

Sec : 07 Twp : 22S Rng : 24E Section Type : NORMAL

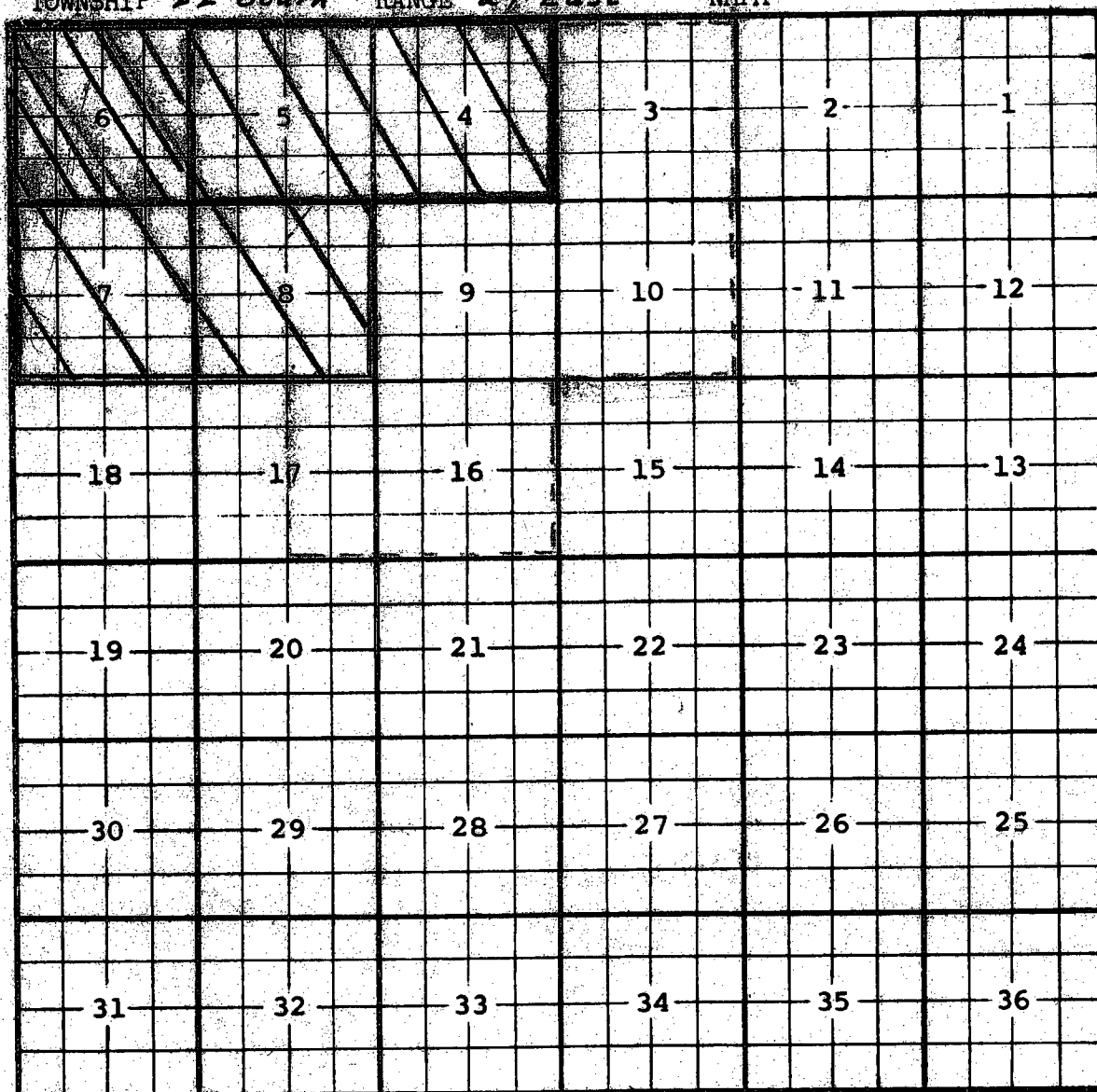
| | | | |
|--------------------|--------------------------|----------------------|----------------------|
| 1 34.44 | C 40.00 | B 40.00 | A 40.00 |
| Federal owned A | Federal owned A | Federal owned A C | Federal owned |
| 2 34.42 | F 40.00 | G 40.00 | H 40.00 |
| Federal owned A | Federal owned A A A A | Federal owned | Federal owned C A |
| 3 34.42 | K 40.00 | J 40.00 | I 40.00 |
| Federal owned | Federal owned | Federal owned | Federal owned |
| 4 34.40 | N 40.00 | O 40.00 | P 40.00 |
| Federal owned | Federal owned | Federal owned | Federal owned |

COUNTY Eddy

POOL

Indian Basin - Upper Pennsylvanian GasTOWNSHIP 22 SouthRANGE 24 East

NMPM



Ext: All Sec. 6 (R-2726, 7-1-64) - All Secs. 4 & 5 (R-2870, 3-1-65)

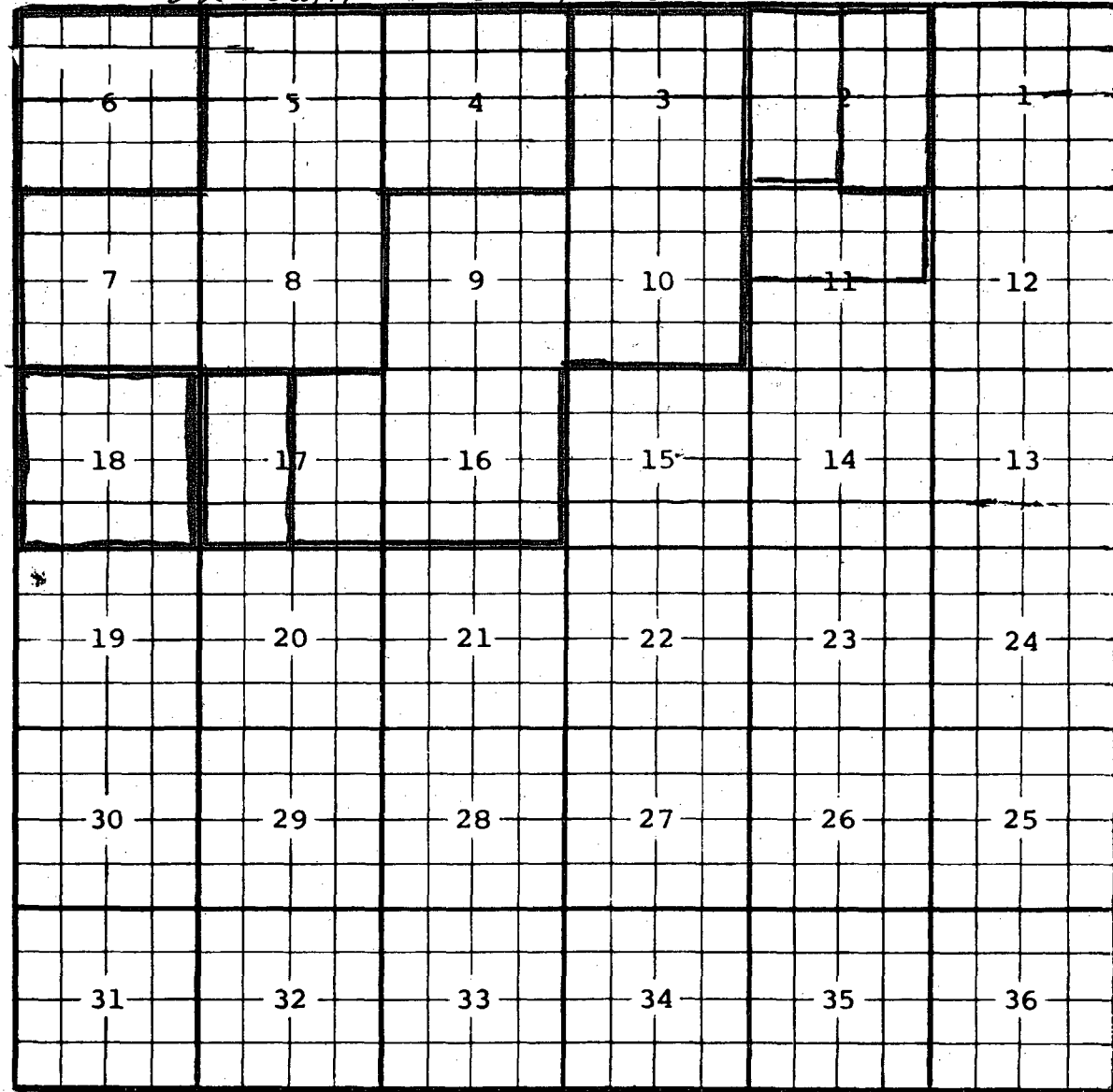
- All Secs. 7 & 8 (R-3030, 2-1-66)

Delete All Secs. 4, 5, 7, and 8 (R-10137, 6/22/94)

Delete All Sec. 6 (R-10892, 10-8-92)

County Eddy Pool Indian Basin-Upper Pennsylvanian Associated

TOWNSHIP 22 South Range 24 East NMPM



Description: $\frac{W}{2}$ Sec. 17 (R-9922, 7-6-93)
 Ext: All Secs. 3, 9, 10, and 16, $\frac{E}{2}$ Sec. 17 (R-9963, 9-20-93)
 Ext: $\frac{W}{2}$ Sec. 2 (R-10042, 12-28-93) Ext: $\frac{N}{2}$ Sec. 11 (R-10124, 5-31-94)
 Ext: All Secs. 4, 5, 7, and 8 (R-10132, 6-22-94) Ext: $\frac{E}{2}$ Sec. 2 (R-10159, 7-26-94)
 Ext: All Sec. 6 (R-10897, 10-8-92)
 Ext: All Sec. 18 (R-9922-10, 12/1/96)

CMD : ONGARD 02/02/04 14:09:30
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TQCI

OGRID Idn : 6137 API Well No: 30 15 32604 APD Status(A/C/P): A
Opr Name, Addr: DEVON ENERGY PRODUCTION COMPANY, Aprvl/Cncl Date : 01-08-2003
20 N BROADWAY
STE 1500
OKLAHOMA CITY,OK 73102

Prop Idn: 30646 OLD RANCH CANYON 7 FEDERAL Well No: 7

| | U/L | Sec | Township | Range | Lot | Idn | North/South | East/West |
|----------------|-----|-----|--------------|-------|-------|-------|--------------|--------------|
| | --- | --- | ----- | ----- | ----- | ----- | ----- | ----- |
| Surface Locn : | 2 | 7 | 22S | 24E | | | FTG 1598 F N | FTG 1097 F W |
| OCD U/L : | 2 | | API County : | 15 | | | | |

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3963

State Lease No: NM 81219 Multiple Comp (S/M/C) : S
Prpsd Depth : 8600 Prpsd Frmtn : INDIAN BASIN U/PENN ASSOC

E0009: Enter data to modify record

| | | | | | |
|-----------|------|------------|-----------|--------------|--------------|
| PF01 HELP | PF02 | PF03 EXIT | PF04 GoTo | PF05 | PF06 CONFIRM |
| PF07 | PF08 | PF09 PRINT | PF10 C102 | PF11 HISTORY | PF12 |

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

DEVON-SFS OPERATING, INC. (WALLY FRANK) 405-552-4595

3. ADDRESS AND TELEPHONE NO.

20 NORTH BROADWAY SUITE 1500
OKLAHOMA CITY, OKLAHOMA 73102-8260 (405-552-4595)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1548 660' FNL & 660' FWL SECTION 7 T22S-R24E EDDY CO. NM

At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 30 miles Northwest of Carlsbad New Mexico.

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drig. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED

320

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1320'

19. PROPOSED DEPTH

8600'

20. ROTARY OR CABLE TOOLS

ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3963'

GR.

Carlsbad Controlled Water Basin

22. APPROX. DATE WORK WILL START*

WHEN APPROVED

23.

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------------|-----------------|---------------|---------------------------------|
| 25" | Conductor 20" | NA | 40' | cement to surface with Redi-mix |
| 12 1/2" | H-40 9 5/8" | 36 | 1600' | 600 Sx. circulate cement. |
| 8 3/4" | HCL-80, L-80 7" | 23 | 8600' | 315 Sx. estimate TC 6400' FS |

1. Drill 25" hole to 40'. Set 40' of 20" conductor and cement to surface with Redi-mix.
2. Drill 12 1/2" hole to 1600'. Run and set 1600' of 9 5/8" H-40 36# ST&C casing. Cement with 400 Sx. of Class "C" 35/65 POZ cement + 2% CaCl₂ + 1/2# Celoflakes/Sx. + 3#/Sx. of Kol Seal, + 6% Bentonite, tail in with 200 Sx. of Class "C" cement + 2% CaCl₂ + 1/2# Celoflakes/Sx circulate cement to surface.
3. Drill 8 3/4" hole to 8600'. Run and set 8600' of 7" casing as follows: 1200' of 7" 23# HCL-80 LT&C, 7400' of 7" 23# L-80 LT&C casing. Cement with 315 Sx. of Class "C" 15/61/11 POZ + 5#/Sx. of LCM-1, + 2% CaCl₂ + 1% EC-1, + .6% FL-25, + .6% FL-52, + .3% CD-32, + .3% Sodium Metasilicate, + 1/2# Celoflakes/Sx. Estimate top of cement 6400' from surface.

NSL

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present production and proposed deepening. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.

24.

SIGNED

TITLE Agent

DATE 10/17/02

(This space for Federal or State police use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease or that the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

/s/ LESLIE A. THEISS

APPROVED BY

TITLE

FIELD MANAGER

DATE

JAN 8 2003

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

State of New Mexico

DISTRICT I
P.O. Box 1908, Santa Fe, NM 87501-1908

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 15, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer 70, Arroyo, NM 87011-0070

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 No Bransie Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|-------------------------------|---------------------------------------------------------------|------------------------------------------------------|
| API Number 30-015- | Pool Code 33685 | Pool Name Indian Basin (Upper Penn) Assoc. |
| Property Code 16775 | Property Name OLD RANCH CANYON 7 FEDERAL | Well Number 7 |
| CURD No. 6137 | Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P. | Elevation 4000' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 2 | 7 | 22-S | 24-E | | 1598' | NORTH | 1097' | WEST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1 | 7 | 22-S | 24-E | | 660' | NORTH | 660' | WEST | EDDY |

| 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. <u>Candace R. Graham</u> Signature <u>Candace R. Graham</u> Printed Name <u>Engineering Tech.</u> Title <u>December 4, 2002</u> 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. OCTOBER 28, 2002 Date Surveyed <u>Signature & Seal of Professional Surveyor</u> <u>02.11.0808</u> Certificate No. <u>805480</u> of <u>EDSON</u> <u>3238</u> State of <u>NEW MEXICO</u> <u>18811</u> PROFESSIONAL SURVEYOR |
| | |
| | |

Form 3160-3
(August 1999)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

| | |
|---------------------------------------------|----------------------------------|
| 3. Lease Serial No. | NM-NM81219 |
| 6. If Indian, Allottee or Tribe Name | N/A |
| 7. If Unit or CA/Agreement, Name and/or No. | N/A |
| 8. Well Name and No. | Old Ranch Canyon "7" Federal #7 |
| 9. API Well No. | 30-015- 32604 |
| 10. Field and Pool, or Exploratory Area | Indian Basin (Upper Penn) Assoc. |
| 11. County or Parish, State | Eddy County New Mexico |

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other - proposed oil well | |
| 2. Name of Operator Devon Energy Production Company, L.P. Wally Frank Senior Operations Engr. | |
| 3a. Address 20 N. Broadway, Suite 1500, OKC, OK 73102 | 3b. Phone No. (include area code) (405)552-4595 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SHL: 1598' FNL & 1097' FWL, Lot 2, Section 7-T22S-R24E, Eddy Cnty, NM BHL: 660' FNL & 660' FWL, Lot 1, Section 7-T22S-R24E, Eddy Cnty, NM | |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|------------------------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------------------------------|----------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other amend APD drilling program |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notice shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

At this time Devon Energy wishes to inform you that we are changing the drilling program for the Old Ranch Canyon "7" Federal #7 from a proposed vertical drill to directional with the chosen bottom location as indicated on the plat. Attached please find the following.

1. Well Location and Acreage Dedication Plat (NMOCD form C-102)
2. Directional 7" casing string design sheet

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)
Candace R. Graham 405/235-3611 X4620

Title
Engineering Tech.

Signature

Candace R. Graham

Date
01/29/2003

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would enable the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

5. Lease Serial No.
NM-NM81219

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA/Agreement, Name and/or No.
N/A

8. Well Name and No.
Old Ranch Canyon "7" Federal #7

9. API Well No.
30-015-

10. Field and Pool, or Exploratory Area
Indian Basin (Upper Penn) Assoc.

11. County or Parish, State
**Eddy County
New Mexico**

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other - Proposed oil well

2. Name of Operator

Devon Energy Production Company, L.P.

Wally Frank

Senior Operations Engr.

3a. Address

20 N. Broadway, Suite 1500, OKC, OK 73102

3b. Phone No. (include area code)

(405)552-4595

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1598' FNL & 1097' FWL, Lot 2, Section 7-T22S-R24E, Eddy Cnty, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | | |
|------------------------------------------------------|-----------------------------------------------|-------------------------------------------|-----------------------------------------------------|------------------------------------------------------------|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/ Resume) | <input type="checkbox"/> Water Shut-Off | |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity | |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>amend APD</u> | |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

At this time Devon Energy wishes to inform you that the surface location for the Old Ranch Canyon "7" Federal #7 has been moved southeast of it's original spot at 660' FNL and 660' FWL of the NW/4 NW/4 in Section 7-T22S-R24E to 1598' FNL and 1097' FWL in Section 7-T22S-R24E, Eddy County, New Mexico. The GL elevation is 4000'. Attached please find the following.

1. Well Location and Acreage Dedication Plat (NMOCD form C-102)
2. Location Verification Map
3. Vicinity Map
4. Cultural Resouce Report #SNMAS-02NM-913-A by Southern New Mexico Archeological Services, Inc.
(This report was mailed to BLM Carlsbad office 11-21-2002.)

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Candace R. Graham 405/235-3611 X4520

Title

Engineering Tech.

Signature

Candace R. Graham

Date

12/04/2002

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ JOE G. LARA

FIELD MANAGER

Date

JAN 8 2003

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

DISTRICT I
P.O. Box 1988, Hobbs, NM 88241-1988

DISTRICT II
P.O. Drawer 100, Artesia, NM 88211-0718

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|------------------------|--------------------------------------------------------|-----------------------------------------------|
| API Number 30-015- | Pool Code 33685 | Pool Name Indian Basin (Upper Penn) Assoc. |
| Property Code 16775 | Property Name OLD RANCH CANYON 7 FEDERAL | Well Number 7 |
| OGRID No. 6137 | Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P. | Elevation 4000' |

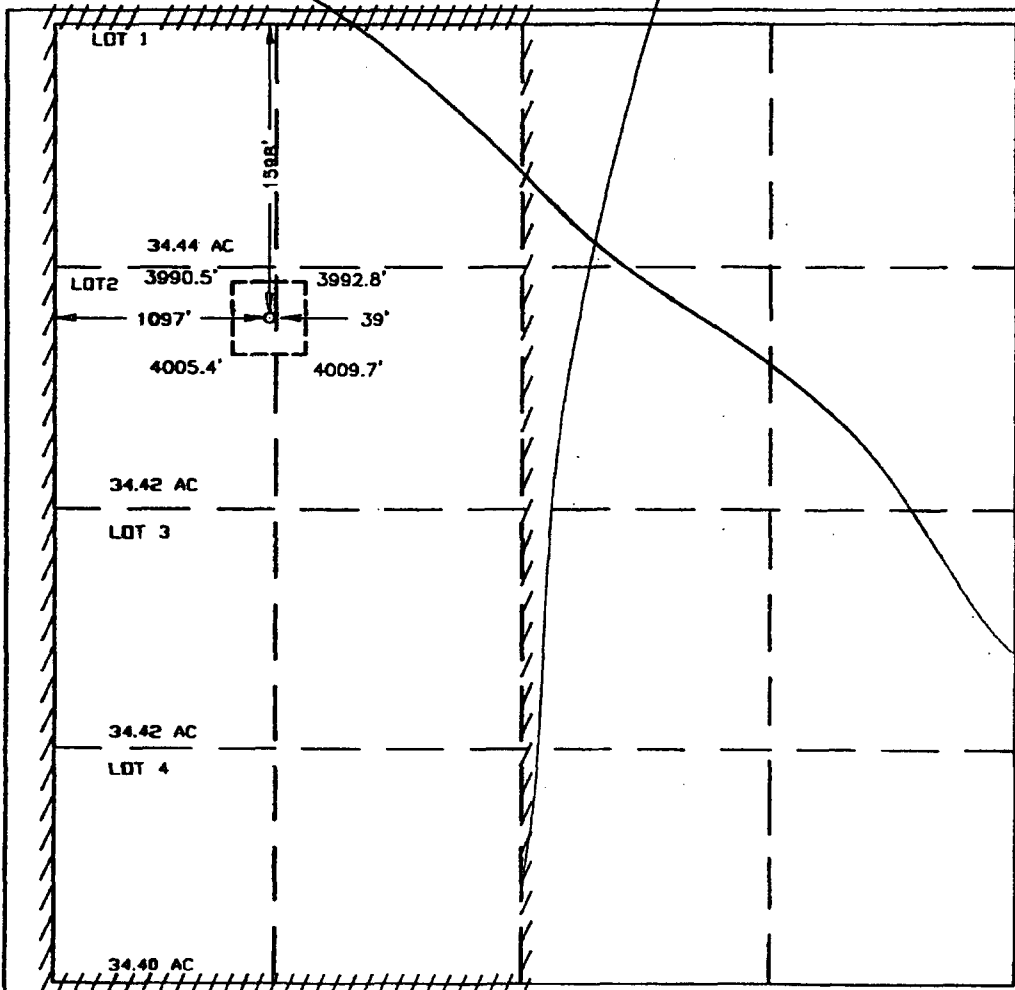
Surface Location

| | | | | | | | | | |
|--------------------|--------------|------------------|---------------|---------|------------------------|---------------------------|------------------------|------------------------|----------------|
| UL or lot No. 2 | Section 7 | Township 22-S | Range 24-E | Lot Idn | Feet from the 1598' | North/South line NORTH | Feet from the 1097' | East/West line WEST | County EDDY |
|--------------------|--------------|------------------|---------------|---------|------------------------|---------------------------|------------------------|------------------------|----------------|

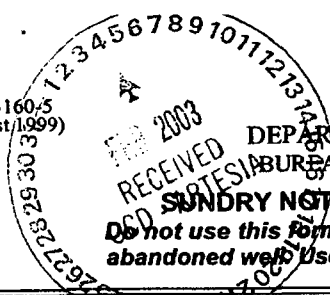
Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|------------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| 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

| | |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <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><u>Candace R. Graham</u> Signature Candace R. Graham Printed Name Engineering Tech. Title December 4, 2002 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>OCTOBER 28, 2002</p> <p>Date Surveyed: _____ AWB Signature & Seal of Professional Surveyor <u>Ronald G. Edson</u> 10/29/02 02.11.0808 Certification No. RONALD G. EDSON 3239 GARY EDSON 12641</p> |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Form 3160-5
(August 1999)



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Oil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Alamogordo, NM 88210

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☐ Oil Well ☐ Gas Well ☒ Other - proposed oil well

2. Name of Operator
Devon Energy Production Company, L.P. / Wally Frank
Senior Operations Engr.

3a. Address
20 N. Broadway, Suite 1500, OKC, OK 73102

3b. Phone No. (include area code)
(405)552-4595

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 1598' FNL & 1097' FWL, Lot 2, Section 7-T22S-R24E, Eddy Cnty, NM
BHL: 660' FNL & 660' FWL, Lot 1, Section 7-T22S-R24E, Eddy Cnty, NM

5. Lease Serial No.
NM-NM81219

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA/Agreement, Name and/or No.
N/A

8. Well Name and No.
Old Ranch Canyon "7" Federal #7

9. API Well No.
30-015- 32604

10. Field and Pool, or Exploratory Area
Indian Basin (Upper Penn) Assoc.

11. County or Parish, State
Eddy County
New Mexico

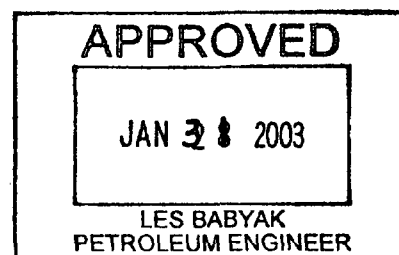
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|------------------------------------------------------|-----------------------------------------------|-------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/ Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other amend |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | APD drilling |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | program |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

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1. Well Location and Acreage Dedication Plat (NMOCD form C-102)
2. Directional 7" casing string design sheet



14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Candace R. Graham 405/235-3611 X4520

Title
Engineering Tech.

Signature

Candace R. Graham

Date
01/29/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

State of New Mexico

DISTRICT I

P.O. Box 1988, Hobbs, NM 88241-1988

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

P.O. Drawer 100, Artesia, NM 88211-0710

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|------------------------------------|--------------------------------------------------------|-----------------------------------------------|
| API Number 30-015- 32604 | Pool Code 33685 | Pool Name Indian Basin (Upper Penn) Assoc. |
| Property Code 16775 | Property Name OLD RANCH CANYON 7 FEDERAL | Well Number 7 |
| OGRIID No. 6137 | Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P. | Elevation 4000' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 2 | 7 | 22-S | 24-E | | 1598' | NORTH | 1097' | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1 | 7 | 22-S | 24-E | | 660' | NORTH | 660' | WEST | EDDY |

| 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 the the information contained herein is true and complete to the best of my knowledge and belief.

Candace R. Graham

Signature

Candace R. Graham

Printed Name

Engineering Tech.

Title

December 4, 2002

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.

OCTOBER 28, 2002

Date Surveyed

Signature & Seal of Professional Surveyor

Ronald O. Edson

02-11-0809

Cert. No. RONALD O. EDSON 3239

0457 EDSON 12641

Well name: **Old Ranch Canyon 7 Federal #7**
 Operator: **Devon Energy Production Company L.P.**
 String type: **Production**
 Location: **Section 7, T22S, R24E**

Design parameters:

Collapse

Mud weight: 8.500 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Environment:

H2S considered? Yes
 Surface temperature: 75 °F
 Bottom hole temperature: 144 °F
 Temperature gradient: 0.80 °F/100ft
 Minimum section length: 1,000 ft

Burst:

Design factor 1.00

Burst

Max anticipated surface pressure: 3,797 psi
 Internal gradient: 0.000 psi/ft
 Calculated BHP 3,797 psi
 Annular backup: 8.50 ppg

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.60 (B)

Directional Info - Build & Hold

Kick-off point 5500 ft
 Departure at shoe: 1035 ft
 Maximum dogleg: 1.5 °/100ft
 Inclination at shoe: 24.51 °

Tension is based on air weight.
 Neutral point: 7,591 ft

Estimated cost: 79,955 (\$)

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Est. Cost (\$) |
|---------|---------------------|-----------|-------------------------|--------|------------|----------------------|---------------------|---------------------|----------------|
| 2 | 7400 | 7 | 23.00 | L-80 | LT&C | 7327 | 7400 | 6.25 | 66374 |
| 1 | 1399 | 7 | 23.00 | HCL-80 | LT&C | 8600 | 8799 | 6.25 | 13581 |

| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (kips) | Tension Strength (kips) | Tension Design Factor |
|---------|---------------------|-------------------------|------------------------|------------------|----------------------|---------------------|---------------------|-------------------------|-----------------------|
| 2 | 3235 | 3770 | 1.17 | 3797 | 6340 | 1.67 | 197.8 | 435 | 2.20 J |
| 1 | 3797 | 5650 | 1.49 | 562 | 6340 | 11.28 | 29.3 | 485 | 16.57 J |

Prepared by: W.M. Frank
 by: Devon Energy

Phone: (405) 552-4595
 FAX: (405) 552-4621

Date: January 29, 2003
 Oklahoma City, Oklahoma

Remarks:

Collapse is based on a vertical depth of 8600 ft, a mud weight of 8.5 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

Engineering responsibility for use of this design will be that of the purchaser.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Devon Energy Production Company, L.P.

