

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MAY 14, 2020**

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP TO COMFORM EXISTING ORDER
TO THE AMENDED ORDER TEMPLATE**

Case No. 21266:

Reopen Case No. 20793 and Amend Order No. R-21081

Case No. 21267:

Reopen Case No. 20794 and Amend Order No. R-21082

Devon Energy Production Company, L.P.

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TAB 1

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP TO COMFORM EXISTING ORDER
TO THE AMENDED ORDER TEMPLATE**

**Case No. 21266; Reopen Case No. 20793 and
Amend Order No. R-21081**

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 Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template), in order to re-open Case No. 20793 and conform existing Order No. R-21081 (“Existing Order”) to the recently amended order template (“Amended Template”), as described in said Letter. The Existing Order, as issued from Case No. 20793, pooled all uncommitted interests in the Bone Spring formation (DIAMONDTAIL; BONE SPRING [17644]) underlying the W/2 of Section 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico

In support of its Application, Devon states the following: (1) Devon is in good standing under state-wide rules and regulations with respect to the Existing Order; (2) Devon has reviewed the changes made by the Amended Template and has no objections; and (3) Devon desires to have an order based on the Division’s Amended Template securely in place for the continuation of its plans for development and conservation.

WHEREFORE, Devon requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on May 14, 2020, and after notice and hearing as

required by law, that the Division amend the Existing Order in a manner that conforms to the terms of the Amended Template.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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Attorneys for Applicant

Case No. 21266: *Application of Devon Energy Production Company, L.P., to Re-open Case No. 20793 and Conform the Terms of the Compulsory Pooling Order No. R-21081 to the Amended Order Template, Pursuant to Letter from the Division dated April 9, 2020, Lea County, New Mexico.* Applicant in the above-styled cause seeks to amend Division Order No. R-21081 in order to have its terms conform to the Amended Order Template recently issued pursuant to Letter of the Division dated April 9, 2020, Re: Amendments to Compulsory Pooling Order Template. Division Order No. R-21081, as issued from Case No. 20793, pooled all uncommitted interests in the Bone Spring formation (DIAMONDTAIL; BONE SPRING [17644]) underlying the W/2 of Section 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico

TAB 2

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP TO COMFORM EXISTING ORDER
TO THE AMENDED ORDER TEMPLATE**

**Case No. 21266; Reopen Case No. 20793 and
Amend Order No. R-21081**

AFFIDAVIT OF ANDY D. BENNETT

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

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

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.

2. I am employed as a Senior Staff Landman with Devon Energy Production Company, L.P. ("Devon"), and I am familiar with the subject application and the lands involved.

3. I graduated from the University of Oklahoma with a Bachelor's degree in Business (Energy Management) in 2008. I have worked at Devon Energy Production Company, L.P. ("Devon") for 10 years, and I have been working in New Mexico for more than 1 year. My credentials as a petroleum landman have been accepted by the New Mexico Oil Conservation Division ("Division") and made a matter of record.

This affidavit is submitted in connection with the filing by Devon of the above-referenced application to re-open Case No. 29793 and conform existing Order No. R-21081 ("Existing Order") to the recently amended order template ("Amended Template"), as described

in the Letter of the Division Director dated April 9, 2020 (Re: Amendments to Compulsory Pooling Order Template). The Existing Order, as issued from Case No. 20793, pooled all uncommitted interests in the Bone Spring formation (DIAMONDTAIL; BONE SPRING [17644]) underlying the W/2 of Section 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. The purpose of this application is to conform the Existing Order to the Amended Template, for which Devon seeks approval and an order from the Division.

4. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners and ORRI owners shown in Exhibit C. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. To cover any unforeseen claims, notice of this hearing was published in the Hobbs News-Sun, a newspaper of general circulation in Lea County, New Mexico, to cover unlocatable parties, which included one ORRI owner, Paul R. Barwis.

