

NSL 9/13/97



# J.O. EASLEY, INC.

ESTABLISHED 1979

P.O. Box 245 88211-0245  
119 South Roselawn, Suite 302  
Artesia, New Mexico 88210

August 21, 1997

Telephone (505) 746-1070  
Fax (505) 746-1073

AUG 25 1997

Mr. William Lemay  
New Mexico OCD  
2040 South Pacheco  
Santa Fe, New Mexico 87505

RE: Application for Administrative Approval to  
drill a Directional Well to an Unorthodox  
Bottom Hole Location  
State AZ # 3 well  
Unit M Section 16-17S-31E  
Eddy County, New Mexico

Dear Mr. Lemay:

The Wiser Oil Company hereby applies for administrative approval to drill a directional well at a surface location of 10' FSL & 170' FWL, with the bottom hole location at 10' FSL & 10' FWL, both within Unit M of Section 16-17S-31E. It is necessary to directionally drill this well as the primary surface drill site is inaccessible due to power lines in the area.

In Article 7 of the attached Unit Line Agreement between Wiser and Devon Energy, each agrees to execute any waivers necessary to administratively obtain such unorthodox locations at the NMOCD. This Unit Line Agreement is in the process of being revised to include this and other wells along Wiser and Devon's common lease line, and will be provided when complete. Being that Devon is the only offset Operator, no Affidavit of Mailing was prepared, however, Devon will be provided a copy of this letter and application.

SK

12-29-97

Jim Bruce is in  
the process of  
completing the needed  
agreement in this  
matter.

Hold until I hear  
further  
from Jim on this  
matter. MS.

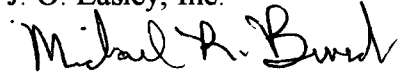
10-1-97

Talked w/ Mike Punch

- will submit an amended copy of  
the lease line agreement  
showing seven w/ 50%  
Wisco's Sales w/ Feb 25%  
and the State #7 lease w/ 25%.

If you have nay questions, or need additional information, please feel free to give me a call at (505) 746-1070. Thank you for your attention to this matter.

Sincerely,  
J. O. Easley, Inc.



Michael R. Burch, CPL

mr/s  
enclosures/cc

Mr. Tim W. Gumm  
NMOCD Artesia office  
811 South 1<sup>st</sup> Street  
Artesia, NM 88210

Mr. Matt Eagleston  
The Wiser Oil Co.  
8115 Preston Road  
Suite 400  
Dallas, TX 75225

Ms. Lauri Block  
The Wiser Oil Co.  
8115 Preston Road  
Suite 400  
Dallas, TX 75225

Mr. Ken Gray  
Devon Energy Corp.  
20 North Broadway  
Suite 1500  
Oklahoma City, OK  
73102-8260

District I  
P. O. Box 1980, Hobbs, NM 88241-1980  
District II  
P. O. Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

Form C-101

Revised February 10, 1994

Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address. The Wiser Oil Company C/O J. O. Easley, Inc. P. O. Box 245 Artesia, NM 88211-0245		<sup>2</sup> OGRID Number 022922
<sup>4</sup> Property Code	<sup>5</sup> Property Name State AZ	<sup>6</sup> Well No. 3

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
M	16	17S	31E		10	South	170	West	Eddy

<sup>8</sup> Proposed 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
M	16	17S	31E		10	South	10	West	Eddy

<sup>9</sup> Proposed Pool 1

Grayburg Jackson 7-Rivers QN GB SA

<sup>10</sup> Proposed Pool 2

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code P	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3746
<sup>16</sup> Multiple	<sup>17</sup> Proposed Depth 4000'	<sup>18</sup> Formation Grayburg-San Andres	<sup>19</sup> Contractor	<sup>20</sup> Spud Date ASAP

<sup>21</sup> Proposed Casing and Cement Program

Hole size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8" J-55	23#	493'	300 Class "C"	circulate to surf.
7 7/8"	5 1/2" J-55	17#	5000'	700 Halli. Lite	circulate to 100'
				650 Prem.Plus	above 85/8"
					casing shoe

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Propose to drill above captioned well to a total depth of 4000' with rotary rig. If commercial production is indicated, well will be perforated and stimulated as necessary. This Directional Well will be drilled to an Unorthodox bottom hole location and therefore has been forwarded to the OCD in Santa Fe for administrative approval.

Blow Out Prevention: 10" Series 900 Type "E" Shaffer Hydraulic BOP will be used.

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Michael R. Burch</i>	OIL CONSERVATION DIVISION	
Printed name: Michael R. Burch, CPL	Approved by:	
Title: Agent for The Wiser Oil Company	Title:	
Date: 8-21-97	Approval Date:	Expiration Date:
Phone: 505-746-1070	Conditions of Approval: Attached <input type="checkbox"/>	

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV  
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1984  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name STATE AZ	Well Number 3
OGRID No.	Operator Name THE WISER OIL COMPANY	Elevation 3746

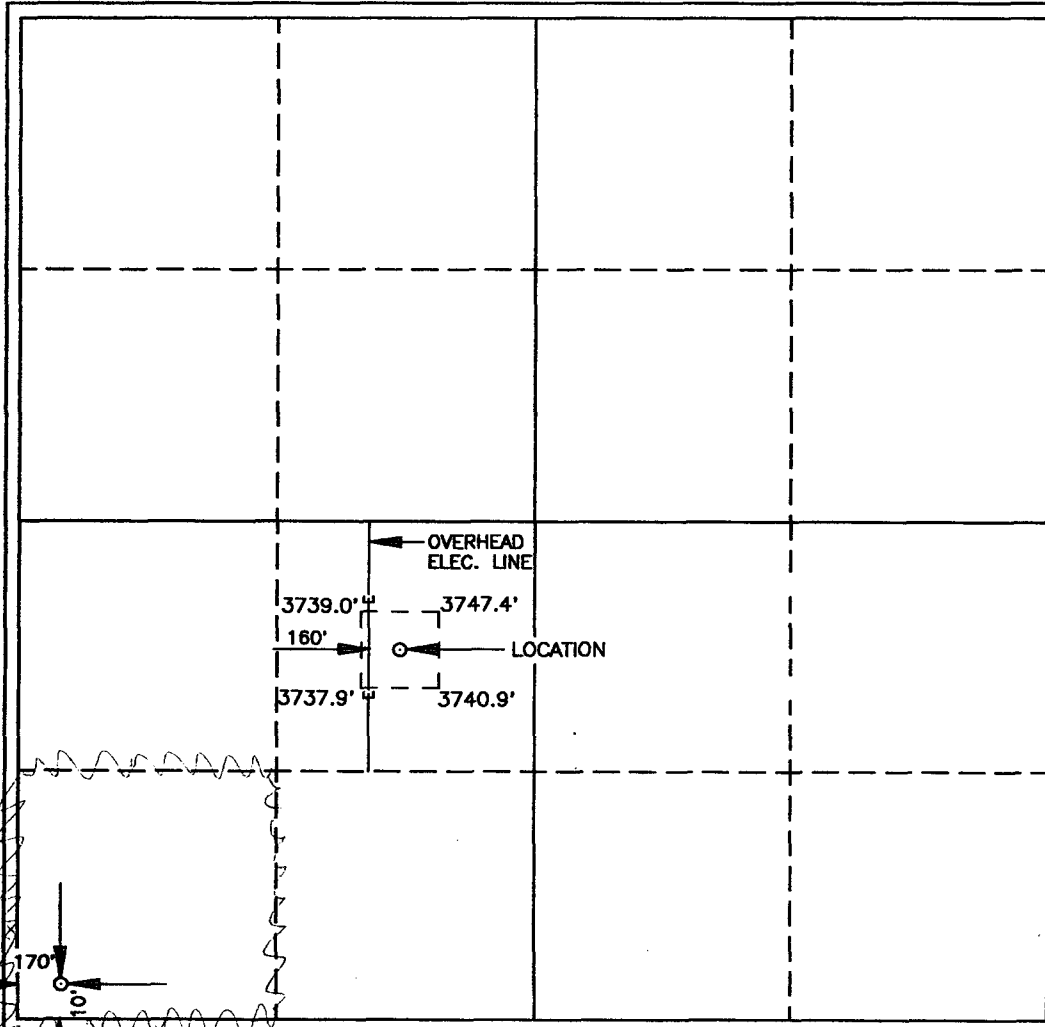
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	17 S	31 E		10	SOUTH	170	WEST	EDDY

