

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 10, 1998

HAND DELIVERED

11955

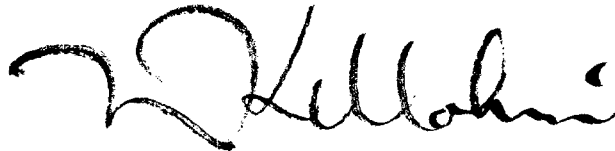
Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

**Re: Carlsbad 15 "K" Federal Com Well No. 1.
Application of Devon Energy Corporation (Nevada)
for Compulsory Pooling
Eddy County, New Mexico**

Dear Ms. Wrotenbery:

On behalf of Devon Energy Corporation (Nevada), please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for ~~March 19~~, 1998. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

April 2
Very truly yours,



W. Thomas Kellahin

cc: Devon Energy Corporation (Nevada)
Attn: Ken Gray

CASE 11957 Application of Devon Energy Corporation (Nevada) for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 22, T21S, R26E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Avalon-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the NW/4 of said Section 22 for any and all formations/pools developed on 160-acre gas spacing. Said unit is to be dedicated to its Carlsbad 22 "E" State Well No. 1 to be drilled and completed at a standard gas well location in Unit E of said Section 22. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Corporation (Nevada) as the operator of the well and a charge for risk involved in said well. Said unit is located approximately 5 miles northwest from Carlsbad, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION
OF DEVON ENERGY CORPORATION (NEVADA)
FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO.

CASE NO. 11955

A P P L I C A T I O N

Comes now DEVON ENERGY CORPORATION (NEVADA) by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 22, T21S, R26E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Avalon-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the NW/4 of said Section 22 for any and all formations/pools developed on 160-acre gas spacing. Said unit is to be dedicated to its Carlsbad 22 "E" State Well No. 1 to be drilled and completed at a standard gas well location in Unit E of said Section 22. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Corporation (Nevada) as the operator of the well and a charge for risk involved in said well.

In support of its application, Devon Energy Corporation (Nevada) ("Devon") states:

1. Devon has the right to drill and develop the oil and gas minerals from the surface to the base of the Morrow formation underlying the W/2 of Section 22, T21S, R26E, NMPM, Eddy County, New Mexico.

2. The subject tract is located within one-mile of the current boundaries of the Avalon-Morrow Gas Pool.

3. Devon has proposed the subject well and its appropriate spacing unit to the working interest owners in the spacing unit as identified on Exhibit "A."

4. Despite its good faith efforts, Devon has been unable to obtain a written voluntary agreement from the party listed on Exhibit "A."

5. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, the applicant needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

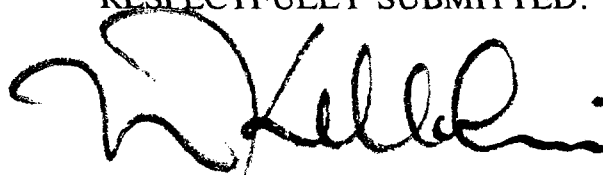
6. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for March 19, 1998.

WHEREFORE, Devon, as applicant, requests that this application be set for hearing on March 19, 1998 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for the drilling of the subject well at a standard well location upon terms and conditions which include:

- (1) Devon Energy Corporation (Nevada) be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a stylized flourish at the end.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

EXHIBIT "A"

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701
Attn: Steve Cobb