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February 24, 2004

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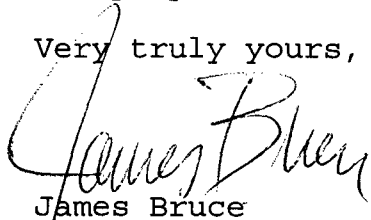
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling in Case No. 13132 (reopened), together with a proposed advertisement, filed on behalf of Devon Energy Production Company, L.P. Please set this matter for the March 18, 2004 Examiner hearing. Thank you.

The proposed advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Devon Energy Production Company, L.P.

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FEB 24 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

FEB 24 2004

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. TO REOPEN CASE NO. 13132 FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
Case No. 13132 (Reopened)

APPLICATION

Devon Energy Production Company, L.P. applies for an order amending Division Order No. R-12094, pooling all mineral interests in the Morrow formation underlying Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, and SE $\frac{1}{4}$ (the E $\frac{1}{2}$ equivalent) of Section 6, Township 23 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 E $\frac{1}{2}$ of Section 6, and has the right to drill a well thereon.

2. By Order No. R-12094, the Division authorized applicant to drill its Joell Well No. 2 at an orthodox gas well location 1330 feet from the north and east lines of Section 6 (Unit G), to a depth sufficient to test the entire Morrow formation (approximately 12,000 feet subsurface). The E $\frac{1}{2}$ of Section 6 was dedicated to the well, forming a standard 319.49 acre gas spacing and proration unit as to the Morrow formation (East Carlsbad-Morrow Gas Pool).

3. Due to surface use limitations, applicant now proposes to drill the Joell Well No. 2 at an orthodox gas well location in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 6 (Unit H), to a depth sufficient to test the entire Morrow formation (approximately 12,000 feet subsurface), and seeks to dedicate the E $\frac{1}{2}$ of Section 6 to the well to form a standard 319.49 acre gas spacing and proration unit as to the Morrow formation (East Carlsbad-Morrow Gas Pool).

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 6 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 in the E½ of Section 6, pursuant to NMSA 1978 §70-2-17.

6. The Morrow formation underlying the E½ of Section 6 is divided into three zones, with different sets of ownership in each zone. In addition, a portion of the Morrow formation is subject to an operating agreement, and a portion is not. Applicant requests pooling of the lower portion of the Morrow formation, which is not subject to an operating agreement, and that the Division approve an allocation of costs and production between the three Morrow zones. These matters were approved by Order No. R-12094.

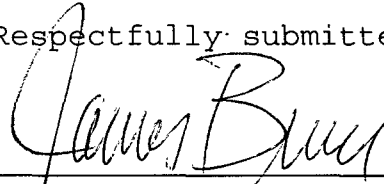
7. The pooling of all mineral interests underlying the E½ of Section 6, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 6 in 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 and production therefrom among the well's working interest owners in the three separate Morrow zones;
- 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 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 13132 (Reopened): Application of Devon Energy Production Company, L.P. to reopen Case No. 13132 for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order amending Division Order No. R-12094, pooling all mineral interests in the Morrow formation underlying Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, and SE $\frac{1}{4}$ (the E $\frac{1}{2}$ equivalent) of Section 6, Township 23 South, Range 27 East, NMPM, to form a standard 319.49-acre gas spacing and proration unit in the East Carlsbad-Morrow Gas Pool. The unit is to be dedicated to the Joell Well No. 2, to be located at an orthodox gas well location in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 6. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof and production therefrom in the three separate Morrow zones underlying the well unit, 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 unit is located approximately 6 miles south of Carlsbad, New Mexico.

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