

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING MARCH 5, 2020**

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P.,  
FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**Case No. 21119**

Hot Potato 26-23 Fed 333H Well

**Case No. 21120**

Hot Potato 26-23 Fed 399H Well  
Hot Potato 26-23 Fed 332H Well

**Case No. 21121**

Hot Potato 26-23 Fed 331H Well

**Case No. 21122**

Hot Potato 26-23 Fed 622H Well  
Hot Potato 26-23 Fed 712H Well

**Case No. 21123**

Hot Potato 26-23 Fed 621H Well  
Hot Potato 26-23 Fed 711H Well

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

## TABLE OF CONTENTS

### **TAB 1:**      **Reference for Case Nos. 21119, 21120 & 21121**

Application Case No. 21119 – Hot Potato 26-23 Fed 333H Well  
Checklist Case No. 21119 – Hot Potato 26-23 Fed 333H Well  
Application Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells  
Checklist Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells  
Application Case No. 21121 – Hot Potato 26-23 Fed 331H Well  
Checklist Case No. 21121 – Hot Potato 26-23 Fed 331H Well

### **TAB 2:**      Exhibit A:      Affidavit of Verl Brown, Landman, for Case Nos. 21119, 21120 & 21121

Exhibit A-1:      Form C-102 for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

Exhibit A-2:      Tracts, Ownership and Sectional Map for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

Exhibit A-3:      Well Proposal Letter and Authorization for Expenditure for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

Exhibit A-3.1:      Chronology of Contacts with Non-Joined Working Interest Owners for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

### **TAB 3:**      Exhibit B:      Affidavit of Miranda Childress, Geologist, for Case Nos. 21119, 21120 & 21121

Exhibit B-1:      Locator Map for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

Exhibit B-2:      Subsea Structure Map for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

Exhibit B-3:      Stratigraphic Cross-section Map for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

Exhibit B-4:      Isochore Map for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

### **TAB 4:**      Exhibit C:      Affidavit of Notice, Darin C. Savage for Case No. 21119

Exhibit C-1:      Notice Letters (WI & ORRI) for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

Exhibit C-2:      Mailing List for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

Exhibit C-3:      Affidavit of Publication for Case No. 21119 – Hot Potato 26-23 Fed 333H Well

### **TAB 5:**      Exhibit A:      Affidavit of Verl Brown, Landman – SEE TAB 2

Exhibit A-4:      Form C-102 for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells

- Exhibit A-5: Tracts, Ownership and Sectional Map for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells
- Exhibit A-6: Well Proposal Letter and Authorization for Expenditure for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells
- Exhibit A-6.1: Chronology of Contacts with Non-Joined Working Interest Owner for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells

- TAB 6:**
- Exhibit B: Affidavit of Miranda Childress, Geologist – SEE TAB 3
- Exhibit B-1: Locator Map for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells
- Exhibit B-2: Subsea Structure Map for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells
- Exhibit B-3: Stratigraphic Cross-section Map for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells
- Exhibit B-4: Isochore Map for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells

- TAB 7:**
- Exhibit C: Affidavit of Notice, Darin C. Savage for Case Nos. 21120
- Exhibit C-1: Notice Letters (WI & ORRI) for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells
- Exhibit C-2: Mailing List for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells
- Exhibit C-3: Affidavit of Publication for Case No. 21120 – Hot Potato 26-23 Fed 399H & 332H Wells

- TAB 8:**
- Exhibit A: Affidavit of Verl Brown, Landman – SEE TAB 2
- Exhibit A-7: Form C-102 for Case No. 21121 – Hot Potato 26-23 Fed 331H Well
- Exhibit A-8: Tracts, Ownership and Sectional Map for Case No. 21121 – Hot Potato 26-23 Fed 331H Well
- Exhibit A-9: Well Proposal Letter and Authorization for Expenditure for Case No. 21121 – Hot Potato 26-23 Fed 331H Well
- Exhibit A-9.1: Chronology of Contacts with Non-Joined Working Interest Owners for Case No. 21121 – Hot Potato 26-23 Fed 331H Well

- TAB 9:**
- Exhibit B: Affidavit of Miranda Childress, Geologist – SEE TAB 3
- Exhibit B-1: Locator Map for Case No. 21121 – Hot Potato 26-23 Fed 331H Well
- Exhibit B-2: Subsea Structure Map for Case No. 21121 – Hot Potato 26-23 Fed 331H Well
- Exhibit B-3: Stratigraphic Cross-section Map for Case No. 21121 – Hot Potato 26-23 Fed 331H Well
- Exhibit B-4: Isochore Map for Case No. 21121 – Hot Potato 26-23 Fed 331H Well

- TAB 10:**
- Exhibit C: Affidavit of Notice, Darin C. Savage for Case Nos. 21121

- Exhibit C-1: Notice Letters (WI & ORRI) for Case No. 21121 – Hot Potato 26-23 Fed 331H Well
- Exhibit C-2: Mailing List for Case No. 21121 – Hot Potato 26-23 Fed 331H Well
- Exhibit C-3: Affidavit of Publication for Case No. 21121 – Hot Potato 26-23 Fed 331H Well

**TAB 11: Reference for Case Nos. 21123 & 21122**

Application Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells  
 Checklist Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells  
 Application Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells  
 Checklist Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells

- TAB 12:**
- Exhibit A: Affidavit of Verl Brown, Landman for Case Nos. 21123 & 21122
  - Exhibit A-1: Form C-102 for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells
  - Exhibit A-2: Tracts, Ownership and Sectional Map for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells
  - Exhibit A-3: Well Proposal Letter and Authorization for Expenditure for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells
  - Exhibit A-3.1: Chronology of Contacts with Non-Joined Working Interest Owners for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells

- TAB 13:**
- Exhibit B: Affidavit of Miranda Childress, Geologist for Case Nos. 21123 & 21122
  - Exhibit B-1: Locator Map for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells
  - Exhibit B-2: Subsea Structure Map for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells
  - Exhibit B-3: Stratigraphic Cross-section Map for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells
  - Exhibit B-4: Isochore Map for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells

- TAB 14:**
- Exhibit C: Affidavit of Notice, Darin C. Savage Case No. 21123
  - Exhibit C-1: Notice Letters (WI & ORRI) for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells
  - Exhibit C-2: Mailing List for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells
  - Exhibit C-3: Affidavit of Publication for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells

- TAB 15:**
- Exhibit D: Nonstandard Location Approval Request for Case No. 21123
  - Exhibit D-1: Notice Letter for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells



- Exhibit D-2: List of Parties for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells
- Exhibit D-3: Letter to NMOCD for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells

- TAB 16:** Exhibit A: Affidavit of Verl Brown, Landman – SEE TAB 12
- Exhibit A-4: Form C-102 for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells
- Exhibit A-5: Tracts, Ownership and Sectional Map for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells
- Exhibit A-6: Well Proposal Letter and Authorization for Expenditure for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells
- Exhibit A-6.1: Chronology of Contacts with Non-Joined Working Interest Owners for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells

