

**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. \_\_\_\_\_

**APPLICATION**

Devon Energy Production Company LP ("Devon"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) creating to the extent necessary a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 E/2 of Sections 16 and 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in the Bone Spring formation (WC-025 G-06 S253206M; BONE SPRING [96715]) underlying the HSU. In support of its application, Devon states:

1. Devon is a working interest owner in the proposed standard horizontal spacing unit and has the right to drill thereon.
2. Devon proposes to dedicate the above-referenced standard horizontal spacing and proration unit for its proposed **Marwari 28-16 State Fed Com 238H well**, to be horizontally drilled from an approximate surface location 175' FNL and 925' FEL of Section 28 to a bottom hole location 330' FNL and 660' FEL of Section 16. This well defines the HSU.
3. The completed intervals and first and last take points for the Marwari 28-16 State Fed Com 238H well are within the setbacks required by statewide pool rules.
4. Devon has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the subject HSU.

5. Approval of the standard HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Devon to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Devon should be designated the operator of the proposed HSU.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 24, 2019, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Sections 16 and 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted interests in the Bone Spring formation (WC-025 G-06 S253206M; BONE SPRING [96715]) underlying the HSU;

C. Designating the Marwari 28-16 State Fed Com 238H well as the defining well for the standard HSU;

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

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

F. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Devon in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR DEVON ENERGY PRODUCTION  
COMPANY, L.P.

PROPOSED ADVERTISEMENT

Case No. \_\_\_\_\_: **Application of Devon Energy Production Company, L.P. for a Standard Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating to the extent necessary a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 E/2 of Sections 16 and 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in the Bone Spring formation (WC-025 G-06 S253206M; BONE SPRING [96715]) underlying the HSU. Said standard 320.00 acre horizontal spacing and proration unit is to be dedicated to the applicant's **Marwari 28-16 State Fed Com 238H well**, to be horizontally drilled from an approximate surface location 175' FNL and 925' FEL of Section 28 to a bottom hole location 330' FNL and 660' FEL of Section 16. This well defines the HSU. The completed intervals and first and last take points for this well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, L.P. as operator of the well and a 200% charge for risk involved in drilling the well. Said area is located approximately 29 miles Northeast of Jal, New Mexico.