BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW

500 DON GASPAR AVENUE SANTA FE, NEW MEXICO87505-2626 TELEPHONE (505) 983-8545 FACSIMILE (505) 983-8547 www.bwenergylaw.com BISMARCK

CASPER

DENVER

SALT LAKE CITY

SANTA FE

CANDACE CALLAHAN

DIRECT: (505) 983-8764

E-MAIL: CCALLAHAN@BWENERGYLAW.COM

May 10, 2018



VIA CERTIFIED MAIL-RETURN RECEIPT

To: Affected Parties and Offsetting Lessees and Operators (see Exhibit "A")

Re: New Mexico Oil Conservation Division Application for Non-Standard Spacing and Proration

Unit and Compulsory Pooling, Case No. 16163

Spud Muffin 30-31 Fed Com 621H Well; Spud Muffin 30-31 Fed Com 732H Well;

Spud Muffin 31-30 622H Well; Spud Muffin 31-30 734H Well

Dear Ladies and Gentlemen:

This letter is to advise you that Devon Energy Production Company, L.P. has filed the enclosed application for non-standard spacing and compulsory pooling with the New Mexico Oil Conservation Division. Your interests are not being pooled under this application, but as a lessee or operator in an offsetting tract or a tract affected by the non-standard spacing unit, you are entitled to notice of this application.

This application will be set for hearing before a Division Examiner at 8:15 a.m. on May 31, 2018. The hearing will be held in the Oil Conservation Division's Santa Fe Offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a part of record will preclude you from challenging the matter at a later date.

A party appearing in a Division case is required by Division Rule 19.15.4.13:B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office four days in advance of a scheduled hearing. This statement must be filed with the Division's Santa Fe office at the above address and should include: the names of the party and its attorney; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned and to the persons listed on Exhibit A.

If you have any questions about this matter, please contact Joe Hammond at (405) 552-8102 or Joe.Hammond@dvn.com.

Very truly yours,

Candace Callahan

Attorney for Devon Energy Production Company, L.P.

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

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR A NON-STANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

·

CASE NO. 16163

AMENDED APPLICATION

Devon Energy Production Company, L.P. ("Devon"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. §70-2-17, for an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 632.38 acre non-standard spacing and proration unit comprised of the W/2 of Section 30 and the W/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. In support of its application, Devon states:

- 1. Devon (OGRID 6137) is a working interest owner in the subject acreage and has the right to drill thereon.
- 2. Devon proposes to dedicate the above-referenced spacing and proration unit as the project area for four proposed initial wells:
 - a. The proposed **Spud Muffin 30-31 Fed Com 621H Well**, which will be horizontally drilled from a surface location in the SW/4SW/4 of Section 31 (Unit M, Lot 4) to a bottom hole location in the NW/4NW/4 of Section 30 (Unit D, Lot 1);
 - b. The proposed **Spud Muffin 30-31 Fed Com 732H Well**, which will be horizontally drilled from a surface location in the SW/4SW/4 of Section 31 (Unit M, Lot 4) to a bottom hole location in the NW/4NW/4 of Section 30 (Unit D, Lot 1);

- c. The proposed **Spud Muffin 31-30 622H Well**, which will be horizontally drilled from a surface location in the SE/4SW/4 of Section 31 (Unit N) to a bottom hole location in the NE/4NW/4 of Section 30 (Unit C);
- d. The proposed **Spud Muffin 31-30 734H Well**, which will be horizontally drilled from a surface location in the SE/4SW/4 of Section 31 (Unit N) to a bottom hole location in the NE/4NW/4 of Section 30 (Unit C).

These wells will be pad-drilled sequentially and batch completed. All four wells will be drilled in the upper/lower Wolfcamp.

