

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

Cont, 9-16-10

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR APPROVAL OF A NON-STANDARD
GAS SPACING AND PRORATION UNIT, UNORTHODOX
OIL WELL LOCATIONS, AND COMPULSORY POOLING,
CAHVES COUNTY, NEW MEXICO.**

Case No. 14,528

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Devon Energy Production Company, L.P.
P.O. Box 108838
Oklahoma City, Oklahoma 73101

Attention: Jim Ball
(405) 552-3384

APPLICANT'S ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

Chisos, Ltd.

OPPONENT'S ATTORNEY

W. Thomas Kellahin

STATEMENT OF THE CASE

APPLICANT

Devon Energy Production Company, L.P. seeks an order approving a 320-acre non-standard gas spacing and proration unit (project area) in the Mississippian formation comprised of the S/2NE/4 and N/2SE/4 of Section 7 and the S/2NW/4 and N/2SW/4 of Section 8, Township 10 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests underlying the S/2NE/4 and N/2SE/4 of Section 7 and the S/2NW/4 and N/2SW/4 of Section 8, and in the following manner: (i) the SW/4NE/4 of Section 7, from the surface to the base of the Morrow formation, 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; (ii) the S/2NE/4 and N/2SE/4 of Section 7 and the S/2NW/4 and N/2SW/4 of Section 8, from the surface to the base of the Mississippian formation, to form a non-standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent; and (iii) the Siluro-Devonian formation underlying the SE/4NE/4 of Section 7 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. The units are to be dedicated to the Loving 7 Fee Well No. 1, to be drilled vertically at an unorthodox surface location 2500 feet from the north line and 1400 feet from the east line of Section 7, to test the Siluro-Devonian formation at a bottomhole location approximately 2500 feet from the north line and 1280 feet from the east line of Section 7, and then drilled horizontally in the Mississippian formation with an entry point in the Mississippian formation approximately 2500 feet from the north line and 1100 feet from the east line of Section 7, and a terminus 2500 feet from the north line and 1980 feet from the west line of Section 8. Applicant also seeks approval of the unorthodox oil well locations in the SW/4NE/4 and SE/4NE/4 of Section 7. 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.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Jim Ball (landman)	15 min.	Approx. 5
Kurt McKinney (geologist)	15 min.	Approx. 5
_____ (engineer)	10 min.	Approx. 2

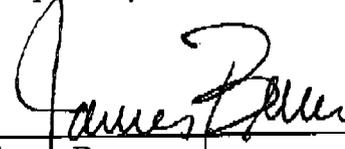
OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
------------------	------------------	-----------------

PROCEDURAL MATTERS

-None-

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Devon Energy Production
Company, L.P.