- TAB 17:** Exhibit B: Affidavit of Miranda Childress, Geologist – SEE TAB 13
- Exhibit B-1: Locator Map for Case No. 21122 – Hot Potato 26-23 Fed 622H & 7112H Wells
- Exhibit B-2: Subsea Structure Map for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells
- Exhibit B-3: Stratigraphic Cross-section Map for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells
- Exhibit B-4: Isochore Map for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells

- TAB 18:** Exhibit C: Affidavit of Notice, Darin C. Savage Case No. 21122
- Exhibit C-1: Notice Letters (WI & ORRI) for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells
- Exhibit C-2: Mailing List for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells
- Exhibit C-3: Affidavit of Publication for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells

- TAB 19:** Exhibit D: Nonstandard Location Approval Request for Case No. 21122
- Exhibit D-1: Notice Letter for Case No. 21122 – Hot Potato 26-23 Fed 622H & 712H Wells
- Exhibit D-2: List of Parties for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells
- Exhibit D-3: Letter to NMOCD for Case No. 21123 – Hot Potato 26-23 Fed 621H & 711H Wells

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

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

Case No. 21119

**APPLICATION**

Devon Energy Production Company, L.P., (“Devon”), OGRID No. 6137, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 640-acre, more or less, spacing and proration unit comprised of the E/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]), underlying said unit.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon seeks to dedicate the HSU to its **Hot Potato 26-23 Fed 333H Well**, an oil well, proposed to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 26, approximately 325’ FSL and 1499’ FEL, more or less, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 23, approximately 20’ FNL and 1254’ FEL, more or less. The **Hot Potato 26-23 Fed 333H Well** is the Defining Well for the HSU.

3. The completed interval and first and last take points for the 333H Well proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells and satisfies the criteria for a standard location. Pursuant to 19.15.16.15(B)(1)(b) NMAC, Devon will incorporate proximity tracts into its HSU such that the completed interval for the well will remain within the offset requirements of the Division's statewide rules.

4. Devon has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed HSU.

5. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Devon requests that all uncommitted interests in this HSU be pooled and that Devon be designated the operator of the proposed horizontal well and HSU.

7. Devon reserves the right to add additional wells to the HSU when and if deemed necessary by Devon for the proper development of the HSU and its resources.

8. Since Devon will request that this case be consolidated with Case No. 21122, involving the Wolfcamp formation in the same Sections, and because two pools will be involved with the consolidation, Devon requests approval of downhole commingling, pursuant to 19.15.16.11 NMAC in the event operations require such provision for the two pools.

9. Because the proposed well will be simultaneously drilled, back to back, and completed with other wells in the area, as part of a simultaneous drilling and completion project,

Devon requests an extension of the time period to drill and complete the well from 120 days to 365 days, such that the well will be drilled and completed within the term of the Division Order.

WHEREFORE, Devon requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 640-acre, more or less, spacing and proration unit comprising the E/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the proposed HSU;

C. Approving the proposed well in the HSU;

D. Allowing downhole commingling, if necessary, pursuant to 19.15.16.11 NMAC to accommodate the Wolfcamp formation described in Devon's Case No. 21122;

E. Designating Devon as operator of this HSU and the horizontal well to be drilled thereon;

F. Authorizing Devon to recover its costs of drilling, equipping and completing this well;

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

H. Setting a 200% charge for the risk assumed by Devon in drilling and completing the well in the event a working interest owner elects not to participate in the well; and

I. Authorizing an extension of the normal 120-day period to drill and complete the well such that the well will be drilled and completed within the term of the order.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

---


Darin C. Savage  
Lara Katz  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
lara@abadieschill.com

**Attorneys for Applicant**

***Case No. 21119: Application of Devon Energy Production Company, L.P. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.***

Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the unit. Said horizontal spacing unit is to be dedicated to the **Hot Potato 26-23 Fed Com 333H Well**, an oil well, proposed to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 26, approximately 325' FSL and 1499' FEL, more or less, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 23, approximately 20' FNL and 1254' FEL, more or less. The **Hot Potato 26-23 Fed 333H Well** is the Defining Well for the HSU. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; downhole commingling; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 2 miles east of Loving, New Mexico, and approximately 10 miles southeast of Carlsbad, New Mexico.

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 21119</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: 03/05/2020</b>	
<b>Applicant:</b>	Devon Energy Production Company, L.P.
<b>Designated Operator &amp; OGRID:</b>	Devon Energy Production Company, L.P., No. 6137
<b>Applicant's Counsel:</b>	Abadie & Schill, PC - Darin C. Savage (primary), William E. Zimsky, Andrew D. Schill
<b>Case Title:</b>	Application of Devon Energy Production Company, L.P. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
<b>Entries of Appearance/Intervenors:</b>	None, as of 03/03/2020
<b>Well Family:</b>	Hot Potato
<b>Formation/Pool</b>	
<b>Formation Name(s) or Vertical Extent:</b>	Bone Spring formation (Laguna Salado; Bone Spring, Pool Code No. 96721)
<b>Primary Product (Oil or Gas):</b>	Oil
<b>Pooling this vertical extent:</b>	Approx 10,206'
<b>Pool Name and Pool Code:</b>	Laguna Salado; Bone Spring, Pool Code No. 96721
<b>Well Location Setback Rules:</b>	NMAC Statewide Rules apply
<b>Spacing Unit Size:</b>	640 ac
<b>Spacing Unit</b>	
<b>Type (Horizontal/Vertical):</b>	Horizontal
<b>Size (Acres):</b>	640
<b>Building Blocks:</b>	Quarter-quarter sections (STD oil spacing)
<b>Orientation:</b>	South-North
<b>Description: TRS/County</b>	E/2 of Section 23 and 26-23S-29E, Eddy County, NM
<b>Standard Horizontal Well Spacing Unit (Y/N), if No, describe</b>	Yes
<b>Other Situations</b>	
<b>Depth Severance: Y/N. If yes, description</b>	No
<b>Proximity Tracts: If yes, description</b>	Yes, quarter-quarter sections in W/2 E/2
<b>Proximity Defining Well: if yes, description</b>	Yes, Hot Potato 26-23 Fed 333H Well
<b>Applicant's Ownership in Each Tract:</b>	See Landman Exhibit A-2
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)</b>	
<b>Well #1:</b>	Hot Potato 26-23 Fed 333H Well, (API-pending) SHL: SW/4 SE/4 (Unit O) of Section 26-23S-29E, NMPM; 325' FSL x 1499' FEL, more or less. BHL: NE/4 NE/4 (Unit A) of Section 23-23S-29E, NMPM; 20' FNL x 1254' FEL, more or less. Completion Target: 3rd Bone Spring formation at approx. 10,206' TVD Well orientation: South-North Completion Location: Standard
<b>Horizontal Well First and Last Take Points</b>	Please see Exhibit A (Landman Affidavit), and A-1 for the C-102 of well that is proposed for Compulsory Pooling Case, which show the take points
<b>Completion Target (Formation, TVD and MD)</b>	Please see the Application, A-1 (C-102s), the well proposal letter and the AFEs (A-3) for this data

