

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

**APPLICATION OF DEVON ENERGY PRODUCTION  
COMPANY, L.P., TO RE-OPEN CASE 23788 AND AMEND  
ORDER R-22941, EDDY COUNTY, NEW MEXICO**

**Case No. \_\_\_\_\_  
Re-open Case No. 23788**

**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”) at the request of the Bureau of Land Management (“BLM”) to Re-Open Case No. 23788 in order to: (1) expand the spacing unit for the Purple Sage; Wolfcamp formation, by adding the forty-acre tract located in the NW/4 NE/4 of Section 35, Township 23 South, Range 29 East consisting of unleased Federal minerals; and (2) to amend Order R-22941 that the Division issued in this case to account for the expansion of the unit. In support of this Application, Devon states as follows:

1. On August 25, 2023, the Division issued Administrative Order NSP-2165, administratively approving a 599.2-acre, more or less, Non-Standard Horizontal Spacing Unit for the Purple Sage; Wolfcamp Pool (Pool Code 98220), consisting of the following lands:

**Township 24 South, Range 29 East:**

Section 2: Lot 1 (NE/4 NE/4 equivalent), Lot 2 (NW/4 NE/4 equivalent), S/2 NE/4, SE/4 (a/k/a E/2)

**Township 23 South, Range 29 East:**

Section 35: E/2 NE/4, SW/4 NE/4, and SE/4

A copy of Administrative Order NSP – 2165 (Order 2165) is attached hereto as Exhibit 1.

2. Devon originally requested this non-standard horizontal spacing unit (“Non-standard Unit”) in order to exclude the 40-acre tract located in the NW/4 NE/4 of Section 35 consisting of Federal minerals due to Devon’s pending request to reinstate Federal Oil and Gas Lease NMNM-134869.

3. The Division granted Devon’s request based on the fact that it would prevent waste underlying the 599.2 spacing unit, while protecting the correlative rights within the proposed non-standard horizontal unit. *See* Order 2165 at page 2.

4. On September 7, 2023, Devon filed a compulsory pooling application with the Division to pool the Purple Sage; Wolfcamp formation in the 599.2-acre, more or less, Non-Standard Horizontal Spacing Unit, docketed as Case No. 23788 (the “Pooling Application”). A copy of the Pooling Application in Case No. 23788 is attached hereto as Exhibit 2.

5. As part of the Pooling Application, Devon proposed drilling the Tater Tot 2-35 Fed Com 622H Well, the Tater Tot 2-35 Fed Com 624H Well, and the Tater Tot 2-35 Fed Com 713H Well, as stand-up horizontal wells.

6. On October 31, 2023, the Division issued Order R-22941 granting the Pooling Application. A copy of Order R-22941 is attached hereto as Exhibit 3.

7. Devon has been in discussions with the BLM regarding both the reinstatement of Lease NMNM-134869 and the appropriate spacing unit for the Wolfcamp formation in the E/2 of Sections 2 and 35. As a result of those discussions, the BLM has requested that Devon seek to re-space the non-standard horizontal unit to include the NW/4 NE/4 of Section 35, lands that were covered by Lease NMNM-134869, but which are current unleased Federal minerals until the lease is reinstated. *See* Email dated October 27, 2023, from Chris Wells, Supervising Petroleum

Engineer, Bureau of Land Management, Carlsbad New Mexico Field Office, to Aaron L. Young, a Senior State Landman as Devon, a copy of which is attached hereto as Exhibit 4.

8. In light of the BLM's request, Devon seeks to Re-Open Case No. 23788, to seek an amendment of the horizontal spacing unit to include the NW/4 NE/4 of Section 35, Township 23 South, Range 29 East, so that it is recognized as a standard, 639.2-acre unit, more or less, and has dedicated to this standard unit, the three Tater Tot wells – 622H, 624H, and 713H – whose locations and take points remain the same as in the original pooling application and pooling order.

9. Devon submits that granting the relief sought in this Application is in the best interests of conservation because it will prevent waste by allowing the BLM to account for production of oil and gas from the NW/4 NE/4 of Section 35, while protecting the correlative rights of all parties.

WHEREFORE, Devon requests that this Application be set for hearing on December 7, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Re-spacing the Non-standard Unit to create and recognize the standard 639.2-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of Section 35, Township 23 South, Range 29 East, NMPM, and Lot 2 (NW/4 NE/4 equivalent), Lot 1 (NE/4 NE/4 equivalent), the S/2 NE/4, and the SE/4 of Section 2, Township 24 South, Range 29 East, NMPM, all in Eddy County, New Mexico;

B. Approving the **Tater Tot 2-35 Fed Com 622H Well, Tater Tot 2-35 Fed Com 624H Well, and Tater Tot 2-35 Fed Com 713H Well** as the initial wells dedicated to the standard horizontal spacing unit.

