

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A STANDARD HORIZONTAL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 20085

AFFIDAVIT OF KATIE DEAN

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

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. I am employed as a Landman with Devon Energy Production Company, L.P. (“Devon”), and I am familiar with the subject application and the lands involved.
3. I have previously had my credentials heard by a hearing examiner and been qualified by the Oil Conservation Division (“Division”) as an expert petroleum landman.
 - a. I received a Bachelor of Business Administration with a degree in Energy Management from the University of Oklahoma in 2015 and a Master of Business Administration from Oklahoma City University in 2017.
 - b. I have been an in-house landman at Devon for 3.5 years and I have been working in New Mexico for the past 2 years.
4. This affidavit is submitted in connection with the filing by Devon of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.

5. The purpose of this application is to force pool unjoined interest owners into the standard horizontal spacing and proration unit ("HSU") described below, and into the well to be drilled in the unit.

6. No opposition is expected. The interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the well. They have, however, otherwise represented to me that they do not oppose this pooling application.

7. Devon seeks an order (1) creating a standard 320-acre, more or less, HSU comprised of the E/2 E/2 of Sections 21 and 28, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in the 3rd Bone Spring Sand underlying the HSU.

8. The proposed spacing unit will be dedicated to the Chiles 28-21 State Com 1H well ("Chiles well"), to be horizontally drilled from an approximate surface location 2310' FEL and 280' FSL of Section 28 to a bottom hole location 380' FEL and 20' FNL of Section 21. This well defines the HSU.

9. A plat outlining the unit being pooled is attached hereto as **Exhibit A**, which shows the location of the proposed Chiles well within the unit.

10. The parties being pooled, the nature of their interests, and their last known addresses are **Exhibit B** attached hereto. **Exhibit B** includes information regarding working interest owners and overriding royalty interest owners.

11. There are no depth severances in the Bone Spring formation. However, by its Application, Devon seeks to pool only the 3rd Bone Spring Sand interval of the Bone Spring formation. Devon already operates a well in the 2nd Bone Spring Sand, the Monk 21 State 4H

(API#30-025-42193). Devon's Affidavit of Sheldon Moos sets forth the reasons why there is no expected communication between the 3rd Bone Spring Sand and the 2nd Bone Spring Sand within the proposed HSU.

12. I have conducted a diligent search of the public records in Lea County, New Mexico, where the proposed HSU is located, and conducted phone directory and computer searches to located contact information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure ("AFE").

13. Devon has made a good faith effort to obtain voluntary joinder of the unjoined interests owners in the proposed wells.

14. A proposed C-102 for the Chiles well is attached as **Exhibit C**. The Chiles well will develop the 3rd Bone Spring Sand of the Bone Spring formation (BERRY; BONE SPRING, SOUTH [96660]), which is an oil and gas pool.

15. **Exhibit D** is a sample proposal letter and the AFE for the proposed Chiles well. The estimated cost of the well set forth in the AFE is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

16. Devon requests overhead and administrative rates of \$6,000/ month for drilling the well and \$600/ month for producing the well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Devon requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

17. Devon requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners.

18. Devon requests that it be designated operator of the wells.

19. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

20. The Exhibits to this Affidavit were prepared by me, or compiled from Devon's company business records.

21. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NAUGHT

Katie Dean
Katie Dean

Subscribed to and sworn before me this 13th day of November, 2018.



Rachel Gerlach
Notary Public

PLAT

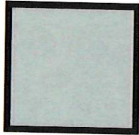
E/2 E/2 Sections 28 & 21, T-21-S, R-34-E, Lea County, New Mexico
3rd Bone Spring Formation

Chiles 28-21 State Com 1H

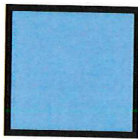
SHL: 280' FSL & 2310' FEL

BHL: 20' FNL & 380' FEL

Tract 1:
ST OF NM VB 1880
(160 acres)



Tract 2:
ST OF NM B 1581-13
(80 acres)



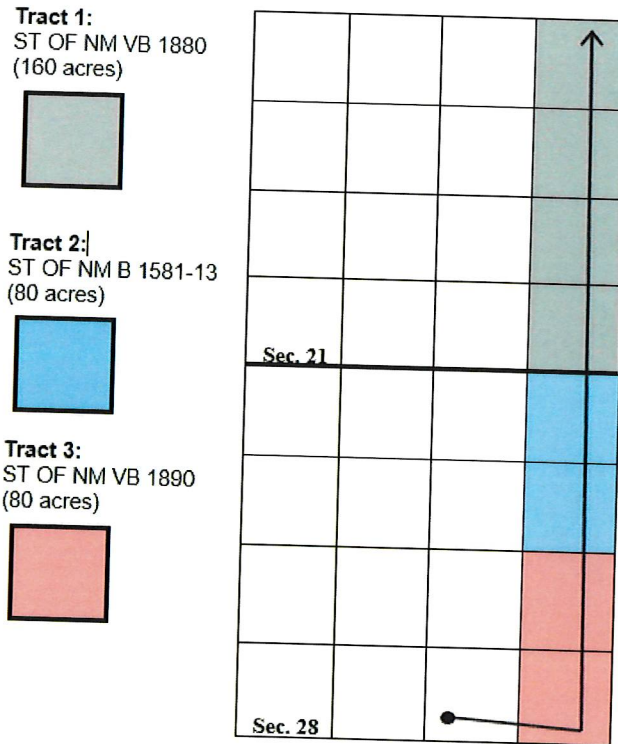
Tract 3:
ST OF NM VB 1890
(80 acres)



OWNERSHIP BREAKDOWN

E/2 E/2 Sections 28 & 21, T-21-S, R-34-E, Lea County, New Mexico

Chiles 28-21 State Com 1H



TRACT 1 OWNERSHIP (E/2 of Section 21-T21S-R34E, being 160.00 acres):

Minerals:

Owner	Interest	Net Acres	Royalty	Tract NRI
State of New Mexico	1.00	160.00	3/16	0.1875

Working Interests:

Owner	Interest	Net Acres	Unit WI	Status
Devon Energy Production Company, L.P.	1.00	160.00	0.50	Committed

TRACT 1 TOTAL 160.00 0.50

Minerals:

Owner	Interest	Net Acres	Royalty	Tract NRI
State of New Mexico	1.00	80.00	1/8	0.1250

Working Interests:

Owner	Interest	Net Acres	Unit WI	Status
ZPZ Delaware II LLC 303 Veterans Airpark Ln., Suite 1000 Midland, Texas 79705	1.00	80.00	0.25	Uncommitted

TRACT 2 TOTAL	80.00	0.25
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TRACT 3 OWNERSHIP (E/2 SE/4 of Section 28-T21S-R34E, being 80.00 acres)

Minerals:

Owner	Interest	Net Acres	Royalty	Tract NRI
State of New Mexico	1.00	80.00	3/16	0.1875

Working Interests:

Owner	Interest	Net Acres	Unit WI	Status
Devon Energy Production Company, L.P.	1.00	80.00	0.25	Committed

TRACT 3 TOTAL	80.00	0.25
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UNIT TOTALS	320.00	1.00
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ORRI Owners

None

DISTRICT I

1625 N French Dr Hobbs, NM 88240
Phone:(505)393-6161 Fax:(505)393-0720

DISTRICT II

811 S First St., Artesia, NM 88210
Phone:(505)718-1203 Fax:(505)718-0720

DISTRICT III

1000 Rio Brazos Aztec, NM 87410
Phone:(505)334-6178 Fax:(505)334-6170

DISTRICT IV

1320 S St Francis Dr., Santa Fe, NM 87505
Phone:(505)176-3160 Fax:(505)176-3162

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	96660	BERRY;BONE SPRING, SOUTH
Property Code	Property Name	Well Number
	CHILES 28-21 STATE COM	1H
OGRID No.	Operator Name	Elevation
372031	DEVON ENERGY PRODUCTION COMPANY, L.P.	3,712'

