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

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

**CASE NO. 16349** 

COUNTY OF	· · · · · · · · · · · · · · · · · · ·	and district	6		
STATE OF N	ew mexico )	y.			
Canda	ce Callahan, being duly sworn upon her oath, depos	ses and states	<b>&amp;</b>		
Ĭ.	I am over the age of 18 and have personal knowled	dge of the ma	itters stated her		
. 2.	am an attorney for Devon Energy Production Company, L.P.				
3. correct addres	Applicant has conducted in good faith, diligent effects of the interest owners entitled to receive notice				
4. addresses, by hereto as Exhi	Notice of the application was provided to the interceptified mail. Copies of the notice letter and certification.				
	Applicant has complied with the notice provisions 19.15.4.9 and 19.15.4.12.C.	of Form C-1	08 and Divisio		

SUBSCRIBED AND SWORN TO before me this 5th day of September, 2018 by

My Commission Expires:

Candace Callahan.

Official Seal
LORETTA A BISCHOFF
Notary Public
State of New Mexica
My Comm. Expires 3/19/403.

# BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW

500 DON GASPAR AVENUE SANTA PE, NEW MEXICO87505-2626 TELEPHONE (505) 983-8545 FACSIMILE (505) 983-8547 www.bwenergylaw.com

CASPER

CHEYENNE

DENVER

SALT LAKE CITY

SANTA PE

CANDACE CALLAHAN

DIRECT: (505) 983-8764

E-MAIL: CCALLAHAN@BWENERGYLAW.COM

July 19, 2018



# VIA CERTIFIED MAIL-RETURN RECEIPT

To: Pooled Parties (Exhibit "A")

Re: New Mexico Oil Conservation Division Application for Non-Standard Spacing and Proration

Unit and Compulsory Pooling, Case No. 16349

Spud Muffin 31-30 334H Well

### Dear Ladies and Gentlemen:

This letter is to advise you that Devon Energy Production Company, L.P. has filed the enclosed application for compulsory pooling of all uncommitted mineral interests with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on August 9, 2018. The hearing will be held in the Oil Conservation Division's Santa Fe Offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an interest owner in the well unit you may be affected by this application, and you may appear and present testimony. Failure to appear at that time and become a part of record will preclude you from challenging the matter at a later date.

A party appearing in a Division case is required by Division Rule 19:15.4.13:B to file a Pre-Hearing Statement four business days in advance of a scheduled hearing. This statement must be filed with the Division's Santa Fe office at the above address and should include: the names of the party and its attorney; 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 need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned and to the persons listed on Exhibit A.

If you have any questions about this matter, please contact Joe Hammond at (405) 552-8102 or Joe. Hammond @dvn.com.

Very truly yours,

Candace Callahan

Attorney for Devon Energy Production Company, L.P.

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

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 14349

# <u>APPLICATION</u>

Devon Energy Production Company, L.P. ("Devon"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. §70-2-17, for an order pooling all uncommitted mineral interests in the Bone Spring formation underlying E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. In support of its application, Devon states:

- 1. Devon (OGRID 6137) is a working interest owner in the subject acreage and has the right to drill thereon.
- 2. Devon proposes to dedicate the above-referenced 320.00 acre spacing and proration unit as the standard horizontal spacing and proration unit for the Spud Muffin 31-30.334H well to be horizontally drilled in the Cedar Canyon; Bone Spring (Pool Code 11520) from a surface location 485' FSL and 185' FEL of Section 31 to a bottom hole location of 230' FNL and 330' FEL of Section 30.
- 3. This well will be pad-drilled sequentially and batch completed with other wells to be drilled within Sections 30 and 31 in the Bone Spring and Wolfcamp formations which are the subject of separate applications filed by Devon and currently pending before the Division.

