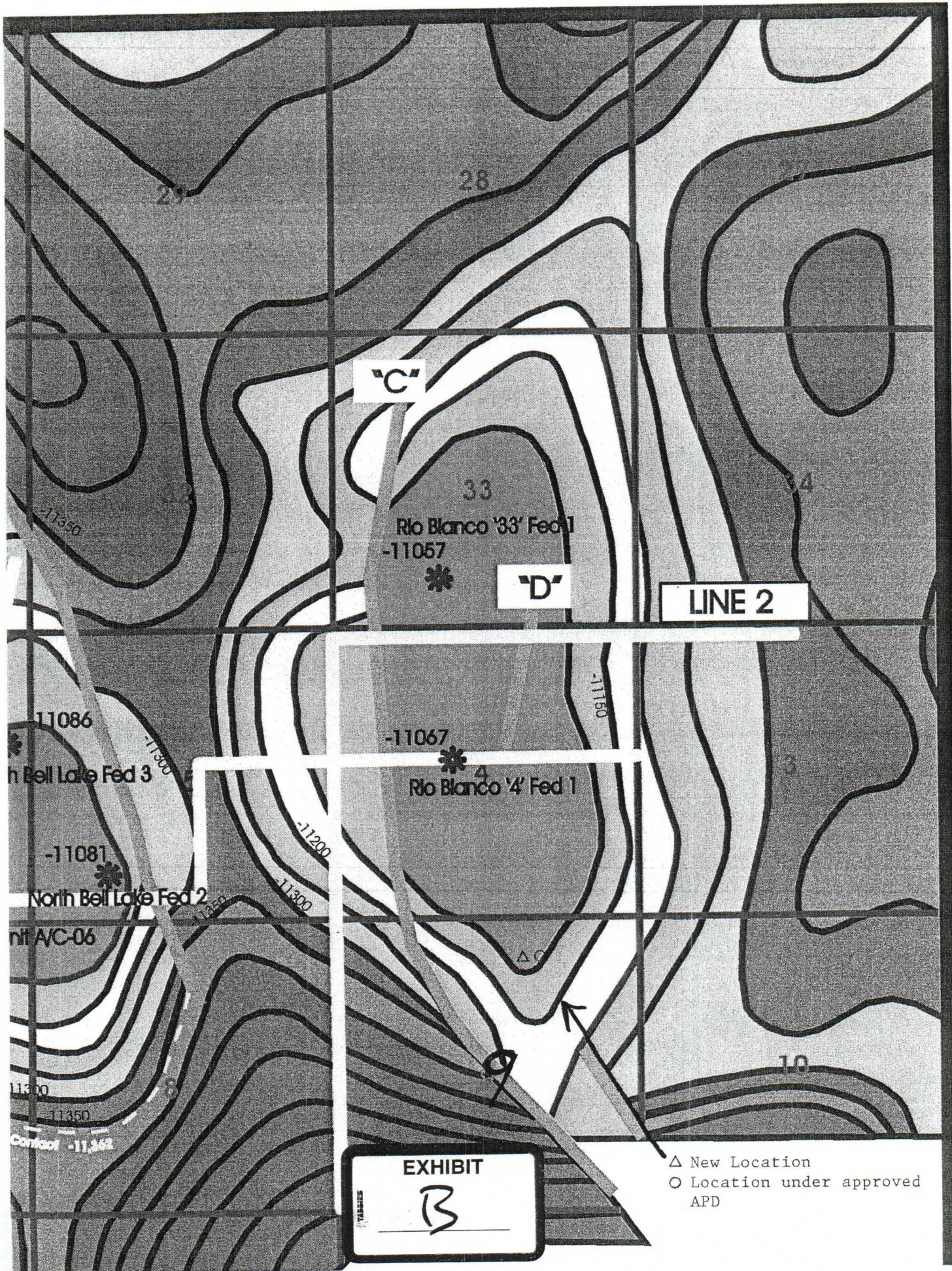
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code		Order No.					

