

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE)  
(505) 982-2151 (FAX)

jamesbruc@aol.com

August 12, 2003

**Hand Delivered**

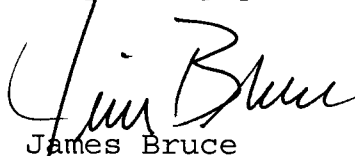
David Catanach  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case No. 13090

Dear David:

Enclosed is a letter from Devon Energy Production Company, L.P., with attachments, containing supplemental information on the above case.

Very truly yours,

  
James Bruce

Attorney for Devon Energy Production Company, L.P.

*DR*  
*CASE FILE 13090*

**RECEIVED**

AUG 12 2003

Oil Conservation Division



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

Janet Wooldridge  
Senior Landman  
405-552-4626  
405-552-4554 (Fax)  
[jan.wooldridge@devn.com](mailto:jan.wooldridge@devn.com)

August 7, 2003

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: **DOCKET No. 20-03, July 10, 2003**  
**CASE NO. 13090**  
**SUPPORTING DOCUMENTATION**  
**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P.**  
**FOR AN EXCEPTION TO THE WELL DENSITY PROVISIONS OF THE**  
**SPECIAL RULES GOVERNING THE BLANCO-MESAVERDE POOL,**  
**SAN JUAN COUNTY, NEW MEXICO**  
**C-03-0062**

Gentlemen:

On July 10, 2003, Devon Energy Production Company, L.P., operator of the Northeast Blanco Unit ("NEBU") presented testimony to support its application of the referenced Case proposing to drill its NEBU Well No. 105B 1005 feet from the South Line and 830 feet from the East Line (Unit P) of Section 24-Township 30 North-Range 8 West as a second infill Mesaverde gas well within an existing standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 24, which is located in San Juan County one mile west of the Navajo Reservoir Dam. The eastern boundary of this 320-acre unit abuts the San Juan/Rio Arriba county line. Applicant seeks an exception to Rule I.B(1)(b) of the Special Rules for the Blanco-Mesaverde Pool as promulgated by Division Orders No. R-10987-A and R-10987-A(1), in order to drill and complete this well within the same quarter-quarter section (SE/4 SE/4 of Section 24) as its existing NEBU Well No. 105A (API No. 30-045-22044), located at a standard infill gas well location 1010 feet from the South Line and 920 feet from the East line (Unit P) of Section 24.

Having heard the testimony of Dale Reitz, Geologist for Devon and myself, Janet Wooldridge, Landman for Devon, the Commission requested we provide additional information to support the proposed drilling of NEBU Well No. 105B in the same quarter-quarter section as the existing NEBU Well No. 105A.

Devon is requesting approval to drill NEBU 105B to be located in the SE/4 of Section 24-Township 30 North – Range 8 West. This well is being proposed as a commingled

**Devon Energy Production Co., L.P.**  
**NEBU 105B – Well Density Exception**  
**Docket No. 20-03/July 10, 2003**  
**Case No. 13090 – Additional Substantiation**  
**August 8, 2003**  
**Page Two**

Mesaverde/Dakota Gas well and will be drilled from the pad of the existing NEBU 105A. (There are no other Dakota completions in this section.)

NEBU 105A is a Mesaverde producer but is completed only in the Lewis Shale interval of the Mesaverde Group. In 1976, the NEBU 105A was TD'd in the Lewis Shale at 4278' after encountering strong gas kicks while drilling. The well never penetrated the productive Cliffhouse, Menefee or Point Lookout sands. The gas reserves that exist in these members of the lower Mesaverde Group at the 105A/105B location will never be recovered if approval is not granted.

Devon believes the proposed NEBU 105B should recover an estimated +/- 4.0 BCF of reserves from the Cliffhouse, Menefee and Point Lookout based on the projected ultimate recoveries of offset wells. The four 160-acre offset wells are expected to recover an average of 4.2 BCF per well.

