

**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 477.20-acre, more or less, spacing and proration unit comprised of the W/2 NE/4, the NW/4 SE/4 and Lot 3 (SW/4 SE/4 equivalent) of Section 34, in Township 24 South, Range 31 East, NMPM; and Lot 2 (NW/4 NE/4 equivalent), SW/4 NE/4, and W/2 SE/4 of Section 3 and the W/2 E/2 of Section 10, in Township 25 South, Range 31 East, NMPM; Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in an interval within the Paduca; Bone Spring (O) pool [Pool Code (96641)], from the stratigraphic equivalent of 100 feet from below the base of the Avalon Sand, as seen at a depth of 8,358 feet, to the stratigraphic equivalent of the base of the Paduca; Bone Spring (O) formation, as seen at a depth of 11,520 feet, on the Open Hope Platform Express log for the PLU #196 Well (API No. 30-015-33164), designated as an oil pool, underlying said unit. Sections 3 and 34 are irregular and contain 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 **Exmoor 10-34 Fed Com 303H Well**, as an initial well, to be drilled to a sufficient depth to test the Bone Spring formation.

3. Devon proposes the **Exmoor 10-34 Fed Com 303H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 10-25S-31E to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 34-24S-31E.

4. The proposed well is orthodox in its location, and its take points and completed interval comply with setback requirements under Statewide Rules.

5. There exist several wells within units that overlap the HSU proposed herein, as follows: (1) the Cotton Draw Unit 117H Well (API No. 30-015-38434) within a unit that covers the W/2 E/2 of Section 34; (2) the Cotton Draw Unit 114H Well (API No. 30-015-37410) within a unit that covers the W/2 E/2 of Section 34; (3) the Cotton Draw Unit 216Y Well (API No. 30-015-42648) within a unit that covers the W/2 E/2 of Section 3; (4) the Cotton Draw Unit 272H Well (API No. 30-015-43724) within a unit that covers the W/2 E/2 of Section 3; and (5) the Cotton Draw 10 Fed 1H Well (API No. 30-015-39229) and 3H Well (API No. 30-015-42126) both located in the unit that covers the W/2 E/2 of Section 10. Devon operates all the overlapping units and wells. Furthermore, Sections 3 and 34 of the HSU proposed herein are part of the Cotton Draw Federal Unit, a federal unit covering multiple sections, for which Devon is the designated operator. As such, the proposed HSU is a straddle unit in which the W/2 E/2 of Section 10 is outside the Cotton Draw Federal Unit and the W/2 E/2 of Sections 3 and 34 are inside the federal unit. Devon will provide proper notice and seeks approval of the overlapping units during the hearing process.

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 Bone Spring 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 May 4, 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 477.20-acre, more or less, spacing and proration unit comprised of the W/2 NE/4, the NW/4 SE/4 and Lot 3 (SW/4 SE/4 equivalent) of Section 34, in Township 24 South, Range 31 East, NMPM; and Lot 2 (NW/4 NE/4 equivalent), SW/4 NE/4, and W/2 SE/4 of Section 3 and the W/2 E/2 of Section 10, in Township 25 South, Range 31 East, NMPM; Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the interval of the Bone Spring formation as described herein underlying the proposed HSU.

C. Approving the **Exmoor 10-34 Fed Com 303H Well** as the well for the HSU.

D. Approving the overlap with existing units described above in Paragraph 5.

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

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

G. 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

H. 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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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 477.20-acre, more or less, spacing and proration unit comprised of the W/2 NE/4, the NW/4 SE/4 and Lot 3 (SW/4 SE/4 equivalent) of Section 34, in Township 24 South, Range 31 East, NMPM; and Lot 2 (NW/4 NE/4 equivalent), SW/4 NE/4, and W/2 SE/4 of Section 3 and the W/2 E/2 of Section 10, in Township 25 South, Range 31 East, NMPM; Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in an interval within the Paduca; Bone Spring (O) pool [Pool Code (96641)], from the stratigraphic equivalent of 100 feet from below the base of the Avalon Sand, as seen at a depth of 8,358 feet, to the stratigraphic equivalent of the base of the Paduca; Bone Spring (O) formation, as seen at a depth of 11,520 feet, designated as an oil pool, underlying said unit. Sections 3 and 34 are irregular and contain correction lots. The proposed well to be dedicated to the horizontal spacing unit is the **Exmoor 10-34 Fed Com 303H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 10-25S-31E to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 34-24S-31E. Devon seeks approval for overlap wells within units it operates, as follows: (1) the Cotton Draw Unit 117H Well (API No. 30-015-38434) within a unit that covers the W/2 E/2 of Section 34; (2) the Cotton Draw Unit 114H Well (API No. 30-015-37410) within a unit that covers the W/2 E/2 of Section 34; (3) the Cotton Draw Unit 216Y Well (API No. 30-015-42648) within a unit that covers the W/2 E/2 of Section 3; (4) the Cotton Draw Unit 272H Well (API No. 30-015-43724) within a unit that covers the W/2 E/2 of Section 3; and (5) the Cotton Draw 10 Fed 1H Well (API No. 30-015-39229) and 3H Well (API No. 30-015-42126) both located in a unit that covers the W/2 E/2 of Section 10. Sections 3 and 34 of the proposed unit are part of the Cotton Draw Federal Unit for which Devon is the designated operator. The proposed 303H well will be orthodox, and the take points and completed interval will comply with the setback requirements under the 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 35.5 miles northwest of Jal, New Mexico, and approximately 11.2 miles north of the state line.