

DATE IN 7/6/06	SUSPENSE	ENGINEER MIKE STOGNER	LOGGED IN 7/6/06	TYPE NSL	APP NO. pTDS0618737283
----------------	----------	-----------------------	------------------	----------	------------------------

Devon

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



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-Qualified 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 _____
- [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] **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.

_____ Print or Type Name	_____ Signature	_____ Title	_____ Date
_____ e-mail Address			



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

FAX

To: MIKE STOGNER

From: KEN GRAY

Fax: 505-476-3462

Date: 7/6/06

Phone:

Pages: 5 (including cover page)

Re: PERFECTO 2 STATE COM #7 CC:

Urgent

For Review

Please Comment

Please Reply

Please Recycle

• Comments:

devon

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

July 6, 2006

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Attn: Michael Stogner

Re: Unorthodox Location
Perfecto 2 State Com #1
2,070' FNL & 675' FWL
Section 2-T22S-R26E
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. (Devon), as Operator, intends to drill the referenced Morrow well to a depth of approximately 11,500' and dedicate the W/2 of Section 2 as the drilling and spacing unit. Devon initially attempted to stake and permit this well at an orthodox location. However, the original location was located on the side of a hill with a steep grade and Devon was required to move the location to flatter ground. The closest drillable location as approved by the NMOCDD is located 2,070' FNL & 675' FWL which is an unorthodox location as it is closer than 660' to the center quarter section line of the designated spacing unit pursuant to the statewide pool rules.

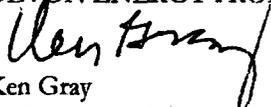
Inasmuch as this well will be producing from an unorthodox location from that permitted by the statewide pool rules, Devon respectfully requests that the Commission administratively approve this application for an unorthodox location in accordance with Division Rule 104(F)(3). Devon is the owner of 100% of the leasehold interest (all private lands) in the SW/4 of said Section 2 and the only party affected by this application. Therefore, no additional notification is required.

Attached you will find a land plat of the area affected by this application, a Bone Spring Limestone structure, a State of New Mexico form C-102 and a Basin Surveys topographic map.

If there are any questions or if additional information is required feel free to call me at (405) 552-4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.


Ken Gray
Senior Land Advisor

Kg/
Enclosure

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

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, 1997

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 PERFECTO "2" STATE	Well Number 1
OGRID No.	Operator Name DEVON ENERGY PRODUCTION CO., L.P.	Elevation 3236'

