

**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, DOWNHOLE COMMINGLING  
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

**CASE NO. 20152**

**Devon Energy Production Company, L.P.**  
**EXHIBITS**

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**Case No. 20152**

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

APPLICATION OF DEVON ENERGY PRODUCTION  
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AND PRORATION UNIT, DOWNHOLE COMMINGLING  
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 20152

AMENDED APPLICATION<sup>1</sup>

Devon Energy Production Company LP (“Devon”), through its undersigned attorneys, hereby files this amended application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of irregular Section 18 and the E/2 of irregular Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (TRIPLE X; BONE SPRING, WEST [96674]; WC-025 G-06 S253201M; UPPER BONE SPR [97784]) underlying the unit. In support of its application, Devon states:

1. Devon is a working interest owner in the standard horizontal spacing and proration unit (“HSU”) and has the right to drill thereon.
2. Devon proposes to dedicate the HSU to its proposed **Bell Lake 19-18 State Com 7H** well, to be horizontally drilled from an approximate surface hole location 481’ FSL and 1,122’ FEL of irregular Section 19 to an approximate bottom hole location 20’ FNL and 1,284’ FEL of irregular Section 18. This well defines the HSU.

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<sup>1</sup> The original application was filed on December 6, 2018. The purpose of this amendment is to reflect the irregular section designations.

3. Also to be drilled are the following infill wells: (1) the **Bell Lake 19-18 State Com 9H** well, to be horizontally drilled from an approximate surface hole location 481' FSL and 1,092' FEL of irregular Section 19 to an approximate bottom hole location 20' FNL and 380' FEL of irregular Section 18, and; (2) the **Bell Lake 19-18 State Com 10H** well, to be horizontally drilled from an approximate surface hole location 481' FSL and 1,152' FEL of irregular Section 19 to an approximate bottom hole location 20' FNL and 2,188' FEL of irregular Section 18.

4. The completed intervals and first and last take points for all wells proposed in the unit meet the setback requirements set forth in the statewide rules for horizontal oil wells.

5. 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 HSU.

6. Approval of the 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.

7. 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 HSU.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 10, 2018, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of irregular Section 18 and the E/2 of irregular Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674]; WC-025 G-06 S253201M; UPPER BONE SPR [97784]) underlying the HSU;

C. Designating the Bell Lake 19-18 State Com 7H well as the defining well for said HSU;

D. Allowing the drilling of the Bell Lake 19-18 State Com 9H well and the Bell Lake 19-18 State Com 10H well as infill wells;

E. Designating Devon as operator of the HSU and the wells to be drilled thereon;

F. Approving downhole commingling;

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

H. 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;

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

Respectfully submitted,  
MONTGOMERY & ANDREWS, P.A.

/s/ Seth C. McMillan

Seth C. McMillan

Kaitlyn A. Luck

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873

[smcmillan@montand.com](mailto:smcmillan@montand.com)

[kluck@montand.com](mailto:kluck@montand.com)

*Attorneys for Devon Energy Production Company  
LP*



5. The purpose of this application is to force pool working interest owners into the horizontal spacing unit described below, and in the wells to be drilled in the unit by Devon.

6. Devon seeks an order pooling all mineral interests in the Bone Spring horizontal spacing and proration unit underlying the E/2 of irregular Section 18 and the E/2 of irregular Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico. The proposed spacing unit will be dedicated to the Bell Lake 19-18 State Com 7H well, as the defining well, and the Bell Lake 19-18 State Com 9H well and the Bell Lake 19-18 State Com 10H well, as the infill wells, to be horizontally drilled.

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

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

9. There are no depth severances in the Bone Spring formation in this acreage.

10. The locations and proposed depths of the wells to be drilled on the pooled units are as follows:

<b>Well Name</b>	<b>SHL (~19-T24S-R33E)</b>	<b>BHL (~18-T24S-R33E)</b>	<b>TVD</b>
Bell Lake 19-18 State Com 7H	481' FSL and 1,122' FEL	20' FNL and 1,284' FEL	9,550'
Bell Lake 19-18 State Com 9H	481' FSL and 1,092' FEL	20' FNL and 380' FEL	9,420'
Bell Lake 19-18 State Com 10H	481' FSL and 1,152' FEL	20' FNL and 2,188' FEL	9,400'

11. I have conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and conducted phone directory and computer searches to locate contact

information for parties entitled to notification, and mailed all parties well proposals, including an Authorization for Expenditure (“AFE”).

12. Devon has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.

13. The interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the wells. However, no opposition from any interest owner is expected at hearing.

14. Proposed C-102’s for the wells are attached as Exhibit C. The wells will develop the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674]; WC-025 G-06 S253201M; UPPER BONE SPR [97784]), which is an oil and gas pool.

15. Given that the subject wells will draw from the two pools named above, Devon requests approval of downhole commingling.

16. **Exhibit D** is a sample proposal letter and the AFE for the proposed wells. The estimated cost of the wells 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.

17. Devon requests overhead and administrative rates of \$8,000/month for drilling each well and \$800/month for producing wells. 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.

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

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

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

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

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

FURTHER AFFIANT SAYETH NAUGHT

  
\_\_\_\_\_  
Andy D. Bennett

Subscribed to and sworn before me this 7<sup>th</sup> day of January, 2019.

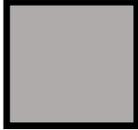


  
\_\_\_\_\_  
Notary Public

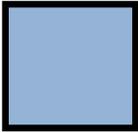
PLAT

E/2 of Sections 19 & 18, T-24-S, R-33-E, Lea County, New Mexico, Bonespring Formation

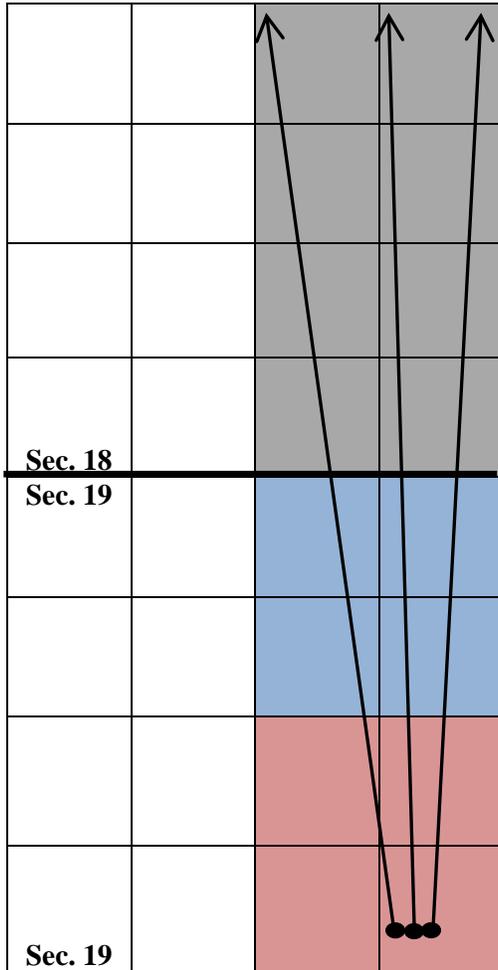
**Tract 1:**  
St of NM VO-5647  
(320 acres)



**Tract 2:**  
St of NM VO-4457  
(160 acres)



**Tract 3:**  
St of NM VO-4457  
(160 acres)



10H, 7H, 9H

**Bell Lake 19-18 State Com 7H**  
SHL: 481' FSL & 1,122' FEL  
BHL: 20' FNL & 1,284' FEL

**Bell Lake 19-18 State Com 9H**  
SHL: 481' FSL & 1,092' FEL  
BHL: 20' FNL & 380' FEL

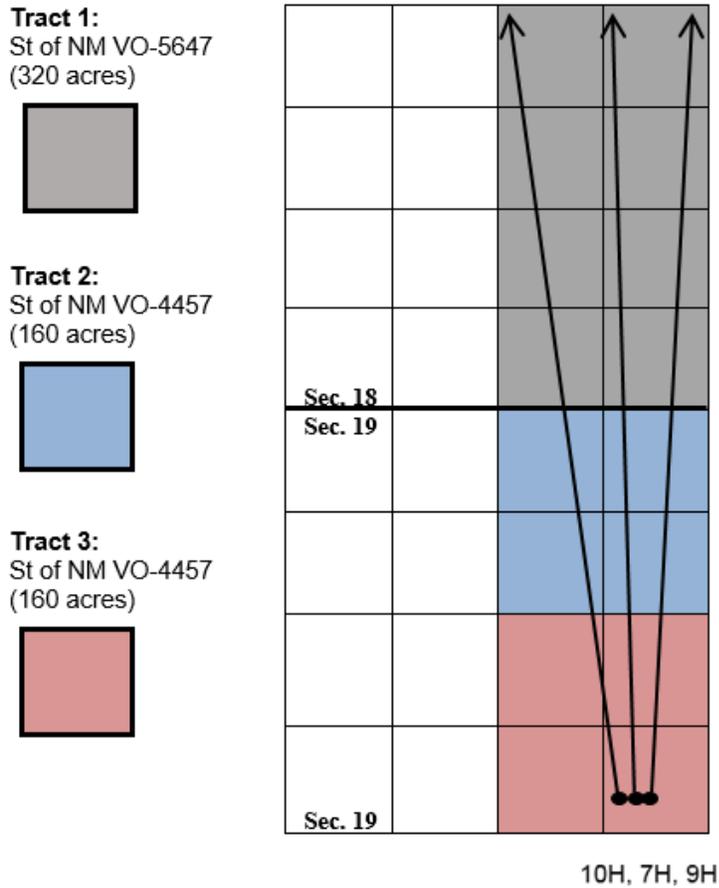
**Bell Lake 19-18 State Com 10H**  
SHL: 481' FSL & 1,152' FEL  
BHL: 20' FNL & 2,188' FEL

**EXHIBIT A**

## OWNERSHIP BREAKDOWN

E/2 of Sections 19 and 18, Township 24 South, Range 33 East of Lea County, NM

Bell Lake 19-18 State Com 7H, 9H, and 10H



**TRACT 1 OWNERSHIP (E/2 of Section 18-T24S-R33E, being 320 acres):**

Owner	Net Acres	Unit WI	Status
Devon Energy Production Company, L.P. 333 W. Sheridan Avenue Oklahoma City, OK 73102	129.12	0.20175	Committed

Chevron Midcontinent, L.P. 1400 Smith Street Houston, TX 77002	150.40	0.235	Uncommitted
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The Allar Company 735 Elm Street Houston, TX 77002	36.80	0.0575	Uncommitted
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Shepherd Royalty, LLC 5949 Sherry Lane, Suite 1175 Dallas, TX 75225	1.84	0.002875	Uncommitted
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Highland Texas Energy Company, Inc. 7557 Rambler Road, Suite 918 Dallas, TX 75231	1.84	.002875	Uncommitted
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TRACT 1 TOTAL	320.00	0.50	
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**TRACT 2 OWNERSHIP (NE/4 of Section 19-T24S-R33E being 160.00 acres)**

<b>Owner</b>	<b>Net Acres</b>	<b>Unit WI</b>	<b>Status</b>
Devon Energy Production Company, L.P.	113.60	0.1775	Committed
Monarch Resources, Inc. 306 W. 7 <sup>th</sup> Street, Suite 701 Fort Worth, TX 76102	3.2	0.005	Uncommitted