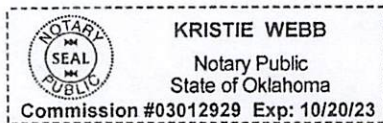
[Signature page follows]

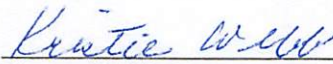
FURTHER AFFIANT SAYETH NAUGHT



Andy D. Bennett

Subscribed to and sworn before me this 5th day of May, 2020.





Notary Public

TAB 3

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
DEVON ENERGY PRODUCTION COMPANY, L.P.**

**CASE NO. 20793
ORDER NO. R-21081**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on October 31, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Devon Energy Production Company, L.P., ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit "(Unit)" described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.

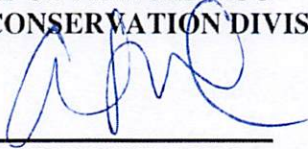
20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.
21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. No later than thirty (30) days after Operator submits the Estimated Well Costs , the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of

a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

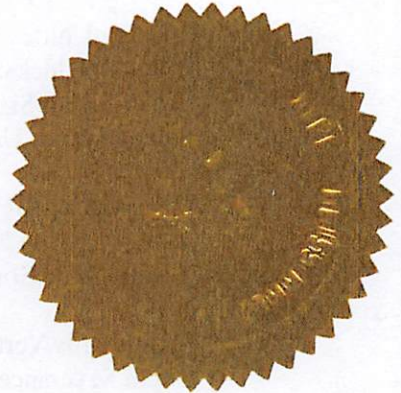
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**


ADRIENNE SANDOVAL
DIRECTOR
AS/kms

Date: February 10, 2020



CASE NO. 20793
ORDER NO. R-21081

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Exhibit "A"
Case No. 20793

Applicant: Devon Energy Production Company, L.P.
Operator: Devon Energy Production Company, L.P. (OGRID 6137)
Date Heard: October 31, 2019
Lawyer: Darin C. Savage, Abadie & Schill, PC

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter section equivalents
Spacing Unit Size: 320 acres (more or less)
Orientation of Unit: South/North

Spacing Unit Description:

W/2 of Section 24,
Township 23 South, Range 32 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Bone Spring Formation
Depth Severance? (Yes/No): No

Pool: DIAMONDTAIL; BONE SPRING [17644]
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: Yes
Proximity Defining Well: Well No. 11H is to be drilled closer than 330 feet from the
Proximity Tracts and therefore defines the Horizontal Spacing Unit.

Monthly charge for supervision: While drilling: \$7500 While producing: \$750
As the charge for risk, 200 percent of reasonable well costs.

There are 4 Proposed Well(s):

Sneaky Snake 24 Fed Com Well No. 11H, API No. 30-025-Pending

SHL: 480 feet from the South line and 681 feet from the West line,
(Unit M) of Section 24, Township 23 South, Range 32 East, NMPM.
BHL: 20 feet from the North line and 1386 feet from the West line,
(Unit C) of Section 24, Township 23 South, Range 32 East, NMPM.

Completion Target: Leonard Formation at approx 9600 feet TVD.
Well Orientation: South to North
Completion Location expected to be: standard

Sneaky Snake 24 Fed Com Well No. 12H, API No. 30-025-Pending

SHL: 480 feet from the South line and 1523 feet from the West line,
(Unit N) of Section 24, Township 23 South, Range 32 East, NMPM.

BHL: 20 feet from the North line and 2310 feet from the West line,
(Unit C) of Section 24, Township 23 South, Range 32 East, NMPM.

Completion Target: Leonard Formation at approximately 9600 feet TVD

Well Orientation: South to North

Completion Location expected to be: standard

Sneaky Snake 24 Fed Com Well No. 13H, API No. 30-025-Pending

SHL: 480 feet from the South line and 711 feet from the West line,
(Unit M) of Section 24, Township 23 South, Range 32 East, NMPM.

BHL: 20 feet from the North line and 330 feet from the West line,
(Unit D) of Section 24, Township 23 South, Range 32 East, NMPM.