Surface Location

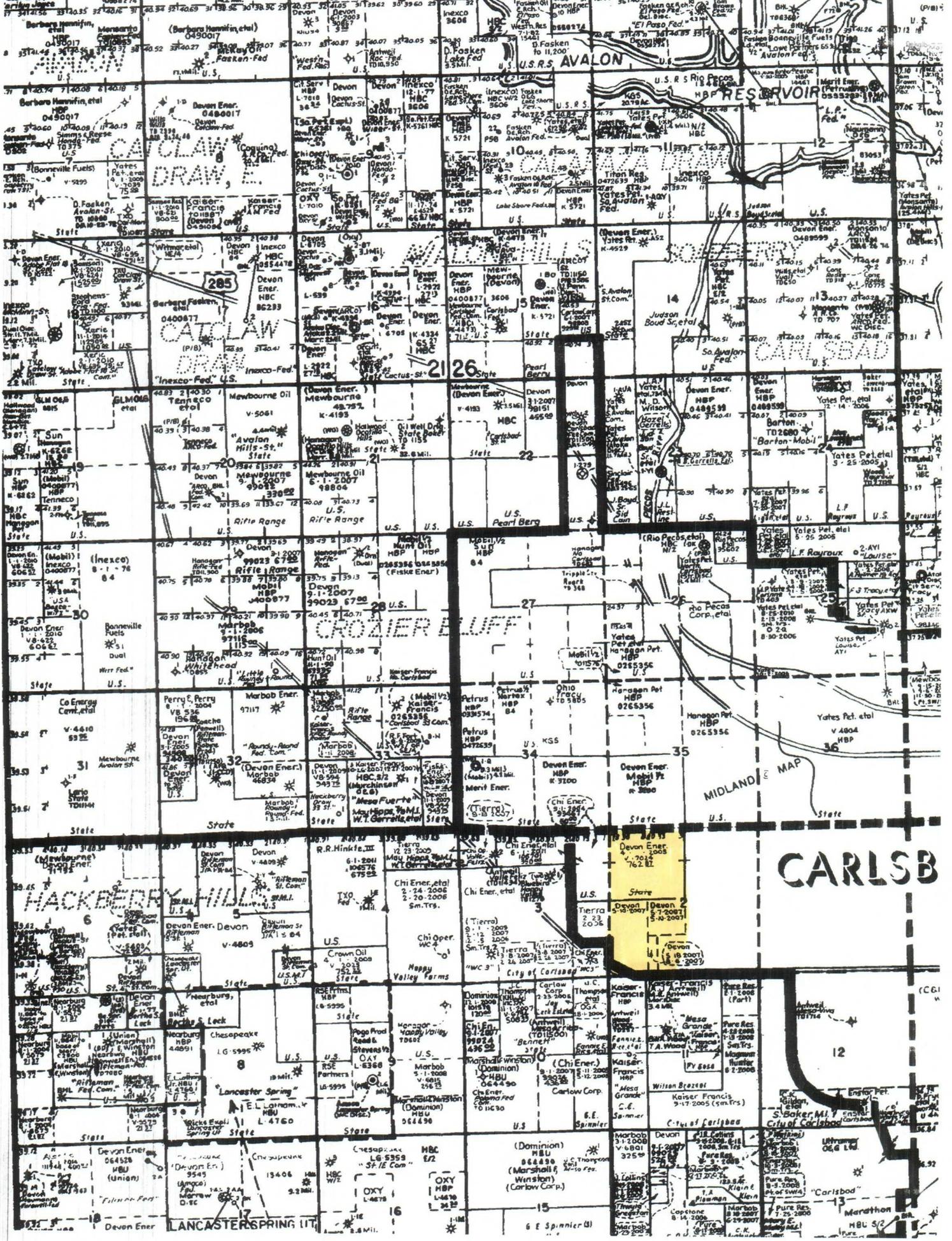
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	22 S	26 E		2070	NORTH	675	WEST	EDDY