Wally Frank

Senior Operations Engr.

3a. Address

20 N. Broadway, Suite 1500, OKC, OK 73102

3b. Phone No. (include area code)

(405)552-4595

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SHL: 1598' FNL & 1097' FWL, Lot 2, Section 7-T22S-R24E, Eddy Cnty, NM

BHL: 660' FNL & 660' FWL, Lot 1, Section 7-T22S-R24E, Eddy Cnty, NM

5. Lease Serial No.

NM-NM81219

6. Indian, Allottee or Tribe Name

N/A

If Unit or CA/Agreement, Name and/or No.

N/A

8. Well Name and No.

Old Ranch Canyon "7" Federal #7

9. API Well No.

30-015-32604

10. Field and Pool, or Exploratory Area

Indian Basin (Upper Penn) Assoc.

11. County or Parish, State

Eddy County,

New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|-------------------------------------------------------|-----------------------------------------------|-------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/ Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other spud casing strings |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | WOCU |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This well spud on 2-27-2003 at 0800 hrs and foam drld a 14 3/4" hole to 247'. Ran 12 1/4" bit and drld to 925' (lost complete returns at 893'). Set cement plug (100 sx Prem H + 150 sx Prem C) at 890' thru 2 7/8" fiberglass tubing at end of drill pipe. WOC 19.25 hrs. Drld cement and fiberglass tubing. Resumed drld formation to 1605'.

On 3-5-2003 ran 42 jts 9 5/8" 36# K-55 ST&C csg, set at 1602'; cemented with 800 sx Howco Prem Plus. Ran Temp Svy which showed TOC at 890'. Topped cement down 1" pipe with 700 sx Prem plus. Ran CBL and found TOC at 880'. Dumped pea gravel down annulus and pumped cement down 1" tubing; total 330 sx Prem Plus + 3/4 yds pea gravel; TOC at surface. WOC and moved out United Drlg. Moved in and rigged up Patterson Drlg. Ran bit to bottom on 4-16-2003 and press tested casing to 1000 psi.

(Continued on the reverse.)

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------|--|
| 14. I hereby certify that the foregoing is true and correct | | ACCEPTED FOR RECORD | |
| Name (Printed/Typed) | Title | JUN 4 2003 | |
| Candace R. Graham 405/235-3611 X4520 | Engineering Tech. | | |
| Signature | Date | LES BABYAK | |
| Candace R. Graham | 05/30/2003 | PETROLEUM ENGINEER | |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | | | |
| Approved by | Title | | |
| | Office | | |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | | | |

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)



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

November 17, 2003

NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT II
1301 WEST GRAND AVENUE
ARTESIA, NEW MEXICO 88210

Attention: Bryan Arrant

RE: Old Ranch Canyon 7 Federal #7
Section 7-T22S-R24E
Eddy County, New Mexico

RECEIVED
NOV 20 2003
OCD-ARTESIA

30-015-32604

Gentlemen:

Concerning the referenced well, we request that the NMOCD hold the logs, submitted November 11, 2003, confidential for the maximum legal time.

Please direct inquiries concerning this matter to the undersigned at 405-235-3611, X4520.

Yours truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Candace R. Graham

Candace R. Graham
Operations Tech. II
/cg
Enclosures

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10989
ORDER NO. R-10152

**APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR AN
UNORTHODOX GAS WELL LOCATION AND NON-STANDARD GAS PRORATION
UNIT, EDDY COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 9, 1994, and July 7, 1994 before Examiners Jim Morrow and David R. Catanach, respectively.

NOW, on this 19th day of July, 1994, the Division Director, having considered the testimony, the record and the recommendations of the Examiners, and being fully advised in the premisses,

FINDS THAT:

- (1) Due public notice having been given as required by law the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Santa Fe Energy Operating Partners, L.P., seeks approval for an unorthodox gas well location to be drilled 1600 feet from the North line and 1650 feet from the West line (Unit F) of irregular Section 7, Township 22 South, Range 24 East, Indian Basin-Upper Pennsylvanian Gas Pool.
- (3) Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of said Section 7 are to be dedicated to said well forming a non-standard 296.68-acre gas spacing and proration unit for said pool.
- (4) At the time of the hearing, this case was consolidated with Case No. 10986 for the purpose of presenting testimony.

(5) In Case No. 10986, Santa Fe asked the Division to remove certain acreage (including said Section 7) from the Indian Basin-Upper Pennsylvanian Gas Pool and add it to the Indian Basin-Upper Pennsylvanian Associated Pool. This request, as it pertains to Section 7, was approved by Division Order No. R-10137.

(6) The applicant's evidence indicates that the proposed location, the Old Ranch Canyon 7 Federal Well No.2, should be completed as an oil well in the Indian Basin-Upper Pennsylvanian Associated Pool. Pool rules for said Associated Pool provide for 320-acre spacing with wells to be no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from quarter-quarter section lines.

(7) At the June 9, 1994 hearing, applicant's witness testified that BLM had required that the location be changed to 1600 feet from the North line and 1400 feet from the West line of said Section 7. Because of this change, the application was re-advertised for the July 7, 1994 docket.

(8) The well location is unorthodox in said Associated Pool because it is too close to quarter-quarter section lines. According to testimony by applicant's witness the location is necessary because of topographic conditions in the area and BLM requirements.

(9) No offset operator or interest owner appeared at the hearing in opposition to the application.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the affected pool and will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Santa Fe Energy Operating Partners L.P., is hereby authorized to drill its Old Ranch Canyon 7 Federal Well No.2 at an unorthodox oil well location 1600 feet from the North line and 1400 feet from the West line (Unit F) of Section 7, Township 22 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico.

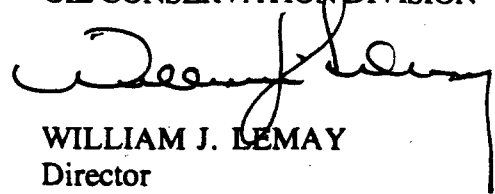
(2) Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of said section 7 shall be dedicated to said well to form a non-standard 297.68-acre oil spacing and proration unit for said pool. Said spacing unit is hereby approved.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 10989
Order No. R-10152
Page 3

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

NOMENCLATURE
CASE NO. 10748
Order No. R-9922

APPLICATION OF YATES PETROLEUM
CORPORATION FOR POOL CREATION,
CLASSIFICATION OF THE NEW POOL
AS AN ASSOCIATED POOL AND FOR
SPECIAL POOL RULES, EDDY COUNTY,
NEW MEXICO.

See Also Order Nos.

R-9922-A

R-9922-B

R-9922-C

R-9922-D

R-9922-E

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 17, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of July, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Yates Petroleum Corporation, seeks the creation of a new associated pool for the production of oil and gas from the Upper Pennsylvanian formation comprising the W/2 of Section 17, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

(3) The applicant further seeks the promulgation of temporary special rules and regulations including 320-acre oil and gas spacing, designated well location requirements, a limit of no more than one well per quarter section, a special depth bracket allowable of 1400 barrels of oil per day per standard proration unit and an administrative procedure for approval of unorthodox well locations and non-standard spacing and proration units.

(4) At the time of the hearing the applicant requested that the portion of its request for an administrative procedure for obtaining approval for unorthodox well locations and non-standard spacing and proration units be dismissed.

NOMENCLATURE

CASE No. 10748

Order No. R-9922

Page -2-

(5) Nearburg Producing Company (Nearburg), a leasehold operator in this area, appeared at the hearing in support of Yates' application with the exception of the request to limit the well density to one well per quarter section. In addition, Santa Fe Energy Operating Partners, L.P. and Marathon Oil Company appeared through counsel at the hearing but did not present evidence or testimony nor did they protest the application.

(6) On October 15, 1992 the applicant commenced re-entry operations on its Hickory "ALV" Federal Well No. 1 (previously the Pan American Petroleum Corporation I. T. Hollowell "A" USA No. 1) located 1650 feet from the North and West lines (Unit F) of Section 17, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico. The subject well has been completed in the Canyon formation through the perforated interval from approximately 8,139 feet to 8,259 feet.

(7) According to applicant's evidence and testimony, the Hickory "ALV" Federal Well No. 1 was tested in the Canyon formation on June 15, 1992 at a rate of 408 BOPD, 1,197 BWPD and 511 MCFGD.

(8) The subject well is located approximately 10 miles south of the South Dagger Draw-Upper Pennsylvanian Associated Pool and directly adjacent to the Indian Basin-Upper Pennsylvanian Gas Pool.

(9) The applicant's geologic evidence and testimony in this case indicates that:

a) the Hickory "ALV" Federal Well No. 1 is producing from the same Dolomite section, albeit structurally lower, being produced in the Indian Basin-Upper Pennsylvanian Gas Pool;

b) the Dolomite section in the Hickory "ALV" Federal Well No. 1 exhibits similar geologic characteristics to the Dolomite section being produced in the North and South Dagger Draw-Upper Pennsylvanian Pools;

c) the subject reservoir will likely ultimately be determined to be a separate "oil leg" of the Indian Basin-Upper Pennsylvanian Gas Pool or an extension of the South Dagger Draw-Upper Pennsylvanian Associated Pool.

(10) The engineering evidence and testimony in this case indicates that the oil being produced in the Hickory "ALV" Federal Well No. 1, having a gravity of approximately 42 degrees, is similar to that being produced in the North and South Dagger Draw-Upper Pennsylvanian Pools. The gravity of oil being produced in the Indian Basin-Upper Pennsylvanian Gas Pool ranges from 58-60 degrees.

NOMENCLATURE

CASE No. 10748

Order No. R-9922

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(11) The evidence currently available regarding the subject reservoir indicates that a new associated pool for the production of oil and gas from the Upper Pennsylvanian formation should be created and designated the Indian Basin-Upper Pennsylvanian Associated Pool, with horizontal limits comprising the W/2 of Section 17, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

(12) The applicant contends that the similarities between the subject reservoir and the North and South Dagger Draw-Upper Pennsylvanian Pools are sufficient to justify the promulgation of special rules and regulations similar to those currently governing these pools.

(13) The North Dagger Draw-Upper Pennsylvanian Pool is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-4691, as amended, and Order No. R-5565, which require 160-acre spacing with wells to be located no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary, an oil allowable of 700 barrels per day, and a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil.

(14) The South Dagger Draw-Upper Pennsylvanian Associated Pool is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-5353, as amended, which require 320-acre oil or gas spacing with wells to be located no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary, an oil allowable of 1400 barrels per day, and a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil.

(15) The Special Rules and Regulations for the North and South Dagger Draw-Upper Pennsylvanian Pools do not prohibit the drilling of more than one well on a standard proration unit.

(16) In support of its request to limit the well density to one well per quarter section, the applicant testified that the Hickory "ALV" Federal Well No. 1, based upon analogies to wells in the South Dagger Draw-Upper Pennsylvanian Associated Pool, should be capable of draining an area of approximately 80-100 acres.

(17) Without a limitation on well density, the South Dagger Draw-Upper Pennsylvanian Associated Pool has been developed on 40-acre well spacing, which, according to the applicant, is too dense for this type of reservoir.

NOMENCLATURE

CASE No. 10748

Order No. R-9922

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(18) Nearburg requested that the proposed pool rules contain a rule similar to Rule No. 22 of the Special Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool which states that all or part of the 1400 BOPD allowable may be produced by a single well or by two or more wells on a standard proration unit.

(19) Nearburg has the opportunity, during the period when temporary special rules and regulations are in place for the subject reservoir, to acquire drainage data and reopen this case in order to present evidence and testimony to support its request.

(20) In the absence of compelling evidence to support denser well spacing, and in order to prevent the drilling of unnecessary wells, the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool should provide for 320-acre well spacing with no more than two wells per standard unit.

(21) The applicant requested an oil allowable of 1400 barrels per day per standard proration unit and a gas-oil ratio limitation of 2,000 cubic feet of gas per barrel of oil. Applicant's requested oil allowable is based upon:

a) a similar oil allowable currently in effect for both the North and South Dagger Draw-Upper Pennsylvanian Pools, and,

b) a gas well in the subject reservoir being able to effectively compete with gas wells in the Indian Basin-Upper Pennsylvanian Gas Pool, whose gas allowable has stabilized, according to the applicant, at approximately 5.5 MMCFGD.

(22) The oil allowable currently in effect for the North and South Dagger Draw-Upper Pennsylvanian Pools was established by the Division, at least in part, in order to provide an incentive to operators to drill additional wells. In addition, there is no evidence at the current time to indicate that the proposed allowable will not cause excessive waste of reservoir energy, thereby resulting in decreased ultimate oil recovery.

(23) The Indian Basin-Upper Pennsylvanian Associated Pool should be assigned an oil allowable equal to the depth bracket allowable of 470 barrels of oil per day per 160-acre tract, or 940 BOPD.

(24) Temporary Special Rules and Regulations should be promulgated for the Indian Basin-Upper Pennsylvanian Associated Pool for a period of eighteen months. These rules should provide for 320-acre oil and gas spacing and proration units, a limitation of one well per quarter section, designated well location requirements, an oil allowable of 940 barrels of oil per day per standard proration unit and a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

NOMENCLATURE

CASE No. 10748

Order No. R-9922

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(25) This case should be reopened at an examiner hearing in January, 1995 at which time the operators in the subject pool should be prepared to appear and present evidence and testimony regarding the nature of the subject reservoir, the appropriate well spacing, and an appropriate oil allowable.

IT IS THEREFORE ORDERED THAT:

(1) A new associated pool for the production of oil and gas from the Upper Pennsylvanian formation is hereby created and designated the Indian Basin-Upper Pennsylvanian Associated Pool with horizontal limits comprising the W/2 of Section 17, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

(2) The Indian Basin-Upper Pennsylvanian Associated Pool is hereby classified as an associated oil and gas pool and shall be operated in accordance with the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico unless these general rules are in conflict with the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool hereinafter promulgated in which case the provisions of the special rules and regulations shall apply.

(3) Temporary Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS

FOR THE

INDIAN BASIN-UPPER PENNSYLVANIAN ASSOCIATED POOL

RULE 2. (a) A standard oil proration unit shall comprise 320 acres. A standard gas proration unit shall comprise 320 acres.

RULE 2. (b) Each well shall be located no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary. No more than one well per quarter section shall be permitted on a proration unit.

RULE 22. The special depth bracket allowable for a 320-acre proration unit shall be 940 barrels of oil per day. All or any part of the allowable may be produced by a single well or by two wells on the unit. However, total oil allowable assigned to a 320-acre unit shall not exceed 940 barrels per day.

NOMENCLATURE

CASE No. 10748

Order No. R-9922

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IT IS FURTHER ORDERED THAT:

(4) The location of all wells presently drilling to or completed in the Indian Basin-Upper Pennsylvanian Associated Pool or in the Upper Pennsylvanian formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well within 30 days from the date of this order.

(5) Pursuant to Paragraph A of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, existing oil and gas wells in the Indian Basin-Upper Pennsylvanian Associated Pool shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

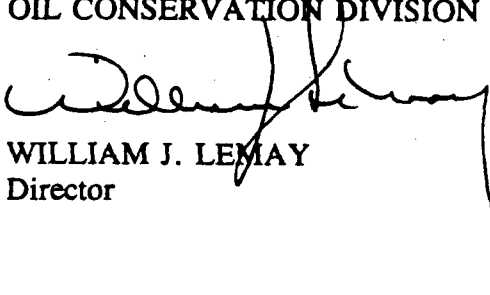
Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and, subject to said 60-day limitation, each well presently drilling to or completed in the Indian Basin-Upper Pennsylvanian Associated Pool or in its corresponding vertical limits, or within one mile thereof, shall receive no more than one-fourth of a standard allowable for said pool.

(6) This case shall be reopened at an examiner hearing in January, 1995, at which time the operators in the subject pool may appear and show cause why the Temporary Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool promulgated herein should not be rescinded.

(7) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

*See Also Order
Nos. R-9922
R-9922-B
R-9922-C
R-9922-D
R-9922-E*

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF CASE NO. 10748 BEING REOPENED UPON APPLICATION OF YATES PETROLEUM CORPORATION TO AMEND THE SPACING REQUIREMENTS FOR THE INDIAN BASIN-UPPER PENNSYLVANIAN ASSOCIATED POOL, ESTABLISHED BY ORDER NO. R-9922, EDDY COUNTY, NEW MEXICO.

CASE NO. 10748
ORDER NO. R-9922-A

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 16, 1993, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 22nd day of December, 1993, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

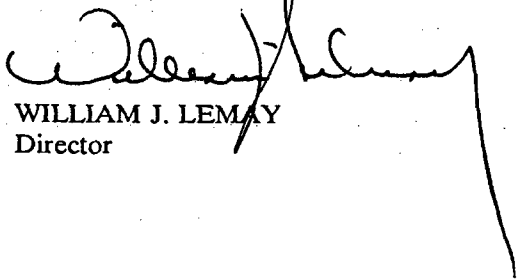
- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) Yates Petroleum Corporation made application to reopen Case No. 10748 to amend the spacing requirements for the Indian Basin-Upper Pennsylvanian Associated Pool established by Order No. R-9922, Eddy County, New Mexico.
- (3) By letter dated December 10, 1993, the applicant requested this case be dismissed.
- (4) The applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED THAT:

Case No. 10748 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

SEAL

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 10748 (Reopened)
Order No. R-9922-B**

**IN THE MATTER OF CASE NO. 10748
BEING REOPENED PURSUANT TO THE
PROVISIONS OF DIVISION ORDER NO.
R-9922, WHICH ORDER PROMULGATED
TEMPORARY SPECIAL RULES AND
REGULATIONS FOR THE INDIAN BASIN-
UPPER PENNSYLVANIAN ASSOCIATED
POOL, EDDY COUNTY, NEW MEXICO.**

*See Also Order Nos.
R-9922
R-9922-A
R-9922-C
R-9922-D
R-9922-E*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 2, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of February, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-9922 issued in Case No. 10748 on July 6, 1993, the Division, upon application of Yates Petroleum Corporation, created the Indian Basin-Upper Pennsylvanian Associated Pool in Section 17, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, and promulgated Temporary Special Rules and Regulations for said pool including the establishment of standard 320-acre oil or gas spacing and proration units, designated well locations, and a special depth bracket allowable of 940 barrels of oil per day.

(3) Pursuant to the provisions of Order No. R-9922, this case was reopened to allow the operators in the subject pool to appear and present evidence and testimony to show cause why the Temporary Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool should not be rescinded and the pool developed on statewide rules and regulations.

(4) Yates Petroleum Corporation, Marathon Oil Company, Nearburg Producing Company and Santa Fe Energy Operating Partners, L.P. appeared at the hearing through legal counsel.

(5) Yates Petroleum Corporation requested at the hearing that the Temporary Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool remain in effect for an additional twelve month period.

(6) According to Yates' statement, the conductance of an environmental audit during the past eighteen months has precluded developmental drilling within the subject pool.

(7) All operators represented at the hearing were in agreement with Yates' request.

(8) Approval of Yates' request will allow the operators in the subject pool additional time to gather reservoir data pertinent to this case.

(9) No other operator and/or interest owner appeared at the hearing in opposition to Yates' request.

(10) The Temporary Special Rules and Regulations for the Indian Basin- Upper Pennsylvanian Associated Pool should remain in effect for an additional twelve month period.

(11) This case should be reopened at an Examiner hearing in January, 1996, at which time the operators in the subject pool should be prepared to appear and show cause why the Temporary Special Rules and Regulations for the Indian Basin- Upper Pennsylvanian Associated Pool should not be rescinded and the pool developed on statewide rules and regulations.

IT IS THEREFORE ORDERED THAT:

(1) The Temporary Special Rules and Regulations for the Indian Basin- Upper Pennsylvanian Associated Pool are hereby continued in full force and effect for an additional twelve month period.

Case No. 10748 (Reopened)

Order No. R-9922-B

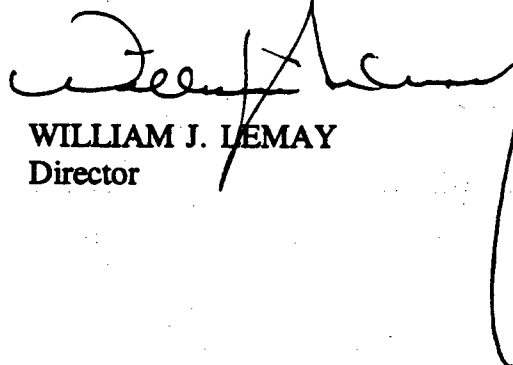
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(2) This case shall be reopened at an Examiner hearing in January, 1996, at which time the operators in the subject pool shall be prepared to appear and show cause why the Temporary Special Rules and Regulations for the Indian Basin- Upper Pennsylvanian Associated Pool should not be rescinded and the pool developed on statewide rules and regulations.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

See Also Order Nos.

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

*R-9922
R-9922-A
R-9922-B
R-9922-D
R-9922-E*

CASE NO. 10748 (Reopened)
CASE NO. 11484
Order No. R-9922-C

IN THE MATTER OF CASE NO. 10748 BEING REOPENED PURSUANT TO THE PROVISIONS OF DIVISION ORDER NO. R-9922-B, WHICH ORDER CONTINUED IN EFFECT THE TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE INDIAN BASIN-UPPER PENNSYLVANIAN ASSOCIATED POOL AS PROMULGATED BY DIVISION ORDER NO. R-9922, AS AMENDED, EDDY COUNTY, NEW MEXICO.

APPLICATION OF YATES PETROLEUM CORPORATION TO AMEND THE SPECIAL RULES AND REGULATIONS FOR THE INDIAN BASIN-UPPER PENNSYLVANIAN ASSOCIATED POOL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 21, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of May, 1996, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Division Case Nos. 10748 (Reopened) and Case No. 11484 were consolidated at the time of the hearing for the purpose of testimony, and inasmuch as both cases concern the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, one order should be entered for both cases.

CASE NO. 10748 (Reopened)

CASE NO. 11484

Order No. R-9922-C

Page -2-

(3) By Order No. R-9922 issued in Case No. 10748 on July 6, 1993, the Division, upon application of Yates Petroleum Corporation (Yates), created the Indian Basin-Upper Pennsylvanian Associated Pool in Section 17, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, and promulgated Temporary Special Rules and Regulations for said pool including the establishment of standard 320-acre oil or gas spacing and proration units, designated well locations, and a special depth bracket allowable of 940 barrels of oil per day.

(4) Pursuant to the provisions of Order No. R-9922, Case No. 10748 was reopened and heard in February, 1995, to consider permanently adopting the Temporary Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool. At the request of Yates and for good cause shown, the subject temporary rules were continued in full force and effect for an additional twelve month period.

(5) Pursuant to the provisions of Order No. R-9922-B, this case is being reopened at the present time to allow the operators in the subject pool to appear and present evidence and testimony to show cause why the Temporary Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool should not be rescinded and the pool developed on statewide rules and regulations.

(6) The applicant in Case No. 11484, Yates Petroleum Corporation, seeks to amend the Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool whereby:

- a) no more than one well would be allowed to be drilled per 80 acre tract;
- b) the simultaneous dedication of acreage to both oil and gas wells would be allowed;
- c) the gas-oil ratio limitation for the pool would be increased from 2,000 cubic feet of gas per barrel of oil to 10,000 cubic feet of gas per barrel of oil; and,
- d) the oil allowable for the pool would be increased from 940 barrels of oil per day to 1,400 barrels of oil per day.

(7) Yates Petroleum Corporation appeared and presented technical evidence and testimony in support of adopting amended and permanent rules for the Indian Basin-Upper Pennsylvanian Associated Pool.

CASE NO. 10748 (Reopened)

CASE NO. 11484

Order No. R-9922-C

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(8) Marathon Oil Company and Santa Fe Energy Resources Inc., both operators in the Indian Basin-Upper Pennsylvanian Associated Pool, appeared through legal counsel at the hearing in support of adopting permanent rules for the pool and in support of Yates' proposed pool rule amendments.

(9) The Indian Basin-Upper Pennsylvanian Associated Pool currently comprises all or portions of Sections 27, 33 and 34, Township 21 South, Range 24 East, and all or portions of Sections 2, 3, 4, 5, 7, 8, 9, 10, 11, 16 and 17, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

(10) According to the latest Division Monthly Statistical Report, there are twenty-one wells producing from the Indian Basin-Upper Pennsylvanian Associated Pool operated by five different companies. The pool rules currently in effect for the Indian Basin-Upper Pennsylvanian Associated Pool are summarized as follows:

| SIM. DEDICATION | | | | |
|-----------------|------------------|-----------------|----------------|-------------------------|
| <u>SPACING</u> | <u>ALLOWABLE</u> | <u>POOL GOR</u> | <u>ALLOWED</u> | <u>DRILLING DENSITY</u> |
| 320 Acres/Oil | 940 BOPD | 2,000:1 | No | 1 Well/160 acres |
| 320 Acres/Gas | 1.88 MMCFGD | | | |

(11) The geologic evidence presented at the hearing in this matter and in numerous prior cases presented before the Division indicates that the Indian Basin-Upper Pennsylvanian Associated Pool is a small portion of an extensive Cisco-Canyon reservoir which encompasses the North Dagger Draw-Upper Pennsylvanian Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, and the Indian Basin-Upper Pennsylvanian Gas Pool. This extensive reservoir comprises portions of Townships 19, 20, 20 1/2, 21 and 22 and Ranges 23, 24 and 25.

