

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
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 Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-104
Revised January 26, 2007
Instructions on back
Submit to Appropriate District Office

5 Copies

☐ AMENDED REPORT



I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

| | | |
|---|---|--|
| ¹ Operator Name and Address Devon Louisiana Corporation 20 N. Broadway, Suite 1500 Oklahoma City, OK 73102-8260 | | ² OGRID Number 6137 |
| | | ³ Reason for Filing Code Request Test Period Extension |
| ⁴ API Number 30-015-36577 | ⁵ Pool Name Bone Spring | ⁴ Pool Code |
| ⁷ Property Code | ⁸ Property Name Guardian 25 State Com | ⁸ Well Number 1 |

RECEIVED

FEB -5 2010

NMOCD ARTESIA

II. Surface Location

| UI or lot no | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West Line | County |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 25 | 19S | 27E | | 1980 | North | 1980 | 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 |
|-----------------------------|--|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|------------------|---------------|----------------|--------|
| F | 25 | 19S | 27E | | 1980 | North | 1980 | West | Eddy |
| ¹² Lse Code S | ¹³ Producing Method Code F | ¹⁴ Gas Connection Date | ¹⁵ C-129 Permit Number | ¹⁶ C-129 Effective Date | ¹⁷ C-129 Expiration Date | | | | |

III. Oil and Gas Transporters

| ¹⁸ Transporter OGRID | ¹⁹ Transporter Name and Address | ²⁰ POD | ²¹ O/G | ²² POD ULSTR Location and Description |
|---------------------------------|--|-------------------|-------------------|--|
| 015694 | Navajo Refining PO Box 129 Artesia, New Mexico 88211 | | O | |
| 9171 | DCP Midstream P.O. Box 50020 Midland, Texas 79710-0020 | | G | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

IV. Produced Water

| ²³ POD | ²⁴ POD ULSTR Location and Description |
|-------------------|--|
| | |

V. Well Completion Data

| ²⁵ Spud Date | ²⁶ Ready Date | ²⁷ TD | ²⁸ PBTD | ²⁹ Perforations | ³⁰ DHC, DC, MC |
|-------------------------|------------------------------------|-------------------------|----------------------------|----------------------------|---------------------------|
| 10/21/2008 | 1/15/2010 | 11,150 | 11,048' | 7978' - 8020' | |
| ³¹ Hole Size | ³² Casing & Tubing Size | ³³ Depth Set | ³⁴ Sacks Cement | | |
| 17 1/2" | 13 3/8" | 458' | 600 sx Poz C | | |
| 12 1/4" | 9 5/8" | 3255' | 1200 sx Cl C | | |
| 8 3/4" | 7" | 10080' | 1175 Cl H | | |
| 6 1/8" | 4 1/2" | 11150' | 130 sx Cl H | | |

VI. Well Test Data

| ³⁵ 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 Flowing |
| | | | | | |

"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

Printed Name

Title

Date

Phone

OIL CONSERVATION DIVISION

Approved by

Title

Approval Date

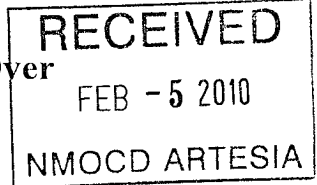
Previous Operator Signature

Printed Name

Title

Date

**Verbal Permission for Extended Test Period and to Produce Over
SWR Allowable for the Guardian 25 State 1:**



Devon verbally and formally requests from the District NMOCD office permission for an extended period of time to test and exceed the allowable for the Guardian 25 State 1 (API # 30-015-36577) for at least a month or until our hearing date. We will be producing with a fixed choke of 10/64th to evaluate production decline during this time period.

Recompletion papers could be filed at this time but current monitoring suggests the well performance has not stabilized. Well was initially spud 10/21/2008 in the Morrow, and then recompleted in the Bone Spring 01/12/2010. The Morrow (10,872'-10,882') is currently shut-in.

Devon has filed the appropriate paperwork to apply for new pool rules to produce at current rates; the hearing has been set for March 4th, 2010. Current perforations in the Bone Spring are at 7978'-8020'. Our current gas oil ratio is about 10,000:1; current classification as an "oil" well.

Current Statewide Rules for the Bone Spring producing GOR above 8000' = 2000:1 and 40 acre spacing unit are the following:

- Oil allowable of 187 bbl oil/day
- Gas allowable of 374,000 mcf/day

At hearing we anticipate requesting the following:

- Increase in GOR
- Increase in spacing unit

Hearing would allow us to produce at an increased allowable with a larger spacing unit of 80 acres, and bring Devon into allowable producing parameters for current production rates.

Initial well production was on 01/12/2010. Oil and gas production has been on a steady constant decline. The oil allowable may not be an issue within another week or so if oil production continues to decline steadily; and would be put on rod pump at a later date. Current gravity is 52.5°. Oil production has ranged from 219 bbls to 91 bbls of oil per day; gas production has ranged from 2.9 – 1.1 mmcf per day over a 21 day period. Tubing pressure initially started at 2100#, but now is 1625# psig. Gas analysis tests denote BTU of 1,226. Gas to oil ration was 17,500 on 01/15/2010.

Please advise if "verbal" approval can be granted to produce over assigned allowable for "long term evaluation and testing" or if Form C-104 can be sent; with the "**Reason for Filing Code**": "Request permission for extended test period" or "Request permission to exceed allowable until hearing". Or if Form C-104, Form C-103 & Form C-105 should be sent at this time. Please advise how to proceed.