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2006 NOV 13 PM 1 24

November 12, 2006

Case 13840

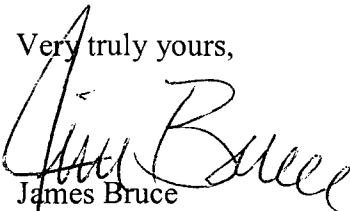
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

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 December 13, 2006 Examiner hearing. Thank you.

A pre-hearing statement is also enclosed.

Very truly yours,

  
James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS GIVEN NOTICE OF APPLICATION

Amity Oil Co., Inc.  
Suite 1000  
6116 North Central Expressway  
Dallas, Texas 75206

Anadarko Petroleum Corp.  
P.O. Box 1330  
The Woodlands, Texas 77251

Badger Energy, Inc.  
P.O. Box 1708  
Hobbs, New Mexico 88241

ConocoPhillips Company  
P.O. Box 2197  
Houston, TX 77252

Lynx Petroleum Consultants, Inc.  
P.O. Box 1708  
Hobbs, New Mexico 88241

Marbob Energy Corporation  
P.O. Box 227  
Artesia, New Mexico 88211

Occidental Permian Ltd.  
P.O. Box 50250  
Midland, Texas 79710

Nearburg Exploration Co., L.L.C.  
Building 2, Suite 120  
3300 North "A" Street  
Midland, Texas 79705

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

2006 NOV 13 PM 1 24

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

Case No. 13840

**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 S $\frac{1}{2}$  of Section 10, Township 19 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$  of Section 10, and has the right to drill a well thereon.

2. Applicant proposes to drill its Acme "10" Fed. Com. Well No. 1, at an orthodox gas well location in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 10, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) the NE $\frac{1}{4}$ SE $\frac{1}{4}$  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, including the Undesignated West Lusk-Yates Pool and Undesignated West Lusk-Bone Spring Pool;

(b) the SE $\frac{1}{4}$  to form a standard 160 acre oil or gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the Undesignated Lusk-Strawn Pool; and

(c) the S½ 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 West Lusk-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 10 for the purposes set forth herein.

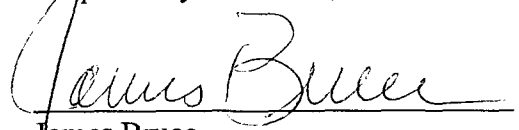
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 10, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 10 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 S½ of Section 10, from the surface to the base of the Morrow formation;
- 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,

A handwritten signature in dark ink, 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. 13840: **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 10, Township 19 South, Range 31 East, NMPM, and in the following manner: The S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated West Lusk-Morrow Gas Pool; the SE/4 to form a standard 160-acre oil or gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent, including the Undesignated Lusk-Strawn ~~Gas~~ Pool; and the NE/4SE/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, including the Undesignated West Lusk-Yates Pool and Undesignated West Lusk-Bone Spring Pool. The units are to be dedicated to the Acme "10" Fed. Com. Well No. 1, to be drilled at an orthodox gas well location in the NE/4SE/4 of Section 10. 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 12-1/2 miles southeast of Loco Hills, New Mexico.

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