- 4. The completed interval for this well will be orthodox.
- 5. Devon has sought and has been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
- 6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 7. As the proposed well will be simultaneously drilled and batch completed with other wells Devon has proposed to be drilled within Sections 30 and 31, Devon requests an extension of the 120-day time period to drill and complete the well provided by the standard pooling order.
- 8. In order to permit Devon to obtain it's just and fair share of the oil and gas underlying the subject lands, all mineral interests in this standard horizontal spacing and proration unit should be pooled and Devon Energy Production Company, L.P. should be designated the operator of this proposed horizontal well and spacing unit.
- 9. Notice of this application is being given in accordance with Division rules.
  WHEREFORE, Devon requests that this application be set for hearing before an
  Examiner of the Oil Conservation Division on August 9, 2018, and, after notice and hearing as
  required by law, the Division enter an order:
- A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the standard horizontal spacing and proration unit comprised of the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico;
- B. Dedicating the Spud Muffin 31-30 334H well to the standard horizontal spacing and proration unit for the Bone Spring formation comprised of the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico;

- C. Providing an extension of the 120-day requirement to drill and complete the well;
- D. Designating Devon Energy Production Company, L.P. operator of this standard horizontal spacing and proration unit and the horizontal well to be drilled thereon;
- E. Authorizing Devon to recover its costs of drilling, equipping and completing the well;
- F. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty for the risk assumed by Devon in drilling and completing the initial well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

BEATTY & WOZNIAK, P.C

Candace Callahan

500 Don Gaspar Avenue

Santa Fe, New Mexico 87505

(505) 983-8545 or (505) 983-8765 (direct)

(800) 886-6566 (fax)

ccallahan@bwenergylaw.com

ATTORNEYS FOR DEVON ENERGY PRODUCTION

COMPANY, L.P.

# PROPOSED ADVERTISEMENT

Case No. \_\_\_\_\_\_: Application of Devon Energy Production Company, L.P. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. Said standard 320-acre horizontal spacing and proration unit is to be dedicated to the applicant's Spud Muffin 31-30 334H to be horizontally drilled in the Cedar Canyon; Bone Spring (Pool Code 11520) from a surface location 485' FSL and 185' FEL of Section 31 to a bottom hole location of 230' FNL and 330' FEL of Section 30. The completed interval this well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, L.P. as operator of the well and a 200% charge for risk involved in drilling the well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

### Exhibit A

### **CASE NO. 16349**

# POOLING LIST: T23S-R29E

Eddy County, New Mexico
E/2E/2 Section 31 and E/2E/2 Section 30
320.00 Acre Standard Horizontal Spacing Unit
Spud Muffin 31-30 334H, Cedar Canyon; Bone Spring (11520)

# WI Owners Within Horizontal Spacing Unit In The Bone Spring Formation:

Oxy USA, Inc. Attn: Jeremy D. Murphrey 5 Greenway Plaza, Suite 110 Houston, TX 77046

Chevron North America Exploration and Production Co. A Division of Chevron U.S.A. Inc. Attn: Irvin Gutierrez 1400 Smith Street Houston, TX 77002

Nortex Corporation Attn: Robert W. Kent 3009 Post Oak Blvd., Ste. 1212 Houston, TX 77056

Unleased Mineral Owners Within Horizontal Spacing Unit In The Bone Spring Formation:

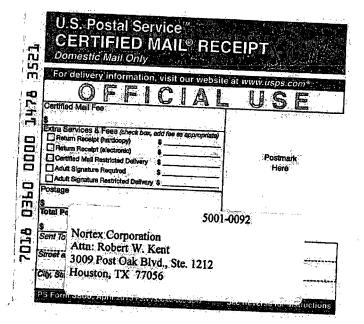
None

END OF POOLING LIST FOR E/2E/2 SECTION 31 AND E/2E/2 SECTION 30:

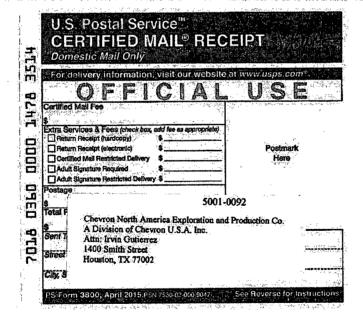
SENDER: COMPLETE THIS SECTION  Complete items 1, 2, and 3.  Print your name and address on the reverse so that we can return the card to you.	A Signature	DELIVERY  ☐ Agent ☐ Addressee
Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name)	C. Date of Delivery
1. Article Addressed to: .5001-0092 Oxy USA, Inc.	D. Is delivery address different from If YES, enter delivery address to the property of the pr	pelow: No
Attn: Jeremy D. Murphrey 5 Greenway Plaza, Suite 110 Houston, TX 77046  2. Article Number (Transfer from service label)	3. Service Type  Adult Signature  Adult Signature Restricted Delivery  Certified Mail Restricted Delivery  Collect on Delivery  Collect on Delivery  Collect on Delivery	Price Mail Express®     Registered Mail™     Registered Mail Restricte     Delivery     Return Receipt for     Merchandise
7018 0340 0000 1478 353	A lall Restricted Delivery	☐ Signature Confirmation. Restricted Delivery