***Why drill this well in the same quarter-quarter section as the 105A?*** The entire SE/4 of Section 24 falls within the Navajo Lake Horse Trails Recreation Area, and, as such, Devon has been advised by the Farmington Field Office for the Bureau of Land Management that the recommended Alternative for the impending Resource Management Plan Record of Decision will be Alternative D. Alternative D states the Navajo Lake Horse Trails would be managed as a SMA (Special Management Area) designated for recreational values, promoting equestrian use. The managed area would include corridors and surrounding land. The attached plat indicates the Navajo Lake Horse Trails Recreation Area and the corresponding location of the existing NEBU 105A well and the proposed NEBU 105B well. It is anticipated there will be no new surface occupancy within the Navajo Lake Horse Trails Recreation Area. In an effort to minimize surface disturbance and intrusion into undisturbed areas, we will be required to take such measures as twinning of wells and directional drilling, unorthodox locations, recompletions, commingling of gas, and closed loop mud systems. Approval by the BLM for further development within the Navajo Lake Horse Trails Recreation Area will undoubtedly be considered on a case-by-case basis and would likely contain site-specific mitigation stipulations. We consider drilling the NEBU 105B from the NEBU 105A wellpad to be the least intrusive manner in which to recover reserves from the Cliffhouse, Menefee and Point Lookout lower Mesaverde Group in the SE/4 of Section 24-Township 30 North-Range 8 West. In addition, we've also enclosed a topography map that shows the Navajo Reservoir and Dam and their distance from the NEBU 105A wellpad. Because of the close proximity to Navajo Reservoir, existing and proposed stipulations, we do not want to disturb additional surface in order to recover reserves from the Cliffhouse, Menefee and Point Lookout lower Mesaverde Group.

***What about Mesaverde wells drilled in offsetting spacing units – are they all completed in the lower Mesaverde Group?*** There are twelve wells located in the offsetting spacing units, all but the NEBU 105B and the Florance K 29A in the NW/4 of Section 25-Township 30 North-Range

**Devon Energy Production Co., L.P.**  
**NEBU 105B – Well Density Exception**  
**Docket No. 20-03/July 10, 2003**  
**Case No. 13090 – Additional Substantiation**  
**August 8, 2003**  
**Page Three**

8 West are completed in the lower Mesaverde Group. Both the NEBU 105B and the Florance K 29A are completed in the upper Mesaverde Group (Lewis interval).

*Why not just recomplete the NEBU 105A to add the lower Mesaverde group?* The risk associated with operations to deepen the NEBU 105A wellbore to reach the Lower Mesaverde would jeopardize the existing Upper Mesaverde (Lewis) production which has current cum gas of 15,662 MMF.

*How do the NEBU partners and offsetting operators feel about drilling the NEBU 105B in the same quarter-quarter section as the NEBU 105A?* All offsetting operators also have a working interest in the Northeast Blanco Unit Mesaverde Participating Area and have not only **not** protested the drilling of the NEBU 105B as offset operators but have approved the NEBU 105B working interest owner AFE.

In addition to the Resource Management Plan plat and the topographic plat, also enclosed is an exhibit which clearly identifies each of the twelve Mesaverde wells located in or adjacent to the E/2 Section 24-Township 30N-Range 8W spacing unit. This exhibit shows not only the well names and locations, but perf intervals and cum gas recovery.

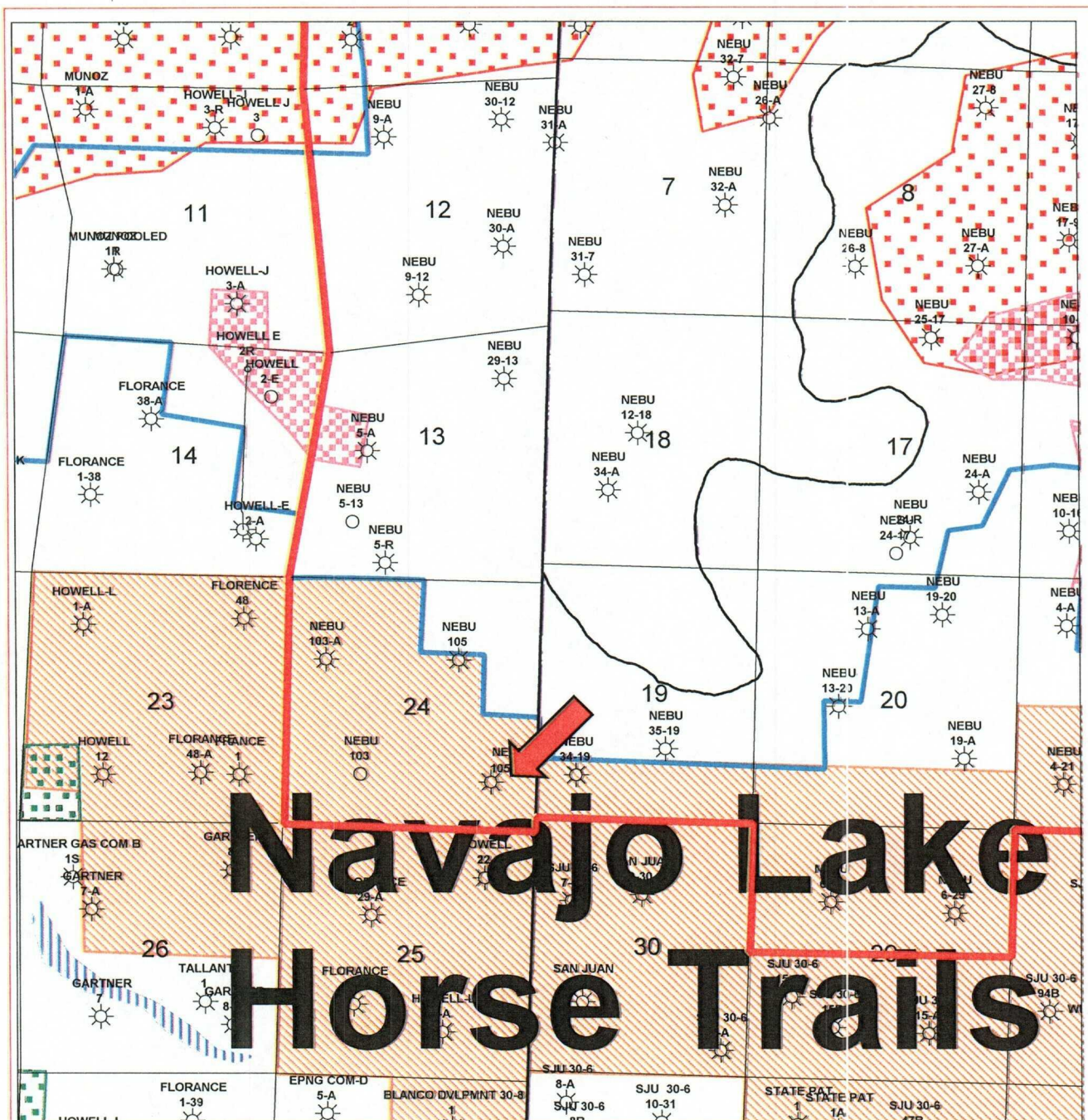
Devon respectfully requests approval of our Application under Case No. 13090, Docket 20-30 for an exception to the well density provisions of the special rules governing the Blanco-Mesaverde pool.

