

HOLLAND & HART^{LLP}



June 21, 2005

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HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13521

Re: Application of Devon Energy Production Company, LP for compulsory
pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Devon Energy Production Company, L.P. in the above-
referenced case as well as a copy of a legal advertisement. Devon requests that this
matter be placed on the docket for the July 14, 2005 Examiner hearings.

Very truly yours,

Ocean Munds Dry
Ocean Munds-Dry

Enclosures

cc: Mr. Ken Gray
Devon Energy Production Company, L.P.
20 North Nroadway
Oklahoma City, Oklahoma 73102-8260

Holland & Hart^{LLP}

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Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

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

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

2005 JUN 21 PM 3 50
CASE NO. 13521

APPLICATION

Devon Energy Production Company, L.P., ("Devon") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17 (2004), for an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 27, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the South Carlsbad-Morrow Gas Pool, the Carlsbad Strawn Gas Pool, Undesignated South Carlsbad-Strawn Gas Pool, the Undesignated East Carlsbad-Wolfcamp Gas Pool, the Undesignated Otis-Atoka Gas Pool, and the Undesignated Otis-Morrow Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 SE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated North Cass Draw-Wolfcamp Pool and the Undesignated Wye Delaware Pool; and in support of its application states:

1. Devon is a working interest owner in the S/2 of said Section 27 and has the right to drill thereon.

2. Devon proposes to dedicate the above-referenced pooled units to its Lovelace "27" Fee Well No. 2 to be drilled at a non-standard gas well location 2410 feet from the South line and 1165 feet from the East line of said Section 27 to a depth of approximately 12,250 feet to test all formations from the surface through the base of the Morrow formation. Devon has received approval from the New Mexico Oil Conservation Division for the unorthodox well location by Administrative Order NSL-5206 dated May 20, 2005.

3. Devon has sought and been unable to obtain a voluntary agreement for the development of these lands from Nadel and Gussman Permian, LLC, 601 North Marienfeld, Suite 508, Midland, Texas 79701-4365, a working interest owner in the subject spacing units to the extent they cover those formations below the base of the Wolfcamp.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Devon to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Devon should be designated the operator of the well to be drilled.

WHEREFORE, Devon Energy Production Company, L.P. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 14, 2005 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units from the base of the Wolfcamp formation to the base of the Morrow formation,
- B. designating Devon Energy Production Company, L.P. operator of these units and the well to be drilled thereon,
- C. authorizing Devon Energy Production Company, L.P. to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed by Devon Energy Production Company, L.P. in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By: *Ocean Munds-Dry*
MICHAEL H. FELDEWERT
OCEAN MUNDS-DRY
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR DEVON ENERGY PRODUCTION
COMPANY, LP

CASE 13521: **Application of Devon Energy Production Company, L.P. for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 27, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the South Carlsbad-Morrow Gas Pool, the Carlsbad Strawn Gas Pool, the Undesignated South Carlsbad-Strawn Gas Pool, the Undesignated East Carlsbad-Wolfcamp Gas Pool, the Undesignated Otis-Atoka Gas Pool, and the Undesignated Otis-Morrow Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 SE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated North Cass Draw-Wolfcamp Pool and the Undesignated Wye Delaware Pool. These spacing and proration units are to be dedicated to the Lovelace "27" Fee Well No. 2 to be drilled to the base of the Morrow formation at a non-standard gas well location 2410 feet from the South line and 1165 feet from the East line of said Section 27. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, LP as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 10 miles southwest of Artesia, New Mexico.

HOLLAND & HART^{LLP}



June 21, 2005

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Nadel and Gussman Permian, L.L.C.
601 North Marienfeld Suite 508
Midland, Texas 79701-4365

Re: Application of Devon Energy Production Company, L.P. for compulsory pooling,
Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Devon Energy Production Company, L.P. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation in certain spacing and proration units in the S/2 of Section 27, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. Said pooled units are to be dedicated to the Devon Energy Production Company, L.P.'s Lovelace "27" Fee Well No. 2 to be drilled at a non-standard gas well location 2410 feet from the South line and 1165 feet from the East line to a depth of approximately 12,250 feet to test all formations.

This application has been set for hearing before a Division Examiner on July 14, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry

ATTORNEY FOR DEVON ENERGY
PRODUCTION COMPANY, L.P..

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