

ACTION: CONSIDER APPLICATION FOR SPECIAL USE LEASE

AUTHORITY: W.S. § 36-5-114; Board of Land Commissioners' Rules and Regulations, Chapter 5, Section 3

Type of Use: Off-set Well and Access Road

Lease No.: SU-910

Applicant: Devon Energy Production Company, L.P.

County: Campbell

Acres: 1.24

Description: Tract in NW4SE4
Section 11, Township 42 North, Range 71 West, 6th P.M.

Improvements: Existing Improvements: Well site and access road with an applicant estimated value of \$10,000.00

Recommended Rental: \$2,255.90 per year adjusted annually by 2.0% to off-set inflationary pressure based on the ten year weighted average of the Consumer Price Index and subject to five year rental reviews

Recommended Term: July 1, 2017 to July 1, 2032
(15 Years)

Discussion: Devon Energy Production Company, L.P. has applied for a special use lease for an off-set well (Federal 33-11) and access road to correct a split estate situation discovered by the Office of State Lands and Investment's (OSLI). No State mineral is being produced from this well.

It has been determined that this special use lease application site is not in a sage grouse habitat core area.

DIRECTOR'S RECOMMENDATION:

The Director recommends that the Board approve the above-described special use lease application for a fifteen year term at a rental of \$2,255.90 per year adjusted annually by 2.0% to off-set inflationary pressure and subject to a rental review every five years. The Director further recommends that: (1) Devon Energy Production Company, L.P. be required to provide a bond equal to an engineer's estimate for reclamation of the leased area until such time as the site is no longer being used and full reclamation, remediation, or other appropriate actions consistent with the Board of Land Commissioners' Rules and Regulations are completed, and (2) Devon Energy Production Company, L.P. be required to place a sign on the site identifying the special use lease number. Approval of the application is not to be considered approval of the applicant's estimated value of improvements.

BOARD ACTION: Board Approved