Thank you.













**DEVON ENERGY PRODUCTION COMPANY, L.P.**

Janet Wooldridge  
Senior Petroleum Landman

cc: James Bruce, Attorney at Law  
Santa Fe, New Mexico



# Navajo Lake Horse Trails

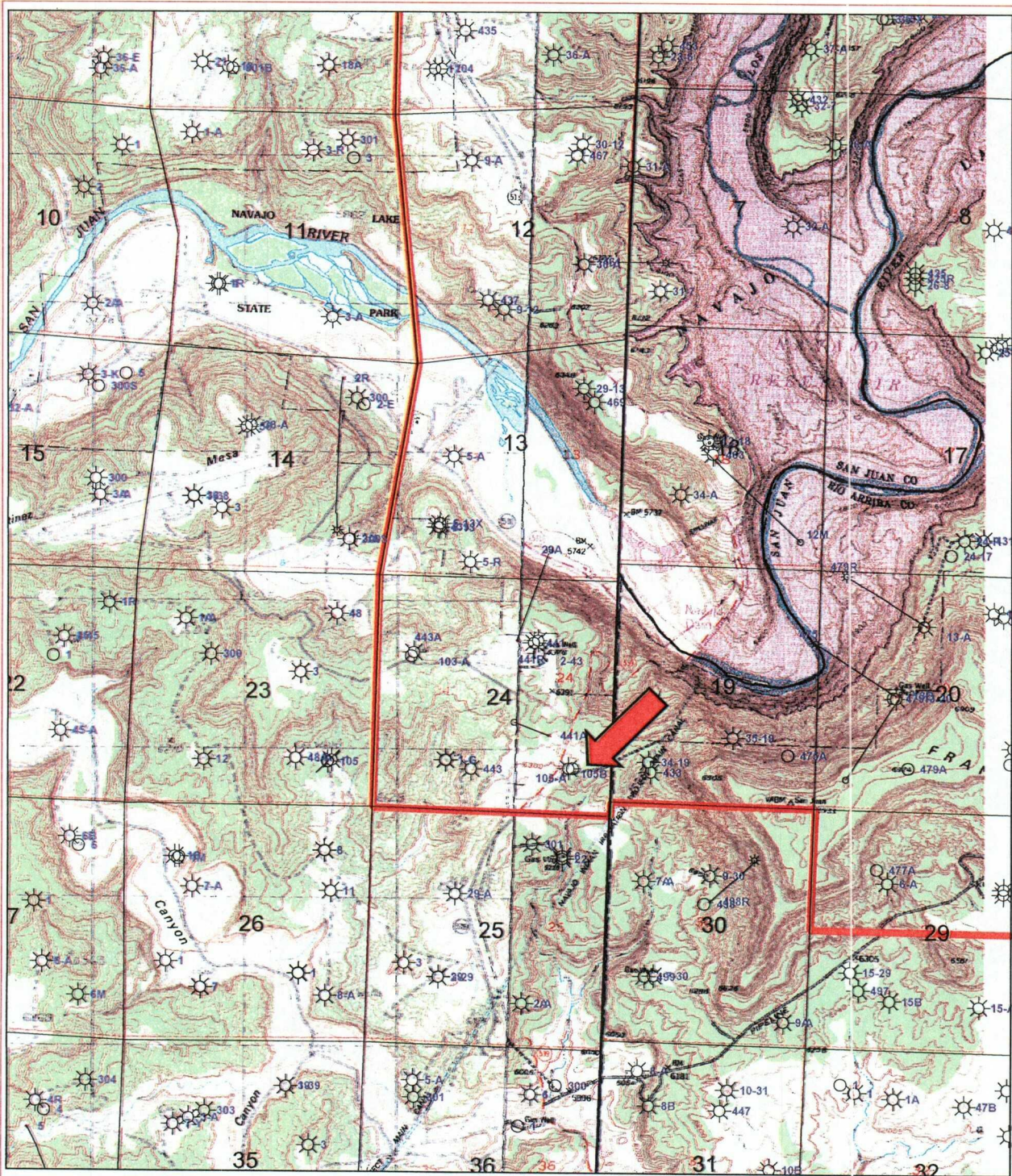
-  NEBU 105B Location
-  NEBU Unit Boundary
- RMP alt D 3\_03
-  Lake/Bureau of Reclamations
-  Culture
-  National Forest
-  Paleontology
-  Recreation
-  Riparian
-  T&E Species
-  Watershed
-  Wilderness
-  Wildlife

