

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruce@aol.com](mailto:jamesbruce@aol.com)

November 3, 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 approval of a non-standard unit and compulsory pooling, together with a proposed advertisement. Please set this matter for the December 3, 2015 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Devon Energy Production Company, L.P.

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Case 15411

PERSONS BEING NOTIFIED

XTO Energy Inc.  
810 Houston Street  
Fort Worth, Texas 76102

Attention: Mark Dale

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

RECEIVED OGD

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

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Case No. 15411

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  $W\frac{1}{2}W\frac{1}{2}$  of Section 8, Township 23 South, Range 32 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  $W\frac{1}{2}W\frac{1}{2}$  of Section 8, and has the right to drill a well thereon.
2. Applicant proposes to drill its Stray Cat 8 Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and seeks to dedicate the  $W\frac{1}{2}W\frac{1}{2}$  of Section 8 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) for any pools developed on 40 acre spacing within the Bone Spring formation. The well will be a horizontal well, with a surface location in the  $SW\frac{1}{4}SW\frac{1}{4}$ , and a terminus in the  $NW\frac{1}{4}NW\frac{1}{4}$ , of Section 8. 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  $W\frac{1}{2}W\frac{1}{2}$  of Section 8 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  $W\frac{1}{2}W\frac{1}{2}$  of Section 8, 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 in the Bone Spring formation underlying the  $W\frac{1}{2}W\frac{1}{2}$  of Section 8 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  $W\frac{1}{2}W\frac{1}{2}$  of Section 8;
- B. Pooling all mineral interests in the Bone Spring formation underlying the  $W\frac{1}{2}W\frac{1}{2}$  of Section 8;
- 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  
(505) 982-2043

Attorney for Devon Energy Production  
Company, L.P.

PROPOSED ADVERTISEMENT

Case No. 15411:

***Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Lea 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/2W/2 of Section 8, Township 23 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit, for any pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Stray Cat 8 Fed. Com. Well No. 1H, a horizontal well to be drilled at a surface location in the SW/4SW/4, with a terminus in the NW/4NW/4, of Section 8. 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 15 miles south-southeast of Halfway, New Mexico.

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