

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

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

Case No. 20089

APPLICATION

Devon Energy Production Company LP (“Devon”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) creating a 320 acre +/- HSU comprised of the E/2 E/2 of Section 28 and the E/2 E/2 of Section 33, Township 25 South, Range 32 East, Lea County, New Mexico, and (2) pooling all uncommitted interests in the Bone Spring formation (WC-025 G-08 S253235G; BONE SPRING [97903]). In support of its application, Devon states:

1. Devon is a working interest owner in the proposed standard horizontal spacing unit and has the right to drill thereon.
2. Devon proposes to dedicate the above-referenced standard horizontal spacing and proration unit to be dedicated to applicant’s **Van Doo Dah 28-33 Fed Com #237H well**, with a surface location 205’ FNL and 925’ FEL of Section 28 and a bottom hole location 330’ FSL and 660’ FEL of Section 33, Township 25 South, Range 32 East, Lea County, New Mexico, and a total vertical depth of 10,263’.
3. The completed interval for the Van Doo Dah 28-33 Fed Com #237H will remain within the 330-foot setbacks required by the Statewide rules for horizontal oil wells.
4. The first and last take points for the Van Doo Dah 28-33 Fed Com #237H well will remain within the 100-foot setbacks required by the Statewide rules for horizontal oil wells.

5. Devon has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the subject horizontal spacing unit ("HSU").

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

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

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 15, 2018, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a 320 acre +/- HSU comprised of the E/2 E/2 of Section 28 and the E/2 E/2 of Section 33, Township 25 South, Range 32 East, Lea County, New Mexico;

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

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

D. Authorizing Devon to recover its costs of drilling, equipping and completing the well;

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

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

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Seth C. McMillan

Seth C. McMillan

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873

smcmillan@montand.com

Attorneys for Devon Energy Production Company LP