

**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:**

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 13,738

VERIFIED STATEMENT OF KEN GRAY

Ken Gray, being duly sworn upon his oath, deposes and states:

1. I am a landman for Devon Energy Production Company, L.P., and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 1207.A(1)(b), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the working interest owner being pooled is unlocatable.

(b) A plat outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3, 4, S½NW¼, and SW¼ (the W½) of Section 2, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, to form a standard 320.63 acre gas and spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Happy Valley-Strawn Gas Pool, Undesignated Happy Valley-Atoka Gas Pool, and Undesignated Happy Valley-Morrow Gas Pool.

The unit is to be designated to the proposed Perfecto "2" State Com. Well No. 1, to be drilled at an orthodox location in the SW¼NW¼ of Section 2.

(c) The party being pooled, his working interest in the well unit, and his last known address, are as follows:

H.L. Boyd
411 South Canyon
Carlsbad, New Mexico 88220 (as of 1966)

.001122789%

OIL CONSERVATION DIVISION

CASE NUMBER

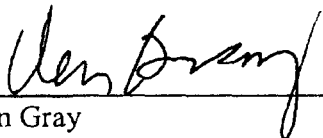
EXHIBIT NUMBER 1

- (d) A copy of the oil and gas lease proposal letter from Dale E. Neagle, on behalf of Devon Energy Production Company, L.P., sent to the uncommitted working interest owner is attached hereto as Exhibit B. The letter was returned as undeliverable. Mr. Neagle has also examined the Eddy County records, telephone directories, and internet directories, but has been unable to locate Mr. Boyd.
- (e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against the non-consenting interest owner.
- (f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.
- (g) Overhead charges of \$ 6,000/month for a drilling well, and \$600/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for well of this depth.
- (h) Applicant requests that it be designated operator of the well.


VERIFICATION

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

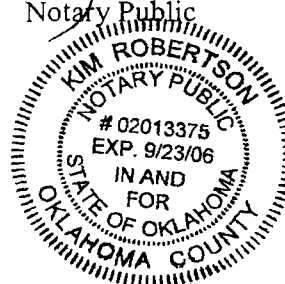
Ken Gray, being duly sworn upon his oath, deposes and states that: He is a landman for Devon Energy Production Company, L.P.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.


Ken Gray

SUBSCRIBED AND SWORN TO before me this 28th day of June, 2006 by Ken Gray.