Completion Target: 2nd Bone Spring Sandstone at approximately 10750 feet TVD

Well Orientation: South to North

Completion Location expected to be: standard

Sneaky Snake 24 Fed Com Well No. 14H, API No. 30-025-Pending

SHL: 480 feet from the South line and 1553 feet from the West line,
(Unit N) of Section 24, Township 23 South, Range 32 East, NMPM.

BHL: 20 feet from the North line and 2310 feet from the West line,
(Unit C) of Section 24, Township 23 South, Range 32 East, NMPM.

Completion Target: 2nd Bone Spring Sandstone at approximately 10750 feet TVD

Well Orientation: South to North

Completion Location expected to be: standard

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne E. Sandoval
Director, Oil Conservation Division



BY ELECTRONIC MAIL ONLY

April 9, 2020

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RE: Amendments to Compulsory Pooling Order Template

Dear Counsel:

The Oil Conservation Division ("OCD") has amended the compulsory pooling order template effective on April 1, 2020. The amended template is attached as Exhibit 1.

Prior to April 1, 2020, OCD issued compulsory pooling orders for the cases identified in Exhibit 2. To conform an order with the amended template, please file an application for a hearing.

If you have any questions about this letter, please call Eric Ames, Office of General Counsel, at (505) 476-3463.

Respectfully,

A handwritten signature in black ink, appearing to read 'ASandoval', written over the printed name.

Adrienne Sandoval
Director

cc: Gabriel Wade, Deputy Director
Eric Ames, OGC-EMNRD
Scott Cox, OCD Engineering Bureau

EXHIBIT 1

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
[OPERATOR]**

**CASE NO. _____
ORDER NO. R-_____**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on [DATE], and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. [NAME] ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.

8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the ~~described~~ depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. ~~If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.~~
- ~~19.~~ If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well in accordance with 19.15.16.15(C) NMAC.
- ~~1920.~~ The Operator shall commence drilling the Winitial well(s) within one year one (1) year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well; and (b) for an infill well, no later than thirty (30) days after completion of the well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.

CASE NO. _____
ORDER NO. R-

Page 2 of 5

~~21.~~ ~~Operator shall comply with the~~ The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.

~~22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.~~

~~23.~~ Operator shall submit ~~to OCD and~~ each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs"). ~~no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.~~

~~24.~~ No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

~~25.~~ No later than ~~within~~ one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

~~26.~~ No later than sixty (60) days after ~~the later of~~ the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share

of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

267. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."

278. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.

289. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

3029. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.

31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.

323. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.

334. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
345. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

ADRIENNE SANDOVAL
DIRECTOR
[AES/xxx](#)

Date: _____

CASE NO. _____
ORDER NO. R-

Page 5 of 5

TAB 4

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP TO COMFORM EXISTING ORDER
TO THE AMENDED ORDER TEMPLATE**

**Case No. 21266; Reopen Case No. 20793
and Amend Order No. R-21081**

AFFIDAVIT OF NOTICE

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

Darin C. Savage, attorney and authorized representative of Devon Energy Production Company, L.P., the Applicant herein, being first duly sworn, upon oath, states that the above referenced Applications were under a notice letter and that proof of receipt is attached hereto.



Darin C. Savage

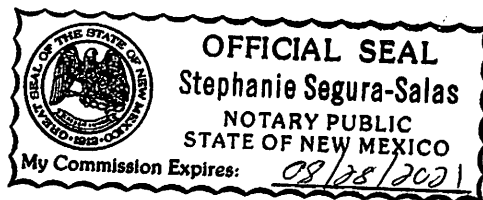
SUBSCRIBED AND SWORN to before me this 8th day of May, 2020, by Darin C. Savage.