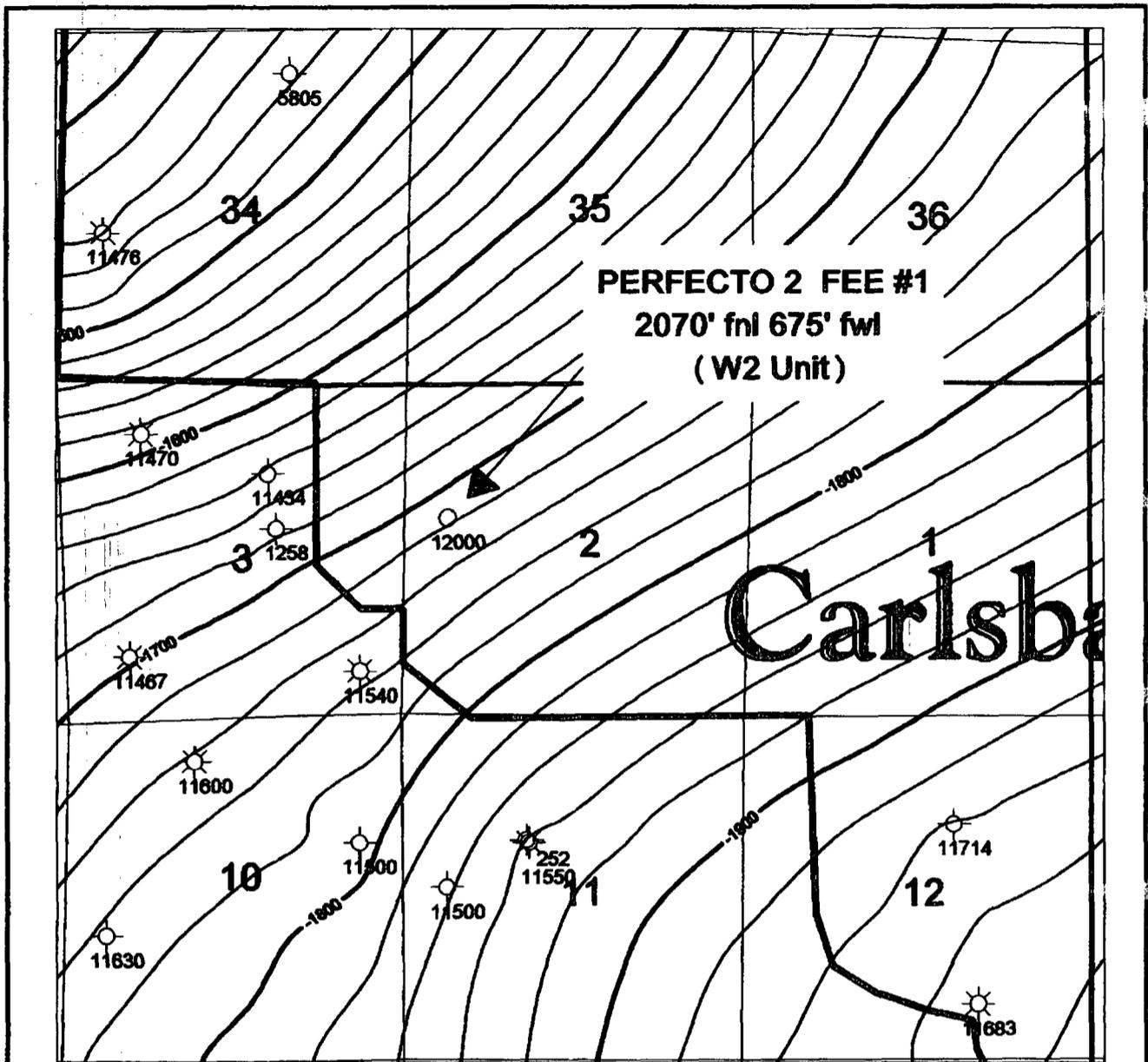
Bottom Hole Location If Different From Surface

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

<p>Lot 4 Lot 3 Lot 2 Lot 1</p> <p>2070'</p> <p>675'</p> <p>Lat - N32°25'22.9" Long - W104°16'11.6"</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that 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>
	<p>SURVEYOR CERTIFICATION</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>FEBRUARY 25, 2006</p> <p>Date Surveyed _____</p> <p>Signature of Gary L. Jones Professional Surveyor</p> <p>W.O. No. 6288</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>





Well Status

- ☀ 1O&1G
- ☀ 2GAS
- ☀ 3GAS
- ⊙ D&A
- D&A-G
- D&A-OG
- J&A
- P&A
- ☀ GAS
- GAS-WO
- LOC
- OIL
- WINJ

devon

Devon Perfecto 2 Fee 1 NSL locator plat
Structure: Top Subsea_Bone Spring Limestone

Author: CDM	Isopach C.I. 20 ft	Date: 5 July, 2006
Perfecto_NSL Plat.gmp	Scale: 1 : 2000	A_C_FH AOI

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

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

1. Operator Name and Address DEVON ENERGY PRODUCTION COMPANY, LP 20 N BROADWAY OKLAHOMA CITY, OK 73102		2. OGRID Number 6137
		3. API Number 30-015-34896
4. Property Code 35691	5. Property Name PERFECTO 2 STATE	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	2	22S	26E	E	2070	N	675	W	EDDY

8. Pool Information

HAPPY VALLEY MORROW (GAS)	78060
---------------------------	-------

Additional Well Information

9. Well Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3236
14. Multiple N	15. Proposed Depth 11525	16. Formation Morrow	17. Contractor	18. Spud Date 5/15/2006
Depth to Ground water 50		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 20000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	600	295	0
Int1	12.25	9.625	36	2300	950	0
Prod	8.75	5.5	17	11525	2476	2500

