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2010 AUG -2 P 4: 28  
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August 2, 2010

*Case 14536*

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 original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the September 2, 2010 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING NOTIFIED

Pure Energy Group, Inc.  
Suite 218  
22610 U.S. Highway 281 North  
San Antonio, Texas 78258

Chisos, Ltd.  
670 Dona Ana Road SW  
Deming, New Mexico 88030

Samedan Royalty Corporation  
Suite 100  
100 Glenborough Drive  
Houston, Texas 77067

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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2010 AUG - 2 Case No. 28 14536

APPLICATION

Devon Energy Production Company, L.P. applies for an order pooling all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the N½ of Section 29, Township 11 South, Range 29 East, N.M.P.M., and in support thereof, states:

1. Applicant is an interest owner in the N½ of Section 29, and has the right to drill a well thereon.
2. Applicant proposes to drill the Jinglebob 29 Fee Well No. 1 vertically, at a location 670 feet from the north line and 990 feet from the west line of Section 29, to test the Siluro-Devonian formation, and then drill horizontally in the Mississippian formation with a terminus 670 feet from the north line and 670 feet from the east line of Section 29.
3. Applicant seeks to dedicate the following acreage to the well:
  - (a) the NW¼NW¼ 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; and
  - (b) 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.
4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in underlying the N½ of Section 29 for the purposes set forth herein.
5. 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 as set forth above, pursuant to NMSA 1978 §§70-2-17.

6. The pooling of all mineral interests underlying the N½ of Section 29 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 (i) from the surface to the base of the Siluro-Devonian formation underlying the NW¼NW¼ of Section 29, and (ii) the Mississippian formation underlying the N½ of Section 29;
- 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,



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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. 4536:

***Application of Devon Energy Production Company, L.P. for compulsory pooling, Chaves County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the following described acreage in Section 29, Township 11 South, Range 29 East, NMPM, and in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit in all formations or pools developed on 320-acre spacing within that vertical extent; and the NW/4NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to Jinglebob 29 Fee Well No. 1, to be drilled vertically at a location 670 feet from the north line and 990 feet from the west line of Section 29, to test the Siluro-Devonian formation, and then drilled horizontally in the Mississippian formation with a terminus 670 feet from the north line and 670 feet from the east line of Section 29. 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 units are located approximately 21 miles west-southwest of Caprock, New Mexico.

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