C. Granting any other relief and/or providing for any conditions deemed necessary or appropriate by the Division to address the circumstances described herein.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ *Darin C. Savage*

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Darin C. Savage

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

***Application of Devon Energy Production Company, L.P., to Re-Open Case No. 23788 and Amend Order No. R-22941, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an Order amending Order R-22941 from the Division that pooled all mineral interests in the Purple Sage; Wolfcamp formation (Pool Code 98220), designated as a gas pool, underlying a non-standard 599.2-acre, more or less, spacing and proration unit comprised of Lot 2 (NW/4 NE/4 equivalent), Lot 1 (NE/4 NE/4 equivalent), the S/2 NE/4, and the SE/4 of Section 2, Township 24 South, Range 29 East, NMPM, and the E/2 NE/4, SW/4 NE/4, and SE/4 of Section 35, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico (Section 2 is an irregular section containing correction lots) to add the NW/4 NE/4 of Section 35, to make the spacing and proration unit a standard 639.2-acre, more or less, horizontal spacing unit with the following dedicated wells as originally proposed in Case No. 23788: the **Tater Tot 2-35 Fed Com 622H Well**, to be drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 35; the **Tater Tot 2-35 Fed Com 624H Well**, to be drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35; and the **Tater Tot 2-35 Fed Com 713H Well**, to be drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35. The wells and lands are located approximately 8.8 miles southeast of Loving, New Mexico.

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, Ph.D**  
Deputy Cabinet Secretary

**Dylan M. Fuge, Director**  
Oil Conservation Division



Mr. Darin Savage  
[darin@adadieschill.com](mailto:darin@adadieschill.com)

**Administrative Order NSP - 2165**

**ADMINISTRATIVE NON-STANDARD HORIZONTAL SPACING UNIT**

**Devon Energy Production Company, L.P. [OGRID 6137]**

Tator Tot 2 35 Federal Com Well No. 622H [API No. 30-015-49052]

Tator Tot 2 35 Federal Com Well No. 624H [API No. 30-015-49050]

Tator Tot 2 35 Federal Com Well No. 713H [API No. 30-015-49067]

**Located in Section 02, T24S, R29E and Section 35, T23S, R29E, Eddy County, New Mexico**

Reference is made to your application received on July 25<sup>th</sup>, 2023.

You have requested approval of a non-standard horizontal spacing unit as follows:

**Proposed Decreased Horizontal Spacing Unit:**

<b>Description</b>	<b>Acres</b>	<b>Pool</b>	<b>Pool Code</b>
E/2 of Section 02, T24S, R29E SE/4, SW/4 NE/4, E/2 NE/4 of Section 35, T24S, R29E	599.20	Purple Sage; Wolfcamp	98220

**Excluded acreage:**

<b>Description</b>	<b>Acres</b>
NW/4 NE/4 of Section 35	40

You have requested an exception pursuant to Rule 19.15.16.15(A)(3) NMAC, to approve a non-standard horizontal gas spacing unit comprising 599.20 acres, consisting of the entire area described above as the horizontal spacing unit. The proposed horizontal spacing unit does not consist of a quarter section or equivalent in both sections, as required by Rule 19.15.16.15(B)(3) NMAC. We understand that you are seeking this exception in order to allow you to create a non-standard horizontal spacing unit, comprised of the Proposed Horizontal Spacing Unit referenced above.

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units which are being excluded.

NSP - 2165  
Devon Energy Production Company, L.P.  
Page 2 of 2

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You have requested this non-standard horizontal spacing unit of excluded acreage due to a pending lease reinstatement of Federal Oil and Gas Lease NMNM within the Wolfcamp formation. Thereby, preventing waste underlying the E/2 of Section 02, T24S, R29E and the SE/4, SW/4 NE/4, E/2 NE/4 of Section 35, T23S, R29E, all while protecting the correlative rights within the referenced Horizontal Spacing Unit.