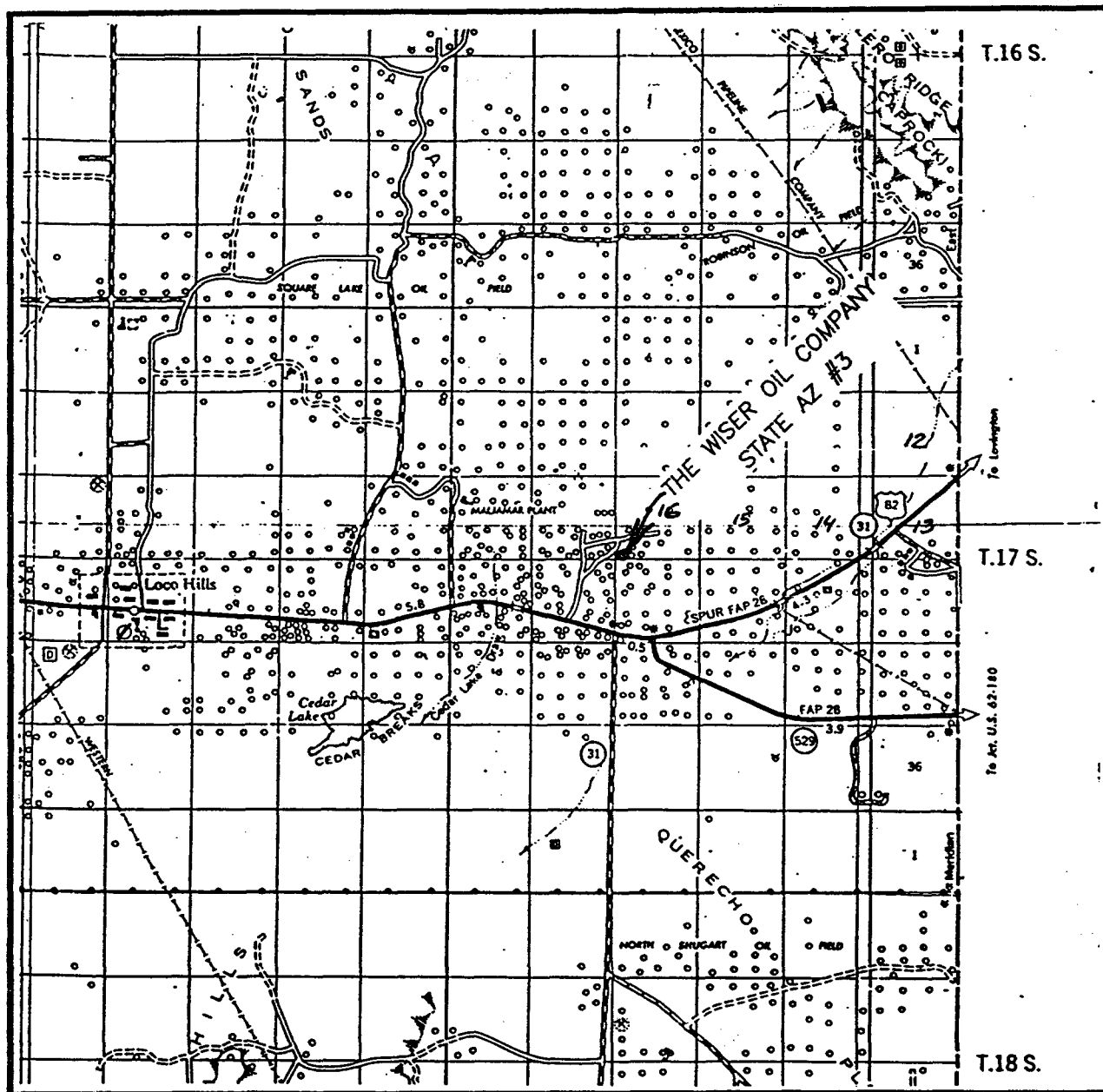
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	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

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Michael R. Burch</i> Signature Michael R. Burch, CPL Printed Name Agent for The Wiser Oil Company Title 8-21-97 Date</p> <p><b>SURVEYOR CERTIFICATION</b></p> <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>AUGUST 7, 1997 Date Surveyed Signature &amp; Seal of Professional Surveyor JLP Professional Surveyor NEW MEXICO 8-11-97 W.O. Num. 97-11-1347 Certificate No. JOHN W. WEST, 676 J. EIDSON, 3239 GARY G. EIDSON, 12841</p>
--	---