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

<div><div><div>660'</div><div>2129'</div></div><div>Lat.: N32°19'28.4" Long.: W103°28'22.5"</div></div>	OPERATOR CERTIFICATION <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	SURVEYOR CERTIFICATION <p>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.</p> <p>MAY 24, 2004</p>
	<p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor _____</p>
	<p>Certificate No. Gary L. Jones 7977</p> <p>W.O. No. 4313</p> <p>BASIN SURVEYS</p>

EXHIBIT

A



FORM 45—ORIGINAL

LEASE NO.

E-1934

STATE LAND OFFICE

APPLICATION NO.

E-1932

OIL AND GAS LEASE

THIS AGREEMENT, dated this the 10th day of June, A. D. 1948 made and entered into by and between the STATE OF NEW MEXICO, acting by and through the undersigned, its Commissioner of Public Lands, thereunto duly authorized, party of the first part and hereinafter called the "Lessor," and

Erle Payne

324 S. "I" St. Midland, Texas

party of the second part, hereinafter called the "Lessee," whether one or more,

WITNESSETH:

WHEREAS, the said lessee has filed in the office of the Commissioner of Public Lands an application for an oil and gas lease covering the lands hereinafter described and has tendered therewith the required first payment being not less than the amount required by law and by the rules and regulations of the New Mexico State Land Office; and

WHEREAS, all of the requirements of law relative to said application and tender have been duly complied with and said application has been approved and allowed by the Commissioner of Public Lands:

THEREFORE, for and in consideration of the premises as well as the sum of Eleven thousand five hundred dollars (\$ 11,500.00) Dollars, the

same being the amount of the tender above mentioned, paid in cash, and evidenced by official receipt No. B-86258,

and of the further sum of \$ 5.00 filing fee, and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, the said lessor has granted and demised, leased and let, and by these presents does grant, demise, lease and let unto the said lessee, exclusively, for the sole and only purpose of exploration, development and production of oil and/or gas thereon and therefrom with the right to own all oil and gas so produced and saved therefrom and not reserved as royalty by the lessor under the terms of this lease, together with rights of way, easements and servitudes for pipe lines, telephone and telegraph lines, tanks, power houses, stations, gasoline plants, and fixtures for producing, treating and caring for such products, and housing and boarding employees, and any and all rights and privileges necessary, incident to or convenient for the economical operation of said land, for oil and gas, with right for such purposes to the free use of oil, gas, casing-head gas, or water from said lands, but not from lessor's water wells, and with the right of removing either during or after the term hereof, all and any improvements placed or erected on the premises by the lessee, including the right to pull all casing, subject, however, to the conditions hereinafter set out on the following described land situate in the County of Lea State of New Mexico, and more particularly described as follows:

LINE	INSTITUTION	SEC.	TWP.	RANGE	SUBDIVISION				ACRES
					COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	
5	1	CS	23	21S	33E	NE1/4		SE1/4	80.00
4	2	CS	27	21S	33E		SW1/4	SE1/4	80.00
7	3	CS	27	21S	33E	NE1/4	NW1/4	SW1/4	160.00
3	4	CS	27	21S	33E	NE1/4	NW1/4	SW1/4	160.00
4	5	CS	32	21S	32E			SE1/4	40.00
5	6	CS	16	22S	33E	NE1/4	NW1/4		80.00
3	7	CS	16	22S	33E	NE1/4	NW1/4		80.00
5	8	CS	16	22S	33E		NW1/4	SE1/4	80.00
5	9	CS	16	22S	33E	NE1/4	NW1/4	SW1/4	120.00
5	10	CS	33	22S	33E	NE1/4	NW1/4	SW1/4	160.00
4	11	CS	33	22S	33E	NE1/4		SE1/4	80.00
7	12	CS	33	22S	33E	NE1/4	NW1/4		80.00
4	13	CS	25	22S	34E		NW1/4		40.00
4	14	CS	25	22S	34E		NW1/4		40.00
5	15	CS	25	22S	34E		NW1/4	SW1/4	80.00
7	16	CS	10	22S	35E	NE1/4	NW1/4	SW1/4	160.00
4	17	M.L. Inst	1	23S	34E	NE1/4	NW1/4	SW1/4	160.00
7	18	CS	9	23S	34E	NE1/4	NW1/4	SW1/4	160.00
4	19	CS	9	23S	34E	NE1/4	NW1/4	SW1/4	160.00
4	20	CS	9	23S	34E	NE1/4		SE1/4	80.00

A046285

EXHIBIT

said lands having been awarded to lessee and designated as tract No. 14 at a public sale held by the Commissioner of Public Lands on June 10, 1948, 19____ (To be filled in only where lands are offered at public sale.)