(12) The North Dagger Draw-Upper Pennsylvanian Pool, South Dagger Draw-Upper Pennsylvanian Associated Pool and the Indian Basin-Upper Pennsylvanian Gas Pool are all currently governed by permanent special rules and regulations summarized as follows:

CASE NO. 10748 (Reopened)

CASE NO. 11484

Order No. R-9922-C

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| <u>POOL NAME</u> | <u>OIL/GAS/ ASSOCIATED</u> | <u>SPACING</u> | <u>ALLOWABLE</u> | <u>POOL GOR</u> | <u>SIM. DEDICATION ALLOWED</u> |
|-----------------------------------------------------------|--------------------------------|----------------------------------------|--------------------------|-----------------|----------------------------------------|
| North Dagger Draw-Upper Pennsylvanian | Oil | 160 acres | 700 BOPD 7.0 MMCFGD | 10,000:1 | No/NA |
| South Dagger Draw-Upper Pennsylvanian Associated | Associated | 320 acres/ Oil 320 acres/ Gas | 1,400 BOPD 9.8 MMCFGD | 7,000:1 | Yes |
| Indian Basin- Upper Pennsylvanian | Gas | 640 acres | Prorated Gas | NA | NA |

(13) In support of its request to increase the oil allowable and gas-oil ratio limitation and to include a provision whereby simultaneous dedication of acreage to both oil and gas wells is allowed, Yates presented geologic evidence which indicates that:

- a) the geologic properties (i.e. permeability, porosity, etc.) of the South Dagger Draw-Upper Pennsylvanian Associated Pool closely resemble those of the Indian Basin-Upper Pennsylvanian Associated Pool;
- b) extension of the pool boundaries for the South Dagger Draw-Upper Pennsylvanian Associated Pool and the Indian Basin-Upper Pennsylvanian Associated Pool through development drilling will likely demonstrate that the pools represent a single common source of supply; and,
- c) both the South Dagger Draw-Upper Pennsylvanian Associated Pool and the Indian Basin-Upper Pennsylvanian Associated Pool are located in an area of the Cisco-Canyon reservoir which is a transition zone between the oil producing portion of the reservoir and the gas cap, represented by the Indian Basin-Upper Pennsylvanian Gas Pool.

(14) The geologic evidence presented indicates that the Indian Basin-Upper Pennsylvanian Associated Pool is properly classified as an "associated" pool.

CASE NO. 10748 (Reopened)

CASE NO. 11484

Order No. R-9922-C

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(15) Previous cases presented before the Division have shown that oil allowables of 1,400 barrels per day per 320-acre proration unit should not have adverse affects on the reservoir or decrease ultimate recovery, therefore, the oil allowable for the Indian Basin-Upper Pennsylvanian Associated Pool should be increased as proposed by the applicant to be consistent with the North Dagger Draw-Upper Pennsylvanian Pool and the South Dagger Draw-Upper Pennsylvanian Associated Pool.

(16) The reservoir conditions and correlative rights issues which prompted the deletion of Rule No. 5 (b) of the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico for the South Dagger Draw-Upper Pennsylvanian Associated Pool, thereby allowing the simultaneous dedication of acreage to both oil and gas wells, also exist within the Indian Basin-Upper Pennsylvanian Associated Pool, therefore, the simultaneous dedication of acreage to both oil and gas wells in the Indian Basin-Upper Pennsylvanian Associated Pool should be allowed.

(17) In support of its request to amend the current pool rules so as to allow the drilling of a well on each 80-acre tract within a standard proration unit, the applicant presented drainage data from existing wells within the pool. The information presented indicates that the smallest drainage area calculated was approximately 60 acres, and that the average drainage area within the pool is approximately 112 acres.

(18) The evidence presented indicates that even though both the North Dagger Draw-Upper Pennsylvanian Pool and the South Dagger Draw-Upper Pennsylvanian Associated Pool do not preclude the drilling of a well on each 40-acre tract within a standard proration unit, and that each of these pools has effectively been developed on 40-acre spacing, a more appropriate drilling density for the Indian Basin-Upper Pennsylvanian Associated Pool is one well per 80-acre tract.

(19) The applicant did not present sufficient evidence to justify the need for establishing a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil, however, the limiting gas-oil ratio for the Indian Basin-Upper Pennsylvanian Associated Pool should be increased to 7,000:1 in order to be consistent with the limiting GOR currently in effect for the South Dagger Draw-Upper Pennsylvanian Associated Pool.

(20) No other operator and/or interest owner appeared and presented evidence in opposition to Yates' proposed pool rule amendments or to adopting permanent rules for the subject pool.

CASE NO. 10748 (Reopened)

CASE NO. 11484

Order No. R-9922-C

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(21) The establishment of permanent Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, including certain amendments proposed by Yates Petroleum Corporation, will allow the "equivalent" development of the Cisco-Canyon reservoir, will provide the oil and gas allowable incentive necessary for further development and delineation of the pool, will prevent the economic loss caused by the drilling of an excessive number of wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The Temporary Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, as promulgated by Division Order No. R-9922, as amended, are hereby amended as follows and continued in full force and effect until further order of the Division.

**SPECIAL RULES AND REGULATIONS
FOR THE
INDIAN BASIN-UPPER PENNSYLVANIAN ASSOCIATED POOL**

RULE 2. (a) A standard oil proration unit shall comprise 320 acres. A standard gas proration unit shall comprise 320 acres.

RULE 2. (b) Each well shall be located no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary. No more than one well per 80-acre tract shall be drilled or produced on a standard proration unit.

RULE 6. The limiting gas-oil ratio shall be 7,000 cubic feet of gas per barrel of oil.

RULE 22. The special depth bracket allowable for a 320-acre proration unit shall be 1,400 barrels of oil per day. All or any part of the allowable may be produced by a single well or by two or more wells on the unit.

CASE NO. 10748 (Reopened)

CASE NO. 11484

Order No. R-9922-C

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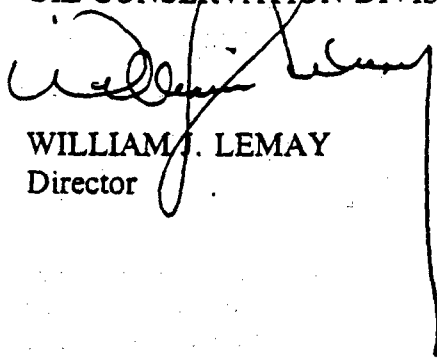
IT IS FURTHER ORDERED THAT:

(2) The application of Yates Petroleum Corporation in Case No. 11484 to delete Rule No. 5 (b) of the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico, as promulgated by Division Order No. R-5353, as amended, as it pertains to the Indian Basin-Upper Pennsylvanian Associated Pool, thereby allowing the simultaneous dedication of acreage to both oil and gas wells, is hereby approved.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

See Also Order Nos.

R-9922

R-9922-A

R-9922-B

R-9922-C

R-9922-E

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

NOMENCLATURE

CASE NO. 12006

ORDER NO. R-9922-D

APPLICATION OF MARATHON OIL COMPANY, YATES PETROLEUM CORPORATION, ORYX ENERGY COMPANY, DEVON ENERGY CORPORATION (NEVADA) AND SANTA FE ENERGY RESOURCES, INC. FOR THE EXPANSION OF THE INDIAN BASIN-UPPER PENNSYLVANIAN ASSOCIATED POOL AND THE CONCOMITANT CONTRACTION OF THE INDIAN BASIN-UPPER PENNSYLVANIAN GAS POOL, APPROVAL OF FOUR NON-STANDARD 320-ACRE GAS PRORATION UNITS, AN UNORTHODOX GAS WELL LOCATION, AND APPORTIONMENT OF GAS ALLOWABLES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 9, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of December, 1998, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The Indian Basin-Upper Pennsylvanian Gas Pool is a prorated gas pool currently governed by the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool," as promulgated by Division Order No. R-8170, as amended, which require standard 640-acre spacing and proration units ("GPU") with wells to be located no closer than 1650 feet from the outer boundary of the GPU nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The current gas allowable for the Indian Basin-Upper Pennsylvanian Gas Pool is approximately 6.5 MMCFG per day per GPU.

Nomenclature

Case No. 12006

Order No. R-9922-D

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(3) The Indian Basin-Upper Pennsylvanian (Prorated) Gas Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------------------|-----|
| Section 3: | W/2 |
| Section 4: | All |
| Sections 8 and 9: | All |
| Section 10: | W/2 |
| Section 15: | W/2 |
| Sections 16 through 30: | All |
| Sections 32 through 36: | All |

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

| | |
|-------------------------|-----|
| Sections 19 through 21: | All |
| Sections 28 through 32: | All |

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

| | |
|------------------------|------|
| Sections 1 through 5: | All |
| Sections 8 through 17: | All |
| Section 21: | N/2 |
| Section 22: | All. |

(4) The Indian Basin-Upper Pennsylvanian Associated Pool is currently governed by the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool*," as promulgated by Division Order No. R-9922, as amended, which require standard 320-acre oil and gas spacing units with wells to be located no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary, and with no more than one well per 80-acre tract to be drilled or produced on a standard proration unit. The special depth bracket allowable for the pool is 1,400 barrels of oil per day. The limiting gas-oil ratio for the pool is 7,000 cubic feet of gas per barrel of oil, which results in a casinghead gas allowable of 9.8 MMCFG per day.

(5) The Indian Basin-Upper Pennsylvanian Associated Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

| | |
|---------------------|------|
| Section 27: | S/2 |
| Sections 33 and 34: | All. |

TOWNSHIP 22 SOUTH. RANGE 24 EAST. NMPM

Sections 2 through 10: All
Section 11: N/2
Sections 16 and 17: All.

(6) The applicants, Marathon Oil Company, Yates Petroleum Corporation, Oryx Energy Company, Devon Energy Corporation (Nevada), and Santa Fe Energy Resources, Inc. seek an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico to include:

TOWNSHIP 21 SOUTH. RANGE 23 EAST. NMPM

Section 36: E/2

TOWNSHIP 21 SOUTH. RANGE 24 EAST. NMPM

Sections 20 and 21: All
Sections 28 through 32: All

TOWNSHIP 22 SOUTH. RANGE 23 EAST. NMPM

Section 1: E/2
Section 12: E/2
Section 13: E/2

TOWNSHIP 22 SOUTH. RANGE 24 EAST. NMPM

Section 18: All

AND THE concomitant contraction of the Indian Basin-Upper Pennsylvanian Gas Pool by deleting therefrom:

TOWNSHIP 21 SOUTH. RANGE 23 EAST. NMPM

Section 36: E/2

TOWNSHIP 21 SOUTH. RANGE 24 EAST. NMPM

Sections 20 and 21: All
Sections 28 through 32: All

TOWNSHIP 22 SOUTH. RANGE 23 EAST. NMPM

Section 1: E/2
Section 12: E/2
Section 13: E/2.

Nomenclature

Case No. 12006

Order No. R-9922-D

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(7) In conjunction with the proposed adjustment to the boundaries of the two subject pools, the applicants seek to establish the following four 320-acre, more or less, GPU's within the Indian Basin-Upper Pennsylvanian Gas Pool within Section 36, Township 21 South, Range 23 East, NMPM, and Sections 1, 12, and 13, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico:

(A) the W/2 of Section 36, comprising 320 acres, which is to be dedicated to the existing Lowe State Gas Com Well No. 1 (API No. 30-015-10342), located 1995 feet from the North line and 1712 feet from the West line (Unit F) of Section 36;

(B) the W/2 equivalent of Section 1, comprising 336.57 acres, on which there is currently no well;

(C) the W/2 of Section 12, comprising 320 acres, which is to be dedicated to the existing Smith Federal Gas Com Well No. 2 (API No. 30-015-26834) located 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12; and

(D) the W/2 of Section 13, comprising 320 acres, which is to be dedicated to the HOC Federal Gas Com Well No. 2 (API No. 30-015-26939) located 330 feet from the North and West lines (Unit D) of Section 13.

(8) The proposed acreage and pool rededication results in the Lowe State Gas Com Well No. 1 being only 928 feet from the outer boundary of its newly designated 320-acre gas proration unit. The resulting unorthodox gas well location for this well requires proper authorization pursuant to the appropriate rules and regulations governing the Indian Basin-Upper Pennsylvanian Gas Pool.

(9) On behalf of the applicants, Marathon Oil Company presented geologic, petroleum engineering, and oil and gas mineral ownership and land evidence, which demonstrates that this application should be granted and which is summarized as follows:

(A) In the Indian Basin area, the Upper Pennsylvanian interval contains multiple compartmentalized reservoirs, which are productive of oil, gas and water from several dolomitized horizons from the top of the Cisco formation to

the base of the Canyon formation.

(B) The Cisco/Canyon formations within the Indian Basin-Upper Pennsylvanian Gas Pool, including the extension area, and the Indian Basin-Upper Pennsylvanian Associated Pool were originally developed with flowing gas wells on 640-acre gas spacing such that, once the gas wells stopped flowing as a result of water encroachment, the wells were abandoned.

(C) The Indian Basin-Upper Pennsylvanian Gas Pool attained its maximum extension in the 1970s and, since then, water encroachment has advanced from east to west slowly watering out the flowing gas wells. Currently, flowing gas production occurs west of a structural contour line at minus 3300 feet subsea elevation.

(D) In 1992, Yates Petroleum Corporation reentered and recompleted the Hickory "ALV" Federal Well No 1 (API No. 30-015-10566), located 1650 feet from the North and West lines (Unit F) of Section 17, Township 22 South, Range 24 East, NMPM. Using the same high capacity pumps used in the nearby South Dagger Draw-Upper Pennsylvanian Associated Pool, Yates was able to achieve rates of 400 BOPD, 500 MCFGPD and 1200 BWPD in a former Indian Basin-Upper Pennsylvanian Gas Pool well which had previously been depleted. Thereafter the Division entered Order No. R-9922 and created the Indian Basin-Upper Pennsylvanian Associated Pool.

(E) The Cisco/Canyon formations within the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area are in a structural feature separated from the Indian Basin-Upper Pennsylvanian Gas Pool by a structural saddle at the top of the Cisco at a subsea elevation of minus 3500 feet. New wells located within 320-acre spacing units in the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area are now producing or have the potential to produce oil and gas that was not previously recovered when this area was originally developed as part of the Indian Basin-Upper Pennsylvanian Gas Pool.

(F) Current oil and gas production from the Cisco/Canyon formations in the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area required extensive formation "de-watering." Hydrocarbons are mobilized by continuous movement of large volumes of water with artificial lift.

(G) Pressure data demonstrates that:

(i) the Indian Basin-Upper Pennsylvanian Associated Pool, with a pressure on average of 1600 psi, is not in pressure communication with the Indian Basin-Upper Pennsylvanian Gas Pool, which has a current pressure on average of 500 psi; and

(ii) wells in the extension area of Township 21 South, Range 24 East, NMPM, have a pressure related to the Indian Basin-Upper Pennsylvanian Associated Pool.

(H) Production data demonstrates that:

(i) there are no flowing gas wells in the extension area; and

(ii) old flowing gas wells in the extension area were abandoned when they watered out and new wells are attaining oil and gas production by using high capacity pumps.

(I) The division of Section 36, Township 21 South, Range 23 East, NMPM and Sections 1, 12, and 13, Township 22 South, Range 23 East, NMPM (the transition area) into non-standard 320-acre, more or less, gas proration and spacing units will provide an equitable "buffer" between the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Upper Pennsylvanian Associated Pool because:

(i) wells have been located or can be located such that drainage by wells in the Indian Basin-Upper Pennsylvanian Associated Pool can be met with counter drainage from wells located or to be located on the eastern side of each of the four 320-acre, more or less, non-standard gas spacing and proration units in the Indian Basin-Upper Pennsylvanian Gas Pool provided that wells located on the eastern side of these units can be no closer than 660 feet from the eastern boundary, which is also the setback requirement for wells in the Indian Basin-Upper Pennsylvanian Associated Pool; and

(ii) wells located in the Indian Basin-Upper Pennsylvanian Gas Pool will not suffer unfair competition from wells located or to be located in these four, non-standard gas proration units because allowables will be apportioned based upon the gas proration system adopted for the Indian Basin-Upper Pennsylvanian Gas Pool.

(J) The granting of this application should not impair the correlative rights:

(i) of any working interest owner within any of the existing 640-acre GPUs because there are voluntary joint operating agreements requiring that all those owners continue to share in production and pay costs from the new 320-acre spacing units on the same proportional basis as in the original 640-acre unit;

(ii) of any overriding royalty interest owner or the federal royalty under a federal oil and gas lease within any of the existing 640-

acre GPUs because there are federal communitization agreements requiring that all those owners continue to share in production from the new 320-acre spacing units on the same proportional basis as in the original 640-acre unit;

(iii) under Section 32, Township 21 South, Range 24 East, NMPM, which consists of two 320-acre State of New Mexico leases and is operated by Marathon Oil Company, because there are no overriding royalty owners and the State Land Office desires that the communitization agreement for the existing 640-acre proration unit terminate and be replaced by two 320-acre proration units co-extensive with the two State leases; and,

(iv) under Section 36, Township 21 South, Range 23 East, NMPM, which consists of two State of New Mexico leases and is operated by ORYX Energy Company, because there are no overriding royalty owners and the State Land Office desires that the existing 640-acre communitization agreement terminate and be replaced by two 320-acre communitization agreements.

(10) The evidence and testimony presented at the hearing further indicate that:

(A) The Cisco/Canyon formations within the Indian Basin-Upper Pennsylvanian Associated Pool and the extension area are a single structural feature such that wells located in this area should be subject to the same special rules and regulations.

(B) Geologic and petroleum engineering evidence demonstrate that substantial volumes of oil and gas, which otherwise would not be produced, can be economically recovered from the extension area if that area is subject to the

current rules applicable to the Indian Basin-Upper Pennsylvanian Associated Pool, thereby preventing waste.

(C) Making the extension area part of the Indian Basin-Upper Pennsylvanian Associated Pool will afford the opportunity to increase the de-watering process in the reservoir and improve recovery efficiencies for both oil and gas.

(D) The adoption of the four 320-acre, more or less, non-standard gas proration and spacing units will establish a temporary "buffer" or transition area between the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Upper Pennsylvanian Associated Pool, which at this time will establish equity and protect correlative rights.

(11) The applicants are all of the operators of wells in the extension area and they have met and unanimously agreed upon this application.

(12) In accordance with Division notification rules, notification of this application and request for hearing has been sent to the owners within the proposed expansion area and to the offset operators to each non-standard gas proration and spacing unit and no objections have been received by either the Division or Marathon Oil Company, which sent out these notices.

(13) In order to prevent waste, to prevent the drilling of unnecessary wells, to protect correlative rights and provide for a more orderly development of the Cisco/Canyon formations, it is necessary to do the following:

(A) contract the Indian Basin-Upper Pennsylvanian Gas Pool and expand the Indian Basin-Upper Pennsylvanian Associated Pool as described in Finding Paragraph No. 6;

(B) approve the four non-standard 320-acre, more or less, GPU's within the Indian Basin-Upper Pennsylvanian Gas Pool as described in Finding Paragraph No. 7; and,

(C) approve an unorthodox gas well location for the Lowe State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line (Unit K) of said Section

36.

(14) Marathon Oil Company, Santa Fe Energy Resources, Inc. and ORYX Energy Corporation were present at the hearing and Marathon Oil Company, on behalf of the applicants, provided technical land, geologic and engineering testimony concerning the reservoir and, these pools.

(15) No other operator and/or interest owner appeared at the hearing in opposition to the application.

(16) Approval of the applicant's request will allow the interest owners the opportunity to economically recover their share of the oil and gas in the subject pools, will not reduce ultimate recovery from the subject pools, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 36: E/2

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Sections 20 and 21: All

Sections 28 through 32: All

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 1: E/2

Section 12: E/2

Section 13: E/2.

(2) Concomitantly, the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein the following described area:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 36: E/2

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Sections 20 and 21: All
Sections 28 through 32: All

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 1: E/2
Section 12: E/2
Section 13: E/2.

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

Section 18: All.

(3) The following four 320-acre, more or less, GPU's within the Indian Basin-Upper Pennsylvanian Gas Pool within Section 36, Township 21 South, Range 23 East, and Sections 1, 12, and 13, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, are hereby approved:

(A) the W/2 of Section 36, comprising 320 acres, which is to be dedicated to the existing Lowe State Gas Com Well No. 1 (API No. 30-015-10342), located at an unorthodox gas well location for the 320-acre GPU, 1995 feet from the North line and 1712 feet from the West line (Unit F) of Section 36;

(B) the W/2 of Section 1, comprising 336.57 acres, on which there is currently no well;

(C) the W/2 of Section 12, comprising 320 acres, which is to be dedicated to the existing Smith Federal Gas Com Well No. 2 (API No. 30-015-26834) located 2049 feet from the North and 480 feet from the West lines (Unit E) of Section 12; and,

(D) the W/2 of Section 13, comprising 320 acres, which is to be dedicated to the HOC Federal Gas Com Well No. 2 (API No. 30-015-26939) located 330 feet from the North line and 330 feet from the West line (Unit D) of Section 13.

(4) Any future well located in any of these four non-standard gas proration and spacing units no closer than 660 feet to the eastern boundary of the unit shall be considered

Nomenclature

Case No. 12006

Order No. R-9922-D

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to be at a standard location.

(5) The apportionment of gas allowables for the four non-standard GPU's shall be accomplished by applying a 0.5 acreage factor to each of the non-standard GPU's.

(6) An unorthodox gas well location for the following well in the Indian Basin-Upper Pennsylvanian Gas Pool, which became unorthodox as a result of the change in pool boundary, is hereby approved: Lowe State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line and of Section 36, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.

(7) The locations of all wells presently drilling to or completed in the Indian Basin-Upper Pennsylvanian Associated Pool within this expansion area are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well within thirty days from the date of this order.

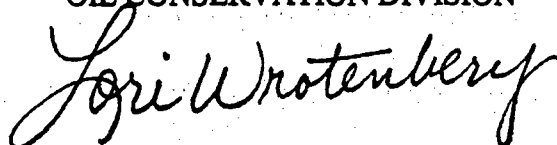
(8) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the Indian Basin-Upper Pennsylvanian Associated Pool within this expansion area shall have dedicated thereto 320 acres; or, pursuant to Paragraph C of Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

(9) Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to being shut-in.

(10) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

SEAL

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:**

*See Also Orders No. R-9922
9922-A
9922-B
9922-C
9922-D*

**NOMENCLATURE
CASE NO. 12782
ORDER NO. R-9922-E**

**APPLICATION OF KERR-McGEE OIL & GAS ONSHORE L.L.C. FOR THE
EXPANSION OF THE INDIAN BASIN-UPPER PENNSYLVANIAN ASSOCIATED
POOL AND THE CONCOMITANT CONTRACTION OF THE INDIAN BASIN-
UPPER PENNSYLVANIAN GAS POOL, AND FOR APPROVAL OF FOUR NON-
STANDARD GAS PRORATION UNITS IN THE INDIAN BASIN-UPPER
PENNSYLVANIAN GAS POOL, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 20, 2001, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of August, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The Indian Basin-Upper Pennsylvanian Gas Pool currently comprises the following-described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------------------|-----|
| Section 3: | W/2 |
| Section 4: | All |
| Sections 8 and 9: | All |
| Section 10: | W/2 |
| Section 15: | W/2 |
| Sections 16 through 30: | All |
| Sections 32 through 35: | All |

Section 36: W/2

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 19: All

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 1: W/2

Sections 2 through 5: All

Sections 8 through 11: All

Section 12: W/2

Section 13: W/2

Sections 14 through 17: All

Section 21: N/2

Section 22: All.

(3) The Indian Basin-Upper Pennsylvanian Gas Pool is a prorated gas pool currently governed by: (i) Division Rule 605; and (ii) the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool*," as promulgated by Division Order No. R-8170, as amended, which require standard 640-acre gas spacing and proration units ("GPU") with wells to be located no closer than 1650 feet from the outer boundary of the GPU nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary.

(4) However, Division Order No. R-9922-D, issued in Case No. 12006 and dated December 7, 1998, adjusted the pool boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Upper Pennsylvanian Associated Pool and approved a non-standard 320-acre gas spacing and proration unit for the W/2 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, for the Indian Basin-Upper Pennsylvanian Gas Pool [see *Ordering Paragraph No. (3) on page 11 of Order No. R-9922-D*]. Further, Division Order No. R-9922-D provided that any future well located within the W/2 of Section 12 is to be located no closer than 660 feet to the eastern boundary of this 320-acre unit.

(5) The Indian Basin-Upper Pennsylvanian Associated Pool currently comprises the following-described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 36: E/2

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 16: W/2

| | |
|-------------------------|-----|
| Sections 20 and 21: | All |
| Section 27: | S/2 |
| Sections 28 through 34: | All |

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------|-----|
| Section 1: | E/2 |
| Section 12: | E/2 |
| Section 13: | E/2 |

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

| | |
|-------------------------|------|
| Sections 2 through 10: | All |
| Section 11: | N/2 |
| Sections 16 through 18: | All. |

(6) The area encompassing the Indian Basin-Upper Pennsylvanian Associated Pool and the upper-Pennsylvanian interval (Cisco and Canyon formations) within one-mile is currently governed by the "*Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool*," as promulgated by Division Orders No. R-9922, R-9922-A, R-9922-B, R-9922-C, and R-9922-D and the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*," as promulgated by Division Order No. R-5353, as amended, which require standard 320-acre oil and gas spacing and proration units, with wells to be located no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary, and allow no more than one well per 80-acre tract to be drilled or produced on a standard unit.

(7) The applicant, Kerr-McGee Oil & Gas Onshore L.L.C. ("Kerr-McGee") seeks an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool to include the following lands (the "second extension area") in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------|-----|
| Section 25: | All |
| Section 35: | E/2 |
| Section 36: | W/2 |

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

| | |
|-------------|-----|
| Section 19: | All |
|-------------|-----|

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------|------|
| Section 1: | W/2 |
| Section 2: | E/2 |
| Section 11: | E/2 |
| Section 12: | W/2 |
| Section 13: | W/2 |
| Section 14: | E/2, |

The applicant also seeks the concomitant contraction of the Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico by the deletion therefrom of:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------|-----|
| Section 25: | All |
| Section 35: | E/2 |
| Section 36: | W/2 |

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

| | |
|-------------|-----|
| Section 19: | All |
|-------------|-----|

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------|------|
| Section 1: | W/2 |
| Section 2: | E/2 |
| Section 11: | E/2 |
| Section 12: | W/2 |
| Section 13: | W/2 |
| Section 14: | E/2. |

(8) In conjunction with the proposed adjustment to the boundaries of the two subject pools, the applicant seeks to establish the following four 320-acre, more or less, GPU's within the Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico:

(A) the W/2 of Section 35, Township 21 South, Range 23 East, NMPM, comprising 320 acres, which is to be simultaneously dedicated to Marathon Oil Company's ("Marathon"): (i) Federal "C-35" Well No. 1 (API No. 30-015-10403), located 1650 feet from the North and West lines (Unit F) of Section 35; and (ii) Federal "C-35" Well No. 2 (API No. 30-015-27629), located 800 feet from the South and

West lines (Unit M) of Section 35 [*This well was the subject of Division Order No. R-9910, issued in Case No. 10736 on June 9, 1993, which order approved the unorthodox gas well location within a standard 640-acre gas spacing and proration unit comprising all of Section 35 and assessed a production penalty to the 640-acre unit of 38 %.*];

(B) Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 2, Township 22 South, Range 23 East, NMPM, comprising 337.47 acres, which is to be simultaneously dedicated to Kerr-McGee's: (i) Conoco State Well No. 4 (API No. 30-015-30621), located 1900 feet from the South line and 1750 feet from the West line (Unit K) of Section 2; and (ii) Conoco State Well No. 7 (API No. 30-015-30875), located 1706 feet from the North line and 1828 feet from the West line (Unit F) of Section 2 [*This well was the subject of Division Administrative Order NSL-4386-A (SD), which order approved the unorthodox gas well location within an existing gas spacing and proration unit comprising all of irregular Section 2.*];

(C) the W/2 of Section 11, Township 22 South, Range 23 East, NMPM, comprising 320 acres, which is to be simultaneously dedicated to Marathon's: (i) Smith Federal Well No. 1 (API No. 30-015-10567), located 1650 feet from the North and West lines (Unit F) of Section 11; and (ii) Smith Federal Well No. 2 (API No. 30-015-29789), located 1465 feet from the South line and 800 feet from the West line (Unit L) of Section 11 [*This well was the subject of Division Administrative Order NSL-3855 (SD), dated August 15, 1997, which order approved the unorthodox gas well location within a standard 640-acre gas spacing and proration unit comprising all of Section 11 and assessed a production penalty to the 640-acre unit of 27 %.*]; and

(D) the W/2 of Section 14, Township 22 South, Range 23 East, NMPM, comprising 320 acres, which is to be dedicated to Marathon's Federal "IBB" Gas Com Well No. 1 (API No. 30-015-10744), located 1650 feet from the North and West lines (Unit F) of Section 14.

