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Case 15273

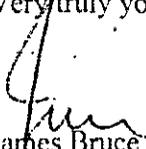
February 17, 2015

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 application for compulsory pooling, *etc.*, together with a proposed advertisement. Please set this matter for the March 19, 2015 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING NOTIFIED

Enduro Operating LLC
Suite 800
777 Main Street
Fort Worth, Texas 76102

Occidental Permian LP
Suite 110
5 Greenway Plaza
Houston, Texas 77046

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.

Case No. 15273

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 N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10, Township 19 South, Range 31 East, N.M.P.M., Eddy 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 N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10, and has the right to drill a well thereon.

2. Applicant proposes to drill its Hadar 10 Fed. Com. Well No. 3H to a depth sufficient to test the Bone Spring formation, and seeks to dedicate the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10 to the well 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 2155 feet from the south line and 5 feet from the west line, and a terminus 1980 feet from the south line and 340 feet from the east line, of Section 10. The producing interval will be orthodox.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10 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 N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10, as set forth above, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10 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 N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10;
- B. Pooling all mineral interests in the Bone Spring formation underlying the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10;
- 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,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(305) 982-2043

Attorney for Devon Energy Production
Company, L.P.

PROPOSED ADVERTISEMENT

Case No. 15273:

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 N/2S/2 of Section 10, Township 19 South, Range 31 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 Hadar 10 Fed. Com. Well No. 3H, a horizontal well with a surface location 2155 feet from the south line and 5 feet from the west line, and a terminus 1980 feet from the south line and 340 feet from the east line, of Section 10. The producing interval will be orthodox. 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 14 miles southeast of Loco Hills, New Mexico.

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