

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

**APPLICATIONS OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR NON-STANDARD OIL SPACING
AND PRORATION UNITS, COMPULSORY POOLING,
AND DOWN-HOLE COMMINGLING, LEA COUNTY,
NEW MEXICO**

CASE NOS. 16099-16101

**APPLICATIONS OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR NON-STANDARD OIL SPACING
AND PRORATION UNITS AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

JUL 27 2018 04:08

CASE NOS. 16102-16104

**APPLICATIONS OF PRIDE ENERGY COMPANY FOR
COMPULSORY POOLING, NON-STANDARD SPACING
AND PRORATION UNITS, AND UNORTHODOX
LOCATIONS, LEA COUNTY, NEW MEXICO**

CASE NOS. 16169-16174

AFFIDAVIT OF TIMOTHY J. PROUT

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.
2. The above-captioned matters were consolidated and heard by the Division on June 12, 2018. At hearing, I was qualified by the Division as an expert petroleum landman.
3. Devon's most recent AFEs, as of the hearing date, for its proposed 2nd Bone Spring wells (Cases 16099-16101) were admitted as a matter of record by the Division in connection with Devon's Hearing Exhibit No. 7.
4. Devon's Hearing Exhibit No. 7 reflects a total AFE estimate of \$4,935,402.15 for each of the three 2nd Bone Spring wells proposed by Devon in these cases. Devon's expert

witnesses, including myself, testified that this amount reflected Devon's most recent AFE for these wells.

5. Since the June 12, 2018 hearing, Devon has updated its AFE estimates for its proposed 2nd Bone Spring wells.

6. Attached as Exhibit A to this Affidavit are updated AFEs for Devon's proposed 2nd Bone Spring wells. The revised AFE estimate for each of the three 2nd Bone Spring wells proposed by Devon in Cases 16099-16101 is, as of today's date, \$7,019,970.01

FURTHER AFFIANT SAYETH NAUGHT



Timothy J. Prout

Subscribed to and sworn before me this 25th day of July, 2018.





Notary Public



Authorization for Expenditure

AFE # XX-127218.01			
Well Name: MARWARI 28-16 STATE FED COM 232H		AFE Date:	07/24/2018
Cost Center Number: 1093846401		State:	NM
Legal Description: SECTION 28-25S-32E		County/Parish:	LEA
Revision: <input type="checkbox"/>			

Explanation and Justification:

DRILL AND COMPLETE

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	93,625.00	0.00	0.00	93,625.00
6060130	GASEOUS FUELS	32,700.00	0.00	0.00	32,700.00
6080100	DISPOSAL - SOLIDS	51,230.00	1,050.00	0.00	52,280.00
6080110	DISP-SALTWATER & OTH	0.00	149,625.00	0.00	149,625.00
6090100	FLUIDS - WATER	48,675.00	468,441.28	0.00	517,116.28
6100100	PERMIT SURVEY&TITLE	40,000.00	0.00	0.00	40,000.00
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	12,600.00	0.00	112,600.00
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130170	COMM SVCS - WAN	4,769.00	0.00	0.00	4,769.00
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,273.00	0.00	0.00	28,273.00
6150100	CH LOG PERFRTG&WL SV	0.00	278,302.50	0.00	278,302.50
6160100	MATERIALS & SUPPLIES	545.00	0.00	0.00	545.00
6170110	SNUBBG&COIL TUBG SVC	0.00	242,809.59	0.00	242,809.59
6190100	TRCKG&HL-SOLID&FLUID	80,250.00	0.00	0.00	80,250.00
6190110	TRUCKING&HAUL OF EQP	62,400.00	15,750.00	0.00	78,150.00
6200130	CONSLT & PROJECT SVC	95,375.00	94,853.84	0.00	190,228.84
6230120	SAFETY SERVICES	44,963.00	0.00	0.00	44,963.00
6300270	SOLIDS CONTROL SRVCS	107,000.00	0.00	0.00	107,000.00
6310120	STIMULATION SERVICES	0.00	1,905,850.24	0.00	1,905,850.24
6310200	CASING & TUBULAR SVC	79,400.00	0.00	0.00	79,400.00
6310250	CEMENTING SERVICES	157,000.00	0.00	0.00	157,000.00
6310280	DAYWORK COSTS	517,400.00	0.00	0.00	517,400.00
6310300	DIRECTIONAL SERVICES	329,000.00	0.00	0.00	329,000.00
6310310	DRILL BITS	94,100.00	0.00	0.00	94,100.00
6310330	DRILL&COMP FLUID&SVC	219,000.00	2,100.00	0.00	221,100.00
6310380	OPEN HOLE EVALUATION	24,750.00	0.00	0.00	24,750.00
6310480	TSTNG-WELL, PL & OTH	0.00	79,887.24	0.00	79,887.24
6310600	MISC PUMPING SERVICE	0.00	58,302.05	0.00	58,302.05
6320100	EQPMNT SVC-SRF RNTL	59,527.00	201,379.26	0.00	260,906.26
6320110	EQUIP SVC - DOWNHOLE	180,450.00	0.00	0.00	180,450.00
6320160	WELDING SERVICES	2,000.00	0.00	0.00	2,000.00
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550110	MISCELLANEOUS SVC	33,650.00	0.00	0.00	33,650.00
6630110	CAPITAL OVERHEAD	8,175.00	0.00	0.00	8,175.00
6740340	TAXES OTHER	272.00	0.00	0.00	272.00
	Total Intangibles	2,529,529.00	3,521,451.00	0.00	6,050,980.00