Prince Petroleum Company, Ltd. 306 W. 7 <sup>th</sup> Street, Suite 701 Fort Worth, TX 76102	3.2	.005	Uncommitted
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Durango Production Corporation P.O. Box 4848 Wichita Falls, TX 76308	40	0.25	Uncommitted
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TRACT 2 TOTAL	160.00	0.25	
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**TRACT 3 OWNERSHIP (SE/4 of Section 19-T24S-R33E being 160.00 acres)**

<b>Owner</b>	<b>Net Acres</b>	<b>Unit WI</b>	<b>Status</b>
Devon Energy Production Company, L.P.	160.00	1.00	Committed
TRACT 3 TOTAL	160.00	0.25	
<b>UNIT TOTALS</b>	<b>640.00</b>	<b>1.00</b>	

**ORRI Owners**

John Kyle Thoma, Trustee of the Cornerstone Family Trust  
PO Box 558  
Peyton, CO 80831

The Morse Family Security Trust  
410 17<sup>th</sup> Street, Suite 1150  
Denver CO 80202

Limpinbear Family Partnership, Ltd.  
410 17<sup>th</sup> Street, Suite 1150  
Denver CO 80202

The Allar Company  
PO Box 1567  
Graham, TX 76450

Devon Energy Production Company, L.P.  
333 W. Sheridan Avenue  
Oklahoma City, OK 73102

Highland Texas Energy Company  
7557 Rambler Road, Suite 918  
Dallas, TX 75231

States Royalty Limited Partnership  
PO Box 911  
Breckenridge, TX 76424





# Exhibit C

**DISTRICT I**  
1625 N. FRENCH DR., HOBBS, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

**DISTRICT II**  
611 S. FIRST ST., ARTESIA, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

**DISTRICT III**  
1000 RIO BRAZOS RD., AZTEC, NM 87410  
Phone: (505) 334-6176 Fax: (505) 334-6170

**DISTRICT IV**  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
**Energy, Minerals & 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

AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code <b>97784</b>	Pool Name <b>WC-025 G-06 S253201M; UPPER BONE SPR</b>
Property Code	Property Name <b>BELL LAKE 19-18 STATE COM</b>	Well Number <b>9H</b>
OGRID No. <b>6137</b>	Operator Name <b>DEVON ENERGY PRODUCTION COMPANY, L.P.</b>	Elevation <b>3541.1'</b>

#### Surface Location

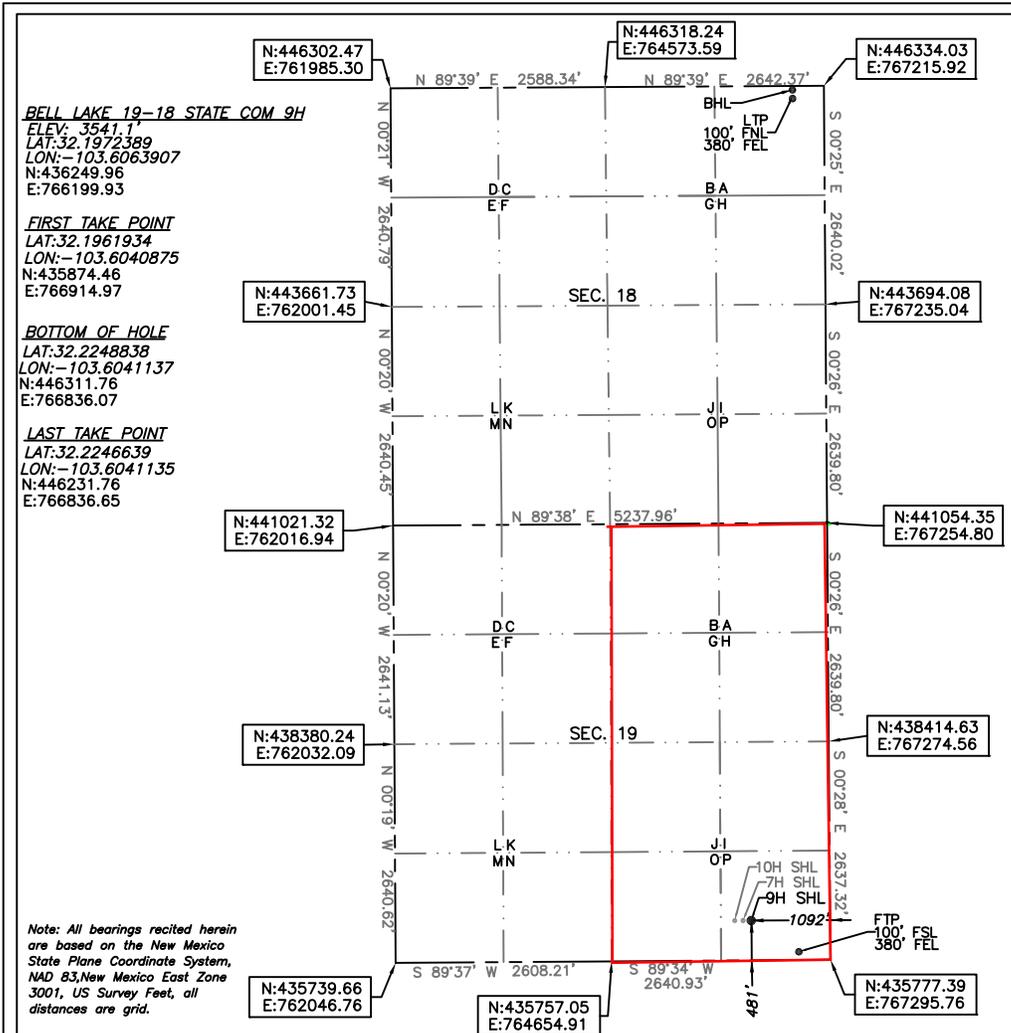
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	19	24-S	33-E		481	SOUTH	1092	EAST	LEA

#### Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	18	24-S	33-E		20	NORTH	380	EAST	LEA

Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.
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**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**



**OPERATOR CERTIFICATION**

*I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

*Rebecca Deal* 12/17/2018  
Signature Date

**Rebecca Deal, Regulatory Analyst**  
Printed Name

rebecca.deal@dvn.com  
E-mail Address

---

**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.*

11/2018  
Date of Survey

Signature & Seal of Professional Surveyor



11/29/18

Certificate No. 22404 B.L. LAMAN  
Date of Survey: 11/14/18 DRAWN BY: CM



# Exhibit C

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Property Code	Property Name <b>BELL LAKE 19-18 STATE COM</b>	Well Number <b>10H</b>
OGRID No. <b>6137</b>	Operator Name <b>DEVON ENERGY PRODUCTION COMPANY, L.P.</b>	Elevation <b>3539.9'</b>

#### Surface Location

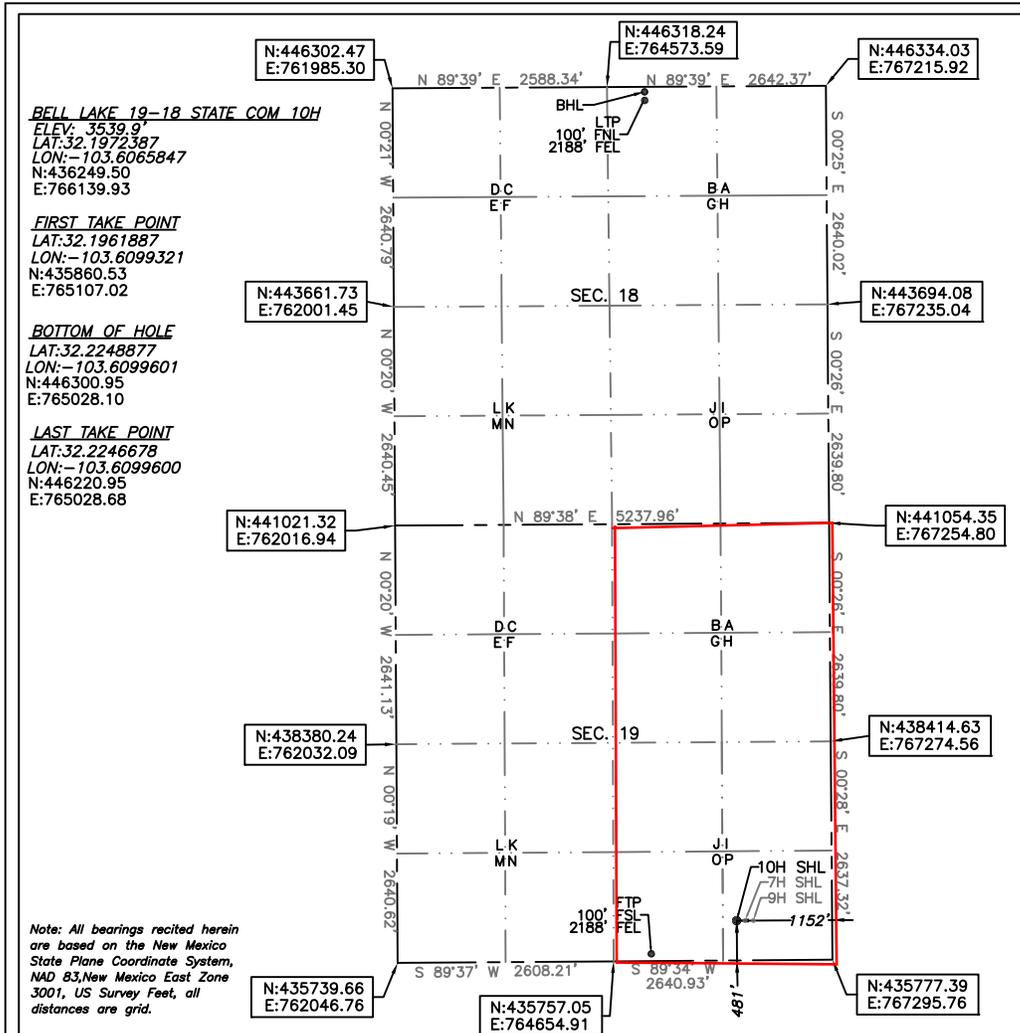
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	19	24-S	33-E		481	SOUTH	1152	EAST	LEA

#### Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	18	24-S	33-E		20	NORTH	2188	EAST	LEA

Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.
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**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**



**OPERATOR CERTIFICATION**

*I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

*Rebecca Deal* 12/17/2018  
Signature Date

Rebecca Deal, Regulatory Analyst  
Printed Name

rebecca.deal@dvn.com  
E-mail Address

---

**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.*

11/2018  
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Signature & Seal of Professional Surveyor



11/29/18

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**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code <b>96674</b>	Pool Name <b>TRIPLE X;BONE SPRING,</b>
Property Code	Property Name <b>BELL LAKE 19-18 STATE COM</b>	Well Number <b>10H</b>
OGRID No. <b>6137</b>	Operator Name <b>DEVON ENERGY PRODUCTION COMPANY, L.P.</b>	Elevation <b>3539.9'</b>