- 3. The Division's district office has placed these wells in the Purple Sage Wolfcamp Gas Pool (Pool Code 98220), which is subject to Special Rules pursuant to Order R-14262. The Special Rules for the Purple Sage Pool require 320-acre standard spacing for all wells. Devon requests approval of a standard 315.10-acre spacing unit to be combined with a 317.28-acre standard spacing unit for the purposes of drilling four 2-mile wells. The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules.
- 4. Devon has sought and has been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
- 5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 6. As the proposed wells will be simultaneously drilled and completed, Devon requests an extension of the 120-day time period to drill and complete the wells provided by the standard pooling order.
- 7. In order to permit Devon to obtain it's just and fair share of the oil and gas underlying the subject lands, all mineral interests in this non-standard spacing unit should be pooled and Devon Energy Production Company, L.P. should be designated the operator of these proposed horizontal wells and spacing unit.

- 8. Notice of this application is being given in accordance with Division rules.

 WHEREFORE, Devon requests that this application be set for hearing before an

 Examiner of the Oil Conservation Division on May 31, 2018, and, after notice and hearing as
 required by law, the Division enter an order:
- A. Authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220) comprised of the W/2 of Section 30 and the W/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico;
- B. Creating a non-standard 632.38 acre non-standard spacing and proration unit comprised of the W/2 of Section 30 and the W/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico, for compulsory pooling;
 - C. Pooling all uncommitted interests in the non-standard spacing and proration unit;
 - D. Dedicating the initial wells to the non-standard spacing and proration unit;
- E. Providing an extension of the 120-day requirement to drill and complete the wells;
- F. Designating Devon Energy Production Company, L.P. operator of this non-standard spacing unit and the horizontal wells to be drilled thereon;
- G. Authorizing Devon to recover its costs of drilling, equipping and completing each of the four wells;

Exhibit A

Offset Operators or Working Interest Owners

SE/4 Section 24-T23S-R28E

Kaiser-Francis Oil Company 6733 South Yale Ave. Tulsa, OK. 74136

Penroc Oil Corporation 1515 Calle Sur, Suite 174 Hobbs, NM. 88240

Chevron USA Inc. 6001 Bollinger Canyon Road San Ramon, CA 94583

COG Operating LLC ONE CONCHO CENTER 600 W ILLINOIS MIDLAND, TX 79701

Featherstone Development Corporation PO Box 429 Roswell, NM 88202

MRC Permian LKE Company 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240

Hanger Family Minerals Ltd PO Box 1004 Wichita Falls, TX 76307

E/2 Section 25-T23S-R28E

Marathon Oil Permian 5555 SAN FELIPE ST. HOUSTON, TX 77056

E/2 Section 36-T23S-R28E

Kaiser-Francis Oil Company 6733 South Yale Ave. Tulsa, OK. 74136

TapRock Resources LLC 602 Park Point Drive, Suite 200 Golden CO., 80401

Energex LLC 4873 Raintree Cir. Parker, CO. 80134

Read & Stevens Inc. 400 N Pennsylvania Ave Roswell, NM 88201

NE/4 Section 1-T24S-R28E

MRC Permian Company 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240

Petroleum Growth Fund 2003 Ltd. 558 Ambler Ave Abilene, TX 79601 Five States 2004-A, Ltd 1220 One Energy Square 4925 Greenville Ave. Dallas, TX 75206

ConcoPhillips P.O Box 2197 Houston, TX 77252

Talus Inc. 616 5th Street Graham, TX 76450

BENCO Energy PO Box 29 Fort Worth, TX 76101

Read & Stevens Inc. 400 N Pennsylvania Ave Roswell, NM 88201

E/2 Section 31 and E/2 Section 30-T23S-R29E

Oxy USA, Inc. 5 Greenway Plaza, Suite 110 Houston TX 77046

Nortex Corporation 3009 Post Oak Blvd, Ste 1212 Houston, TX 77056 Attn: Robert W. Kent

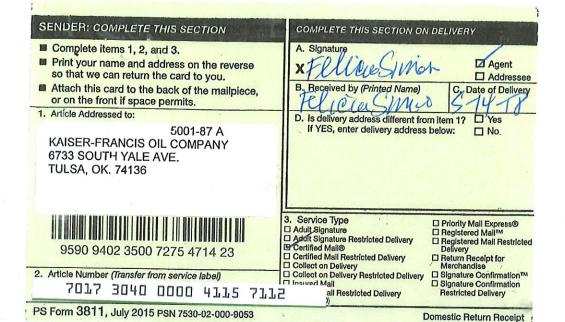
PT Resources, LP 1904 Western Midland, TX 79705 RSC Resources, LP P.O Box 8329 Horseshoe Bay, TX 78657