<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000/\$800
Production Supervision/Month \$	Please see A-3 for AFEs
Justification for Supervision Costs	Please see A-3 for AFEs
Requested Risk Charge	200%, Please see A-3 for AFEs
<b>Notice of Hearing</b>	
Proposed Notice of Hearing:	C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	C-2
Proof of Published Notice of Hearing (10 days before hearing)	C-3
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	A-2
Tract List (including lease numbers and owners)	A-2
Pooled Parties (including ownership type)	A-2
Unlocatable Parties to be Pooled	A-2 NA
Ownership Depth Severance (including percentage above & below)	A-2 NA
<b>Joinder</b>	
Sample Copy of Proposal Letter	A-3
List of Interest Owners (ie Exhibit A of JOA)	A-2
Chronology of Contact with Non-Joined Working Interests	A-3.1
Overhead Rates In Proposal Letter	A-3
Cost Estimate to Drill and Complete	A-3
Cost Estimate to Equip Well	A-3
Cost Estimate for Production Facilities	A-3
<b>Geology</b>	
Summary (including special considerations)	Exhibit B - Geologist's Affidavit
Spacing Unit Schematic	B-1
Gunbarrel/Lateral Trajectory Schematic	B-2, B-3
Well Orientation (with rationale)	Exhibit B - Geologist's Affidavit
Target Formation	Exhibit B - Geologist's Affidavit
HSU Cross Section	B-3
Depth Severance Discussion	Exhibit B - Geologist's Affidavit
<b>Forms, Figures and Tables</b>	
C-102	A-1
Tracts	A-1, A-2
Summary of Interests, Unit Recapitulation (Tracts)	A-2
General Location Map (including basin)	A-2
Well Bore Location Map	B-2
Structure Contour Map - Subsea Depth	B-2
Cross Section Location Map (including wells)	B-2, B-3, B-4
Cross Section (including Landing Zone)	B-3, B-4
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	
Date:	3/4/20



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

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

Case No. 21120

**APPLICATION**

Devon Energy Production Company, L.P., (“Devon”), OGRID No. 6137, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]), underlying said unit.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon seeks to dedicate the HSU to its **Hot Potato 26-23 Fed 399H Well**, an oil well, proposed to be horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 26, approximately 325’ FSL and 1802’ FWL, more or less, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 23, approximately 20’ FNL and 2148’ FWL, more or less. The **Hot Potato 26-23 Fed 399H Well** is the Defining Well for the HSU.

3. Devon also proposes the **Hot Potato 26-23 Fed Com 332H Well**, as an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 26, approximately 325' FSL and 1022' FWL, more or less, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 23, approximately 20' FNL and 2178' FWL, more or less.

4. The completed intervals and first and last take points for all wells proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells and satisfy the criteria for standard locations.

5. Devon has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

6. The pooling of all interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

7. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Devon requests that all uncommitted interests in this HSU be pooled and that Devon be designated the operator of the proposed horizontal wells and HSU.

8. Devon reserves the right to add additional wells to the HSU when and if deemed necessary by Devon for the proper development of the HSU and its resources.

9. Since Devon will request that this case be consolidated with Case No. 21123, involving the Wolfcamp formation in the same Sections, and because two pools will be involved with the consolidation, Devon requests approval of downhole commingling, pursuant to 19.15.16.11 NMAC in the event operations require such provision for the two pools.

10. Because the proposed wells will be simultaneously drilled, back to back, and completed, Devon requests an extension of the time period to drill and complete at least one well, said well becoming the first well drilled, from 120 days to 365 days, such that the first well will satisfy the term criteria of the Division Order, allowing the drilling and completion of the second well to follow.

WHEREFORE, Devon requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprising the E/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the proposed HSU;

C. Approving the two proposed initial wells in the HSU;

D. Allowing downhole commingling, if necessary, pursuant to 19.15.16.11 NMAC to accommodate the Wolfcamp formation described in Devon's Case No. 21123;

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

F. Authorizing Devon to recover its costs of drilling, equipping and completing these wells;

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

H. Setting a 200% charge for the risk assumed by Devon in drilling and completing the wells in the event a working interest owner elects not to participate in the wells; and

I. Authorizing an extension of the normal 120-day period to drill and complete at least one well, said well becoming the first well, with the provision that the first well be drilled and completed by the end of the term of the order and the second well to follow.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage


---

Darin C. Savage  
Lara Katz  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
lara@abadieschill.com

**Attorneys for Applicant**

***Case No. 21120: Application of Devon Energy Production Company, L.P. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the unit. Said horizontal spacing unit is to be dedicated to the **Hot Potato 26-23 Fed Com 399H Well**, an oil well, proposed to be horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 26, approximately 325' FSL and 1802' FWL, more or less, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 23, approximately 20' FNL and 2148' FWL, more or less. The **Hot Potato 26-23 Fed 399H Well** is the Defining Well for the HSU. Applicant also proposes the **Hot Potato 26-23 Fed Com 332H Well**, an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 26, approximately 325' FSL and 1022' FWL, more or less, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 23, approximately 20' FNL and 2178' FWL, more or less. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; downhole commingling; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 2 miles east of Loving, New Mexico, and approximately 10 miles southeast of Carlsbad, New Mexico.

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 21120</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: 03/05/2020</b>	
<b>Applicant:</b>	Devon Energy Production Company, L.P.
<b>Designated Operator &amp; OGRID:</b>	Devon Energy Production Company, L.P., No. 6137
<b>Applicant's Counsel:</b>	Abadie & Schill, PC - Darin C. Savage (primary), William E. Zimsky, Andrew D. Schill
<b>Case Title:</b>	Application of Devon Energy Production Company, L.P. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
<b>Entries of Appearance/Intervenors:</b>	None, as of 03/03/2020
<b>Well Family:</b>	Hot Potato
<b>Formation/Pool</b>	
<b>Formation Name(s) or Vertical Extent:</b>	Bone Spring formation (Laguna Salado; Bone Spring, Pool Code No. 96721)
<b>Primary Product (Oil or Gas):</b>	Oil
<b>Pooling this vertical extent:</b>	10,195'
<b>Pool Name and Pool Code:</b>	Laguna Salado; Bone Spring, Pool Code No. 96721
<b>Well Location Setback Rules:</b>	NMAC Statewide Rules apply
<b>Spacing Unit Size:</b>	320 ac
<b>Spacing Unit</b>	
<b>Type (Horizontal/Vertical):</b>	Horizontal
<b>Size (Acres):</b>	320
<b>Building Blocks:</b>	Quarter-quarter sections (STD oil spacing)
<b>Orientation:</b>	South-North
<b>Description: TRS/County</b>	E/2 W/2 of Section 23 and 26-23S-29E, Eddy County, NM
<b>Standard Horizontal Well Spacing Unit (Y/N), if No, describe</b>	Yes
<b>Other Situations</b>	
<b>Depth Severance: Y/N. If yes, description</b>	No
<b>Proximity Tracts: If yes, description</b>	No
<b>Proximity Defining Well: if yes, description</b>	No, does not contain proximity defining well
<b>Applicant's Ownership in Each Tract:</b>	See Landman Exhibit A-5
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)</b>	
<b>Well #1:</b>	Hot Potato 26-23 Fed 332H Well, (API-pending) SHL: SW/4 SW/4 (Unit M) of Section 26-23S-29E, NMPM; 325' FSL x 1022' FWL, more or less. BHL: NE/4 NW/4 (Unit C) of Section 23-23S-29E, NMPM; 20' FNL x 2178' FWL, more or less. Completion Target: 3rd Bone Spring formation at approx. 10,195' TVD Well orientation: South-North Completion Location: Standard
<b>Well #2:</b>	Hot Potato 26-23 Fed 399H Well, (API-pending) SHL: SE/4 SW/4 (Unit N) of Section 26-23S-29E, NMPM; 325' FSL x 1802' FWL, more or less. BHL: NE/4 NW/4 (Unit C) of Section 23-23S-29E, NMPM; 20' FNL x 2148' FWL, more or less. Completion Target: 3rd Bone Spring formation at approx. 10,195' TVD Well orientation: South-North Completion Location: Standard
<b>Horizontal Well First and Last Take Points</b>	Please see Exhibit A (Landman Affidavit), and A-4 for the C-102s of the 2 wells that are proposed for Compulsory Pooling Case, which show the take points