(9) In addition to the above-described Marathon Federal "C-35" Well No. 2 and Smith Federal Well No. 2 and Kerr-McGee Conoco State Well No. 7 currently located at unorthodox gas well locations within the Indian Basin-Upper Pennsylvanian Gas Pool, the proposed acreage and pool rededication result in Marathon's Federal "C-35" Well No. 1, Kerr-McGee's Conoco State Well No. 4, Marathon's Smith Federal Well No. 1, and Marathon's Federal "IBB" Gas Com. Well No. 1 also become unorthodox under the pool rules currently governing the Indian Basin-Upper Pennsylvanian Gas Pool.

(10) The proposed acreage and pool rededication result in the following wells becoming unorthodox under the well location requirements of the Indian Basin-Upper Pennsylvanian Associated Pool:

(A) Marathon's Federal "C-35" Well No. 3 (API No. 30-015-30619), located 1500 feet from the South line and 2080 feet from the East line (Unit J) of Section 35, Township 21 South, Range 23 East, NMPM [*This well was the subject of Division Administrative Order NSL-4255 (SD), which order approved the unorthodox second infill gas well location within a standard 640-acre gas spacing and proration unit comprising all of Section 35 and confirmed the production penalty to the 640-acre unit of 38 % previously assessed by Division Order No. R-9910.*];

(B) the Yates Petroleum Corporation ("Yates") Smith Federal Gas Com. Well No. 2 (API No. 30-015-26834), located 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12, Township 22 South, Range 23 East, NMPM [*This well was the subject of Division Order No. R-9922-D, issued in Case No. 12006 on December 7, 1998, which order approved the unorthodox gas well location within a non-standard 320-acre gas spacing and proration unit comprising the W/2 of Section 12.*];

(C) Yates's Smith Federal Gas Com. Well No. 3 (API No. 30-015-30687), located 1797 feet from the North line and 2159 feet from the West line (Unit F) of Section 12 [*This well was the subject of Division Administrative Order NSL-4664 (SD), dated November 19, 2001, which order approved the unorthodox infill gas well location within a non-standard*

320-acre gas spacing and proration unit comprising the W/2 of Section 12.]; and

(D) Yates's HOC Federal Gas Com. Well No. 2 (API No. 30-015-26939), located 330 feet from the North and West lines (Unit D) of Section 13, Township 22 South, Range 23 East, NMPM [*This well was the subject of Division Order No. R-9922-D, issued in Case No. 12006 on December 7, 1998, which order approved the unorthodox gas well location within a non-standard 320-acre gas spacing and proration unit comprising the W/2 of Section 13.*].

(11) Finally, the applicant requests that within the proposed second extension area to the Indian Basin-Upper Pennsylvanian Associated Pool only one well be allowed per quarter section. HOWEVER, the applicant requests that the following existing wells that are located on the same quarter sections be allowed to produce concurrently:

(A) in the NW/4 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, Yates's previously described Smith Federal Gas Com. Wells No. 2 and 3 in Units "E" and "F" respectively; and

(B) in the NW/4 of Section 13, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, Yates's: (i) HOC Federal Well No. 1 (API No. 30-015-10721), located 1650 feet from the North and West lines (Unit F) of Section 13; and (ii) previously described HOC Federal Gas Com. Well No. 2 located in Unit "D" of Section 13.

(12) The applicant presented geologic, petroleum engineering, oil and gas mineral ownership, and land evidence that is summarized as follows:

(A) Both the Indian Basin-Upper Pennsylvanian Gas Pool ("Gas Pool") and Indian Basin-Upper Pennsylvanian Associated Pool ("Associated Pool") are defined by a fault to the west and a zero dolomite contour in the rest of the field, within which virtually all Upper Pennsylvanian production has occurred.

(B) By Division Order No. R-9922-D, issued in Case No. 12006 on December 7, 1998, approximately ten sections of land were deleted from the Gas Pool and added to the Associated Pool (the "1998 extension area").

(C) Cumulative production in the Gas Pool to the west of the proposed second extension area is approximately 50 BCF/section. Recoveries are lower to the east, in the Associated Pool, although production has increased dramatically in the Associated Pool over the last several years. Several wells in the proposed second extension area have their production curtailed by the Gas Pool's allowable.

(D) Of the 179 wells that have produced in both pools, 115 have been completed since 1990, with the majority in the Associated Pool. Well density is higher in the Associated Pool than in the Gas Pool, with as many as five wells per section.

(E) Significant water production continues to move westward across the pools. Large volumes of oil and gas production have accompanied high volumes of water production in the Associated Pool.

(F) Average production per well in the Gas Pool peaked in 1994 at over 4.5 MMCFG/day, and has since declined to approximately 1.5 MMCFG/day. However, in the Associated Pool average production per well has increased from several hundred MCFG/day to over 3 MMCFG/day during the same period. Water production has increased to over 2000 BWPD per well in the Associated Pool.

(G) Along with higher gas and water volumes, oil production has increased over time in the Associated Pool, indicating that increasing fluid withdrawals increases oil production.

(H) Wells in the proposed second extension area exhibit similar producing rates and characteristics as wells in the 1998 extension area. In addition, of the 25 flowing wells in these

pools, only two are located in the Associated Pool or in the proposed second extension area. The remaining 23 flowing wells are in the Gas Pool.

(I) Oil produced from wells in the proposed second extension area has a gravity of 40° API and is greenish-yellow in color, which is similar to that produced in the Associated Pool to the east, while oil produced to the west, in the Gas Pool, has a gravity of 60° to 70° API, and is clear in color.

(J) At the time of the hearing on the 1998 extension area, pressures were approximately 1600 psi in the Associated Pool and 500 psi in the Gas Pool. Pressures in the Associated Pool are currently about 800 psi versus approximately 400 psi in the Gas Pool.

(K) The proposed extension of the Associated Pool is necessary to allow wells in the proposed second extension area to compete with wells in both the Gas Pool and the Associated Pool.

(L) The one well per quarter section limitation in the proposed second extension area provides a buffer zone to prevent unfair competition between the Associated Pool and the Gas Pool.

(M) Existing wells or future wells in the four non-standard GPU's in the Gas Pool that are located no closer than 660 feet to the eastern boundaries of the non-standard GPU's and comply with the set-back requirements provided by the special rules governing the Indian Basin-Upper Pennsylvanian Gas Pool should be considered acceptable. The following gas wells would meet these criteria: (i) Marathon's Federal "C-35" Well No. 1; (ii) Kerr-McGee's Conoco State Well No. 4; (iii) Kerr-McGee's Conoco State Well No. 7; (iv) Marathon's Smith Federal Well No. 1; and (v) Marathon's Federal "IBB" Gas Com. Well No. 1.

(N) The granting of this application will not impair the correlative rights:

(i) of any interest owner in Section 19, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, because there is no current production from the Cisco/Canyon formations in that section;

(ii) of any interest owner in Section 25 or 35, Township 21 South, Range 23 East, NMPM, or Section 11, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, because those sections are each covered by a single federal lease, with common interest ownership throughout the section;

(iii) of any working interest owner in the existing 640-acre GPU covering Section 14, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, because there is a voluntary joint operating agreement in place under which those owners will continue to share in production and pay costs from the new 320-acre spacing units on the same proportional basis as in the original 640-acre unit;

(iv) of any royalty, overriding royalty, or production payment interest owner in the existing 640-acre GPU covering Section 14, because there is a federal communitization agreement in place under which those owners will continue to share in production from the new 320-acre spacing units on the same proportional basis as in the original 640-acre unit; and

(v) of interest owners in Section 2, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, which comprises two State of New Mexico leases, because there

are no overriding royalty owners and the State Land Office desires that the existing 674.28-acre communitization agreement terminate and be replaced by:

(a) a 336.81-acre communitization agreement covering Lots 1, 2, S/2 NE/4, and SE/4 of Section 2, and

(b) a 337.47-acre communitization agreement covering Lots 3, 4, S/2 NW/4, and SW/4 of Section 2

(O) The correlative rights of interest owners in the W/2 of Section 36, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico and the W/2 of Section 1, W/2 of Section 12, and W/2 of Section 13, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, were addressed in Division Order No. R-9922-D.

(13) The evidence presented at the hearing indicates that:

(A) The Cisco/Canyon formations are continuous across the Associated Pool and the proposed second extension area, and wells within these two areas exhibit similar producing characteristics and should be subject to the same special rules and regulations.

(B) Substantial volumes of oil and gas can be economically produced from the proposed second extension area if that area is subject to the same rules currently applicable to the Associated Pool, thereby preventing waste.

(C) Making the proposed second extension area part of the Associated Pool will afford the opportunity to produce large volumes of water, which improves recovery efficiencies of both oil and gas.

(D) The approval of the above-described four 320-acre, more or less, non-standard GPU's, and the one well per 160-

acre limitation, will establish a "buffer" or transition zone between the Gas Pool and the Associated Pool, which will establish equity and protect correlative rights.

(14) All operators in both the Gas Pool and the Associated Pool have met and discussed the proposals presented in this case and are in agreement with the applicant's proposals.

(15) Notification of this application and request for hearing was sent to all operators in both the Gas Pool and the Associated Pool, and all other interest owners in the proposed second extension area, in accordance with Division procedures. No objections have been received by the Division or by the applicant, and no operator or interest owner appeared at the hearing in opposition to the application.

(16) Yates appeared at the hearing and presented a statement in support of the application.

(17) In order to prevent waste, prevent the drilling of unnecessary wells, protect correlative rights, and provide for more orderly development of the Cisco/Canyon formations underlying the proposed second extension area, it is necessary to:

(A) contract the Indian Basin-Upper Pennsylvanian Gas Pool and expand the Indian Basin-Upper Pennsylvanian Associated Pool as described in Finding Paragraph No. (7) above;

(B) approve the four non-standard 320-acre, more or less, GPU's within the Gas Pool as described in Finding Paragraph No. (8) above;

(C) confirm the following two previously approved unorthodox gas well locations in the Indian Basin-Upper Pennsylvanian Gas Pool within their respective non-standard 320-acre, more or less, GPU's:

(i) Marathon's ("Marathon") Federal "C-35" Well No. 2 (API No. 30-015-27629), located 800 feet from the South and West lines (Unit M) of Section 35, Township 21 South, Range 23 East, NMPM, Eddy County,

New Mexico; and

(ii) Marathon's Smith Federal Well No. 2 (API No. 30-015-29789), located 1465 feet from the South line and 800 feet from the West line (Unit L) of Section 11, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico;

(D) approve the following four unorthodox wells in the Indian Basin-Upper Pennsylvanian Associated Pool:

(i) Marathon's Federal "C-35" Well No. 3 (API No. 30-015-30619), located 1500 feet from the South line and 2080 feet from the East line (Unit J) of Section 35, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico;

(ii) the Yates's Smith Federal Gas Com. Well No. 2 (API No. 30-015-26834), located 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico;

(iii) Yates's Smith Federal Gas Com. Well No. 3 (API No. 30-015-30687), located 1797 feet from the North line and 2159 feet from the West line (Unit F) of Section 12; and

(iv) Yates's HOC Federal Gas Com. Well No. 2 (API No. 30-015-26939), located 330 feet from the North and West lines (Unit D) of Section 13, Township 22 South, Range 23 East, NMPM, Eddy County New Mexico; and

(E) approve the two existing wells in the NW/4 of Section 12 and the two existing wells in the NW/3 of Section 13, all in Township 22 South, Range 23 East, NMPM, Eddy County,

New Mexico, as described in Finding Paragraph No. (11) above.

(18) Granting the application will allow the interest owners the opportunity to economically recover their share of oil and gas in the subject pools, will not reduce the ultimate recovery from the pools, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following area:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------|-----|
| Section 25: | All |
| Section 35: | E/2 |
| Section 36: | W/2 |

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

| | |
|-------------|-----|
| Section 19: | All |
|-------------|-----|

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------|-----|
| Section 1: | W/2 |
| Section 2: | E/2 |
| Section 11: | E/2 |
| Section 12: | W/2 |
| Section 13: | W/2 |
| Section 14: | E/2 |

(2) Concomitantly, the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include the following area:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------|-----|
| Section 25: | All |
| Section 35: | E/2 |
| Section 36: | W/2 |

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

| | |
|-------------|-----|
| Section 19: | All |
|-------------|-----|

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

| | |
|-------------|------|
| Section 1: | W/2 |
| Section 2: | E/2 |
| Section 11: | E/2 |
| Section 12: | W/2 |
| Section 13: | W/2 |
| Section 14: | E/2. |

(3) The following four non-standard 320-acre, more or less, gas spacing and proration units ("GPU") within the Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, are hereby approved:

(A) the W/2 of Section 35, Township 21 South, Range 23 East, NMPM, comprising 320 acres, which is to be simultaneously dedicated to Marathon Oil Company's ("Marathon"): (i) Federal "C-35" Well No. 1 (API No. 30-015-10403), located 1650 feet from the North and West lines (Unit F) of Section 35; and (ii) Federal "C-35" Well No. 2 (API No. 30-015-27629), located at a previously approved unorthodox gas well location (see Division Order No. R-9910, issued in Case No. 10736 on June 9, 1993) 800 feet from the South and West lines (Unit M) of Section 35;

(B) Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 2, Township 22 South, Range 23 East, NMPM, comprising 337.47 acres, which is to be simultaneously dedicated to Kerr-McGee Oil & Gas Onshore L.L.C.'s: (i) Conoco State Well No. 4 (API No. 30-015-30621), located 1900 feet from the South line and 1750 feet from the West line (Unit K) of Section 2; and (ii) Conoco State Well No. 7 (API No. 30-015-30875), located 1706 feet from the North line and 1828 feet from the West line (Unit F) of Section 2;

(C) the W/2 of Section 11, Township 22 South, Range 23 East, NMPM, comprising 320 acres, which is to be simultaneously dedicated to Marathon's: (i) Smith Federal Well No. 1 (API No. 30-015-10567), located 1650 feet from the North and West lines (Unit F) of Section 11; and (ii)

Smith Federal Well No. 2 (API No. 30-015-29789), located at a previously approved unorthodox gas well location (see Division Administrative Order NSL-3855 (SD), dated August 15, 1997) 1465 feet from the South line and 800 feet from the West line (Unit L) of Section 11; and

(D) the W/2 of Section 14, Township 22 South, Range 23 East, NMPM, comprising 320 acres, which is to be dedicated to Marathon's Federal "IBB" Gas Com Well No. 1 (API No. 30-015-10744), located 1650 feet from the North and West lines (Unit F) of Section 14.

(4) Any existing well or future well located in any of these four non-standard GPU's that is no closer than 660 feet to the eastern boundary of the unit and meets the set back requirements as provided in the special pool rules shall be considered to be located at a standard location.

(5) The apportionment of gas allowables for the four non-standard GPU's shall be accomplished by applying a 0.5, more or less, acreage factor to each of the non-standard GPU's.

(6) The two previously approved unorthodox gas well locations in the Indian Basin-Upper Pennsylvanian Gas Pool for Marathon's: (i) Federal "C-35" Well No. 2; and (ii) Smith Federal Well No. 2 are hereby approved for their respective non-standard 320-acre, more or less, GPU's.

(7) The unorthodox locations for the following four wells in the Indian Basin-Upper Pennsylvanian Associated Pool, which become unorthodox as a result of the change in pool boundary, are hereby approved:

(A) Marathon's Federal "C-35" Well No. 3 (API No. 30-015-30619), located 1500 feet from the South line and 2080 feet from the East line (Unit J) of Section 35, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico;

(B) the Yates Petroleum Corporation ("Yates") Smith Federal Gas Com. Well No. 2 (API No. 30-015-26834), located 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico;

(C) Yates's Smith Federal Gas Com. Well No. 3 (API No. 30-015-30687), located 1797 feet from the North line and 2159 feet from the West line (Unit F) of Section 12; and

(D) Yates's HOC Federal Gas Com. Well No. 2 (API No. 30-015-26939), located 330 feet from the North and West lines (Unit D) of Section 13, Township 22 South, Range 23 East, NMPM, Eddy County New Mexico.

(8) The locations of all duly permitted wells presently drilling to either the Indian Basin-Upper Pennsylvanian Associated Pool or the Indian Basin-Upper Pennsylvanian Gas Pool within this contraction/expansion area are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well within thirty days from the date of this order.

(9) Only one well in the Indian Basin-Upper Pennsylvanian Associated Pool shall be allowed per quarter section in the lands described in Ordering Paragraph No. (1) above. HOWEVER, the following existing wells that are located on the same quarter sections shall be allowed to produce concurrently:

(A) in the NW/4 of Section 12, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico Yates's previously described Smith Federal Gas Com. Wells No. 2 and 3 in Units "E" and "F" respectively; and

(B) in the NW/4 of Section 13, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico Yates's: (i) HOC Federal Well No. 1 (API No. 30-015-10721), located 1650 feet from the North and West lines (Unit F) of Section 13; and (ii) previously described HOC Federal Gas Com. Well No. 2 located in Unit "D" of Section 13.

(10) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the Indian Basin-Upper Pennsylvanian Associated Pool within this expansion area shall have dedicated thereto 320 acres in accordance with the resulting change of pool rules; or, pursuant to Paragraph C of Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

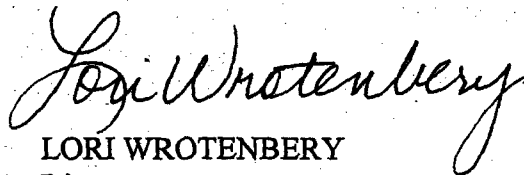
Nomenclature
Case No. 12782
Order No. R-9922-E
Page 18

Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to being shut-in

(11) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director



SEAL

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

Nomenclature
CASE NO. 10986
ORDER NO. R-10137

**APPLICATION OF SANTA FE ENERGY OPERATING PARTNERS, L.P. FOR
POOL CONTRACTION AND EXPANSION, EDDY COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 9, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this ____ day of June, 1994, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Santa Fe Energy Operating Partners, L.P. (Santa Fe) seeks to contract the boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool by deleting therefrom Sections 4 through 8, Township 22 South, Range 24 East and Section 1, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.
- (3) This case (No. 10986) was consolidated with related cases Nos. 10987, 10988, 10989, and 10977 for purpose of testimony at the time of the hearing. In the related cases, the applicant seeks approval for four proposed Upper Pennsylvanian well locations.
- (4) Pool rules in the Indian Basin-Upper Pennsylvanian Gas Pool (the Gas Pool) provide for 640-acre spacing with wells to be no closer than 1650 feet from outer section boundaries nor closer than 330 feet from quarter-quarter section lines.

(5) The Indian Basin-Upper Pennsylvanian Associated Pool (the Associated Pool) was created by Division Order No. R-9922 on July 6, 1993. Pool rules provide for 320-acre spacing with wells to be no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from quarter-quarter section lines. Allowable is 940 barrels per day for a 320-acre proration unit. No more than one well per quarter section is permitted.

(6) The Associated Pool has been expanded to include the following acreage, NMPM, Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 24 EAST

S/2 Section 27; and;
All of Section 34

TOWNSHIP 22 SOUTH, RANGE 24 EAST

W/2 Section 2;
All of Sections 3,9,10,16,17; and,
N/2 Section 11

(7) Geologic evidence was presented by the applicant to show that wells in both the Gas Pool and the Associated Pool produce from the same geologic interval-the Cisco/Canyon Dolomite.

(8) A cross section through the proposed Associated Pool expansion area was presented to show that Gas Pool completions had previously produced from the upper part of the Cisco/Canyon interval above a datum of -3700. Wells completed below that level have resulted in oil completions.

(9) Applicant's well completion data shows that gas wells in each of the sections in the proposed expansion area produced substantial quantities of gas from the gas pool but were plugged and abandoned during the 1980's due to large volumes of produced water.

(10) Santa Fe has recently completed oil wells in Sections 5 and 8. Completion data shows that the wells produce large amounts of oil (400 to 500 BOPD) and water with a gas/oil ratio below 1000. These completions along with the geologic evidence submitted by the applicant indicate that Sections 4,5,7, and 8 should be removed from the Gas Pool and added to the Associated Pool.

(11) Yates Petroleum Company recently re-entered a well in Section 6 and completed it with perforations throughout the Cisco/Canyon formation. Initial gas well completion information submitted by Santa Fe shows completion date on October 18, 1993

with daily producing rates of 10 barrels of oil, 4633 barrels of water and 1,740 MCF gas. Based on this completion, Sections 1 and 6 should not be removed from the Gas Pool nor added to the Associated Pool at this time.

(12) Marathon Oil Company, Nearburg Exploration Company, and Nearburg Producing Company appeared at the hearing through counsel and questioned applicant's witnesses concerning allowables, pool rules, and justification for the selected expansion area, but did not present evidence nor protest the application. No other interest owner or offset operator appeared to oppose the application.

IT IS THEREFORE ORDERED THAT:

(1) The following described acreage is hereby removed from the Indian Basin-Upper Pennsylvanian Gas Pool and added to the Indian Basin-Upper Pennsylvanian Associated Pool:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM,
All of Sections 4,5,7, and 8.

(2) Wells drilling to or completed in the Indian Basin-Upper Pennsylvanian Associated Pool within said Sections 4,5,7,and 8 shall be subject to the rules and requirements for said pool as set out in Division Order No. R-9922 dated July 6, 1993.

(3) Jurisdiction of this cause is hereby retained for entry of such further orders as the Division may deem necessary.

Done at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**NOMENCLATURE
CASE NO. 11841
Order No. R-10892**

**APPLICATION OF YATES PETROLEUM
CORPORATION FOR POOL CONTRACTION
AND EXPANSION, EDDY COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 4, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of October, 1997, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Yates Petroleum Corporation (Yates), seeks the contraction of the Indian Basin-Upper Pennsylvanian Gas Pool by the deletion therefrom of Section 6, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico, and the concomitant expansion of the Indian Basin-Upper Pennsylvanian Associated Pool to include this acreage.

(3) Yates is the current operator of the following described four wells located in Section 6:

| <u>Well Name</u> | <u>Well Location</u> |
|-------------------------------|--------------------------------|
| Brannigan "ANF" Federal No. 1 | 660' FNL & 400' FWL (Unit D) |
| Brannigan "ANF" Federal No. 2 | 2000' FSL & 1850' FEL (Unit J) |
| Brannigan "ANF" Federal No. 3 | 2410' FNL & 2310' FEL (Unit G) |
| Brannigan "ANF" Federal No. 4 | 660' FSL & 1980' FWL (Unit N) |

Nomenclature

Case No. 11841

Order No. R-10892

Page -2-

(4) Division records and evidence and testimony presented by the applicant indicates that:

- a) the Brannigan "ANF" Federal Well No. 1 was originally drilled in 1963 by John H. Trigg. The well, then known as the Federal "IB" Well No. 1-6, was completed in the Cisco-Canyon formation through the perforated interval from 7,430 feet to 7,554 feet. At that time, the well was placed within the Indian Basin-Upper Pennsylvanian Gas Pool. On June 1, 1966, Pan American Petroleum Corporation assumed operations on the well and changed the well name to the Federal "D" Well No. 1. Amoco Production Company (successor to Pan American Petroleum Corporation) produced the well until September, 1986, and subsequently plugged and abandoned the well in November, 1986. Cumulative production at that time was approximately 28.3 BCFG. Yates re-entered the well in September, 1993, and completed the well in the Cisco-Canyon formation (Indian Basin-Upper Pennsylvanian Gas Pool) through perforations from 7,430 feet to 7,695 feet. All of Section 6 was dedicated to the well forming a standard 640-acre gas spacing and production unit. The well IP'd at a rate of 1.7 MMCFGD, 10 BOPD and 4,633 BWPD. The well is currently producing and has cumulatively produced to date 30.3 BCFG and 197 MSTBO;
- b) the Brannigan "ANF" Federal Well No. 3 was originally drilled in 1989 by Hondo Oil & Gas Company. The well, then known as the Indian Basin "6" Federal Well No. 1 was drilled as an Indian Basin-Upper Pennsylvanian Gas Pool test and was completed through the open hole interval from 7,597 feet to 7,788 feet. The well apparently never produced and was placed in a temporarily abandoned status in 1992. Devon Energy Corporation (Nevada) assumed operations on the well in July, 1992. Yates Petroleum Corporation assumed operations on the well in September, 1994. The well continues to remain in a temporarily abandoned status;

c) the Brannigan "ANF" Federal Well No. 2 was drilled by the applicant in 1994 as a Morrow test with an E/2 dedication. The well was eventually completed in the Cisco-Canyon formation through the perforated interval from 8,017 feet to 8,050 feet. By Federal Form 3160-4 dated December 19, 1994 the applicant stated that the well was within the Indian Basin-Upper Pennsylvanian Associated Pool. This form was received by the Division and accepted for record on February 3, 1995. The well has cumulatively produced approximately 1.8 BCFG and 121 MSTBO;

d) the Brannigan "ANF" Federal Well No. 4 was drilled by the applicant in April, 1997, as an Indian Basin-Upper Pennsylvanian Associated Pool test with a W/2 dedication. The well was completed in the Canyon interval through perforations from 7,573 feet to 7,903 feet. The well is currently producing and has cumulatively produced approximately 148 MMCFG and 464 STBO.

(5) The Indian Basin-Upper Pennsylvanian Gas Pool is a prorated gas pool currently governed by the General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Gas Pool as promulgated by Division Order No. R-8170, as amended, which require standard 640-acre spacing and proration units with wells to be located no closer than 1650 feet from the outer boundary of the proration unit nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The current gas allowable for the Indian Basin-Upper Pennsylvanian Gas Pool is approximately 5-6 MMCFG per day.

(6) The Indian Basin-Upper Pennsylvanian Associated Pool is currently governed by special rules and regulations as promulgated by Division Order No. R-9922, as amended, which require standard 320-acre oil and gas spacing units with wells to be located no closer than 660 feet from the outer boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary. The limiting gas-oil ratio for the pool is 7,000 cubic feet of gas per barrel of oil which results in a casinghead gas allowable of 9.8 MMCFG per day.

(7) Division records indicate that Section 6 was originally placed within the Indian Basin-Upper Pennsylvanian Gas Pool by Order No. R-2726 dated July 1, 1964.

