

11/26/96 12/11/96 BS KV WFX

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

### ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

#### Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
[DD-Directional Drilling] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

#### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling  
☐ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☒ EOR ☐ PPR

#### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☒ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

#### [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

JAMES BRUCE  
218 MONTEZUMA  
SANTA FE, NM 87501

Print or Type Name

Signature

Title

Date

*James Bruce*

*Attorney*

*11/26/96*

EOR

HINKLE, COX, EATON, COFFIELD & HENSLEY,  
L.L.P.

ATTORNEYS AT LAW

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\*NOT LICENSED IN NEW MEXICO

November 26, 1996

Hand Delivered

Florene Davidson  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed, in duplicate, are seven administrative applications for the Recovered Oil Tax Rate, filed on behalf of Devon Energy Corporation (Nevada), regarding the following waterflood projects:

Keel-West  
C.A. Russell  
Hudson Federal  
Turner "A"  
Turner "B"  
Friess-Fren  
East Shugart Unit

By copy of this letter, copies of the applications are being mailed to the Artesia District Office.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.

  
James Bruce

Attorneys for Devon Energy  
Corporation (Nevada)

cc: Tim Gum

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

ADMINISTRATIVE APPLICATION OF DEVON  
ENERGY CORPORATION (NEVADA) TO  
QUALIFY A WATERFLOOD EXPANSION  
PROJECT FOR THE RECOVERED OIL  
TAX RATE, EDDY COUNTY, NEW MEXICO.

APPLICATION

Devon Energy Corporation (Nevada) files this application pursuant to the Enhanced Oil Recovery Act (L. 1992, Ch. 38) and Division Order No. R-9708. In support thereof, applicant states:

1. The name of the operator is Devon Energy Corporation (Nevada), whose address is Suite 1500, 20 North Broadway, Oklahoma City, Oklahoma 73102.

2. The waterflood project is referred to as the C.A. Russell Waterflood Project, and the project area for the expansion is as follows:

Township 17 South, Range 31 East, N.M.P.M.

Section 18: Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ , and W $\frac{1}{2}$ NE $\frac{1}{4}$   
containing 224.09 acres, more or less.

A plat outlining the project area for the C.A. Russell Waterflood Project is attached hereto as Exhibit A. The subject pool is the Grayburg-Jackson Pool.

3. The project area is not unitized. The entire project area is comprised of Federal Lease LC 029548(A). Devon Energy Corporation (Nevada) is the sole working interest owner under the lease as to the Grayburg-Jackson Pool.

4. Secondary recovery shall be by a waterflood project. The injection formation is the Grayburg-San Andres formation of the

Grayburg-Jackson Pool, with the injected water consisting of produced water from the Grayburg-Jackson Pool, and makeup water from the Keel-West fresh water system. The waterflood project was approved by Division Order No. R-3185, as amended, and Order No. R-3528-A.

5. Pursuant to Order No. R-9708, project data is summarized on Exhibit B attached hereto, and includes:

- (a) Number of producing wells;
- (b) Number of injection wells;<sup>1</sup>
- (c) Capital cost of additional facilities;
- (d) Estimated net value of incremental production recovered from the project;
- (e) Anticipated injection commencement date; and
- (f) Anticipated injection volumes.

This project qualifies as an expansion which is entitled to the recovered oil tax rate because the number of injection and producing wells is being significantly increased, greatly expanding the waterflood pattern. Also, fracture stimulation and completion technology has improved significantly since the waterflood project was instituted, which will allow greater recovery of oil within the project area.

6. The projected primary plus secondary production from the project expansion is shown on Exhibit C<sup>2</sup> attached hereto.<sup>3</sup>

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<sup>1</sup>The injection and producing wells in the project area are shown on Exhibit A. The number of producing wells in August 1996 is greater than the number of producing wells at full development because certain wells will initially be producers, but will later be converted to injection.

<sup>2</sup>Exhibit C shows the combined projected production from the C.A Russell Waterflood Project, Hudson Federal Waterflood Project, Turner "A" Waterflood Project, Turner "B" Waterflood Project, and Friess-Fren Waterflood Project. EOR applications regarding all of these waterflood projects are being submitted to the Division.

WHEREFORE, Applicant requests that the Division administratively qualify the expansion of the C.A. Russell Waterflood Project as an Enhanced Oil Recovery Project, and certify the project for the Recovered Oil Tax Rate.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
P. O. Box 2068  
Santa Fe, New Mexico 87504  
(505) 982-4554

Attorneys for Devon Energy  
Corporation (Nevada)

cc: Artesia District Office

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<sup>5</sup>The initial increase in production is due to drilling new wells in the project area, which are being produced before being converted to injection.

VERIFICATION

STATE OF OKLAHOMA           )  
COUNTY OF OKLAHOMA       )

Dick Morrow, being duly sworn upon his oath, deposes and states that: he is a petroleum engineer and an employee of applicant; he is familiar with the matters set forth in the foregoing application; and the statements therein are true and correct to the best of his knowledge.

Dick Morrow  
Dick Morrow

SUBSCRIBED AND SWORN TO before me this 22<sup>nd</sup> day of November, 1996 by Dick Morrow.

Dick Morrow  
Notary Public

My Commission expires:

Jan. 24, 1998

LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE