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April 15, 2014

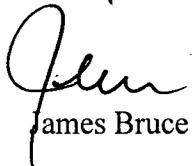
Case 15129

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

Dear Florene:

Enclosed for filing, on behalf of Devon Energy Production Company, L.P., are an original and one copy of two applications for compulsory pooling, *etc.*, together with proposed advertisements. The advertisements have also been e-mailed to the Division. Please set these matters for the May 15, 2014 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING NOTIFIED

OXY USA Inc.
P.O. Box 27570
Houston, TX 77227-7570

ConocoPhillips Company
P.O. Box 2197
Houston, TX 77252-1000

Mazel Oil & Gas Company
300 Medina Street
Austin, Texas 78702

Sheridan Holdings Company II, LLC
9 Greenway Plaza, Suite 1300
Houston, Texas 77046-0922

Vincero Resources, Inc.
2100 Ross Avenue
Lock Box 52
Dallas, TX 75201

Paladin Energy Corporation
10290 Monroe Drive
Dallas, Texas 75229

Fasken Acquisitions '02, Ltd.
c/o Fasken Oil & Ranch LTD
303 West Wall Avenue, Suite 1900
Midland, TX 79701-5104

Magnum-Hunter Production, Inc.
c/o Cimarex Energy Company
202 S. Cheyenne Avenue, Suite 1000
Tulsa, OK 74103-3001

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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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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Case No. 15/29

APPLICATION

Devon Energy Production Company, L.P. applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the $W\frac{1}{2}NE\frac{1}{4}$ of Section 33 and the $W\frac{1}{2}E\frac{1}{2}$ of Section 28, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the $W\frac{1}{2}NE\frac{1}{4}$ of Section 33 and the $W\frac{1}{2}E\frac{1}{2}$ of Section 28, and has the right to drill a well thereon.
2. Applicant proposes to drill its Bilbrey 33 Fed. Com. Well No. 3H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the $W\frac{1}{2}NE\frac{1}{4}$ of Section 33 and the $W\frac{1}{2}E\frac{1}{2}$ of Section 28 to the well, as to the Bone Spring formation, to form a non-standard 240 acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well will be a horizontal well, with a surface location in the $SW\frac{1}{4}NE\frac{1}{4}$ of Section 33, and a terminus in the $NW\frac{1}{4}NE\frac{1}{4}$ of Section 28.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the $W\frac{1}{2}NE\frac{1}{4}$ of Section 33 and the $W\frac{1}{2}E\frac{1}{2}$ of Section 28 for the purposes set forth herein.

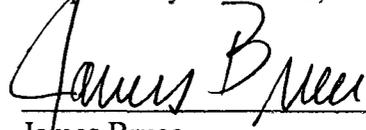
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28 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 Bone Spring formation comprised of the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28;
- B. Pooling all mineral interests in the Bone Spring formation underlying the W $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28;
- 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,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

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

Attorney for Devon Energy Production
Company, L.P.

PROPOSED ADVERTISEMENT

Case No. 15129 :

Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Devon Energy Production Company, L.P. seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2E/2 of Section 28 and the W/2ENE/4 of Section 33, Township 21 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard oil spacing and proration unit (project area). The unit is to be dedicated to the Bilbrey 33 Fed. Com. Well No. 3H, a horizontal well to be drilled at a surface location in the SW/4NE/4 of Section 33, with a terminus in the NW/4NE/4 of Section 28. 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 31-1/2 mile west of Eunice, New Mexico.

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