

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12779

APPLICATION

Devon Energy Production Company, L.P. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E½ of Section 7, Township 17 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 7, and has the right to drill a well thereon.

2. Applicant proposes to drill its Troll "7" State Com. Well No. 1, at an orthodox location in the NW¼SE¼ of the section, and seeks to dedicate the following acreage to the well:

(a) The SE¼ of Section 7 for all pools or formations developed on 160 acre spacing within that vertical extent; and

(b) The E½ of Section 7 for all pools or formations developed on 320 spacing within that vertical extent, including the Undesignated Logan Draw-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 7 for the purposes set forth herein.

4. 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

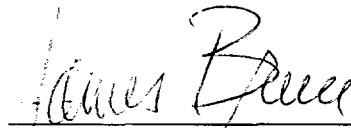
dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 7, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 7, as set forth above, 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 in the E½ of Section 7, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and supervision costs, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and
- E. Setting a penalty 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,



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PROPOSED ADVERTISEMENT

Case 1279: Application of Devon Energy Production Company, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 7, Township 17 South, Range 27 East, NMPM, and in the following manner: The E½ 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, including the Undesignated Logan Draw-Morrow Gas Pool; and the SE¼ to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to applicant's Troll "7" State Com. Well No. 1, to be located at an orthodox location in the NW¼SE¼ 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 charge for the risk involved in drilling and completing the well. The units are located approximately 5 miles east of Artesia, New Mexico.