Casing/Cement Program: Additional Comments

13 3/8 with 295 sacks Class C Cmt + 0.25 lbs/sack Cello Flake. 9 5/8 lead w/700 sacks Class C Cmt + 0.25 lbs/sack Cello Flake, tail w/250 sacks Class C Cmt + 0.25 lbs/sack Cello Flake. 5 1/2 Stage 1 w/850 sacks Class C Cmt + 0.25 lbs/sack Cello Flake, Stage 2 w/1117 sacks H Cmt + 0.25 lbs/sack Cello Flake. Stage 3 lead w/359 sacks Class C Cmt + 0.25 lbs/sack Cello Flake, tail w/ 150 sacks Class C Cmt + 0.25 lbs/sack Cello Flake. Mud: 0-260 fresh, 8.4-9.4, 32-34, NC water loss, 260-2800 fresh, 8.5-9.6, 28-35, NC water loss, 2800-10000 fw/cut brine, 8.4-9.4, 28-32, NC water loss, 10000-11525 brine, 9.8-10.5, 36-4, 8-6 water loss.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	5000	
Pipe	5000	5000	
Blind	5000	5000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> a general permit <input checked="" type="checkbox"/> , or an (attached) alternative OCB-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arant	
Printed Name: Electronically filed by Linda Guthrie	Title: Geologist	
Title: Sr. Regulatory Specialist	Approved Date: 5/26/2006	Expiration Date: 5/26/2007
Email Address: linda.guthrie@dmn.com		
Date: 5/8/2006	Phone: 405-228-8209	Conditions of Approval Attached

District II

District III

District IV

Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34896	2. Pool Code 78060	3. Pool Name HAPPY VALLEY,MORROW (GAS)
4. Property Code 35691	5. Property Name PERFECTO 2 STATE	6. Well No. 001
7. OGRID No. 6137	8. Operator Name DEVON ENERGY PRODUCTION COMPANY, LP	9. Elevation 3236

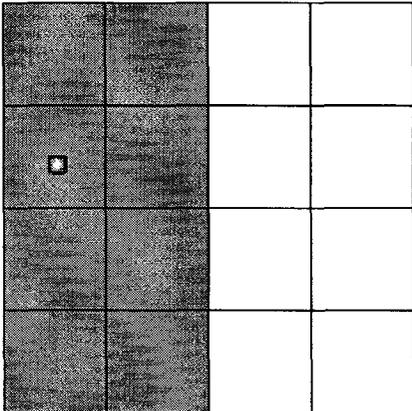
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	2	22S	26E		2070	N	675	W	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		13. Joint or Infill		14. Consolidation Code			15. 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 style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Linda Guthrie Title: Sr. Regulatory Specialist Date: 5/8/2006</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Gery Jones Date of Survey: 2/25/2006 Certificate Number: 7977</p>
--	--

Permit Comments

Operator: DEVON ENERGY PRODUCTION COMPANY, LP , 6137

Well: PERFECTO 2 STATE #001

API: 30-015-34896

Created By	Comment	Comment Date
YSASAS	Depth to groundwater is 50 feet or more, but less than 100 feet, distance to surface water is approximately 1000 feet, well is not in the wellhead protection area. No H2S is expected to be encountered. A nearby gas analysis and a C-102 will be mailed.	5/8/2008

Permit Conditions of Approval

Operator: DEVON ENERGY PRODUCTION COMPANY, LP , 6137

Well: PERFECTO 2 STATE #001

API: 30-015-34896

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Operator to notify OCD time of spud and time to witness the cementing of the the surface and intermediate casing string of casing.
BArrant	Operator to take chloride samples from the flow line every 100' from surface to the setting depth of the intermediate casing. Results of tests are to be submitted to the OCD office in Artesia before well is drilled to total depth.
BArrant	Top of cement on production casing is to be verified by cement bond log or temperature survey before well can produce.
BArrant	Will require administrative order for non-standard location

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

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, 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	Pool Code	Pool Name Happy Valley; Morrow (Gas)
Property Code	Property Name PERFECTO 2 STATE COM	Well Number 1
OGRID No. 6137	Operator Name DEVON ENERGY PRODUCTION CO., L.P.	Elevation 3236'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	22 S	26 E		2070	NORTH	675	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 320	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

RECEIVED
MAY 09 2006
M.M. FINE & SONS

FEE
LEASES

OPERATOR CERTIFICATION

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

Signature: *[Signature]*
Stephanie A. Ysasaga

Printed Name: Sr. Staff Engineering Tech

Title: 05/08/06

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.

