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Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

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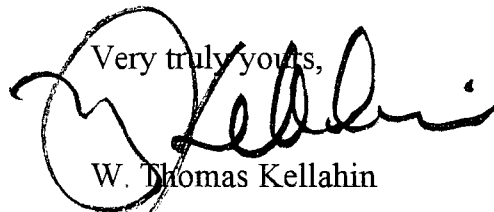
Oil Conservation Division

Re: Rio Blanco "4" Federal Well No. 1
Unit F, N/2 Section 4, T23S, R34E
(Morrow gas well to be deepened to test for Devonian gas)
Application of Devon Energy Production Company, L.P.
for Compulsory Pooling
Lea County, New Mexico

Case 13048

Dear Ms. Wrotenbery:

On behalf of Devon Energy Production Company, L.P. ("Devon") please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for April 10, 2003. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

W. Thomas Kellahin

cc: Devon Energy Production Company, L.P.
Attn: Richard Winchester

CASE 13048: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Morrow formation to the base of the Devonian formation underlying the N/2 of Section 4, T23S, R34E, NMPM, Lea County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the Antelope Ridge-Devonian Gas Pool. This unit is to be dedicated to its Rio Blanco "4" Federal Well No. 1 to be reentered and deepened to the base of the Devonian formation at a standard well location in Unit F of this section. Also to be considered will be the costs of deepening and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 20 miles southwest from Eunice, New Mexico.

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

**IN THE MATTER OF THE APPLICATION
OF DEVON ENERGY PRODUCTION COMPANY, L.P.
("DEVON") FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 13048

APPLICATION

DEVON ENERGY PRODUCTION COMPANY, L.P. ("Devon") by its attorneys, Kellahin & Kellahin, and in accordance with NMSA 1979, Section 70-2-17.C, seeks an order pooling all mineral interests from the based of the Morrow formation to the base on the Devonian formation underlying the N/2 of Section 4, T23S, R34E, NMPM, Lea County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the Antelope Ridge-Devonian Gas Pool. This unit is to be dedicated to its Rio Blanco "4" Federal Well No. 1 to be reentered and deepened to the base of the Devonian formation at a standard well location in Unit F of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application Devon states:

1. Devon is the current operator, and a working interest owners in, for the Rio Blanco "4" Federal Well No. 1 (API #30-025-34515) located in Unit F of Section 4, T23S, R34E, Lea County New Mexico.

2. This well is currently dedication to a standard 320-acre gas spacing unit Morrow Gas consisting of the N/2 of this section dedicated for gas production from the Morrow Formation.
3. Robert E. Landreth ("Landreth") and EGL Resources, Inc. ("EGL"), each own working interests in the Devonian formation. Devon has been unable to reach an agreement with Landreth and EGL on terms to reenter and deepen the well to the base of the Devonian formation and test for Devonian gas production. Devon and Southwestern Energy Production Company, the other working interest owner in the well, are subject to an Operating Agreement governing Devonian formation operations in the proration unit.
4. Devon has been in negotiations with Landreth since September 20, 2002, having exchanged approximately 18 detailed letters with the last being February 28, 2003. All of these proposals are based upon Devon being the operator and Landreth being a working interest owner who either participates with a portion of his interest or farms-out all or a portion of his interest to Devon.
5. Devon's latest proposed farmout terms included carrying a disproportionate share of the well costs, through completion of the well, to earn a percentage of Landreth's interest. Landreth has not responded to Devon's letter dated February 25, 2003, setting forth Devon's position on certain farmout agreement terms. Due to Landreth's lack of response, Devon believes that it has concluded its efforts to reach a voluntary agreement with Landreth.
6. Therefore, Devon, as the designated operator of record for the Rio Blanco "4" Federal Com #1 Well, formally proposed reentry and drilling operations to test the Devonian formation in said well on February 28, 2003. Landreth has not responded to this proposal.

7. Devon made its first formal proposal to EGL on December 17, 2002, although there have been numerous telephone conversations concerning the proposed operations prior to such date. Devon's proposal letter to EGL incorporated terms identical to those offered to Landreth under a proposal letter of the same date. Despite its efforts, Devon has not be able to reach a voluntary agreement with EGL.
8. Therefore, Devon, as the designated operator of record for the Rio Blanco "4" Federal Com #1 Well, formally proposed reentry and drilling operations to test the Devonian formation in said well on February 28, 2003. EGL has not responded to this proposal.
9. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Devon needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
10. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for April 10, 2003.

WHEREFORE, Devon, as applicant, requests that this application be set for hearing on April 10, 2003 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) Devon Energy Production Company, L.P. be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

(3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

(4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name and address.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

EXHIBIT "A"
PARTIES TO BE POOLED

Robert E. Landreth
505 N. Big Springs, Suite 507
Midland, Texas 79701

EGL Resources, Inc.
P. O. Box 10886
Midland, Texas 79701
Attn: Wes Perry

CASE 13048. Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Morrow formation to the base of the Devonian formation underlying the N/2 of Section 4, T23S, R34E, NMPM, Lea County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the Antelope Ridge-Devonian Gas Pool. This unit is to be dedicated to its Rio Blanco "4" Federal Well No. 1 to be reentered and deepened to the base of the Devonian formation at a standard well location in Unit F of this section. Also to be considered will be the costs of deepening and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 20 miles southwest from Eunice, New Mexico.