Surface Location

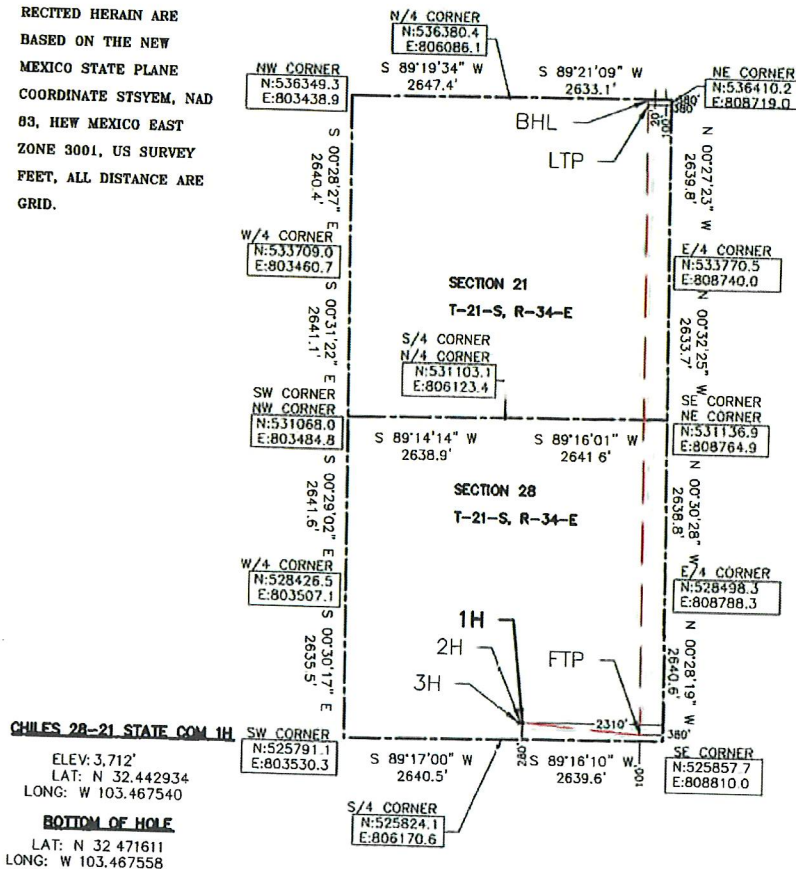
CL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	28	21 S	34 E		280'	SOUTH	2310'	EAST	LEA

Bottom Hole if Different From Surface

CL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	21	21 S	34 E		20'	NORTH	380'	EAST	LEA
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
320									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

NOTES: ALL BEARINGS
RECITED HEREIN ARE
BASED ON THE NEW
MEXICO STATE PLANE
COORDINATE SYSTEM, NAD
83, NEW MEXICO EAST
ZONE 3001, US SURVEY
FEET, ALL DISTANCE ARE
GRID.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: Rebecca Deal Date: 11/13/2018

Printed Name: Rebecca Deal, Regulatory Analyst

Email Address: rebecca.deal@dmv.com

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Date: 11/13/2018
Signature: Getsy J. Suthan
Professional Seal: 21511
Professional Surveyor

GETSY J. SUTHAN
Certificate No. 21511

HALFF ASSOCIATES 30915-W0043 SHEET 1

SCALE 1"=3000'

Intent ☒ As Drilled ☐

API #

Operator Name: DEVON ENERGY PRODUCTION COMPANY, LP.	Property Name: CHILES 28-21 STATE COM	Well Number 1H
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Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
	28	21S	34E		50	FSL	503	FEL	LEA
Latitude 32.442457					Longitude -103.467948				NAD 83

First Take Point (FTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
	28	21	34		100	SOUTH	380	EAST	LEA
Latitude 32.442934					Longitude 103.467540				NAD 83

Last Take Point (LTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
	21	21	34		100	NORTH	380	EAST	LEA
Latitude 32.471391					Longitude 103.467557				NAD 83

Is this well the defining well for the Horizontal Spacing Unit? ☒

Is this well an infill well? ☐

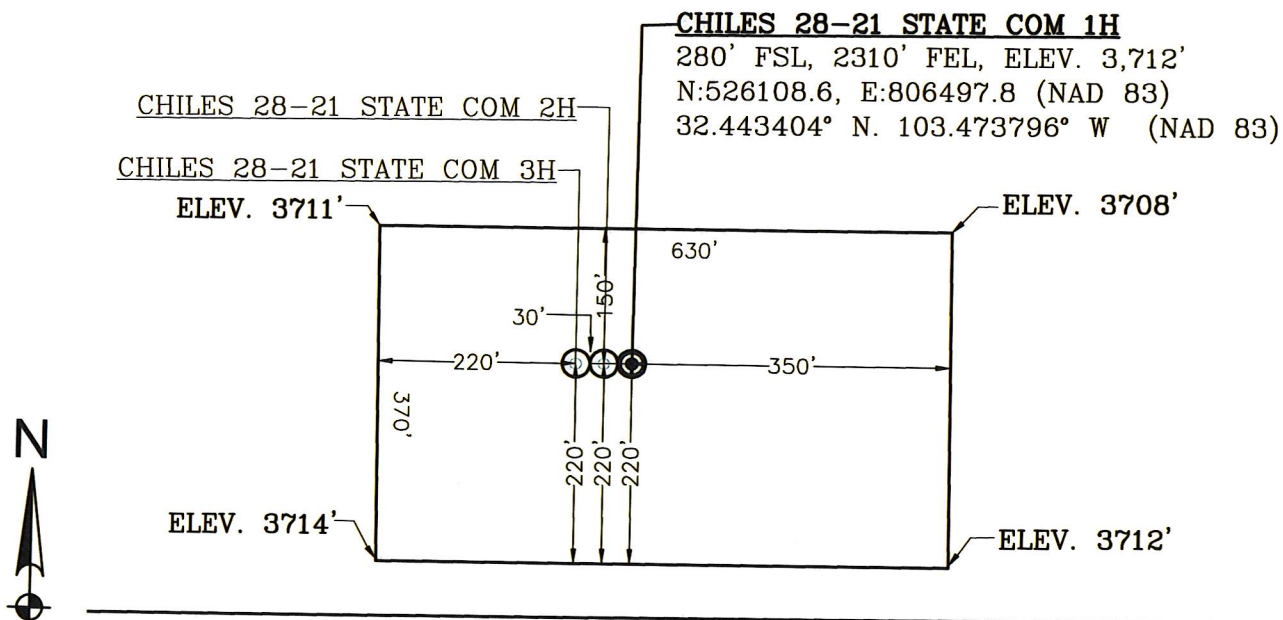
If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

SECTION 28, TOWNSHIP 21 SOUTH, RANGE 34 EAST,
N.M.P.M.,
LEA COUNTY, STATE OF NEW MEXICO
SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE
NORTH AMERICAN DATUM OF 1983 (NAD83). BASIS OF BEARING IS THE NEW
MEXICO COORDINATE SYSTEM NAD83, NEW MEXICO EAST ZONE 3001.



0 100 200 300 400
SCALE: 1"=100'

Directions to Location:

FROM THE JUNCTION OF MAIN ST. (HWY 207) AND
AVE. O (HWY 176) IN Eunice NM, TURN WEST ON
HWY 176.
CONTINUE APPROX 19.7 MILES, ON HWY 176, TO THE
JUNCTION OF THE EXISTING LEASE ROAD. TURN
SOUTH ON THE EXISTING LEASE ROAD AND CONTINUE 3.71
MILES, TO THE JUNCTION OF THE EXISTING LEASE
ROAD. TURN EAST ON THE EXISTING LEASE ROAD
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PROPOSED LEASE ROAD FOR CHILES 28-21 STATE COM
1H. TRAVEL SOUTHEAST, ON THE PROPOSED LEASE
ROAD, TO ACCESS CHILES 28-21 STATE COM 1H.