(8) Division records further indicate that Section 6 is directly offset to the east, southeast and south by sections which are currently contained within the Indian Basin-Upper Pennsylvanian Associated Pool.

(9) According to applicant's geologic evidence and testimony:

- a) the Cisco-Canyon interval is continuous from the Indian Basin-Upper Pennsylvanian Gas Pool south and southeast to the Indian Basin-Upper Pennsylvanian Associated Pool;
- b) the wells producing from the Indian Basin-Upper Pennsylvanian Gas Pool have generally been completed in the upper dolomite section, while the wells producing from the Indian Basin-Upper Pennsylvanian Associated Pool have generally been completed in the middle and lower dolomite or all of the dolomite section;
- c) the Brannigan "ANF" Federal Well Nos. 1, 2, and 4 are generally completed in the entire dolomite section;
- d) the Cisco-Canyon structure is generally dipping from northwest to southeast and therefore wells completed in the Indian Basin-Upper Pennsylvanian Associated Pool are located structurally lower in the reservoir than wells completed in the Indian Basin-Upper Pennsylvanian Gas Pool;
- e) the Cisco-Canyon reservoir generally thins to the south and southeast from the Indian Basin-Upper Pennsylvanian Gas Pool towards the Indian Basin-Upper Pennsylvanian Associated Pool.

(10) The geologic evidence and testimony indicates that Section 6 is located in an area of transition between the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Upper Pennsylvanian Associated Pool.

(11) The applicant presented engineering evidence and testimony which indicates that:

- a) the Brannigan "ANF" Federal Well Nos. 1, 2 and 4 are currently capable of combined gas production of approximately 9.8 MMCFG per day;

- b) Yates Petroleum Corporation operates the two offset proration units to the west and southwest in Sections 1 and 12, Township 22 South, Range 23 East, NMPM. Both these proration units are in the Indian Basin-Upper Pennsylvanian Gas Pool, and according to Division records and evidence and testimony presented, both are marginal GPU's within this gas pool;
- c) the offset proration unit to the north in Section 31, Township 21 South, Range 24 East, is currently operated by Devon Energy Corporation (Nevada). Division records indicate that there are no wells currently completed in the Indian Basin-Upper Pennsylvanian Gas Pool on this proration unit;
- d) the offset proration unit to the northeast in Section 32, Township 21 South, Range 24 East, is currently operated by Citation Oil & Gas Corporation. Division records indicate that this is a marginal GPU in the Indian Basin-Upper Pennsylvanian Gas Pool with one producing well on the unit;
- e) the offset proration unit to the northwest in Section 36, Township 21 South, Range 23 East, is currently operated by Oryx Energy Company. Division records indicate that this is a marginal GPU in the Indian Basin-Upper Pennsylvanian Gas Pool with one producing well on the unit.

(12) The evidence indicates that the producing gas wells located in the offsetting proration units are currently being produced at capacity, and that Yates will not gain an advantage over these proration units by virtue of the proposed pool contraction and expansion.

(13) The applicant provided notice of its application to Citation Oil & Gas Corporation, Devon Energy Corporation (Nevada), Maralo Inc., Oryx Energy Company and Santa Fe Energy. No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(14) The geologic and engineering evidence and testimony indicates that Section 6 should be placed within the Indian Basin-Upper Pennsylvanian Associated Pool.

Nomenclature

Case No. 11841

Order No. R-10892

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(15) Approval of the application will allow the applicant the opportunity to produce its just and equitable share of the gas underlying the subject proration unit and will not violate correlative rights.

(16) The applicant should be required to file the appropriate Federal and/or Division forms to reflect the proper pool placement and acreage dedication of its wells in Section 6.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Yates Petroleum Corporation, the Indian Basin-Upper Pennsylvanian Gas Pool is hereby contracted by the deletion therefrom of Section 6, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

(2) The Indian Basin-Upper Pennsylvanian Associated Pool is hereby extended to include Section 6, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

(3) The applicant shall file the appropriate Federal and/or Division forms to reflect the proper pool placement and acreage dedication of its wells in Section 6.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

CMD : ONGARD 02/02/04 14:10:31
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TQCI

API Well No : 30 15 28075 Eff Date : 11-01-2002 WC Status : A
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
OGRID Idn : 6137 DEVON ENERGY PRODUCTION COMPANY, LP
Prop Idn : 30646 OLD RANCH CANYON 7 FEDERAL

Well No : 002
GL Elevation: 3996

| | U/L | Sec | Township | Range | North/South | East/West | Prop/Act (P/A) |
|---------------|-----|-----|----------|--------------|--------------|-----------|----------------|
| | --- | --- | ----- | ----- | ----- | ----- | ----- |
| B.H. Locn : F | 7 | 22S | 24E | FTG 1600 F N | FTG 1400 F W | P | |

Lot Identifier:
Dedicated Acre: 297.68
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

| | | | | | |
|-----------|------|-----------|--------------|--------------|-------------|
| PF01 HELP | PF02 | PF03 EXIT | PF04 GoTo | PF05 | PF06 |
| PF07 | PF08 | PF09 | PF10 NEXT-WC | PF11 HISTORY | PF12 NXTREC |

CMD : ONGARD 02/02/04 14:10:35
 OG6ACRE C102-DEDICATE ACREAGE OGOMES -TQCI
 Page No : 1

API Well No : 30 15 28075 Eff Date : 08-22-1995
 Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
 Prop Idn : 30646 OLD RANCH CANYON 7 FEDERAL Well No : 002
 Spacing Unit : 47445 OCD Order : Simultaneous Dedication:
 Sect/Twp/Rng : 7 22S 24E Acreage : 297.68 Revised C102? (Y/N) :
 Dedicated Land:

| S | Base | U/L | Sec | Twp | Rng | Acreage | L/W | Ownership | Lot | Idn |
|---|------|-----|-----|-----|-----|---------|-----|-----------|-----|-----|
| | C | | 7 | 22S | 24E | 40.00 | N | FD | | |
| | F | | 7 | 22S | 24E | 40.00 | N | FD | | |
| | K | | 7 | 22S | 24E | 40.00 | N | FD | | |
| | N | | 7 | 22S | 24E | 40.00 | N | FD | | |
| D | 1 | | 7 | 22S | 24E | 34.44 | N | FD | | |
| E | 2 | | 7 | 22S | 24E | 34.42 | N | FD | | |
| L | 3 | | 7 | 22S | 24E | 34.42 | N | FD | | |
| M | 4 | | 7 | 22S | 24E | 34.40 | N | FD | | |

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD : ONGARD 02/02/04 14:10:43
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQCI
 Page No: 1

OGRID Identifier : 6137 DEVON ENERGY PRODUCTION COMPANY, LP
 Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
 API Well No : 30 15 28075 Report Period - From : 01 2002 To : 12 2003

| API Well No | Property Name | Prod. | Days | Production Volumes | Well | |
|-------------|----------------------|-------|------|--------------------|------|------------|
| | | MM/YY | Prod | Gas | Oil | Water Stat |
| 30 15 28075 | OLD RANCH CANYON 7 F | 11 02 | 30 | 85483 | 1567 | 23753 P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 12 02 | 31 | 99092 | 1579 | 21548 P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 01 03 | 31 | 100312 | 1326 | 16754 P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 02 03 | 28 | 80067 | 1233 | 18594 P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 03 03 | 31 | 98254 | 1503 | 22943 P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 04 03 | 30 | 81358 | 996 | 16803 P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 05 03 | 30 | 44844 | 415 | 10201 P |

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 02/02/04 14:10:47
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQCI
 Page No: 2

OGRID Identifier : 6137 DEVON ENERGY PRODUCTION COMPANY, LP
 Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
 API Well No : 30 15 28075 Report Period - From : 01 2002 To : 12 2003

| API Well No | Property Name | Prod. Days MM/YY Prod | Production Volumes Gas Oil Water | Well Stat |
|-------------|----------------------|--------------------------|-------------------------------------|--------------|
| 30 15 28075 | OLD RANCH CANYON 7 F | 06 03 30 | 78370 923 18714 | P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 07 03 31 | 86539 898 19407 | P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 08 03 30 | 81852 943 20227 | P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 09 03 30 | 82964 969 19492 | P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 10 03 26 | 72103 843 15636 | P |
| 30 15 28075 | OLD RANCH CANYON 7 F | 11 03 25 | 42424 719 16629 | P |

Reporting Period Total (Gas, Oil) : 1033662 13914 240701

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

02/02/04 14:08:43
OGOMES -TQCI

API Well No : 30 15 31151 Eff Date : 11-01-2002 WC Status : A
Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
OGRID Idn : 6137 DEVON ENERGY PRODUCTION COMPANY, LP
Prop Idn : 30646 OLD RANCH CANYON 7 FEDERAL

Well No : 004
GL Elevation: 3996

| | U/L | Sec | Township | Range | North/South | East/West | Prop/Act (P/A) |
|---------------|-----|-----|----------|--------------|--------------|-----------|----------------|
| | --- | --- | ----- | ----- | ----- | ----- | ----- |
| B.H. Locn : 1 | 7 | 22S | 24E | FTG 1599 F N | FTG 1248 F W | P | |

Lot Identifier:
Dedicated Acre: 297.68
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

A0001: Invalid fast path id.

| | | | | | |
|-----------|------|-----------|--------------|--------------|-------------|
| PF01 HELP | PF02 | PF03 EXIT | PF04 GoTo | PF05 | PF06 |
| PF07 | PF08 | PF09 | PF10 NEXT-WC | PF11 HISTORY | PF12 NXTREC |

CMD : ONGARD 02/02/04 14:08:49
 OG6ACRE C102-DEDICATE ACREAGE OGOMES -TQCI
 Page No : 1

API Well No : 30 15 31151 Eff Date : 08-22-1995
 Pool Idn : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
 Prop Idn : 30646 OLD RANCH CANYON 7 FEDERAL Well No : 004
 Spacing Unit : 47445 OCD Order : Simultaneous Dedication:
 Sect/Twp/Rng : 7 22S 24E Acreage : 297.68 Revised C102? (Y/N) :
 Dedicated Land:

| S | Base | U/L | Sec | Twp | Rng | Acreage | L/W | Ownership | Lot | Idn |
|---|------|-----|-----|-----|-----|---------|-----|-----------|-----|-----|
| | C | | 7 | 22S | 24E | 40.00 | N | FD | | |
| | F | | 7 | 22S | 24E | 40.00 | N | FD | | |
| | K | | 7 | 22S | 24E | 40.00 | N | FD | | |
| | N | | 7 | 22S | 24E | 40.00 | N | FD | | |
| D | 1 | | 7 | 22S | 24E | 34.44 | N | FD | | |
| E | 2 | | 7 | 22S | 24E | 34.42 | N | FD | | |
| L | 3 | | 7 | 22S | 24E | 34.42 | N | FD | | |
| M | 4 | | 7 | 22S | 24E | 34.40 | N | FD | | |

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD : ONGARD 02/02/04 14:08:57
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQCI
 Page No: 1

OGRID Identifier : 6137 DEVON ENERGY PRODUCTION COMPANY, LP
 Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
 API Well No : 30 15 31151 Report Period - From : 01 2002 To : 12 2003

| API Well No | Property Name | Prodn. Days MM/YY Prod | Production Volumes Gas Oil Water | Well Stat |
|-------------|----------------------|---------------------------|-------------------------------------|--------------|
| 30 15 31151 | OLD RANCH CANYON 7 F | 11 02 | | S |
| 30 15 31151 | OLD RANCH CANYON 7 F | 12 02 | | S |
| 30 15 31151 | OLD RANCH CANYON 7 F | 01 03 | | S |
| 30 15 31151 | OLD RANCH CANYON 7 F | 02 03 | | S |
| 30 15 31151 | OLD RANCH CANYON 7 F | 03 03 | | S |
| 30 15 31151 | OLD RANCH CANYON 7 F | 04 03 | | S |
| 30 15 31151 | OLD RANCH CANYON 7 F | 05 03 | | S |

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 02/02/04 14:09:00
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQCI
 Page No: 2

OGRID Identifier : 6137 DEVON ENERGY PRODUCTION COMPANY, LP
 Pool Identifier : 33685 INDIAN BASIN;UPPER PENN (ASSOC)
 API Well No : 30 15 31151 Report Period - From : 01 2002 To : 12 2003

| API Well No | Property Name | Prodn. Days MM/YY Prod | Production Volumes Gas Oil Water | Well Stat |
|-------------|----------------------|---------------------------|-------------------------------------|--------------|
| 30 15 31151 | OLD RANCH CANYON 7 F | 06 03 | | S |
| 30 15 31151 | OLD RANCH CANYON 7 F | 07 03 | | S |
| 30 15 31151 | OLD RANCH CANYON 7 F | 08 03 | | S |
| 30 15 31151 | OLD RANCH CANYON 7 F | 09 03 | | S |
| 30 15 31151 | OLD RANCH CANYON 7 F | 10 03 14 | 4698 | 8345 F |
| 30 15 31151 | OLD RANCH CANYON 7 F | 11 03 23 | 5837 | 12637 F |

Reporting Period Total (Gas, Oil) : 10535 20982

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12



Job Number: Sec. 7 T225 R24E
 Company: Santa Fe / Snyder
 Lease/Well: OldRanch Canyon 7 #4
 Location: Eddy Co.
 Rig Name:
 RKB:
 G.L. or M.S.L.:

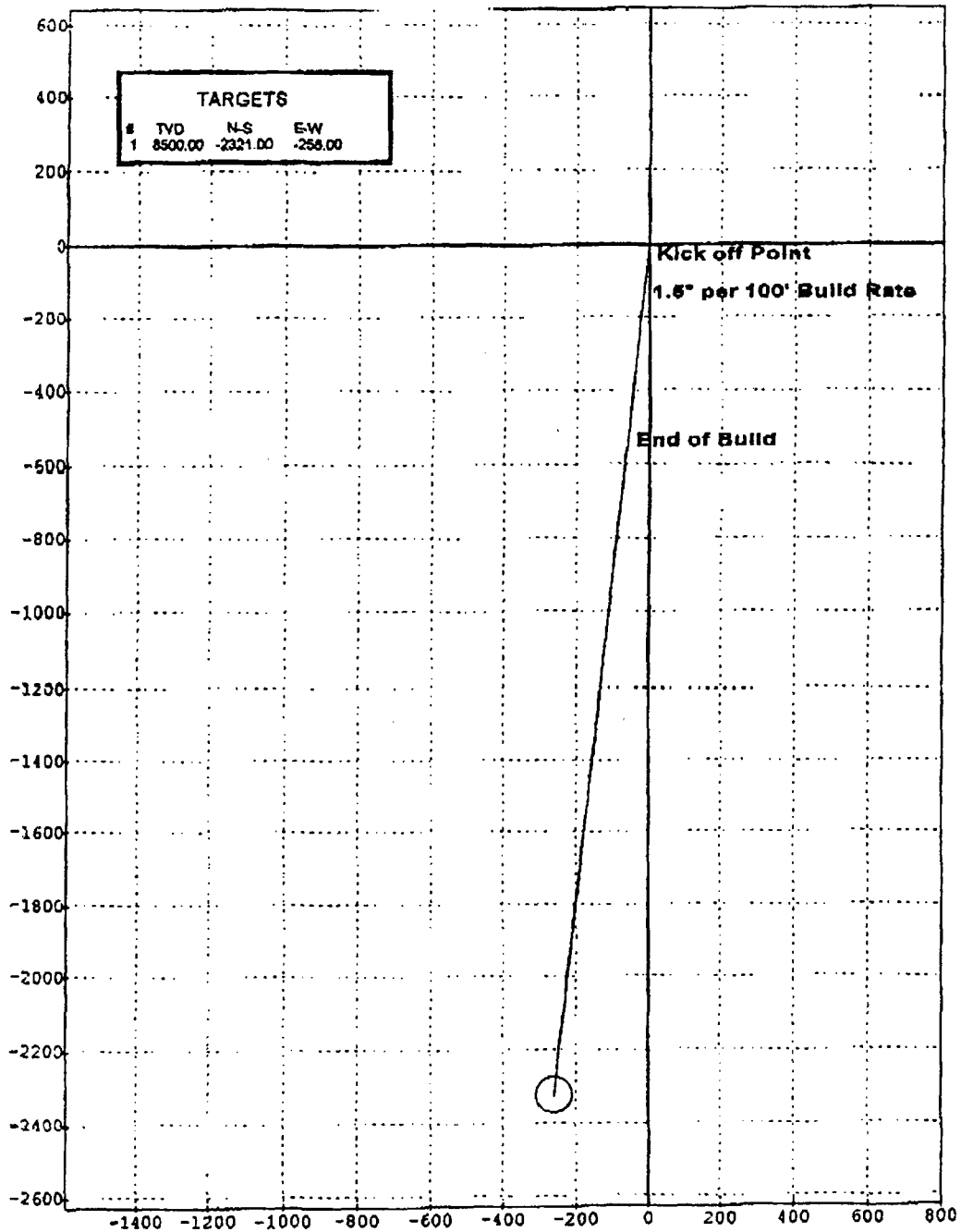
State/Country: New Mexico
 Declination: 9.5° East
 Grid: True
 File name: C:\WINSERVE\SANTAF~1\OLDRAN4.BVY
 Date/Time: 16-Feb-00 / 14:14
 Curve Name: Directional

Daily International Inc.
 Midland, Texas

WINSERVE SURVEY CALCULATIONS
 Minimum Curvature Method
 Vertical Section Plane 186.34
 Vertical Section Referenced to Wellhead
 Rectangular Coordinates Referenced to Wellhead

| Measured Depth FT | Incl Angle Deg | Drift Direction Deg | True Vertical Depth | N-S FT | E-W FT | Vertical Section FT | CLOSURE Distance FT | Direction Deg | Dogleg Severity Deg/100 |
|---------------------------------|----------------------|---------------------------|---------------------------|-----------|-----------|---------------------------|---------------------------|------------------|-------------------------------|
| Kick off Point | | | | | | | | | |
| 3431.66 | .00 | 186.34 | 3431.66 | .00 | .00 | .00 | .00 | .00 | .00 |
| 3530.66 | 1.49 | 186.34 | 3530.65 | -1.28 | -.14 | 1.28 | 1.28 | 186.34 | 1.50 |
| 3620.66 | 2.87 | 186.34 | 3629.57 | -5.10 | -.57 | 5.13 | 5.13 | 186.34 | 1.50 |
| 3728.66 | 4.46 | 186.34 | 3728.38 | -11.47 | -1.27 | 11.54 | 11.54 | 186.34 | 1.50 |
| 3827.66 | 5.94 | 186.34 | 3826.95 | -20.38 | -2.27 | 20.51 | 20.51 | 186.34 | 1.50 |
| 3926.66 | 7.43 | 186.34 | 3925.27 | -31.83 | -3.54 | 32.03 | 32.03 | 186.34 | 1.50 |
| 4025.66 | 8.91 | 186.34 | 4023.27 | -45.81 | -5.09 | 46.09 | 46.09 | 186.34 | 1.50 |
| 4124.66 | 10.40 | 186.34 | 4120.86 | -62.31 | -6.93 | 62.69 | 62.69 | 186.34 | 1.50 |
| 4223.66 | 11.88 | 186.34 | 4218.00 | -81.31 | -9.04 | 81.81 | 81.81 | 186.34 | 1.50 |
| 1.6° per 100' Build Rate | | | | | | | | | |
| 4322.66 | 13.37 | 186.34 | 4314.60 | -102.82 | -11.43 | 103.45 | 103.45 | 186.34 | 1.50 |
| 4421.66 | 14.85 | 186.34 | 4410.61 | -126.80 | -14.09 | 127.58 | 127.58 | 186.34 | 1.50 |
| 4520.66 | 16.34 | 186.34 | 4505.97 | -153.24 | -17.03 | 154.19 | 154.19 | 186.34 | 1.50 |
| 4619.66 | 17.82 | 186.34 | 4600.60 | -182.14 | -20.25 | 183.26 | 183.26 | 186.34 | 1.50 |
| 4718.66 | 19.31 | 186.34 | 4694.45 | -213.46 | -23.73 | 214.77 | 214.77 | 186.34 | 1.50 |
| 4817.66 | 20.79 | 186.34 | 4787.44 | -247.19 | -27.48 | 248.71 | 248.71 | 186.34 | 1.50 |
| 4916.66 | 22.28 | 186.34 | 4870.63 | -283.30 | -31.49 | 285.05 | 285.05 | 186.34 | 1.50 |
| 5015.66 | 23.76 | 186.34 | 4970.65 | -321.77 | -35.77 | 323.75 | 323.75 | 186.34 | 1.50 |
| 5114.66 | 25.25 | 186.34 | 5060.73 | -362.58 | -40.30 | 364.81 | 364.81 | 186.34 | 1.50 |
| 5213.66 | 26.73 | 186.34 | 5149.72 | -405.69 | -45.10 | 408.19 | 408.19 | 186.34 | 1.50 |

Company: Santa Fe / Snyder
Lease/Well: OldRanch Canyon 7 #4
Location: Eddy Co.
State/Country: New Mexico
Declination: 9.8° East



| Measured Depth FT | Incl Angle Deg | Drift Direction Deg | True Vertical Depth | N-S FT | E-W FT | Vertical Section FT | CLOSURE Distance FT | Direction Deg | Dogleg Severity Deg/100 |
|-------------------------|----------------------|---------------------------|---------------------------|-----------|-----------|---------------------------|---------------------------|------------------|-------------------------------|
| 5312.66 | 28.22 | 186.34 | 5237.55 | -451.08 | -50.14 | 453.88 | 453.88 | 186.34 | 1.50 |
| 5411.66 | 29.70 | 186.34 | 5324.17 | -498.72 | -55.44 | 501.79 | 501.79 | 186.34 | 1.50 |
| End of Bulk | | | | | | | | | |
| 5431.66 | 30.00 | 186.34 | 5341.52 | -508.81 | -56.54 | 511.75 | 511.75 | 186.34 | 1.50 |
| 5531.66 | 30.00 | 186.34 | 5428.12 | -558.31 | -62.06 | 561.75 | 561.75 | 186.34 | .00 |
| 5631.66 | 30.00 | 186.34 | 5514.72 | -608.00 | -67.58 | 611.75 | 611.75 | 186.34 | .00 |
| 5731.66 | 30.00 | 186.34 | 5601.33 | -657.89 | -73.11 | 661.75 | 661.75 | 186.34 | .00 |
| 5831.66 | 30.00 | 186.34 | 5687.93 | -707.39 | -78.63 | 711.75 | 711.75 | 186.34 | .00 |
| 5931.66 | 30.00 | 186.34 | 5774.53 | -757.08 | -84.18 | 761.75 | 761.75 | 186.34 | .00 |
| 6031.66 | 30.00 | 186.34 | 5861.13 | -806.78 | -89.68 | 811.75 | 811.75 | 186.34 | .00 |
| 6131.66 | 30.00 | 186.34 | 5947.74 | -856.47 | -95.20 | 861.75 | 861.75 | 186.34 | .00 |
| 6231.66 | 30.00 | 186.34 | 6034.34 | -906.16 | -100.73 | 911.75 | 911.75 | 186.34 | .00 |
| 6331.66 | 30.00 | 186.34 | 6120.94 | -955.88 | -106.25 | 961.75 | 961.75 | 186.34 | .00 |
| 6431.66 | 30.00 | 186.34 | 6207.54 | -1005.55 | -111.78 | 1011.75 | 1011.75 | 186.34 | .00 |
| 6531.66 | 30.00 | 186.34 | 6294.15 | -1055.25 | -117.30 | 1061.75 | 1061.75 | 186.34 | .00 |
| 6631.66 | 30.00 | 186.34 | 6380.75 | -1104.94 | -122.82 | 1111.75 | 1111.75 | 186.34 | .00 |
| 6731.66 | 30.00 | 186.34 | 6467.35 | -1154.63 | -128.35 | 1161.75 | 1161.75 | 186.34 | .00 |
| 6831.66 | 30.00 | 186.34 | 6553.95 | -1204.33 | -133.87 | 1211.75 | 1211.75 | 186.34 | .00 |
| 6931.66 | 30.00 | 186.34 | 6640.56 | -1254.02 | -139.40 | 1261.75 | 1261.75 | 186.34 | .00 |
| 7031.66 | 30.00 | 186.34 | 6727.16 | -1303.72 | -144.92 | 1311.75 | 1311.75 | 186.34 | .00 |
| 7131.66 | 30.00 | 186.34 | 6813.76 | -1353.41 | -150.44 | 1361.75 | 1361.75 | 186.34 | .00 |
| 7231.66 | 30.00 | 186.34 | 6900.36 | -1403.10 | -155.97 | 1411.75 | 1411.75 | 186.34 | .00 |
| 7331.66 | 30.00 | 186.34 | 6986.97 | -1452.80 | -161.49 | 1461.75 | 1461.75 | 186.34 | .00 |
| 7431.66 | 30.00 | 186.34 | 7073.57 | -1502.49 | -167.02 | 1511.75 | 1511.75 | 186.34 | .00 |
| 7531.66 | 30.00 | 186.34 | 7160.17 | -1552.19 | -172.54 | 1561.75 | 1561.75 | 186.34 | .00 |
| 7631.66 | 30.00 | 186.34 | 7246.77 | -1601.88 | -178.06 | 1611.75 | 1611.75 | 186.34 | .00 |
| 7731.66 | 30.00 | 186.34 | 7333.38 | -1651.57 | -183.59 | 1661.75 | 1661.75 | 186.34 | .00 |
| 7831.66 | 30.00 | 186.34 | 7419.98 | -1701.27 | -189.11 | 1711.75 | 1711.75 | 186.34 | .00 |
| 7931.66 | 30.00 | 186.34 | 7506.58 | -1750.96 | -194.64 | 1761.75 | 1761.75 | 186.34 | .00 |
| 8031.66 | 30.00 | 186.34 | 7593.18 | -1800.65 | -200.16 | 1811.75 | 1811.75 | 186.34 | .00 |
| 8131.66 | 30.00 | 186.34 | 7679.79 | -1850.35 | -205.68 | 1861.75 | 1861.75 | 186.34 | .00 |
| 8231.66 | 30.00 | 186.34 | 7766.39 | -1900.04 | -211.21 | 1911.75 | 1911.75 | 186.34 | .00 |
| 8331.66 | 30.00 | 186.34 | 7852.99 | -1949.74 | -216.73 | 1961.75 | 1961.75 | 186.34 | .00 |
| 8431.66 | 30.00 | 186.34 | 7939.59 | -1999.43 | -222.25 | 2011.75 | 2011.75 | 186.34 | .00 |
| 8531.66 | 30.00 | 186.34 | 8026.19 | -2049.12 | -227.78 | 2061.75 | 2061.75 | 186.34 | .00 |
| 8631.66 | 30.00 | 186.34 | 8112.80 | -2098.82 | -233.30 | 2111.75 | 2111.75 | 186.34 | .00 |
| 8731.66 | 30.00 | 186.34 | 8199.40 | -2148.51 | -238.83 | 2161.75 | 2161.75 | 186.34 | .00 |
| 8831.66 | 30.00 | 186.34 | 8286.00 | -2198.21 | -244.35 | 2211.75 | 2211.75 | 186.34 | .00 |
| 8931.66 | 30.00 | 186.34 | 8372.61 | -2247.90 | -249.87 | 2261.75 | 2261.75 | 186.34 | .00 |
| 9031.66 | 30.00 | 186.34 | 8459.21 | -2297.59 | -255.40 | 2311.75 | 2311.75 | 186.34 | .00 |
| P.B.T.D. | | | | | | | | | |
| 9078.76 | 30.00 | 186.34 | 8500.00 | -2321.00 | -258.00 | 2335.30 | 2335.30 | 186.34 | .00 |

DRILLING PROGRAM

SANTA FE SNYDER CORP.