**Surface Location**

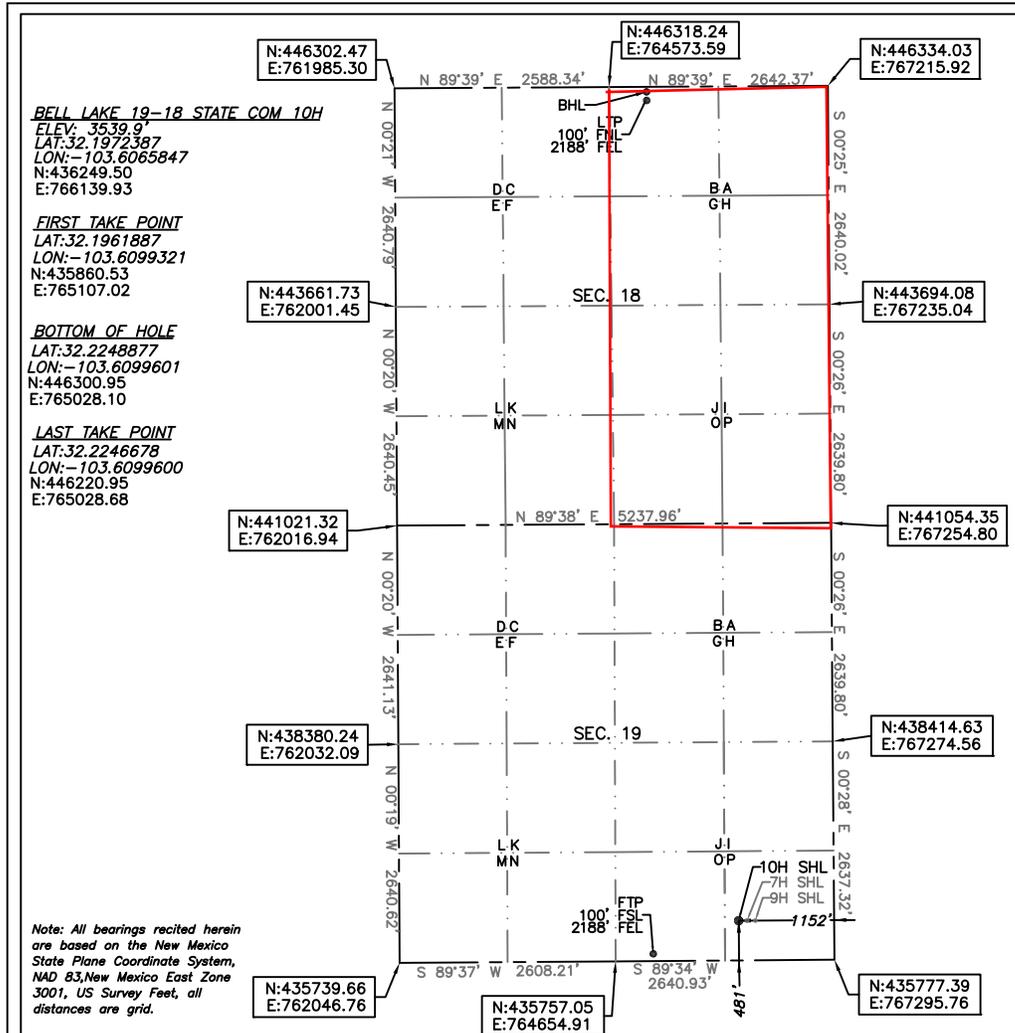
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	19	24-S	33-E		481	SOUTH	1152	EAST	LEA

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	18	24-S	33-E		20	NORTH	2188	EAST	LEA

Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.
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**OPERATOR CERTIFICATION**

*I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

*Rebecca Deal* 12/17/2018  
Signature Date

Rebecca Deal, Regulatory Analyst  
Printed Name

rebecca.deal@dvn.com  
E-mail Address

---

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*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.*

11/2018  
Date of Survey

Signature & Seal of Professional Surveyor

11/29/18

Certificate No. 22404 B.L. LAMAN  
Date of Survey: 11/14/18 DRAWN BY: CM



November 1, 2018

The Allar Company  
735 Elm Street  
Houston, TX 77002

VIA FEDEX 7736 2511 6073

RE: Well Proposal – Bell Lake 19-18 State Com 7H  
Bell Lake 19-18 State Com 9H  
Bell Lake 19-18 State Com 10H  
Bell Lake 19-18 State Com 13H  
Bell Lake 19-18 State Com 17H  
Lea County, New Mexico

Ladies and Gentlemen:

Devon Energy Production Company, L.P. (“Devon”), as Operator, proposes to drill and complete the following five (5) wells:

- Bell Lake 19-18 State Com 7H as a horizontal well to an approximate TVD of 9,550’ and approximate TMD of 19,550’ into the Bone Spring formation at an approximate SHL 481’ FSL and 1,122’ FEL of Section 19-T24S-R33E and an approximate BHL 20’ FNL and 1,284’ FEL of Section 18-24S-33E, Lea County, New Mexico (collectively with all five proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE, indicating drilling costs of \$2,369,328.40 and total completed well costs of \$7,744,165.78 (includes CTB and flowline costs).
- Bell Lake 19-18 State Com 9H as a horizontal well to an approximate TVD of 9,420’ and approximate TMD of 19,420’ into the Bone Spring formation at an approximate SHL 481’ FSL and 1,092’ FEL of Section 19-T24S-R33E and an approximate BHL 20’ FNL and 380’ FEL of Section 18-24S-33E, Lea County, New Mexico (collectively with all five proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE, indicating drilling costs of \$2,369,328.40 and total completed well costs of \$7,744,165.78 (includes CTB and flowline costs).
- Bell Lake 19-18 State Com 10H as a horizontal well to an approximate TVD of 9,400’ and approximate TMD of 19,400’ into the Bone Spring formation at an approximate SHL 481’ FSL and 1,152’ FEL of Section 19-T24S-R33E and an approximate BHL 20’ FNL and 2,188’ FEL of Section 18-24S-33E, Lea County, New Mexico (collectively with all five proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE, indicating drilling costs of \$2,369,328.40 and total completed well costs of \$7,744,165.78 (includes CTB and flowline costs).
- Bell Lake 19-18 State Com 13H as a horizontal well to an approximate TVD of 9,515’ and approximate TMD of 19,515’ into the Bone Spring formation at an approximate SHL 538’ FSL and 1,952’ FWL of Section 19-T24S-R33E and an approximate BHL 20’ FNL and 2,188’ FWL of Section 18-24S-33E, Lea County, New Mexico (collectively with all five proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE, indicating drilling costs of \$2,369,328.40 and total completed well costs of \$7,744,165.78 (includes CTB and flowline costs).

EXHIBIT D

- Bell Lake 19-18 State Com 17H as a horizontal well to an approximate TVD of 9,350' and approximate TMD of 19,350' into the Bone Spring formation at an approximate SHL 538' FSL and 1,922' FWL of Section 19-T24S-R33E and an approximate BHL 20' FNL and 1,388' FWL of Section 18-24S-33E, Lea County, New Mexico (collectively with all five proposed wells, the "Wells"). Enclosed for your review is Devon's AFE, indicating drilling costs of \$2,369,328.40 and total completed well costs of \$7,744,165.78 (includes CTB and flowline costs).

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

Devon intends to drill each of the Wells as a horizontal well with an approximate two-mile lateral that will cross three (3) tracts, i.e., the S/2 of Section 19, the N/2 of Section 19, and Section 18. Section 18-T24S-R33E is subject to an existing January 1, 2004, Operating Agreement (the "Copperhead JOA"); the N/2 of Section 19-T24S-R33E is subject to an existing December 23, 1996, Operating Agreement (the "Cobra JOA"); and the working interest in the S/2 of Section 19-T24S-R33E is owned 100% by Devon. Devon proposes to drill the Wells under the terms of a superseding agreement (an "Agreement for Operations") that will (i) be limited in scope to the two-mile horizontal wells that cross all three tracts and the Bone Spring formation, (ii) designate Devon as the operator, (iii) incorporate the basic terms of the Copperhead JOA as to those parties owning an interest in Section 18, (iv) incorporate the basic terms of the Cobra JOA as to those parties owning an interest in the N/2 of Section 19, and (v.) include standard modifications for horizontal drilling. The Agreement for Operations will act as a superseding operating agreement for the Wells, and will set forth the interests owned by each party in the Wells based on an allocation of the percentage of ownership in each of the three tracts. Under the Agreement for Operations, each party's ownership in the Wells would be based on the following example: If a party owns 50% Working Interest in the N/2 of Section 19, that party's Working Interest in the Wells would be approximately 12.5% (will be proportionately reduced to the acres in the two sections). The Agreement for Operations will be supplied to those parties interested in participating.

Please indicate your election to participate in the drilling and completion of the Wells in the spaces 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 Wells 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.

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

Please do not hesitate to contact me at (405) 552-8002 or via email at [Andy.Bennett@dvn.com](mailto:Andy.Bennett@dvn.com) if you have any questions concerning this proposal.

Very truly yours,

**Devon Energy Production Company, L.P.**



Andy Bennett  
Senior Staff Landman

The Allar Company:

\_\_\_\_\_ **To Participate** in the proposal of the Bell Lake 19-18 State Com 7H Well

\_\_\_\_\_ **Not To Participate** in the proposal of the Bell Lake 19-18 State Com 7H Well

\_\_\_\_\_ **To Participate** in the proposal of the Bell Lake 19-18 State Com 9H Well

\_\_\_\_\_ **Not To Participate** in the proposal of the Bell Lake 19-18 State Com 9H Well

\_\_\_\_\_ **To Participate** in the proposal of the Bell Lake 19-18 State Com 10H Well

\_\_\_\_\_ **Not To Participate** in the proposal of the Bell Lake 19-18 State Com 10H Well

\_\_\_\_\_ **To Participate** in the proposal of the Bell Lake 19-18 State Com 13H Well

\_\_\_\_\_ **Not To Participate** in the proposal of the Bell Lake 19-18 State Com 13H Well

\_\_\_\_\_ **To Participate** in the proposal of the Bell Lake 19-18 State Com 17H Well

\_\_\_\_\_ **Not To Participate** in the proposal of the Bell Lake 19-18 State Com 17H Well

Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

The Allar Company

By: \_\_\_\_\_

Title: \_\_\_\_\_



### Authorization for Expenditure

AFE # XX-112007.01  
 Well Name: BELL LAKE 19-18 STATE COM 7H  
 Cost Center Number: 1093120801  
 Legal Description: Sections 19 & 18-T24S-R33E  
 Revision:

AFE Date: November 1, 2018  
 State: NM  
 County/Parish: LEA

**Explanation and Justification:**

Drill and complete the Bell Lake 19-18 State Com 7H well located at SHL 481' FSL & 1122' FEL of Section 19, and BHL 20' FNL & 1284' FEL of Section 18, all in T24S-R33E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	51,067.40	0.00	0.00	51,067.40
6060130	GASEOUS FUELS	21,039.20	0.00	0.00	21,039.20
6080100	DISPOSAL - SOLIDS	86,374.60	1,040.00	0.00	87,414.60
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	34,908.00	602,512.56	0.00	637,420.56
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	80,000.00	10,400.00	0.00	90,400.00
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	4,766.20	0.00	0.00	4,766.20
6130360	RTOC - ENGINEERING	0.00	10,400.00	0.00	10,400.00
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	296,004.80	0.00	296,004.80
6160100	MATERIALS & SUPPLIES	3,329.40	0.00	0.00	3,329.40
6170100	PULLING&SWABBING SVC	0.00	69,680.00	0.00	69,680.00
6190100	TRCKG&HL-SOLID&FLUID	39,254.00	0.00	0.00	39,254.00
6190110	TRUCKING&HAUL OF EQP	47,040.00	15,600.00	0.00	62,640.00
6200130	CONSLT & PROJECT SVC	104,402.00	91,936.00	0.00	196,338.00
6230120	SAFETY SERVICES	38,572.00	0.00	0.00	38,572.00
6300270	SOLIDS CONTROL SRVCS	38,277.20	0.00	0.00	38,277.20
6310120	STIMULATION SERVICES	0.00	2,735,804.35	0.00	2,735,804.35
6310200	CASING & TUBULAR SVC	67,900.00	0.00	0.00	67,900.00
6310250	CEMENTING SERVICES	152,400.00	0.00	0.00	152,400.00
6310280	DAYWORK COSTS	387,910.20	0.00	0.00	387,910.20
6310300	DIRECTIONAL SERVICES	142,926.00	0.00	0.00	142,926.00
6310310	DRILL BITS	66,760.00	0.00	0.00	66,760.00
6310330	DRILL&COMP FLUID&SVC	80,413.40	6,760.00	0.00	87,173.40
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	13,365.80	0.00	0.00	13,365.80
6310480	TSTNG-WELL, PL & OTH	0.00	69,904.10	0.00	69,904.10
6310600	MISC PUMPING SERVICE	0.00	59,045.16	0.00	59,045.16
6320100	EQPMNT SVC-SRF RNTL	47,401.40	242,188.41	0.00	289,589.81
6320110	EQUIP SVC - DOWNHOLE	70,596.00	30,992.00	0.00	101,588.00
6320160	WELDING SERVICES	2,200.00	0.00	0.00	2,200.00
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,013.00	0.00	0.00	7,013.00
6740340	TAXES OTHER	148.00	0.00	0.00	148.00
	<b>Total Intangibles</b>	<b>1,828,513.80</b>	<b>4,320,267.38</b>	<b>0.00</b>	<b>6,148,781.18</b>

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	14,817.00	0.00	0.00	14,817.00
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-112007.01

Well Name: BELL LAKE 19-18 STATE COM 7H

AFE Date: November 1, 2018

Cost Center Number: 1093120801

State: NM

Legal Description: Sections 19 & 18-T24S-R33E

County/Parish: LEA

Revision:

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	86,970.00	0.00	86,970.00
6310460	WELLHEAD EQUIPMENT	25,100.00	36,400.00	0.00	61,500.00
6310530	SURFACE CASING	45,561.80	0.00	0.00	45,561.80
6310540	INTERMEDIATE CASING	137,211.00	0.00	0.00	137,211.00
6310550	PRODUCTION CASING	252,464.80	0.00	0.00	252,464.80
6310580	CASING COMPONENTS	45,660.00	0.00	0.00	45,660.00
6320180	EQUIPMENT OTHER	0.00	900,000.00	0.00	900,000.00
	<b>Total Tangibles</b>	<b>540,814.60</b>	<b>1,054,570.00</b>	<b>0.00</b>	<b>1,595,384.60</b>

<b>TOTAL ESTIMATED COST</b>	<b>2,369,328.40</b>	<b>5,374,837.38</b>	<b>0.00</b>	<b>7,744,165.78</b>
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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.



## Authorization for Expenditure

AFE # XX-113711.01 Well Name: BELL LAKE 19-18 STATE COM 9H Cost Center Number: 1093298401 Legal Description: Sections 19 & 18-T24S-R33E Revision: <input type="checkbox"/>	AFE Date: November 1, 2018 State: NM County/Parish: LEA
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**Explanation and Justification:**

Drill and complete the Bell Lake 19-18 State Com 9H well located at SHL 481' FSL & 1092' FEL of Section 19, and BHL 20' FNL & 380' FEL of Section 18, all in T24S-R33E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	51,067.40	0.00	0.00	51,067.40
6060130	GASEOUS FUELS	21,039.20	0.00	0.00	21,039.20
6080100	DISPOSAL - SOLIDS	86,374.60	1,040.00	0.00	87,414.60
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	34,908.00	602,512.56	0.00	637,420.56
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	80,000.00	10,400.00	0.00	90,400.00
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	4,766.20	0.00	0.00	4,766.20
6130360	RTOC - ENGINEERING	0.00	10,400.00	0.00	10,400.00
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	296,004.80	0.00	296,004.80
6160100	MATERIALS & SUPPLIES	3,329.40	0.00	0.00	3,329.40
6170100	PULLING&SWABBING SVC	0.00	69,680.00	0.00	69,680.00
6190100	TRCKG&HL-SOLID&FLUID	39,254.00	0.00	0.00	39,254.00
6190110	TRUCKING&HAUL OF EQP	47,040.00	15,600.00	0.00	62,640.00
6200130	CONSLT & PROJECT SVC	104,402.00	91,936.00	0.00	196,338.00
6230120	SAFETY SERVICES	38,572.00	0.00	0.00	38,572.00
6300270	SOLIDS CONTROL SRVCS	38,277.20	0.00	0.00	38,277.20
6310120	STIMULATION SERVICES	0.00	2,735,804.35	0.00	2,735,804.35
6310200	CASING & TUBULAR SVC	67,900.00	0.00	0.00	67,900.00
6310250	CEMENTING SERVICES	152,400.00	0.00	0.00	152,400.00
6310280	DAYWORK COSTS	387,910.20	0.00	0.00	387,910.20
6310300	DIRECTIONAL SERVICES	142,926.00	0.00	0.00	142,926.00
6310310	DRILL BITS	66,760.00	0.00	0.00	66,760.00
6310330	DRILL&COMP FLUID&SVC	80,413.40	6,760.00	0.00	87,173.40
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	13,365.80	0.00	0.00	13,365.80
6310480	TSTNG-WELL, PL & OTH	0.00	69,904.10	0.00	69,904.10
6310600	MISC PUMPING SERVICE	0.00	59,045.16	0.00	59,045.16
6320100	EQPMNT SVC-SRF RNTL	47,401.40	242,188.41	0.00	289,589.81
6320110	EQUIP SVC - DOWNHOLE	70,596.00	30,992.00	0.00	101,588.00
6320160	WELDING SERVICES	2,200.00	0.00	0.00	2,200.00
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,013.00	0.00	0.00	7,013.00
6740340	TAXES OTHER	148.00	0.00	0.00	148.00
	Total Intangibles	1,828,513.80	4,320,267.38	0.00	6,148,781.18

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	14,817.00	0.00	0.00	14,817.00
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-113711.01

Well Name: BELL LAKE 19-18 STATE COM 9H

Cost Center Number: 1093298401

Legal Description: Sections 19 & 18-T24S-R33E

Revision:

AFE Date: November 1, 2018

State: NM

County/Parish: LEA

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	86,970.00	0.00	86,970.00
6310460	WELLHEAD EQUIPMENT	25,100.00	36,400.00	0.00	61,500.00
6310530	SURFACE CASING	45,561.80	0.00	0.00	45,561.80
6310540	INTERMEDIATE CASING	137,211.00	0.00	0.00	137,211.00
6310550	PRODUCTION CASING	252,464.80	0.00	0.00	252,464.80
6310580	CASING COMPONENTS	45,660.00	0.00	0.00	45,660.00
6320180	EQUIPMENT OTHER	0.00	900,000.00	0.00	900,000.00
	<b>Total Tangibles</b>	<b>540,814.60</b>	<b>1,054,570.00</b>	<b>0.00</b>	<b>1,595,384.60</b>

<b>TOTAL ESTIMATED COST</b>	<b>2,369,328.40</b>	<b>5,374,837.38</b>	<b>0.00</b>	<b>7,744,165.78</b>
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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.



## Authorization for Expenditure

AFE # XX-114148.01

Well Name: BELL LAKE 19-18 STATE COM 10H

AFE Date: November 1, 2018

Cost Center Number: 1093308401

State: NM

Legal Description: Sections 19 & 18-T24S-R33E

County/Parish: LEA

Revision:

**Explanation and Justification:**

Drill and complete the Bell Lake 19-18 State Com 10H well located at SHL 481' FSL & 1152' FEL of Section 19, and BHL 20' FNL & 2188' FEL of Section 18 all in T24S-R33E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	51,067.40	0.00	0.00	51,067.40
6060130	GASEOUS FUELS	21,039.20	0.00	0.00	21,039.20
6080100	DISPOSAL - SOLIDS	86,374.60	1,040.00	0.00	87,414.60
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	34,908.00	602,512.56	0.00	637,420.56
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	80,000.00	10,400.00	0.00	90,400.00
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	4,766.20	0.00	0.00	4,766.20
6130360	RTOC - ENGINEERING	0.00	10,400.00	0.00	10,400.00
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRGTG&WL SV	0.00	296,004.80	0.00	296,004.80
6160100	MATERIALS & SUPPLIES	3,329.40	0.00	0.00	3,329.40
6170100	PULLING&SWABBING SVC	0.00	69,680.00	0.00	69,680.00
6190100	TRCKG&HL-SOLID&FLUID	39,254.00	0.00	0.00	39,254.00
6190110	TRUCKING&HAUL OF EQP	47,040.00	15,600.00	0.00	62,640.00
6200130	CONSLT & PROJECT SVC	104,402.00	91,936.00	0.00	196,338.00
6230120	SAFETY SERVICES	38,572.00	0.00	0.00	38,572.00
6300270	SOLIDS CONTROL SRVCS	38,277.20	0.00	0.00	38,277.20
6310120	STIMULATION SERVICES	0.00	2,735,804.35	0.00	2,735,804.35
6310200	CASING & TUBULAR SVC	67,900.00	0.00	0.00	67,900.00
6310250	CEMENTING SERVICES	152,400.00	0.00	0.00	152,400.00
6310280	DAYWORK COSTS	387,910.20	0.00	0.00	387,910.20
6310300	DIRECTIONAL SERVICES	142,926.00	0.00	0.00	142,926.00
6310310	DRILL BITS	66,760.00	0.00	0.00	66,760.00
6310330	DRILL&COMP FLUID&SVC	80,413.40	6,760.00	0.00	87,173.40
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	13,365.80	0.00	0.00	13,365.80
6310480	TSTNG-WELL, PL & OTH	0.00	69,904.10	0.00	69,904.10
6310600	MISC PUMPING SERVICE	0.00	59,045.16	0.00	59,045.16
6320100	EQPMNT SVC-SRF RNTL	47,401.40	242,188.41	0.00	289,589.81
6320110	EQUIP SVC - DOWNHOLE	70,596.00	30,992.00	0.00	101,588.00
6320160	WELDING SERVICES	2,200.00	0.00	0.00	2,200.00
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,013.00	0.00	0.00	7,013.00
6740340	TAXES OTHER	148.00	0.00	0.00	148.00
	<b>Total Intangibles</b>	<b>1,828,513.80</b>	<b>4,320,267.38</b>	<b>0.00</b>	<b>6,148,781.18</b>

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	14,817.00	0.00	0.00	14,817.00
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-114148.01

Well Name: BELL LAKE 19-18 STATE COM 10H

Cost Center Number: 1093308401

Legal Description: Sections 19 & 18-T24S-R33E

Revision:

AFE Date: November 1, 2018

State: NM

County/Parish: LEA

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	86,970.00	0.00	86,970.00
6310460	WELLHEAD EQUIPMENT	25,100.00	36,400.00	0.00	61,500.00
6310530	SURFACE CASING	45,561.80	0.00	0.00	45,561.80
6310540	INTERMEDIATE CASING	137,211.00	0.00	0.00	137,211.00
6310550	PRODUCTION CASING	252,464.80	0.00	0.00	252,464.80
6310580	CASING COMPONENTS	45,660.00	0.00	0.00	45,660.00
6320180	EQUIPMENT OTHER	0.00	900,000.00	0.00	900,000.00
	Total Tangibles	540,814.60	1,054,570.00	0.00	1,595,384.60

TOTAL ESTIMATED COST	2,369,328.40	5,374,837.38	0.00	7,744,165.78
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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.



