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August 2, 2010

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

Case 14534

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 September 2, 2010 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING NOTIFIED

Pure Energy Group, Inc.
Suite 218
22610 U.S. Highway 281 North
San Antonio, Texas 78258

Chisos, Ltd.
670 Dona Ana Road SW
Deming, New Mexico 88030

Samedan Royalty Corporation
Suite 100
100 Glenborough Drive
Houston, Texas 77067

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY, L.P. FOR
APPROVAL OF A NON-STANDARD
GAS SPACING AND PRORATION UNIT,
AN UNORTHODOX OIL WELL LOCATION,
AND COMPULSORY POOLING, CHAVES
COUNTY, NEW MEXICO.

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Case No. 14534

APPLICATION

Devon Energy Production Company, L.P. applies for an order: (a) approving a non-standard gas spacing and proration unit in the Mississippian formation comprised of the S $\frac{1}{2}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1, Township 12 South, Range 28 East, N.M.P.M., and the S $\frac{1}{2}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6, Township 12 South, Range 29 East, N.M.P.M., Chaves County, New Mexico; (b) pooling all mineral interests (i) from the surface to the base of the Siluro-Devonian formation underlying the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 1, and (ii) the Mississippian formation underlying the non-standard unit; and (c) approving an unorthodox oil well location, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 and the S $\frac{1}{2}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6, and proposes to drill a well thereon.
2. Applicant proposes to drill the Goodnight 1 Fee Well No. 1 vertically, at an unorthodox oil well location 2585 feet from the north line and 1980 feet from the east line of Section 1, to test the Siluro-Devonian formation, and then drilled horizontally in the Mississippian formation with an entry point in the Mississippian formation approximately 2585 feet from the north line and 1680 feet from the east line of Section 1, and a terminus 1980 feet from the south line and 1980 feet from the west line of Section 6.

3. Applicant seeks to pool all mineral interests (i) from the surface to the base of the Siluro-Devonian formation underlying the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 1 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, and (ii) the Mississippian formation underlying the S $\frac{1}{2}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 and the S $\frac{1}{2}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6 to form a non-standard 320 acre gas spacing and proration unit (project area).

4. Applicant further requests approval of an unorthodox oil well location in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 1 for all oil zones developed on 40 acre spacing.

5. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in underlying the S $\frac{1}{2}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 and the S $\frac{1}{2}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6 for the purposes set forth herein.

6. 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 as set forth above, pursuant to NMSA 1978 §§70-2-17, 18.

7. Approval of the non-standard unit, the pooling of all mineral interests underlying the S $\frac{1}{2}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 and the S $\frac{1}{2}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6, and the unorthodox 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 gas spacing and proration unit (project area) in the Mississippian formation comprised of underlying the S $\frac{1}{2}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 and the S $\frac{1}{2}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6;
- B. Pooling all mineral interests (i) from the surface to the base of the Siluro-Devonian formation underlying the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 1, and (ii) the Mississippian formation underlying the S $\frac{1}{2}$ NE $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 and the S $\frac{1}{2}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 6;
- C. Approving an unorthodox oil well location in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 1;
- D. Designating applicant as operator of the well;
- E. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. 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,



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Attorney for Devon Energy Production
Company, L.P.