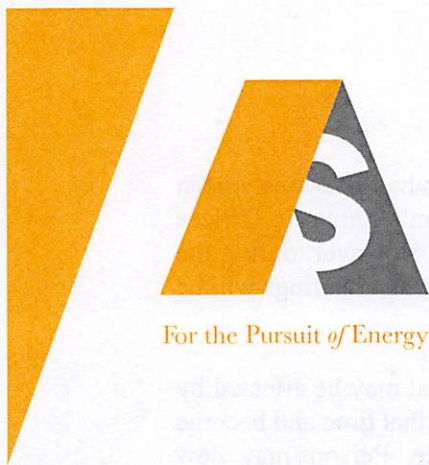


Notary Public

My Commission Expires:

08/28/2021





For the Pursuit of Energy

ABADIE | SCHILL P C

Colorado	New Mexico
Louisiana	Texas
Kansas	Utah
Nebraska	Wyoming
Montana	California
Oklahoma	North Dakota

April 22, 2020

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO PROCEEDINGS

Re: Application of Devon Energy Production Company, L.P., in new Case No. 21266, to Re-open Case No. 20793 and Conform the Terms of the Compulsory Pooling Order No. R-21081 to the Amended Order Template, Pursuant to Letter from the Division dated April 9, 2020, Lea County, New Mexico.

Case No. 21266

Dear Interest Owner:

Devon Energy Production Company, L.P., completed a Compulsory Pooling of the Bone Spring Formation underling the W/2 of Section 24-23S-32E, NMPM, Lea County, New Mexico, encompassing 320 acres, more or less, by a hearing held October 31, 2019, from which Division Order No. R-21081 was issued on February 10, 2020.

Recently, as announced by its Letter dated April 9, 2020 (Re: Amendments to Compulsory Order Template), the New Mexico Oil Conservation Division has amended its Template for Compulsory Pooling Orders and has required that existing orders conform to the new Amended Template.

As a result, we are providing this letter to advise you that Devon Energy Production Company, L.P., has filed the enclosed Application with the Division in order to conform existing Order No. R-21081 with the recent amendments to the Division's Compulsory Pooling Template. Existing Order No. R-21081 is operative and binding. A copy of the Application along with a copy of the Division's Amended Template to which the existing Order will be conformed are enclosed for your review.

A hearing has been requested before a Division Examiner on May 14, 2020, and the status of the hearing can be monitored through the Division's website. Under the current lockdown conditions resulting from the COVID-19 precautions, the Division has moved its hearings to an online

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

platform using a link to their Zoom Meeting application. Division hearings had previously been held in person at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, during the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Persons may view and participate in the electronic hearing, beginning at 8:15 a.m. on May 14, 2020, through the following link:

<https://zoom.us/j/517058707?pwd=OHB0WnRBb1hHUExFQ3E5dk5GeTZXdz09>

Meeting ID: 517 058 707 Password: 131433

One tap mobile +16699006833,,517058707# US (San Jose)

+13462487799,,517058707# US (Houston)

Dial by your location:

+1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 301 715 8592 US

+1 312 626 6799 US (Chicago) +1 929 205 6099 US (New York) +1 253 215 8782 US

Meeting ID: 517 058 707

Find your local number: <https://zoom.us/u/aeH2q3M9VZ>

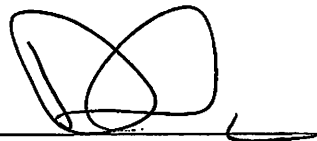
Additional information is available at:

<http://www.emnrd.state.nm.us/OCD/hearings.html>, or by calling the Division at (505) 476-3441.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Andy Bennett at (405) 552-8002 or at Andy.Bennett@dvn.com.

Sincerely,



Darin C. Savage

Attorney for Devon Energy
Production Company, L.P.

