

DATE IN 7-31-08	SUSPENSE	ENGINEER Brooks	LOGGED IN	TYPE NSL	APP NO. PDKB0821338056
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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 Energy Production Company, LP*  
*Algentes 2032 44#*

**ADMINISTRATIVE APPLICATION CHECKLIST**

5923

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.

KEN GRAY  
 Print or Type Name

*Ken Gray*  
 Signature

SR. LAND ADVISOR  
 Title

5/14/08  
 Date

KEN. GRAY @ DUN.COM  
 e-mail Address



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

May 14, 2008

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

Re: Algerita 32 State #1  
SW/4 SW/4 Section 32-T22S-R26E  
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. (Devon), as Operator, intends to drill the referenced Delaware test well to a depth of approximately 5,400'. Devon initially attempted to stake and permit this well at an orthodox location of 660' FSL & 660' FWL. However, due to the proximity of the location to an existing draw and associated floodplain, the State of New Mexico has required Devon to move the location. The closest drillable location as approved by State officials is located 600' FSL & 1160' FWL which is an unorthodox location as it is closer than 330' to the outer boundary of the designated spacing unit pursuant to statewide pool rules.

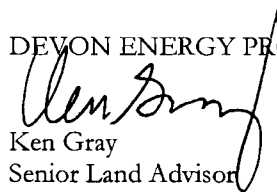
Inasmuch as this well will be producing from an unorthodox location from that permitted by statewide pool rules, Devon respectfully requests that the Commission administratively approve this application for an unorthodox location in accordance with Division Rule 104(F)(3). This unorthodox location affects the leasehold owner in the spacing unit (Unit letter N) to the East, being the SE/4 SW/4 of Section 32. Devon, along with Premier Oil & Gas, Inc. (Premier) and McCombs Energy, LLC (McCombs), collectively are the owners of 100% of the operating rights covering all of the W/2 of Section 32. Premier and McCombs are the only affected parties covered by this application and the only parties required to receive notice of this application. In that regard, you will find attached, a copy of Premier's and McCombs' waiver of objection to this application.

Attached you will find a land plat reflecting Premier and McCombs as the only affected parties, a Bone Spring structure map, and a State of New Mexico form C-102.

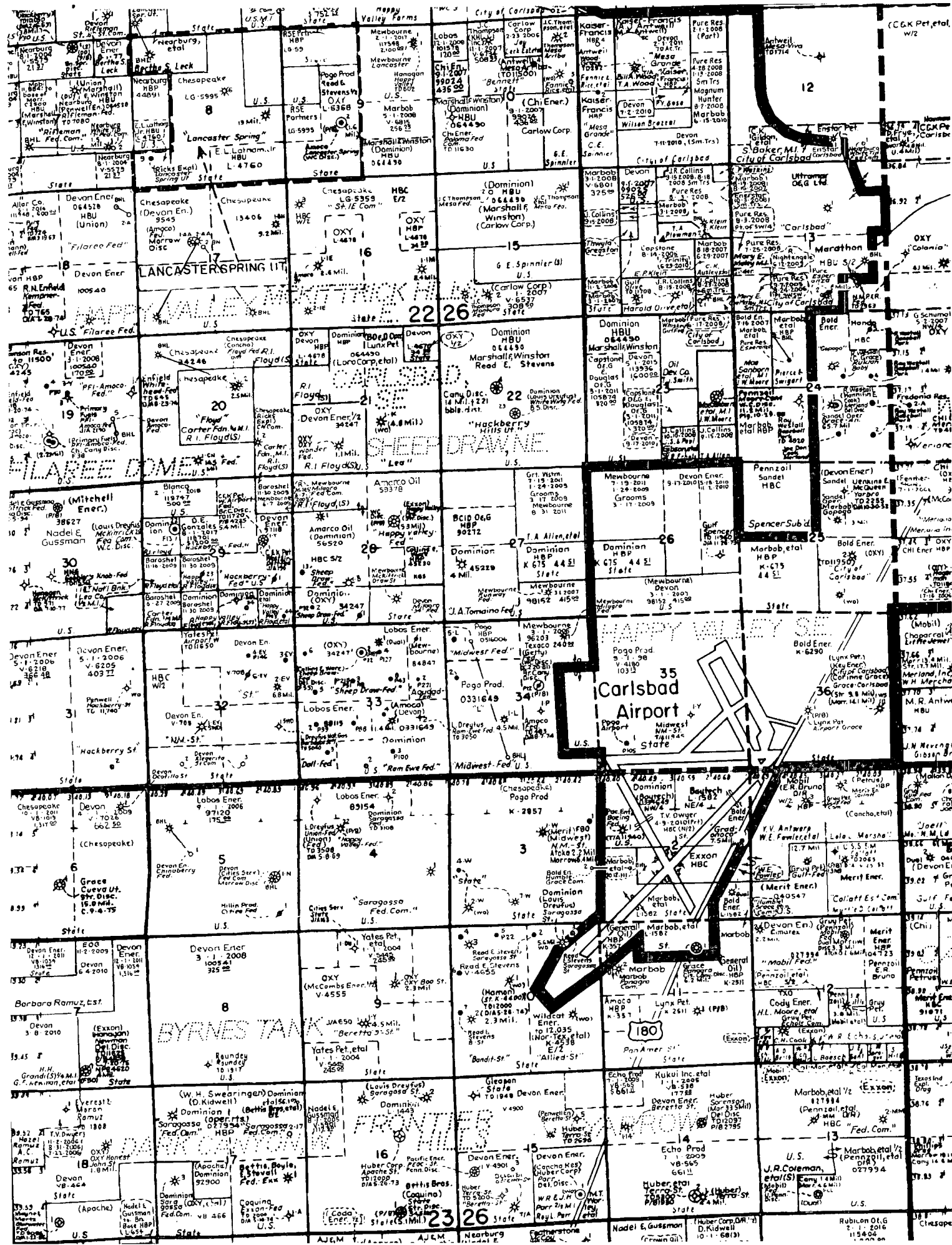
If there are any questions or if additional information is required feel free to call me at (405) 552-4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

