

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

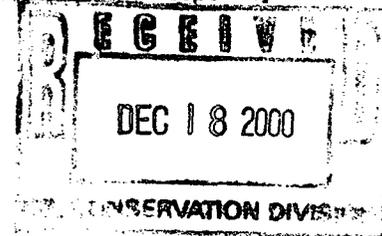
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ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [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-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]



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

- [A] Location - Spacing Unit - Directional Drilling
- NSL NSP DD 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

Never SFS Operating

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does 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

See Down @ B.

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
P. O. BOX 1056
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce *Applicant* *12/18/00*

Signature Title Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

December 18, 2000

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.D.(2), Devon SFS Operating, Inc. applies for administrative approval of a non-standard gas spacing and proration unit for the following well:

Veranda "16" State Com. Well No. 1
Well unit: N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ of Section 16, Township 17
South, Range 26 East, NMPM
Eddy County, New Mexico

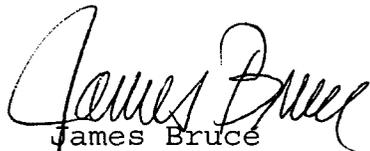
A Form C-102 is submitted as Exhibit A (the well location has recently been changed from the location on the C-102 to a location 660 feet FSL and FEL, due to topographic reasons). The well will be drilled to a depth sufficient to test the Morrow formation (Kennedy Farms-Morrow Gas Pool). Well spacing is 320 acres.

The reason for this request is as follows: The entire S $\frac{1}{2}$ of Section 16 is state minerals (Common School lands). However, there is a cemetery in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 16, which the State Land Office has withdrawn from leasing. As a result, a 320 acre unit cannot be formed, and applicant requests approval of the above-described non-standard 280 acre well unit. Since the same state beneficiary owns all minerals in the S $\frac{1}{2}$ of Section 16, the royalty owner will be unaffected by this application. Nonetheless, the State Land Office has been notified of this application. See Exhibit B.

Attached as Exhibit C is a land plat of the area. The only offset operator or lessee is Yates Petroleum Corporation. A copy of the notice letter mailed to the offset is attached as Exhibit D. Please note that the City of Artesia lies immediately to the west of the well unit, and land in the City is apparently unleased. Notice has not been given to anyone within the City.

Please call me if you need anything further in this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above the printed name.

James Bruce

Attorney for Devon SFS Operating, Inc.

DISTRICT I
1620 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1090 Rio Grande Rd., Artesia, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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 30-015-31189	Pool Code	Pool Name Kennedy Farms Morrow
Property Code 26110	Property Name VERANDA "16" STATE COM	
OGRID No. 20305	Operator Name DEVON SFS OPERATING, INC.	
		Well Number 1
		Elevation 3364'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	16	17 S	26 E		660	SOUTH	2085	WEST	EDDY

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.
320			

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

OPERATOR CERTIFICATION

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

E.L. Buttross, Jr.
Signature

E.L. Buttross, Jr.
Printed Name

Operations Engr. Advisor
Title

12/1/00
Date

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.

November 28, 2000
Date Surveyed

Signature: *ARY L. JONES*
Professional Seal of
NEW MEXICO
7977
W.S. No. 06548
Certification No. 7977
PROFESSIONAL LAND SURVEYOR

JAMES BRUCE
ATTORNEY AT LAW

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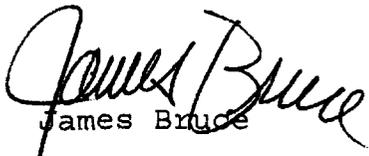
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jeff Albers
Oil, Gas and Minerals Division
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