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310460	WELLHEAD EQUIPMENT	65,000.00	36,750.00	0.00	101,750.00
6310530	SURFACE CASING	22,638.00	0.00	0.00	22,638.00

EXHIBIT A

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-127218.01

Well Name: MARWARI 28-16 STATE FED COM 232H

Cost Center Number: 1093846401

Legal Description: SECTION 28-25S-32E

Revision: ☐

AFE Date: 07/24/2018

State: NM

County/Parish: LEA

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310540	INTERMEDIATE CASING	350,799.00	0.00	0.00	350,799.00
6310550	PRODUCTION CASING	393,303.01	0.00	0.00	393,303.01
6310580	CASING COMPONENTS	50,500.00	0.00	0.00	50,500.00
	Total Tangibles	932,240.01	36,750.00	0.00	968,990.01

TOTAL ESTIMATED COST	3,461,769.01	3,558,201.00	0.00	7,019,970.01
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature:

Print Name:

Title:

Date:

Email:

Note: Please include/attach well requirement data with ballot.



Authorization for Expenditure

AFE # XX-127219.01

Well Name: MARWARI 21-16 STATE FED COM 234H

Cost Center Number: 1093846501

Legal Description: SECTION 21-25S-32E

Revision: ☐

AFE Date: 07/24/2018

State: NM

County/Parish: LEA

Explanation and Justification:

DRILL AND COMPLETE

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	93,625.00	0.00	0.00	93,625.00
6060130	GASEOUS FUELS	32,700.00	0.00	0.00	32,700.00
6080100	DISPOSAL - SOLIDS	51,230.00	1,050.00	0.00	52,280.00
6080110	DISP-SALTWATER & OTH	0.00	149,625.00	0.00	149,625.00
6090100	FLUIDS - WATER	48,675.00	468,441.28	0.00	517,116.28
6100100	PERMIT SURVEY&TITLE	40,000.00	0.00	0.00	40,000.00
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	12,600.00	0.00	112,600.00
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130170	COMM SVCS - WAN	4,769.00	0.00	0.00	4,769.00
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,273.00	0.00	0.00	28,273.00
6150100	CH LOG PERFRTG&WL SV	0.00	278,302.50	0.00	278,302.50
6160100	MATERIALS & SUPPLIES	545.00	0.00	0.00	545.00
6170110	SNUBBG&COIL TUBG SVC	0.00	242,809.59	0.00	242,809.59
6190100	TRCKG&HL-SOLID&FLUID	80,250.00	0.00	0.00	80,250.00
6190110	TRUCKING&HAUL OF EQP	62,400.00	15,750.00	0.00	78,150.00
6200130	CONSLT & PROJECT SVC	95,375.00	94,853.84	0.00	190,228.84
6230120	SAFETY SERVICES	44,963.00	0.00	0.00	44,963.00
6300270	SOLIDS CONTROL SRVCS	107,000.00	0.00	0.00	107,000.00
6310120	STIMULATION SERVICES	0.00	1,905,850.24	0.00	1,905,850.24
6310200	CASING & TUBULAR SVC	79,400.00	0.00	0.00	79,400.00
6310250	CEMENTING SERVICES	157,000.00	0.00	0.00	157,000.00
6310280	DAYWORK COSTS	517,400.00	0.00	0.00	517,400.00
6310300	DIRECTIONAL SERVICES	329,000.00	0.00	0.00	329,000.00
6310310	DRILL BITS	94,100.00	0.00	0.00	94,100.00
6310330	DRILL&COMP FLUID&SVC	219,000.00	2,100.00	0.00	221,100.00
6310380	OPEN HOLE EVALUATION	24,750.00	0.00	0.00	24,750.00
6310480	TSTNG-WELL, PL & OTH	0.00	79,887.24	0.00	79,887.24
6310600	MISC PUMPING SERVICE	0.00	58,302.05	0.00	58,302.05
6320100	EQPMNT SVC-SRF RNTL	59,527.00	201,379.26	0.00	260,906.26
6320110	EQUIP SVC - DOWNHOLE	180,450.00	0.00	0.00	180,450.00
6320160	WELDING SERVICES	2,000.00	0.00	0.00	2,000.00
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550110	MISCELLANEOUS SVC	33,650.00	0.00	0.00	33,650.00
6630110	CAPITAL OVERHEAD	8,175.00	0.00	0.00	8,175.00
6740340	TAXES OTHER	272.00	0.00	0.00	272.00
	Total Intangibles	2,529,529.00	3,521,451.00	0.00	6,050,980.00