TO HAVE AND TO HOLD said land, and all the rights and privileges granted hereunder, to and unto the lessee for a primary term of five (5) years from the date hereof, and as long thereafter as oil and gas in paying quantities, or either of them, is produced from said land by the lessee, subject to all the terms and conditions as hereinafter set forth.

In consideration of the premises the parties covenant and agree as follows:

1. Subject to the free use without royalty, as hereinbefore provided, the lessee shall pay the lessor as royalty one-eighth part of the oil produced and saved from the leased premises or the cash value thereof, at the option of the lessor, such value to be the price prevailing the day oil is run into a pipe line, if the oil be run into a pipe line, or into storage tanks, if the oil be stored.

2. Subject to the free use without royalty, as hereinbefore provided, the lessee shall pay the lessor as royalty one-eighth of the cash value of gas, including casinghead gas, produced and saved from the leased premises and marketed or utilized, such value to be equal to the greater of the following amounts:

(a) the net proceeds derived from the sale of such gas in the field, or

(b) five cents (\$.05) per thousand cubic feet (m.c.f.), the volume of gas for such purposes to be computed on a pressure basis of 10 ounces above an assumed atmospheric pressure of 14.4 pounds per square inch, or 15.025 pounds per square inch absolute, at 60° Fahrenheit, and pursuant to appropriate regulations of the Commissioner of Public Lands which may provide, among other things, for a flowing temperature of 60° Fahrenheit to be assumed and applied in volume computation in all cases where a recording thermometer is not employed by the lessee in gas measurement, and for specific gravity tests at the lessee's expense at intervals not greater than one year in all cases where a recording gravitometer is not employed by the lessee in gas measurement;

Provided, however, the cash value for royalty purposes of carbon dioxide gas and of hydrocarbon gas delivered to a gasoline plant for extraction of liquid hydrocarbons shall be equal to the net proceeds derived from the sale of such gas, including any liquid hydrocarbons recovered therefrom.

Notwithstanding the foregoing provisions, the lessor acting by its Commissioner of Public Lands, may require the payment of royalty for all or any part of the gas produced and saved under this lease and marketed or utilized at a price per m.c.f. equal to the maximum price being paid for gas of like kind and quality and under like conditions in the same field or area or may reduce the royalty value of any such gas (to any amount not less than the net proceeds of sale thereof in the field) if the Commissioner of Public Lands shall determine such action to be necessary to the successful operation of the lands for oil or gas purposes or to encouragement of the greatest ultimate recovery of oil or gas or to the promotion of conservation of oil or gas.

3. Lessee agrees to make full settlement on the 20th day of each month for all royalties due the lessor for the preceding month, under this lease, and to permit the lessor or its agents, at all reasonable hours, to examine lessee's books relating to the production and disposition of oil and gas produced. Lessee further agrees to submit to lessor annually upon forms furnished by lessor, verified reports showing lessee's operations for the preceding year.

4. It is expressly agreed that the consideration hereinbefore specified is a good, valid and substantial consideration and sufficient in all respects to support each and every covenant herein, including specifically the option granted the lessee to prevent the termination of this lease from year to year, by the payment or tender of the further rental hereinafter provided for.

An annual rental, at the rate of 25¢ per acre shall become due and payable to the lessor by the lessee, or by any transferee or assignee of the same, or any part hereof, where such transferee or assignee has been recognized, and such transfer or assignment approved by the lessor as hereinafter provided, upon each acre of the land above described and then claimed by such lessee, transferee or assignee hereunder, and the same shall be due and payable in advance to the lessor on the successive anniversary dates of this lease, but the annual rental on any assignment shall in no event be less than Six Dollars (\$6.00).