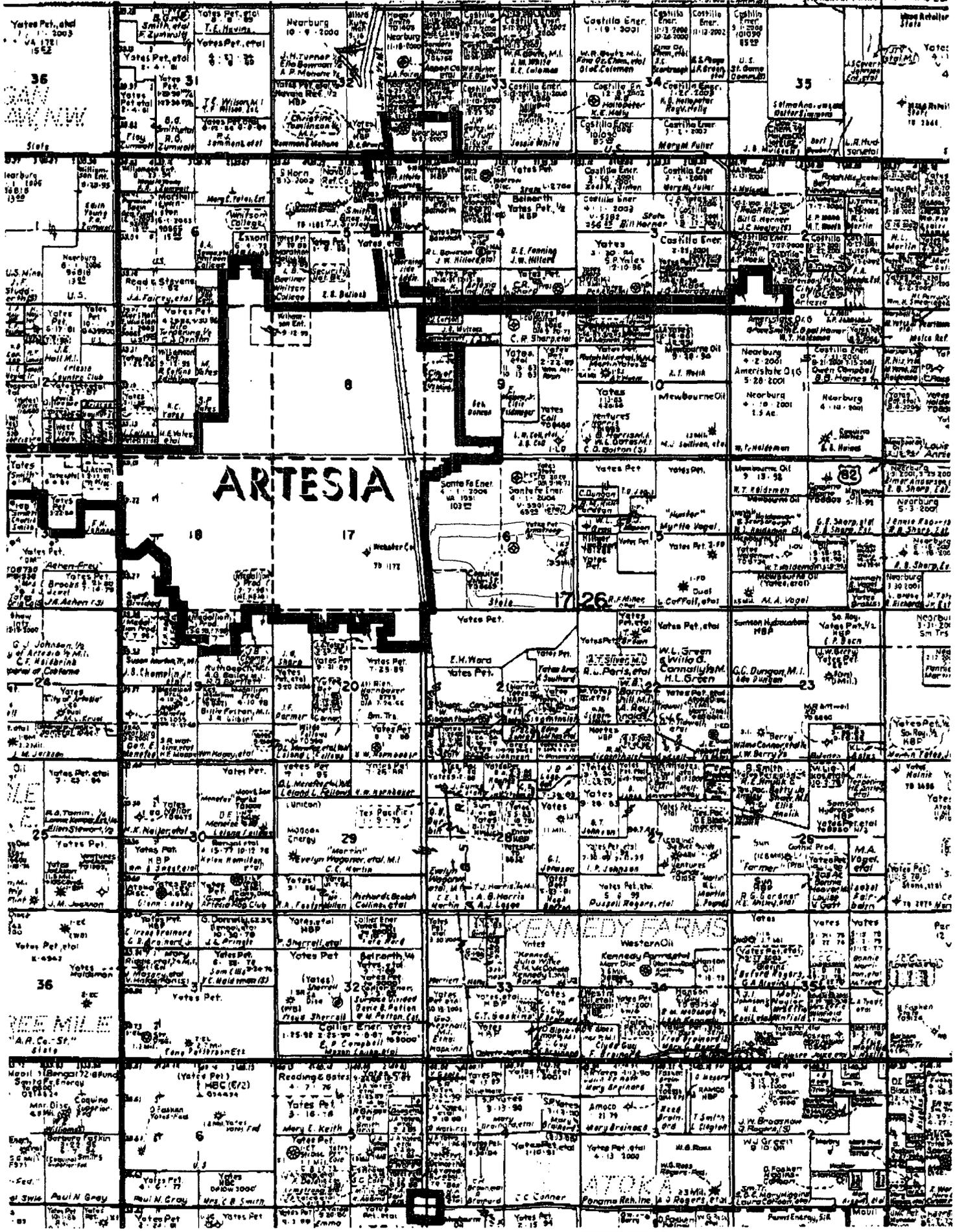
Ladies and Gentlemen:

Enclosed is a copy of an application filed with the New Mexico Oil Conservation Division by Devon SFS Operating, Inc., requesting administrative approval of a non-standard gas spacing and proration unit in S16-17S-26E. If you object to the application, you must notify the Division in writing no later than January 8, 2001. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505.

Very truly yours,


James Bruce
Attorney for Devon SFS Operating, Inc.





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ATTORNEY AT LAW

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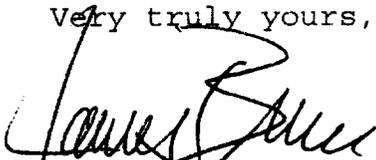
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Ladies and Gentlemen:

Enclosed is a copy of an application filed with the New Mexico Oil Conservation Division by Devon SFS Operating, Inc., requesting administrative approval of a non-standard gas spacing and proration unit in §16-17S-26E. If you object to the application, you must notify the Division in writing no later than January 8, 2001. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505. If you have no objection, I ask that you sign and return a copy of this letter to me.

Very truly yours,



James Bruce

Attorney for Devon SFS Operating, Inc.

We have no objection to the non-standard unit.

Yates Petroleum Corporation

Name

Date

