

#13194

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) 982-2151 (FAX)

jamesbruc@aol.com

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NOV 2 2003

Oil Conservation Division

November 25, 2003

Hand Delivered

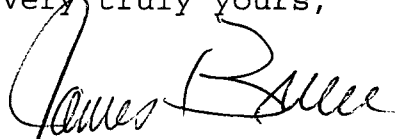
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Devon Energy Production Company, L.P. Please set this matter for the December 18, 2003 Examiner hearing. Thank you.

The proposed advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Devon Energy Production Company, L.P.

PARTIES BEING POOLED

Diverse Energy Investments
Suite 520
1001 McKinney
Houston, Texas 77002

Attention: Bryan Basham

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION NOV 20 2003

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

Oil Conservation Division

Case No. 13194

APPLICATION

Devon Energy Production Company, L.P. applies for an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the N½ of Section 22, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N½ of Section 22, and has the right to drill a well thereon.

2. Applicant proposes to drill its Grandi Well No. 2, at an orthodox location in the NW¼NW¼ of Section 22, and seeks to dedicate the following acreage to the well:

(a) The NW¼ of Section 22 for all pools or formations developed on 160 acre spacing within that vertical extent, including the Undesignated North-Cass Draw Wolfcamp Pool; and

(b) The N½ of Section 22 for all pools or formations developed on 320 spacing within that vertical extent, including the Undesignated East Carlsbad-Wolfcamp Gas Pool, Carlsbad-Strawn Gas Pool, Undesignated Otis-Atoka Gas Pool, and Undesignated South Carlsbad-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 22 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 N½ of Section 22, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 22, as set forth above, 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 N½ of Section 22, from the base of the Wolfcamp formation to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and supervision costs, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and
- E. Setting a cost-plus 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, appearing to read "James Bruce". The signature is written in dark 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 13194: 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 base of the Wolfcamp formation to the base of the Morrow formation underlying the following described acreage in Section 22, Township 22 South, Range 27 East, NMPM, and in the following manner: The N½ to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated East Carlsbad-Wolfcamp Gas Pool, Carlsbad-Strawn Gas Pool, Undesignated Otis-Atoka Gas Pool, and Undesignated South Carlsbad-Morrow Gas Pool; and the SE¼ to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Undesignated North Cass Draw-Wolfcamp Pool. The units are to be dedicated to applicant's Grandi Well No. 2, to be located at an orthodox location in the NW¼NW¼ of Section 22. 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 cost-plus 200% charge for the risk involved in drilling and completing the well. The units are located approximately 2 miles north-northeast of Otis, New Mexico.