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February 28, 2014

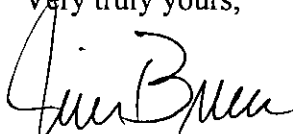
*Case 15108*

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 April 3, 2014 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING NOTIFIED

Black Stone Natural Resources IV-B, LP  
Suite 2020  
1001 Fannin  
Houston, Texas 77002

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.

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Case No. 15108

APPLICATION

Devon Energy Production Company, L.P. applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28, and has the right to drill a well thereon.
2. Applicant proposes to drill its Cletus 28 State Com. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28 to form a non-standard 160 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 175 feet from the south line and 660 feet from the west line, and a terminus 330 feet from the north line and 660 feet from the west line, of Section 14.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28 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 underlying the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28, as set forth above, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, the pooling of all mineral interests underlying the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28 as set forth above, and approval of the unorthodox oil well location, 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 Bone Spring formation comprised of the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28;
- B. Pooling all mineral interests in the Bone Spring formation underlying the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28 to form a non-standard 160 acre oil spacing and proration unit (project area);
- 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", is 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. 15108:

***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 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2W/2 of Section 28, Township 23 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit, for any formations and/or pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Cletus 28 State Com. Well No. 1H, a horizontal well to be drilled at a surface location 175 feet from the south line and 660 feet from the west line, with a terminus 330 feet from the north line and 660 feet from the west line, of Section 28. 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 11 miles south-southwest of Carlsbad, New Mexico.

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