### Authorization for Expenditure

AFE # XX-115866.01

Well Name: BELL LAKE 19-18 STATE COM 13H

AFE Date: November 1, 2018

Cost Center Number: 1093387701

State: NM

Legal Description: Sections 19 & 18-T24S-R33E

County/Parish: LEA

Revision:

**Explanation and Justification:**

Drill and complete the Bell Lake 19-18 State Com 13H well located at SHL 538' FSL & 1952' FWL of Section 19, and BHL 20' FNL & 2188' FWL of Section 18 all in T24S-R33E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	51,067.40	0.00	0.00	51,067.40
6060130	GASEOUS FUELS	21,039.20	0.00	0.00	21,039.20
6080100	DISPOSAL - SOLIDS	86,374.60	1,040.00	0.00	87,414.60
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	34,908.00	602,512.56	0.00	637,420.56
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	80,000.00	10,400.00	0.00	90,400.00
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	4,766.20	0.00	0.00	4,766.20
6130360	RTOC - ENGINEERING	0.00	10,400.00	0.00	10,400.00
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	296,004.80	0.00	296,004.80
6160100	MATERIALS & SUPPLIES	3,329.40	0.00	0.00	3,329.40
6170100	PULLING&SWABBING SVC	0.00	69,680.00	0.00	69,680.00
6190100	TRCKG&HL-SOLID&FLUID	39,254.00	0.00	0.00	39,254.00
6190110	TRUCKING&HAUL OF EQP	47,040.00	15,600.00	0.00	62,640.00
6200130	CONSLT & PROJECT SVC	104,402.00	91,936.00	0.00	196,338.00
6230120	SAFETY SERVICES	38,572.00	0.00	0.00	38,572.00
6300270	SOLIDS CONTROL SRVCS	38,277.20	0.00	0.00	38,277.20
6310120	STIMULATION SERVICES	0.00	2,735,804.35	0.00	2,735,804.35
6310200	CASING & TUBULAR SVC	67,900.00	0.00	0.00	67,900.00
6310250	CEMENTING SERVICES	152,400.00	0.00	0.00	152,400.00
6310280	DAYWORK COSTS	387,910.20	0.00	0.00	387,910.20
6310300	DIRECTIONAL SERVICES	142,926.00	0.00	0.00	142,926.00
6310310	DRILL BITS	66,760.00	0.00	0.00	66,760.00
6310330	DRILL&COMP FLUID&SVC	80,413.40	6,760.00	0.00	87,173.40
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	13,365.80	0.00	0.00	13,365.80
6310480	TSTNG-WELL, PL & OTH	0.00	69,904.10	0.00	69,904.10
6310600	MISC PUMPING SERVICE	0.00	59,045.16	0.00	59,045.16
6320100	EQPMNT SVC-SRF RNTL	47,401.40	242,188.41	0.00	289,589.81
6320110	EQUIP SVC - DOWNHOLE	70,596.00	30,992.00	0.00	101,588.00
6320160	WELDING SERVICES	2,200.00	0.00	0.00	2,200.00
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,013.00	0.00	0.00	7,013.00
6740340	TAXES OTHER	148.00	0.00	0.00	148.00
	Total Intangibles	1,828,513.80	4,320,267.38	0.00	6,148,781.18

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	14,817.00	0.00	0.00	14,817.00
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-115866.01
Well Name: BELL LAKE 19-18 STATE COM 13H
Cost Center Number: 1093387701
Legal Description: Sections 19 & 18-T24S-R33E
Revision: [ ]
AFE Date: November 1, 2018
State: NM
County/Parish: LEA

Table with 6 columns: Code, Tangible Description, Drilling Costs, Completion Costs, Dry Hole Costs, Total Costs. Rows include CASG-COND&DRIVE PIPE, TUBING & COMPONENTS, WELLHEAD EQUIPMENT, SURFACE CASING, INTERMEDIATE CASING, PRODUCTION CASING, CASING COMPONENTS, EQUIPMENT OTHER, and Total Tangibles.

Summary row: TOTAL ESTIMATED COST, 2,369,328.40, 5,374,837.38, 0.00, 7,744,165.78

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.



## Authorization for Expenditure

AFE # XX-130143.01

Well Name: BELL LAKE 19-18 STATE COM 17H

AFE Date: November 1, 2018

Cost Center Number: 1093579801

State: NM

Legal Description: Sections 19 & 18-T24S-R33E

County/Parish: LEA

Revision:

**Explanation and Justification:**

Drill and complete the Bell Lake 19-18 State Com 17H well located at SHL 538' FSL & 1922' FWL of Section 19, and BHL 20' FNL & 1388' FWL of Section 18, all in T24S-R33E, Lea County, New Mexico.

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	OYED LIQUID FUELS	51,067.40	0.00	0.00	51,067.40
6060130	GASEOUS FUELS	21,039.20	0.00	0.00	21,039.20
6080100	DISPOSAL - SOLIDS	86,374.60	1,040.00	0.00	87,414.60
6080110	DISP-SALTWATER & OTH	0.00	78,000.00	0.00	78,000.00
6090100	FLUIDS - WATER	34,908.00	602,512.56	0.00	637,420.56
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	80,000.00	10,400.00	0.00	90,400.00
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	4,766.20	0.00	0.00	4,766.20
6130360	RTOC - ENGINEERING	0.00	10,400.00	0.00	10,400.00
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	296,004.80	0.00	296,004.80
6160100	MATERIALS & SUPPLIES	3,329.40	0.00	0.00	3,329.40
6170100	PULLING&SWABBING SVC	0.00	69,680.00	0.00	69,680.00
6190100	TRCKG&HL-SOLID&FLUID	39,254.00	0.00	0.00	39,254.00
6190110	TRUCKING&HAUL OF EQP	47,040.00	15,600.00	0.00	62,640.00
6200130	CONSLT & PROJECT SVC	104,402.00	91,936.00	0.00	196,338.00
6230120	SAFETY SERVICES	38,572.00	0.00	0.00	38,572.00
6300270	SOLIDS CONTROL SRVCS	38,277.20	0.00	0.00	38,277.20
6310120	STIMULATION SERVICES	0.00	2,735,804.35	0.00	2,735,804.35
6310200	CASING & TUBULAR SVC	67,900.00	0.00	0.00	67,900.00
6310250	CEMENTING SERVICES	152,400.00	0.00	0.00	152,400.00
6310280	DAYWORK COSTS	387,910.20	0.00	0.00	387,910.20
6310300	DIRECTIONAL SERVICES	142,926.00	0.00	0.00	142,926.00
6310310	DRILL BITS	66,760.00	0.00	0.00	66,760.00
6310330	DRILL&COMP FLUID&SVC	80,413.40	6,760.00	0.00	87,173.40
6310370	MOB & DEMOBILIZATION	150,000.00	0.00	0.00	150,000.00
6310380	OPEN HOLE EVALUATION	13,365.80	0.00	0.00	13,365.80
6310480	TSTNG-WELL, PL & OTH	0.00	69,904.10	0.00	69,904.10
6310600	MISC PUMPING SERVICE	0.00	59,045.16	0.00	59,045.16
6320100	EQPMNT SVC-SRF RNTL	47,401.40	242,188.41	0.00	289,589.81
6320110	EQUIP SVC - DOWNHOLE	70,596.00	30,992.00	0.00	101,588.00
6320160	WELDING SERVICES	2,200.00	0.00	0.00	2,200.00
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6630110	CAPITAL OVERHEAD	7,013.00	0.00	0.00	7,013.00
6740340	TAXES OTHER	148.00	0.00	0.00	148.00
	<b>Total Intangibles</b>	<b>1,828,513.80</b>	<b>4,320,267.38</b>	<b>0.00</b>	<b>6,148,781.18</b>

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	14,817.00	0.00	0.00	14,817.00
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-130143.01

Well Name: BELL LAKE 19-18 STATE COM 17H

AFE Date: November 1, 2018

Cost Center Number: 1093579801

State: NM

Legal Description: Sections 19 & 18-T24S-R33E

County/Parish: LEA

Revision:

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	86,970.00	0.00	86,970.00
6310460	WELLHEAD EQUIPMENT	25,100.00	36,400.00	0.00	61,500.00
6310530	SURFACE CASING	45,561.80	0.00	0.00	45,561.80
6310540	INTERMEDIATE CASING	137,211.00	0.00	0.00	137,211.00
6310550	PRODUCTION CASING	252,464.80	0.00	0.00	252,464.80
6310580	CASING COMPONENTS	45,660.00	0.00	0.00	45,660.00
6320180	EQUIPMENT OTHER	0.00	900,000.00	0.00	900,000.00
	<b>Total Tangibles</b>	<b>540,814.60</b>	<b>1,054,570.00</b>	<b>0.00</b>	<b>1,595,384.60</b>

<b>TOTAL ESTIMATED COST</b>	<b>2,369,328.40</b>	<b>5,374,837.38</b>	<b>0.00</b>	<b>7,744,165.78</b>
-----------------------------	---------------------	---------------------	-------------	---------------------

#### 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.

Line	Mail Class	Tracking No	To Name	Delivery Address	City	State	Zip	Mail Date	Signature Date
1	Federal Express	7736 5732 4360	Shepherd Royalty, LLC	5949 Sherry Lane, Suite 1175	Dallas	TX	75225	11/6/2018	Delivered 11/7/2018
2	Federal Express	7736 2555 3436	Shepherd Royalty, LLC	8214 Westchester Drive, Suite 740	Dallas	TX	75225	11/1/2018	Delivered 11/5/2018
3	Federal Express	7736 2517 5234	Chevron Midcontinent, LP	1400 Smith Street	Houston	TX	77002	11/1/2018	Delivered 11/2/2018
4	Federal Express	7736 2511 6073	The Allar Company	735 Elm Street	Houston	TX	77002	11/1/2018	Delivered 11/2/2018
5	USPS Certified	9414 8149 0152 7181 6272 15	Durango Production Corporation	P. O. Box 4848	Wichita Falls	TX	76308	11/1/2018	Delivered 11/6/2018
7	Federal Express	7736 2548 0492	Prince Petroleum Company, Ltd.	306 West 7th Street, Suite 701	Fort Worth	TX	76102	11/1/2018	Delivered 11/2/2018
8	Federal Express	7736 2500 8337	OXY USA, Inc.	5 Greenway Plaza, Suite 110	Houston	TX	77046	11/1/2018	Delivered 11/2/2018
9	Federal Express	7736 2543 3166	Monarch Resources, Inc.	306 West 7th Street, Suite 701	Fort Worth	TX	76102	11/1/2018	Delivered 11/2/2018
10	Federal Express	7736 2530 1190	Highland Texas Energy Company, Inc.	7557 Rambler Road, Suite 918	Dallas	TX	75231	11/1/2018	Delivered 11/2/2018

**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, DOWNHOLE COMMINGLING  
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

**Case No. 20152**

**AFFIDAVIT OF JOHN GREEN**

STATE OF OKLAHOMA    )  
  ) ss.  
COUNTY OF OKLAHOMA )

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

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Devon Energy Production Company, L.P. (“Devon”), and I am familiar with the subject application and the geology involved.
3. 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), (6) NMAC.
4. I seek to be qualified by the Oil Conservation Division (“Division”) as an expert petroleum geologist. I have not previously made my credentials a matter of record and been qualified as an expert by the Division.
  - a. I hold a Bachelor’s degree in Geology obtained from Oklahoma State University, and a Master’s degree in Geology from Oklahoma State University. I completed my education in 2011.
  - b. I have been employed as a petroleum geologist with Devon since April, 2011.
5. **Exhibit A** is a Bone Spring structure map. The unit being pooled is outlined by red rectangle. Strata dip approximately 100’ eastward across the Bell Lake sections. The apparent

structural dip along the proposed Bell Lake wellbores is around 0.25°. No major structural hazards exist at this location.

