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December 21, 2012

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

Case 14946

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, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the January 24, 2013 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING NOTIFIED

Joe Scott

Estates of R.E. Scott and Rozella Scott

Deanna Martin

Estate of Olaf Coleman

Nuevo Seis

Morris Schertz

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

RECEIVED OOD

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT, AN UNORTHODOX OIL WELL
LOCATION, AND COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

27 P 12:48

Case No. 14946

APPLICATION

Devon Energy Production Company, L.P. applies for an order (i) approving a non-standard oil spacing and proration unit in the Delaware formation comprised of the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13, Township 21 South, Range 27 East, N.M.P.M., Lea County, New Mexico, (ii) pooling all mineral interests in the Delaware formation underlying the non-standard unit, and (iii) approving an unorthodox oil well location in the Bone Spring formation, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13, and has the right to drill a well thereon.
2. Applicant proposes to drill its Lone Tree 13 State Com. Well No. 4 to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate to the well (i) the Delaware formation underlying the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13 to form a non-standard 160 acre oil spacing and proration unit (project area), and (ii) the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13 from the surface to the base of the Bone Spring formation, for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well will be a horizontal well, with a surface location 150 feet from the north line and 2390 feet from the east line, and a terminus in the SW $\frac{1}{4}$ SE $\frac{1}{4}$, of Section 13. The location is unorthodox in the Bone Spring formation.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13 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 Bone Spring formation underlying the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, the pooling of all mineral interests underlying the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13 as set forth above, and approval of the unorthodox oil well location, 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. Approving a non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13;
- B. Pooling all mineral interests in (i) the Delaware formation underlying the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13 to form a non-standard 160 acre oil spacing and proration unit (project area), and (ii) the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13 from the surface to the base of the Bone Spring formation;
- C. Approving an unorthodox oil well location in the Bone Spring formation;
- D. Designating applicant as operator of the well;
- E. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;

- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. 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,



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Attorney for Devon Energy Production
Company, L.P.