In event the lessee shall elect to surrender any or all of said acreage, he shall deliver to the Commissioner a duly executed release thereof and in event said lease has been recorded, then he shall upon request furnish and deliver to said Commissioner a certified copy of a duly recorded release.

5. The lessee may at any time by paying to the State of New Mexico, acting by its Commissioner of Public Lands, or other authorized officer, all amounts then due as provided herein and the further sum of Ten Dollars (\$10.00), surrender and cancel this lease insofar as the same covers all or any portion of the lands herein leased and be relieved from further obligations or liability hereunder, in the manner as hereinbefore provided. Provided, this surrender clause and the option herein reserved to the lessee shall cease and become absolutely inoperative immediately and concurrently with the institution of any suit in any court of law or equity by the lessee, lessor or any assignee, to enforce this lease, or any of its terms express or implied.

6. All payments due hereunder shall be made on or before the day such payment is due, in cash or by certified exchange at the Office of the Commissioner of Public Lands in Santa Fe, New Mexico.

7. The lessee with the consent of the lessor, shall have the right to assign this lease in whole or in part. Provided, however, that no assignment of any undivided interest in the lease or any part thereof nor any assignment of less than a legal subdivision shall be recognized or approved by the lessor. Upon approval in writing by the lessor of an assignment, the assignor shall stand relieved from all obligations to the lessor with respect to the lands embraced in the assignment and the lessor shall likewise be relieved from all obligations to the assignor as to such tracts, and the assignee shall succeed to all of the rights and privileges of the assignor with respect to such tracts and shall be held to have assumed all of the duties and obligations of the assignor to the lessor as to such tracts.

8. Lessee agrees with reasonable diligence to offset all paying oil or gas wells drilled, within 300 feet of any of the land covered by this lease and retained hereunder.

9. The lessee agrees to notify the lessor of the location of each well before commencing drilling thereon, to keep a complete and accurate log of each well drilled and to furnish a copy thereof, verified by some person having actual knowledge of the facts, to the lessor upon the completion of any well, and to furnish the log of any unfinished well at any time when requested to do so by the lessor. If any lands embraced in this lease shall be included in any deed or contract of purchase outstanding and subsisting issued pursuant to any sale made of the surface of such lands prior to the date of this lease, it is agreed and understood that no drilling operations shall be commenced on any such lands so sold unless and until the lessee or his assignee shall have filed a good and sufficient bond with the lessor as required by law, to secure the payment for such damage to the livestock, range, water, crops or tangible improvements on such lands as may be suffered by the purchaser holding such deed or contract of purchase, or his successors, by reason of the developments, use and occupation of such lands by such lessee. Provided, however, that no such bond shall be required if such purchaser shall waive the right to require such bond to be given in the manner provided by law.

10. In drilling wells all water-bearing strata shall be noted in the log, and the lessor reserves the right to require that all or any part of the casing shall be left in any non-productive well when lessor deems it to the interest of the State of New Mexico to maintain said well or wells for water. For such casing so left in wells the lessor shall pay to the lessee the reasonable value thereof.

11. Lessee shall be liable and agrees to pay for all damages to the range, livestock, growing crops or improvements caused by lessee's operations on said lands. When requested by the lessor, the lessee shall bury pipe-lines below plow depth.

A046286

12. The lessee shall not remove any machinery or fixtures placed on said premises, nor draw the casing from any well unless and until all payments and obligations due the lessor under the terms of this agreement shall have been paid or satisfied. The lessee's right to remove the casing is subject to the provision of paragraph 10 above.

13. Upon failure or default of the lessee or any assignee to comply with any of the provisions or covenants hereof, the lessor is hereby authorized to cancel this lease and such cancellation shall extend to and include all rights hereunder as to the whole of the tract so claimed, or possessed by the lessee or assignee so defaulting, but shall not extend to, nor affect the rights of any other lessee or assignee claiming any portion of the lands upon which no default has been made; provided, however, that before any such cancellation shall be made, the lessor shall mail to the lessee, or assignee so defaulting, by registered mail, addressed to the postoffice address of such lessee or assignee as shown by the records of the State Land Office, a notice of intention of cancellation specifying the default for which cancellation is to be made, and if within 30 days from the date of mailing said notice the said lessee or assignee shall remedy the default specified in said notice, cancellation shall not be made.

