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May 26, 2004

**HAND DELIVERED**

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**MAY 27 2004**

Mr. Mark E. Fesmire, Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

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1220 S. St. Francis Drive  
Santa Fe, NM 87505

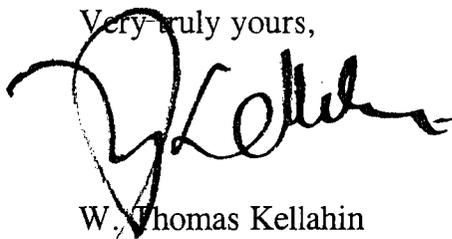
**Re: Mad Dog "15" Federal ComWell No. 1**  
**E/2 Section 15, T23S R34E**  
**Application of Devon Energy Production Company, L.P.**  
**for Compulsory Pooling**  
**Lea County, New Mexico**

*Case 13286*

Dear Mr. Fesmire:

On behalf of Devon Energy Production Company, L.P., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for June 24, 2004. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

Cc: Devon Energy Production Company  
Attn: Richard Winchester

**CASE 13286**: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Morrow formation to the base of the Devonian formation underlying the following described acreage in Section 15, T23S, R34E, NMPM, in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its Mad Dog "15" Federal Com Well No. 1 which will be located directionally from a standard surface location to a standard subsurface location both within Unit P of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 19 miles southeast of Eunice, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF DEVON ENERGY PRODUCTION COMPANY, L.P.  
FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO.**

CASE NO. 13286

**APPLICATION**

Comes now DEVON ENERGY PRODUCTION COMPANY, L.P. ("Devon") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) NMSA (1978), applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the base of the Morrow formation to the base of the Devonian formation underlying the following described acreage in Section 15, T23S, R34E, NMPM in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its Mad Dog "15" Federal Com Well No. 1 which will be drilled directionally from a standard surface location to a standard subsurface location both within Unit P of this section.

In support of its application, Devon Energy Production Company, L.P. ("Devon") states:

1. Devon has the right to drill and develop the oil and gas minerals from the surface to the base of the Devonian formation underlying the E/2 of Section 15, T23S, R34E, NMPM, Lea County, New Mexico.
2. Devon has proposed that the N/2 of this section be to dedicated as a standard 320-acre gas spacing unit for production from the Devonian formation to be obtained from its proposed Mad Dog "15" Federal Com Well No 1 to be located in Unit P of this section.
3. This well is a "wildcat" well as defined by Division Rule 104 being more than 1 mile from any other Devonian gas pool.

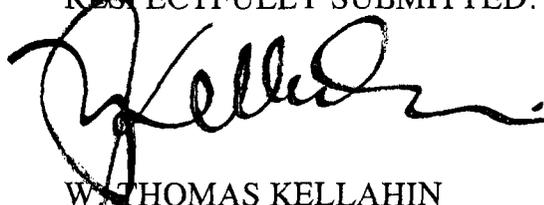
4. On April 7, 2004, Devon proposed this spacing unit and this well to the working interest in the spacing unit as identified on Exhibit "A."
5. Devon has not been able to obtain a written voluntary agreement from all the parties listed on Exhibit "A."
6. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, the applicant needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
7. Pursuant to Commission Order R-11992, effective August 15, 2003, Devon requests that a 200% risk charge be applied.
8. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest are to be pooled and whose current addresses are known as listed on Exhibit "A" of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for June 24, 2004.

WHEREFORE, Devon, as applicant, requests that this application be set for hearing on June 24, 2004 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for the drilling of this well location upon terms and conditions which include:

- (1) Devon Energy Production Company, L.P. be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor charge of 200%;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

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**WORKING INTEREST OWNERS  
MAD DOG 15 FEDERAL COM #1 WELL**

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