# VICINITY MAP

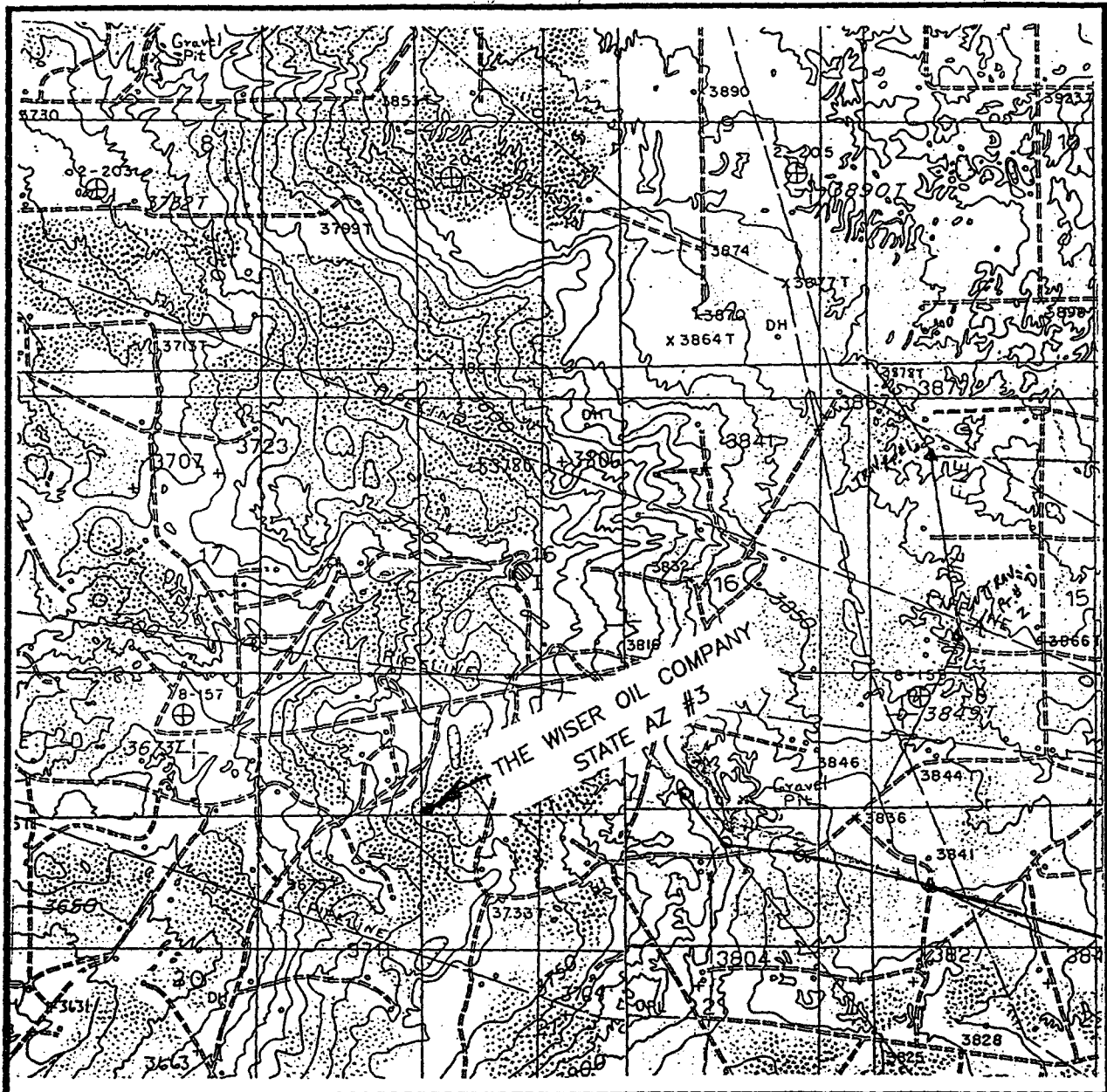


SCALE: 1" = 2 MILES

SEC. 16 TWP. 17-S RGE. 31-E  
 SURVEY N.M.P.M.  
 COUNTY EDDY  
 DESCRIPTION 10' FSL & 170' FWL  
 ELEVATION 3746'  
 OPERATOR THE WISER OIL COMPANY  
 LEASE STATE AZ

**JOHN WEST ENGINEERING**  
**HOBBS, NEW MEXICO**  
**(505) 393-3117**

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 16 TWP. 17-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 10' FSL & 170' FWL

ELEVATION 3746'

OPERATOR THE WISER OIL COMPANY

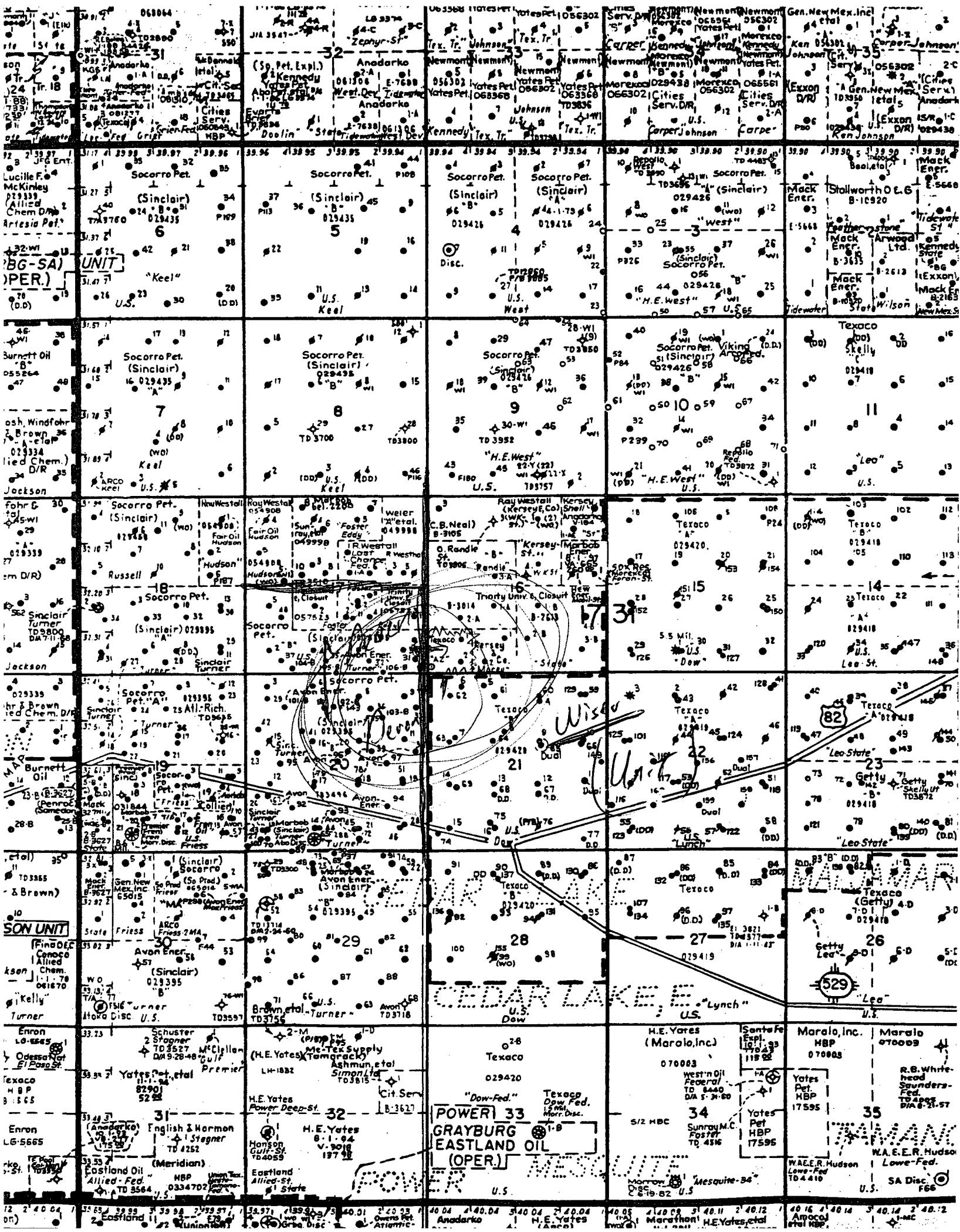
LEASE STATE AZ

U.S.G.S. TOPOGRAPHIC MAP

LOCO HILLS, & MALJAMAR, N.M.