Completion Target (Formation, TVD and MD)	Please see the Application, A-4 (C-102s), the well proposal letter and the AFEs (A-6) for this data
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000/\$800
Production Supervision/Month \$	Please see A-6 for AFEs
Justification for Supervision Costs	Please see A-6 for AFEs
Requested Risk Charge	200%, Please see A-6 for AFEs and Application
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	C-4
Proof of Mailed Notice of Hearing (20 days before hearing)	C-5
Proof of Published Notice of Hearing (10 days before hearing)	C-6
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	A-5
Tract List (including lease numbers and owners)	A-5
Pooled Parties (including ownership type)	A-5
Unlocatable Parties to be Pooled	A-5 NA
Ownership Depth Severance (including percentage above & below)	A-5, Landman Affidavit, NA
<b>Joinder</b>	
Sample Copy of Proposal Letter	A-6
List of Interest Owners (ie Exhibit A of JOA)	A-5
Chronology of Contact with Non-Joined Working Interests	A-6.1
Overhead Rates In Proposal Letter	A-6
Cost Estimate to Drill and Complete	A-6
Cost Estimate to Equip Well	A-6
Cost Estimate for Production Facilities	A-6
<b>Geology</b>	
Summary (including special considerations)	Exhibit B - Geologist's Affidavit
Spacing Unit Schematic	B-1
Gunbarrel/Lateral Trajectory Schematic	B-2, B-3
Well Orientation (with rationale)	Exhibit B - Geologist's Affidavit
Target Formation	Exhibit B - Geologist's Affidavit
HSU Cross Section	B-3
Depth Severance Discussion	Exhibit B - Geologist's Affidavit
<b>Forms, Figures and Tables</b>	
C-102	A-4
Tracts	A-4, A-5
Summary of Interests, Unit Recapitulation (Tracts)	A-5
General Location Map (including basin)	A-5
Well Bore Location Map	B-2
Structure Contour Map - Subsea Depth	B-2
Cross Section Location Map (including wells)	B-2, B-3, B-4
Cross Section (including Landing Zone)	B-3, B-4
<b>Additional Information</b>	
<b>CERTIFICATION:</b> I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	
Date:	3/4/20

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

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

Case No. 21121

**APPLICATION**

Devon Energy Production Company, L.P., (“Devon”), OGRID No. 6137, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]), underlying said unit.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon seeks to dedicate the HSU to its **Hot Potato 26-23 Fed 331H Well**, an oil well, proposed to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 26, approximately 325’ FSL and 962’ FWL, more or less, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 23, approximately 20’ FNL and 330’ FWL, more or less. The **Hot Potato 26-23 Fed 331H Well** is the Defining Well for the HSU.



3. The completed interval and first and last take points for the 331H Well proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells and satisfies the criteria for a standard location.

4. Devon has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed HSU.

5. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Devon requests that all uncommitted interests in this HSU be pooled and that Devon be designated the operator of the proposed horizontal well and HSU.

7. Devon reserves the right to add additional wells to the HSU when and if deemed necessary by Devon for the proper development of the HSU and its resources.

8. Since Devon will request that this case be consolidated with Case No. 21123, involving the Wolfcamp formation in the same Sections, and because two pools will be involved with the consolidation, Devon requests approval of downhole commingling, pursuant to 19.15.16.11 NMAC in the event operations require such provision for the two pools.

9. Because the proposed well will be simultaneously drilled, back to back, and completed with other wells in the area, as part of a simultaneous drilling and completion project, Devon requests an extension of the time period to drill and complete the well from 120 days to 365 days, such that the well will be drilled and completed within the term provided by Division Order.

WHEREFORE, Devon requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprising the W/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the proposed HSU;

C. Approving the proposed well in the HSU;

D. Allowing downhole commingling, if necessary, pursuant to 19.15.16.11 NMAC to accommodate the Wolfcamp formation described in Devon's Case No. 21123;

E. Designating Devon as operator of this HSU and the horizontal well to be drilled thereon;

F. Authorizing Devon to recover its costs of drilling, equipping and completing this well;

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

H. Setting a 200% charge for the risk assumed by Devon in drilling and completing the well in the event a working interest owner elects not to participate in the well; and

I. Authorizing an extension of the normal 120-day period to drill and complete the well such that the well will be drilled and completed within the term of the order.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

---

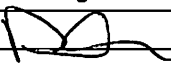
Darin C. Savage  
Lara Katz  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
lara@abadieschill.com

**Attorneys for Applicant**

***Case No. 21121: Application of Devon Energy Production Company, L.P. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.***

Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the unit. Said horizontal spacing unit is to be dedicated to the **Hot Potato 26-23 Fed 331H Well**, an oil well, proposed to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 26, approximately 325' FSL and 962' FWL, more or less, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 23, approximately 20' FNL and 330' FWL, more or less. The **Hot Potato 26-23 Fed 331H Well** is the Defining Well for the HSU. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; downhole commingling; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 2 miles east of Loving, New Mexico, and approximately 10 miles southeast of Carlsbad, New Mexico.