Notary Public

My Commission Expires: 9-23-2006



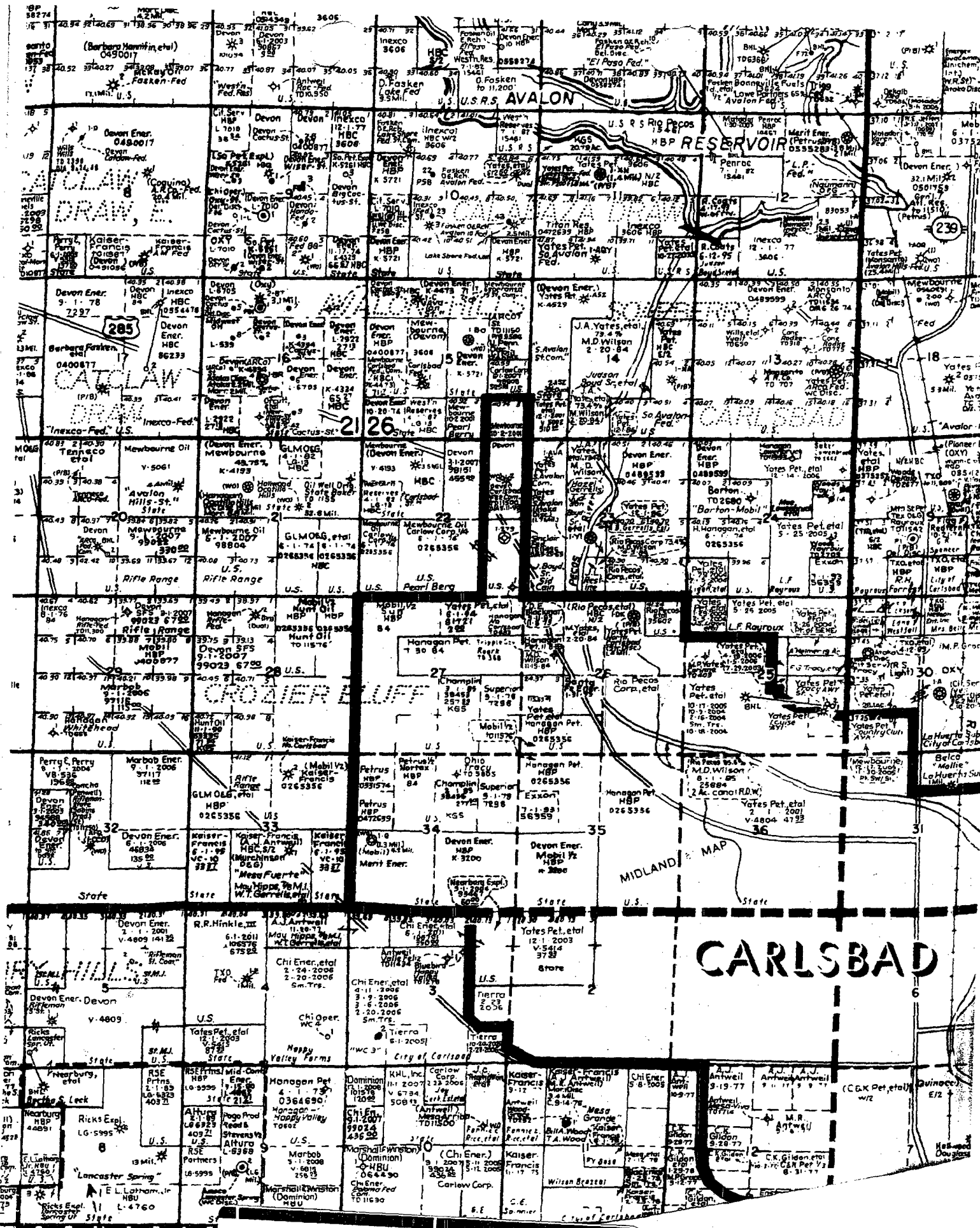


EXHIBIT A

P. O. Box 50832
Midland, TX 79710
Email: dneagle@sbcglobal.net

Dale E. Neagle

Office: (432) 686.7485
Cell: (432) 413.8174

May 11, 2006

T. Verne Dwyer
500 West Wall, Suite 310
Midland, TX 79701

Re: Carlsbad Flat Iron
T-22-S, R-26-E,
Section 2: SW/4,
Eddy County, New Mexico.

Dear Verne;

Please find attached copies or originals of all correspondence and mailings to mineral owners in the SW/4 of the above captioned land.

Please note that in my efforts to locate H. L. Boyd, he last appeared of record in Eddy County, New Mexico, in 1966. The last address that I could locate for him is where I sent the letter, which came back. I called the phone number of an H. L. Boyd in Fort Sumner, New Mexico. The woman who answered the phone told me that her husband had never lived in Carlsbad and never owned any property in Carlsbad.

Franklin D. Mize has agreed to lease. I mailed him a lease and am expecting it back in the mail in about a week.

I contacted FDIC about purchasing their mineral interest in Tract 5. All correspondence and e-mail messages are included with letter.

E. N. Gibbs and Mildred K. Gibbs are both deceased. I have obtained copies of their wills, and am in the process of offering to lease their heirs and devisees. Two of those heirs are deceased, one predeceased Mrs. Gibbs, and one, Paul Buff, died in England, and his relatives have no idea how to get in touch with his widow.

There is also included my letter to Carlsbad Municipal School District.

If I may be of any further assistance in this matter, please do not hesitate to contact me.

Sincerely,



Dale E. Neagle

EXHIBIT B

P. O. Box 50832
Midland, TX 79710
Email: dneagle@sbcglobal.net

Dale E. Neagle

Office: (432) 686.7485

Cell: (432) 413.8174

January 3, 2006

H. L. Boyd
411 South Canyon
Carlsbad, NM 88220

Re: T-22-S, R-26-E

Section 2: E/2SE/4SW/4, LESS AND EXCEPT a tract of land more fully described by metes and bounds in Warranty Deed from H. L. Boyd to Mark Cathcart, dated April 25, 1947, recorded in Volume 97, Page 119, Deed Records of Eddy County, New Mexico, and LESS AND EXCEPT a tract of land more fully described by metes and bounds in Warranty Deed from H. L. Boyd to Ollie Knight, dated April 29, 1947, recorded in Volume 97, Page 141, Deed Records of Eddy County, New Mexico, and containing 0.457 net mineral acres, more or less.