**JOHN WEST ENGINEERING  
HOBBS, NEW MEXICO**

**(505) 393-3117**





**DIRECTIONAL WELL  
PROPOSAL**

**THE WISER OIL COMPANY**  
**STATE AZ WELL #3**  
**SEC. 16, T-17-S, R-31-E**  
**EDDY COUNTY, NEW MEXICO**

**PREPARED FOR: MR. MATT EAGLESTON**

**PREPARED BY: RICK EATON**  
**DIRECTIONAL COORDINATOR**

**AUGUST 17, 1997**



*The Future Is Working Together.*



**HALLIBURTON®**

**HALLIBURTON ENERGY SERVICES**

2822 I-20 West / Odessa, Texas 79763 / Tel: 915-580-0014

August 27, 1997

**THE WISER OIL COMPANY**

Mr. Matt Eagleston  
8115 Preston Rd., Suite 400  
Dallas, Texas 75225

Dear Matt,

We appreciate the opportunity to present the following Directional Well Plan and Cost Estimate for the State AZ Well #3 in Eddy County, New Mexico. Our full service capability, coupled with our experience, provides us with the tools and people required to effectively and economically control your wellbore.

Please review this information. If you have any changes or questions, please call me at (915) 580-0014. We are looking forward to working with you on this project.

Sincerely,

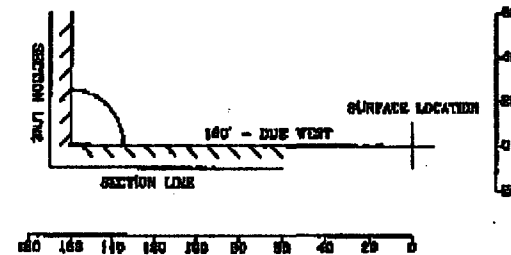
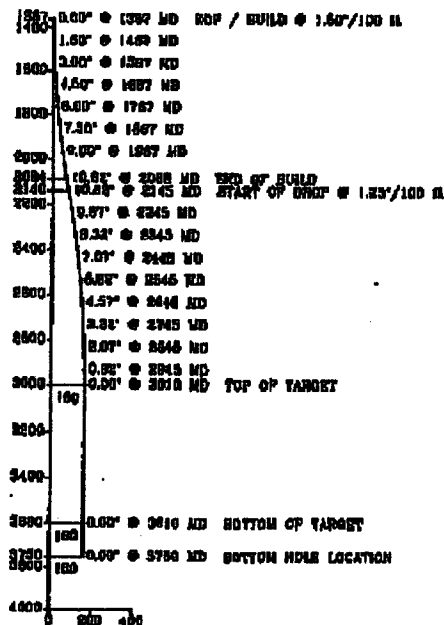
Rick Eaton

THE WISER OIL COMPANY  
STATE AZ WELL #3  
SEC. 16, T17S, R31E  
EDDY COUNTY, NEW MEXICO  
DIRECTIONAL PROPOSAL



VERTICAL VIEW  
SCALE 200 ft. / in.  
TVD REF: KB  
VERTICAL SECTION REF: WELLHEAD

HORIZONTAL VIEW  
SCALE 20 ft. / in.  
SURVEY REF: WELLHEAD



PROPOSED DRILL	
TVD	3750.00
MD	3750.12
VS	100.00
N/S	0.00 E
E/W	100.00 W

VERTICAL SECTION PLANE: N 90.00 W

**HALLIBURTON DRILLING SYSTEMS**

Page 1

**Proposal Report**

Date: 8/17/87

Time: 5:45 pm

Wellpath ID: DIRECTIONAL WELLPLAN

Last Revision: 8/17/87

*Calculated using the Minimum Curvature Method**Computed using WIN-CADDs REV2.2.2*

Vertical Section Plane: N 90.00 W

Survey Reference: WELLHEAD

Offset, Reference To Wellhead: (ft): 0.00 N 0.00 E 0.00 TVD

Vertical Section Reference: WELLHEAD

Closure Reference: WELLHEAD

TVD Reference: KB

Measured Depth (ft)	Incl (deg.)	Drift Dir. (deg.)	Course Length (ft)	TVD (ft)	TOTAL Rectangular Offsets (ft)		DLS (dg/100ft)	Vertical Section (ft)
KOP / BUILD @ 1.50 deg/100 ft								
1367.00	0.00	N 0.00 E	0.00	1367.00	0.00 N	0.00 E	0.00	0.00
1467.00	1.50	N 90.00 W	100.00	1466.99	0.00 S	1.31W	1.50	1.31
1667.00	3.00	N 90.00 W	100.00	1566.91	0.00 S	5.23W	1.50	5.23
1667.00	4.50	N 90.00 W	100.00	1666.89	0.00 S	11.77W	1.50	11.77
1767.00	6.00	N 90.00 W	100.00	1766.27	0.00 S	20.92W	1.50	20.92
1867.00	7.50	N 90.00 W	100.00	1866.57	0.00 S	32.68W	1.50	32.68
1967.00	9.00	N 90.00 W	100.00	1964.54	0.00 S	47.03W	1.50	47.03
2067.00	10.50	N 90.00 W	100.00	2063.09	0.00 S	63.96W	1.50	63.96
END OF BUILD								
2088.27	10.82	N 90.00 W	21.27	2083.99	0.00 S	67.90W	1.50	67.90
START OF CURVE @ 1.25 deg/100 ft								
2144.90	10.82	N 90.00 W	56.63	2139.61	0.00 S	78.53W	0.00	78.53
2244.90	9.57	N 90.00 W	100.00	2238.93	0.00 S	96.22W	1.25	96.22
2344.90	8.32	N 90.00 W	100.00	2336.82	0.00 S	111.77W	1.25	111.77
2444.90	7.07	N 90.00 W	100.00	2435.91	0.00 S	125.16W	1.25	125.16
2544.90	5.82	N 90.00 W	100.00	2535.28	0.00 S	136.38W	1.25	136.38
2644.90	4.57	N 90.00 W	100.00	2634.87	0.00 S	145.43W	1.25	145.43
2744.90	3.32	N 90.00 W	100.00	2734.63	0.00 S	152.31W	1.25	152.31
2844.90	2.07	N 90.00 W	100.00	2834.62	0.00 S	157.01W	1.25	157.01
2944.90	0.82	N 90.00 W	100.00	2934.48	0.00 S	159.53W	1.25	159.53
TOP OF TARGET								
3010.42	0.00	N 0.00 E	65.52	3000.00	0.00 S	160.00W	1.25	160.00
BOTTOM OF TARGET								
3610.42	0.00	N 0.00 E	600.00	3600.00	0.00 S	160.00W	0.00	160.00
BOTTOM HOLE LOCATION								
3760.42	0.00	N 0.00 E	150.00	3750.00	0.00 S	160.00W	0.00	160.00

**COOPERATIVE UNIT LINE INJECTION WELL  
AND UNIT LINE INFILL DRILLING AGREEMENT**

**SKELLY WATERFLOOD UNIT  
TURNER "B" WATERFLOOD PROJECT**

THIS AGREEMENT is entered into by The Wisser Oil Company as Operator of the Skelly Waterflood Unit, hereafter referred to as "Wisser", and Devon Energy Corporation (Nevada), as Operator of the Turner "B" Waterflood Project, hereafter referred to as "Devon".

**RECITALS:**

1. Wisser is the Operator of the Skelly Waterflood Unit under the terms of the applicable Unit Agreement and the Unit Operating Agreement for said Unit (the "Unit") and the owner of 100% working interest therein.
2. Devon is the Operator of the Turner "B" Waterflood Project as approved by State of New Mexico Oil Conservation Division Order No. R-3185 (the "Project") and the owner of 100% working interest therein.
3. The Unit Area of the Skelly Waterflood Unit includes, among other lands, the W/2 W/2 of Section 21, the W/2 NW/4 and NW/4 SW/4 of Section 28, all in Township 17 South, Range 31 East, Eddy County, New Mexico, and the Project Area for the Turner "B" Waterflood Project, includes, among other lands, the E/2 E/2 of Section 20, the NE/4 SE/4 and E/2 NE/4 of Section 29, all in Township 17 South, Range 31 East, Eddy County, New Mexico.
4. Wisser and Devon desire to enter into an agreement to provide for the continued operation of existing injection wells, the reactivation of existing shut-in injection wells, and the conversion of additional wells to injection as provided in Article 1, along the common boundary of the above described lands for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations underlying said lands in order to enhance the recovery of hydrocarbons from their respective Unit/Project. Wisser and Devon also desire to enter into an agreement to drill up to six infill producing wells on 20 acre spacing units along the common boundary line of the Skelly Waterflood Unit and the Turner "B" Waterflood Project in accordance with Article 7 below.

NOW, THEREFORE, in consideration of the mutual benefits to be derived from the covenants and obligations herein contained, Wisser and Devon agree as follows:

**ARTICLE I**

**INJECTION WELLS**

- 1.1 Wisser has made application before the New Mexico Oil Conservation Division to convert to injection or reactivate existing shut-in injection wells as follows:

Skelly Unit #62 Located in NW/4 NW/4 of Section 21-T17S-R31E  
Skelly Unit #63 Located in SW/4 NW/4 of Section 21-T17S-R31E  
Skelly Unit #64 Located in NW/4 SW/4 of Section 21-T17S-R31E  
Skelly Unit #74 Located in SW/4 SW/4 of Section 21-T17S-R31E  
Skelly Unit #82 Located in NW/4 NW/4 of Section 28-T17N-R31E  
Skelly Unit #82 Located in SW/4 NW/4 of Section 28-T17N-R31E  
Skelly Unit 100 Located in NW/4 SW/4 of Section 28-T17N-R31E

Within one hundred twenty (120) days of receipt of approval by the New Mexico Oil Conservation Division, Wisser shall convert, reactivate and equip the above wells as necessary, for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations. These wells shall be equipped, maintained and operated under this agreement, and the

covenants of Wiser under this agreement shall be performed at the expense of Wiser as an item of unit expense under the Unit Operating Agreement for the Skelly Waterflood Unit.

1.2 Devon, within thirty (30) days after execution of this agreement, shall make application before the New Mexico Oil Conservation Division to convert to injection or reactivate existing shut-in injection wells as follows:

Turner "B" #11 Located in SE/4 NE/4 of Section 20-T17S-R31E  
Turner "B" #9 Located in NE/4 NE/4 of Section 20-T17S-R31E  
Turner "B" #51 Located in NE/4 SE/4 of Section 20-T17S-R31E  
Turner "B" #59 Located in NE/4 NE/4 of Section 29-T17S-R31E  
Turner "B" #62 Located in NE/4 SE/4 of Section 29-T17S-R31E

Within one hundred twenty (120) days of receipt of approval by the New Mexico Oil Conservation Division, Devon shall convert, reactivate, and equip the above wells as necessary, for the injection of water into one or more of the Seven Rivers, Queen, Grayburg, and San Andres formations. These wells shall be equipped, maintained and operated under this agreement, and the covenants of Devon under this agreement shall be performed at the sole expense and risk of Devon.

1.2.1 Wiser and Devon recognize that the following Devon operated wells have previously been converted to injection and are currently injecting water into one or more of the Seven Rivers, Queen, Grayburg and San Andres formations:

Turner "B" #46 Located in SE/4 SE/4 of Section 20-T17S-R31E  
Turner "B" #55 Located in SE/4 NE/4 of Section 29-T17S-R31E

The above wells shall continue to be operated in accordance with the terms of this agreement and more specifically in accordance with Article 2.2 hereof.

1.3 Well Log: Upon execution of this agreement and upon request, each party shall provide the other party with a copy of a porosity log on each of the wells contemplated by this agreement, indicating perforation depth. Each party, upon request, shall also provide the other party with details of workover operations on each of the wells, including stimulation and squeezing operations.

1.4 Replacement and Substitute Wells: It is recognized by the parties that the incremental recovery of hydrocarbons reasonably expected from each Unit/Project Area as a result of the injection operations contemplated by this agreement may not justify the drilling of a replacement well in the event a party is unable to continue operations of existing injection wells or is unable to convert its well to an injection well or to obtain governmental authorization to inject fluids into the well. If, as a result of a lack of wellbore integrity or other condition in the hole or formations penetrated, either party is unable after exercising reasonable diligence as would a prudent operator to continue operations of existing injection wells or to convert the wells described in Articles 1.1, 1.2 and 1.2.1 herein to injection wells or to obtain governmental authorization to inject fluids into the Seven Rivers, Queen, Grayburg and San Andres formations, said party shall, within thirty (30) days, notify the other party hereto in writing of the condition of such well and shall have the option but not the obligation to propose either to substitute an existing well therefor, or to drill a replacement well at a location within three hundred (300) feet of the well to be replaced.