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 21121</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: 03/05/2020</b>	
<b>Applicant:</b>	Devon Energy Production Company, L.P.
<b>Designated Operator &amp; OGRID:</b>	Devon Energy Production Company, L.P., No. 6137
<b>Applicant's Counsel:</b>	Abadie & Schill, PC - Darin C. Savage (primary), William E. Zimsky, Andrew D. Schill
<b>Case Title:</b>	Application of Devon Energy Production Company, L.P. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
<b>Entries of Appearance/Intervenors:</b>	None, as of 03/03/2020
<b>Well Family:</b>	Hot Potato
<b>Formation/Pool</b>	
<b>Formation Name(s) or Vertical Extent:</b>	Bone Spring formation (Laguna Salado; Bone Spring, Pool Code No. 96721)
<b>Primary Product (Oil or Gas):</b>	Oil
<b>Pooling this vertical extent:</b>	10,160'
<b>Pool Name and Pool Code:</b>	Laguna Salado; Bone Spring, Pool Code No. 96721
<b>Well Location Setback Rules:</b>	NMAC Statewide Rules apply
<b>Spacing Unit Size:</b>	320 ac
<b>Spacing Unit</b>	
<b>Type (Horizontal/Vertical):</b>	Horizontal
<b>Size (Acres):</b>	320
<b>Building Blocks:</b>	Quarter-quarter sections (STD oil spacing)
<b>Orientation:</b>	South-North
<b>Description: TRS/County</b>	W/2 W/2 of Section 23 and 26-23S-29E, Eddy County, NM
<b>Standard Horizontal Well Spacing Unit (Y/N), if No, describe</b>	Yes
<b>Other Situations</b>	
<b>Depth Severance: Y/N. If yes, description</b>	No
<b>Proximity Tracts: If yes, description</b>	No
<b>Proximity Defining Well: if yes, description</b>	No, does not contain proximity defining well
<b>Applicant's Ownership in Each Tract:</b>	See Landman Exhibit A-8
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)</b>	
<b>Well #1:</b>	Hot Potato 26-23 Fed 331H Well, (API-pending) SHL: SW/4 SW/4 (Unit M) of Section 26-23S-29E, NMPM; 325' FSL x 962' FWL, more or less. BHL: NW/4 NW/4 (Unit D) of Section 23-23S-29E, NMPM; 20' FNL x 330' FWL, more or less. Completion Target: 3rd Bone Spring formation at approx. 10,160' TVD Well orientation: South-North Completion Location: Standard
<b>Horizontal Well First and Last Take Points</b>	Please see Exhibit A (Landman Affidavit), and A-7 for the C-102s of the well that is proposed for Compulsory Pooling Case, which show the take points
<b>Completion Target (Formation, TVD and MD)</b>	Please see the Application, A-7 (C-102s), the well proposal letter and the AFEs (A-9) for this data

<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000/\$800
Production Supervision/Month \$	Please see A-9 for AFEs
Justification for Supervision Costs	Please see A-9 for AFEs
Requested Risk Charge	200%, Please see A-9 for AFEs and see Application
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	C-7
Proof of Mailed Notice of Hearing (20 days before hearing)	C-8
Proof of Published Notice of Hearing (10 days before hearing)	C-9
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	A-8
Tract List (including lease numbers and owners)	A-8
Pooled Parties (including ownership type)	A-8
Unlocatable Parties to be Pooled	A-8 NA
Ownership Depth Severance (including percentage above & below)	A-8, Landman Affidavit, NA
<b>Joinder</b>	
Sample Copy of Proposal Letter	A-9
List of Interest Owners (ie Exhibit A of JOA)	A-8
Chronology of Contact with Non-Joined Working Interests	A-9.1
Overhead Rates In Proposal Letter	A-9
Cost Estimate to Drill and Complete	A-9
Cost Estimate to Equip Well	A-9
Cost Estimate for Production Facilities	A-9
<b>Geology</b>	
Summary (including special considerations)	Exhibit B - Geologist's Affidavit
Spacing Unit Schematic	B-1
Gunbarrel/Lateral Trajectory Schematic	B-2, B-3
Well Orientation (with rationale)	Exhibit B - Geologist's Affidavit
Target Formation	Exhibit B - Geologist's Affidavit
HSU Cross Section	B-3
Depth Severance Discussion	Exhibit B - Geologist's Affidavit
<b>Forms, Figures and Tables</b>	
C-102	A-7
Tracts	A-7, A-8
Summary of Interests, Unit Recapitulation (Tracts)	A-8
General Location Map (including basin)	A-8
Well Bore Location Map	B-2
Structure Contour Map - Subsea Depth	B-2
Cross Section Location Map (including wells)	B-2, B-3, B-4
Cross Section (including Landing Zone)	B-3, B-4
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name (Attorney or Party Representative):</b>	Darin C. Savage
<b>Signed Name (Attorney or Party Representative):</b>	
<b>Date:</b> 3/4/20	

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

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

Case No. 21119

**APPLICATION**

Devon Energy Production Company, L.P., (“Devon”), OGRID No. 6137, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 640-acre, more or less, spacing and proration unit comprised of the E/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]), underlying said unit.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon seeks to dedicate the HSU to its **Hot Potato 26-23 Fed 333H Well**, an oil well, proposed to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 26, approximately 325’ FSL and 1499’ FEL, more or less, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 23, approximately 20’ FNL and 1254’ FEL, more or less. The **Hot Potato 26-23 Fed 333H Well** is the Defining Well for the HSU.

3. The completed interval and first and last take points for the 333H Well proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells and satisfies the criteria for a standard location. Pursuant to 19.15.16.15(B)(1)(b) NMAC, Devon will incorporate proximity tracts into its HSU such that the completed interval for the well will remain within the offset requirements of the Division's statewide rules.

4. Devon has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed HSU.

5. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Devon requests that all uncommitted interests in this HSU be pooled and that Devon be designated the operator of the proposed horizontal well and HSU.

7. Devon reserves the right to add additional wells to the HSU when and if deemed necessary by Devon for the proper development of the HSU and its resources.

8. Since Devon will request that this case be consolidated with Case No. 21122, involving the Wolfcamp formation in the same Sections, and because two pools will be involved with the consolidation, Devon requests approval of downhole commingling, pursuant to 19.15.16.11 NMAC in the event operations require such provision for the two pools.

9. Because the proposed well will be simultaneously drilled, back to back, and completed with other wells in the area, as part of a simultaneous drilling and completion project,



Devon requests an extension of the time period to drill and complete the well from 120 days to 365 days, such that the well will be drilled and completed within the term of the Division Order.

WHEREFORE, Devon requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 640-acre, more or less, spacing and proration unit comprising the E/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the proposed HSU;

C. Approving the proposed well in the HSU;

D. Allowing downhole commingling, if necessary, pursuant to 19.15.16.11 NMAC to accommodate the Wolfcamp formation described in Devon's Case No. 21122;

E. Designating Devon as operator of this HSU and the horizontal well to be drilled thereon;

F. Authorizing Devon to recover its costs of drilling, equipping and completing this well;

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

H. Setting a 200% charge for the risk assumed by Devon in drilling and completing the well in the event a working interest owner elects not to participate in the well; and

I. Authorizing an extension of the normal 120-day period to drill and complete the well such that the well will be drilled and completed within the term of the order.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

---


Darin C. Savage  
Lara Katz  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
lara@abadieschill.com

**Attorneys for Applicant**

***Case No. 21119: Application of Devon Energy Production Company, L.P. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.***

Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the unit. Said horizontal spacing unit is to be dedicated to the **Hot Potato 26-23 Fed Com 333H Well**, an oil well, proposed to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 26, approximately 325' FSL and 1499' FEL, more or less, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 23, approximately 20' FNL and 1254' FEL, more or less. The **Hot Potato 26-23 Fed 333H Well** is the Defining Well for the HSU. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; downhole commingling; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 2 miles east of Loving, New Mexico, and approximately 10 miles southeast of Carlsbad, New Mexico.