DEVON ENERGY PRODUCTION COMPANY, L.P.
CHILES 28-21 STATE COM 1H
LOCATED 280 FT. FROM THE SOUTH LINE
AND 2310 FT. FROM THE EAST LINE OF
SECTION 28, TOWNSHIP 21 SOUTH
RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO



DATED: 10/30/2018
3300 N. A STREET, BLDG. 2, STE. 120,
MIDLAND, TX 79705
PHONE: (432) 253-3255

30915-WO043 SHEET 3



Intent ☐ As Drilled ☐

API #

Operator Name: DEVON ENERGY PRODUCTION COMPANY, LP.	Property Name: CHILES 28-21 STATE COM	Well Number 1H
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Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
Latitude					Longitude				NAD

First Take Point (FTP)

UL	Section 28	Township 21	Range 34	Lot	Feet 100	From N/S SOUTH	Feet 380	From E/W EAST	County LEA
Latitude 32.442934					Longitude 103.467540				NAD 83

Last Take Point (LTP)

UL	Section 21	Township 21	Range 34	Lot	Feet 100	From N/S NORTH	Feet 380	From E/W EAST	County LEA
Latitude 32.471391					Longitude 103.467557				NAD 83

Is this well the defining well for the Horizontal Spacing Unit? ☐

Is this well an infill well? ☐

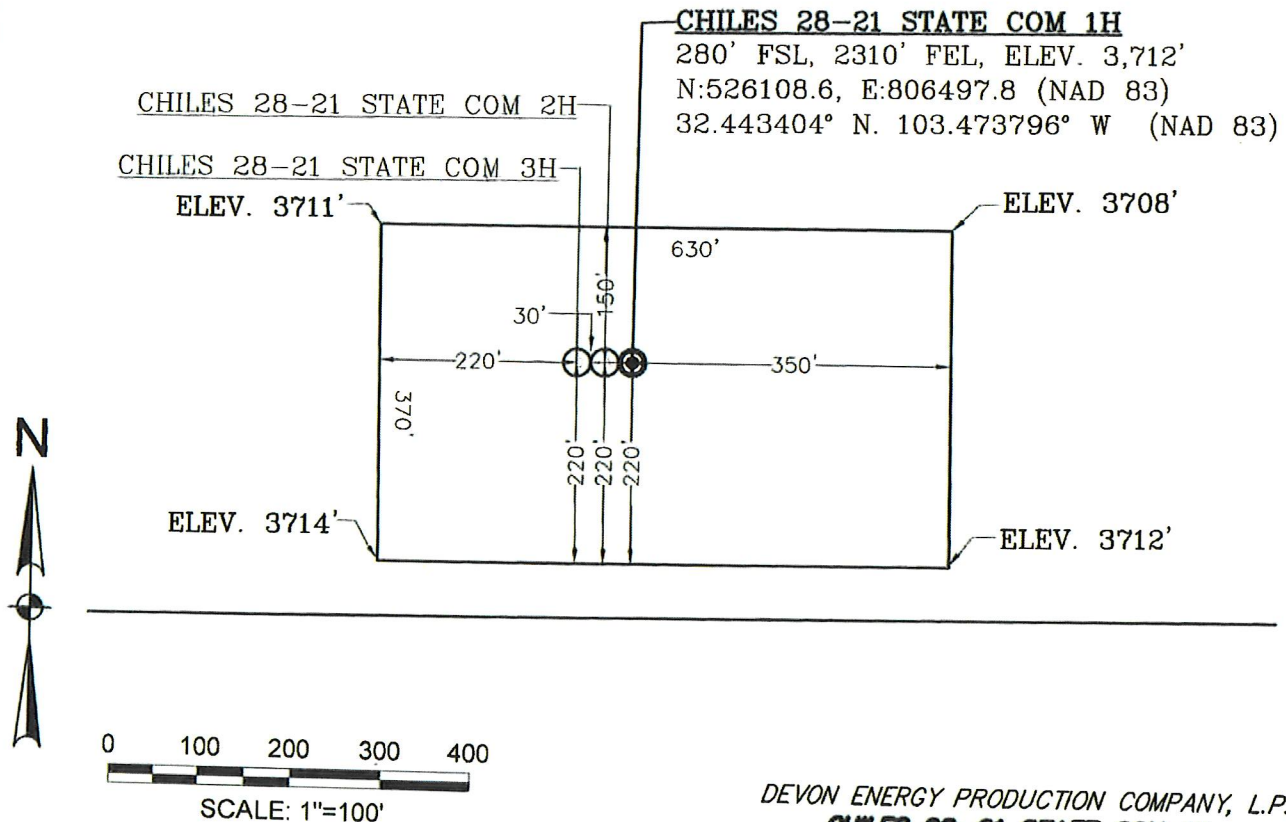
If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

SECTION 28, TOWNSHIP 21 SOUTH, RANGE 34 EAST,
N.M.P.M.,
LEA COUNTY, STATE OF NEW MEXICO
SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE
NORTH AMERICAN DATUM OF 1983 (NAD83) BASIS OF BEARING IS THE NEW
MEXICO COORDINATE SYSTEM NAD83, NEW MEXICO EAST ZONE 3001



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AND CONTINUE .18 MILES, TO THE JUNCTION OF THE
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PROPOSED LEASE ROAD FOR CHILES 28-21 STATE COM
1H. TRAVEL SOUTHEAST, ON THE PROPOSED LEASE
ROAD, TO ACCESS CHILES 28-21 STATE COM 1H.

DEVON ENERGY PRODUCTION COMPANY, L.P.

CHILES 28-21 STATE COM 1H
LOCATED 280 FT. FROM THE SOUTH LINE
AND 2310 FT. FROM THE EAST LINE OF
SECTION 28, TOWNSHIP 21 SOUTH
RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO



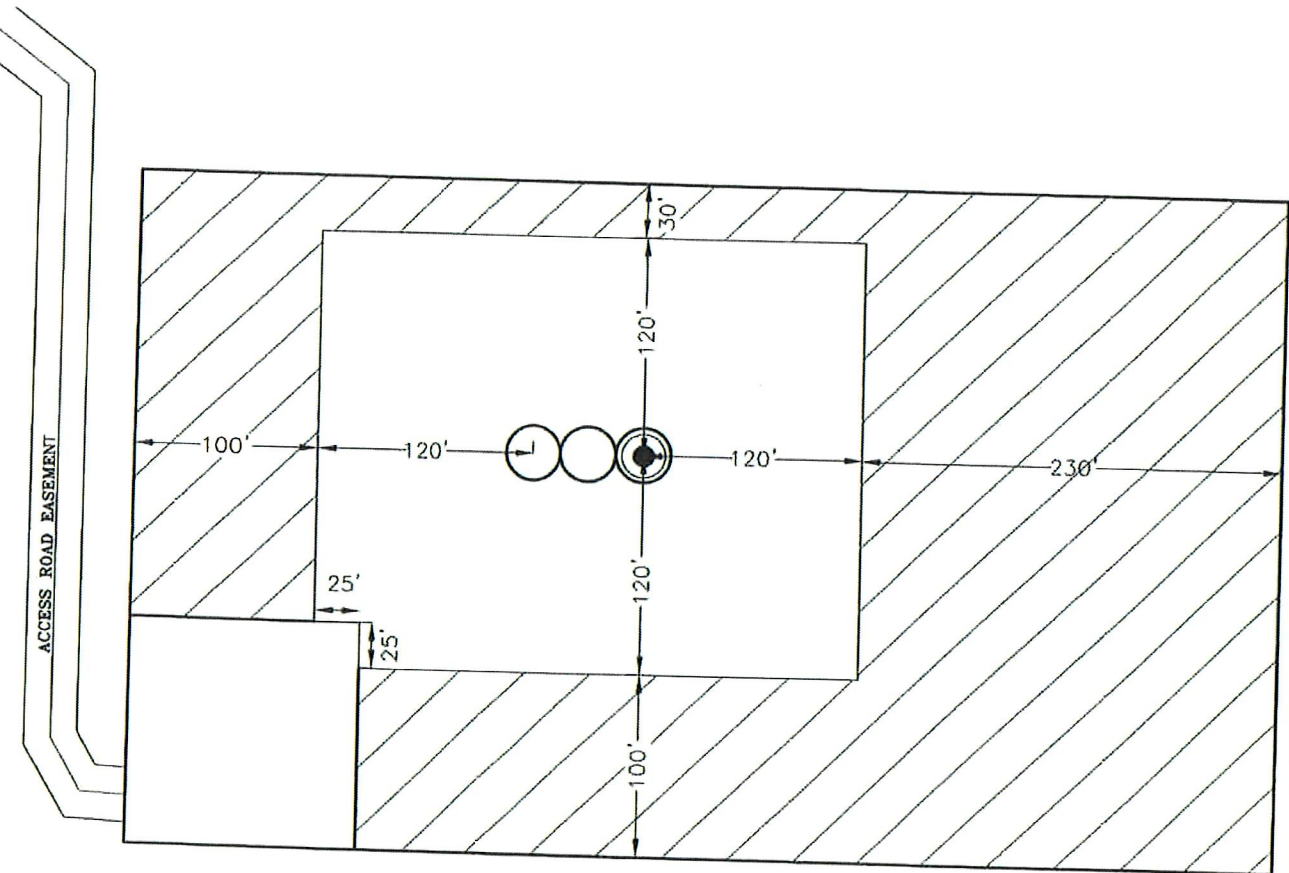
DATED: 10/30/2018
3300 N A STREET, BLDG 2, STE 120,
MIDLAND, TX 79705
PHONE: (432) 253-3255

