

**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. 12961 (Reopened)
ORDER NO. R-11897-A**

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. TO
REOPEN CASE NO. 12961 FOR AN EXCEPTION TO DIVISION ORDER NO. R-
111-P, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 10, 2003, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of September, 2003, 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) By Division Order No. R-11987 issued in Case No. 12961 on February 10, 2003, the Division granted the application of Devon Energy Production Company, L.P. ("Devon"), for an exception to the casing cementing requirements established by Division Order No. R-111, as amended, for its deep wells located within the following-described area in Eddy County, New Mexico, such that Devon is not required to circulate cement to the surface on the production casing:

Township 23 South, Range 31 East, NMPM

Section 10:	SE/4 SE/4
Section 11:	S/2 NE/4, SE/4, S/2 SW/4
Section 13:	SW/4 NE/4, W/2
Section 14:	S/2
Section 15:	E/2, SW/4, SE/4 NW/4
Sections 22 & 23:	All

(3) The area approved for the exception ("exception area") is located within the "Potash Area," as defined by Division Order No. R-111, as amended. As such, this exception area is subject to the special rules governing oil and gas development in the "Potash Area," including the following-described standards for casing and cementing oil and gas wells:

Deep Wells—Are defined as those wells drilled to a formation below the base of the Delaware Mountain Group, or below a depth of 5,000 feet, whichever is lesser.

Surface Casing—Shall be set in the "Red Bed" section of the basal Rustler formation immediately above the salt section, or in the anhydrite at the top of the salt section. Cement on this casing string shall be circulated to the surface.

Salt Protection Casing—Shall be set not less than 100 feet nor more than 600 feet below the base of the salt section. Cement on this casing string shall be circulated to the surface.

Intermediate Casing—The operator shall have the option of running an intermediate string of casing in the well. If this string of casing is run, cement on this casing string shall be circulated to the surface.

Production Casing—Shall be set on top or through the oil and gas pay zone. The production casing string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone; provided that if no intermediate string of casing is run in the well and cemented to surface, the production string shall be cemented to the surface.

(4) Devon now seeks to include the N/2 of Section 14, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, within the previously approved exception area such that wells within this area will not be required to have cement circulated on the production casing.

(5) Devon presented evidence that demonstrates that:

- (a) the N/2 of Section 14 is a part of Federal Lease No. NM-0533177-A, which also contains acreage within Sections 13, 19, 24 and 30;

- (b) Devon is the lessee of this acreage;
- (c) the N/2 of Section 14 is within the "Potash Area" and is therefore subject to the special casing and cementing requirements described above; and
- (d) although the N/2 of Section 14 is contained within the outer boundaries of the previously approved exception area, this acreage was not included in Devon's original application.

(6) The geologic and engineering evidence presented by Devon in Case No. 12961 on November 14, 2002 and in Case No. 12961 (Reopened) on July 10, 2003 is sufficient to justify the inclusion of the N/2 of Section 14 within the exception area.

(7) Devon provided notice of its application to IMC Potash Carlsbad, Inc., the owner of Federal potash leases in Sections 8, 17, 20 and 29, Township 23 South, Range 31 East, NMPM, and state potash leases in Sections 2, 16 and 32, Township 23 South, Range 31 East, NMPM.

(8) IMC Potash Carlsbad, Inc. did not appear at the hearing in opposition to the application.

(9) The application should be approved.

(10) Devon should case and cement its deep wells located within the N/2 of Section 14 in accordance with the procedure set forth in Finding No. (10) of Division Order No. R-11897.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Devon Energy Production Company, L.P., is hereby granted an exception to the casing cementing requirements established by Division Order No. R-111, as amended, for its deep wells located within the N/2 of Section 14, Township 23 South, Range 31 East, Eddy County, New Mexico, such that it will not be required to circulate cement to the surface on the production casing.

(2) Within the N/2 of Section 14, Devon Energy Production Company, L.P. shall case and cement its wells in accordance with the procedure set forth in Finding No. (10) of Division Order No. R-11897. In addition, the production casing in these wells shall be cemented a minimum distance of 500 feet into the salt protection casing.

Case No. 12961(Reopened)

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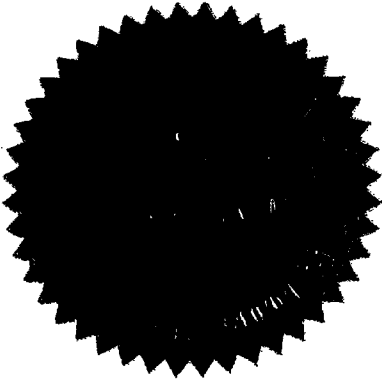
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(3) All other provisions of Division Order No. R-111, as amended, especially regarding the casing and cementing requirements for the surface and salt protection casing strings, shall remain in full force and effect within the N/2 of Section 14.

(4) In the event that potash mining operations ultimately converge upon the N/2 of Section 14, the Division may, if it deems it necessary to protect potash reserves, require Devon Energy Production Company, L.P., or other successor operator to conduct remedial cement operations on the wells within the N/2 of Section 14.

(5) 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg
LORI WROTENBERY
Director