If the notifying party has elected to drill a replacement well, it shall, within a reasonable time after giving the above described notice, begin operations for the drilling of the replacement well. If it has chosen to propose a substitute well, the remaining party hereto may either accept or reject the proposed substitute well. If the notifying party proposes a substitute well that is acceptable to the remaining party hereto, the notifying party shall drill and equip said well within one hundred twenty (120) days after receiving the remaining party's written acceptance thereof. If the remaining party hereto rejects the proposed substitute well, such remaining party shall have the option to cease operating any adjacent injection well covered by this agreement.

## ARTICLE 2

### OPERATION

2.1 Water Supply: Each party either has constructed or shall construct and maintain facilities necessary for delivery of water to its injection wells and shall furnish water suitable for injection therein. Each party, upon request, shall provide the other party with a water analysis of its injection water.

2.2 Injection: Except as otherwise provided in Article 1.4 herein ("Replacement and Substitute Wells"), water injection into each of the proposed conversion injection wells and re-activated injection wells shall commence within sixty (60) days after receipt of approval by the New Mexico Oil Conservation Division. Injection of water into each injection well covered by this agreement, shall be at rates and pressures mutually agreed upon, and below the fracturing pressure of the formation as determined by periodic step-rate injectivity tests. Prior to running a step-rate test, the operating pressure on the well shall be set at a level lower than the lowest fracturing pressures measured by step-rate tests in nearby injection wells completed in the formation. If the rates and pressures cannot be mutually agreed upon, the rate shall be at least 300 barrels of water a day, provided the rate does not result in a bottomhole pressure which is greater than the formation fracturing pressure. Each party, upon request, shall provide the other party details of the results of each step-rate test and any fall-off tests conducted on its wells. Each month, each party shall provide the other party with a statement showing the average daily injection rate and the average daily injection pressure, for the previous month, along with the cumulative injection volumes, for all wells within 700 feet of the common unit boundary.

2.3 Injection Profile: Each party shall run annual radioactive water tracer surveys on its wells. Each party shall, upon request, provide a copy of its injection profile logs to the other party hereto.

2.4 Metering: Each party shall be responsible, at its sole cost and expense, for installing and maintaining in good repair, appropriate pressure gauges and water meters for each of the injection wells covered by this agreement.

## ARTICLE 3

### INTERESTS AND OBLIGATIONS OF PARTIES

3.1 Interests of Parties: Nothing in this agreement shall be deemed to be an assignment or a cross-assignment of interests in the respective Unit/Project Areas. This agreement is entered into for the sole purpose of providing for the operation of injection and infill producing wells on the common boundary of the Unit/Project Areas to enhance the recovery of hydrocarbons from each Unit/Project Area so that the party who operates the Unit/Project Area, along with the other owners of interests in production from the Unit/Project Area, may benefit by an increase in ultimate recovery of hydrocarbons from the Unit/Project Area.

3.2 Obligations of Parties: The obligations and liabilities of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations as set out in this agreement. It is not the intention of the parties to create, nor shall this agreement be construed to create, a mining or other partnership or association, or to render the parties liable as partners.

## ARTICLE 4

### FORCE MAJEURE

If either party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, that party shall give to the other party prompt notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than the continuance of, the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed shall mean an act of God, strike, lockout or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, failure of water supply, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

#### ARTICLE 5

##### NOTICES

All notices and other communications authorized or required between the parties under this agreement shall be deemed to have been given when such communications in writing shall have been received by fax or United States mail, by the party to whom the notice is given at the following address:

Wiser:

The Wiser Oil Company  
8115 Preston Road, Suite 400  
Dallas, TX 75225  
Attn: Matt Eagleston  
Project Manager

Devon:

Devon Energy Corporation (Nevada)  
20 North Broadway, Suite 1500  
Oklahoma City, OK 73102  
Attn: Steve Cromwell  
Land Manager

Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to the other party.

#### ARTICLE 6

##### EFFECTIVE DATE AND TERM OF AGREEMENT

6.1 Effective Date: The effective date of this agreement shall be January 1, 1997.

6.2 Term of Agreement: This agreement shall be in effect for a period of five (5) years after the effective date hereof and so long thereafter as the Skelly Waterflood Unit, and the Turner "B" Waterflood Project are in effect, unless earlier terminated as hereafter set forth.

This agreement may be terminated at any time after the expiration of such five (5) year term by unanimous agreement of the parties hereto. If the parties are unable to agree, the term of this agreement shall not extend beyond ten (10) years from the cessation of operations attributable to the wells covered in Article 1 and Article 7 hereof.

#### ARTICLE 7

##### INFILL DEVELOPMENT

In order to further enhance the ultimate recovery of hydrocarbons from both the Skelly Waterflood Unit and the Turner "B" Waterflood Project, Wiser and Devon each agree to drill and operate three infill producing wells along the common boundary of the Unit/Project at the approximate locations described on Exhibit "A" attached hereto. Such wells shall be drilled and completed within one hundred eighty (180) days from the execution of this agreement. Wiser and Devon recognize that in order to be able to drill these infill wells at the proposed locations, each company will be required to obtain unorthodox location approval from the New Mexico Oil Conservation Division. Accordingly, Wiser and Devon hereby covenant to execute any waivers



necessary for the remaining party hereto to administratively obtain such unorthodox locations in accordance with applicable New Mexico Oil Conservation Division rules.

In order to share in the risks and rewards of drilling the proposed infill wells, Wiser and Devon further agree that an operating agreement between the parties, designating Devon as operator of those infill wells located on the Turner "B" Lease, and further designating Wiser as operator of those infill wells located on the Skelly Unit, which shall be executed simultaneously with this agreement, is attached hereto as Exhibit "B" and made a part hereof. Said operating agreement shall govern the drilling, completion and all other operations associated with such infill wells. Notwithstanding the current working interest ownership of the Turner "B" Waterflood Project and the Skelly Waterflood Unit as recited in paragraphs 1 and 2 above, the working interest of the parties under said operating agreement shall be:

The Wiser Oil Company	50.00%
Devon Energy Corporation (Nevada)	50.00%

The operating agreement and exhibits thereto shall become effective as of the effective date of this agreement and shall govern any operations not expressly covered by this agreement. In the event of a conflict between the terms of the Operating Agreement attached hereto as Exhibit "B" and the terms of this agreement, the terms of this agreement shall prevail.

Production attributable to the Devon operated infill wells as set forth on Exhibit "A" shall be commingled into an existing Turner "B" tank battery of Devon's choice. Production attributable to the Wiser operated infill wells as set forth on Exhibit "A" shall be commingled into an existing Skelly Waterflood tank battery of Wiser's choice. Wiser and Devon agree that production from such infill wells shall be allocated based upon monthly well tests. Well testing shall be accomplished utilizing a test heater treater or test separator. Produced fluid from a well to be tested will be segregated from the field production and diverted to a test vessel where the separation of oil, gas and water will occur. Only one well shall be tested at a time. No other wells shall be allowed to produce into the test vessel when another well is being tested. Oil and water volumes exiting the vessel will be metered or sent to a test tank for direct measurement.

