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January 21, 2014

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

Case 15086

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 February 20, 2014 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING NOTIFIED

TRUSTEES OF E. G. HOLDEN TESTAMENTARY TRUST
8758 CHALK HILL ROAD
HEALDSBURG, CA 95448

ISAAC A. KAWASAKI
734 Kalanipuu Stree
HONOLULU, HI 96825

BETSY H. KELLER
8758 CHALK HILL ROAD
HEALDSBURG, CA 95448

FRANCES B. BUNN, TRUSTEE OF FRANCES B. BUNN
REVOCABLE LIVING TRUST U/T/A 5/18/82
2493 MAKIKI HEIGHTS DR
HONOLULU, HI 96822
808-538-3775

J. W. GENDRON
2989 EUCALYPTUS HILLS
SANTA BARBARA, CA 93108

J. FREDRICK VAN VRANKEN
P O BOX 264
JERICHO, NY 11753
516-681-4077

MICHAEL D. HAYES AND KATHRYN A. HAYES
CO-TRUSTEES OF HAYES REVOCABLE TRUST
3608 MEADOWRIDGE LANE
MIDLAND, TX 79707
432-689-2906

LOCKER BROTHERS
1513 FLINTRIDGE RD
AUSTIN, TX 78746
903-755-2784

ENERVEST ENERGY INSTITUTIONAL FUND XI-A, L.P.
1020 Andrews Highway Suite B
Midland, TX 79701

ENERVEST ENERGY INSTITUTIONAL FUND XI-WI, L.P.
1020 Andrews Highway Sulte B
Midland, TX 79701

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 15086

APPLICATION

Devon Energy Production Company, L.P. applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 14, Township 21 South, Range 27 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 14, and has the right to drill a well thereon.
2. Applicant proposes to drill its Lone Tree Draw 14 State Com. Well No. 2H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 14 to form a non-standard 160 acre oil spacing and proration unit (project area) 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 1875 feet from the east line, and a terminus 330 feet from the south line and 2200 feet from the east line, of Section 14.
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 14 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 underlying the W½E½ of Section 14, 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 W½E½ of Section 14 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 Bone Spring formation comprised of the W½E½ of Section 14;
- B. Pooling all mineral interests in the Bone Spring formation underlying the W½E½ of Section 14 to form a non-standard 160 acre oil spacing and proration unit (project area);
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above 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.

PROPOSED ADVERTISEMENT

Case No. 15086 :

Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit 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 Bone Spring formation comprised of the W/2E/2 of Section 14, Township 21 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit, 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 14 State Com. Well No. 2H, a horizontal well to be drilled at a surface location 150 feet from the north line and 1875 feet from the east line, with a terminus 330 feet from the south line and 2200 feet from the east line, of Section 14. 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 unit is located approximately 6 miles northeast of Carlsbad, New Mexico.

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