

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. _____
20156

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 a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 E/2 of Section 6 and the W/2 E/2 of Section 7, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation (BOBCAT DRAW; UPPER WOLFCAMP [98094]) underlying the standard unit. 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 **Jayhawk 7-6 Fed Fee Com 16H Well**, to be horizontally drilled from a surface location 615’ FSL and 2150’ FEL of Section 7 to a bottom hole location 20’ FNL and 2300’ FEL of Section 6. This well defines the unit.
3. Also to be drilled is the following infill well: the **Jayhawk 7-6 Fed Fee Com 8H Well**, to be horizontally drilled from a surface location 615’ FSL and 2,120’ FEL of Section 7 to a bottom hole location 20’ FNL and 1,660’ FEL of Section 6.

4. The completed intervals for the Jayhawk 7-6 Fed Fee Com 16H Well and the Jayhawk 7-6 Fed Fee Com 8H Well will remain within the 330-foot setbacks required by the Statewide rules for horizontal oil wells.

5. The first and last take points for the Jayhawk 7-6 Fed Fee Com 16H Well and the Jayhawk 7-6 Fed Fee Com 8H Well will remain within the 100-foot setbacks required by the Statewide rules for horizontal oil wells.

6. 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 horizontal spacing unit (“HSU”).

7. 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.

8. 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 10, 2019, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a 320-acre, more or less, standard horizontal spacing and proration unit in the Wolfcamp formation comprised of the W/2 E/2 of Section 6 and the W/2 E/2 of Section 7, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted interests in the standard horizontal spacing and proration unit;

- C. Designating the Jayhawk 7-6 Fed Fee Com 16H Well as the defining well for the standard HSU and allowing the drilling of the Jayhawk 7-6 Fed Fee Com 8H Well as an infill well;
- D. Designating Devon as operator of this standard HSU and the well to be drilled thereon;
- E. Authorizing Devon to recover its costs of drilling, equipping and completing the well;
- 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 well.

Respectfully submitted,

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