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April 29, 2013

Case 14993

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 and application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the May 30, 2013 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING NOTIFIED

RKC, Inc.
7500 East Arapahoe Road
Centennial, Colorado 80122

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 14993

APPLICATION

Devon Energy Production Company, L.P. applies for an order (i) approving a non-standard oil spacing and proration unit in the Delaware formation comprised of the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 30 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 31, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Delaware formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 30 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 31, and has the right to drill a well thereon.
2. Applicant proposes to drill its Harroun Trust 31 Well No. 5H to a depth sufficient to test the Delaware formation. Applicant seeks to dedicate the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 30 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 31 to the well, as to the Delaware formation, to form a non-standard 240 acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well will be a horizontal well, with a surface location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, and a terminus in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 30.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 30 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 31 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 Delaware formation underlying the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 30 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 31, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 30 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 31 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. Approving a non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 30 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 31;
- B. Pooling all mineral interests in the Delaware formation underlying the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 30 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 31;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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,

A handwritten signature in cursive script, appearing to read "James Bruce", written over 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 No. 14993:

Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Devon Energy Production Company, L.P. seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the E/2SE/4 of Section 30 and the E/2E/2 of Section 31, Township 23 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Delaware formation underlying the non-standard oil spacing and proration unit (project area). The unit is to be dedicated to the Harroun Trust 31 Well No. 5H, a horizontal well to be drilled at a surface location in the SE/4SE/4 of Section 31, with a terminus in the NE/4SE/4 of Section 30. 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 1 mile northwest of Harroun, New Mexico.

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