FEBRUARY 25, 2006

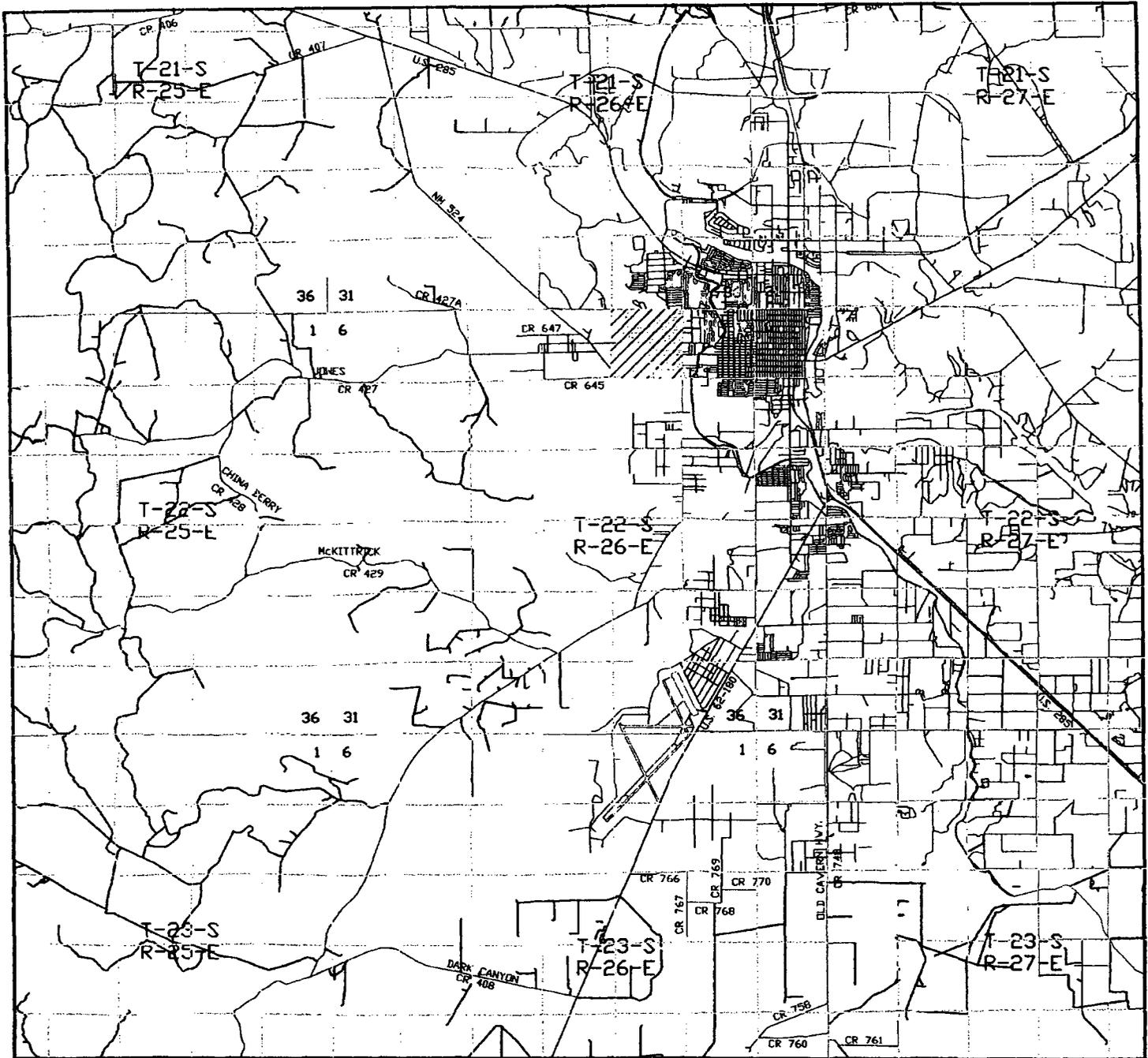
Date Surveyed: FEBRUARY 25, 2006

Signature & Seal of Professional Surveyor: *[Signature]*
GARY L. JONES

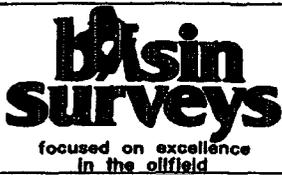
W.O. No. 6289

Certificate No. GARY L. JONES 7977

BASIN SURVEYS



PERFECTO "2" STATE #1
 Located at 2070' FNL AND 675' FWL
 Section 2, Township 22 South, Range 26 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 6289AA - KJG CD#4