  
Ken Gray  
Senior Land Advisor

Kg/  
Enclosure



devon

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

May 14, 2008

McCombs Energy, LLC  
5599 San Felipe, Suite 1200  
Houston, Texas 77056  
Attn: Ricky Halkin

Re: Algerita 32 State #1  
Section 32-T22S-R26E  
Eddy County, New Mexico

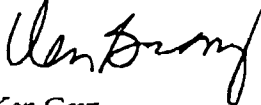
Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s ("Devon") administrative application for approval of an unorthodox well location covering the referenced Delaware test well. Devon's records indicate that your company is the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.



Ken Gray  
Senior Land Advisor

KG:  
Enclosures

McCombs Energy, LLC has no objection to this administrative application for unorthodox location.

By: 

Title: VP

Date: 5/14/08

# devon

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

May 14, 2008

Premier Oil & Gas, Inc.  
P.O. Box 1246  
Artesia, NM 88210  
Attn: Ken Jones

Re: Algerita 32 State #1  
Section 32-T22S-R26E  
Eddy County, New Mexico


Gentlemen:

Attached you will find Devon Energy Production Company, L.P.'s ("Devon") administrative application for approval of an unorthodox well location covering the referenced Delaware test well. Devon's records indicate that your company is the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objection to this application, please so indicate by signing and returning one copy of this letter to the undersigned.

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

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.



Ken Gray  
Senior Land Advisor

KG:  
Enclosures

Premier Oil & Gas, Inc. has no objection to this administrative application for unorthodox location.