3538	U.S. Postal Service <sup>™</sup> CERTIFIED MAIL <sup>®</sup> RECEIPT Domestic Mail Only
35	For delivery information, visit our website at www.usps.com
1 1	OFFICIAL USE
0000 3478	Certified Mall Fee  \$ Extra Services & Fees (check box, add fee as appropriate)   Return Receipt (hardcopy)
0360	Postage \$
7018	Sent 7 Oxy USA, Inc. Attn: Jeremy D. Murphrey 5 Greenway Plaza, Suite 110 City 8 Houston, TX 77046
į .	PS Form 3800, April 2015 PSM 7530-02-000-9047 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	
Complete items 1, 2; and 3.  Print your name and address on the reverse so that we can return the card to you.  Attach this card to the back of the malipiece, or on the front if space permits.	A. Signisture  A. Signisture  A. Signisture  Addressee  B. Received by (Printed Name)  C. Date of Delivery
1. Article Addressed to:	D. is delivery address different from item 1?
Nortex Corporation Attn: Robert W. Kent 3009 Post Oak Blvd., Ste. 1212 Houston, TX 77056	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail® Certified Mail® Certified Mail® Certified Mail®
TOTAL STREET	Collect on Delivery Restricted Delivery Restricted Delivery Signature Confirmation
	Domestic Return Receip



SENDER: COMPLETE THIS SECTION  Complete items 1, 2, and 3,  Print your name and address on the reverse so that we can return the card to you.	COMPLETE THIS SECTION ON D  A Signature	ELIVERY □ Agent □ Addressee	
Attach this card to the back of the mailpiece, or on the front if space permits.	B, Received by (Printed Name)	C. Date of Delivery	
1. Article Addressed to: 5001-0092	D. is delivery address different from item 1? ☐ Yes Iff YES, enter delivery address below: ☐ No		
Chevron North America Exploration and Production Co. A Division of Chevron U.S.A. Inc. Attn: Irvin Gutterrez 1400 Smith Street Houston, TX 77002	Adult Signature     Adult Signature Restricted Delivery     Certified Meli®     Certified Meli Restricted Delivery     Cobject on Delivery	☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail Restricted Delivery ☐ Return Receipt for Merchandise	
2. Articla Number (Transfer from service label) 7018 0340 0000 1478 351		☐ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery	



# BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW

500 Don Gaspar Avenue Santa Fe, New Mexico87505-2626 Telephone (505) 983-8545 Facsimile (505) 983-8547 www.bwenergylaw.com CASPER

CHEYENNE

DENVER

SALT LAKE CITY

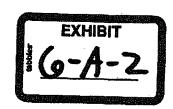
SANTA FE

#### CANDACE CALLAHAN

DIRECT: (505) 983-8764

E-MAIL: CCALLAHAN@BWENERGYLAW.COM

September 5, 2018



### VIA CERTIFIED MAIL-RETURN RECEIPT

To: Pooled Parties (Exhibit "A")

Re: New Mexico Oil Conservation Division Application for Non-Standard Spacing and Proration

Unit and Compulsory Pooling, Case No. 16349

Spud Muffin 31-30 334H Well

### Dear Ladies and Gentlemen:

This letter is to advise you that Devon Energy Production Company, L.P. has filed the enclosed application for compulsory pooling of all uncommitted mineral interests with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on September 20, 2018. The hearing will be held in the Oil Conservation Division's Santa Fe Offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an interest owner in the well unit you may be affected by this application, and you may appear and present testimony. Failure to appear at that time and become a part of record will preclude you from challenging the matter at a later date.

A party appearing in a Division case is required by Division Rule 19.15.4.13:B to file a Pre-Hearing Statement four business days in advance of a scheduled hearing. This statement must be filed with the Division's Santa Fe office at the above address and should include: the names of the party and its attorney; 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 need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned and to the persons listed on Exhibit A.

If you have any questions about this matter, please contact Joe Hammond at (405) 552-8102 or Joe.Hammond@dvn.com.

Very truly yours,

Candace Callahan
Attorney for Devon Energy Production Company, L.P.