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 21119</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: 03/05/2020</b>	
<b>Applicant:</b>	Devon Energy Production Company, L.P.
<b>Designated Operator &amp; OGRID:</b>	Devon Energy Production Company, L.P., No. 6137
<b>Applicant's Counsel:</b>	Abadie & Schill, PC - Darin C. Savage (primary), William E. Zimsky, Andrew D. Schill
<b>Case Title:</b>	Application of Devon Energy Production Company, L.P. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
<b>Entries of Appearance/Intervenors:</b>	None, as of 03/03/2020
<b>Well Family:</b>	Hot Potato
<b>Formation/Pool</b>	
<b>Formation Name(s) or Vertical Extent:</b>	Bone Spring formation (Laguna Salado; Bone Spring, Pool Code No. 96721)
<b>Primary Product (Oil or Gas):</b>	Oil
<b>Pooling this vertical extent:</b>	Approx 10,206'
<b>Pool Name and Pool Code:</b>	Laguna Salado; Bone Spring, Pool Code No. 96721
<b>Well Location Setback Rules:</b>	NMAC Statewide Rules apply
<b>Spacing Unit Size:</b>	640 ac
<b>Spacing Unit</b>	
<b>Type (Horizontal/Vertical):</b>	Horizontal
<b>Size (Acres):</b>	640
<b>Building Blocks:</b>	Quarter-quarter sections (STD oil spacing)
<b>Orientation:</b>	South-North
<b>Description: TRS/County</b>	E/2 of Section 23 and 26-23S-29E, Eddy County, NM
<b>Standard Horizontal Well Spacing Unit (Y/N), if No, describe</b>	Yes
<b>Other Situations</b>	
<b>Depth Severance: Y/N. If yes, description</b>	No
<b>Proximity Tracts: If yes, description</b>	Yes, quarter-quarter sections in W/2 E/2
<b>Proximity Defining Well: if yes, description</b>	Yes, Hot Potato 26-23 Fed 333H Well
<b>Applicant's Ownership in Each Tract:</b>	See Landman Exhibit A-2
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)</b>	
<b>Well #1:</b>	Hot Potato 26-23 Fed 333H Well, (API-pending) SHL: SW/4 SE/4 (Unit O) of Section 26-23S-29E, NMPM; 325' FSL x 1499' FEL, more or less. BHL: NE/4 NE/4 (Unit A) of Section 23-23S-29E, NMPM; 20' FNL x 1254' FEL, more or less. Completion Target: 3rd Bone Spring formation at approx. 10,206' TVD Well orientation: South-North Completion Location: Standard
<b>Horizontal Well First and Last Take Points</b>	Please see Exhibit A (Landman Affidavit), and A-1 for the C-102 of well that is proposed for Compulsory Pooling Case, which show the take points
<b>Completion Target (Formation, TVD and MD)</b>	Please see the Application, A-1 (C-102s), the well proposal letter and the AFEs (A-3) for this data

<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000/\$800
Production Supervision/Month \$	Please see A-3 for AFEs
Justification for Supervision Costs	Please see A-3 for AFEs
Requested Risk Charge	200%, Please see A-3 for AFEs
<b>Notice of Hearing</b>	
Proposed Notice of Hearing:	C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	C-2
Proof of Published Notice of Hearing (10 days before hearing)	C-3
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	A-2
Tract List (including lease numbers and owners)	A-2
Pooled Parties (including ownership type)	A-2
Unlocatable Parties to be Pooled	A-2 NA
Ownership Depth Severance (including percentage above & below)	A-2 NA
<b>Joinder</b>	
Sample Copy of Proposal Letter	A-3
List of Interest Owners (ie Exhibit A of JOA)	A-2
Chronology of Contact with Non-Joined Working Interests	A-3.1
Overhead Rates In Proposal Letter	A-3
Cost Estimate to Drill and Complete	A-3
Cost Estimate to Equip Well	A-3
Cost Estimate for Production Facilities	A-3
<b>Geology</b>	
Summary (including special considerations)	Exhibit B - Geologist's Affidavit
Spacing Unit Schematic	B-1
Gunbarrel/Lateral Trajectory Schematic	B-2, B-3
Well Orientation (with rationale)	Exhibit B - Geologist's Affidavit
Target Formation	Exhibit B - Geologist's Affidavit
HSU Cross Section	B-3
Depth Severance Discussion	Exhibit B - Geologist's Affidavit
<b>Forms, Figures and Tables</b>	
C-102	A-1
Tracts	A-1, A-2
Summary of Interests, Unit Recapitulation (Tracts)	A-2
General Location Map (including basin)	A-2
Well Bore Location Map	B-2
Structure Contour Map - Subsea Depth	B-2
Cross Section Location Map (including wells)	B-2, B-3, B-4
Cross Section (including Landing Zone)	B-3, B-4
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	
Date:	3/4/20

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

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

Case No. 21120

**APPLICATION**

Devon Energy Production Company, L.P., (“Devon”), OGRID No. 6137, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]), underlying said unit.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon seeks to dedicate the HSU to its **Hot Potato 26-23 Fed 399H Well**, an oil well, proposed to be horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 26, approximately 325’ FSL and 1802’ FWL, more or less, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 23, approximately 20’ FNL and 2148’ FWL, more or less. The **Hot Potato 26-23 Fed 399H Well** is the Defining Well for the HSU.

3. Devon also proposes the **Hot Potato 26-23 Fed Com 332H Well**, as an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 26, approximately 325' FSL and 1022' FWL, more or less, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 23, approximately 20' FNL and 2178' FWL, more or less.

4. The completed intervals and first and last take points for all wells proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells and satisfy the criteria for standard locations.

5. Devon has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

6. The pooling of all interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

7. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Devon requests that all uncommitted interests in this HSU be pooled and that Devon be designated the operator of the proposed horizontal wells and HSU.

8. Devon reserves the right to add additional wells to the HSU when and if deemed necessary by Devon for the proper development of the HSU and its resources.

9. Since Devon will request that this case be consolidated with Case No. 21123, involving the Wolfcamp formation in the same Sections, and because two pools will be involved with the consolidation, Devon requests approval of downhole commingling, pursuant to 19.15.16.11 NMAC in the event operations require such provision for the two pools.

10. Because the proposed wells will be simultaneously drilled, back to back, and completed, Devon requests an extension of the time period to drill and complete at least one well, said well becoming the first well drilled, from 120 days to 365 days, such that the first well will satisfy the term criteria of the Division Order, allowing the drilling and completion of the second well to follow.