30915-WO043 SHEET 3



SECTION 28, TOWNSHIP 21 SOUTH, RANGE 34 EAST,
N.M.P.M.,
LEA COUNTY, STATE OF NEW MEXICO
INTERIM SITE BUILD PLAN

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE
NORTH AMERICAN DATUM OF 1983 (NAD83) BASIS OF BEARING IS THE NEW
MEXICO COORDINATE SYSTEM NAD83, NEW MEXICO EAST ZONE 3001



 DENOTES INTERIM PAD RECLAMATION AREA

3.36± ACRES INTERIM PAD RECLAMATION AREA
2.00± ACRES NON-RECLAIMED AREA
5.36± ACRES GRADING SITE RECLAMATION AREA



0 100 200 300 400
SCALE: 1"=200'

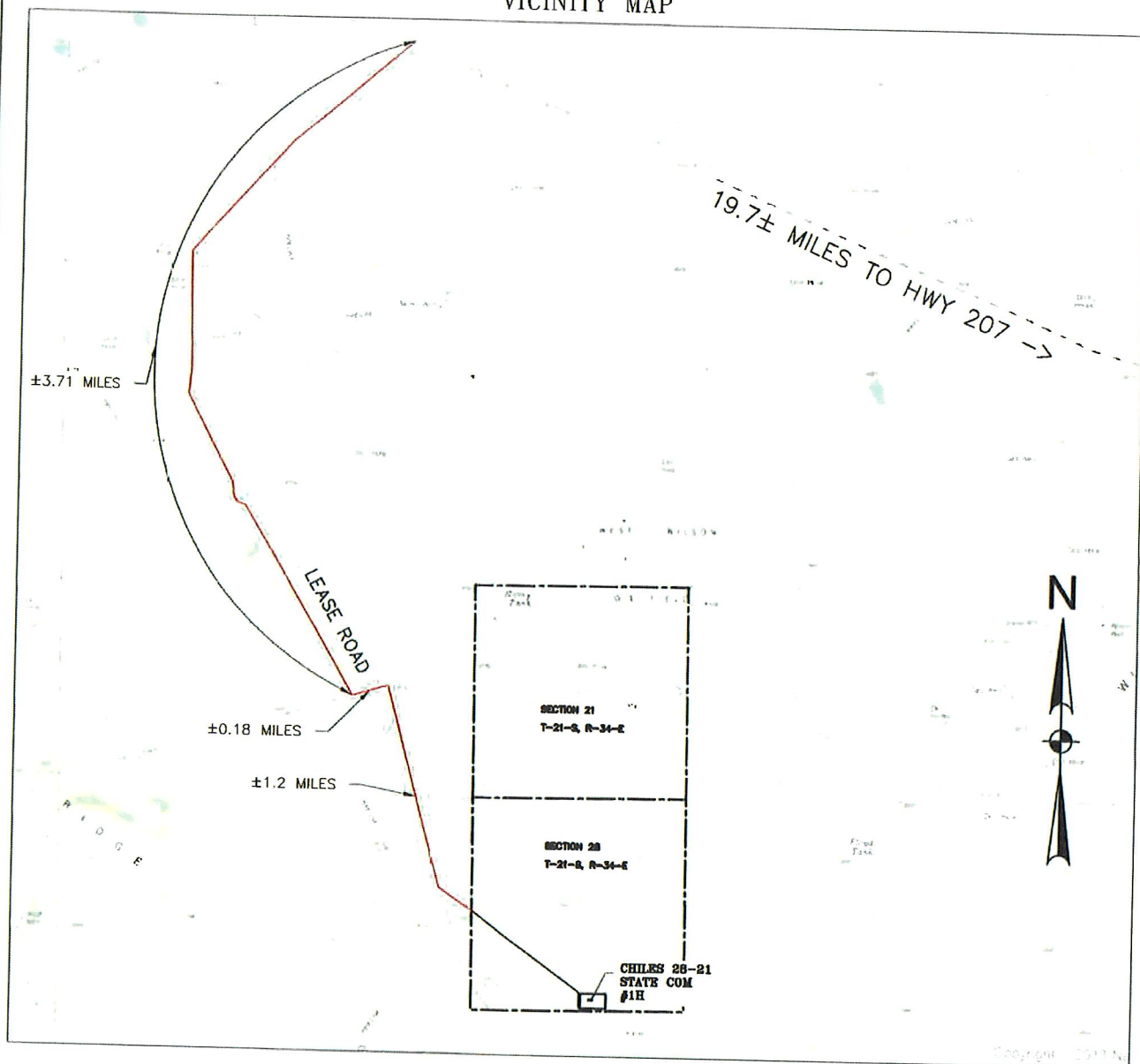
DEVON ENERGY PRODUCTION COMPANY, L.P.
CHILES 28-21 STATE COM 1H
LOCATED 280 FT. FROM THE SOUTH LINE
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SECTION 28, TOWNSHIP 21 SOUTH
RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO



DATED: 10/30/2018
3300 N A STREET, BLDG 2, STE 120,
MIDLAND, TX 79705
PHONE: (432) 253-3255
30915-WO043 SHEET 4



SECTION 28 & 21, TOWNSHIP 21 SOUTH, RANGE 34 EAST,
N.M.P.M.,
LEA COUNTY, STATE OF NEW MEXICO
VICINITY MAP



DISTANCES IN MILES

Directions to Location:

FROM THE JUNCTION OF MAIN ST. (HWY207) AND AVE. O (HWY 176) IN Eunice NM, TURN WEST ON HWY 176. CONTINUE APPROX 19.7 MILES, ON HWY 176, TO THE JUNCTION OF THE EXISTING LEASE ROAD. TURN SOUTH ON THE EXISTING LEASE ROAD AND CONTINUE 3.71 MILES, TO THE JUNCTION OF THE EXISTING LEASE ROAD. TURN EAST ON THE EXISTING LEASE ROAD AND CONTINUE .18 MILES, TO THE JUNCTION OF THE EXISTING LEASE ROAD. TURN SOUTH ON THE EXISTING LEASE ROAD AND CONTINUE 1.2 MILES, TO THE PROPOSED LEASE ROAD FOR CHILES 28-21 STATE COM 1H. TRAVEL SOUTH EAST, ON THE PROPOSED LEASE ROAD, TO ACCESS CHILES 28-21 STATE COM 1H.

1000' 2000' 4000' 5000' 6000'

SCALE: 1"=4000'

DEVON ENERGY PRODUCTION COMPANY, L.P.

CHILES 28-21 STATE COM 1H

LOCATED 280 FT. FROM THE SOUTH LINE
AND 2310 FT. FROM THE EAST LINE OF
SECTION 28, TOWNSHIP 21 SOUTH
RANGE 34 EAST, TO 20 FT. FROM THE NORTH
LINE AND 380 FT. FROM THE EAST LINE OF
SECTION 21, TOWNSHIP 21 SOUTH
RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