14. All the terms of this agreement shall extend to and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

15. If the lessee shall have failed to make discovery of oil and/or gas in paying quantities during the primary term hereof, the lessee may continue this lease in full force and effect for an additional term of five (5) years and as long thereafter as oil and gas in paying quantities, or either of them is produced from the leased premises, by paying each year in advance, as herein provided, double the rental provided herein for the primary term, or the highest rental prevailing at the commencement of the secondary term in any rental district, or districts in which the lands, or any part thereof, may be situated, if it be greater than double the rental provided for the primary term.

16. If the lessee shall have maintained this lease in accordance with the provisions hereof and if at the expiration of the secondary term provided herein oil or gas is not being produced on said land but lessee is then engaged in bona fide drilling or reworking operations thereon, this lease shall remain in full force and effect so long as such operations are diligently prosecuted and, if they result in the production of oil or gas, so long thereafter as oil and gas in paying quantities or either of them is produced from said land; provided, however, such operations extending beyond the secondary term shall be approved by the lessor upon written application filed with the lessor on or before the expiration of said term, and a report of the status of all of such operations shall be made by the lessee to the lessor every 30 days and a cessation of such operations for more than 20 consecutive days shall be considered as an abandonment of such operations and thereupon the provisions hereof shall be of no further force or effect.

IN WITNESS WHEREOF, the party of the first part has hereunto signed and caused its name to be signed by its Commissioner of Public Lands thereunto duly authorized, with the seal of his office affixed, and the lessee has signed this agreement the day and year first above written.

STATE OF NEW MEXICO
By John E. Miles
COMMISSIONER OF PUBLIC LANDS, Lessor.

Erle Payne
Lessee. (SEAL)

Distributed this the 18th day of June, 1948

(PERSONAL ACKNOWLEDGMENT)

STATE OF TEXAS } ss:
COUNTY OF MIDLAND

On this the 25th day of June, 1948, personally appeared before me
Erle Payne

to me known to be the person who executed the foregoing instrument as Lessee, and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires: June 1, 1949.

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER OR OFFICER OR DIRECTOR OF PHILLIPS PETROLEUM COMPANY.
(ACKNOWLEDGMENT BY NOTARY IN FACT)

Virginia Mann
Notary Public.

COUNTY OF STARR } ss:

On this the 18th day of June, 1948, personally appeared
before me

to me known to be the person who executed the foregoing instrument in behalf of

and acknowledged that he executed the same as the free act and deed of said

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

(ACKNOWLEDGMENT BY CORP. OFFICER)
(CORPORATE ACKNOWLEDGMENT ON BACK)

Notary Public.

A046287

57157

6-1032

REMARK

Stipulation Amending State Oil and Gas Lease No. E-1932 to
Conform to Form Prescribed by Laws of New Mexico, 1957,
Chapter 148, Section 1.

WHEREAS, Phillips Petroleum Company is the record owner, and Phillips
Petroleum Company is the working interest owner of the original oil and gas
lease set out in the caption hereof; and

WHEREAS, said lease is in good standing at the date hereof, according
to the terms and conditions thereof, and all applicable statutes and regulations;

NOW, THEREFORE, pursuant to authority granted by Laws of New Mexico, 1957,
Chapter 148, Section 2, it is hereby stipulated and agreed that the terms and
conditions of said original oil and gas lease and of all assignments thereof be
and the same are amended to conform to the terms and conditions of the lease
form prescribed by Laws of New Mexico, 1957, Chapter 148, Section 1, as if said
form had been the original.

ATTEST:

Asst. Secretary

PHILLIPS PETROLEUM COMPANY

by

Vice President

Approved this 7th day of March, 1958.

