

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF HEARING:**

**APPLICATION OF DEVON ENERGY PRODUCTON
COMPANY, L.P. FOR A NON-STANDARD GAS SPACING
AND PRORATION UNIT, AN UNORTHODOX OIL
WELL LOCATION AND COMPULSORY POOLING,
[Goodnight 1 Fee Well #1]
CHAVES COUNTY, NEW MEXICO**

CASE NO. 14534

**APPLICATION OF DEVON ENERGY PRODUCTON
COMPANY, L.P. FOR COMPULSORY POOLING,
[Longhorn 28 Fee Well #1]
CHAVES COUNTY, NEW MEXICO**

CASE NO. 14535

**APPLICATION OF DEVON ENERGY PRODUCTON
COMPANY, L.P. FOR COMPULSORY POOLING,
[Jinglebob 29 Fee Well #1]
CHAVES COUNTY, NEW MEXICO**

CASE NO. 14536

**APPLICATION OF DEVON ENERGY PRODUCTON
COMPANY, L.P. FOR COMPULSORY POOLING,
[Open Range Fee Well #1]
CHAVES COUNTY, NEW MEXICO**

CASE NO. 14537

**APPLICATION OF DEVON ENERGY PRODUCTON
COMPANY, L.P. FOR A NON-STANDARD GAS SPACING
AND PRORATION UNIT, AN UNORTHODOX OIL
WELL LOCATION AND COMPULSORY POOLING,
[Loving 7 Fee Well #1]
CHAVES COUNTY, NEW MEXICO**

CASE NO. 14528

VERIFIED MOTION TO CONTINUE-AND-CONSOLIDATE

I, W. Thomas Kellahin, on behalf of Chisos, Ltd. ("Chisos") moves that the New Mexico Oil Conservation Division ("Division") continue the hearing of the Cases ~~14534, 14535, 14536, 14537 & 14528~~ from the September 2, 2010 docket to the September 30, 2010 docket and as ground therefore states:

NMOCD Case 14534, 14535, 14536, 14537 & 15428

Chisos' Motion to Continue

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BACKGROUND

- (1) By letter dated July 14, 2010, Devon Energy Production Company, L.P. ("Devon") proposed the Loving 7 Fee 1H and dedicated the NW/4 of Sec 7 and the SW/5 of Sec 8, T10S, R29E and then only 7 days later on July 21, 2010 filed its compulsory pooling case against Chisos.
- (2) On July 22, 2010, Devon by four separate letters, each dated July 22, 2010, proposed to Chisos the drilling of horizontal wellbores as follows:
 - (a) Goodnight 1 Fee Well No. 1 dedicated to the NE/4 of Sec 1, T12S R28E and NW/4 Sec 6, T12S R29E
 - (b) Longhorn 28 Fee 1H dedicated to the N/2 of Sec 28, T10S, R29E
 - (c) Jinglebob 29 Fee 1H dedicated to the N/2 of Sec 29, R11S, R29E
 - (d) Open Range 34 Fee 1H dedicated to the N/2 of Sec 34, T11S, R29E
- (3) And then only 11 days later on August 2, 2010 filed its compulsory pooling application against Chisos for these four wells.
- (4) On July 21, 2010, Chisos replied to Devon's proposed Loving 7 Fee 1H Well indicating that Chisos would probably participate but wanted to see Devon's JOA. On July 22, 2010, Chisos replied to the four additional well proposals that Chisos would probably participate but wanted to see Devon's JOA before making its decision.
- (5) By letter dated August 5, 2010, three days after it filed its compulsory pooling application, Devon mailed its sample JOA (Loving 7 Fee 1H well) to Chisos.
- (6) Chisos believes that Devon prematurely and unnecessarily commenced compulsory pooling against Chisos without first exhausting reasonable efforts to reach a voluntary agreement with Chisos.
- (7) Chisos has negotiated, on a daily basis, with Devon in an attempt to reach a voluntary agreement for the development of these spacing units and believes that the case should be continued to provide time for Devon to complete its paper work without being distracted by a contested compulsory pooling case.
- (8) By Email dated August 30, 2010, Devon's landman, Jim Ball, represented to Sue Ann Craddock of Chisos that Devon will dismiss Chisos from these compulsory cases and stated in part that: "When the OGL is done today it will be emailed out to you. You can sign it and email it back followed by the originals mailed back to Devon. At that point there is nothing that can go wrong and Chisos will be dismissed."
- (9) There is no point in allowing Devon to proceed with compulsory pooling of an interest owner when Devon says the interest owner is to be dismissed and Devon, in previous correspondence, had also agreed to the dismissal of Chisos.

- (10) The Division's order entered in each case will affect the other.
- (11) The evidence to be introduced in each case will overlap.
- (12) A continuance and consolidation for the same evidentiary hearing with the entry of separate orders will save the time of the Division and that of the parties.
- (13) The concurrence of counsel for Devon has been requested. He is waiting upon a response from his client.

CONCLUSION

Chisos has signed agreements with Devon, including AFEs, JOAs and returned them to Devon. The only thing left to do is for Devon to prepare the agreed upon oil & gas lease and send it to Chisos for signature. Yet Devon wants to compulsory pool Chisos. Devon cannot have it both ways. If these cases are not continued to allow Devon more time to process their own paper work, then there will be no pressure upon Devon to complete the settlement and dismiss Chisos. The entire fault is upon Devon and Devon should be held responsible. Accordingly, Chisos requests that this motion for a continuance and consolidation be granted.

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