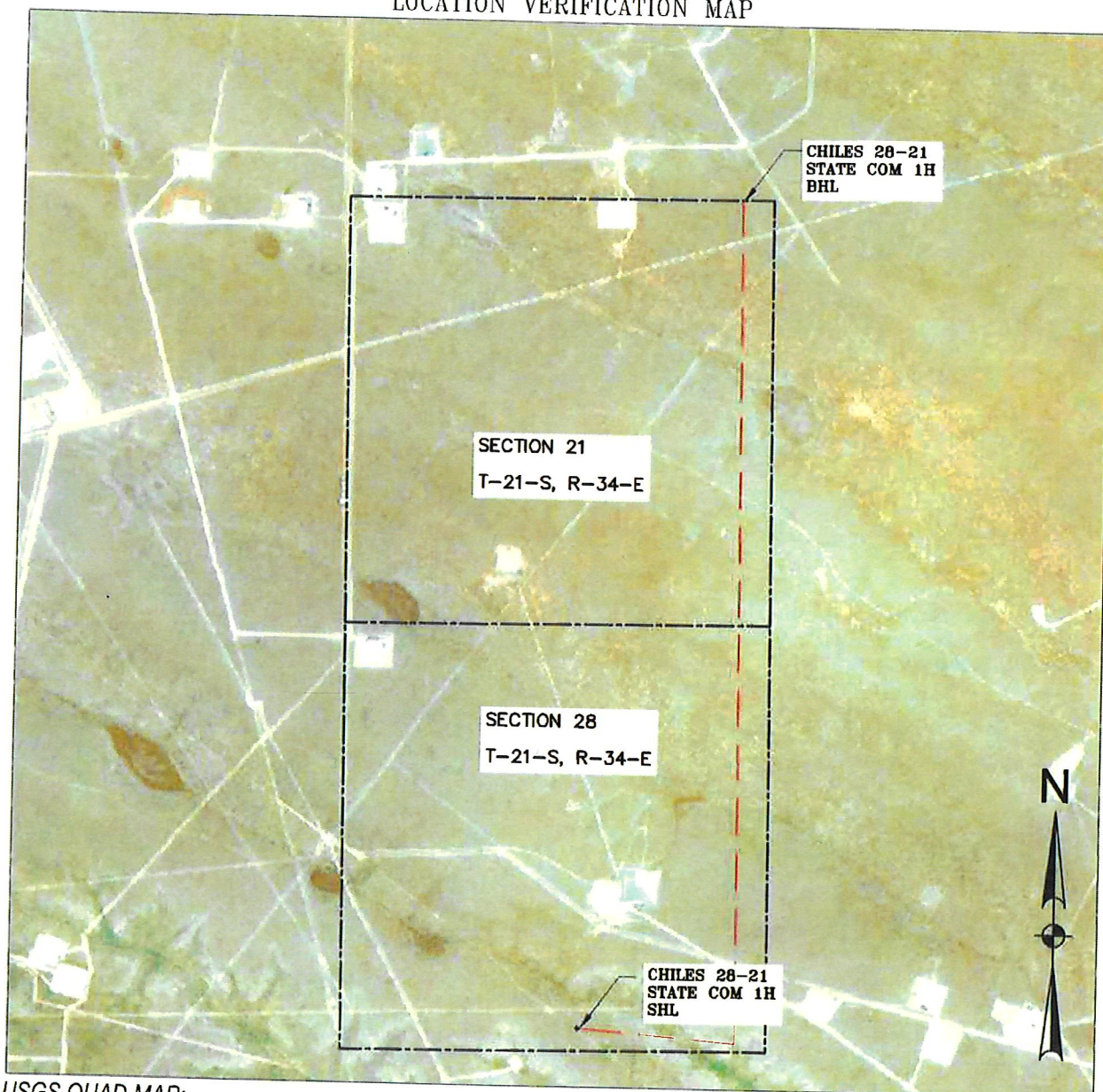


DATED: 10/30/2018
3300 N A STREET, BLDG 2, STE 120,
MIDLAND, TX 79705
PHONE: (432) 253-3255

30915-WO043 SHEET 5



SECTION 28 & 21, TOWNSHIP 21 SOUTH, RANGE 34 EAST,
N.M.P.M.,
LEA COUNTY, STATE OF NEW MEXICO
LOCATION VERIFICATION MAP



USGS QUAD MAP:

DEVON ENERGY PRODUCTION COMPANY, L.P.

CHILES 28-21 STATE COM 1H

LOCATED 280 FT. FROM THE SOUTH LINE
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SECTION 28, TOWNSHIP 21 SOUTH
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RANGE 34 EAST. N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

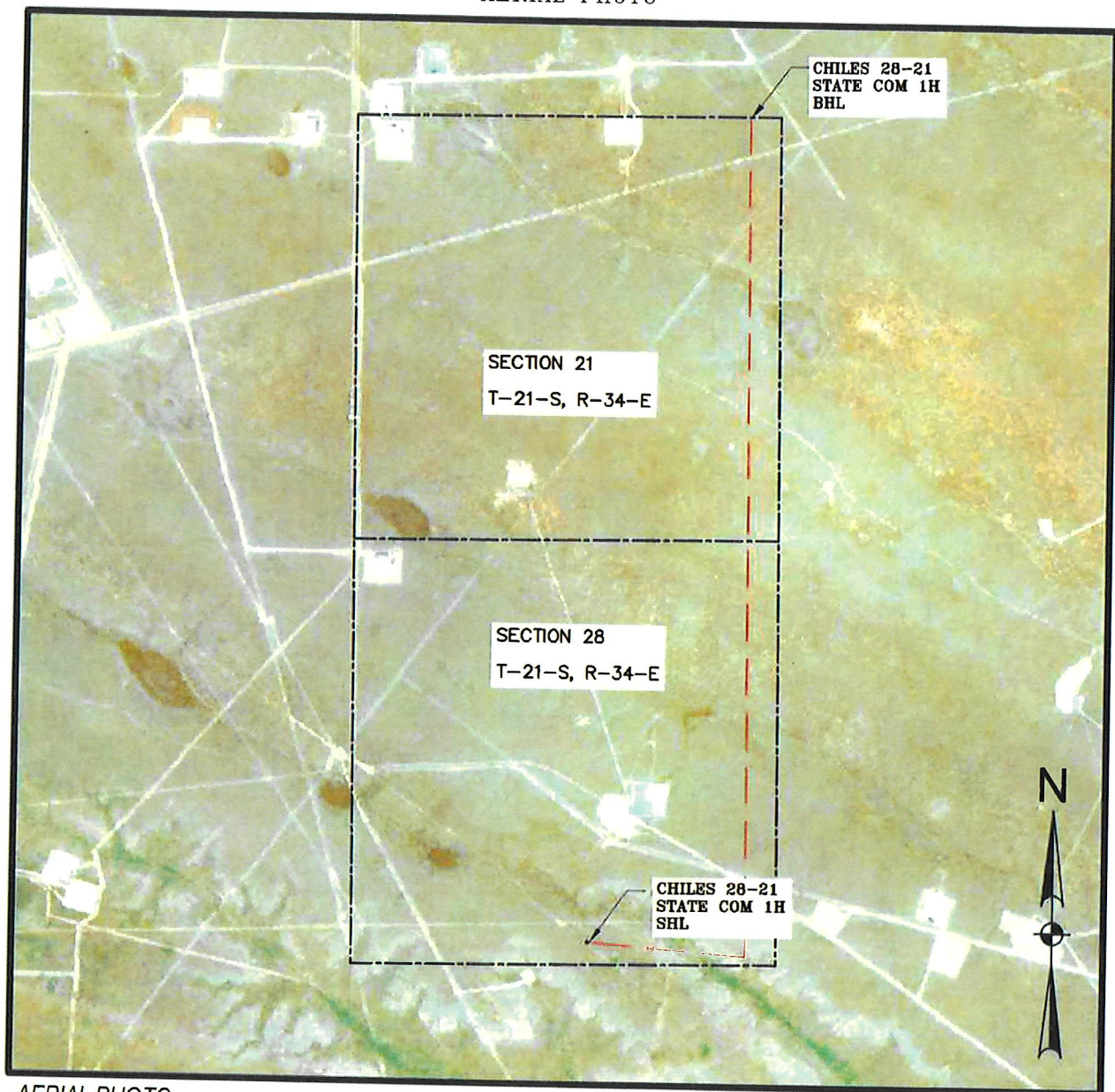
1000' 2000' 4000' 5000' 6000'
SCALE: 1"=4000'



DATED: 10/30/2018
3300 N. A STREET, BLDG 2, STE 120,
MIDLAND, TX 79705
PHONE: (432) 253-3255
30915-WO043 SHEET 6



SECTION 28 & 21, TOWNSHIP 21 SOUTH, RANGE 34 EAST,
N.M.P.M.,
LEA COUNTY, STATE OF NEW MEXICO
AERIAL PHOTO



AERIAL PHOTO:

DEVON ENERGY PRODUCTION COMPANY, L.P.
CHILES 28-21 STATE COM 1H

LOCATED 280 FT. FROM THE SOUTH LINE
AND 2310 FT. FROM THE EAST LINE OF
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RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