6. **Exhibit A** identifies wells in the vicinity of the proposed well, with a cross-section line running from A to A'.

7. **Exhibit A** shows that the structure dips down to the east.

8. **Exhibit B** is a Bone Spring stratigraphic cross-section hung on the First Bone Spring Limestone. The cross-section shows consistent target thickness in wells near the Bell Lake sections. The well logs on the cross-section give a representative sample of the Bone Spring formation in the area and demonstrate reasonable well control. The target zone for the wells is the Leonard Formation as indicated by the blue line in **Exhibit B**. The target zone is continuous across the well unit.

9. **Exhibit C** is a gross isochore of the Bone Spring formation. The map shows thickness for the “target interval” indicated in **Exhibit B**. The Bone Spring is uniform across the proposed well unit.

10. I conclude from the attached exhibits that:

- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
- b. There are no structural impediments or faulting that will interfere with horizontal development.
- c. Each quarter-quarter section in the unit will contribute more or less equally to production.

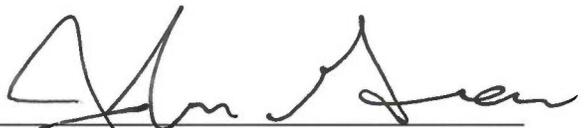
11. The preferred well orientation in this area is south-north. This is because the inferred orientation of the maximum horizontal stress is roughly E-W.

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

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

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

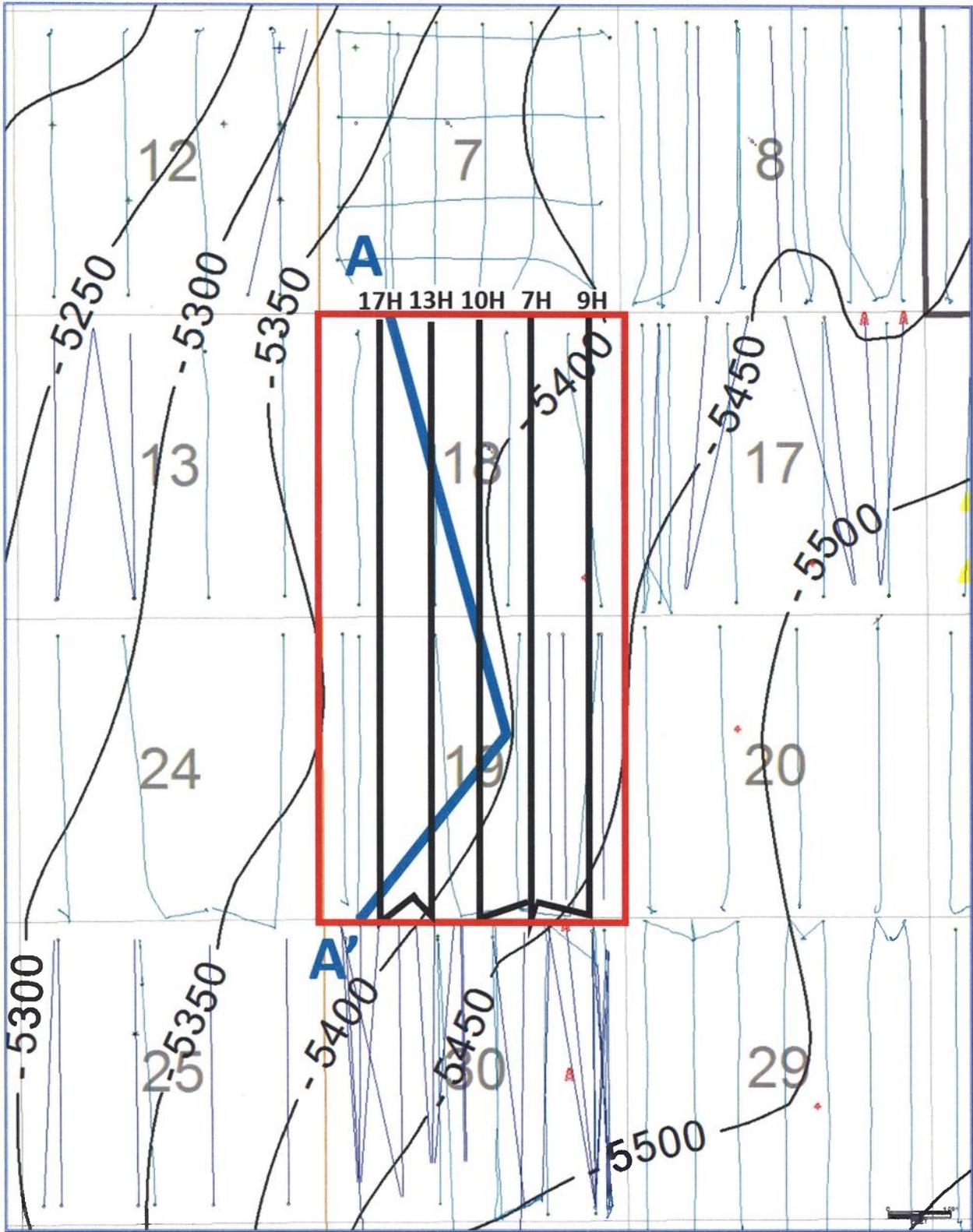
FURTHER AFFIANT SAYETH NAUGHT

  
\_\_\_\_\_  
John Green

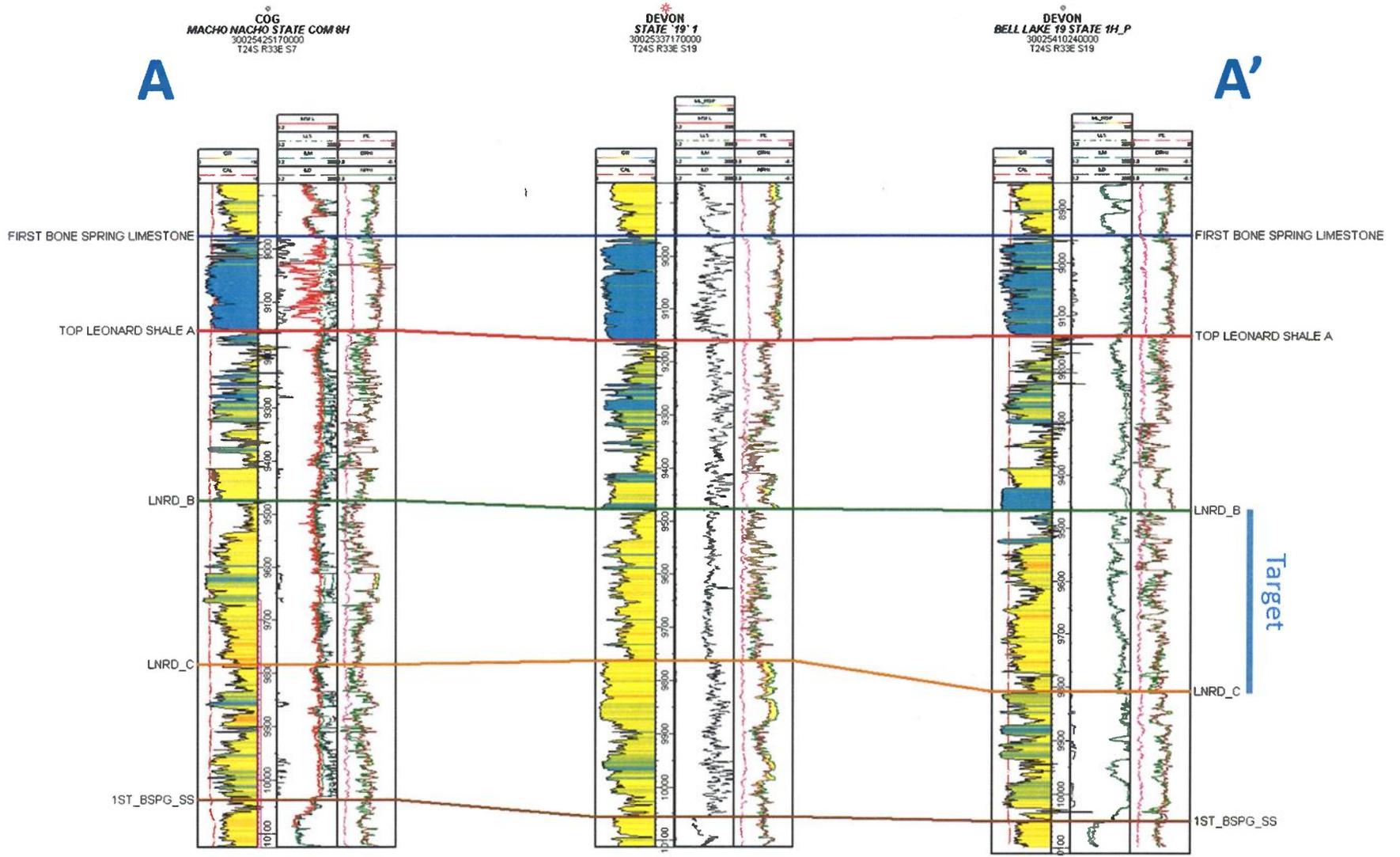
Subscribed to and sworn before me this 8<sup>th</sup> day of January, 2019.