*devon*

SAN JUAN BASIN  
San Juan County, New Mexico  
**NEBU 105B SPACING UNIT**  
RESERVE MANAGEMENT PLAN - ALTERNATIVE D  
**DOCKET NO. 1903**  
**CASE NO. 13090**

Author: Jan Wooldridge		Date: 22 July, 2003
Map: NEBU_frid rmp alternative_d_8x11.gmp	Scale: 1:4000	





NEBU 105B LOCATION

NEBU Unit Boundary

*devon*

SAN JUAN BASIN  
San Juan County, New Mexico  
NEBU 105 SPACING UNIT  
TOPOGRAPHIC OVERLAY  
DOCKET NO. 1903  
CASE No. 13090

Author: Dale Reitz	Date: 22 Jul., 2003
MAP ALL WELLS_w_Topo_8x11 GMP	Scale: <scale>



## OFFSETS TO PROPOSED NEBU 105B

WELL	ZONE	SPOT	S	T	R	TD	PERF'D INTERVAL	CUM GAS	EST ULT GAS
							Feet	MMF	MMF
Florence 29A	Upper Mesaverde/Lewis	NW	25	30N	8W	4503	4410'-4503'	9789	11260
NEBU 105A	Upper Mesaverde/Lewis	SE	24	30N	8W	4278'	4240'- 4245'	15662	20340
NEBU 103	Lower Mesaverde	SW	24	30N	8W	5455'	4820'- 5360'	3,720	3,720
NEBU 103A	Lower Mesaverde	NW	24	30N	8W	6000'	4998'- 5686'	2,220	2,600
NEBU 105	Lower Mesaverde	NE	24	30N	8W	5714'	5024'- 5714'	5,940	6,350
HOWELL 22	Lower Mesaverde	NE	25	30N	8W	5438'	4778'- 5378'	9,040	9,040
HOWELL 2A	Lower Mesaverde	SE	25	30N	8W	5572	4748'-5482'	2,868	3,310
NEBU 34-19	Lower Mesaverde	SW	19	30N	7W	5725	5022'-5648'	4,219	4,430
NEBU 34A	Lower Mesaverde	SW	18	30N	7W	5720	5232'-5432'& 4854'-4954'	1,763	2,440
Florence 3-29	Lower Mesaverde	SW	25	30N	8W	5444	4760'-5444'	28,889	29,680
SJU 30-6 7-30	Lower Mesaverde	SW	30	30N	7W	5468	4822'-5436'	7,258	8,470
SJU 30-6 7A	Lower Mesaverde	NW	30	30N	7W	5725	4642'-5702'	1,933	4,150
<b>AVERAGE</b>								<b>6,785</b>	<b>7,419</b>

Note: Average Lower Mesaverde reserve for 160 acre infill well at NEBU = 47% of parent 320-acre well reserve.

**Reserve Estimate for proposed NEBU 105B = 7,419 MMF x 0.47 = 3490 MMF.**