Transaction Report Details - CertifiedPro.net
Date Created= 4/22/2020 - 5/8/2020
Generated: 5/8/2020 9:56:18 AM

USPS Article Number	Date Created	Reference Number	Name 1	Name 2	Address1	City	State	Zip	Mailing Status
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9314869904300070922633	2020-04-22 9:11 AM	21267	CHISOS MINERALS LLC		1111 BAGBY ST STE 2150	HOUSTON	TX	77002-2626	Delivered
9314869904300070922596	2020-04-22 9:11 AM	21267	JAREED PARTNERS LTD	A TEXAS LIMITED PARTNERSHIP	PO BOX 51451	MIDLAND	TX	79710-1451	Delivered
9314869904300070922572	2020-04-22 9:10 AM	21267	CROWNROCK MINERALS LP		PO BOX 51933	MIDLAND	TX	79710-1933	Delivered
9314869904300070922534	2020-04-22 9:10 AM	21267	COG Operating LLC	C/O Concho Resources Inc.	1048 Paseo De Peralta	Santa Fe	NM	87501	Delivered
9314869904300070922503	2020-04-22 9:09 AM	21267	COG OPERATING LLC	C/O CONCHO RESOURCES INC.	600 W ILLINOIS AVE	MIDLAND	TX	79701-4882	Delivered
9314869904300070922480	2020-04-22 9:08 AM	21267	JOHN KYLE THOMA	TRUSTEE OF THE CORNERSTONE FAMILY TRUST	PO BOX 558	PEYTON	CO	80831-0558	Mailed
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Affidavit of Publication

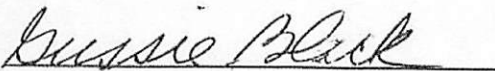
STATE OF NEW MEXICO
COUNTY OF LEA

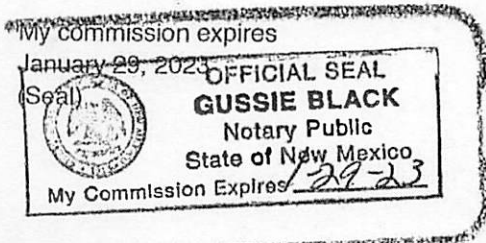
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
April 24, 2020
and ending with the issue dated
April 24, 2020.


Publisher

Sworn and subscribed to before me this
24th day of April 2020.


Business Manager



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 NOTICE April 24, 2020

CASE No. 21266: Notice to all affected parties and persons having any right, title interest or claim to this case, including overriding royalty interest owners, as well as the known and unknown heirs, devisees and successors of COG OPERATING LLC, CONCHO RESOURCES INC., C. MARK WHEELER, CROWNROCK MINERALS, LP, JOHN KYLE THOMA, TRUSTEE OF THE CORNERSTONE FAMILY TRUST, PAUL R. BARWIS, JAREED PARTNERS, LTD, CHISOS MINERALS, LLC, ONRR ROYALTY MANAGEMENT PROGRAM of Devon Energy Production Company, L.P.'s application for approval to Reopen Case No. 20793 and Conform the Terms of Compulsory Pooling Order No. R-21081 to the Oil Conservation Division's Amended Order Template, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on May 14, 2020, at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. Under the COVID-19 Public Health Emergency, during which state buildings are closed, this hearing will be conducted remotely. For information about attending the remote hearing, contact the Division at (505) 476-3441, or visit their website at <http://www.emnrd.state.nm.us/OCD/hearings.html>. Devon Energy Production Company, L.P., at 333 W. Sheridan Ave, Oklahoma City, OK 73102, seeks in this hearing to amend existing Division Order No. R-21081 in order to have its terms conform to the Amended Order Template recently issued pursuant to Letter of the Division dated April 9, 2020, Re: Amendments to Compulsory Pooling Order Template, Division Order No. R-21081, as issued from Case No. 20793, pooled all uncommitted interests in the Bone Spring formation (DIAMONDTAIL: BONE SPRING [17644]) underlying the W/2 of Section 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, and is currently operative and binding on all interest owners subject to the prior pooling proceedings. Hearing for Case No. 21266 is an administrative proceeding to conform the existing Order to the Division's Amended Order Template. #35423

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00241793

KAIYA TOOP
ABADIE SCHILL
555 RIVERGATE LANE 84-180
DURANGO, CO 81301