COMMISSIONER OF PUBLIC LANDS

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF OklahomaCOUNTY OF Washington

The foregoing instrument was acknowledged before me this 28th
day of February, 1958, by C.O. Stark

Vice President of Phillips Petroleum Company, a Delaware corporation, on
behalf of said corporation.

Notary Public

My Commission Expires:

1-21-62

A046288

RIO BLANCO "9" STATE #1

(Royalty Owner)

State of New Mexico
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, NM 87504

(ORRI Owner)

ConocoPhillips Company
550 Westlake Park Blvd.
Westlake 3, Room 5050
Houston, TX 77079

(Working Interest Owners)

Devon Energy Production Company, L.P.
20 N. Broadway, Suite 1500
Oklahoma City, OK 73102

ConocoPhillips Company
550 Westlake Park Blvd.
Westlake 3, Room 5050
Houston, TX 77079

Southwestern Energy Production Company, L.P.
2350 N. Sam Houston Pkwy East, Suite 300
Houston, TX 77032



KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.net

May 27, 2004

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

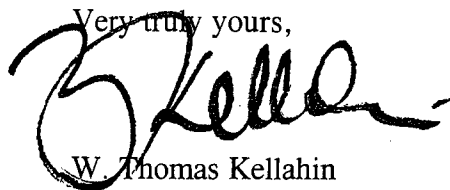
**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:**

*Re: Administrative Application of Devon Energy Production Company,
L.P. for approval of unorthodox well location for its Rio Blanco "9" Well
No. 1, Unit B, Section 9, T23S, R34E, Lea County, New Mexico.*

Dear Interest Owner

On behalf of Devon Energy Production Company, L.P., please find enclosed a copy of its referenced administrative application. If you have no objection, then there is nothing for you to do. If you are willing to waive objection, please sign this letter as indicated and return it to me. However, should you have any objection to the Division approving this application, then it will be necessary for you to file a written objection with the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure to file a timely objection will preclude you from objecting at a later date.

Very truly yours,



W. Thomas Kellahin

WAIVER OF OBJECTION:

