

10/5/98 | 10/26/98 | MS | NV | NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

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

001 - 5

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

[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

[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.

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

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

James Bruce
Signature

Attorney for Applicant
Title

10/5/98
Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

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

October 5, 1998

Hand Delivered

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

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Devon Energy Corporation (Nevada) ("Devon") applies for administrative approval of the following unorthodox oil well location:

Logan "35" Fed. Well No. 7
1090 feet FSL & 2120 feet FWL
SE $\frac{1}{4}$ SW $\frac{1}{4}$ (Unit N) §35, Township 17 South, Range 27 East, NMPM
Eddy County, New Mexico

The well will be drilled to a depth sufficient to test the San Andres formation (Red Lake Queen-Grayburg-San Andres Pool). The pool is subject to statewide rules, with 40 acre well units, and wells to be located no closer than 330 feet to a quarter-quarter section line. Attached as Exhibit A is a Form C-102 for the well.

The original location proposed by Devon was orthodox: 900 feet FSL and 2100 feet FWL. The current location is non-standard due to topographic reasons. Attached as Exhibit B is a plat of the well pad, which shows that there are pipelines or power lines at or near the original location. Thus, an unorthodox location is required.

Attached as Exhibit C is a land plat of the area, showing that the well is on federal lease LC 028775-A, and is moving toward federal lease LC 057798. There is common royalty and working interest ownership on the two leases, although overriding royalty ownership varies. However, notice has not been given to any interest owner, for the following reasons:

In Case 11996, Devon presented evidence that the subject pool is continuous across this area, trending in a northeast-southwest

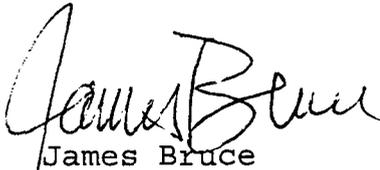
direction. Thus, geology is not a factor in these well locations. There are numerous draws, elevation changes, and pipelines and other facilities in the area, which often necessitate unorthodox locations. **Wells in this pool drain less than 20 acres, with a drainage radius of about 445 feet. Unless a well is closer than about 100 feet to an offsetting lease, it will have no more effect on an offset than a well capable of draining 40 acres located at an orthodox location.**

In addition, Devon is infill drilling each well unit, and Exhibit C shows that Devon has plans to drill two wells on each offsetting well unit.¹ Devon is also considering the possibility of a future waterflood for this pool, and the proposed wells fit into a waterflood pattern.

Directional drilling the well to an orthodox location is not feasible. Wells in the pool are not prolific producers (averaging 50,000 barrels in reserves), and the added drilling and operating costs would make the wells uneconomic.

Based on the foregoing, Devon requests approval of the above unorthodox location. Please call me if you need anything further on this matter.

Very truly yours,



James Bruce

Attorney for Devon Energy
Corporation (Nevada)

¹Devon only acquired both leases a few months ago, and thus development has just begun.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 51300	Pool Name Red Lake (Q-GB-SA)
Property Code	Property Name LOGAN "35" FEDERAL	Well Number 7
OGRID No. 6137	Operator Name DEVON ENERGY CORPORATION	Elevation 3614'

Surface Location

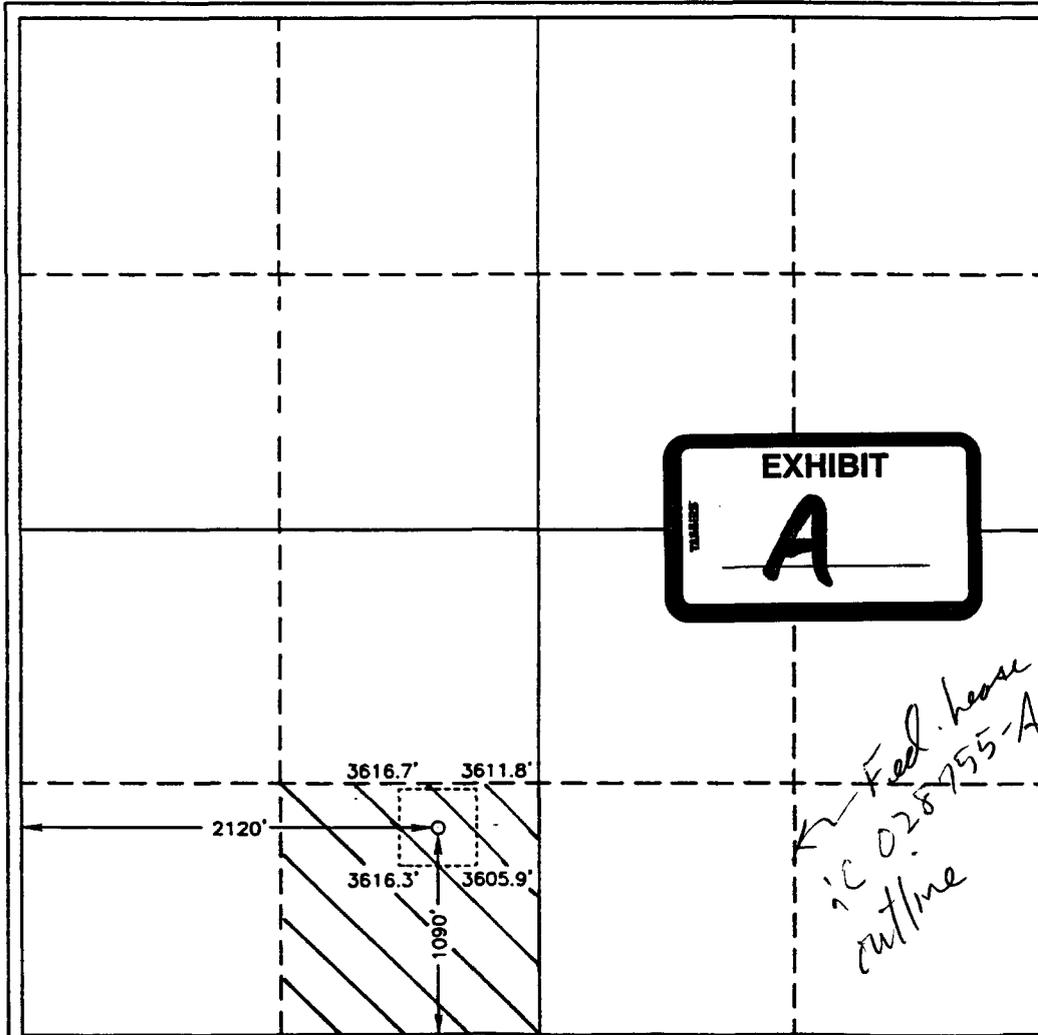
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	35	17 S	27 E		1090	SOUTH	2120	WEST	EDDY

