

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR SPECIAL RULES AND
REGULATIONS FOR THE CRUZ-BONE SPRING
POOL, LEA COUNTY, NEW MEXICO.**

Case No. 15440

AMENDED APPLICATION

Devon Energy Production Company, L.P. applies for an order instituting special rules and regulations for horizontal wells in the Cruz-Bone Spring Pool (the "Pool"), and in support thereof, states:

1. Applicant is an operator in the Pool.
2. The Pool was created by Division Order No. R-9843, and currently includes the following acreage in Lea County, New Mexico:

Township 23 South, Range 33 East, N.M.P.M.
Section 16: SW/4

The Pool is governed by the Division's statewide rules for oil pools, with 40 acre well units and wells to be located no closer than 330 feet to a quarter-quarter section line.

2. Applicant intends to drill multiple horizontal Bone Spring wells on its acreage in or near the Pool. Initially, applicant plans to drill three wells in the Second Bone Spring zone in half section tracts in order to properly drain reserves from the acreage, and obtain maximum recovery therefrom. This will result in certain wells having unorthodox locations near the center of a half section of land. In addition, there is the potential for drilling additional wells in the Pool to other Bone Spring zones.

3. The initial well completed in the Pool had a top perforation of 9343 feet subsurface. Therefore, the Pool has a depth bracket allowable of 275 barrels of oil per day for a

standard 40 acre oil spacing and proration unit. **NMAC 19.15.20.12.** This allowable is insufficient for a multiple horizontal wells, and the planned three wells (or more) per half section will cause or exacerbate overproduction based on the statewide allowable.

4. Applicant requests that special rules and regulations be established for horizontal wells in the Pool, providing for:

- (a) a standard oil spacing and proration unit of 320 acres;
- (b) wells to be located no closer than 330 feet to the exterior boundary of a standard well unit, with interior setbacks of 10 feet from a quarter-quarter section line;
- (c) a special depth bracket allowable of 6,400 barrels of oil per day for a standard 320 acre well unit;
- (d) a GOR of 5,000 cubic feet of gas per barrel of oil; and
- (e) all other rules to be in conformance with statewide rules.

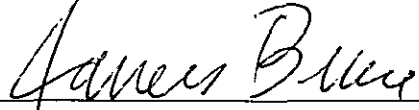
5. Applicant requests that the new pool rules not apply to existing horizontal wells, although an operator should have the option to re-space the units for its horizontal wells in the Pool.

6. Applicant also requests a special depth bracket allowable of 800 barrels of oil per day for a standard 40 acre vertical well unit within the Pool.

7. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division grant the relief requested above.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

James Bruce
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Attorney for Devon Energy Production
Company, L.P.