

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Devon Energy Production Company, L.P., (“Devon”), OGRID No. 6137, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Sections 13 and 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation (ALACRAN HILLS UPPER WOLFCAMP OIL [98314]) underlying said unit.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon proposes to dedicate the HSU to its **Lone Tree Draw 14-13 State Com 623H Well**, an oil well, proposed to be horizontally drilled from a surface location in NW/4 SW/4 (Unit L) of Section 14 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 13. The **Lone Tree Draw 14-13 State Com 623H Well** is the Defining Well for the HSU.

3. The well is orthodox, and the completed interval and first and last take points for all well proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells.

4. Devon has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed HSU.

5. The pooling of all interests in the Wolfcamp formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Devon requests that all uncommitted interests in this HSU be pooled and that Devon be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Devon requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on November 5, 2020, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprising the N/2 S/2 of Sections 13 and 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Wolfcamp formation (ALACRAN HILLS UPPER WOLFCAMP OIL [98314]) underlying the proposed HSU.

C. Designating the **Lone Tree Draw 14-13 State Com 623H Well** as the defining well for the HSU.

D. Designating Devon as operator of this HSU and the horizontal well to be drilled thereon;

E. Authorizing Devon to recover its costs of drilling, equipping and completing the well;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Devon in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

ABADIE & SCHILL, PC

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**Attorneys for Devon Energy Production
Company, L.P.**

Application of Devon Energy Production Company L.P. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the N/2 S/2 of Sections 13 and 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation (ALACRAN HILLS UPPER WOLFCAMP OIL [98314]) underlying the unit. Said horizontal spacing unit is to be dedicated to the proposed **Lone Tree Draw 14-13 State Com 623H Well**, an oil well, to be horizontally drilled from a surface location in NW/4 SW/4 (Unit L) of Section 14 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 13. This Well defines the HSU. The completed interval and first take and last take point for the well proposed in the unit meet the Division's statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles northeast of Carlsbad, New Mexico.