N/2 Section 6-T24S-R29E

Mewbourne Oil Company 500 W Texas Ave. Midland, TX 79701

Concho Oil & Gas LLC 600 W. Illinois Ave Midland, TX 79701

Occidental Permian, LP (formerly Altura Energy Ltd.)
5 Greenway Plaza, Suite 110
Houston, TX 77046





COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION A. Signature Complete items 1, 2, and 3. ☐ Agent ■ Print your name and address on the reverse ☐ Addressee so that we can return the card to you. C. Date of Delivery Received by Attach this card to the back of the mailpiece, D. Is delivery address different from item 1? or on the front if space permits. ☐ Yes 1. Article Addressed to: ☐ No If YES, enter delivery address below: 5001-87 A PENROC OIL CORPORATION 1515 CALLE SUR, SUITE 174 HOBBS, NM. 88240 □ Priority Mall Express® □ Registered Mail™ □ Registered Mail Restricted Delivery □ Return Receipt for Merchandise □ Signature Confirmation™ □ Signature Confirmation □ Restricted Delivery 3. Service Type ☐ Adult Signature ☐ Adult Signature Restricted Delivery ☐ Certified Mail® ☐ Certified Mail Restricted Delivery 9590 9402 3500 7275 4714 16 ☐ Collect on Delivery ☐ Collect on Delivery Restricted Delivery 2. Article Number (Transfer from service label) lail Restricted Delivery Restricted Delivery 7017 3040 0000 4115 7105 Domestic Return Receipt PS Form 3811, July 2015 PSN 7530-02-000-9053

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only 710 LN Certified Mail Fee 417 Extra Services & Fees (check box, add fee as appropriate Return Receipt (electronic) Postmark Certified Mail Restricted Delivery Here Adult Signature Required Adult Signature Restricted Delivery \$ 3040 Postage 5001-87 A Total Posta PENROC OIL CORPORATION 1515 CALLE SUR, SUITE 174 Sent To 707 HOBBS, NM. 88240 Street and A City, State,

SENDER: COMPLETE THIS SECTION COMPLETE THIS SECTION ON DELIVERY A. Signature ■ Complete items 1, 2, and 3. Print your name and address on the reverse ☐ Agent ☐ Addressee so that we can return the card to you. C. Date of Delivery Attach this card to the back of the mailplece, or on the front if space permits. 1. Article Addressed to: D. Is delivery address different from Item 12 \ \ \ \ \ \ Yes 5001-87 A If YES, enter delivery address below: □ No CHEVRON USA INC. 6001 BOLLINGER CANYON ROAD SAN RAMON, CA 94583 □ Priority Mail Express®
□ Registered Mail™
□ Registered Mail Restricted Delivery
□ Return Receipt for Merchandise
□ Signature Confirmation Restricted Delivery 3. Service Type 3. Service Type

Adult Signature

Adult Signature Restricted Delivery

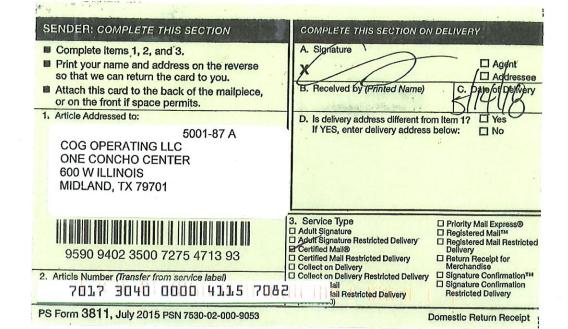
Certified Mail®

Certified Mail Restricted Delivery

Collect on Delivery

Collect on Delivery Restricted Delivery 2. Article Number (Transfer from service label) Aail Restricted Delivery 7017 3040 0000 4115 7099 PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