OLD RANCH CANYON "7" FED #4

In conjunction with Form 3160-3, Application to Drill the subject well, Santa Fe Snyder Corp. submits the following ten items of pertinent information in accordance with Onshore Oil & Gas Order No. 1.

1. **Geologic Name of Surface Formation: Alluvium**

2. **Estimated Tops of Significant Geologic Markers:**

| | |
|-------------|-------|
| San Andres | 980' |
| Glorieta | 2520' |
| Bone Spring | 4550' |
| Wolfcamp | 7095' |
| Cisco | 7760' |
| Canyon | 8260' |
| Total Depth | 8500' |

3. **The estimated depths at which water, oil or gas formations are expected:**

| | |
|---------------|---------------------------|
| Water | None expected in area |
| Oil/Gas/Water | Cisco/Canyon 7800'- 8300' |

4. **Proposed Casing Program: See Form 3160-3 and Exhibit A**

5. **Pressure Control Equipment: See Exhibit B**

6. **Drilling Fluid Program: See Exhibit C**

7. **Auxiliary Equipment:** A mud logging unit will be utilized to monitor penetration rate and hydrocarbon shows while drilling below the intermediate casing at 2500'.

8. **Testing, Logging and Coring Program:**

Drill Stem Tests: (all DST's to be justified on the basis of valid show of oil or gas):

No Drill Stem Tests are planned.

Logging:

| | |
|---------------------------------------------|---------------|
| Dual Laterolog W/MSFL and Gamma Ray | 1600'- 8500' |
| Compensated Neutron/Litho-Density/Gamma Ray | 1600'- 8500' |
| Compensated Neutron/Gamma Ray (thru csg) | Surface-1600' |

Coring: No conventional cores are planned.

DISTRICT I
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 87507-2088

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

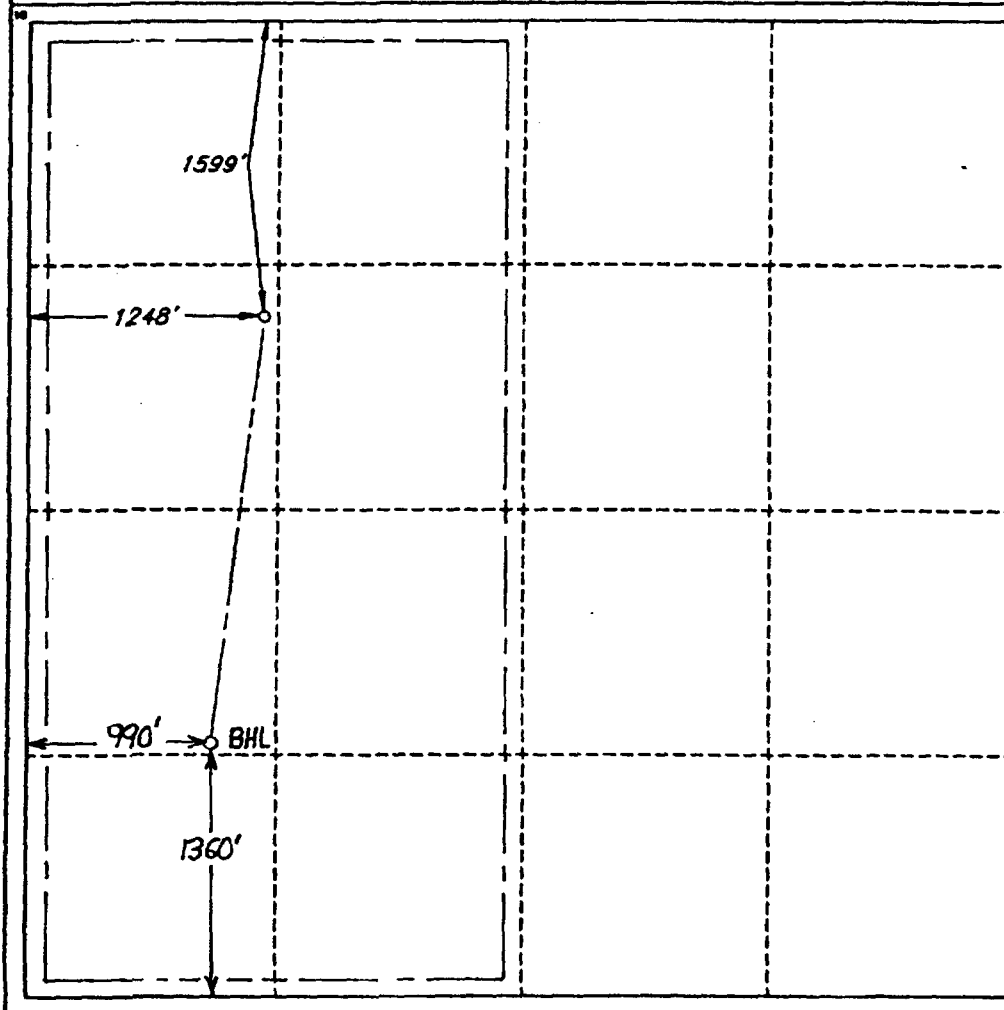
Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | | | | | |
|----------------------------------------------------|--------------|-------------------------------------------------|----------------------------|------------------------------------------|------------------------|---------------------------|------------------------|------------------------|----------------|
| 1 API Number | | 2 Pool Code | | 3 Pool Name Indian Basin (Upper Penn) | | | | | |
| 4 Property Code | | 5 Property Name OLD RANCH CANYON '7' FEDERAL | | | | | | 6 Well Number 4 | |
| 7 OGRD No. 20305 | | 8 Operator Name SANTA FE SNYDER CORPORATION | | | | | | 9 Elevation 3996' | |
| 10 SURFACE LOCATION | | | | | | | | | |
| UL or lot no. E | Section 7 | Township 22 SOUTH | Range 24 EAST, N.M.P.M. | Lot Ida | Feet from the 1599' | North/South line NORTH | Feet from the 1248' | East/West line WEST | County EDDY |
| 11 "BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE | | | | | | | | | |
| UL or lot no. (L) | Section 7 | Township 22-S | Range 24 East NMPM | Lot Ida | Feet from the 1360' | North/South line South | Feet from the 990' | East/West line West | County Eddy |
| 12 Dedicated Acres 320 | | 13 Joint or Infill | | 14 Consolidation Code | | 15 Order No. | | | |

NO ALLOWABLE WELL 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.

Signature
James P. "Phil" Stinson

Printed Name
James P. "Phil" Stinson
Title
Agent for Santa Fe Snyder
Date
3-2-00

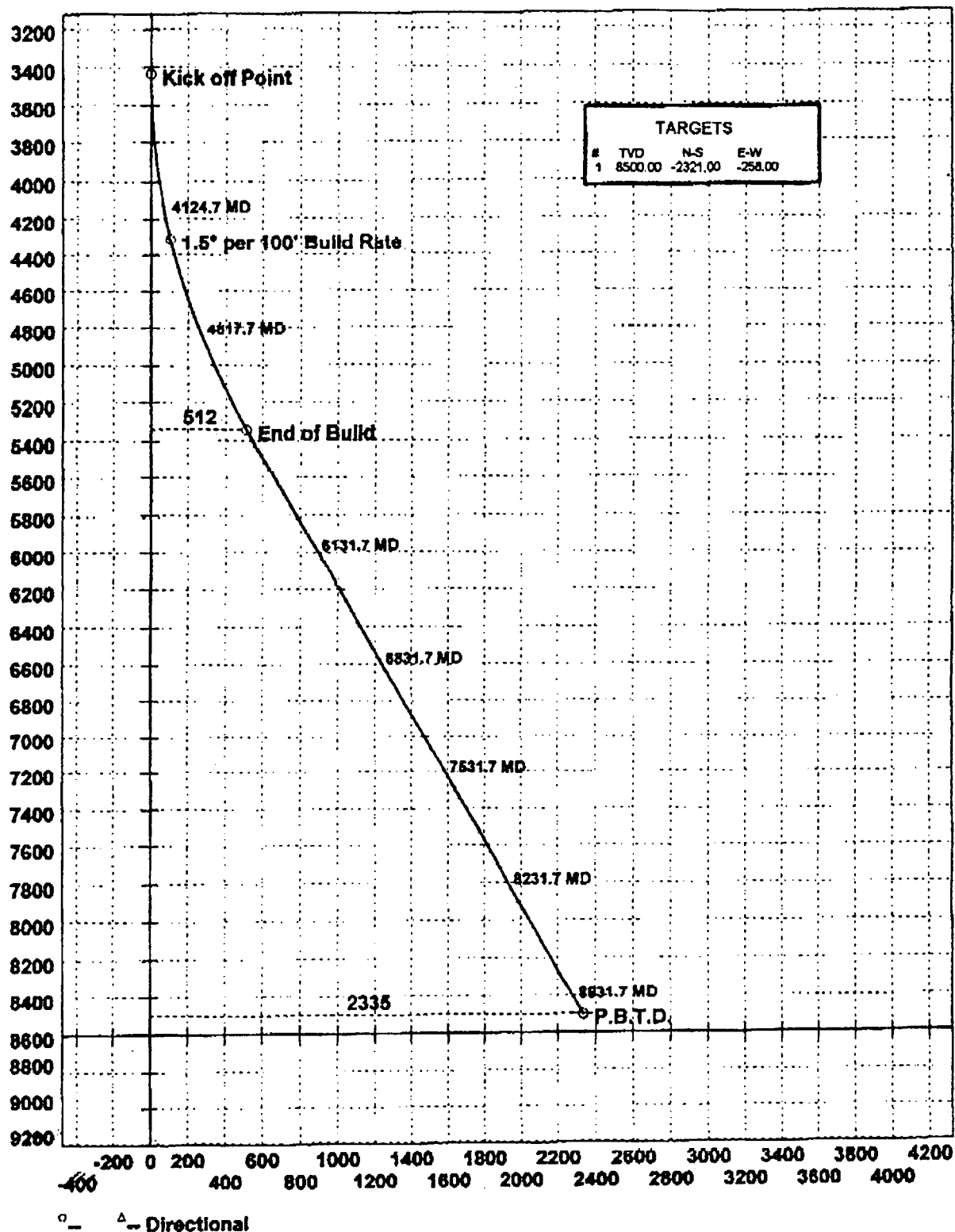
SURVEYOR CERTIFICATION

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.

Date of Survey
FEBRUARY 8, 2000

Signature and Seal of
Professional Surveyor
V. L. BEZNER
Certificate No. 7920
JOB #67531 / 51 NE / V.H.B.

Company: Santa Fe / Snyder
 Lease/Well: Old Ranch Canyon 7 #4
 Location: Eddy Co.
 State/Country: New Mexico
 Declination: 9.8° East



I & E (CRA)

SUBMIT IN TRIPLICATE*

(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995Form 3130-3
(July 1993)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☐MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Santa Fe Snyder Corp.

3. ADDRESS AND TELEPHONE NO.

550 W. Texas, Suite 1330; Midland, Texas 79701 (915) 682-6371

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

(E) 1599' FNL & 1248' FWL

At proposed prod. zone

(L) 1360' FSL & 990' FWL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

16 3/4 miles west of Carlsbad, New Mexico

10. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drig. unit line, if any)

990'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

13. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

2346

19. PROPOSED DEPTH

8500' TVD

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3996' GR

22. APPROX. DATE WORK WILL START*

April 1, 2000

23.

PROPOSED CASING AND CEMENT

| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------------|-----------------|---------------|---------------------|
| 12 3/4" | K-55 9 5/8" | 36# | 1600' | 775 ex to circulate |
| 8 3/4" | K-55 7" | 26# | 8500' | 400 ex TOC @ 6000' |

We propose to drill to a depth sufficient to test the Cisco/Canyon formation for oil. If productive, 7" casing will be run to TD. If non-productive, the well will be plugged and in a manner consistent with Federal Regulations. Specific programs as per Onshore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- Exhibit A - Operations Plan
- Exhibit B - BOP and Choke Schematic
- Exhibit C - Drilling Fluid Program
- Exhibit D - Auxiliary Equipment
- Exhibit E - Topo Map at Location

- Exhibit F - Plat Showing Existing Wells
- Exhibit F (A) - Plat of Location
- Exhibit G - Well Site Layout
- Surface Use and Operations Plan
- H2S Drilling Operations Plan

Santa Fe Snyder Corp. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Blanket Bond

BLM Bond File No.: UT-0855

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

James B. "Phil" Anderson

TITLE

Agent for Santa Fe Snyder Corp.

DATE

3-2-00

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

(ORIG. SCD.) ANTONIO A. LOPEZ

TITLE

Assistant Field Manager,
Lands And Minerals

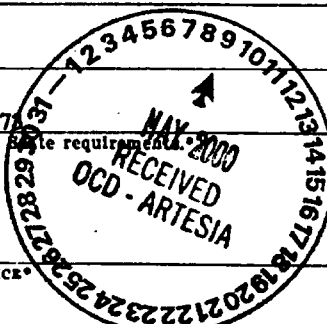
DATE

APR 17 2000

*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the



NSA-

Notify OCD at SPUD & TIME
to witness cementing the
casing.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

c/sf

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

811 S. 1st St. S. 1st

Alamosa, NM 88210-2834

5. Lease Serial No.

NM-81219

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Old Ranch Canyon 4
"7" Federal

9. API Well No.

30-015-31151

10. Field and Pool, or Exploratory Area

Indian Basin (Upper Penn)

11. County or Parish, State

Eddy NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Santa Fe Snyder Corp.

3a. Address

550 W. Texas, Suite 1330, Midland, TX 79701

3b. Phone No. (include area code)

915/686-6612

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Surface: (E), 1350' FNL and 1350' FWL, Sec. 7, T-22S, R-24E

Bottom-hole: (L), 1360' FSL and 990' FWL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|-----------------------------------------------|-------------------------------------------|----------------------------------------------------|---------------------------------------------------------------|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Spud and set casing |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

5/01/00: Spud 12-1/4" hole at 5:00 p.m. Drlg ahead.

5/06/00: TD 12-1/4" hole at 1615'. RU csg crew and ran 36 jts. 9-5/8" casing set at 1622', FC @ 1589'. RU Halliburton and cemented with 10 sx THIXset and 450 sx Halliburton Lite. Tail w/ 200 sx Cl C + 3% CaCl. Plug down @ 2:00 p.m., cmt did not circ. WOC. Run temp survey and found TOC @ 951'. PU 1" tbg and tag at 540'. Cement w/35 sx Cl C + 3% CaCl. WOC.

5/07/00: Tag plug @ 540'. RIH w/ 1" pipe and set two 50 sx plugs at 540'. Tag plug @ 465'. Set 130 sx plug. Tag @ 406'. Pump 300 sx cmt and bring cement within 30' of surface. Released rig.

5/08/00: MIRU McVay Rig #8.

5/09/00: Preparing to drill.

5/10/00: NU BOP. Test blind rams, pipe rams, and manifold to 3000 psi, held okay. TIH w/ BHA. Resume drilling cmt, float, and formation.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Terry McCullough

Title

Sr. Production Clerk

Date

May 12, 2000

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

(ORIG. SGD.) DAVID R. GLASS

Date

Office

MAY 15 2000

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

BLM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N. M. Oil Cons. District

ARTESIA, NM 86210

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

dsf

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Santa Fe Snyder Corp.

3a. Address

550 W. Texas, Suite 1330, Midland, TX 79701

3b. Phone No. (include area code)

915/686-6612

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Surface: (E), 1350' FNL and 2350' FWL, Sec. 7, T-22S, R-24E

Bottom-hole: (L), 1360' FSL and 990' FWL

5. Lease Serial No.

NM-81219

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Old Ranch Canyon 4

"7" Federal

9. API Well No.

30-015-31151

10. Field and Pool, or Exploratory Area

Indian Basin (Upper Penn)

11. County or Parish, State

Eddy NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Acidize ☐ Deepen ☐ Production (Start/Resume) ☐ Water Shut-Off
☐ Alter Casing ☐ Fracture Treat ☐ Reclamation ☐ Well Integrity
☐ Casing Repair ☐ New Construction ☒ Recomplete ☒ Other Ran csg
☐ Change Plans ☐ Plug and Abandon ☐ Temporarily Abandon
☐ Convert to Injection ☐ Plug Back ☐ Water Disposal

13. Describe Proposed or Coompleted Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Requiring subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

6/01/00: TD hole @ 8650' at 6:15 A.M., 6/01/00. TIH. Circ & condition hole for logs. POOH for logs. MIRU Schlumberger loggers. Logging, 1" log on btm @ 22:30 hrs. Logged TD 8590'.

6/02/00: Log, ran Platform Express. TIH. Circ & wait on orders. LD DP & DC's. MIRU csg crew. Begin running 7" csg.

6/03/00: Ran 215 jts of 7" 26# LT&C csg, set @ 8650', FS @ 8648', FC @ 8605', MJ @ 7490'. RU BJ cmt head, circ. Cmt csg w/500 sx Mod "C" 15:61:11 w/.5% FL-25, 5% FL-52, 5% salt. Float held. PD @ 04:30 hrs. ND BOP. Cut off csg. NLL & test WH to 3000# ok. Jet & clean steel pits. Rel rig @ 12noon, 6/03/00. WO completion.

ACCEPTED FOR RECORD

(ORIG. SGD.) GARY GOURLLEY JUN 6 2000

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Terry McCullough

Title

Sr. Production Clerk

Date 6/5/00

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Submit to Appropriate District Office

**2040 South Pacheco
Santa Fe, NM 87505**

5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

| | | |
|-----------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------|
| ¹ Operator Name and Address | | ² OGRID Number |
| Devon-SFS Operating, Inc. 20 N. Broadway, Suite 1500 Oklahoma City, OK 73102-8260 | | Wally Frank Sr. Operations Engineer (405) 552-4595 |
| | | ³ Reason for Filing Code operator name change (effec 10/1/00) |
| ⁴ API Number 30-015-31151 | ⁵ Pool Name Indian Basin (Upper Penn) Assoc. | ⁶ Pool Code 33685 |
| ⁷ Property Code 16775 | ⁸ Property Name OLD RANCH CANYON "7" FEDERAL | ⁹ Well Number 4 |

II. ¹⁰ Surface Location

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UI or lot no. | Section | Township | Range | Lot.Idn | Feet from the | North/South Line | Feet from the | East/West Line | County |
| E | 7 | 22S | 24E | | 1599' | NORTH | 1248' | WEST | EDDY |

Bottom Hole Location

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UI or lot no. | Section | Township | Range | Lot.Idn | Feet from the | North/South Line | Feet from the | East/West Line | County |
| L | 7 | 22S | 24E | | 1360' | SOUTH | 990' | WEST | EDDY |

| | | | | | |
|-----------------------------|-------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| ¹² Lse Code F | ¹³ Producing Method Code | ¹⁴ Gas Connection Date | ¹⁵ C-129 Permit Number | ¹⁶ C-129 Effective Date | ¹⁷ C-129 Expiration Date |
|-----------------------------|-------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|

III. Oil and Gas Transporters

[illegible]

IV. Produced Water

| 23 POD | 24 POD ULSTR Location and Description |
|--------|---------------------------------------|
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V. Well Completion Data

[illegible]

VI. Well Test Data

| | | | | | |
|----------------------------|---------------------------------|-------------------------|---------------------------|-----------------------------|-----------------------------|
| ³⁶ Date New Oil | ³⁶ Gas Delivery Date | ³⁷ Test Date | ³⁸ Test Length | ³⁹ Tbg. Pressure | ⁴⁰ Csg. Pressure |
| ⁴¹ Choke Size | ⁴² Oil | ⁴³ Water | ⁴⁴ Gas | ⁴⁵ AOF | ⁴⁶ Test Method |

"I hereby certify that the rules of the Oil Conservation division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

OIL CONSERVATION DIVISION

Signature: Candace R. Graham

Printed Name: Candace R. Graham X4520

Title: Engineering Tech.

| | | | |
|-------|----------------|--------|--------------|
| Date: | March 21, 2001 | Phone: | 405/235-3611 |
|-------|----------------|--------|--------------|

Approved by: James A. Johnson

Title: CHANDLER'S DISTRICT

Approval Date: 4/20/2005

If this is a change of operator fill in the OGRID number and name of the previous operator

20305 Santa Fe-Snyder Corp.

Previous Operator Signature

Printed Name _____

Bradley A. Foster

Title

Operations Manager

Date _____

3/21/01

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMB NO. 1004-0137
Expires: November 30, 2000

1a. Type of Well ☒ Oil Well ☐ Gas Well ☐ Dry Other
b. Type of Completion ☒ New Well ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resvr.
Other _____

2. Name of Operator

Devon-SFS Operating, Inc.

3. Address

20 N. Broadway, suite 1500, OKC, OK 73102 (W. Frank)

3a. Phone No. (Include area code)

(405)552-4595

4. Location of Well (Report location clearly and in accordance with Federal requirements)*

At Surface 1599' FNL & 1248' FWL, Unit E, Section 7-T22S-R24E

At top prod. interval reported below 1916' FSL & 1380' FWL, Unit K, Section 7-T22S-R24E

At total depth 1842' FSL & 1407' FWL, Unit L, Section 7-T22S-R24E

5. Lease Serial No.

NM-NM81219

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and no.

8. Lease Name and Well No.

Old Ranch Canyon 7 Federal #4

9. API Well No.

30-015-31151 S1

10. Field and Pool, or Exploratory

Indian Basin (Upper Penn) Assoc.

11. Sec., T., R., M., on Block and

Survey or Area 7-22S-24E

12. County or Parish

Eddy Cnty.

13. State

New Mexico

17. Elevations (DF, RKB, RT, GL)*

GL 3996', DF 4014', KB 4015'

14. Date Spudded

05/01/2000

15. Date T.D. Reached

06/01/2000

16. Date Completed

☐ D & A ☒ Ready to Prod.

7-29-2000

18. Total Depth: MD 8650'

TVD 8235'

19. Plug Back T.D.: MD 8580'

TVD 8140'

20. Depth Bridge Plug Set: MD

TVD

21. Type of Electric & Other Mechanical Logs Run (Submit copy of each)
Platform Express Three Detector Litho-Density Compensated Neutron/GR,
Azimuthal Laterolog Micro-CFL/GR and CBL

22. Was well cored? ☒ No ☐ Yes (Submit analysis)

Was DST run? ☒ No ☐ Yes (Submit analysis)

Directional Survey? ☐ No ☒ Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

| Hole Size | Size/Grade | Wt. (#/ft.) | Top (MD) | Bottom (MD) | Stage Cementer Depth | No. of Sk. & Type of Cement | Slurry Vol. (BBL) | Cement Top* | Amount Pulled |
|-----------|------------|-------------|----------|-------------|----------------------|------------------------------------|-------------------|-------------|---------------|
| 12 1/4" | 9 5/8" J55 | 36 | surface | 1622' | | 10-Thix + 450-HLC + 765-CI C | | 30' CAL | |
| 8 3/4" | 7" K55 | 26# | surface | 8648' | | 500-Mod C | | 5300' CBL | |

24. Tubing Record

| Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) |
|--------------------------|----------------|-------------------|------|----------------|-------------------|------|----------------|-------------------|
| 2 7/8" L80 (26#) @ 8468' | | | | | | | | |

25. Producing Intervals

26. Perforation Record

| Formation | Top | Bottom | Perforated Interval | Size | No. Holes | Perf. Status |
|---------------|-----|--------|---------------------|------|-----------|--------------|
| A) Upper Penn | | | 8074-8304' | | 208 | Producing |
| B) Upper Penn | | | 8320-8368' | | 44 | Producing |
| C) | | | | | | |
| D) | | | | | | |

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

| Depth Interval | Amount and Type of Material |
|----------------|-------------------------------------|
| 8074-8304' | 21,000 gals gelled 20% HCl + 230 BS |
| 8320-8368' | 27,000 gals 20% HCl |
| 8074-8368' | Zap-FeSD iron sulfide treatment |
| 8074-8368' | 2000 gals 15% HCl NeFe |

28. Production - Interval A

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------------|
| 7-29-00 | 8-16-00 | 24 | → | 13 | 555 | 157 | | | NEO-400 ESP prmp, 70 HP |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas : Oil Ratio | Well Status | |
| | | | → | 13 | 555 | 157 | 42,693/1 | Producing | |

Production - Interval B

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| | | | → | | | | | | |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas : Oil Ratio | Well Status | |
| | | | → | | | | | | |

(See Instructions and spaces for additional data on reverse side)

ACCEPTED FOR RECORD

ALEXIS C. SWOBODA
PETROLEUM ENGINEER

JUL 2001
RECEIVED
OCD - ARTESIA

28b. Production - Interval C

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| | | | → | | | | | | |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas : Oil Ratio | Well Status | |
| | | | → | | | | | Producing | |

28c. Production - Interval D

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| | | | → | | | | | | |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas : Oil Ratio | Well Status | |
| | | | → | | | | | Producing | |

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
sold

30. Summary of Porous Zones (Include Aquifers):

Show all important zones or porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

| Formation | Top | Bottom | Descriptions, Contents, etc. | Name | Top Meas. Depth |
|--------------|-------|--------|------------------------------|-------------------|-----------------|
| Cicso-Canyon | 8089' | 8303' | | Glorietta | 2239' |
| | | | | Bone Spring | 3021' |
| | | | | 3rd Bone Spring | 6757' |
| | | | | Wolfcamp | 7367' |
| | | | | Cisco-Canyon | 8089' |
| | | | | base Cisco-Canyon | 8303' |

32. Additional remarks (include plugging procedure):

33. Circle enclosed attachments:

- ☒ 1. Electrical/Mechanical Logs (1 full set req'd.) 2. Geological Report 3. DST Report ☒ 4. Directional Survey
 5. Sundry Notice for plugging and cement verification 6. Core Analysis ☒ 7. Other Deviation Svy Report

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Candace R. Graham

Title Engineering Tech.

Signature

Candace R. Graham

Date 07/20/2001

Title 18 U.S.C. Section 101 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

WELL NAME AND NUMBER Old Ranch Canyon 7 Fed #4
LOCATION T22S, R24E, 1599' FNL, 1248' FWL, Section 7, Eddy County
OPERATOR Santa Fe Energy Resources, Inc.
DRILLING CONTRACTOR United Drilling, Inc.

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and had conducted deviation tests and obtained the following results:

| <u>Degrees @ Depth</u> | <u>Degrees @ Depth</u> | <u>Degrees @ Depth</u> |
|-----------------------------|-----------------------------|-----------------------------|
| <u>1/4° @ 512'</u> | <u> </u> | <u> </u> |
| <u>1/2° @ 1015'</u> | <u> </u> | <u> </u> |
| <u>3/4° @ 1512'</u> | <u> </u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> |
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| <u> </u> | <u> </u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> |

Drilling Contractor United Drilling, Inc.

