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2013 FEB -6 A 11:31

February 5, 2012

Case 14961

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

Dear Florene:

Enclosed for filing, on behalf of Devon Energy Production Company, L.P., are an original and one copy of and 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 March 7, 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. and Rozella Scott
2681 Dixwell Avenue
Hamden, Connecticut 06518

Deanna Coleman Martin
Estate of Dr. Olaf Coleman
573 S.E. 129 State Road
Clinton, Missouri 64735-9300

Nuevo Seis Limited Partnership
P.O. Box 2588
Roswell, New Mexico 88202

Morris E. and Holly K. Schertz
P.O. Box 2588
Roswell, New Mexico 88202

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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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.

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Case No. 14961

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 E $\frac{1}{2}$ 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 the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13 from the surface to the base of the Bone Spring formation, and (iii) approving an unorthodox oil well location from the surface to the base of the Bone Spring formation in the vertical portion of the well, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ 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. 5 to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate to the well (i) the Delaware formation underlying the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13 to form a non-standard 160 acre oil spacing and proration unit (project area), and (ii) the NE $\frac{1}{4}$ 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 SE $\frac{1}{4}$ SE $\frac{1}{4}$, of

Section 13. The location is unorthodox as to depths from the surface to the base of the Bone Spring formation.

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

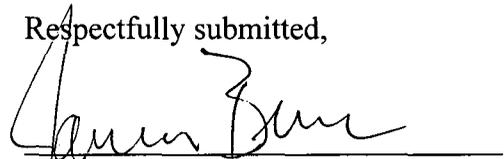
5. Approval of the non-standard unit, the pooling of all mineral interests underlying the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13 as set forth above, and approval of the unorthodox oil well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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 E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13;
- B. Pooling all mineral interests in (i) the Delaware formation underlying the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 13 to form a non-standard 160 acre oil spacing and proration unit (project area), and (ii) the NE $\frac{1}{4}$ 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 vertical portion of the well from the surface to the base of 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,



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 No. 14961 :

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. Devon Energy Production Company, L.P. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the E/2E/2 of Section 13, Township 21 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) in the Delaware formation underlying the E/2E/2 of Section 13 to form a non-standard 160 acre oil spacing and proration unit (project area), and (ii) from the surface to the base of the Bone Spring formation underlying the NE/4NE/4 of Section 13, for any formations and/or pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Lone Tree Draw 13 State Com. Well No. 5, a horizontal well to be drilled at a surface location 150 feet from the north line and 990 feet from the east line, with a terminus in the SE/4SE/4, of Section 13. Applicant further requests unorthodox location approval in the vertical portion of the above well from the surface to the base of the Bone Spring formation. 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. The units are located approximately 6-1/2 miles northeast of Carlsbad, New Mexico.

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