

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

2004 JUL 13 PM 12 50

July 13, 2004

Hand Delivered

Case 13318

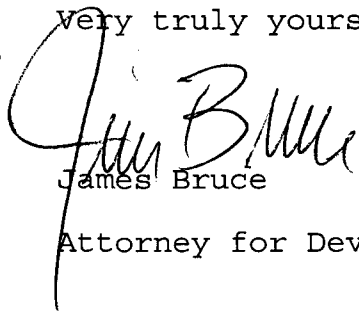
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Devon Energy Production Company, L.P. Please set this matter for the August 5, 2004 Examiner hearing. Thank you.

The proposed advertisement is also on the enclosed disk.

Very truly yours,


James Bruce

Attorney for Devon Energy Production Company, L.P.

PARTIES BEING POOLED

Apache Corporation
Two Warren Place
Suite 1500
6120 South Yale
Tulsa, Oklahoma 74136

Attention: Mario R. Moreno, Jr.

Magnum Hunter Production, Inc.
Suite 200
3500 William D. Tate Avenue
Grapevine, Texas 76051

Attention: Toni Wood

Carolyn Ann Nunnally
507 Meadowview Lane
Coppell, Texas 75019

Tex-Ok Energy Ltd. Partnership
P.O. Box 3010
Cody, Wyoming 82414

Cody Energy, Inc.
P.O. Box 3010
Cody, Wyoming 82414

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2004 JUL 13 PM 12 50

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 13318

APPLICATION

Devon Energy Production Company, L.P. applies for an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the W½ of Section 11, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W½ of Section 11, and has the right to drill a well thereon.

2. Applicant proposes to drill its Chase 11 Fed. Com. Well No. 2, at an orthodox location in the NE¼NW¼ of Section 11, and seeks to dedicate the W½ of Section 11 to the well to form a standard 320 acre gas spacing and proration unit for all pools or formations developed on 320 spacing within that vertical extent, including the Undesignated South Carlsbad-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 11 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 11,

pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 11 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W½ of Section 11 from the base of the Wolfcamp formation to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and supervision costs, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Devon Energy
Production Company, L.P.

PROPOSED ADVERTISEMENT

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Case 13318: Application of Devon Energy Production Company, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the W½ of Section 11, Township 22 South, Range 27 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated South Carlsbad-Morrow Gas Pool. The unit is to be dedicated to the Chase 11 Fed. Com. Well No. 2, to be located at an orthodox gas well location in the NE¼NW¼ of Section 11. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 4 miles north of Otis, New Mexico.