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310460	WELLHEAD EQUIPMENT	65,000.00	36,750.00	0.00	101,750.00
6310530	SURFACE CASING	22,638.00	0.00	0.00	22,638.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-127219.01

Well Name: MARWARI 21-16 STATE FED COM 234H

Cost Center Number: 1093846501

Legal Description: SECTION 21-25S-32E

Revision: ☐

AFE Date: 07/24/2018

State: NM

County/Parish: LEA

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310540	INTERMEDIATE CASING	350,799.00	0.00	0.00	350,799.00
6310550	PRODUCTION CASING	393,303.01	0.00	0.00	393,303.01
6310580	CASING COMPONENTS	50,500.00	0.00	0.00	50,500.00
	Total Tangibles	932,240.01	36,750.00	0.00	968,990.01

TOTAL ESTIMATED COST	3,461,769.01	3,558,201.00	0.00	7,019,970.01
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature:

Print Name:

Title:

Date:

Email:

Note: Please include/attach well requirement data with ballot.



Authorization for Expenditure

AFE # XX-127255.01

Well Name: MARWARI 28-16 STATE FED COM 236H

Cost Center Number: 1093848401

Legal Description: SECTION 28-25S-32E

Revision: ☐

AFE Date: 07/24/2018

State: NM

County/Parish: LEA

Explanation and Justification:

DRILL AND COMPLETE

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	93,625.00	0.00	0.00	93,625.00
6060130	GASEOUS FUELS	32,700.00	0.00	0.00	32,700.00
6080100	DISPOSAL - SOLIDS	51,230.00	1,050.00	0.00	52,280.00
6080110	DISP-SALTWATER & OTH	0.00	149,625.00	0.00	149,625.00
6090100	FLUIDS - WATER	48,675.00	468,441.28	0.00	517,116.28
6100100	PERMIT SURVEY&TITLE	40,000.00	0.00	0.00	40,000.00
6100110	RIGHT OF WAY	5,000.00	0.00	0.00	5,000.00
6110130	ROAD&SITE PREP SVC	100,000.00	12,600.00	0.00	112,600.00
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130170	COMM SVCS - WAN	4,769.00	0.00	0.00	4,769.00
6130360	RTOC - ENGINEERING	0.00	10,500.00	0.00	10,500.00
6130370	RTOC - GEOSTEERING	28,273.00	0.00	0.00	28,273.00
6150100	CH LOG PERFRTG&WL SV	0.00	278,302.50	0.00	278,302.50
6160100	MATERIALS & SUPPLIES	545.00	0.00	0.00	545.00
6170110	SNUBBG&COIL TUBG SVC	0.00	242,809.59	0.00	242,809.59
6190100	TRCKG&HL-SOLID&FLUID	80,250.00	0.00	0.00	80,250.00
6190110	TRUCKING&HAUL OF EQP	62,400.00	15,750.00	0.00	78,150.00
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6310250	CEMENTING SERVICES	157,000.00	0.00	0.00	157,000.00
6310280	DAYWORK COSTS	517,400.00	0.00	0.00	517,400.00
6310300	DIRECTIONAL SERVICES	329,000.00	0.00	0.00	329,000.00
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6310330	DRILL&COMP FLUID&SVC	219,000.00	2,100.00	0.00	221,100.00
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6320110	EQUIP SVC - DOWNHOLE	180,450.00	0.00	0.00	180,450.00
6320160	WELDING SERVICES	2,000.00	0.00	0.00	2,000.00
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550110	MISCELLANEOUS SVC	33,650.00	0.00	0.00	33,650.00
6630110	CAPITAL OVERHEAD	8,175.00	0.00	0.00	8,175.00
6740340	TAXES OTHER	272.00	0.00	0.00	272.00
	Total Intangibles	2,529,529.00	3,521,451.00	0.00	6,050,980.00

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310460	WELLHEAD EQUIPMENT	65,000.00	36,750.00	0.00	101,750.00
6310530	SURFACE CASING	22,638.00	0.00	0.00	22,638.00

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Authorization for Expenditure

AFE # XX-127255.01

Well Name: MARWARI 28-16 STATE FED COM 236H

Cost Center Number: 1093848401

Legal Description: SECTION 28-25S-32E

Revision: ☐

AFE Date: 07/24/2018

State: NM

County/Parish: LEA

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310540	INTERMEDIATE CASING	350,799.00	0.00	0.00	350,799.00
6310550	PRODUCTION CASING	393,303.01	0.00	0.00	393,303.01
6310580	CASING COMPONENTS	50,500.00	0.00	0.00	50,500.00
	Total Tangibles	932,240.01	36,750.00	0.00	968,990.01

TOTAL ESTIMATED COST	3,461,769.01	3,558,201.00	0.00	7,019,970.01
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature:

Print Name:

Title:

Date:

Email:

Note: Please include/attach well requirement data with ballot.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on July 27, 2018:

Ernest L. Padilla
Padilla Law Firm PA
PO Box 2523
Santa Fe, NM 87504-2523
padillalaw@qwestoffice.com
Attorney for Pride Energy Company

Seth C. McMillan

Seth C. McMillan