If metering oil volumes, meter accuracy should be at least  $\pm 1.0\%$  with a repeatability of at least  $\pm 0.05\%$ . Oil meters should be calibrated on a quarterly basis with each party having the right, upon thirty (30) days written notice, to witness such oil meter calibrations. Any time the accuracy of a meter is in question either party with reasonable written notification may inspect the other party's oil meter at their own expense.

Gas volumes may be allocated based on the applicable Project or Unit GOR, or gas volumes may be measured using an orifice well tester connected to the gas outlet on the heater treater or test separator.

#### ARTICLE 8

##### COMPLIANCE WITH LAWS AND REGULATIONS

**8.1 Laws, Regulations and Orders:** This agreement shall be subject to and operations hereunder shall be conducted in compliance with the conservation laws of the State of New Mexico, the valid rules, regulations and orders of the New Mexico Oil Conservation Division and all other applicable federal, state and local laws, ordinances, rules, regulations and orders.

**8.2 Governing Law:** This agreement and all matters pertaining hereto, including, but not limited to, matters of performance, nonperformance, breach, remedies, procedures, rights, duties and interpretations or construction, shall be governed and determined by the law of the State of New Mexico.

ARTICLE 9

INDEMNITY

Each party hereto agrees to protect, defend, indemnify and hold harmless the other party from and against any claims, demands, causes of action, losses and/or liabilities of every kind and character arising out of, incident to, or in connection with such other party's water injection operations pursuant to the provisions of this agreement excepting, however, any claim, demand, cause of action, loss and/or liability which may result from the gross negligence or willful misconduct of such other party, its agents, officers, or employees. Such indemnity shall include, without limitation, reasonable attorney's fees, court costs and similar expenses. Each party hereby releases the other party from any liability for damages to the releasing party's interest in and to the releasing party's land described herein arising out of, incident to, or in connection with the operations contemplated by this agreement, provided such operations are conducted in accordance with the terms and conditions of this agreement and such damage is not the result of gross negligence or willful misconduct of such other party.

ARTICLE 10

MISCELLANEOUS

10.1 **Entire Agreement:** This agreement embodies the entire agreement between the parties relating to the subject matter hereof and shall supersede all other agreements, assurances, conditions, covenants or terms relating hereto, whether written or verbal or antecedent or contemporaneous with the execution thereof. This agreement may be modified or amended only by an instrument in writing signed by both parties.

10.2 **Captions:** Captions have been inserted for reference purposes only and shall not define or limit the terms of this agreement.

10.3 **Binding Effect:** This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective successors, legal representatives and assigns.

WITNESS EXECUTION this 25<sup>th</sup> day of April, 1997.

ATTEST:

THE WISER OIL COMPANY

By: \_\_\_\_\_

By: W. B. Phillips  
W. B. Phillips  
Attorney-in-Fact

ATTEST:

DEVON ENERGY CORPORATION (NEVADA)

By: Steve Cronwell  
STEVE CRONWELL  
Assistant Secretary

By: J. M. Lacey  
J. M. Lacey  
Vice President

EXHIBIT "A"

Attached to and made a part of that certain Joint Operating Agreement dated January 1, 1997 by and between The Wiser Oil Company and Devon Energy Corporation (Nevada)

I	CONTRACT AREA:	OPERATOR:
# 400	Stelly Unit Well #258, 10' FSL and 10' FWL, Section 21-T17S-R31E	The Wiser Oil Company
# 401	Stelly Unit Well #271, 1300' FNL and 10' FWL, Section 28-T17S-R31E	The Wiser Oil Company
# 402	Stelly Unit Well #282, 2625' FNL and 10' FWL, Section 28-T17S-R31E	The Wiser Oil Company
	Turner B-134, 1350' FNL and 10' FEL, Section 20-T17S-R31E	Devon Energy Corporation (Nevada)
	Turner B-135, 2625' FNL and 10' FEL, Section 20-T17S-R31E	Devon Energy Corporation (Nevada)
	Turner B-136, 3900' FNL and 10' FEL, Section 21-T17S-R31E	Devon Energy Corporation (Nevada)

II. ADDRESSES FOR NOTICE PURPOSES:

The Wiser Oil Company 8115 Preston Road, Suite 400 Dallas, TX 75225 Attn: Matt Engleston Project Manager	Devon Energy Corporation (Nevada) 20 North Broadway, Suite 1500 Oklahoma City, OK 73102 Attn: Steve Cromwell Land Manager
--	---

III. PERCENTAGE WORKING INTERESTS OF THE PARTIES:

Parties	Percentage Working Interest in Contract Area
The Wiser Oil Company	50.00%
Devon Energy Corporation (Nevada)	50.00%
Totals	100.00%

IV. DESCRIPTION OF COMMITTED LEASEHOLD:

Each of the Oil, Gas and Mineral Leases, or undivided interests therein, committed to this Agreement by the parties hereto and listed hereinafter are committed INSOFAR, AND ONLY INSOFAR, as each covers lands and depths within the Contract Area. All recording references are to the County Records of Eddy County, New Mexico.

A. Leases committed by The Wiser Oil Company (100%):

LESSOR	LESSEE	LEASE DATE	LESSOR ROY.	OTHER BURDENS	RECORDING REFERENCE BOOK PAGE
USA #LC-029420-B	Stelly Oil Company	4/30/88	oil -.0210000 gas -.1250000	.0100000 ORRI	

B. Leases committed by Devon Energy Corporation (Nevada) (100%):

LESSOR	LESSEE	LEASE DATE	LESSOR ROY.	OTHER BURDENS	RECORDING REFERENCE BOOK PAGE
USA #LC-02939543	Danziger Oil & Refining Co.	4/1/88	oil -.0210000 gas -.1250000	0.	



# J.O. EASLEY, INC.

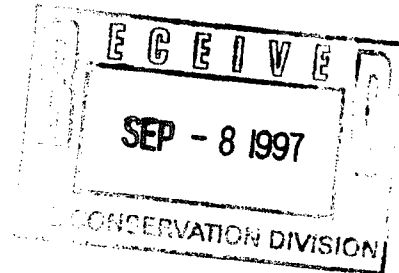
ESTABLISHED 1979

P.O. Box 245 88211-0245  
119 South Roselawn, Suite 302  
Artesia, New Mexico 88210

September 4, 1997

Telephone (505) 746-1070  
Fax (505) 746-1073

Mr. William Lemay  
New Mexico OCD  
2040 South Pacheco  
Santa Fe, New Mexico 87505



RE: Application for Administrative Approval  
to drill Directional Well to an Unorthodox  
Bottom Hole Location  
State "AZ" # 3 well  
Unit M Section 16-17S-31E  
Eddy County, New Mexico

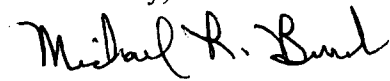
Dear Mr. Lemay:

Pursuant to my letter dated August 21, 1997 seeking approval for the above noted well,  
please find following items:

- (1) Affidavit of Mailing to offset Operators, which was inadvertently left out of  
our original application.
- (2) Horizontal & Vertical Plan View for subject well, which is of better quality  
than previously submitted copy.