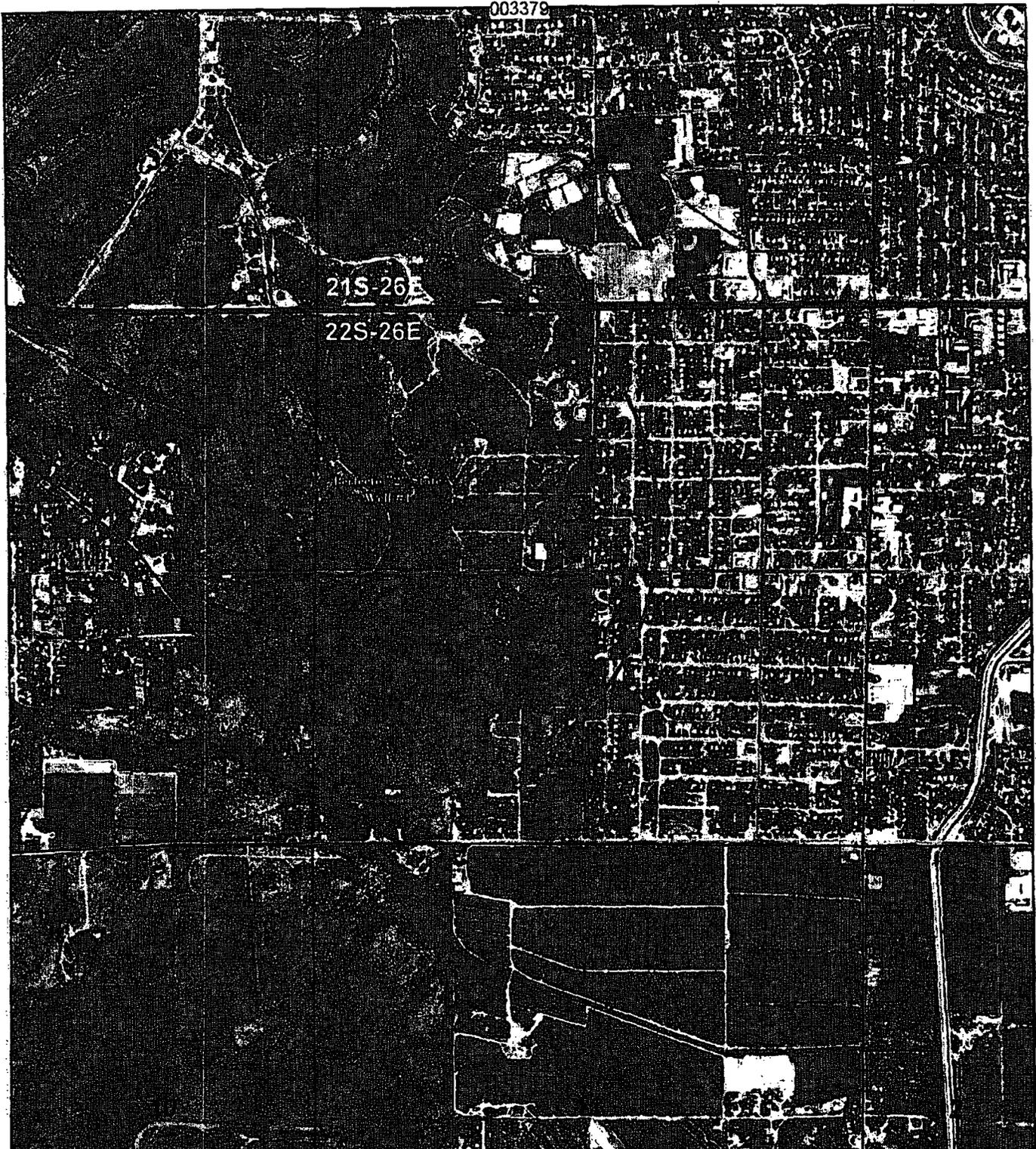
Survey Date: 02-25-2006

Scale: 1" = 2 MILES

Date: 03-03-2006

DEVON ENERGY
 PROD. CO., L.P.

003379



21S-26E

22S-26E

0 1,500 3,000 Feet



Section 2, T22N - R26E
Eddy County, New Mexico

devon

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

AMENDED REPORT

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

Operator Name and Address Devon Energy Production Co., L.P.		OGRID Number 6137
Property Code 35691		API Number 30-015-34896
Property Name Perfecto 2 State		Well No. 1
Proposed Pool 1 Happy Valley; Morrow (Gas)		Proposed Pool 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	22S	26E	E	2070	North	675	West	Eddy

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
E	2	22S	26E	E	2070	North	675	West	Eddy

Additional Well Information

Work Type Code New Well	Well Type Code Gas	Cable/Rotary	Lease Type Code State	Ground Level Elevation 3236'
Multiple N	Proposed Depth 11,650'	Formation Morrow	Contractor	Spud Date 7/15/06
Depth to Groundwater 50' or more, but less than 100'		Distance from nearest fresh water well > 1000'		Distance from nearest surface water > 1000'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12_mils thick' Clay <input type="checkbox"/> Pit Volume: _____ bbls				
Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/4"	13 3/8"	48# H-40 ST&C	405'	543 CLC	0'
17 1/4"	9 5/8"	40# L-55 LT&C	250' 2500	751 CLC	0'
8 1/2"	7"	26# HCP-110 LT&C	8750'	1311 CLC	Tie back to 9 5/8" csg 500'