By: George Aho

Title: Business Manager

Subscribed and sworn to before me this 9th day of May,
2000.

Karma Jamborsky
Notary Public

My Commission Expires: 9-25-2003

Chaves NM
County State

Well Name and Number: Old Ranch Canyon 7 Federal #4

Location: Sec. 7, T22S, R24E, Eddy County, NM

Operator: Santa Fe Energy Corporation

Drilling Contractor: McVay Drilling Company

The undersigned certifies that he is an authorized representative of the drilling contractor who drilled the above described well and that he has conducted deviation tests and obtained the following results:

| Degrees @ Depth | | Degrees @ Depth | | Degrees @ Depth | |
|-----------------|------|-----------------|------|-----------------|------|
| 1/4 | 1810 | 21 1/2 | 4948 | 33 | 6621 |
| 1/4 | 2348 | 23 | 5041 | 29 1/2 | 6820 |
| 3/4 | 3335 | 23 1/4 | 5105 | 29 1/4 | 7004 |
| 6 | 3653 | 26 1/4 | 5230 | 29 1/2 | 7128 |
| 6 3/4 | 3748 | 27 1/4 | 5355 | 28 1/2 | 7191 |
| 10 | 3939 | 28 3/4 | 5450 | 25 | 7365 |
| 10 3/4 | 4034 | 30 3/4 | 5545 | 22 | 7491 |
| 13 | 4193 | 32 3/4 | 5631 | 20 3/4 | 7593 |
| 15 1/4 | 4384 | 33 | 5754 | 17 1/2 | 7720 |
| 12 | 4477 | 33 | 5879 | 15 1/2 | 7814 |
| 20 | 4762 | 32 3/4 | 6001 | 8 | 8319 |
| 21 | 4853 | 33 | 6496 | 8 | 8508 |
| | | | | 8 1/4 | 8600 |

Drilling Contractor: McVay Drilling Company

By: Jan Weyers

Subscribed and sworn to before me this 8th day of June, 2000.

Jina Fleming
Notary Public

My Commission Expires: 8-16-01

Lea County, New Mexico

Job Number: WTX0500D205

State/Country: New Mexico

Company: Santa Fe Snyder

Declination: 9.5

Lease/Well: Old Ranch Canyon 7 Fed. #4

Grid:

Location: Eddy County

File name: C:\SURVEY\RANCH.SVY

Rig Name: Mc Vay #8

Date/Time: 01-Jun-00 / 08:26

RKB:

Curve Name:

G.L. or M.S.L.:

WINSERVE SURVEY CALCULATIONS
Minimum Curvature Method
Vertical Section Plane 185.23
Vertical Section Referenced to Wellhead
Rectangular Coordinates Referenced to Wellhead

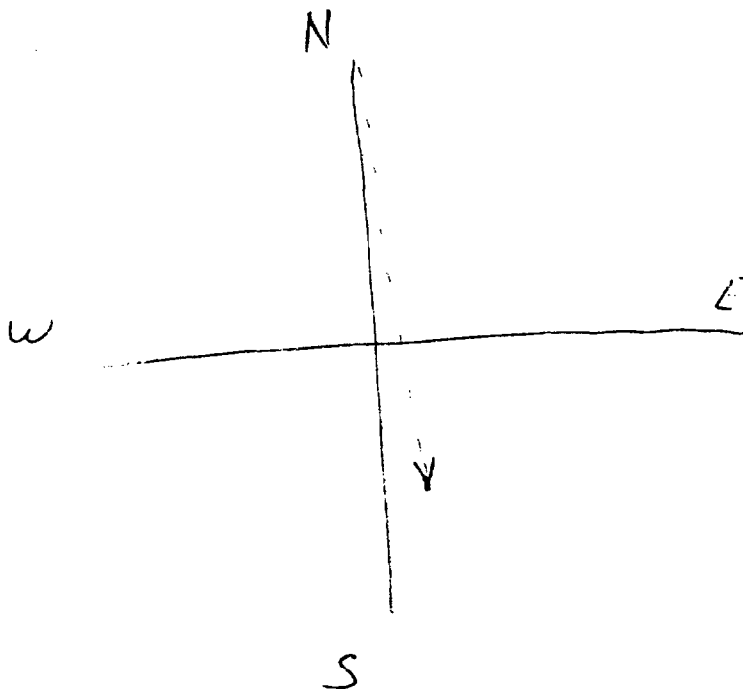
| Measured Depth FT | Incl Angle Deg | Drift Direction Deg | True Vertical Depth | N-S FT | E-W FT | Vertical Section FT | C L O S U R E | | Dogleg Severity Deg/100 |
|-------------------------|----------------------|---------------------------|---------------------------|-----------|-----------|---------------------------|---------------|--------|-------------------------------|
| Distance FT | | | | | | | | | |
| Direction Deg | | | | | | | | | |
| GYRODATA SURVEY | | | | | | | | | |
| 3302.00 | .23 | 182.83 | 3301.90 | -10.88 | -8.85 | 11.64 | 14.02 | 219.13 | .00 |
| 3335.00 | .80 | 195.50 | 3334.90 | -11.17 | -8.91 | 11.93 | 14.29 | 218.60 | 1.75 |
| 3398.00 | 2.00 | 197.00 | 3397.88 | -12.64 | -9.35 | 13.44 | 15.73 | 216.49 | 1.91 |
| 3462.00 | 3.30 | 192.30 | 3461.81 | -15.51 | -10.07 | 16.36 | 18.49 | 213.00 | 2.06 |
| 3525.00 | 4.30 | 189.40 | 3524.67 | -19.61 | -10.84 | 20.52 | 22.41 | 208.94 | 1.62 |
| | | | | | | | | | |
| 3589.00 | 5.10 | 188.70 | 3588.45 | -24.79 | -11.67 | 25.75 | 27.40 | 205.20 | 1.25 |
| 3653.00 | 5.90 | 187.80 | 3652.16 | -30.86 | -12.54 | 31.88 | 33.31 | 202.12 | 1.26 |
| 3716.00 | 6.50 | 184.90 | 3714.79 | -37.62 | -13.29 | 38.68 | 39.90 | 199.45 | 1.07 |
| 3780.00 | 7.20 | 184.90 | 3778.33 | -45.23 | -13.94 | 46.31 | 47.33 | 197.13 | 1.09 |
| 3843.00 | 8.00 | 184.70 | 3840.78 | -53.53 | -14.64 | 54.64 | 55.50 | 195.29 | 1.27 |
| | | | | | | | | | |
| 3907.00 | 9.20 | 185.60 | 3904.06 | -63.06 | -15.50 | 64.21 | 64.94 | 193.81 | 1.89 |
| 3971.00 | 10.30 | 183.00 | 3967.13 | -73.87 | -16.30 | 75.05 | 75.65 | 192.44 | 1.85 |
| 4034.00 | 10.80 | 181.70 | 4029.07 | -85.39 | -16.77 | 86.57 | 87.02 | 191.11 | .88 |
| 4098.00 | 11.80 | 182.30 | 4091.83 | -97.93 | -17.21 | 99.09 | 99.43 | 189.97 | 1.57 |
| 4162.00 | 12.70 | 182.70 | 4154.37 | -111.49 | -17.80 | 112.65 | 112.90 | 189.07 | 1.41 |
| | | | | | | | | | |
| 4225.00 | 13.40 | 181.40 | 4215.74 | -125.71 | -18.31 | 126.85 | 127.03 | 188.29 | 1.20 |
| 4289.00 | 14.50 | 180.70 | 4277.85 | -141.13 | -18.59 | 142.24 | 142.35 | 187.50 | 1.74 |
| 4352.00 | 14.70 | 182.50 | 4338.82 | -157.01 | -19.03 | 158.09 | 158.16 | 186.91 | .79 |
| 4415.00 | 15.80 | 183.60 | 4399.60 | -173.55 | -19.92 | 174.65 | 174.69 | 186.55 | 1.81 |
| 4477.00 | 17.10 | 183.80 | 4459.06 | -191.07 | -21.05 | 192.20 | 192.23 | 186.29 | 2.10 |
| | | | | | | | | | |
| 4540.00 | 17.70 | 182.70 | 4519.18 | -209.88 | -22.12 | 211.02 | 211.04 | 186.02 | 1.09 |

ORC 7-4

| Measured Depth FT | Incl Angle Deg | Drift Direction Deg | True Vertical Depth | N-S FT | E-W FT | Vertical Section FT | C L O S U R E | | Dogleg Severity Deg/100 |
|-------------------------|----------------------|---------------------------|---------------------------|-----------|-----------|---------------------------|----------------|------------------|-------------------------------|
| | | | | | | | Distance FT | Direction Deg | |
| 4604.00 | 18.60 | 182.40 | 4579.99 | -229.80 | -23.00 | 230.94 | 230.95 | 185.72 | 1.41 |
| 4667.00 | 19.70 | 182.90 | 4639.51 | -250.44 | -23.96 | 251.58 | 251.58 | 185.47 | 1.77 |
| 4730.00 | 20.10 | 184.00 | 4698.74 | -271.84 | -25.25 | 273.02 | 273.02 | 185.31 | .87 |
| 4794.00 | 20.40 | 184.10 | 4758.79 | -293.94 | -26.82 | 295.16 | 295.16 | 185.21 | .47 |
| 4853.00 | 20.90 | 183.90 | 4814.00 | -314.70 | -28.27 | 315.96 | 315.96 | 185.13 | .86 |
| | | | | | | | | | |
| 4916.00 | 21.30 | 184.90 | 4872.77 | -337.31 | -30.01 | 338.64 | 338.64 | 185.08 | .85 |
| 4980.00 | 21.70 | 186.40 | 4932.32 | -360.65 | -32.32 | 362.09 | 362.09 | 185.12 | 1.06 |
| 5041.00 | 22.90 | 186.70 | 4988.76 | -383.64 | -34.97 | 385.23 | 385.23 | 185.21 | 1.98 |
| 5103.00 | 23.30 | 186.10 | 5045.79 | -407.82 | -37.68 | 409.55 | 409.55 | 185.28 | .75 |
| 5166.00 | 24.60 | 185.00 | 5103.36 | -433.27 | -40.14 | 435.13 | 435.13 | 185.29 | 2.18 |
| | | | | | | | | | |
| 5230.00 | 26.30 | 184.50 | 5161.15 | -460.68 | -42.42 | 462.63 | 462.63 | 185.26 | 2.68 |
| 5292.00 | 26.40 | 184.30 | 5216.71 | -488.12 | -44.53 | 490.14 | 490.14 | 185.21 | .22 |
| 5355.00 | 27.20 | 184.70 | 5272.94 | -516.43 | -46.76 | 518.54 | 518.54 | 185.17 | 1.30 |
| 5419.00 | 28.20 | 185.10 | 5329.60 | -546.07 | -49.30 | 548.29 | 548.29 | 185.16 | 1.59 |
| 5482.00 | 29.50 | 185.10 | 5384.78 | -576.35 | -52.00 | 578.69 | 578.69 | 185.16 | 2.06 |
| | | | | | | | | | |
| 5545.00 | 30.70 | 184.60 | 5439.29 | -607.83 | -54.67 | 610.28 | 610.29 | 185.14 | 1.95 |
| 5609.00 | 32.00 | 184.50 | 5493.94 | -641.02 | -57.31 | 643.58 | 643.58 | 185.11 | 2.03 |
| 5641.00 | 32.70 | 184.40 | 5520.98 | -658.09 | -58.64 | 660.70 | 660.70 | 185.09 | 2.19 |
| SINGLE SHOTS | | | | | | | | | |
| 5754.00 | 33.00 | 184.00 | 5615.91 | -719.23 | -63.13 | 721.99 | 721.99 | 185.02 | .33 |
| 5879.00 | 33.00 | 184.00 | 5720.74 | -787.14 | -67.88 | 790.05 | 790.06 | 184.93 | .00 |
| | | | | | | | | | |
| 6001.00 | 32.75 | 180.00 | 5823.21 | -853.29 | -70.20 | 856.14 | 856.17 | 184.70 | 1.79 |
| 6123.00 | 32.75 | 179.00 | 5925.82 | -919.28 | -69.62 | 921.80 | 921.92 | 184.33 | .44 |
| 6247.00 | 32.75 | 177.00 | 6030.11 | -986.32 | -67.28 | 988.34 | 988.61 | 183.90 | .87 |
| 6372.00 | 33.00 | 174.00 | 6135.10 | -1053.94 | -61.95 | 1055.20 | 1055.76 | 183.36 | 1.32 |
| 6496.00 | 33.00 | 173.00 | 6239.10 | -1121.04 | -54.31 | 1121.32 | 1122.35 | 182.77 | .44 |
| | | | | | | | | | |
| MWD SURVEYS | | | | | | | | | |
| 6621.00 | 33.50 | 170.00 | 6343.64 | -1188.80 | -44.17 | 1187.88 | 1189.62 | 182.13 | 1.38 |
| 6727.00 | 31.50 | 170.20 | 6433.04 | -1244.90 | -34.37 | 1242.85 | 1245.38 | 181.58 | 1.89 |
| 6820.00 | 29.80 | 174.30 | 6513.05 | -1291.85 | -27.94 | 1289.02 | 1292.15 | 181.24 | 2.90 |
| 6942.00 | 28.10 | 181.20 | 6619.83 | -1350.76 | -25.53 | 1347.46 | 1351.00 | 181.08 | 3.07 |
| 7066.00 | 29.50 | 187.20 | 6728.51 | -1410.26 | -29.97 | 1407.12 | 1410.58 | 181.22 | 2.59 |
| | | | | | | | | | |
| 7191.00 | 28.60 | 194.00 | 6837.82 | -1469.84 | -41.07 | 1467.47 | 1470.42 | 181.60 | 2.74 |
| SINGLE SHOTS | | | | | | | | | |
| 7365.00 | 25.00 | 198.00 | 6993.11 | -1545.25 | -62.51 | 1544.52 | 1546.51 | 182.32 | 2.31 |
| 7491.00 | 22.00 | 199.00 | 7108.65 | -1592.90 | -78.43 | 1593.42 | 1594.83 | 182.82 | 2.40 |
| 7595.00 | 20.75 | 199.00 | 7205.50 | -1628.74 | -90.77 | 1630.23 | 1631.26 | 183.19 | 1.20 |
| 7720.00 | 17.50 | 200.00 | 7323.58 | -1667.34 | -104.41 | 1669.92 | 1670.61 | 183.58 | 2.61 |
| | | | | | | | | | |
| 7814.00 | 15.50 | 199.00 | 7413.71 | -1692.50 | -113.33 | 1695.79 | 1696.29 | 183.83 | 2.15 |
| 7941.00 | 13.00 | 194.00 | 7536.79 | -1722.42 | -122.32 | 1726.39 | 1726.75 | 184.06 | 2.19 |
| 8129.00 | 11.50 | 195.00 | 7720.51 | -1761.04 | -132.28 | 1765.76 | 1766.00 | 184.30 | .81 |
| 8319.00 | 8.00 | 199.00 | 7907.74 | -1791.84 | -141.49 | 1797.28 | 1797.42 | 184.51 | 1.88 |

CRC 7-4

| Measured Depth FT | Incl Angle Deg | Drift Direction Deg | True Vertical Depth | N-S FT | E-W FT | Vertical Section FT | CLOSURE | | Dogleg Severity Deg/100 |
|-------------------------|----------------------|---------------------------|---------------------------|-----------|-----------|---------------------------|----------------|------------------|-------------------------------|
| | | | | | | | Distance FT | Direction Deg | |
| 8508.00 | 8.00 | 200.00 | 8094.90 | -1816.64 | -150.27 | 1822.77 | 1822.84 | 184.73 | .07 |
| 8600.00 | 8.25 | 210.00 | 8185.98 | -1828.37 | -155.76 | 1834.96 | 1834.99 | 184.87 | 1.56 |
| PROJECTOR TO BIT | | | | | | | | | |
| 8650.00 | 8.25 | 210.00 | 8235.46 | -1834.58 | -159.35 | 1841.47 | 1841.49 | 184.96 | .00 |



7433 N/1407

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-104
Revised July 28, 2000

Submit to Appropriate District Office
5 Copies

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

| | | |
|------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------|
| 1 Operator name and Address Devon-SFS Operating, Inc. 20. North Broadway, Suite 1500 OKC, OK 73102 (W.Frank 405/552-4595) | | 2 OGRID Number 20305 |
| 3 API Number 30-015-31151 | | 4 Pool Name Indian Basin (Upper Penn) Assoc. |
| 5 Property Code 16775 | | 6 Pool Code 33685 |
| 7 Property Name Old Ranch Canyon "7" Federal | | 8 Well Number 4 |

II. Surface Location

| | | | | | | | | | |
|----------------------|-----------------|--------------------|-----------------|------------|---------------------------|------------------------------|---------------------------|---------------------------|-----------------------|
| 9 Ul or lot no. E | 10 Section 7 | 11 Township 22S | 12 Range 24E | 13 Lot Idn | 14 Feet from the 1599' | 15 North/South Line north | 16 Feet from the 1248' | 17 East/West line west | 18 County Eddy, NM |
|----------------------|-----------------|--------------------|-----------------|------------|---------------------------|------------------------------|---------------------------|---------------------------|-----------------------|

Bottom Hole Location

| | | | | | | | | | |
|-----------------------|--------------------------|--------------------------------------|------------------------|---------------------------------------|----------------------------------------|------------------------------|---------------------------|---------------------------|-----------------------|
| 19 UL or lot no. L | 20 Section 7 | 21 Township 22S | 22 Range 24E | 23 Lot Idn | 24 Feet from the 1842' | 25 North/South line south | 26 Feet from the 1407' | 27 East/West line west | 28 County Eddy, NM |
| 29 Use Code F | 30 Producing Method P | 31 Gas Connection Date 07/29/2000 | 32 C-129 Permit Number | 33 C-129 Effective Date 04/17/2000 | 34 C-129 Expiration Date 04/17/2001 | | | | |

III. Oil and Gas Transporters

| | | | | |
|----------------------|-----------------------------------------------------------|---------|--------|---------------------------------------------------------------------|
| 35 Transporter OGRID | 36 Transporter Name and Address | 37 POD | 38 O/G | 39 POD ULSTR Location and Description |
| 138648 | Amoco Pipeline Co. 502 NW Avenue Levelland TX 79336 | 2811465 | O | 960' FSL & 1980' FWL Sec. N-8-22S-24E Eddy, NM (LACT unit) |
| 14035 | Marathon Oil Co. PO Box 552 Midland TX 79702 | 2828724 | G | 660' FNL & 1980' FEL Sec. B-7-22S-24E Eddy, NM (compressor site) |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

IV. Produced Water

| | |
|-------------------|------------------------------------------------------------------------------------------|
| 40 POD 2811512 | 41 POD ULSTR Location and Description 960' FSL & 1980' FWL Sec. N-8-22S-24E, Eddy, NM |
|-------------------|------------------------------------------------------------------------------------------|

V. Well Completion Data

| | | | | | |
|-----------------------------------|---------------------------------------------------------------------------|-----------------------------------------|--------------------------------------|-------------------------------|------------|
| 42 Spud Date 05/01/2000 | 43 Ready Date 07/29/2000 | 44 TD 8650' MD | 45 PBDT 8580' MD | 46 Perforations 8074-8368' | 47 DHC, MC |
| 48 Hole Size 12 1/4" 8 3/4" | 49 Casing & Tubing Size 9 5/8" J55 36# 7" K55 26# 2 7/8" L80 26# | 50 Depth Set 1622' 8648' 8468' | 51 Sacks Cement 1240 sx 500 sx | | |

VI. Well Test Data

| | | | | | |
|-------------------------------|------------------------------------|----------------------------|--------------------------|------------------|------------------------|
| 52 Date New Oil 07/29/2000 | 53 Gas Delivery Date 07/29/2000 | 54 Test Date 08/16/2000 | 55 Test Length 24 hrs | 56 Tbg. Pressure | 57 Csg. Pressure |
| 58 Choke Size 13 BOPD | 59 Oil | 60 Water 157 BWPD | 61 Gas 555 MCFGD | 62 AOF | 63 Test Method pmpg |

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Candace R. Graham

Printed name: Candace R. Graham X4520

Title: Engineering Tech.

Date: 07/20/2001

Phone: (405)235-3611

Approved by:

OIL CONSERVATION DIVISION
ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

Title:

Approval Date:

AUG 07 2001

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

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

Form C-104A
March 19, 2001

Submit 1 copy of the final affected wells
list along with 1 copy of this form per
number of wells on that list to appropriate
District Office

Change of Operator

Previous Operator Information:

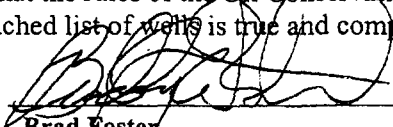
OGRID: 20305
Name: Devon SFS Operating, Inc.
Address: 20 North Broadway
Address: Ste 1500
City, State, Zip: Oklahoma City, OK 73102

New Operator Information:

Effective Date: November 1, 2002
New Ogrid: 6137
New Name: Devon Energy Production Company LP
Address: 20 North Broadway
Address: Ste 1500
City, State, Zip: Oklahoma City, OK 73102

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the attached list of wells is true and complete to the best of my knowledge and belief.

New Operator

Signature: 

Brad Foster

Printed name: _____

Operations Manager

Title: _____

October 1, 2002

(405)552-7837

Date: _____

Phone: _____

Previous operator complete below:

Previous Operator: Devon SFS Operating, Inc.


OGRID: 20305

Signature: 

Printed: Brad Foster

Name: Operations Manager

NMOCD Approval

Signature: 

Printed: _____

Name: District Supervisor

District: _____

Date: NOV 01 2002

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Cons.

N.M. DIV-Dist. 2

1001 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other - proposed gas well

2. Name of Operator

Devon Energy Production Company,

Wally Frank

Senior Operations Engr.

3a. Address

20 N. Broadway, Suite 1500, OKC, OK 73102

3b. Phone No. (include area code)

(405)552-4595

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SHL: 1599' FNL & 1248' FWL, Unit E, Section 7-T22S-R24E, Eddy Cnty, NM

BHL: 1842' FSL & 1407' FWL, Unit L, Section 7-T22S-R24E, Eddy Cnty, NM

5. Lease Serial No.

SHL & BHL: NM-NM81219

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA/Agreement, Name and/or No.

N/A

8. Well Name and No.

Old Ranch Canyon "7" Federal #4

9. API Well No.

30-015-31151

10. Field and Pool, or Exploratory Area

Indian Basin (Morrow)

11. County or Parish, State

Eddy County

New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | | |
|------------------------------------------------------|-----------------------------------------------|--------------------------------------------|-----------------------------------------------------|-----------------------------------------|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input checked="" type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/ Resume) | <input type="checkbox"/> Water Shut-Off | |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity | |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other _____ | |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Devon Energy respectfully requests permission to plug back the existing wellbore to approximately 5,300' by setting a CIBP at $\pm 8,050'$, circulating the wellbore with 9.0 ppg plug mud, capping the CIBP @ $\pm 8,050'$ with at least 35' of cement, setting another CIBP at $\pm 5,400'$, cutting off the casing at $\pm 5,300'$, and pumping a 100' in/out cement plug from $\pm 5,400'$ to $\pm 5,200'$. We will then use this in/out cement plug as a kick off point to directionally drill the new wellbore to the bottom hole location indicated above attempting to find commercially productive Morrow pay. Attached please find the following.

1. Drilling Program
2. Surface Use and Operating Plan
3. Current well bore schematic
4. 7" casing and 5 1/2" liner data sheets
5. BOP data sheet
6. Drilling rig layout
7. H2S Plan
8. Bond letter
9. Cultural Resources examination report

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Candace R. Graham 405/235-3611 X4520

Title

Engineering Tech.

Signature

Candace R. Graham

Date

03/21/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. SGD.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER

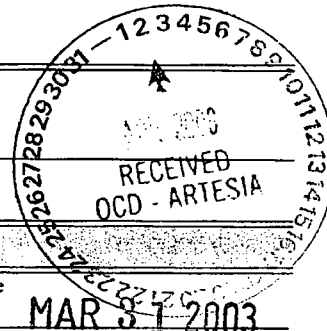
Date

MAR 31 2003

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)



ATTACHMENT 1
DRILLING PROGRAM

Devon Energy Production Company, L.P.
Old Ranch Canyon "7" Federal #4
SHL= 1599' FNL & 1248' FWL, Unit E
BHL= 1842' FSL & 1407' FWL, Unit L
Section 7-T22S-R24E, Eddy County, New Mexico

Estimated Tops of Important Geologic Markers

| | |
|-----------------|---------|
| San Andres | 820' |
| Glorieta | 2,230' |
| Bone Spring | 3,394' |
| 2nd Bone Spring | 4,234' |
| 3rd Bone Spring | 6,415' |
| Wolfcamp | 6,838' |
| Cisco-Canyon | 7,575' |
| Strawn | 8,520' |
| Atoka | 8,914' |
| Morrow | 9,294' |
| Barnett shale | 9,925' |
| ETD | 10,000' |

Casing Program

| <u>Hole Size</u> | <u>Interval</u> | <u>Casing OD</u> | <u>Weight</u> | <u>Grade</u> | <u>Type</u> |
|------------------|-----------------|------------------|---------------|----------------|-------------|
| 12 1/4" | 0' -1622' | 9 5/8" existing | 36# | K-55 | 8rd LT&C |
| 8 3/4" | 0' -±8600' | 7" proposed | 23# | J55/L80/HCL180 | 8rd LT&C |
| 6 1/8" | 8300' -±10,000' | 5 1/2" proposed | 17# | L-80 | 8rd LT&C |
| | | LINEP | | | |

Cementing Program

| | |
|-------------------------------------|---------------------------------------------------------------------------------|
| 9 5/8" Surface Casing (existing): | Cemented to surface - 10 sx Thix + 450 sx HCL + 765 sx Class C |
| 7" Production Casing (proposed): | Cement to 6000' (or 500' above the Wolfcamp) - 400 sx 15/61/11 Pozmix/ Class C. |
| 5 1/2" Production Liner (proposed): | Cement to ^{8300'} 8500' - 257 sx Class. |

Types and Characteristics of the Proposed Mud System

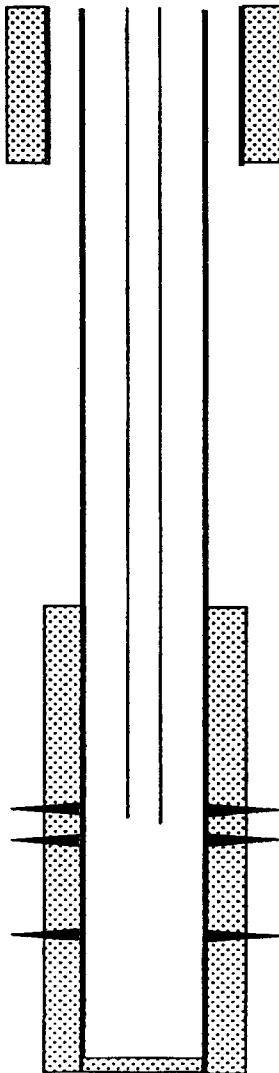
The hole will be drilled to total depth with fresh water/Dris-Pac mud systems at the following depths.

| <u>Depth</u> | <u>Type</u> | <u>Weight</u> (ppg) | <u>Viscosity</u> (1/sec) | <u>Water Loss</u> (cc) |
|--------------|-------------------------------------------------------------------------------------------|------------------------|-----------------------------|---------------------------|
| ±5000-7300' | Fresh water mud system, add paper to control seepage, Hi Vis sweeps | 8.5 - 8.7 | 29 - 40 | No control |
| 7300' - TD | Fresh water/Dris-Pac mud system, soda ash to control seepage, Hi Vis sweeps to clean hole | 8.5 - 9.6 | 28 - 40 | 10 or less |

The necessary mud products for weight addition and fluid loss control will be on location at all times.