Dear Mr. Boyd;

According to the records of Eddy County, New Mexico, you are the owner of an undivided 100.00% mineral interest, or 0.457 net mineral acres, in the above referenced tract. On behalf of my client, Devon Energy Production Company, I would like to make you an offer to lease your mineral interest in the above referenced tract under the following terms:

Lease Bonus:	\$50.00 bonus,
Lease Royalty:	Three sixteenths (3/16ths) royalty,
Term:	Three year paid-up primary term,
Rentals:	None, paid-up lease,

I have enclosed for your review two (2) Lease Inquiry Forms containing the Lease Offer above. Please complete one of the Lease Inquiry Forms and return it to me in the stamped envelope provided. If you have any questions regarding this matter, please do not hesitate to contact me at either of the telephone numbers listed above.

This offer is valid for 30 days from the date of this letter and subject to withdrawal without notice.

Sincerely,



Dale E. Neagle
Enclosure.

FREE FLIP PHONES



White Pages

[Print Screen](#) | [Back](#)**Search Information**

Displaying 1-3 of 3 results matching "Boyd, H. L., NM"

1 of 3 BOYD, H LRR 1 Box 120
Fort Sumner, NM
(505) 355-2880**2 of 3 BOYD, HELEN**Yatahey, NM
(505) 735-2127

3 of 3 BOYD, HOWARD3700 Aspen Ave NE
Albuquerque, NM 87110-5645
(505) 266-3671

2426 9594 0000 0711 4002

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired, so that we can return the card to you.</p> <p>1. Article addressed to:</p> <p>H. L. Boyd 411 South Canyon Carlsbad, NM 88220</p>		<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	

60 0000 4836 9742

Return Receipt

D. Neagle
P. O. Box 50832
Midland, TX 79710

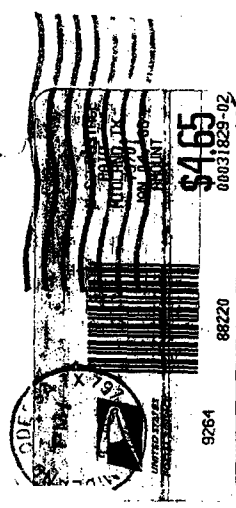
7004 1160 0000 4836 9742

NOT DELIVERABLE
IF ADDRESSED
UNABLE TO FORWARD

H. L. Boyd
411 South Canyon
[Redacted]

NSN

I opened the envelope
to get my return envelope
to use in another mailing.
DH.



75710/0832

GAS X
OIL

DRILLING
COMPLETION



20 N. BROADWAY, SUITE 1500, OKLAHOMA CITY, OK 73102

AUTHORITY FOR EXPENDITURE
DRILLING/COMPLETION COST ESTIMATE

AFE NO.: 114893
Lease Name - Well #: Perfecto 2 State 1
Legal Description: Sec. 2, T22S, R26E

County/Parish: Eddy
State: New Mexico
Prepared By: Abbitt, Wyatt

AUTHORITY REQUESTED TO:

To drill and complete the Perfecto 2 State #1 well.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
011	LAND, LEGAL	5,000	0	0	5,000
012	SURFACE DAMAGES / RIGHT OF WAY	2,500	0	0	2,500
012	SURFACE DAMAGES RIGHT OF WAY	0	4,000	0	4,000
013	LOCATION, ROADS, PITS, FENCES	35,000	0	0	35,000
019	OTHER SITE PREPARATION	5,000	0	0	5,000
043	DAYWORK	600,000	36,000	0	636,000
044	MOBILIZATION/DEMObILIZATION	65,000	0	0	65,000
045	DIRECTIONAL DRILLING	33,000	0	0	33,000
049	OTHER CONTRACTOR SERVICES	0	10,000	0	10,000
101	DRILL BITS	45,000	1,000	0	46,000
102	COMPLETION FLUIDS	0	5,000	0	5,000
102	DRILLING FLUIDS	50,000	0	0	50,000
103	SURFACE RENTAL TOOLS & EQUIPMENT	40,000	6,500	0	46,500
104	DOWNHOLE RENTAL TOOLS & EQUIPMENT	33,000	5,000	0	38,000
109	OTHER MATERIALS & SUPPLIES	2,000	2,500	0	4,500
201	WELDING, ROUSTABOUTS & OTHER SERV	0	5,000	0	5,000
201	WELDING, ROUSTABOUTS & OTHER SERVICES	28,000	0	0	28,000
202	DIRT WORK & HEAVY EQUIPMENT	3,000	5,000	0	8,000
203	TRUCKING & HOTSHOT	12,000	3,000	0	15,000
204	PIPELINE INSTALLATION (Wellhead to LACT, CDP,	0	20,000	0	20,000
251	CEMENT & CEMENTING SERVICES	26,000	72,000	0	98,000
254	FLOWBACK EQUIPMENT--TESTING SERVICES	0	10,000	0	10,000
255	LOGGING	110,000	25,000	0	135,000
257	OPEN HOLE EVALUATION	15,000	0	0	15,000
259	CASING & TUBULAR SERVICES	12,000	11,000	0	23,000
263	FLUID DISPOSAL	75,000	2,500	0	77,500
265	STIMULATION & GRAVEL PACK	0	200,000	0	200,000
269	CONSULTANTS	42,000	25,000	0	67,000
281	COMMUNICATIONS SERVICES	3,300	0	0	3,300
302	WATER	40,000	0	0	40,000
306	POWER & FUEL	67,000	0	0	67,000
501	PULLING & SWABBING UNITS	0	40,000	0	40,000
503	BACKFILL PITS/RESTORE LOCATION	30,000	5,000	0	35,000
552	SAFETY EQUIPMENT & TRAINING	3,500	2,500	0	6,000
559	ENVMT & SAFETY MISCELLANEOUS	0	2,500	0	2,500
711	COMPANY SUPERVISION	0	2,000	0	2,000
895	TAXES - OTHER	137,000	0	0	137,000
Total Intangibles		1,519,300	500,500	0	2,019,800

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
------	-------------------------	-------------------	---------------------	-------------------	----------------

Please include/attach well requirement data with ballot.

EXHIBIT C

GAS X
OIL

DRILLING
COMPLETION



20 N. BROADWAY, SUITE 1500, OKLAHOMA CITY, OK 73102

AUTHORITY FOR EXPENDITURE
DRILLING/COMPLETION COST ESTIMATE

AFE NO.: 114893
Lease Name - Well #: Perfecto 2 State 1
Legal Description: Sec. 2, T22S, R26E

County/Parish: Eddy
State: New Mexico
Prepared By: Abbott, Wyatt

AUTHORITY REQUESTED TO:

To drill and complete the Perfecto 2 State #1 well.

Code	Tangible Description	Drilling	Completion	Dry Hole	Total
		Costs	Costs	Costs	Costs
901	SURFACE CASING	8,100	0	0	8,100
902	INTERMEDIATE CASING	64,500	0	0	64,500
903	PRODUCTION CASING	0	219,000	0	219,000
915	TUBING	0	75,000	0	75,000
925	SUBSURFACE EQUIP	0	15,000	0	15,000
931	WELLHEAD VALVES & EQUIPMENT	10,000	15,000	0	25,000
941	TANKS	0	35,000	0	35,000
945	TREATING EQUIPMENT	0	15,000	0	15,000
961	LINE PIPE, METERS & FITTINGS	0	5,000	0	5,000
986	SURFACE - OTHR TANG. EQUIP	0	5,000	0	5,000
Total Tangibles		82,600	384,000	0	466,600
TOTAL ESTIMATED COSTS		1,601,900	884,500	0	2,486,400

Note: Costs and participations are generally estimates. Billings will be based on actual expenditures

WORKING INTEREST OWNER APPROVAL

Company name:

Signature:

Print Name:

Title:

Date:

Email:

Please include/attach well requirement data with ballot.