5	U.S. Postal Service [™] CERTIFIED MAIL [®] RECEIPT Domestic Mail Only	
7099	For delivery information, visit our website at www.usps.com*.	
	OFFICIAL USE	
5	Certified Mail Fee	
0000 4175	\$ Extra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy)	
3040	Postage \$ 5001-87 A	
m	CHEVRON USA INC.	
. ~	Sent To SAN RAMON, CA 94583	
7017	Street and	
L ~	City, State,	
	PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instruc	ctions









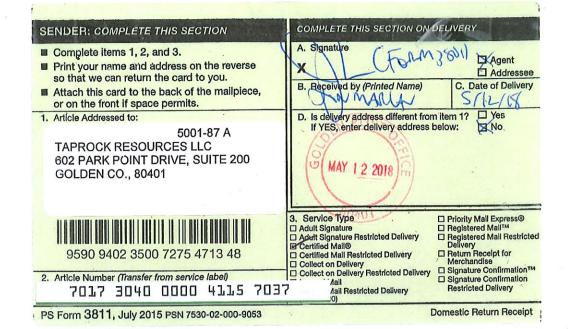
COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION ■ Complete items 1, 2, and 3. **Agent** Print your name and address on the reverse ☐ Addressee so that we can return the card to you. B, Received by (Printed Name) C. Date of Delivery Attach this card to the back of the mailpiece, or on the front if space permits. ☐ Yes D. Is delivery address different from item 1? 1. Article Addressed to: If YES, enter delivery address below: 5001-87 A MRC PERMIAN LKE COMPANY 5400 LBJ FREEWAY, SUITE 1500 DALLAS, TX. 75240 □ Priority Mall Express®
 □ Registered Mail™
 □ Registered Mail™
 □ Registered Mail Restricted Delivery
 □ Return Receipt for Merchandise
 □ Signature Confirmation™
 □ Restricted Delivery 3. Service Type ☐ Adult Signature ☐ Adult Signature Restricted Delivery
☐ Certified Mail® 9590 9402 3500 7275 4713 79 ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery 2: Article Number (Transfer from service label) fail lail Restricted Delivery 7017 3040 0000 4115 7068 Domestic Return Receipt PS Form 3811, July 2015 PSN 7630-02-000-9053

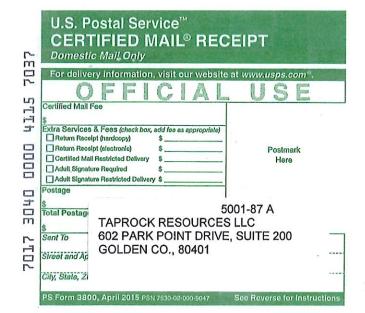
U.S. Postal Service™ CERTIFIED MAIL® RECEIPT 2068 5 Certified Mail Fee 417 Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) 0000 Return Receipt (electronic) Postmark Certified Mall Restricted Deliv Here Adult Signature Required Adult Signature Restricted Delivery \$ ostage 3040 5001-87 A Total Posta MRC PERMIAN LKE COMPANY 5400 LBJ FREEWAY, SUITE 1500 7017 Sent To DALLAS, TX. 75240 Street and City, State, PS Form 3800, April 2015 PSN 7530-02-000-9047

COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION A. Signature ■ Complete items 1, 2, and 3. ☐ Agent ■ Print your name and address on the reverse ☐ Addressee so that we can return the card to you. C. Date of Delivery Received by (Printed Name) Attach this card to the back of the mailpiece, or on the front if space permits. ☐ Yes D. Is delivery address different from Item 1? 1. Article Addressed to: If YES, enter delivery address below: 5001-87 A MARATHON OIL PERMIAN 5555 SAN FELIPE ST. HOUSTON, TX 77056 3. Service Type ☐ Priority Mail Express® ☐ Priority Mail Express®☐
☐ Registered Mail™
☐ Registered Mail Restricted
Delivary
☐ Return Receipt for
Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation
☐ Perticated Delivery ☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail®
☐ Certified Mail Restricted Delivery 9590 9402 3500 7275 4713 55 Collect on Delivery
 Collect on Delivery
 Collect on Delivery Restricted Delivery 2. Article Number (Transfer from service label) lail Restricted Delivery Restricted Delivery 7017 3040 0000 4115 7044 Domestic Return Receipt PS Form 3811, July 2015 PSN 7530-02-000-9053