JA 21.20540920

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. <u>14349</u>

## **APPLICATION**

Devon Energy Production Company, L.P. ("Devon"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. §70-2-17, for an order pooling all uncommitted mineral interests in the Bone Spring formation underlying E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. In support of its application, Devon states:

- 1. Devon (OGRID 6137) is a working interest owner in the subject acreage and has the right to drill thereon.
- 2. Devon proposes to dedicate the above-referenced 320.00 acre spacing and proration unit as the standard horizontal spacing and proration unit for the Spud Muffin 31-30 334H well to be horizontally drilled in the Cedar Canyon; Bone Spring (Pool Code 11520) from a surface location 485' FSL and 185' FEL of Section 31 to a bottom hole location of 230' FNL and 330' FEL of Section 30.
- 3. This well will be pad-drilled sequentially and batch completed with other wells to be drilled within Sections 30 and 31 in the Bone Spring and Wolfcamp formations which are the subject of separate applications filed by Devon and currently pending before the Division.

- 4. The completed interval for this well will be orthodox.
- 5. Devon has sought and has been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
- 6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 7. As the proposed well will be simultaneously drilled and batch completed with other wells Devon has proposed to be drilled within Sections 30 and 31, Devon requests an extension of the 120-day time period to drill and complete the well provided by the standard pooling order.
- 8. In order to permit Devon to obtain it's just and fair share of the oil and gas underlying the subject lands, all mineral interests in this standard horizontal spacing and proration unit should be pooled and Devon Energy Production Company, L.P. should be designated the operator of this proposed horizontal well and spacing unit.
  - 9. Notice of this application is being given in accordance with Division rules.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 9, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the standard horizontal spacing and proration unit comprised of the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico;
- B. Dedicating the Spud Muffin 31-30 334H well to the standard horizontal spacing and proration unit for the Bone Spring formation comprised of the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico;

- C. Providing an extension of the 120-day requirement to drill and complete the well;
- D. Designating Devon Energy Production Company, L.P. operator of this standard horizontal spacing and proration unit and the horizontal well to be drilled thereon;
- E. Authorizing Devon to recover its costs of drilling, equipping and completing the well;
- F. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty for the risk assumed by Devon in drilling and completing the initial well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

Candace Callahan

500 Don Gaspar Avenue

Santa Fe, New Mexico 87505

(505) 983-8545 or (505) 983-8765 (direct)

(800) 886-6566 (fax)

ccallahan@bwenergylaw.com

ATTORNEYS FOR DEVON ENERGY PRODUCTION

COMPANY, L.P.

## PROPOSED ADVERTISEMENT

Case No. \_\_\_\_\_\_: Application of Devon Energy Production Company, L.P. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. Said standard 320-acre horizontal spacing and proration unit is to be dedicated to the applicant's Spud Muffin 31-30 334H to be horizontally drilled in the Cedar Canyon; Bone Spring (Pool Code 11520) from a surface location 485' FSL and 185' FEL of Section 31 to a bottom hole location of 230' FNL and 330' FEL of Section 30. The completed interval this well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, L.P. as operator of the well and a 200% charge for risk involved in drilling the well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

### Exhibit A

EXHIBIT 5

Lerwick I Ltd. 56 Stamford St. Apt 212 Asheville, NC 28803

Michael A. Kulenguski 279 Jones Mtn Rd. Madison, Virginia 22727

RKC, Inc. 7500 E. Arapahoe Dr. Centennial, CO 80112-6116

Benco Energy, Inc. P.O. Box 29 Fort Worth, TX 76101

Leslie R. Honeyman Trust Lanell Joy Honeyman, Trustee 406 Skywood Circle Midland, TX 79705

Kaiser-Francis Oil Company P.O. Box 21468 Tulsa, OK 74121-1468

AWM Management Trust Annie W. Marion, Trustee 801 Cherry St. Fort Worth, TX 76102

John S. Tittl 7304 Valencia Grove Ct. Fort Worth, TX 76132

Roden Participants, Ltd. 2603 Augusta Drive Suite 430 Houston, TX 77057 Roden Exploration Company 2603 Augusta Drive Suite 430 Houston, TX 77057

Roden Associates, Ltd. 2603 Augusta Drive Suite 430 Houston, TX 77057

Mid Continent Energy, Inc. 4127 Gulf of Mexico Drive Longboat Key, FL 34428









