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2010 OCT -6 P 3: 52

October 6, 2010

Ms. Florené Davidson  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**Hand Delivered**

Re: **NMOCC Case No. 14570 : Application of Devon Energy  
Production Company, L.P., For Designation of a Non-Standard Oil Spacing  
and Proration Unit And For Compulsory Pooling, Lea County, New Mexico**

Dear Ms. Davidson:

On behalf of Devon Energy Production Company, L.P., enclosed is an Application in the above-referenced case. Please set this matter for hearing on the November 18, 2010 examiner docket. Also enclosed is a proposed advertisement for the case.

Thank you.

Very truly yours,

Karen Williams

Assistant to J. Scott Hall

JSH:kw  
00224376

**REPLY TO:**

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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

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2010 OCT -6 P 3:52

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

CASE NO. 14570

APPLICATION

Devon Energy Production Company, L.P., by its undersigned attorneys, Montgomery and Andrews, P.A. (J. Scott Hall), hereby makes application pursuant to *inter alia* Rule 19.15.16.14 NMOCD of the Division's Rules and Regulations and NMSA 1978 Section 70-2-17 (1995) for an order providing as follows:

A. Consolidating each of the 40-acre spacing units within the S/2 N/2 of Section 15, Township 18 South, Range 32 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Bone Spring formation for Applicant's horizontal drilling project area; and

B. Pooling all interests in the Bone Spring formation underlying the S/2 N/2 of said Section 15.

In support, Applicant states:

1. Applicant owns certain working interests in and under the proposed project area in Section 15, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its West Shinnery 15 Federal Com No. 3-H Well to be drilled horizontally from a surface location 330'

from the East line and 1980' from the North line to a bottom hole location 330' from the West line and 1980' from the North line to a depth sufficient to test the Bone Spring formation underlying the proposed project area in Section 15.

3. Applicant does not have leases or a voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the non-standard unit will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on November 18, 2010, and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By:   
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J. Scott Hall

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Attorneys for Devon Energy Production  
Company, L.P.

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