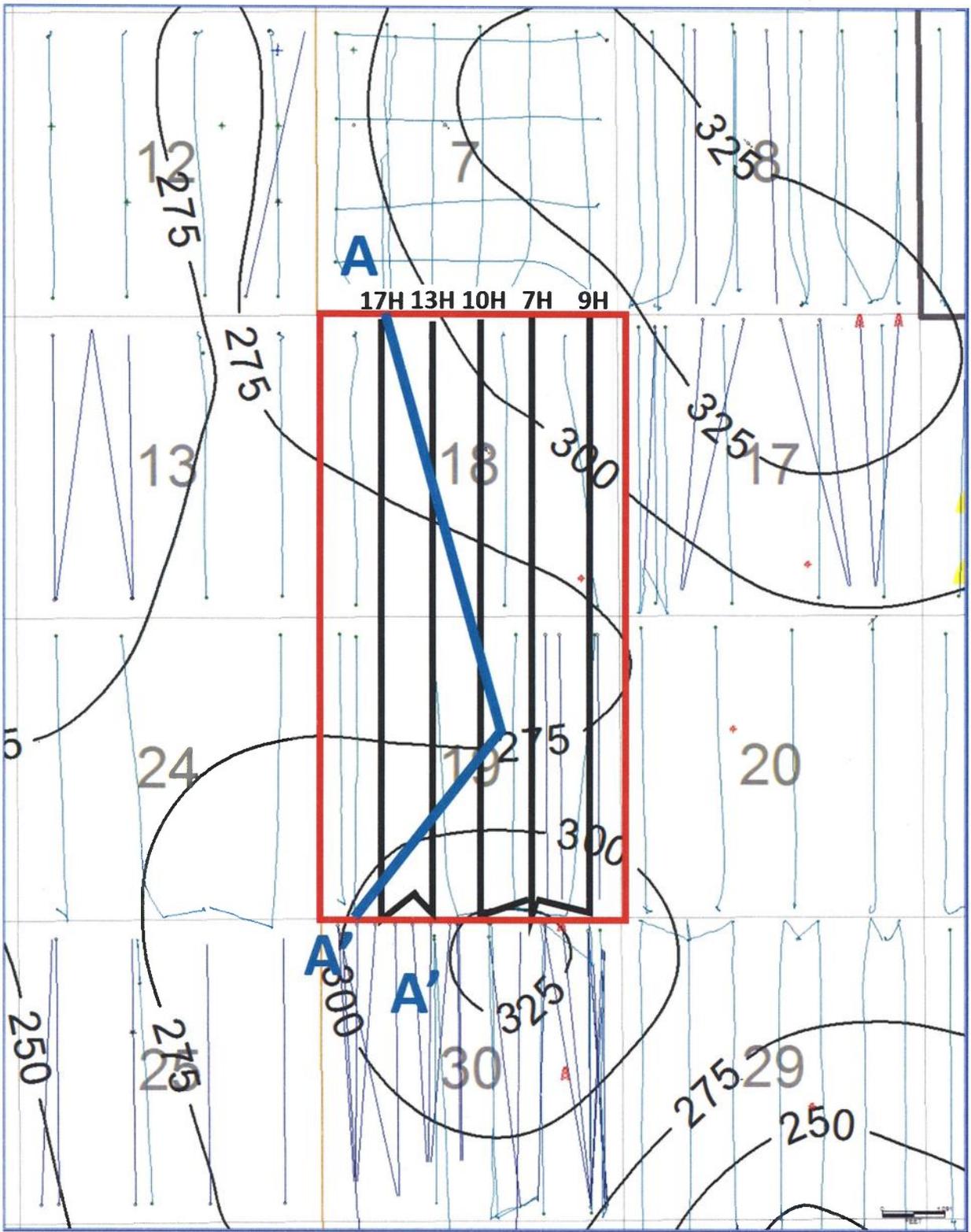
  
\_\_\_\_\_  
Notary Public



*Exhibit A: Bone Spring structure map. Contour interval = 50'. Cross-section indicated by blue line labeled A to A'. The red rectangle indicates the unit being pooled.*



**Exhibit B:** Cross-section A to A'. Stratigraphic cross-section hung on First Bone Spring Limestone top. Target interval indicated by blue arrows.



*Exhibit C: Isochore thickness of target interval indicated on cross-section (Exhibit B). Cross-section indicated by blue line labeled A to A'. The red rectangle indicates the unit being pooled.*

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, DOWNHOLE COMMINGLING  
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

CASE NO. 20152

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

CASE NO. 20153

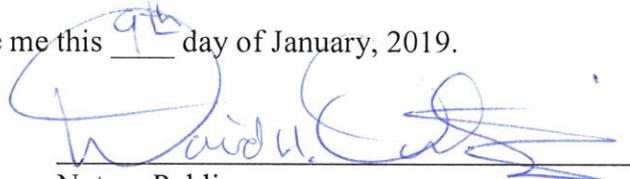
AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO    )  
  ) ss.  
COUNTY OF SANTA FE    )

I, Seth C. McMillan, attorney in fact and authorized representative of Devon Energy Production Company, L.P., the Applicant in the above-captioned matters, being first duly sworn, upon oath state that I sent copies of the Applications in these matters to the parties as specified on the attached **Exhibit A**. Proof of receipt is attached hereto. I also had published a Notice in the Hobbs News-Sun. An Affidavit of Publication is attached as **Exhibit B**. Devon has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the Applications filed herein.

  
\_\_\_\_\_  
SETH C. McMILLAN

SUBSCRIBED AND SWORN to before me this 9<sup>th</sup> day of January, 2019.

  
\_\_\_\_\_  
Notary Public



**EXHIBIT 4**  
Devon/Bell Lake Wells  
Case No. 20152  
January 10, 2019 Hearing

## EXHIBIT A

### WORKING INTEREST OWNERS

Chevron Midcontinent, L.P.  
1400 Smith Street  
Houston, TX 77002

The Allar Company  
735 Elm Street  
Houston, TX 77002

Shepherd Royalty, LLC  
5949 Sherry Lane, Suite 1175  
Dallas, TX 75225

Highland Texas Energy Company, Inc.  
7557 Rambler Road, Suite 918  
Dallas, TX 75231

Monarch Resources, Inc.  
306 W. 7th Street, Suite 701  
Fort Worth, TX 76102

Prince Petroleum Company, Ltd.  
306 W. 7th Street, Suite 701  
Fort Worth, TX 76102

Durango Production Corporation  
P.O. Box 4848  
Wichita Falls, TX 76308

### ORRIs/NPRIs – SECTION 18

John Kyle Thoma,  
trustee of the Cornerstone Family Trust  
P.O. Box 558  
Peyton, CO 80831

The Morse Family Security Trust  
410 17th Street, Suite 1150  
Denver, CO 80202

Limpinbear Family Partnership, Ltd  
410 17th Street, Suite 1150  
Denver, CO 80202

The Allar Company  
P.O. Box 1567  
Graham, TX 76450

Highland Texas Energy Company  
7557 Rambler Road, Suite 918  
Dallas, TX 75231

### ORRIs/NPRIs – SECTION 19

States Royalty Limited Partnership  
P.O. Box 911  
Breckenridge, TX 76424

### OTHER

Bureau of Land Management  
301 Dinosaur Trail  
Santa Fe, NM 87508

7017 3040 0000 8684 6293

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Extra Services & Fees (check box, add fee as appropriate)		
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$	2.75
<input type="checkbox"/> Return Receipt (electronic)	\$	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	

SANTA FE NM  
Postmark  
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DEC 19 2018  
USPO 87504

Postage \$ 1.42 / 7.62  
\$  
R Chevron Midcontinent, L.P.  
\$ 1400 Smith Street  
\$ Houston, TX 77002  
\$  
C

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Certified Mail Fee  
 \$ **3.45**

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ **2.75**

Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_

Postage **1.92 / 7.62**

The Allar Company  
 P.O. Box 1567  
 Graham, TX 76450

Postmark  
 Here  
**SANTA FE NM**  
**DEC 19 2018**  
**USPO 87504**

PS Form 3800, April 2015 PSN 7530-02-000-9057 See reverse for instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Allar Company  
 P.O. Box 1567  
 Graham, TX 76450



9590 9402 1275 5246 2282 53

2. Article Number (Transfer from service label)  
**7015 1730 0000 9813 2807**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
**X** *M Barrett*  Agent  
 Addressee

B. Received By (Printed Name) **M Barrett** C. Date of Delivery **12-26-18**

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Mail
  - Mail Restricted Delivery
  - Priority Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

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7017 3040 0000 8684 6309

Certified Mail Fee  
 \$ 3.45

Extra Services & Fees (check box, add fee as appropriate)

Return Receipt (hardcopy) \$ 2.75

Return Receipt (electronic) \$ \_\_\_\_\_

Certified Mail Restricted Delivery \$ \_\_\_\_\_

Adult Signature Required \$ \_\_\_\_\_

Adult Signature Restricted Delivery \$ \_\_\_\_\_

Postage 142/7.62

Shepherd Royalty, LLC  
 5949 Sherry Lane, Suite 1175  
 Dallas, TX 75225

Postmark  
 Here  
**SANTA FE NM**  
**DEC 19 2018**  
**USPO 87504**

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Shepherd Royalty, LLC  
 5949 Sherry Lane, Suite 1175  
 Dallas, TX 75225



9590 9402 1275 5246 2283 07

2. Article Number (Transfer from service label)  
 7017 3040 0000 8684 6309

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 Addressee  
 Agent

B. Received by (Printed Name)  
 Cathy K...  
 C. Date of Delivery  
 12/26/18

D. Is delivery address different from item 1?  
 If YES, enter delivery address below:  
 Yes  
 No

3. Service Type

Adult Signature

Adult Signature Restricted Delivery

Certified Mail®

Certified Mail Restricted Delivery

Collect on Delivery

Collect on Delivery Restricted Delivery

Mail Restricted Delivery

Priority Mail Express®

Registered Mail™

Registered Mail Restricted Delivery

Return Receipt for Merchandise

Signature Confirmation™

Signature Confirmation Restricted Delivery

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

Domestic Return Receipt

7015 1730 0000 9813 2821

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
 Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

**OFFICIAL USE**

Certified Mail Fee	\$ 3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	1.42/7.62
Total	\$
Sent to: Highland Texas Energy Company 7557 Rambler Road, Suite 918 Dallas, TX 75231	
City:	
State:	
Zip:	
Postmark Here	SANTA FE NM DEC 19 2018 USPO 87504
PS Form 3811, July 2015 PSN 7530-02-000-9053	Instructions

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<p>A. Signature <input type="checkbox"/> Agent  <input checked="" type="checkbox"/> Addressee  <i>Quint Matthews</i></p> <p>B. Received by (Printed Name) C. Date of Delivery        _____ 12-26-18</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes        If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>1. Article Addressed to:</p> <p>Highland Texas Energy Company        7557 Rambler Road, Suite 918        Dallas, TX 75231</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Adult Signature  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Adult Signature Restricted Delivery  <input type="checkbox"/> Registered Mail Restricted Delivery  <input checked="" type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>2. Article Number (Transfer from service label)</p> <p>9590 9402 1275 5246 2282 84</p> <p>7015 1730 0000 9813 2821</p>		<p>Domestic Return Receipt</p>	
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>			

7017 3040 0000 8684 6316

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**OFFICIAL USE**

Certified Mail Fee	\$	3.45
Extra Services & Fees (check box, add fee as appropriate)		
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$	2.75
<input type="checkbox"/> Return Receipt (electronic)	\$	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	

Postage 1.42 / 7.62

To: Monarch Resources, Inc.  
306 W. 7th Street, Suite 701  
Fort Worth, TX 76102

City \_\_\_\_\_  
State \_\_\_\_\_  
Zip \_\_\_\_\_

Postmark  
**SANTA FE NM**  
**DEC 19 2018**  
**USPO 87504**

7017 3040 0000 8684 6323

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
*Domestic Mail Only*

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

**OFFICIAL USE**

Certified Mail Fee	\$ 3.45
<b>Extra Services &amp; Fees (check box, add fee as appropriate)</b>	
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	1.42 / 7.62

Prince Petroleum Company, Ltd.  
 306 W. 7<sup>th</sup> Street, Suite 701  
 Fort Worth, TX 76102

Postmark Here  
**SANTA FE NM**  
**DEC 19 2018**  
**USPO 87504**

PS Form 3800, April 2015 PSN 7530-02-000-9053 For Instructions

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<p>A. Signature</p> <p><input checked="" type="checkbox"/> <i>Tara J. Edman</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <input type="checkbox"/> C. Date of Delivery</p> <p><i>Tara Edman</i> <input type="checkbox"/> 12-26-18</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes        If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>Addressed to:</p> <p>Prince Petroleum Company, Ltd.          306 W. 7<sup>th</sup> Street, Suite 701          Fort Worth, TX 76102</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7017 3040 0000 8684 6323</p>		<p>PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt</p>	