Pursuant to the authority conferred by Division Rule 19.15.16.15(B)(5) NMAC, the above-described **non-standard horizontal spacing unit is hereby approved**. Further, the Applicant may add additional wells to the horizontal spacing unit. The additional well(s) shall be designated to the same horizontal spacing unit and pool/formation. Submit a Change of Plans to the OCD's permitting website. Once submitted, email the Action ID number to the following e-mail address: [ocd.engineer@emnrd.nm.gov](mailto:ocd.engineer@emnrd.nm.gov) of notice for additional wells.

### **General Provisions**

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

  
**DYLAN M. PUGE**  
**DIRECTOR**  
DMF/lrl

**Date:** 8/25/2023

**District I**  
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**District II**  
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**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
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**District IV**  
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State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

CONDITIONS  
  
Action 258589

CONDITIONS

Operator: DEVON ENERGY PRODUCTION COMPANY, LP 333 West Sheridan Ave. Oklahoma City, OK 73102	OGRID: 6137
	Action Number: 258589
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
llowe	None	8/29/2023



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

**APPLICATION OF DEVON ENERGY PRODUCTION  
COMPANY, L.P., FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

Case No. 23788

**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 pooling all uncommitted mineral interests in the Purple Sage; Wolfcamp formation, designated as a gas pool, underlying a non-standard 599.2-acre, more or less, spacing and proration unit comprised of Lot 2 (NW/4 NE/4 equivalent), Lot 1 (NE/4 NE/4 equivalent), the S/2 NE/4, and the SE/4 of Section 2, Township 24 South, Range 29 East, NMPM, and the E/2 NE/4, SW/4 NE/4, and SE/4 of Section 35, Township 23 South, Range 29 East, NMPM, and, all in Eddy County, New Mexico. Section 2 is an irregular section which contains correction units.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed non-standard horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon proposes and dedicates to the HSU the **Tater Tot 2-35 Fed Com 622H Well, Tater Tot 2-35 Fed Com 624H Well, and Tater Tot 2-35 Fed Com 713H Well** as initial wells, to be drilled to a sufficient depth to test the Wolfcamp formation.

**EXHIBIT  
2**

3. Devon proposes the **Tater Tot 2-35 Fed Com 622H Well**, a gas well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 35.

4. Devon proposes the **Tater Tot 2-35 Fed Com 624H Well**, a gas well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35.

5. Devon proposes the **Tater Tot 2-35 Fed Com 713H Well**, a gas well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35.

6. The proposed wells are unorthodox in their location, and the take points and completed interval do not comply with setback requirements under the Division's Special Rules for the Purple Sage Wolfcamp pool, which are set out in Order No. R-14262.

7. Devon has made applications for administrative approval of the Nonstandard Locations ("NSL") of each well, and the Division has granted approval of each NSL in Order No. NSL-8626, Order No. NSL-8627, and Order No. NSL-8630.

8. Devon has made applications for administrative approval of the Nonstandard Proration ("NSP") Unit, and the Division has granted approval of the NSP Unit in Order No. NSP-2165.

9. 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 wells or in the commitment of their interests to the wells for their development within the proposed HSU.

10. 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.

11. 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 wells and HSU.

WHEREFORE, Devon requests that this Application be set for hearing on October 5, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Recognizing the non-standard 599.2-acre, more or less, spacing and proration unit comprised of the E/2 NE/4, SW/4 NE/4, and SE/4 of Section 35, Township 23 South, Range 29 East, NMPM, and Lot 2 (NW/4 NE/4 equivalent), Lot 1 (NE/4 NE/4 equivalent), the S/2 NE/4, and the SE/4 of Section 2, Township 24 South, Range 29 East, NMPM, all in Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Purple Sage; Wolfcamp formation underlying the proposed non-standard HSU.

C. Approving the **Tater Tot 2-35 Fed Com 622H Well, Tater Tot 2-35 Fed Com 624H Well, and Tater Tot 2-35 Fed Com 713H Well** as the initial wells for the HSU.

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

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

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 wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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

***Application of Devon Energy Production Company, L.P., for Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division pooling all mineral interests in the Purple Sage; Wolfcamp formation, designated as a gas pool, underlying a non-standard 599.2-acre, more or less, spacing and proration unit comprised of Lot 2 (NW/4 NE/4 equivalent), Lot 1 (NE/4 NE/4 equivalent), the S/2 NE/4, and the SE/4 of Section 2, Township 24 South, Range 29 East, NMPM, and the E/2 NE/4, SW/4 NE/4, and SE/4 of Section 35, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Section 2 is an irregular section containing correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Tater Tot 2-35 Fed Com 622H Well**, a gas well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 35; the **Tater Tot 2-35 Fed Com 624H Well**, a gas well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35; and the **Tater Tot 2-35 Fed Com 713H Well**, a gas well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35. The wells are unorthodox, and their take points and completed intervals do not comply with the setback requirements under the Division's Special Rules in Order No. R-14262 for the Purple Sage Wolfcamp; however, Applicant has applied for and received administrative approval of the unorthodox locations and has applied for and received administrative approval of the non-standard spacing unit; also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 8.8 miles southeast of Loving, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
DEVON ENERGY PRODUCTION COMPANY, L.P.**

