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February 2, 2010


Case 14458

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 pool creation, etc., together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the April 15, 2010 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING NOTIFIED

EOG Resources, Inc.  
Suite 500  
4000 North Big Spring  
Midland, TX 79705

Hunt Oil Company  
1900 North Akard Street  
Dallas, TX 75201

Bright Hawk/Burkard Venture  
P.O. Box 79790  
Houston, TX 77279-9790

Ayco Energy L.L.C.  
Suite 115  
16360 Park Place Ten  
Houston, TX 77084

Theila L. Smith  
1354 North Castle Road  
Sonoma, CA 95476

Thelma Bernice Houston  
1681 Corsica Drive  
Yuba City, CA 95993-1123

Glenn E. Houston  
1965 Cole Court  
Yuba City, CA 95993

Todd R. Houston  
17-189 M.5  
Thayawancity  
Home Village  
Nernplabwan Road  
Lnog Prve, Banglamung  
Pattaya, Chonburi  
20150 Thailand

Kenneth C. Smith  
Apartment 1308  
525 11<sup>th</sup> Avenue  
San Diego, CA 92101

Reid W Smith  
1304 Doney Way  
Bozeman, MT 59718-7369

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 14458

APPLICATION

Devon Energy Production Company, L.P. applies for an order (i) approving a non-standard oil spacing and proration unit in the Wolfcamp formation comprised of Lots 1-4 of Section 5, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the Lot 4 of Section 5, and the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in Lots 1-4 of Section 5, and proposes to drill a well thereon.

2. Applicant proposes to drill the Mark Twain Fed. Com. Well No. 4 to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate (i) Lot 4 of Section 5 to the well to form a standard 39.72 acre oil spacing and proration unit, and (ii) Lots 1-4 of Section 5 to the well to form a non-standard 159.08 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 an unorthodox surface location in Lot 4 of Section 5, and a terminus at an orthodox location in the Lot 1, of Section 5.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Lots 1-4 of Section 5 for the purposes set forth herein.

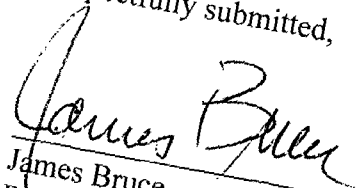
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in (i) Lot 4 of Section 5, and (ii) Lots 1-4 of Section 15, from the surface to the base of the Wolfcamp formation, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying Lots 1-4 of Section 5 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 Wolfcamp formation comprised of Lots 1-4 of Section 5;
- B. Pooling all mineral interests in (i) Lot 4 of Section 5, and (ii) Lots 1-4 of Section 15, from the surface to the base of the Wolfcamp formation;
- 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 black ink, appearing to read "James Bruce". The signature is written in a cursive style with a horizontal line extending from the end of the name.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Cimarex Energy Co.

PROPOSED ADVERTISEMENT

Case No. 14458 :

***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 159.08-acre non-standard oil spacing and proration unit (project area) in the Wolfcamp formation comprised of Lots 1-4 of Section 5, Township 17 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests from the surface to the base of the Wolfcamp formation underlying (i) Lot 4 of Section 5 to form a standard 39.72 acre oil spacing and proration unit, and (ii) Lots 1-4 of Section 5 to form a non-standard 159.08 acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Mark Twain 5 Fed. Com. Well No. 4, a horizontal well to be drilled at an unorthodox surface location in Lot 4, with a terminus at an orthodox location in the Lot 1, of Section 5. 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 11 miles east-northeast of Artesia, New Mexico.

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