7017 3040 0000 8684 6330

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**CERTIFIED MAIL® RECEIPT**  
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**OFFICIAL USE**

Certified Mail Fee  
\$ 3.45  
Extra Services & Fees (check box, add fee as appropriate)  
 Return Receipt (hardcopy) \$ 2.75  
 Return Receipt (electronic) \$ \_\_\_\_\_  
 Certified Mail Restricted Delivery \$ \_\_\_\_\_  
 Adult Signature Required \$ \_\_\_\_\_  
 Adult Signature Restricted Delivery \$ \_\_\_\_\_

**SANTA FE NM**  
Postmark Here **2018**  
**USPO 87504**

Postage 1.92 / 7.62  
Durango Production Corporation  
P.O. Box 4848  
Wichita Falls, TX 76308

PS Form 3800, April 2015 PSN 7530-02-000-9047 See reverse for instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
Durango Production Corporation  
P.O. Box 4848  
Wichita Falls, TX 76308



9590 9402 1275 5246 2282 15

2. Article Number (Transfer from service label)  
**7017 3040 0000 8684 6330**

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 S. Beavers  Addressee

B. Received by (Printed Name) S. Beavers C. Date of Delivery 12-26-18

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Insured Mail
  - Insured Mail Restricted Delivery (500)
  - Priority Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

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

Domestic Return Receipt

7015 1730 0000 9813 2777

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OFFICIAL USE

Certified Mail Fee	\$ 3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	1.42 / 7.62

SANTA FE NM  
Postmark  
Here 2018  
US 87504  
SANTA FE NM  
DEC 19 2018  
USPO 87504

John Kyle Thoma,  
trustee of the Cornerstone Family Trust  
P.O. Box 558  
Peyton, CO 80831

for Instructions

7015 1730 0000 9813 2784

# U.S. Postal Service™ CERTIFIED MAIL® RECEIPT

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OFFICIAL USE

Certified Mail Fee	
\$	3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/>	Return Receipt (hardcopy) \$ 2.75
<input type="checkbox"/>	Return Receipt (electronic) \$
<input type="checkbox"/>	Certified Mail Restricted Delivery \$
<input type="checkbox"/>	Adult Signature Required \$
<input type="checkbox"/>	Adult Signature Restricted Delivery \$

Postage	
\$	1.42 / 7.62

The Morse Family Security Trust  
410 17<sup>th</sup> Street, Suite 1150  
Denver, CO 80202

SANTA FE NM  
Postmark Here  
1.9.2018  
USPO 87504

PS Form 3800, April 2015 PSN 7530-02-000-9053 For Instructions

### SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
The Morse Family Security Trust  
410 17<sup>th</sup> Street, Suite 1150  
Denver, CO 80202



9590 9402 3493 7275 4787 68

2. Article Number (Transfer from service label)  
7015 1730 0000 9813 2784

### COMPLETE THIS SECTION ON DELIVERY

A. Signature  
 Agent  
 Addressee

X *M. Paul*

B. Received by (Printed Name)  
C. Date of Delivery

*M. Paul*

12-21-18

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type
- |  |   |
|--|---|
| <input type="checkbox"/> Adult Signature                         | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery     | <input type="checkbox"/> Registered Mail™                           |
| <input checked="" type="checkbox"/> Certified Mail®              | <input type="checkbox"/> Registered Mail Restricted Delivery        |
| <input type="checkbox"/> Certified Mail Restricted Delivery      | <input checked="" type="checkbox"/> Return Receipt for Merchandise  |
| <input type="checkbox"/> Collect on Delivery                     | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |
| <input type="checkbox"/> Insured Mail (Limit up to \$500)        |   |

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OFFICIAL USE

7015 1730 0000 9813 2791

Certified Mail Fee	
\$	3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input checked="" type="checkbox"/>	Return Receipt (hardcopy) \$ 2.75
<input type="checkbox"/>	Return Receipt (electronic) \$
<input type="checkbox"/>	Certified Mail Restricted Delivery \$
<input type="checkbox"/>	Adult Signature Required \$
<input type="checkbox"/>	Adult Signature Restricted Delivery \$
Postage	
	1.42 / 7.62

Limpinbear Family Partnership, Ltd  
410 17<sup>th</sup> Street, Suite 1150  
Denver, CO 80202

Postmark Here  
SANTA FE NM  
5 19 2018  
USPO 87504

PS Form 3800, April 2015

See back for instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
Limpinbear Family Partnership, Ltd  
410 17<sup>th</sup> Street, Suite 1150  
Denver, CO 80202



9590 9402 1275 5246 2282 46

2. Article Number (Transfer from service label)

7622 6786 0000 0327 5702

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 *M. Nayld*  Agent  
 Addressee

B. Received by (Printed Name) *MAYLD M* C. Date of Delivery *12-21-18*

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type
- |  |   |
|--|---|
| <input type="checkbox"/> Adult Signature                         | <input type="checkbox"/> Priority Mail Express®                     |
| <input type="checkbox"/> Adult Signature Restricted Delivery     | <input type="checkbox"/> Registered Mail™                           |
| <input checked="" type="checkbox"/> Certified Mail®              | <input type="checkbox"/> Registered Mail Restricted Delivery        |
| <input type="checkbox"/> Certified Mail Restricted Delivery      | <input checked="" type="checkbox"/> Return Receipt for Merchandise  |
| <input type="checkbox"/> Collect on Delivery                     | <input type="checkbox"/> Signature Confirmation™                    |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |

7017 3040 0000 8684 6286

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**OFFICIAL USE**

Certified Mail Fee  
 \$ 3.45

Extra Services & Fees (check box, add fee as appropriate)

<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$ <u>2.75</u>
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ _____
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ _____

Postage 1.42 / 7.62

States Royalty Limited Partnership  
 P.O. Box 911  
 Breckenridge, TX 76424

**SANTA FE NM**  
 Postmark **9 2018**  
 Here  
**USPO 87504**

PS Form 3800, April 2015 PSN 7530-02-000-9053 For instructions

<b>SENDER: COMPLETE THIS SECTION</b>		<b>COMPLETE THIS SECTION ON DELIVERY</b>													
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<p>A. Signature  <input checked="" type="checkbox"/> <u>Paula Grissom</u> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)  <u>Paula Grissom</u></p> <p>C. Date of Delivery  <u>12-26-18</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes      If YES, enter delivery address below: <input type="checkbox"/> No</p>													
<p>1. Article Addressed to:</p> <p>States Royalty Limited Partnership          P.O. Box 911          Breckenridge, TX 76424</p>		<p>3. Service Type</p> <table border="0"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input checked="" type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> </table>		<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input checked="" type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®														
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™														
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery														
<input type="checkbox"/> Certified Mail Restricted Delivery	<input checked="" type="checkbox"/> Return Receipt for Merchandise														
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™														
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery														
<p>2. Article Number (Transfer from service label)</p> <p><u>9590 9402 1275 5246 2282 77</u></p> <p>7017 3040 0000 8684 6286</p>		<p>Domestic Return Receipt</p>													
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>															

# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

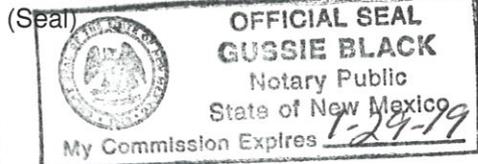
Beginning with the issue dated  
December 21, 2018  
and ending with the issue dated  
December 21, 2018.

  
\_\_\_\_\_  
Publisher

Sworn and subscribed to before me this  
21st day of December 2018.

  
\_\_\_\_\_  
Business Manager

My commission expires  
January 29, 2019



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL	LEGAL	LEGAL
<b>LEGAL NOTICE DECEMBER 21, 2018</b>		
To the following entities, individuals, their heirs, personal representatives, trustees, successors or assigns: <b>Chevron Midcontinent, L.P.; The Allar Company; Shepherd Royalty, LLC; Highland Texas Energy Company, Inc.; Monarch Resources, Inc.; Prince Petroleum Company, Ltd.; Durango Production Corporation; John Kyle Thoma, trustee of the Cornerstone Family Trust; The Morse Family Security Trust; Limpinbear Family Partnership, Ltd; Highland Texas Energy Company; States Royalty Limited Partnership</b>		
Devon Energy Production Company, L.P. has filed applications with the New Mexico Oil Conservation Division as follows. Please note that the Division has not yet assigned case numbers:		
<b>Application of Devon Energy Production Company LP for a Standard Horizontal Spacing and Proration Unit, Downhole Commingling, and Compulsory Pooling, Lea County, New Mexico.</b> Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Section 18 and the W/2 of Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674] and WC-025 G-06 S253201M;UPPER BONE SPR [97784]) underlying the standard unit. Said horizontal spacing unit is to be dedicated to the proposed <b>Bell Lake 19-18 State Com 17H</b> well, to be horizontally drilled from an approximate surface hole location 538' FSL and 1,922' FWL of Section 19 to an approximate bottom hole location 20' FNL and 1,388' FWL of Section 18. This well defines the HSU. Also to be drilled is the following infill well: the <b>Bell Lake 19-18 State Com 13H</b> well, to be horizontally drilled from an approximate surface hole location 538' FSL and 1,952' FWL of Section 19 to an approximate bottom hole location 20' FNL and 2,188' FWL of Section 18. The completed intervals and first and last take points for all wells proposed in the unit meet statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, downhole commingling, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 32 miles southeast of Eunice, New Mexico.		
<b>Application of Devon Energy Production Company LP for a Standard Horizontal Spacing and Proration Unit, Downhole Commingling, and Compulsory Pooling, Lea County, New Mexico.</b> Applicant in the above-styled cause seeks an order (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of Section 18 and the E/2 of Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674] and WC-025 G-06 S253201M;UPPER BONE SPR [97784]) underlying the standard unit. Said horizontal spacing unit is to be dedicated to the proposed <b>Bell Lake 19-18 State Com 7H</b> well, to be horizontally drilled from an approximate surface hole location 481' FSL and 1,122' FEL of Section 19 to an approximate bottom hole location 20' FNL and 1,284' FEL of Section 18. This well defines the HSU. Also to be drilled are the following infill wells: (1) the <b>Bell Lake 19-18 State Com 9H</b> well, to be horizontally drilled from an approximate surface hole location 481' FSL and 1,092' FEL of Section 19 to an approximate bottom hole location 20' FNL and 380' FEL of Section 18, and; (2) the <b>Bell Lake 19-18 State Com 10H</b> well, to be horizontally drilled from an approximate surface hole location 481' FSL and 1,152' FEL of Section 19 to an approximate bottom hole location 20' FNL and 2,188' FEL of Section 18. The completed intervals and first and last take points for all wells proposed in the unit meet statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, downhole commingling, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 32 miles southeast of Eunice, New Mexico.		
Hearing on these applications is scheduled at 8:15 a.m. on Thursday, January 10, 2019 at the Oil Conservation Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. For further information, contact the applicant's attorney, Seth C. McMillan, Montgomery and Andrews, P.A., 325 Paseo de Peralta, Santa Fe, New Mexico 87501, (505) 982-3873. #33550		

01101398

00222438

SETH C. MCMILLAN  
MONTGOMERY & ANDREWS, P.A.  
P.O. BOX OFFICE BOX 2307  
A/C 451986  
SANTA FE,, NM 87504-2307

**EXHIBIT B**