**CASE NO. 23788  
ORDER NO. R-22941**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on October 5, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. Devon Energy Production Company, L.P. (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### **ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
21. This Order shall terminate automatically if Operator fails to comply with Paragraph 20 unless Operator obtains an extension by amending this Order for good cause shown.
22. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
23. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 23788  
ORDER NO. R-22941

Page 2 of 7

Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.



30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**DYLAN M FUGE**  
**DIRECTOR**  
DMF/hat

**Date:** 10/31/2023

CASE NO. 23788  
ORDER NO. R-22941

Page 4 of 7

## Exhibit A

Received by OCD: 11/7/2023 4:10:52 PM

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<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 23788</b>	<b>APPLICANT'S RESPONSE</b>
Date	October 5, 2023
Applicant	DEVON ENERGY PRODUCTION COMPANY, L.P.
Designated Operator & OGRID (affiliation if applicable)	6137
Applicant's Counsel:	Darin C. Savage, Abadie & Schill, P.C.
Case Title:	APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	N/A
Well Family	Tater Tot
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Purple Sage; Wolfcamp formation: See Exhibit A, Paras 4-8
Pool Name and Pool Code:	PURPLE SAGE; WOLFCAMP [Pool Code 98220]
Well Location Setback Rules:	Special field rules, see Order No. R-14262
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	599.2-acre, more or less
Building Blocks:	160 acre building blocks (quarter sections)
Orientation:	South-North
Description: TRS/County	Lot 2 (NW/4 NE/4 equivalent), Lot 1 (NE/4 NE/4 equivalent), the S/2 NE/4, and the SE/4 of Section 2, Township 24 South, Range 29 East, NMPM, and the E/2 NE/4, SW/4 NE/4, and SE/4 of Section 35, Township 23 South, Range 29 East, NMPM, and, all in Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	No, non-standard spacing: Devon made application for administrative approval of the Non-Standard Proration (NSP) Unit, and the Division has granted approval of the NSP Unit in Order No. NSP-2165.
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No, N/A
Proximity Tracts: If yes, description	N/A
Proximity Defining Well: if yes, description	N/A
Supplemental documents (if any) filed with application	See Exhibit A-2

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Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Tater Tot 2-35 Fed Com 622H Well (API No. Pending), SHL: Unit O, 200' FSL, 2065' FEL, Section 2, T24S-R29E; BHL: Unit G, 1350' FNL, 2310' FEL, Section 35, T23S-R29E, standup, standard location
Horizontal Well First and Last Take Points	Tater Tot 2-35 Fed Com 622H Well: FTP 100' FSL, 2310' FEL, Section 2; LTP 1430' FNL, 2310' FEL, Section 35
Completion Target (Formation, TVD and MD)	Tater Tot 2-35 Fed Com 622H Well: TVD approx. 10,250', TMD 18,750'; Wolfcamp formation, See Exhibit A & B-2
Well #2	Tater Tot 2-35 Fed Com 624H Well (API No. Pending), SHL: Unit P, 240' FSL, 785' FEL, Section 2, T24S-R29E; BHL: Unit A, 20' FNL, 600' FEL, Section 35, T23S-R29E, standup, standard location
Horizontal Well First and Last Take Points	Tater Tot 2-35 Fed Com 624H Well: FTP 100' FSL, 600' FEL, Section 2; LTP 100' FNL, 600' FEL, Section 35
Completion Target (Formation, TVD and MD)	Tater Tot 2-35 Fed Com 624H Well: TVD approx. 10,390', TMD 20,345'; Wolfcamp formation, See Exhibit A & B-2
Well #3	Tater Tot 2-35 Fed Com 713H Well (API No. Pending), SHL: Unit P, 240' FSL, 815' FEL, Section 2, T24S-R29E; BHL: Unit A, 20' FNL, 1170' FEL, Section 35, T23S-R29E, standup, standard location
Horizontal Well First and Last Take Points	Tater Tot 2-35 Fed Com 713H Well: FTP 100' FSL, 1170' FEL, Section 2; LTP 100' FNL, 1170' FEL, Section 35
Completion Target (Formation, TVD and MD)	Tater Tot 2-35 Fed Com 713H Well: TVD approx. 10,563', TMD 20,569'; Wolfcamp formation, See Exhibit A & B-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000, Exhibit A, para 20; Exhibit A-3
Production Supervision/Month \$	\$800, Exhibit A, para 20; Exhibit A-3
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
<del>Ownership Schematic of the Spacing Unit (includes horizontal wells and owners)</del>	Exhibit A-2

