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2010 AUG -2 P 4: 27

August 2, 2010


Case 14535

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 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 September 2, 2010 Examiner hearing. Thank you.

Very truly yours,


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

PERSONS BEING NOTIFIED

Pure Energy Group, Inc.
Suite 218
22610 U.S. Highway 281 North
San Antonio, Texas 78258

Chisos, Ltd.
670 Dona Ana Road SW
Deming, New Mexico 88030

Samedan Royalty Corporation
Suite 100
100 Glenborough Drive
Houston, Texas 77067

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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2010 AUG
Case No. 2/19/13-5

APPLICATION

Devon Energy Production Company, L.P. applies for an order pooling all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the N½ of Section 28, Township 10 South, Range 29 East, N.M.P.M., and in support thereof, states:

1. Applicant is an interest owner in the N½ of Section 28, and has the right to drill a well thereon.
2. Applicant proposes to drill the Longhorn 28 Fee Well No. 1 vertically, at a location 670 feet from the north line and 1770 feet from the west line of Section 28, to test the Siluro-Devonian formation, and then drill horizontally in the Mississippian formation with a terminus 670 feet from the north line and 670 feet from the east line of Section 28.
3. Applicant seeks to dedicate the following acreage to the well:
 - (a) the NE¼NW¼ 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; and
 - (b) the N½ 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.
4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in underlying the N½ of Section 28 for the purposes set forth herein.
5. 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 as set forth above, pursuant to NMSA 1978 §§70-2-17.

6. The pooling of all mineral interests underlying the N½ 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. Pooling all mineral interests (i) from the surface to the base of the Siluro-Devonian formation underlying the NE¼NW¼ of Section 28, and (ii) the Mississippian formation underlying the N½ of Section 28;
- 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,



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. 14535:

Application of Devon Energy Production Company, L.P. for compulsory pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the following described acreage in Section 28, Township 10 South, Range 29 East, NMPM, and in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit in all formations or pools developed on 320-acre spacing within that vertical extent; and the NE/4NW/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. The units are to be dedicated to Longhorn 28 Fee Well No. 1, to be drilled vertically at a location 670 feet from the north line and 1770 feet from the west line of Section 28, to test the Siluro-Devonian formation, and then drilled horizontally in the Mississippian formation with a terminus 670 feet from the north line and 670 feet from the east line 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 units are located approximately 18 miles west-northwest of Caprock, New Mexico.

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2010 AUG - 2 P 4: 27