

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

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2011 JAN -8 P 4: 08
Case No. 14952

APPLICATION

Devon Energy Production Company, L.P. applies for an order (i) approving a non-standard oil spacing and proration unit in the Yeso formation comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 14, Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Yeso formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 14, and has the right to drill a well thereon.
2. Applicant proposes to drill the BAE 14 Fed. Com. Well No. 2H to a depth sufficient to test the Yeso formation. Applicant seeks to dedicate the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 14 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the West Maljamar-Yeso Pool. The well will be a horizontal well, with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the NW $\frac{1}{4}$ NW $\frac{1}{4}$, of Section 14.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 14 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 Yeso formation underlying the N½N½ of Section 14, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the N½N½ of Section 14 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. Approving a non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of the N½N½ of Section 14;
- B. Pooling all mineral interests in the Yeso formation underlying the N½N½ of Section 14;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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,


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Attorney for Devon Energy Production Company, L.P.

PROPOSED ADVERTISEMENT

Case No. 14952 :

Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of the N/2N/2 of Section 14, Township 17 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Yeso formation underlying the non-standard oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the BAE 14 Fed. Com. Well No. 2H, a horizontal well to be drilled at a surface location in the NE/4NE/4, with a terminus in the NW/4NW/4, of Section 14. 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 2 miles southeast of Maljamar, New Mexico.

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