6 1/8"	4 1/2"	13 5# HCP-110 LT&C	11650'	296 CLC	8450-11650' (see drlg nrm)

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.

Amending initial permit to comply with the City of Carlsbad Wellhead & Water Facilities Ordinance No. 2000-17; Section 34-64; If a well is to be drilled deeper than the Bone Springs formation, a pressure protection casing string shall be set and cemented into the top of the Wolfcamp or lower formation. See attached well bore schematic.

Non-Standard Location applied for, but not approved yet.

Depth to groundwater is 50' or more, but less than 100', distance to surface water is approximately 1000' or more, well is not in the wellhead protection area. Although, this location will require a City Permit. City of Carlsbad Oil & Gas Wells and Pipelines Application for Permit filed with Dave Hennard (RESPEC) & Richard Aguilar (City of Carlsbad). Copy of revised OCD form C-101 provided to both agencies.

See attachment denoting explicit changes from before and after (for ease of review) and drilling prognosis.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

OIL CONSERVATION DIVISION

Approved by: **BRYAN G. ARRANT**
DISTRICT II GEOLOGIST
 Approval Date: **JUL 13 2006** Expiration Date: **JUL 13 2007**

Printed name: Stephanie A. Ysasaga

Title: Sr. Staff Engineering Technician

E-mail Address: Stephanie.Ysasaga@dvn.com

Date: 07/12/06

Phone: (405)-552-7802

Conditions of Approval Attached

To follow by
E-mail: BGA