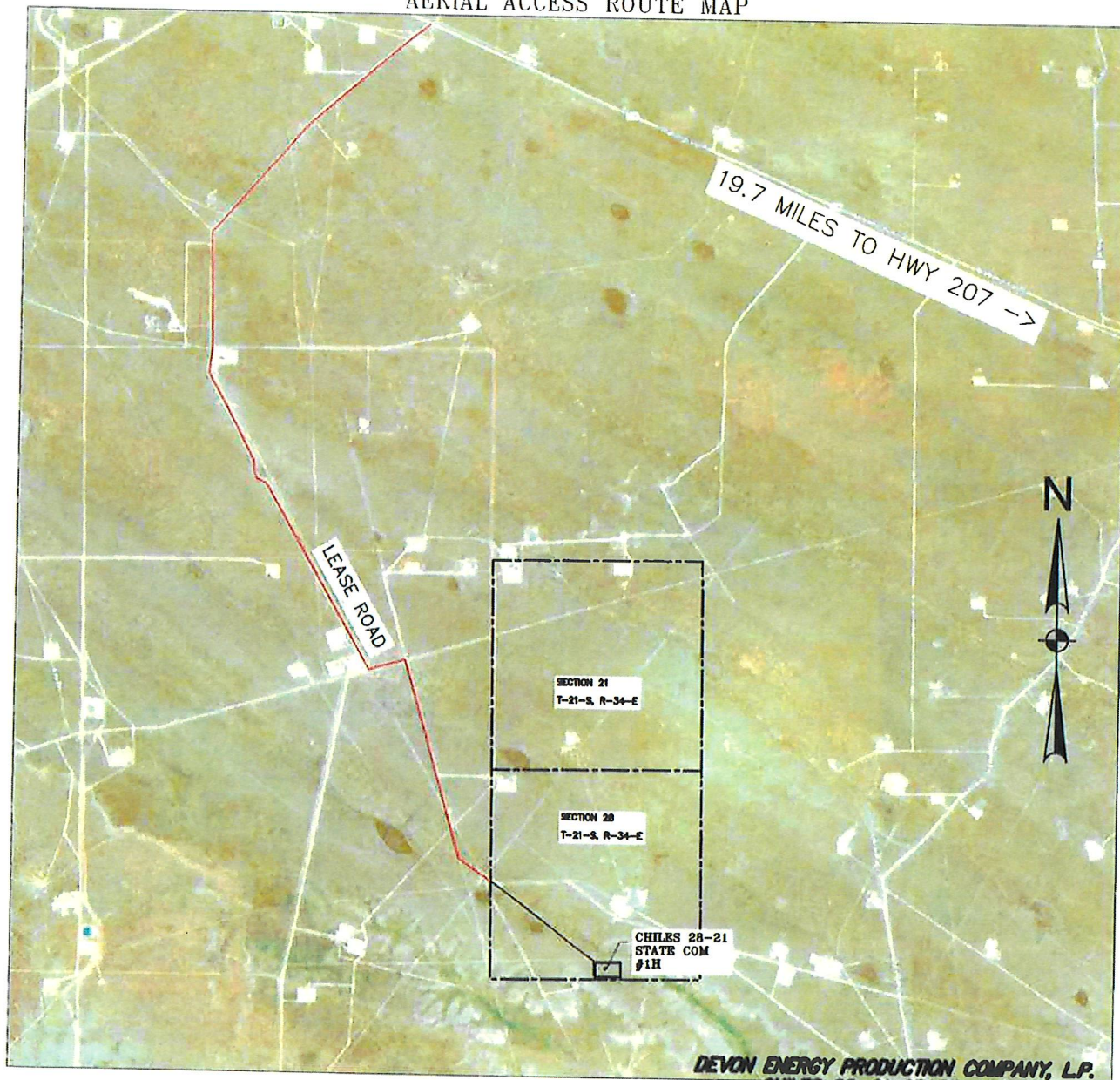
1000' 2000' 4000' 5000' 6000'
SCALE: 1"=4000'



DATED: 10/30/2018
3300 N A STREET, BLDG 2 STE 120
MIDLAND, TX 79705
PHONE: (432) 253-3255
30915-WO043 SHEET 7

devon

SECTION 28 & 21, TOWNSHIP 21 SOUTH, RANGE 34 EAST,
N.M.P.M.,
LEA COUNTY, STATE OF NEW MEXICO
AERIAL ACCESS ROUTE MAP



Directions to Location:

FROM THE JUNCTION OF MAIN ST. (HWY 207) AND AVE. O (HWY 176) IN Eunice NM, TURN WEST ON HWY 176. CONTINUE APPROX. 19.7 MILES, ON HWY 176, TO THE JUNCTION OF THE EXISTING LEASE ROAD. TURN SOUTH ON THE EXISTING LEASE ROAD. CONTINUE 3.71 MILES, TO THE JUNCTION OF THE EXISTING LEASE ROAD. TURN EAST ON THE EXISTING LEASE ROAD AND CONTINUE .18 MILES, TO THE JUNCTION OF THE EXISTING LEASE ROAD. TURN SOUTH ON THE EXISTING LEASE ROAD AND CONTINUE 1.2 MILES, TO THE PROPOSED LEASE ROAD FOR CHILES 28-21 STATE COM 1H. TRAVEL SOUTHEAST, ON THE PROPOSED LEASE ROAD, TO ACCESS CHILES 28-21 STATE COM 1H.

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DEVON ENERGY PRODUCTION COMPANY, L.P.
CHILES 28-21 STATE COM 1H

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RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO



DATED: 10/30/2018
3300 N A STREET, BLDG 2, STE 120,
MIDLAND, TX 79705
PHONE: (432) 253-3255
30915-WO043 SHEET 8



LEA COUNTY, STATE OF NEW MEXICO
PROPOSED 30' ROAD EASEMENT

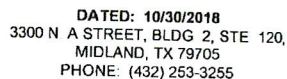
TOTAL CENTERLINE LENGTH		
LINEAR FEET	MILES	RODS
3728.09'	0.71	225.94
30' EASEMENT AREA = 2.57 FT ACRES		

30' EASEMENT AREA = 2.57 FT ACRES



THE BASIS OF BEARING IS THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE (3001), AS DERIVED BY GPS MEASUREMENTS AND ADJUSTED WITH CORS STATIONS. DISTANCES SHOWN HEREON ARE GRID, AND CAN BE CONVERTED TO SURFACE WHEN MULTIPLIED WITH A COMBINED SCALE FACTOR OF 1.000158511 AS DERIVED FROM AN OPUS SOLUTION. AREA IS IN SURFACE.

I, GETSY J. SUTHAN, NEW MEXICO PROFESSIONAL LAND SURVEYOR NO. 24511, DO HEREBY CERTIFY THAT THIS EASEMENT SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. I FURTHER CERTIFY THAT THIS SURVEY IS NOT A LAND DIVISION OR SUBDIVISION AS DEFINED IN THE NEW MEXICO SUBDIVISION ACT AND THAT THIS INSTRUMENT IS AN EASEMENT SURVEY PLAT CROSSING AN EXISTING TRACT OR TRACTS.



devon

SECTION 28 T21S-R34E N.M.P.M.,
LEA COUNTY NEW MEXICO

ACCESS ROAD PLAT

LEGAL DESCRIPTION

FOR

DEVON ENERGY PRODUCTION COMPANY, L.P.

DESCRIPTION

BEING a 2.57 acre tract of land situated in Section 28, Township 21 South, Range 34 East, New Mexico, Lea county. State of New Mexico, said easement being at all times 15.00 feet at right angles from and parallel to both sides of the following description centerline.

BEGINNING at a point within Section 28 for centerline station 0+00.00 from which a found General Land Office brass cap dated 1913 bears South 29 degrees 15 minutes 33 seconds West a distance of 99.57 feet from the south quarter corner of said Section 28 Township 21 South, Range 34 East:

THENCE over and across said Section 28 through the following courses and distances.

North 87 degrees 48 minutes 58 seconds West, a distance of 26.62 feet to a point for corner (Station 0+26.62);

North 32 degrees 03 minutes 24 seconds West, a distance of 33.35 feet to a point for corner (Station 0+59.97);

North 00 degrees 34 minutes 37 seconds West, a distance of 359.42 feet to a point for corner (Station 4+19.39);

North 53 degrees 35 minutes 07 seconds West, a distance of 3308.70 feet to the END OF LINE (Station 37+28.09); from which point a found General Land Office brass cap dated 1913 bears North 00 degrees 33 minutes 53 seconds West, a distance of 162.7 feet from east quarter corner of Section 28, Township 21 South, Range 34 East.