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.

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 the 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

District Engineer
Title

8/28/98
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.

August 20, 1998
Date Surveyed

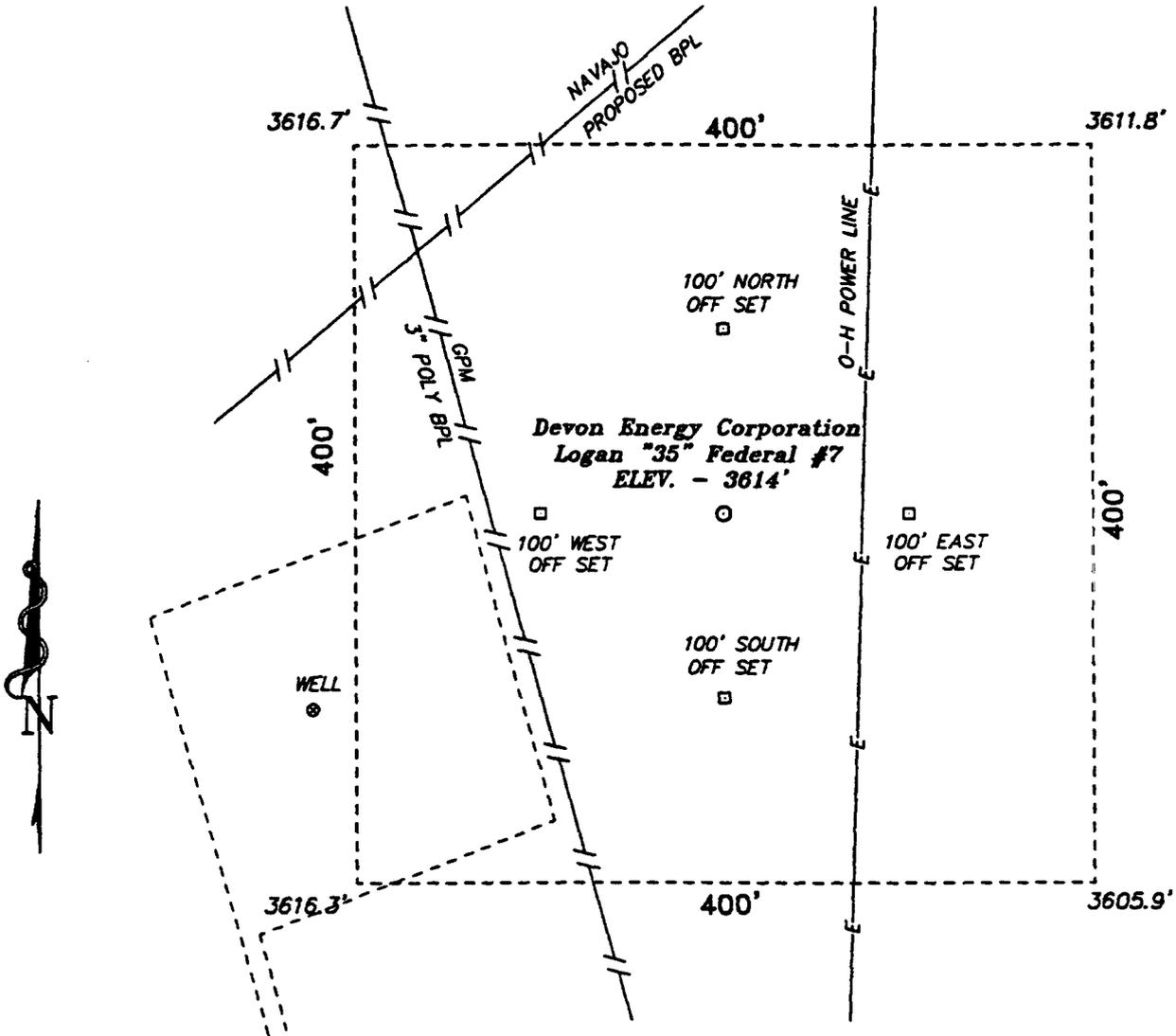
GARY L. JONES
Signature & Seal of Professional Surveyor

7977
No. 8297

Certification No. 7977

BASIN SURVEYS

SECTION 35, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.



