

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Devon Energy Production Company, L.P. (“Devon” or “Applicant”) (OGRID No. 6137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (a) approving a standard 800-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the W/2 of Sections 3 and 10, and the NW/4 of Section 15, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. In support of its application, Devon states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **North Blondie 3–15 Fed Com #1H** and **North Blondie 3–15 Fed Com #6H** wells, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 34, Township 25 South, Range 34 East, to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 15, Township 26 South, Range 34 East; **North Blondie 3–15 Fed Com #8H** well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 34, Township 25 South, Range 34 East, to a bottom hole location in the SE/4 NW/4 (Unit F) of Section 15, Township 26 South, Range 34 East; **North Blondie 3–15 Fed Com #9H** well, to be horizontally drilled from a surface

location in the SW/4 SE/4 (Unit O) of Section 34, Township 25 South, Range 34 East, to a bottom hole location in the SE/4 NW/4 (Unit F) of Section 15, Township 26 South, Range 34 East; and the **North Blondie 3–15 Fed Com #2H** well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 34, Township 25 South, Range 34 East, to a bottom hole location on the quarter-quarter line between the SW/4 NW/4 (Unit E) and the SE/4 NW/4 (Unit F) of Section 15, Township 26 South, Range 34 East.

3. The completed interval of the **North Blondie 3–15 Fed Com #8H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC.

4. This 800-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit covering portions of the subject acreage:

- A 160-acre, more or less, horizontal well spacing unit comprised of the E/2 W/2 of Section 3, Township 26, South, Range 34 East, dedicated to the Dean APQ Federal #2 well (API: 30-025-40089).

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

6. The approval of this overlapping spacing unit and pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, 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 an Examiner of the Oil Conservation Division on May 4, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

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**ATTORNEYS FOR DEVON ENERGY PRODUCTION
COMPANY, L.P.**

CASE _____: **Application of Devon Energy Production Company, L.P. for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a standard 800-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the W/2 of Sections 3 and 10, and the NW/4 of Section 15, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral interests in this overlapping horizontal well spacing unit. Said unit will be initially dedicated to the proposed **North Blondie 3–15 Fed Com #1H** and **North Blondie 3–15 Fed Com #6H** wells, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 34, Township 25 South, Range 34 East, to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 15, Township 26 South, Range 34 East; **North Blondie 3–15 Fed Com #8H** well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 34, Township 25 South, Range 34 East, to a bottom hole location in the SE/4 NW/4 (Unit F) of Section 15, Township 26 South, Range 34 East; **North Blondie 3–15 Fed Com #9H** well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 34, Township 25 South, Range 34 East, to a bottom hole location in the SE/4 NW/4 (Unit F) of Section 15, Township 26 South, Range 34 East; and the **North Blondie 3–15 Fed Com #2H** well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 34, Township 25 South, Range 34 East, to a bottom hole location on the quarter-quarter line between the SW/4 NW/4 (Unit E) and the SE/4 NW/4 (Unit F) of Section 15, Township 26 South, Range 34 East. The completed interval of the **North Blondie 3–15 Fed Com #8H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC. This 800-acre horizontal well spacing unit will overlap the following existing horizontal well spacing unit covering portions of the subject acreage:

- A 160-acre, more or less, horizontal well spacing unit comprised of the E/2 W/2 of Section 3, Township 26, South, Range 34 East, dedicated to the Dean APQ Federal #2 well (API: 30-025-40089).

Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the wells, and a 200% charge for risk involved in drilling the wells. Said area is located approximately 16 miles southwest of Jal, New Mexico.