The total linear footage of the herein described easement centerline is 3728.09 linear feet (225.94) rods or 0.71 miles

NOTE:

THE BASIS OF BEARING IS THE NEW MEXICO COORDINATE SYSTEM OF 1983, EAST ZONE (3001), AS DERIVED BY GPS MEASUREMENTS AND ADJUSTED WITH CORS STATIONS. DISTANCES SHOWN HEREON ARE GRID, AND CAN BE CONVERTED TO SURFACE WHEN MULTIPLIED WITH A COMBINED SCALE FACTOR OF 1.000158511 AS DERIVED FROM AN OPUS SOLUTION. AREA IS IN SURFACE.

CERTIFICATION

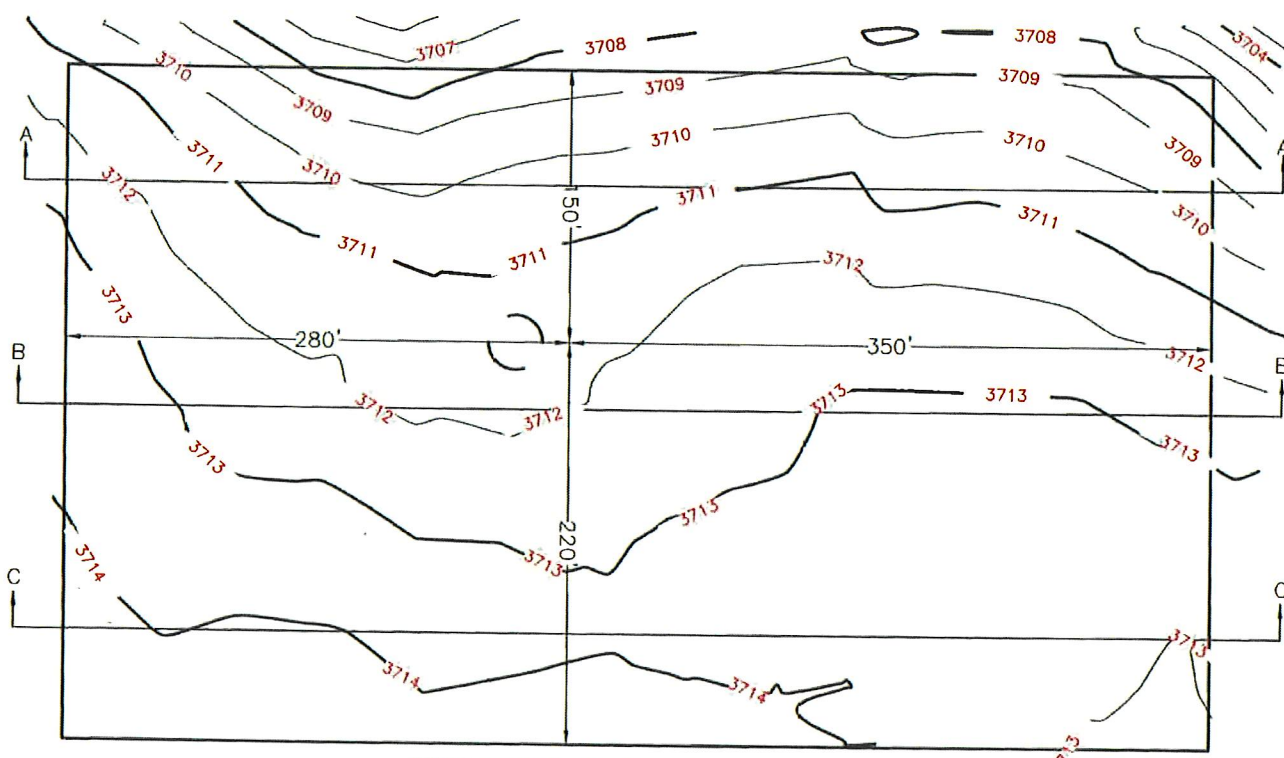
I, GETSY J. SUTHAN, NEW MEXICO PROFESSIONAL LAND SURVEYOR NO. 24511, DO HEREBY CERTIFY THAT THIS EASEMENT SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. I FURTHER CERTIFY THAT THIS SURVEY IS NOT A LAND DIVISION OR SUBDIVISION AS DEFINED IN THE NEW MEXICO SUBDIVISION ACT AND THAT THIS INSTRUMENT IS AN EASEMENT SURVEY PLAT CROSSING AN EXISTING TRACT OR TRACTS.



DATED: 10/30/2018
3300 N A STREET, BLDG 2, STE 120,
MIDLAND, TX 79705
PHONE: (432) 253-3255
30915-WO043 SHEET 10



SECTION 28 & 21, TOWNSHIP 21 SOUTH, RANGE 34 EAST,
N.M.P.M.,
LEA COUNTY, STATE OF NEW MEXICO
TOPO PLAN VIEW



DEVON ENERGY PRODUCTION COMPANY, L.P.
CHILES 28-21 STATE COM 1H
LOCATED 280 FT. FROM SOUTH LINE
AND 2310 FT FROM THE EAST LINE OF
SECTION 28, TOWNSHIP 21 SOUTH,
RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO



EARTHWORK QUANTITIES FOR
CHILES 28-21 STATE COM 1H

APPROX CUT	APPROX FILL	NET
6,591 CY	7,427 CY	-835.4 CY

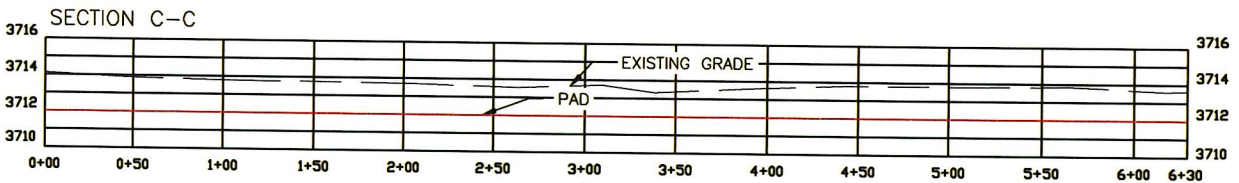
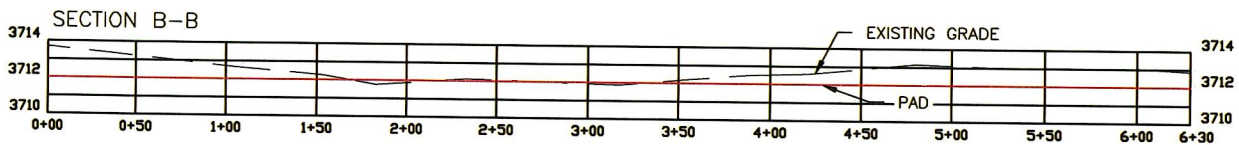
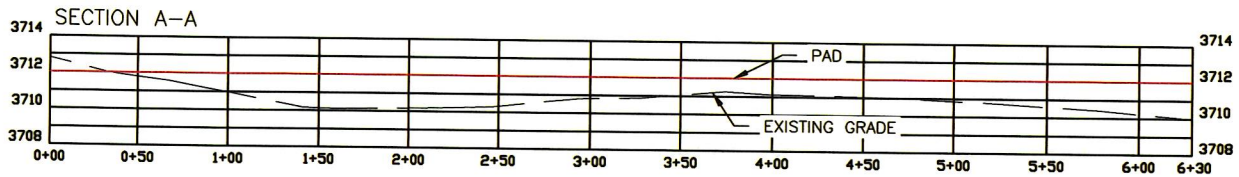
EARTHWORK ARE QUANTITIES ARE ESTIMATED



DATED: 10/30/2018
3300 N A STREET, BLDG 2, STE 120,
MIDLAND, TX 79705
PHONE: (432) 253-3255
30915-WO043 SHEET 11



SECTION 28 & 21, TOWNSHIP 21 SOUTH, RANGE 34 EAST,
N.M.P.M.,
LEA COUNTY, STATE OF NEW MEXICO
CROSS SECTIONS



DEVON ENERGY PRODUCTION COMPANY, L.P.
CHILES 28-21 STATE COM 1H
LOCATED 280 FT. FROM SOUTH LINE
AND 2310 FT FROM THE EAST LINE OF
SECTION 28, TOWNSHIP 21 SOUTH,
RANGE 34 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