WHEREFORE, Devon requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprising the E/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the proposed HSU;

C. Approving the two proposed initial wells in the HSU;

D. Allowing downhole commingling, if necessary, pursuant to 19.15.16.11 NMAC to accommodate the Wolfcamp formation described in Devon's Case No. 21123;

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

F. Authorizing Devon to recover its costs of drilling, equipping and completing these wells;

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



H. Setting a 200% charge for the risk assumed by Devon in drilling and completing the wells in the event a working interest owner elects not to participate in the wells; and

I. Authorizing an extension of the normal 120-day period to drill and complete at least one well, said well becoming the first well, with the provision that the first well be drilled and completed by the end of the term of the order and the second well to follow.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage


---

Darin C. Savage  
Lara Katz  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
lara@abadieschill.com

**Attorneys for Applicant**

***Case No. 21120: Application of Devon Energy Production Company, L.P. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the unit. Said horizontal spacing unit is to be dedicated to the **Hot Potato 26-23 Fed Com 399H Well**, an oil well, proposed to be horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 26, approximately 325' FSL and 1802' FWL, more or less, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 23, approximately 20' FNL and 2148' FWL, more or less. The **Hot Potato 26-23 Fed 399H Well** is the Defining Well for the HSU. Applicant also proposes the **Hot Potato 26-23 Fed Com 332H Well**, an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 26, approximately 325' FSL and 1022' FWL, more or less, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 23, approximately 20' FNL and 2178' FWL, more or less. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; downhole commingling; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 2 miles east of Loving, New Mexico, and approximately 10 miles southeast of Carlsbad, New Mexico.

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 21120</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: 03/05/2020</b>	
<b>Applicant:</b>	Devon Energy Production Company, L.P.
<b>Designated Operator &amp; OGRID:</b>	Devon Energy Production Company, L.P., No. 6137
<b>Applicant's Counsel:</b>	Abadie & Schill, PC - Darin C. Savage (primary), William E. Zimsky, Andrew D. Schill
<b>Case Title:</b>	Application of Devon Energy Production Company, L.P. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
<b>Entries of Appearance/Intervenors:</b>	None, as of 03/03/2020
<b>Well Family:</b>	Hot Potato
<b>Formation/Pool</b>	
<b>Formation Name(s) or Vertical Extent:</b>	Bone Spring formation (Laguna Salado; Bone Spring, Pool Code No. 96721)
<b>Primary Product (Oil or Gas):</b>	Oil
<b>Pooling this vertical extent:</b>	10,195'
<b>Pool Name and Pool Code:</b>	Laguna Salado; Bone Spring, Pool Code No. 96721
<b>Well Location Setback Rules:</b>	NMAC Statewide Rules apply
<b>Spacing Unit Size:</b>	320 ac
<b>Spacing Unit</b>	
<b>Type (Horizontal/Vertical):</b>	Horizontal
<b>Size (Acres):</b>	320
<b>Building Blocks:</b>	Quarter-quarter sections (STD oil spacing)
<b>Orientation:</b>	South-North
<b>Description: TRS/County</b>	E/2 W/2 of Section 23 and 26-23S-29E, Eddy County, NM
<b>Standard Horizontal Well Spacing Unit (Y/N), if No, describe</b>	Yes
<b>Other Situations</b>	
<b>Depth Severance: Y/N. If yes, description</b>	No
<b>Proximity Tracts: If yes, description</b>	No
<b>Proximity Defining Well: if yes, description</b>	No, does not contain proximity defining well
<b>Applicant's Ownership in Each Tract:</b>	See Landman Exhibit A-5
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)</b>	
<b>Well #1:</b>	Hot Potato 26-23 Fed 332H Well, (API-pending) SHL: SW/4 SW/4 (Unit M) of Section 26-23S-29E, NMPM; 325' FSL x 1022' FWL, more or less. BHL: NE/4 NW/4 (Unit C) of Section 23-23S-29E, NMPM; 20' FNL x 2178' FWL, more or less. Completion Target: 3rd Bone Spring formation at approx. 10,195' TVD Well orientation: South-North Completion Location: Standard
<b>Well #2:</b>	Hot Potato 26-23 Fed 399H Well, (API-pending) SHL: SE/4 SW/4 (Unit N) of Section 26-23S-29E, NMPM; 325' FSL x 1802' FWL, more or less. BHL: NE/4 NW/4 (Unit C) of Section 23-23S-29E, NMPM; 20' FNL x 2148' FWL, more or less. Completion Target: 3rd Bone Spring formation at approx. 10,195' TVD Well orientation: South-North Completion Location: Standard
<b>Horizontal Well First and Last Take Points</b>	Please see Exhibit A (Landman Affidavit), and A-4 for the C-102s of the 2 wells that are proposed for Compulsory Pooling Case, which show the take points

Completion Target (Formation, TVD and MD)	Please see the Application, A-4 (C-102s), the well proposal letter and the AFEs (A-6) for this data
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000/\$800
Production Supervision/Month \$	Please see A-6 for AFEs
Justification for Supervision Costs	Please see A-6 for AFEs
Requested Risk Charge	200%, Please see A-6 for AFEs and Application
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	C-4
Proof of Mailed Notice of Hearing (20 days before hearing)	C-5
Proof of Published Notice of Hearing (10 days before hearing)	C-6
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	A-5
Tract List (including lease numbers and owners)	A-5
Pooled Parties (including ownership type)	A-5
Unlocatable Parties to be Pooled	A-5 NA
Ownership Depth Severance (including percentage above & below)	A-5, Landman Affidavit, NA
<b>Joinder</b>	
Sample Copy of Proposal Letter	A-6
List of Interest Owners (ie Exhibit A of JOA)	A-5
Chronology of Contact with Non-Joined Working Interests	A-6.1
Overhead Rates In Proposal Letter	A-6
Cost Estimate to Drill and Complete	A-6
Cost Estimate to Equip Well	A-6
Cost Estimate for Production Facilities	A-6
<b>Geology</b>	
Summary (including special considerations)	Exhibit B - Geologist's Affidavit
Spacing Unit Schematic	B-1
Gunbarrel/Lateral Trajectory Schematic	B-2, B-3
Well Orientation (with rationale)	Exhibit B - Geologist's Affidavit
Target Formation	Exhibit B - Geologist's Affidavit
HSU Cross Section	B-3
Depth Severance Discussion	Exhibit B - Geologist's Affidavit
<b>Forms, Figures and Tables</b>	
C-102	A-4
Tracts	A-4, A-5
Summary of Interests, Unit Recapitulation (Tracts)	A-5
General Location Map (including basin)	A-5
Well Bore Location Map	B-2
Structure Contour Map - Subsea Depth	B-2
Cross Section Location Map (including wells)	B-2, B-3, B-4
Cross Section (including Landing Zone)	B-3, B-4
<b>Additional Information</b>	
<b>CERTIFICATION:</b> I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	
Date:	3/4/20

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

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

Case No. 21121

**APPLICATION**

Devon Energy Production Company, L.P., (“Devon”), OGRID No. 6137, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]), underlying said unit.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon seeks to dedicate the HSU to its **Hot Potato 26-23 Fed 331H Well**, an oil well, proposed to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 26, approximately 325’ FSL and 962’ FWL, more or less, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 23, approximately 20’ FNL and 330’ FWL, more or less. The **Hot Potato 26-23 Fed 331H Well** is the Defining Well for the HSU.

3. The completed interval and first and last take points for the 331H Well proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells and satisfies the criteria for a standard location.

4. Devon has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed HSU.

5. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

6. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Devon requests that all uncommitted interests in this HSU be pooled and that Devon be designated the operator of the proposed horizontal well and HSU.

