

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

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY,
L.P., 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) establishing a standard 479.20-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Sections 16 and 17 and Lot 1 (NW/4 NW/4 equivalent), the NE/4 NW/4, and the N/2 NE/4 of Section 18, all in Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated as an oil pool, underlying said unit. The pool is currently designated as wildcat, and Section 18 is an irregular section with correction lots.

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 and dedicates to the HSU the **Mimosa 18-16 State Com 621H Well**, as the initial well, to be drilled to a sufficient depth to test the Wolfcamp formation.

3. Devon proposes the **Mimosa 18-16 State Com 621H Well**, an oil well, to be horizontally drilled from a surface location in Lot 1 (NW/4 NW/4 equivalent) of Section 18 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 16.

4. The 621H Well is orthodox in its location, and the take points and completed interval comply with setback requirements under the statewide rules.

5. Devon's review of the land records did not find any overlapping units for the Wolfcamp formation.

6. 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 their development within the proposed HSU.

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

8. 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 on April 6, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 479.20-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Sections 16 and 17 and Lot 1 (NW/4 NW/4 equivalent), the NE/4 NW/4, and the N/2 NE/4 of Section 18, all in Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico;

- B. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying the proposed HSU;
- C. Approving the **Mimosa 18-16 State Com 621H Well** as the 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

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill
William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

Attorneys for Devon Energy 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) establishing a standard 479.20-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Sections 16 and 17 and Lot 1 (NW/4 NW/4 equivalent), the NE/4 NW/4, and the N/2 NE/4 of Section 18, all in Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated as a wildcat oil pool, underlying the unit. Section 18 is irregular with correction lots. The proposed well to be dedicated to the horizontal spacing unit is the **Mimosa 18-16 State Com 621H Well**, an oil well, to be horizontally drilled from a surface location in Lot 1 (NW/4 NW/4 equivalent) of Section 18 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 16. The **621H Well**, will be orthodox, and its take points and completed interval will comply with the setback requirements under statewide Rules. 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 16 miles northeast of Carlsbad, New Mexico.