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2007 JAN 3 AM 7 57

January 2, 2007

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

*Case 13867*

Dear Florene:

Enclosed for filing, on behalf of Devon Energy Production Company, L.P., are an original and one copy of two applications for compulsory pooling, together with proposed advertisements. The advertisements have also been e-mailed to the Division. Please set these matters for the February 1, 2007 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS GIVEN NOTICE OF APPLICATION

Tenneco Oil Company  
1001 Louisiana Street  
Houston, Texas 77002

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2007 JAN 3 AM 7 57

APPLICATION OF DEVON ENERGY  
PRODUCTION COMPANY, L.P. FOR  
COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.

Case No. 13867

APPLICATION

Devon Energy Production Company, L.P. applies for an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 20, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 20, and has the right to drill a well thereon.
2. Applicant has drilled its ARCO 20 Fed. Well No. 2, at an unorthodox oil well location in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 20, and seeks to dedicate the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 20 to the well to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 20 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 NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 20, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 20 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. Pooling all mineral interests in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 20, from the surface to the base of the Delaware formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. 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. 13867 : Application of Devon Energy Production Company, L.P. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE/4SW/4 of Section 20, Township 21 South, Range 26 East, NMPM, to form a standard 40-acre gas spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the ARCO 20 Fed. Well No. 2, drilled at an unorthodox oil well location in the NE/4SW/4 of Section 20. 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 west-northwest of Carlsbad, New Mexico.

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