7. Devon reserves the right to add additional wells to the HSU when and if deemed necessary by Devon for the proper development of the HSU and its resources.

8. Since Devon will request that this case be consolidated with Case No. 21123, involving the Wolfcamp formation in the same Sections, and because two pools will be involved with the consolidation, Devon requests approval of downhole commingling, pursuant to 19.15.16.11 NMAC in the event operations require such provision for the two pools.

9. Because the proposed well will be simultaneously drilled, back to back, and completed with other wells in the area, as part of a simultaneous drilling and completion project, Devon requests an extension of the time period to drill and complete the well from 120 days to 365 days, such that the well will be drilled and completed within the term provided by Division Order.

WHEREFORE, Devon requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprising the W/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the proposed HSU;

C. Approving the proposed well in the HSU;

D. Allowing downhole commingling, if necessary, pursuant to 19.15.16.11 NMAC to accommodate the Wolfcamp formation described in Devon's Case No. 21123;

E. Designating Devon as operator of this HSU and the horizontal well to be drilled thereon;

F. Authorizing Devon to recover its costs of drilling, equipping and completing this well;

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

H. Setting a 200% charge for the risk assumed by Devon in drilling and completing the well in the event a working interest owner elects not to participate in the well; and

I. Authorizing an extension of the normal 120-day period to drill and complete the well such that the well will be drilled and completed within the term of the order.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

---

Darin C. Savage  
Lara Katz  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
lara@abadieschill.com

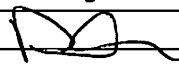
**Attorneys for Applicant**



***Case No. 21121: Application of Devon Energy Production Company, L.P. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.***

Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 W/2 of Sections 23 and 26, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (LAGUNA SALADO; BONE SPRING [Pool Code 96721]) underlying the unit. Said horizontal spacing unit is to be dedicated to the **Hot Potato 26-23 Fed 331H Well**, an oil well, proposed to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 26, approximately 325' FSL and 962' FWL, more or less, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 23, approximately 20' FNL and 330' FWL, more or less. The **Hot Potato 26-23 Fed 331H Well** is the Defining Well for the HSU. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; downhole commingling; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 2 miles east of Loving, New Mexico, and approximately 10 miles southeast of Carlsbad, New Mexico.

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 21121</b>	<b>APPLICANT'S RESPONSE</b>
<b>Date: 03/05/2020</b>	
<b>Applicant:</b>	Devon Energy Production Company, L.P.
<b>Designated Operator &amp; OGRID:</b>	Devon Energy Production Company, L.P., No. 6137
<b>Applicant's Counsel:</b>	Abadie & Schill, PC - Darin C. Savage (primary), William E. Zimsky, Andrew D. Schill
<b>Case Title:</b>	Application of Devon Energy Production Company, L.P. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
<b>Entries of Appearance/Intervenors:</b>	None, as of 03/03/2020
<b>Well Family:</b>	Hot Potato
<b>Formation/Pool</b>	
<b>Formation Name(s) or Vertical Extent:</b>	Bone Spring formation (Laguna Salado; Bone Spring, Pool Code No. 96721)
<b>Primary Product (Oil or Gas):</b>	Oil
<b>Pooling this vertical extent:</b>	10,160'
<b>Pool Name and Pool Code:</b>	Laguna Salado; Bone Spring, Pool Code No. 96721
<b>Well Location Setback Rules:</b>	NMAC Statewide Rules apply
<b>Spacing Unit Size:</b>	320 ac
<b>Spacing Unit</b>	
<b>Type (Horizontal/Vertical):</b>	Horizontal
<b>Size (Acres):</b>	320
<b>Building Blocks:</b>	Quarter-quarter sections (STD oil spacing)
<b>Orientation:</b>	South-North
<b>Description: TRS/County</b>	W/2 W/2 of Section 23 and 26-23S-29E, Eddy County, NM
<b>Standard Horizontal Well Spacing Unit (Y/N), if No, describe</b>	Yes
<b>Other Situations</b>	
<b>Depth Severance: Y/N. If yes, description</b>	No
<b>Proximity Tracts: If yes, description</b>	No
<b>Proximity Defining Well: if yes, description</b>	No, does not contain proximity defining well
<b>Applicant's Ownership in Each Tract:</b>	See Landman Exhibit A-8
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)</b>	
<b>Well #1:</b>	Hot Potato 26-23 Fed 331H Well, (API-pending) SHL: SW/4 SW/4 (Unit M) of Section 26-23S-29E, NMPM; 325' FSL x 962' FWL, more or less. BHL: NW/4 NW/4 (Unit D) of Section 23-23S-29E, NMPM; 20' FNL x 330' FWL, more or less. Completion Target: 3rd Bone Spring formation at approx. 10,160' TVD Well orientation: South-North Completion Location: Standard
<b>Horizontal Well First and Last Take Points</b>	Please see Exhibit A (Landman Affidavit), and A-7 for the C-102s of the well that is proposed for Compulsory Pooling Case, which show the take points
<b>Completion Target (Formation, TVD and MD)</b>	Please see the Application, A-7 (C-102s), the well proposal letter and the AFEs (A-9) for this data

<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000/\$800
Production Supervision/Month \$	Please see A-9 for AFEs
Justification for Supervision Costs	Please see A-9 for AFEs
Requested Risk Charge	200%, Please see A-9 for AFEs and see Application
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	C-7
Proof of Mailed Notice of Hearing (20 days before hearing)	C-8
Proof of Published Notice of Hearing (10 days before hearing)	C-9
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	A-8
Tract List (including lease numbers and owners)	A-8
Pooled Parties (including ownership type)	A-8
Unlocatable Parties to be Pooled	A-8 NA
Ownership Depth Severance (including percentage above & below)	A-8, Landman Affidavit, NA
<b>Joinder</b>	
Sample Copy of Proposal Letter	A-9
List of Interest Owners (ie Exhibit A of JOA)	A-8
Chronology of Contact with Non-Joined Working Interests	A-9.1
Overhead Rates In Proposal Letter	A-9
Cost Estimate to Drill and Complete	A-9
Cost Estimate to Equip Well	A-9
Cost Estimate for Production Facilities	A-9
<b>Geology</b>	
Summary (including special considerations)	Exhibit B - Geologist's Affidavit
Spacing Unit Schematic	B-1
Gunbarrel/Lateral Trajectory Schematic	B-2, B-3
Well Orientation (with rationale)	Exhibit B - Geologist's Affidavit
Target Formation	Exhibit B - Geologist's Affidavit
HSU Cross Section	B-3
Depth Severance Discussion	Exhibit B - Geologist's Affidavit
<b>Forms, Figures and Tables</b>	
C-102	A-7
Tracts	A-7, A-8
Summary of Interests, Unit Recapitulation (Tracts)	A-8
General Location Map (including basin)	A-8
Well Bore Location Map	B-2
Structure Contour Map - Subsea Depth	B-2
Cross Section Location Map (including wells)	B-2, B-3, B-4
Cross Section (including Landing Zone)	B-3, B-4
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name (Attorney or Party Representative):</b>	Darin C. Savage
<b>Signed Name (Attorney or Party Representative):</b>	
<b>Date:</b> 3/4/20	