DEVON ENERGY CORPORATION WELLBORE SCHEMATIC

| | | | | | | |
|---------------------------------------|------------|-------------------------|----------------------------------|-------|--------------------|-----------|
| WELL NAME: Old Ranch Canyon 7 Fed # 4 | | | FIELD: Indian Basin (Upper Penn) | | | |
| LOCATION: Section 7, T22S, R24E | | | COUNTY: Eddy | | | STATE: NM |
| ELEVATION: GL=3996' - KB=4015' | | | SPUD DATE: 5/1/00 | | COMP DATE: 7/29/00 | |
| API #: 30-015-31151 | | PREPARED BY: W.M. Frank | | | DATE: 2/11/02 | |
| | DEPTH | SIZE | WEIGHT | GRADE | THREAD | HOLE SIZE |
| CASING: | 0' - 1622' | 9 5/8" | 36# | K-55 | LT&C | 12 1/4" |
| CASING: | 0' - 8648' | 7" | 26# | K-55 | LT&C | 8 3/4" |
| CASING: | 0' - 8468' | 2 7/8" | 6.5# | L-80 | EUE 8rd | |
| TUBING: | | | | | | |
| TUBING: | | | | | | |



CURRENT

**Directional well - BHL 1842' S30°W of location
Maximum angle is 33° Maximum DLS is 3.07°/100'**

9 5/8" csg cmt'd w/1225 sxs cmt. Top job cmt to 30'.

Tubing String Detail:
270 jts, 2 7/8", 6.5#, L-80, 8rd
SN

TOC @ 5300'

200 bands lost on POOH on 7/27/2000

Upper Penn perms: 8074-77', 8092-96', 8098-8100', 8105-08', 8115-29',
8150-52', 8156-62', 8184-86', 8201-03', 8207-18', 8221-29', 8235-54',
8262-76', 8290-8304' (2 spf - 208 holes) on 7/19/2000

Upper Penn perms: 8320-30', 8356-68' (2 spf - 44 holes) on 8/26/2000

PBTD @ 8580'
7" @ 8648' csg cmt'd w/500 sxs cmt
TD @ 8650'

| | |
|--------------|---------------------------------------------|
| Well name: | Old Ranch Canyon 7-4Y |
| Operator: | Devon Energy Production Company L.P. |
| String type: | Production |
| Location: | Section 7, T22S, R24E |

Design parameters:**Collapse**

Mud weight: 8.600 ppg
Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? Yes
Surface temperature: 75 °F
Bottom hole temperature: 144 °F
Temperature gradient: 0.80 °F/100ft
Minimum section length: 1,000 ft

Burst

Max anticipated surface pressure: 3,842 psi
Internal gradient: 0.000 psi/ft
Calculated BHP: 3,842 psi

Annular backup: 8.60 ppg

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Directional Info - Build & Drop

Kick-off point: 1500 ft
Departure at shoe: 1554 ft
Maximum dogleg: 1.5 °/100ft
Inclination at shoe: 0 °

Tension is based on air weight.
Neutral point: 7,736 ft

Estimated cost: 64,716 (\$)

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Est. Cost (\$) |
|---------|---------------------|-----------|-------------------------|--------|------------|----------------------|---------------------|---------------------|----------------|
| 3 | 1500 | 7 | 23.00 | L-80 | LT&C | 1500 | 1500 | 6.25 | 13454 |
| 2 | 4500 | 7 | 23.00 | J-55 | LT&C | 5780 | 6000 | 6.25 | 23611 |
| 1 | 2848 | 7 | 23.00 | HCL-80 | LT&C | 8600 | 8848 | 6.25 | 27650 |

| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (kips) | Tension Strength (kips) | Tension Design Factor |
|---------|---------------------|-------------------------|------------------------|------------------|----------------------|---------------------|---------------------|-------------------------|-----------------------|
| 3 | 670 | 3353 | 5.00 | 3842 | 6340 | 1.65 | 197.8 | 435 | 2.20 J |
| 2 | 2582 | 3071 | 1.19 | 3172 | 4360 | 1.37 | 163.3 | 313 | 1.92 J |
| 1 | 3842 | 5650 | 1.47 | 1260 | 6340 | 5.03 | 64.9 | 485 | 7.48 J |

Prepared W.M. Frank
by: Devon Energy

Phone: (405) 552-4595
FAX: (405) 552-4621

Date: March 8, 2003
Oklahoma City, Oklahoma

Remarks:

Collapse is based on a vertical depth of 8600 ft, a mud weight of 8.6 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

Engineering responsibility for use of this design will be that of the purchaser.

| | |
|--------------|---------------------------------------------|
| Well name: | Old Ranch Canyon 7-4Y |
| Operator: | Devon Energy Production Company L.P. |
| String type: | Liner: Production |
| Location: | Section 7, T22S, R24E |

Design parameters:**Collapse**

Mud weight: 9.600 ppg
Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 155 °F
Temperature gradient: 0.80 °F/100ft
Minimum section length: 1,000 ft
Minimum Drift: 4.250 in

Burst

Max anticipated surface pressure: 4,987 psi
Internal gradient: 0.000 psi/ft
Calculated BHP 4,987 psi

Annular backup: 9.60 ppg

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Liner top: 8,300 ft
Non-directional string.

Tension is based on air weight.
Neutral point: 9,752 ft

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Est. Cost (\$) |
|---------|---------------------|-----------|-------------------------|-------|------------|----------------------|---------------------|---------------------|----------------|
| 1 | 1700 | 5.5 | 17.00 | L-80 | LT&C | 10000 | 10000 | 4.767 | 10771 |

| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (kips) | Tension Strength (kips) | Tension Design Factor |
|---------|---------------------|-------------------------|------------------------|------------------|----------------------|---------------------|---------------------|-------------------------|-----------------------|
| 1 | 4987 | 6290 | 1.26 | 848 | 7740 | 9.13 | 28.9 | 338 | 11.70 J |

Prepared by: Walter M. Frank
Devon Energy

Phone: (405) 552-4595
FAX: (405) 552-4621

Date: March 8, 2003
Oklahoma City, Oklahoma

Remarks:

For this liner string, the top is rounded to the nearest 100 ft. Collapse is based on a vertical depth of 10000 ft, a mud weight of 9.6 ppg. The Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Oil Cons.
UNITED STATES N.M. DIV-Dist. 2
DEPARTMENT OF THE INTERIOR 1801 W. Grand Avenue
BUREAU OF LAND MANAGEMENT Artesia, NM 88210FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE Other instructions on reverse side

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other -proposed2. Name of Operator
Devon Energy Production Company, L.P. Wally Frank
Senior Operations Engr.3a. Address
20 N. Broadway, Suite 1500, OKC, OK 731023b. Phone No. (include area code)
(405)552-45954. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 1599' FNL & 1248' FWL, Unit E, Section 7-T22S-R24E, Eddy Cnty, NM
*BHL: 2310' FSL & 1980' FWL, Unit K, Section 7-T22S-R24E, Eddy Cnty, NM5. Lease Serial No.
SHL & BHL: NM-NM812196. If Indian, Allottee or Tribe Name
N/A7. If Unit or CA/Agreement, Name and/or No.
N/A8. Well Name and No.
Old Ranch Canyon "7" Federal #49. API Well No.
30-015-3115110. Field and Pool, or Exploratory Area
Indian Basin (Morrow)11. County or Parish, State
Eddy County
New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|-------------------------------------------------------|-----------------------------------------------|--------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input checked="" type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/ Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other **amend drilling program |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

*Please note that the current bottom hole location listed previously has been changed to show the proposed bottom hole location for deepening to the Morrow formation. Attached please find a location verification plat.

**The pressure control equipment plan is a 900 Series 3000 psi working pressure blow out preventer consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The blow out preventer will be nipped up on the 9 5/8" casing and tested to API specifications. The blow out preventer will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized as will a hydraulically operated closing unit and a 2" 3000 psi choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

**The 5 1/2" 17# L-80 liner will be run 8,300' to 10,000' with top of cement brought to the top of the liner.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Candace R. Graham 405/235-3611 X4520

Title
Engineering Tech.

Signature

Candace R. Graham

Date
03/28/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. SGD.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER MAR 31 2003

Date

Office

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

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

STATE OF NEW MEXICO
Energy, Minerals, and Natural Resources Department

Revised 02-10-94
Instructions on back

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 87507-2088

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

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

☒ **AMENDED REPORT**
3-28-2003

WELL LOCATION AND ACREAGE DEDICATION PLAT

Candace R. Graham

| | | | |
|-----------------------------------------|----------------------------------------------------------------------------------------------------|-------------|--------------------------------------|
| * API Number 30-015-31151 | | * Pool Code | * Pool Name Indian Basin (Morrow) |
| * Property Code | * Property Name OLD RANCH CANYON '7' FEDERAL | | * Well Number 4 |
| * OGRID No. 6137 20305 | * Operator Name Devon Energy Production Company, L.P. SANTA FE SNYDER CORPORATION | | * Elevation 3996' |

" SURFACE LOCATION

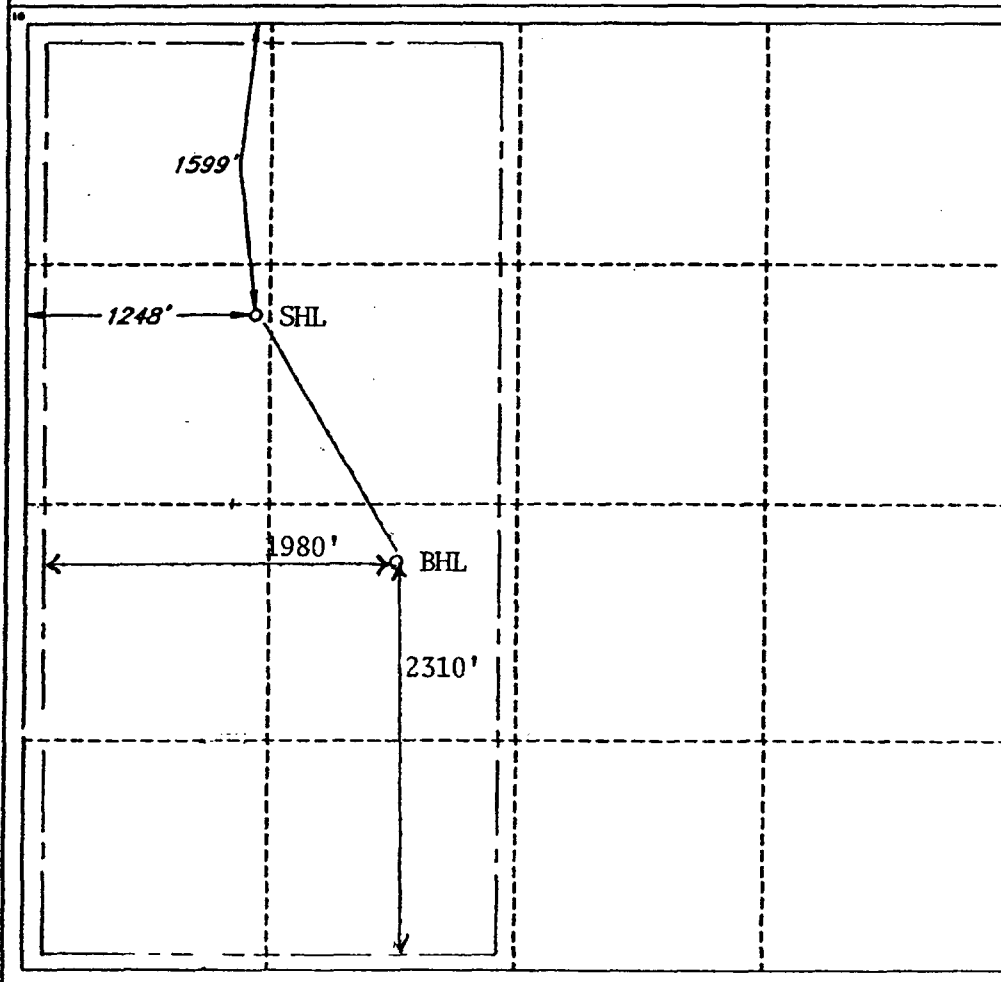
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| E | 7 | 22 SOUTH | 24 EAST, N.M.P.M. | | 1599' | NORTH | 1248' | WEST | EDDY |

"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------|---------|----------|--------------|---------|-----------------|------------------|----------------|----------------|--------|
| 44 K | 7 | 22-S | 24 East NMPM | | 1360 | South | 990 | West | Eddy |

| | | | |
|--------------------------|-------------------|----------------------|------------------------------------|
| * Dedicated Acres 320 | * Joint or Infill | * Consolidation Code | * Order No. 2310' FSL 1980' FWL |
|--------------------------|-------------------|----------------------|------------------------------------|

NO ALLOWABLE WELL 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.

Signature *James P. Stinson*
Printed Name

James P. "Phil" Stinson

Title
Agent for Santa Fe Snyder
Date

3-2-00

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.

Date of Survey
FEBRUARY 8, 2000

Signature and Seal of
Professional Surveyor

V. L. Bezner
Certificate No.
V. L. BEZNER R.E.S. #7920
JOB #67531 / 51 NE / V.H.B.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTOil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000SUNDY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPPLICATE - Other instructions on reverse side

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator
Devon Energy Production Company, L.P.3a. Address
20 N. Broadway, Suite 1500, OKC, OK 731023b. Phone No. (include area code)
(405)228-86094. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 1599' FNL & 1248' FWL, Unit E, Section 7-T22S-R24E, Eddy Co., NM
BHL: 2310' FSL & 1980' FWL, Unit K, Section 7-T22S-R24E, Eddy Co., NM5. Lease Serial No.
SHL & BHL: NM-NM812196. If Indian, Allottee or Tribe Name
N/A7. If Unit or CA/Agreement, Name and/or No.
N/A8. Well Name and No.
Old Ranch Canyon "7" Federal #49. API Well No.
30-015-3115110. Field and Pool, or Exploratory Area
Indian Basin (Morrow)11. County or Parish, State
Eddy County
New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|-------------------------------------------------------|-----------------------------------------------|--------------------------------------------|-----------------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input checked="" type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/ Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>amend</u> |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>intent to</u> |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | <u>deepen</u> |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

At this time Devon request changes in the intent to deepen the Old Ranch Canyon "7" Federal #4 as follows.

1. Top of kick off plug at $\pm 4,700'$ with the 7" casing stub cut at $\pm 5,000'$ (300' in and out plug spotted from 5,300', TOC behind the 7" casing at 5,300'). There will be a CIBP at 5,500' and at 8,000' each capped with 35' of cement. Please see the attached well bore schematic of the proposed procedures.

2. Instead of the previously requested 5 1/2" liner in the 6 1/8" or 6 1/4" hole (drilled out of the 7" casing stub), run 4 1/2" 13.5# L-80 LT&C liner $\pm 8,300'$ to ETD 10,000', and cement with approximately 241 sx Class H bringing the top of cement to the top of the liner.

| | | APPROVED |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------------|
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Candace R. Graham 405/235-3611 X4520 | Title Engineering Tech. | JUL 23 2003 |
| Signature <u>Candace R. Graham</u> | Date 07/21/2003 | LES BABYAK PETROLEUM ENGINEER |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| Approved by | Title | Date |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------|
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office | |

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

DEVON ENERGY CORPORATION WELLBORE SCHEMATIC

| | | | | | | |
|---------------------------------------|----------------|-------------------------|----------------------------------|-------|--------------|-----------|
| WELL NAME: Old Ranch Canyon 7 Fed # 4 | | | FIELD: Indian Basin (Upper Penn) | | | |
| LOCATION: Section 7, T22S, R24E | | | COUNTY: Eddy | | | STATE: NM |
| ELEVATION: GL=3996' - KB=4015' | | | SPUD DATE: 5/1/00 | | P&A DATE: | |
| API #: 30-015-31151 | | PREPARED BY: W.M. Frank | | | DATE: 4/3/03 | |
| | DEPTH | SIZE | WEIGHT | GRADE | THREAD | HOLE SIZE |
| CASING: | 0' - 1622' | 9 5/8" | 36# | K-55 | LT&C | 12 1/4" |
| CASING: | ±5000' - 8648' | 7" | 26# | K-55 | LT&C | 8 3/4" |
| CASING: | 0' - 1600' | 2 7/8" | 6.5# | L-80 | EUE 8rd | |
| TUBING: | | | | | | |
| TUBING: | | | | | | |

☐ CURRENT

☒ PROPOSED

**Directional well - BHL 1842' S30°W of location
Maximum angle is 33° Maximum DLS is 3.07°/100'**

9 5/8" csg cmt'd w/1225 sxs cmt. Top job cmt to 30'.

*

* indicates that 9.0 plug mud was pumped across these intervals.

Top of kickoff plug at 4,700'

7" Casing stub cut at ±5,000'. 300' in and out plug spotted from 5,300'.

TOC behind 7" @ 5300'

CIBP at ±5,500' capped with a minimum of 35' of cement.

CIBP at ±8,000' capped with a minimum of 35' of cement.

Upper Penn perfs: 8074-77', 8092-96', 8098-8100', 8105-08', 8115-29', 8150-52', 8156-62', 8184-86', 8201-03', 8207-18', 8221-29', 8235-54', 8262-76', 8290-8304' (2 spf - 208 holes) on 7/19/2000

Upper Penn perfs: 8320-30', 8356-68' (2 spf - 44 holes) on 8/26/2000

PBTD @ 8580'

7" @ 8648' csg cmt'd w/500 sxs cmt

TD @ 8650'

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTOil Cons.
N.M. Div-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Devon Energy Production Company, L.P.

Robert P. Elliott

Operations Engr Advisor

3a. Address

20 N. Broadway, Suite 1500, OKC, OK 73102

3b. Phone No. (include area code)

(405)228-8609

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SHL: 1599' FNL & 1248' FWL, Unit E, Section 7-T22S-R24E, Eddy Cnty, NM

BHL: 2310' FSL & 1980' FWL, Unit K, Section 7-T22S-R24E, Eddy Cnty, NM

5. Lease Serial No.

SHL & BHL: NM-NM81219

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA/Agreement, Name and/or No.

N/A

8. Well Name and No.

Old Ranch Canyon "7" Federal #4

9. API Well No.

30-015-31151

10. Field and Pool, or Exploratory Area

Indian Basin (Morrow)

11. County or Parish, State

Eddy County

New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|-------------------------------------------------------|-----------------------------------------------|--------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input checked="" type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/ Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>whipstock plug</u> |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>over cut off 7" casing</u> |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

8-9-2003 to 8-18-2003 Killed well with 200 bbls 9 ppg mud. Ran gauge ring and junk basket. Set 7" CIBPs at 8000' and at 5500' with 35 feet of cement on top of each for PBTD 5465'. Press tested casing to 1500 psi. Ran 2 7/8" 6.5# L-80 tubing open ended to 5508'. Pumped in 240 bbls 9 ppg mud ; circ'd casing with mud from tubing depth at 5511'. Pumped 50 sx Class C for a 300' balanced cement plug 5309-5009' (yield 1.34 cf at 14.8 ppg). Displaced with 9 ppg mud . Tagged soft fill at 5025', solid at 5120' on cement. TOH with tubing.

Loaded casing and press tested to 1500 psi. Attempted to jet cut 7" casing at 5000', but could not get jet cutters below 3200'. Ran mechanical cutter on tubing, made up swivel. Cut 7" casing at 5000'. Could not establish circulation. RU casing jacks and speared casing through BOP's. PU to 300,000# but casing was not free. RIH with jet cutter and cut casing at 3325'. Casing came free. POOH and LD 7" csg.

At this time Devon plans to set a whipstock plug as follows: RIH with tubing to spot cement plug from 3625' to 3225' (300' in and 100' on top of 7" casing stub). Then tag plug and pump 300' open hole kickoff plug from 3225' to 2995'. RD workover rig and wait on drilling rig to sidetrack well for Morrow test.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Candace R. Graham 405/235-3611 X4520

Title
Engineering Tech.

Signature

Candace R. Graham

Date
08/18/2003

APPROVED

AUG 19 2003

LES BABYAK
PETROLEUM ENGINEER

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

5. Lease Serial No.
NMNM81219

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
OLD RANCH CANYON 7 FED 4

9. API Well No.
30-015-31151-00-S1

10. Field and Pool, or Exploratory
INDIAN BASIN

11. County or Parish, and State
EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other Instructions on reverse side.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

DEVON ENERGY PRODUCTION CO L P

Contact:

KAREN COTTOM
E-Mail: karen.cottom@devn.com

3a. Address

20 NORTH BROADWAY SUITE 1500
OKLAHOMA CITY, OK 73102

3b. Phone No. (include area code)

Ph: 406.228.7572
Fx: 406.552.4668

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 7 T22S R24E SWNW 1599FNL 1248FWL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|-------------------------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------------------------------|---------------------------------------------------------------|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Drilling Operations |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

9/4/2003 Moved and rigged up rotary tools. Don Early with the BLM was notified.

9/4/2003 Cut-off the old braden head and install a new one.

9/5/2003 Tested stack, manifold, upper & lower kelly valve, and stand pipe to 3000 psi high and 500 psi low. Tested 9 5/8" casing from plug to surface to 500 psi. Retrieved 9 5/8" "C" plug. Jim Amos with BLM was notified, but did not witness the test. Dressed off side track plug from 2617' to 2665'(good cement). Circulated hole clean and unloaded directional tools.

9/6/2003 Slide drilled from 2665' to 2686', attm. to sidetrack the hole.

9/7/2003 Slide drilled from 2686' to 2693' Attempted to rotate out kick off and went back in the original hole. Drilled from from 2693' to 2740'. Restarted kick-off from 2740' to 2755'.

9/8/2003 Slide drilled from 2755' to 2765', finished kicking off plug. Slide and rotary drilled from 2765' to 3264'.

9/9/2003 Slide and rotary drilled with surveys from 3264' to 3485'.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #24104 verified by the BLM Well Information System
For DEVON ENERGY PRODUCTION CO L P, sent to the Carlsbad
Committed to AFMSS for processing by ARMANDO LOPEZ on 10/09/2003 (04AL0005SE)

Name (Printed/Typed) KAREN COTTOM

Title ENGINEERING TECHNICIAN

Signature (Electronic Submission)

Date 10/09/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

ACCEPTED

LES BABYAK
Title PETROLEUM ENGINEER

Date 10/09/2003

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office Carlsbad

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #24104 that would not fit on the form

32. Additional remarks, continued

9/19/2003 Drilled with surveys from 8173' to 8488' (TD). Lithology: 75% lime and 25% shale BBG = 35 -50 The Base of the Dolomite was at 8360'. Circulated and conditioned the hole clean for logs. Mud: WT- 8.6, VISC - 40, WL - 6.0, Ph - 11

9/21/2003 R/U Schlumberger and ran a Platform Exp., FMI. Logger TD was at 8432'.

9/22/2003 Finished TIH, washed through 74' of fill to TD (8488'). R/U casing tools and ran 3404' of 8494', 7" casing.

9/23/2003 Ran 192 joints of 7" 23# HCL80 & J55 casing. Finished running casing to 8488'.

Cemented as follows: Pumped 30 bbls of Turbo Flow III, 140 sacks of Class "C" + add. Plug down and held at 13:45, set ECP, dropped bomb and opened the Stage Tool. Circulated bottoms up and recovered 9 bbls of cement (32 sacks). Pumped second stage: 10 bbls of water, 460 sacks of cement, plug down, Stage Tool close at 16:48.

9/24/2003 Finished N/U 7" stack, tested stack, manifold, and kelly valves to 5000 psi. Don with the BLM was notified but did not witness the test.

9/24/2003 Drilled on the bomb, rubber plug and float collar from 8397' to 8400'. New formation is at 8488'. Mud : 8.9 wt, 28 visc., and a 9 Ph.

9/25/2003 Drilled out shoe and 10' of formation (8498'). Ran FIT to 11ppg EMW.

10/1/2003 Drilled from 10,359' to 10,400' (TD). Lithology: 100% shale BBG = 65-75 u Top of the Barnett was at 10,270'. Circulated and conditioned the hole for logs.

10/2/2003 R/U Schlumberger and ran a Platform Express dated 10/01/2003. Logger TD was at 10,391'.

Called Jim Amos with the BLM for plugging directions. TIH with open ended drill pipe to 9585'. R/U BJ Services and cemented as follows: Pumped 50 sacks of Class "H" neat at 9585'. Pulled up to 9295' with the bottom of the drill pipe. Pumped 50 sacks of Class "H" cement neat, 1.18 yield, and 15.6 ppg. R/D BJ Services.

10/3/2003 R/u Rotary wireline, set a 7" CIBP at 8477'. Dump bailed 15' of cement on the plug.

Abandoned slim hole as follows: 1st plug at 9585' to 9395' (190') 50 sacks of Class "H". 2nd plug at 9295' to 9105' (190') 50 sacks of Class "H". 3rd plug at 8477' to 8460' (17') 7" CIBP with 15' cement cap. PBTD is at 8460' (8056' TVD). As per Jim Aimos with the BLM, 10/01/2003.

10/3/2003 N/D 7" stack, jet and clean working pits. Rig was released at 17:00, 10/02/2003.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

RECEIVED

OCT 29 2003

SUNDRY NOTICES AND REPORTS ON
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*N.M. Oil Cons. Div-Dist. 2
1301 W. Grand Avenue
Albuquerque, NM 882105. Lease Serial No.
NMNM81219

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
OLD RANCH CANYON 7 FED 49. API Well No.
30-015-31151-00-S110. Field and Pool, or Exploratory
INDIAN BASIN11. County or Parish, and State
EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

DEVON ENERGY PRODUCTION CO L P

Contact:

KAREN COTTOM

E-Mail: karen.cottom@devn.com

3a. Address

20 NORTH BROADWAY SUITE 1500
OKLAHOMA CITY, OK 73102

3b. Phone No. (include area code)

Ph: 405.228.7512
Fx: 405.552.4621

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 7 T22S R24E SWNW 1599FNL 1248FWL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|-------------------------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------------------------------|-------------------------------------------|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
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Committed to AFMSS for processing by ARMANDO LOPEZ on 10/09/2003 (04AL0005SE)

Name (Printed/Typed) KAREN COTTOM

Title ENGINEERING TECHNICIAN

Signature (Electronic Submission)

Date 10/09/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

ACCEPTED

LES BABYAK
Title PETROLEUM ENGINEER

Date 10/09/2003

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