Devon Energy Corporation

REF: Logan "35" Federal No. 7 / Well Pad Tapo

THE LOGAN "35" FEDERAL No. 7 LOCATED 1090' FROM THE SOUTH LINE AND 2120' FROM THE WEST LINE OF SECTION 35, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 8297

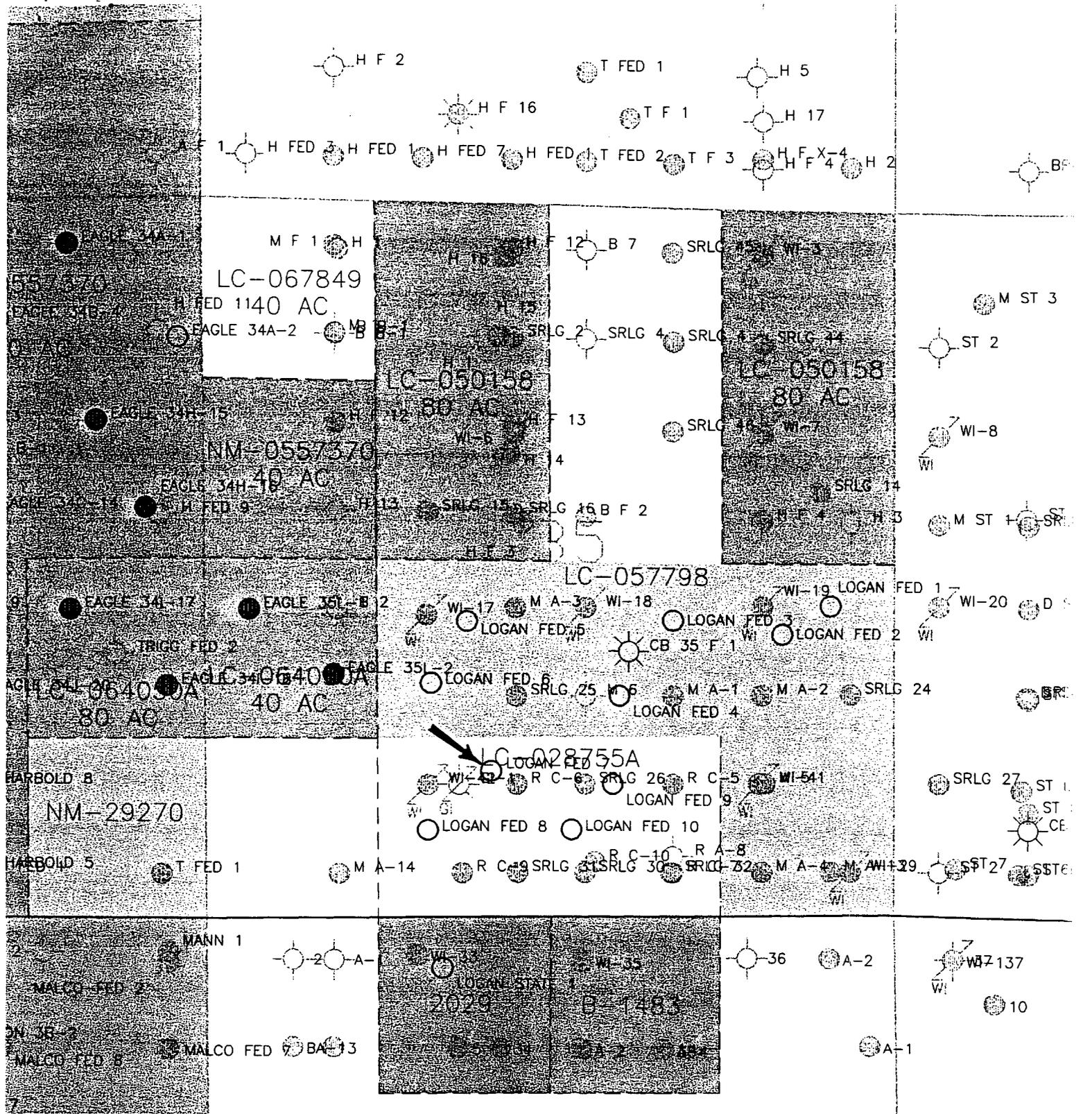
Drawn By: K. GOAD

Date: 08-24-98

Disk: KJG #116 - 8297Z.DWG

Survey Date: 08-20-98

Sheet 1 of 1 Sheets



EXHIBIT

C