EARTHWORK QUANTITIES FOR
CHILES 28-21 STATE COM 1H

APPROX CUT	APPROX FILL	NET
6,591 CY	7,427 CY	-835.4 CY

EARTHWORK ARE QUANTITIES ARE ESTIMATED



DATED: 10/30/2018
3300 N. A STREET, BLDG. 2, STE. 120,
MIDLAND, TX 79705
PHONE: (432) 253-3255
30915-WO043 SHEET 12

SCALE 1" = 50' HORIZONTAL
SCALE 1" = 5' VERTICAL





Devon Energy Production Company LP 405 228 8756 Phone
333 West Sheridan Avenue www.devonenergy.com
Oklahoma City, OK 73102

September 10, 2018

Emailed: laci.stretcher@apachecorp.com

VIA FED EX 7731 8893 3480

Apache Corporation on behalf of ZPZ Delaware 1 LLC
Attn: Laci Stretcher
303 Veterans Airpark Lane
Suite 3000
Midland, Texas 79705

RE: Well Proposal – Chiles 28-21 State Com 1H
SHL: 2310' FEL and 330 FSL – Section 28-T21S-R34E
BHL: 380' FEL and 20' FNL – Section 21-T21S-R34E
Lea County, New Mexico

Dear Ms. Stretcher:

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the Chiles 28-21 State Com 1H as a horizontal well to an approximate TVD of 11,700' and approximate TMD of 22,202' into the Bone Spring formation at a SHL of 2310' FEL and 330 FSL of Section 28-21S-34E and a BHL of 380' FEL and 20' FNL of Section 21-21S-34E, Lea County, New Mexico (the "Well"). Enclosed for your review is Devon's AFE, indicating drilling costs of \$2,623,359.30 and total completed well costs of \$6,343,464.09 (includes CTB and flowline costs).

Devon reserves the right to modify the location and drilling plans described above in order to address surface and subsurface concerns. Devon will advise of any such modifications.

Devon is proposing to drill the Well under the terms of the modified 2015 AAPL form of Operating Agreement ("JOA"). The JOA will be supplied to those parties interested in participating. The JOA will have the following general provisions:

- Devon Energy Production Company, L.P. named as Operator
- Contract area of E2 E2 of Sections 28 and 21-T21S-R34E, being 320 acres
- 100/300% Non-Consenting Penalty
- \$10,000/ \$1,000 Drilling and Production Rate

Please indicate your election to participate in the drilling and completion of the Well in the space provided below, within 30 days of receipt, by signing and returning one (1) copy of this letter and AFE, along with your well data requirements sheet. A Communization Agreement for said well will be supplied for your review and execution at a later date.

If your election is to participate, a cash call invoice will be sent following receipt of a timely election.

EXHIBIT D

Well Proposal – Chiles 28-21 State Com 1H
September 10, 2018
Page Two

If an agreement cannot be reached within 30 days of receipt of this letter, Devon will apply to the New Mexico Oil Conversation Division for compulsory pooling of your interest into a spacing unit for the Well, if uncommitted at such time.

Please do not hesitate to contact me at (405) 552-6659 or via email at katie.dean@devon.com if you have any questions concerning this proposal.

Respectfully,

Devon Energy Production Company, L.P.

Katie Dean

Katie Dean
Landman

Apache Corporation on behalf of ZPZ Delaware 1 LLC hereby elects:

_____ **To Participate** in the proposal of the referenced Well

_____ **Not To Participate** in the proposal of the referenced Well

Agreed to and Accepted this _____ day of _____, 2018.

Apache Corporation on behalf of ZPZ Delaware 1 LLC

By: _____

Title: _____



Authorization for Expenditure

AFE # XX-130782.01

Well Name: CHILES 28-21 STATE COM 1H

Cost Center Number: 1093971201

Legal Description: Sections 28 & 21-T21S-R34E

Revision: ☐

AFE Date: September 10, 2018

State: NM

County/Parish: LEA

Explanation and Justification:

Drill and complete the Chiles 28-21 State Com 1H well located at SHL 2310' FEL & 330' FSL of Section 28 and BHL 380' FEL & 20' FNL of Section 21, all in T21S-R34E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	63,145.37	0.00	0.00	63,145.37
6060130	GASEOUS FUELS	23,659.63	0.00	0.00	23,659.63
6080100	DISPOSAL - SOLIDS	96,330.68	1,040.00	0.00	97,370.68
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	45,376.44	187,918.85	0.00	233,295.29
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	10,400.00	0.00	110,400.00
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130170	COMM SVCS - WAN	4,570.50	0.00	0.00	4,570.50
6130360	RTOC - ENGINEERING	0.00	7,800.00	0.00	7,800.00
6130370	RTOC - GEOSTEERING	16,106.14	0.00	0.00	16,106.14
6150100	CH LOG PERFRTG&WL SV	0.00	201,843.20	0.00	201,843.20
6160100	MATERIALS & SUPPLIES	1,670.30	0.00	0.00	1,670.30
6170100	PULLING&SWABBING SVC	0.00	48,880.00	0.00	48,880.00
6190100	TRCKG&HL-SOLID&FLUID	46,674.43	0.00	0.00	46,674.43
6190110	TRUCKING&HAUL OF EQP	40,266.67	15,600.00	0.00	55,866.67
6200130	CONSLT & PROJECT SVC	85,509.78	70,720.00	0.00	156,229.78
6230120	SAFETY SERVICES	40,308.78	0.00	0.00	40,308.78
6300270	SOLIDS CONTROL SRVCS	47,271.52	0.00	0.00	47,271.52
6310120	STIMULATION SERVICES	0.00	1,724,319.89	0.00	1,724,319.89
6310200	CASING & TUBULAR SVC	60,033.33	0.00	0.00	60,033.33
6310250	CEMENTING SERVICES	127,555.56	0.00	0.00	127,555.56
6310280	DAYWORK COSTS	473,275.40	0.00	0.00	473,275.40
6310300	DIRECTIONAL SERVICES	164,487.28	0.00	0.00	164,487.28
6310310	DRILL BITS	91,366.67	0.00	0.00	91,366.67
6310330	DRILL&COMP FLUID&SVC	141,494.22	6,760.00	0.00	148,254.22
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	16,273.42	0.00	0.00	16,273.42
6310480	TSTNG-WELL, PL & OTH	0.00	61,659.70	0.00	61,659.70
6310600	MISC PUMPING SERVICE	0.00	42,024.95	0.00	42,024.95
6320100	EQPMNT SVC-SRF RNTL	51,115.41	180,072.20	0.00	231,187.61
6320110	EQUIP SVC - DOWNHOLE	68,341.84	21,632.00	0.00	89,973.84
6320160	WELDING SERVICES	4,077.78	0.00	0.00	4,077.78
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,357.93	0.00	0.00	7,357.93
6740340	TAXES OTHER	182.00	0.00	0.00	182.00
	Total Intangibles	2,060,901.08	2,658,670.79	0.00	4,719,571.87

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6300220	STORAGE VESSEL&TANKS	0.00	900,000.00	0.00	900,000.00
6310130	ARTIFICIAL LIFT EQP	0.00	31,200.00	0.00	31,200.00

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-130782.01

Well Name: CHILES 28-21 STATE COM 1H

Cost Center Number: 1093971201

Legal Description: Sections 28 & 21-T21S-R34E

Revision: ☐

AFE Date: September 10, 2018

State: NM

County/Parish: LEA

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
6310420	TUBING & COMPONENTS	0.00	93,834.00	0.00	93,834.00
6310460	WELLHEAD EQUIPMENT	43,011.11	36,400.00	0.00	79,411.11
6310530	SURFACE CASING	14,398.89	0.00	0.00	14,398.89
6310540	INTERMEDIATE CASING	119,845.11	0.00	0.00	119,845.11
6310550	PRODUCTION CASING	289,275.33	0.00	0.00	289,275.33
6310580	CASING COMPONENTS	45,927.78	0.00	0.00	45,927.78
	Total Tangibles	562,458.22	1,061,434.00	0.00	1,623,892.22

TOTAL ESTIMATED COST	2,623,359.30	3,720,104.79	0.00	6,343,464.09
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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.

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.