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July 24, 2007

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

Case 13975

Dear Florene:

Enclosed for filing, on behalf of Devon Energy Production Company, L.P., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the August 23, 2007 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING POOLED

Don Shackleford
Shackleford Oil Company
Building B, Suite 100
3510 North A Street
Midland, Texas 79705

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13975

APPLICATION

Devon Energy Production Company, L.P. applies for an order pooling all mineral interests from the surface to the base of the Barnett Shale underlying the E $\frac{1}{2}$ of Section 22, Township 19 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ of Section 22, and has the right to drill a well thereon.

2. Applicant proposes to drill its Arenoso "22" Fed. Well No. 2, from an orthodox surface location in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 22 to an orthodox bottom hole location in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 22, to a depth sufficient to test the Barnett Shale, and seeks to dedicate the following acreage to the well:

(a) The NE $\frac{1}{4}$ SE $\frac{1}{4}$ to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated West Lusk-Yates Pool, Undesignated Hackberry-Delaware Pool, and Undesignated Hackberry-Bone Spring Pool;

(b) The SE $\frac{1}{4}$ to form a standard 160 acre oil or gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the Undesignated Lusk-Strawn Pool; and

(c) The E½ to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated West Lusk-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 22 for the purposes set forth herein.

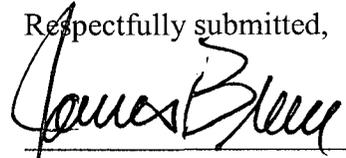
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 22, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 22 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 E½ of Section 22, from the surface to the base of the Barnett Shale;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to 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,

A handwritten signature in black ink that reads "James Bruce". The signature is written in a cursive style with a large initial "J".

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. 13975: **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 surface to the base of the Barnett Shale underlying the following described acreage in Section 22, Township 19 South, Range 31 East, NMPM, and in the following manner: The E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated West Lusk-Morrow Gas Pool; the SE/4 to form a standard 160-acre oil or gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent, including the Undesignated Lusk-Strawn Pool; and the NE/4SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated West Lusk-Yates Pool, Undesignated Hackberry-Delaware Pool, and Undesignated Hackberry-Bone Spring Pool. The units are to be dedicated to the Arenoso "22" Fed. Well No. 2, to be drilled from an orthodox surface location in the NE/4SE/4 of Section 22 to an orthodox bottom hole location in the NW/4SE/4 of Section 22. 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 units are located approximately 13 miles southeast of Loco Hills, New Mexico.

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