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only 7041 L Certified Mail Fee 411 Extra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy) 0000 Return Receipt (electronic) Postmark Certified Mail Restricted Delivery Here Adult Signature Required Adult Signature Restricted Delivery \$ 3040 Postage 5001-87 A Total Post MARATHON OIL PERMIAN 5555 SAN FELIPE ST. 7017 Sent To HOUSTON, TX 77056 Street and City, State PS Form 3800, April 2015 PSN 7530-02-000-9047





COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION Signature Complete items 1, 2, and 3. ☐ Agent ■ Print your name and address on the reverse ☐ Addressee so that we can return the card to you. B. Received by (Printed Name) C. Date of Delivery ■ Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: ☐ Yes D. Is delivery address different from item 1? If YES, enter delivery address below: ☐ No 5001-87 A **ENERGEX LLC** 4873 RAINTREE CIR. PARKER, CO. 80134 3. Service Type ☐ Priority Mail Express® □ Adult Signature □ Adult Signature Restricted Delivery □ Certified Mail® □ Certified Mail Restricted Delivery ☐ Registered Mail Restricted ☐ Registered Mail Restricted ☐ Delivery ☐ Return Receipt for ☐ Merchandise 9590 9402 3500 7275 4713 31 ☐ Collect on Delivery ☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery 2: Article Number (Transfer from service label) 7017 3040 0000 4115 7020 all Restricted Delivery

Domestic Return Receipt

U.S. Postal Service™ **CERTIFIED MAIL® RECEIPT** Domestic Mail Only 2 www.usps.com[®]. 5 Certified Mail Fee 411 Extra Services & Fees (check box, edd fee as appropriate) Return Receipt (hardcopy) 0000 Return Receipt (electronic) Postmark Certified Mall Restricted Delivery Here Adult Signature Required Adult Signature Restricted Delivery \$ 3040 ostage 5001-87 A Total Posta **ENERGEX LLC** 4873 RAINTREE CIR. Sent To 7017 **PARKER, CO. 80134** Street and City, State, PS Form 3800, April 2015 PSN 7530-02-000-9047

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION ■ Complete items 1, 2, and 3. Print your name and address on the reverse Addressee_ so that we can return the card to you. C. Date of Delivery Received by Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: D. Is delivery address different from Item 1? ☐ Yes If YES, enter delivery address below: ☐ No 5001-87 A READ & STEVENS INC. 400 N PENNSYLVANIA AVE ROSWELL, NM 88201 ☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise Service Type ☐ Adult Signature ☐ Adult Signature Restricted Delivery ☐ Certified Mail® ☐ Certified Mail Restricted Delivery 9590 9402 3500 7275 4712 56 ☐ Collect on Delivery ☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation ☐ Signature Confirmation 2. Article Number (Transfer from service label) Mail lail Restricted Delivery Restricted Delivery 7017 3040 0000 4115 6948 PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt :

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only EO 古山 For delivery information, visit our website at www.usps.com®. __ LO Certified Mail Fee Extra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy) 0000 Return Receipt (electronic) Postmark Certified Mall Restricted Delivery Here Adult Signature Required Adult Signature Restricted Delivery \$ 마 Postage 5001-87 A BE Total Postag **READ & STEVENS INC.** 400 N PENNSYLVANIA AVE ROSWELL, NM 88201 Street and Ap City, State, Zi

U.S. Postal Service™ **CERTIFIED MAIL® RECEIPT** 7005 Domestic Mail Only 4772 Certified Mail Fee \$ Extra Services & Fees (check box, add fee as appropriate)
| Return Receipt (hardcopy) \$ |
| Return Receipt (electronic) \$ |
| Certified Mail Restricted Delivery \$ |
| Adult Signature Required \$ |
| Adult Signature Restricted Delivery \$ |
| Destance 0000 Postmark Here 3040 Postage 5001-87 A \$ Total Pos MRC PERMIAN COMPANY \$ Sent To 5400 LBJ FREEWAY, SUITE 1500 7017 DALLAS, TX. 75240 Street an City, Stat