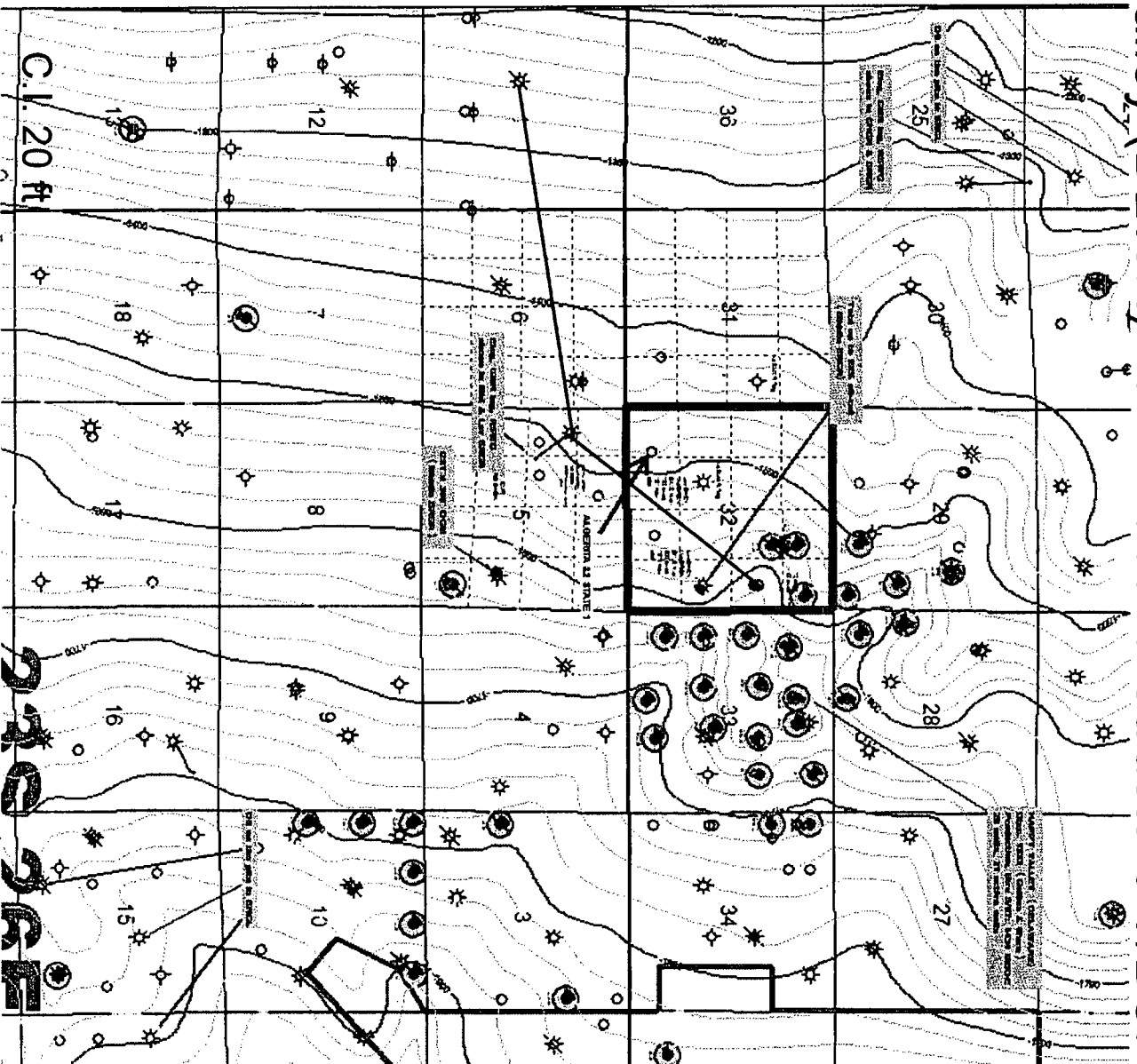
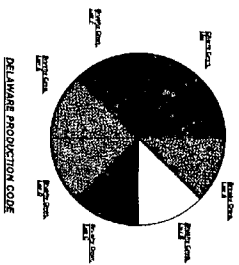
By: 

Title: D-P

Date: 5/14/08

# Happy Valley (DLWR) field: Subsea Structure T/BSPG

- Happy Valley (DLWR) disc 1992
- C.P. thru 11/07: 1458 MBOE
- 29 wells (21 active/8 inactive)
- Cherry Canyon and Lwr Brusly Canyon production
- C.R. 4227 BOPM, 17104 BWPM



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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

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

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-015-35339</b>	Pool Code	Pool Name
Property Code	Property Name <b>ALGERITA "32" STATE</b>	Well Number <b>1</b>
OGRID No.	Operator Name <b>DEVON ENERGY PRODUCTION COMPANY LP</b>	Elevation <b>3354'</b>

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	32	22 S	26 E		660	SOUTH	1160	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>SURFACE LOCATION Lat - N32°20'34.2" Long - W104°19'12.0" (NAD-83)</p> <p>1160'</p> <p>660'</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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole 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.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</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>NOVEMBER 01, 2006</p> <p>Date Surveyed _____</p> <p>Signature of Surveyor _____</p> <p>Professional Surveyor</p> <p>7977</p> <p>W.O. No. 17864</p> <p>Certificate _____ Jones 7977</p> <p>BASIN SURVEYS</p>					