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If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A: Para. 16
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Geologist believes Exhibits B-1 and B-2 provide accurate evaluation
Well Orientation (with rationale)	Exhibit B-1
Target Formation	Exhibit B-2
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit A-1
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-2
<b>Additional Information</b>	
Special Provisions/Stipulations	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name (Attorney or Party Representative):</b>	Darin C. Savage
<b>Signed Name (Attorney or Party Representative):</b>	Darin C. Savage
<b>Date:</b>	10/3/23

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**From:** Walls, Christopher cwalls@blm.gov  
**Subject:** Re: [EXTERNAL] Devon's Tater Tot 2-35 Fed Com 622H, 713H & 624H: NSP & Unleased Parcel  
**Date:** October 27, 2023 at 9:32 AM  
**To:** Young, Aaron Aaron.Young@dnv.com  
**Cc:** Omoumi, Shayda Shayda.Omoumi@dnv.com, Paradis, Kyle O kparadis@blm.gov

CW

Aaron,

I just talked with Kyle and we are both in agreement to move forward with the 639.2 ac.spacing unit (attached) for all wells. Let me know if you have any follow up questions. Shayda, If you want to submit the sundry back to us for the 622H we will process it as is.

Regards,

### Chris Walls

Sup. Petroleum Engineer  
Bureau of Land Management  
620 E. Greene Street  
Carlsbad, NM 88220  
575-234-2234  
cwalls@blm.gov

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**From:** Young, Aaron <Aaron.Young@dnv.com>  
**Sent:** Wednesday, October 18, 2023 10:44 AM  
**To:** Paradis, Kyle O <kparadis@blm.gov>; Serrano, JulieAnn <jserrano@blm.gov>  
**Cc:** Omoumi, Shayda <Shayda.Omoumi@dnv.com>; Walls, Christopher <cwalls@blm.gov>  
**Subject:** [EXTERNAL] Devon's Tater Tot 2-35 Fed Com 622H, 713H & 624H: NSP & Unleased Parcel

**This email has been received from outside of DOI - Use caution before clicking on links, opening attachments, or responding.**

Mr. Paradis / Ms. Serrano,

I believe you all are aware, but there have been ongoing discussions on how to proceed with Devon's Tater Tot 2-35 Fed Com 622H, 713H & 624H APDs and the unleased tract (NMNM 134869) in the NWNE of Section 35. Devon has applied for reinstatement on Lease NMNM 134869, which is currently pending.

We believe the best approach is to use the non-standard proration for these wells. Devon has applied for an NSP which was approved by the OCD under NSP Order-2165 (attached). This would allow for one allocation method across all three wells, roughly 46.7% to the federal leases in Section 35 (280 acres out of 599.2), and one communization agreement. A copy of our proposed CA is attached.

Based on feedback we have received, Devon is being asked to use the unleased parcel within the spacing unit for the 713H and 624H, creating an E2 of Sections 35 and E2 of Section 2 spacing unit, and then create a second spacing unit consisting of the E2 of Section 2, and SE4 and S2NE4 of Section 35, being a 559.6-acre unit. This would result in two different communization

EXHIBIT  
4

agreements, one with a roughly 50.006% allocation, and the other with roughly a 42.89% allocation, to the federal leases in Section 35. Combined, this is close to the NSP one allocation method. Two separate spacing units would also be in contrast to the approved NMOCD spacing unit.

We believe that considering (1) one spacing unit, one communization agreement with one allocation method would be the cleanest, and (2) would align with the NMOCD-approved spacing unit, it is appropriate to proceed as such.

Please advise if the BLM is willing to proceed with the NSP. If possible, we would greatly appreciate a response by the end of business today. If beneficial, I am happy to discuss this today in more detail, and I appreciate your time and feedback on this matter.

Sincerely,

Aaron L. Young  
Sr. Staff Landman  
Devon Energy Production Company, L.P.  
333 W. Sheridan Ave.  
Oklahoma City, OK 73102  
(405)228-2850

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