



June 8, 2010

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

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14502

Re: Application of Devon Energy Production Company, LP for a non-standard spacing and proration unit and 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 8, 2010 Examiner hearings.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Mr. Sam McCurdy
Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102

**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 A NON-STANDARD SPACING AND PRORATION
UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14502

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, for an order: (1) creating a non-standard spacing unit comprised of the E/2 E/2 of Section 16, Township 25 South, Range 29 East, NMPM, which will be the Project Area for the Cooter "16" State Well No. 7H to be horizontally drilled from a surface location 330 feet from the South line and 770 feet from the East line and a bottomhole location 330 feet from the North line and 990 feet from the East line in the Bone Spring formation, Undesignated Southeast Willow Lake-Bone Spring Pool and the Cooter "16" State Well No. 8H to be horizontally drilled from a surface location 330 feet from the South line and 420 feet from the East line and a bottomhole location 330 feet from the North line and 400 feet from the East line in the Bone Spring formation, Undesignated Southeast Willow Lake-Bone Spring Pool and (2) pooling all mineral interests in the Bone Spring formation in this non-standard spacing and proration unit and in support of its application states:

1. Devon is a working interest owner in the E/2 E/2 of said Section 16 and has the right to drill thereon.

2. Devon proposes to dedicate the above-referenced unit to its:

a. Cooter "16" State Well No. 7H to be drilled as an oil well at a standard surface location 330 feet from the South line and 770 feet from the East line of said Section 16 and then in a northerly direction in the Bone Spring formation to a bottomhole location 330 feet from the North line and 990 feet from the East line of said Section 16; and

b. Cooter "16" State Well No. 8H to be drilled as an oil well at a standard location 330 feet from the South line and 420 feet from the East line of said Section 16 and then in a northerly direction in the Bone Spring formation to a bottomhole location 330 feet from the North line and 400 feet from the East line of said Section 16.

3. Devon has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject project area who are identified on Exhibit A to this application.

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 wells 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 8, 2010 and, after notice and hearing as required by law, the Division enter its order:

- A. creating a non-standard spacing and proration unit in the Bone Spring formation comprised of the E/2 E/2 of Section 16, Township 25 South, Range 29 East, NMPM;
- B. pooling all mineral interests in the subject non-standard spacing and proration unit;
- C. designating Devon Energy Production Company, L.P. operator of this unit and the wells to be drilled thereon,
- D. authorizing Devon Energy Production Company, L.P. to recover its costs of drilling, equipping and completing the wells,
- E. 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
- F. imposing a 200% penalty for the risk assumed by Devon Energy Production Company, L.P. in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,
HOLLAND & HART LLP

By: Ocean Munds-Dry
Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR DEVON ENERGY PRODUCTION
COMPANY, LP

CASE 14502:

Application of Devon Energy Production Company, L.P. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order: (1) creating a non-standard spacing unit comprised of the E/2 E/2 of Section 16, Township 25 South, Range 29 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation, Undesignated Southeast Willow Lake-Bone Spring Pool in this non-standard spacing and proration unit which will be the project area for the Cooter "16" State Well No. 7H to be horizontally drilled from a surface location 330 feet from the South line and 770 feet from the East line and then in a northerly direction in the Bone Spring formation to a bottomhole location 330 feet from the North line and 990 feet from the East line of said Section 16 and the Cooter "16" State Well No. 8H to be horizontally drilled from a surface location 330 feet from the South line and 420 feet from the East line and then in a northerly direction in the Bone Spring formation to a bottomhole location 330 feet from the North line and 400 feet from the East line of said Section 16. Also to be considered will be the cost of drilling and completing said wells 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 wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 7.5 miles southeast of Malaga, New Mexico.

EXHIBIT A

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, LP
FOR A NON-STANDARD SPACING AND PRORATION UNIT AND
COMPULSORY POOLING
E/2 E/2 OF SECTION 16, TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
EDD COUNTY, NEW MEXICO.**

NOTIFICATION LIST FOR POOLING

Lime Rock Resources
Attn: Chuck Reagan
Heritage Plaza, Suite 4600
1111 Bagby Street
Houston, TX 77002

NOTIFICATION LIST FOR NON-STANDARD SPACING UNIT

S/2 S/2 of Section 9
EOG Resources, Inc.
4000 N. Big Spring, Suite 500
Midland, Texas 79705

SW/4 SW/4 of Section 10
Bettis, Boyle & Stovall
PO Box 1240
Graham, Texas 76450

W/2 W/2 of Section 15 and NW/4 NW/4 Section 22
OXY USA, WTP, L.P.
5 Greenway Plaza, Suite 110
Houston, Texas 77046

N/2 N/2 of Section 21
Marbob Energy Corporation
P.O. Box 227
Artesia, New Mexico 88211