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August 17, 2010

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

Case 14544

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, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the September 16, 2010 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Devon Energy Production Company, L.P.

WORKING INTEREST OWNERS

**New Mexico 24 Fed Com #3H
NE/4 NW/4 & N/2 NE/4 of Section 24, T18S, R33E
Lea County, New Mexico**

Marbob Energy Corporation
P.O. Box 227
Artesia, NM 88211-0227
Fax: (575) 746-2523 Phone: (575) 748-3303

Chisos, Ltd.
670 Dona Nana Road SW
Deming, New Mexico 88030
Fax: (575) 546-7551 Phone: (505) 546-8802

Pure Energy Group, Inc.
22610 US Hwy. 281 N., Ste. 218
San Antonio, Texas 78258
Fax: (210) 930-3967 Phone: (210) 226-6700

Hunt Cimarron Limited Partnership d/b/a
Cimarron Exploration Company
P.O. Box 1592
Roswell, New Mexico 88202
Fax: (575) 624-1006 Phone: (575) 623-9799

Mariner Energy, Inc.
2000 W. Sam Houston Pkwy S, Ste. 2000
Houston, TX 77042-3622
Fax: (713) 954-5555 Phone: (713) 954-5500

Boswell Interests, Ltd.
1320 Lake Street
Fort Worth, TX 76102
Fax: (817) 338-0119 Phone: (817) 338-4561

Burnett Oil Company
801 Cherry Street, Suite 1500
Fort Worth, TX 76102
Fax: (817) 332-7832 Phone: (817) 332-6666

CEB Oil Company
1320 Lake Street
Fort Worth, TX 76102
Fax: (817) 338-0119 Phone: (817) 338-4561

Merlyn W. Dahlin and wife, Ruth G. Dahlin
8401 Lk Harbor Ct.
Fort Worth, TX 76179
Fax: (817) 236-5385 Phone: (817) 236-1910

Ozark Exploration, Inc.
3838 Oak Lawn Ave.
Two Turtle Creek Village
Dallas, TX 75219-4516
Fax: (214) 526-8437 Phone: (214) 526-8437

Houston and Emma Hill Trust Estate
James Robert Hill, Virginia Glenn Hill Lattimore and
John A. Stryrsky, Trustees
Attn: Houston Hill
500 West 7th Street, Suite 1802
Fort Worth, TX 76102-4772
Fax: (817) 336-8216 Phone: (817) 336-8221

John P. Oil Company
1320 Lake Street
Fort Worth, TX 76102
Fax: (817) 338-0119 Phone: (817) 338-4561

PVB Oil Company
1320 Lake Street
Fort Worth, TX 76102
Fax: (817) 338-0119 Phone: (817) 338-4561

C. W. Seely & the heirs & devisees of Ina B. Seely
815 West 10th Street
Forth Worth, TX 76102
Fax: (817) 332-1426 Phone: (817) 332-1377

C.W. Seely, Jr.
815 West 10th Street
Forth Worth, TX 76102
Fax: (817) 332-1426 Phone: (817) 332-1377

J. Cleo Thompson and James Cleo Thompson, Jr.
325 North St. Paul, Suite 4300
Dallas, TX 75201
Fax: (214) 969-7433 Phone: (214) 953-1177

WES-TEX Drilling Company, LP
P.O. Box 3739
Abilene, TX 79604
Fax: (325) 677-5140 Phone: (325) 677-9121

Michael J. Havel and wife, Kathleen A. Havel
7607 Chalkstone
Dallas, TX 75248
E-Mail: haveldfw@sbcglobal.net Phone: (972) 385-1679
Cell: (972) 345-1953

SSV&H Associates
815 West 10th Street
Forth Worth, TX 76102

EAB Oil Company
1320 Lake Street
Fort Worth, TX 76102
Fax: (817) 338-0119 Phone: (817) 338-4561

David L. Henderson and wife, Dawn Henderson
815 West 10th Street
Forth Worth, TX 76102
Fax: (817) 332-1426 Phone: (817) 332-1377

Lynn Charuk
3921 Tanforan Ave.
Midland, TX 79707
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Mitchel E. Cheney
P.O. Box 682224
Houston, TX 77268
Fax: (713) 781-5115 Phone: (713) 781-5005

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14544

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 N $\frac{1}{2}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests from the surface to the base of the Delaware formation underlying said acreage, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24, and has the right to drill a well thereon.

2. Applicant proposes to drill the New Mexico 24 Fed. Com. Well No. 3 to a depth sufficient to test the Delaware formation, and seeks to dedicate the following acreage to the well:

(i) the NE $\frac{1}{4}$ NE $\frac{1}{4}$ 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; and (ii) the N $\frac{1}{2}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$ 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 in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the NE $\frac{1}{4}$ NW $\frac{1}{4}$,
of Section 24.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24 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, as set forth above, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, and the pooling of all mineral interests underlying the N $\frac{1}{2}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24, 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 N $\frac{1}{2}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24;
- B. Pooling all mineral interests from the surface to the base of the Delaware formation as set forth above;
- 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. 14544 :

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 Delaware formation comprised of the N/2NE/4 and NE/4NW/4 of Section 24, Township 18 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests from the surface to the base of the Delaware formation underlying the N/2NE/4 and NE/4NW/4 of Section 24, and in the following manner: (i) the NE/4NE/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; and (ii) the N/2NE/4 and NE/4NW/4 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 units are to be dedicated to the New Mexico 24 Fed. Com. Well No. 3, a horizontal well to be drilled at a surface location in the NE/4NE/4, with a terminus in the NE/4NW/4, of Section 24. 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 miles southeast of Maljamar, New Mexico.

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