Upon review, should you have any questions or need any additional information, please  
feel free to give me a call. Thank you for your attention to this matter.

Sincerely,  
J. O. Easley, Inc.

  
Michael R. Burch, CPL

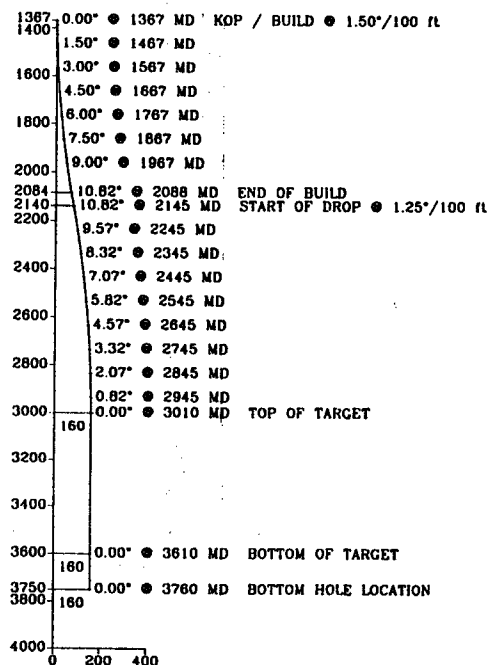
mr/s  
enclosures



THE WISER OIL COMPANY  
STATE AZ WELL #3  
SEC. 16, T17S, R31E  
EDDY COUNTY, NEW MEXICO  
DIRECTIONAL PROPOSAL

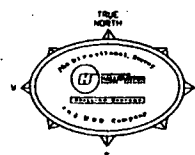
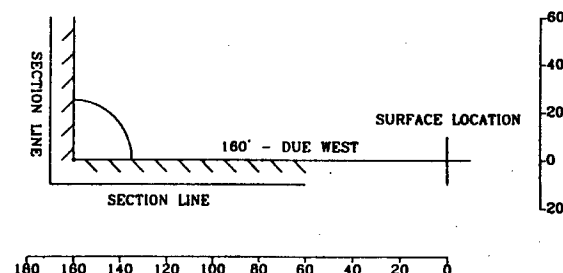


VERTICAL VIEW  
SCALE 200 ft. / in.  
TVD REF: KB  
VERTICAL SECTION REF: WELLHEAD



VERTICAL SECTION PLANE: N 90.00 W

HORIZONTAL VIEW  
SCALE 20 ft. / in.  
SURVEY REF: WELLHEAD



PROPOSED BHL	
TVD	3750.00
MD	3760.42
VS	160.00
N/S	0.00 S
E/W	160.00 W

## Page 1

**Date: 8/25/97**

**Time: 1:58 pm**

**Wellpath ID: DIRECTIONAL WELLPLAN**

**Last Revision: 8/22/97**

**Calculated using the Minimum Curvature Method**

**Computed using WIN-CADDS REV2.2.2**

**Vertical Section Plane: N 90.00 W**

**Survey Reference: WELLHEAD**

**Offset, Reference To WellHead: (ft): 0.00 N 0.00 E 0.00 TVD**

**Vertical Section Reference: WELLHEAD**

**Closure Reference: WELLHEAD**

**TVD Reference: KB**

## THE WISER OIL COMPANY

**STATE AZ WELL #3**

**SEC. 16, T17S, R31E**

**EDDY COUNTY, NEW MEXICO**

## DIRECTIONAL WELLPLAN

Measured Depth (ft)	Incl (deg.)	Drift Dir. (deg.)	Course Length (ft)	TVD (ft)	T O T A L Rectangular Offsets (ft) (ft)		DLS (dg/100ft)	Vertical Section (ft)
KOP / BUILD @ 1.50 deg/100 ft								
1367.00	0.00	N 0.00 E	0.00	1367.00	0.00 N	0.00 E	0.00	0.00
1467.00	1.50	N 90.00 W	100.00	1466.99	0.00 S	1.31W	1.50	1.31
1567.00	3.00	N 90.00 W	100.00	1566.91	0.00 S	5.23W	1.50	5.23
1667.00	4.50	N 90.00 W	100.00	1666.69	0.00 S	11.77W	1.50	11.77
1767.00	6.00	N 90.00 W	100.00	1766.27	0.00 S	20.92W	1.50	20.92
1867.00	7.50	N 90.00 W	100.00	1865.57	0.00 S	32.68W	1.50	32.68
1967.00	9.00	N 90.00 W	100.00	1964.54	0.00 S	47.03W	1.50	47.03
2067.00	10.50	N 90.00 W	100.00	2063.09	0.00 S	63.96W	1.50	63.96
END OF BUILD								
2088.27	10.82	N 90.00 W	21.27	2083.99	0.00 S	67.90W	1.50	67.90
START OF CURVE @ 1.25 deg/100 ft								
2144.90	10.82	N 90.00 W	56.63	2139.61	0.00 S	78.53W	0.00	78.53
2244.90	9.57	N 90.00 W	100.00	2238.03	0.00 S	96.22W	1.25	96.22
2344.90	8.32	N 90.00 W	100.00	2336.82	0.00 S	111.77W	1.25	111.77
2444.90	7.07	N 90.00 W	100.00	2435.91	0.00 S	125.16W	1.25	125.16
2544.90	5.82	N 90.00 W	100.00	2535.28	0.00 S	136.38W	1.25	136.38
2644.90	4.57	N 90.00 W	100.00	2634.87	0.00 S	145.43W	1.25	145.43
2744.90	3.32	N 90.00 W	100.00	2734.63	0.00 S	152.31W	1.25	152.31
2844.90	2.07	N 90.00 W	100.00	2834.52	0.00 S	157.01W	1.25	157.01
2944.90	0.82	N 90.00 W	100.00	2934.48	0.00 S	159.53W	1.25	159.53
TOP OF TARGET								
3010.42	0.00	N 0.00 E	65.52	3000.00	0.00 S	160.00W	1.25	160.00
BOTTOM OF TARGET								

# HALLIBURTON DRILLING SYSTEMS

Page 2

Date: 8/25/97

Proposal Report Wellpath ID: DIRECTIONAL WELLPLAN

Measured Depth (ft)	Incl (deg.)	Drift Dir. (deg.)	Course Length (ft)	TVD (ft)	TOTAL Rectangular Offsets (ft)		DLS (dg/100ft)	Vertical Section (ft)
3610.42	0.00	N 0.00 E	600.00	3600.00	0.00 S	160.00W	0.00	160.00
BOTTOM HOLE LOCATION								
3760.42	0.00	N 0.00 E	150.00	3750.00	0.00 S	160.00W	0.00	160.00