

CL CONSERVATION DIV  
BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 12579

APPLICATION

Devon Energy Production Company, L.P. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E½ of Section 22, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 22, and has the right to drill or re-enter a well thereon.

2. Applicant proposes to re-enter the Carlsbad 22 "H" Fee Com. Well No. 2, located 1350 feet from the north line and 660 feet from the east line of Section 22, to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The NE¼ of Section 22 for all pools or formations developed on 160 acre spacing within that vertical extent; and

(b) The E½ of Section 22 for all pools or formations developed on 320 acre spacing within that vertical extent, including the Undesignated Avalon-Wolfcamp Gas Pool, Undesignated Avalon-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated Crozier Bluff-Atoka Gas Pool, and Undesignated Avalon-Morrow Gas Pool.

3. Applicant has in good faith sought the voluntary joinder of all other mineral interest owners in the E½ of Section 22 for the purposes set forth herein.

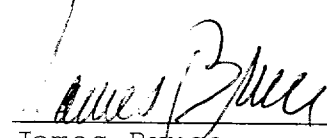
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests to the well. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 22, pursuant to NMSA (1978) §70-2-17.

5. The pooling of all interests underlying the E½ 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 E½ of Section 22 from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting those rates as provided in the COPAS accounting procedure;
- E. Setting a penalty for the risk involved in re-entering the well in the event a working interest owner elects not to participate in the well; and
- F. Reducing the election period allowed working interest owners under a pooling order to ten days.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

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Attorney for Devon Energy Production  
Company, L.P.

PROPOSED ADVERTISEMENT

Case 12579: 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 Morrow formation underlying the following described acreage in Section 22, Township 21 South, Range 26 East, NMPM, and in the following manner: the E½ 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 Avalon-Wolfcamp Gas Pool, Undesignated Avalon-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated Crozier Bluff-Atoka Gas Pool, and Undesignated Avalon-Morrow Gas Pool; and the NE¼ 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. The units are to be dedicated to applicant's Carlsbad 22 "H" Fee Com. Well No. 2, located 1350 feet from the north line and 660 feet from the east line (Unit H) of Section 22. Also to be considered will be the cost of re-entering 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 charge for the risk involved in re-entering and completing the well. The units are located approximately 4 miles northwest of Carlsbad, New Mexico.

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