By: _____ with authority for
and on behalf of _____
Date: _____



County Lea Pool Northeast Bell Lake - Devonian Gas

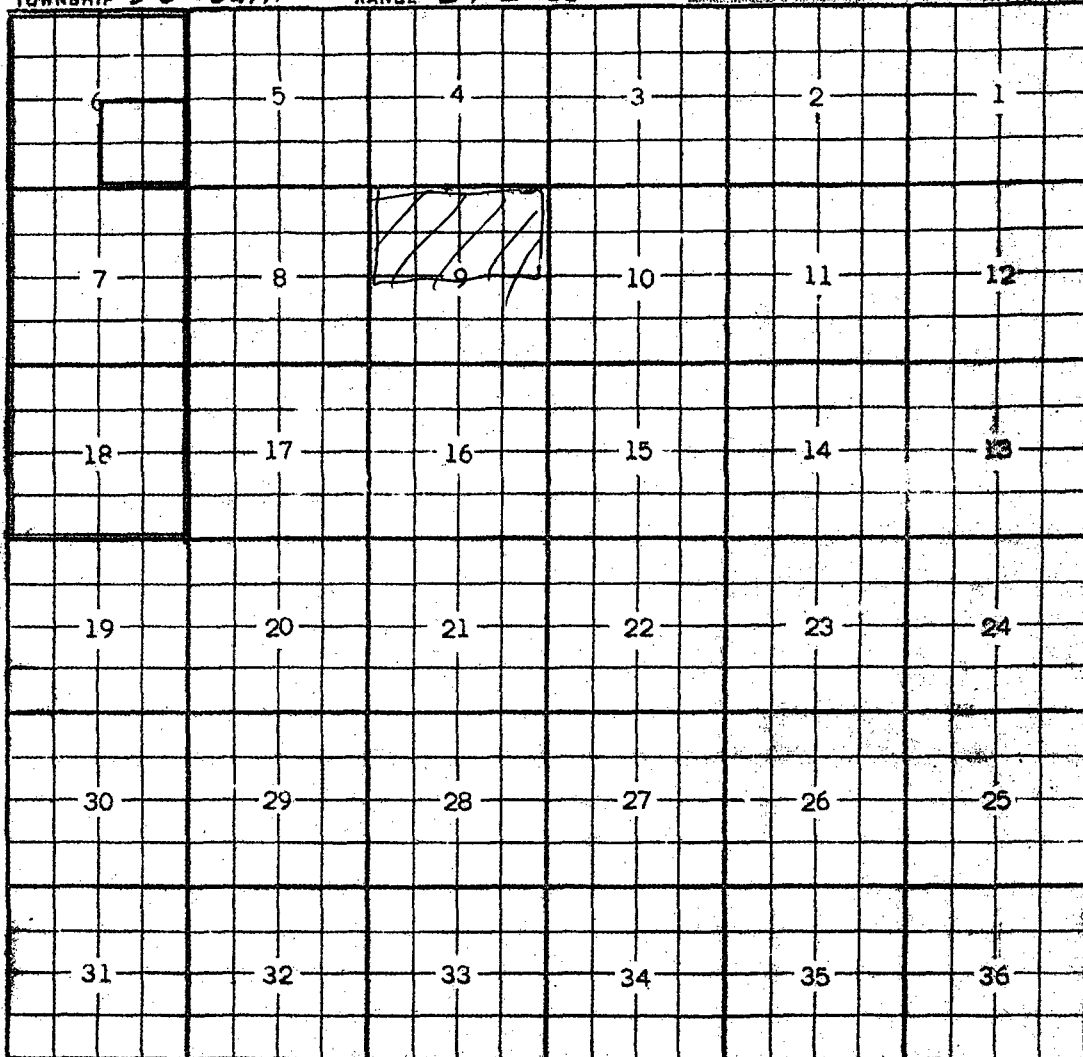
TOWNSHIP 23 South Range 34 East NMPM

6	5	4	3	2	1	
7	8	9	10	11	12	
18	17	16	15	14	13	
19	20	21	22	23	24	
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31	32	33	34	35	36	

Description: N/2 Sec. 4 (R-12106, 2-20-04)

County Lea Pool North Bell Lake - Devonian Gas

TOWNSHIP 23 South RANGE 34 East NEW MEXICO PRINCIPAL MERIDIAN



Description: $\frac{35}{4}$ Sec. 6 (R. 2187, 3-1-62)

Ext: $\frac{1}{2}$ & $\frac{3}{4}$ Sec. 6, All Sec. 7 & 18 (R. 6424, 8-1-80)

Sec : 09 Twp : 23S Rng : 34E Section Type : NORMAL

D 40.00 RR E01932 0001 CONOCOPHILLIPS CO 06/10/58	C 40.00 RR E01932 0001 CONOCOPHILLIPS CO 06/10/58	B 40.00 RR E01932 0001 CONOCOPHILLIPS CO 06/10/58 A	A 40.00 RR E01932 0001 CONOCOPHILLIPS CO 06/10/58
E 40.00 RR E01932 0001 CONOCOPHILLIPS CO 06/10/58 A	F 40.00 RR E01932 0001 CONOCOPHILLIPS CO 06/10/58 A	G 40.00 RR E01932 0001 CONOCOPHILLIPS CO 06/10/58	H 40.00 RR E01932 0001 CONOCOPHILLIPS CO 06/10/58
L 40.00 RR V06600 0001 SOUTHWESTERN ENER 03/01/07	K 40.00 RR V06600 0001 SOUTHWESTERN ENER 03/01/07	J 40.00 RR V06600 0001 SOUTHWESTERN ENER 03/01/07 A	I 40.00 RR E01932 0001 CONOCOPHILLIPS CO 06/10/58
M 40.00 RR V06600 0001 SOUTHWESTERN ENER 03/01/07	N 40.00 RR V06600 0001 SOUTHWESTERN ENER 03/01/07	O 40.00 RR V06600 0001 SOUTHWESTERN ENER 03/01/07	P 40.00 RR E01932 0001 CONOCOPHILLIPS CO 06/10/58