

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

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

CASE NO. 20260

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 interests in Bone Spring formation underlying a 640-acre standard horizontal spacing unit comprised of the E/2 of Sections 13 and 24, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, Devon states:

1. Devon (OGRID No. 6137) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Devon seeks to dedicate the above-referenced horizontal spacing unit to three initial proposed wells to be drilled at a depth sufficient to test the Bone Spring formation from a common drilling pad located in the SW/4 SE/4 (Unit O) of Section 24:

- **Bell Lake 24-13 Federal Com 10H Well** to be drilled from a common surface pad in the SW/4 SE/4 (Unit O) of Section 24 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 13.
- **Bell Lake 24-13 Federal Com 11H Well** to be drilled from a common surface pad in the SW/4 SE/4 (Unit O) of Section 24 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 13.

- **Bell Lake 24-13 Federal Com 13H Well** to be drilled from a common surface pad in the SW/4 SE/4 (Unit O) of Section 24 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 13.
3. The completed interval for the Bell Lake 24-13 Federal Com 11H Well will remain within 330 feet of the E/2 E/2 of Sections 13 and 24 to allow inclusion of these proximity tracts in a standard 640-acre horizontal well spacing comprised of the E/2 of Sections 13 and 24.
 4. Because the proposed wells will be simultaneously drilled and completed, Devon requests an extension of the normal 120-day period to drill and complete the initial well.
 5. Devon has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.
 6. The pooling of interests in the proposed horizontal well spacing unit will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 7, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying the proposed horizontal spacing unit;
- B. Approving three initial wells in the horizontal well spacing unit;
- C. Authorizing an extension of the normal 120-day period to drill and complete the initial well;
- D. Designating Devon as the operator of the horizontal spacing unit and the wells to be drilled thereon;
- E. Authorizing Devon to recover its costs of drilling, equipping and completing the wells;

- 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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**ATTORNEYS FOR DEVON ENERGY PRODUCTION
COMPANY, L.P.**

CASE _____:

Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a 640-acre standard horizontal spacing unit comprised of the E/2 of Sections 13 and 24, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to three initial proposed wells: **The Bell Lake 24-13 Federal Com 10H Well, the Bell Lake 24-13 Federal Com 11H Well and the Bell Lake 24-13 Federal Com 13H Well.** These wells will be horizontally drilled from a common surface location in the SW/4 SE/4 (Unit O) of Section 24 to bottom hole locations in the NW/4 NE/4 (Unit B) and the NE/4 NE/4 (Unit A) of Section 13. The completed interval of the Bell Lake 24-13 Federal Com 11H Well will remain within 330 feet of the E/2 E/2 of Sections 13 and 24 to allow inclusion of these proximity tracts into a standard 640-acre horizontal well spacing comprised of the E/2 of Sections 13 and 24. Also to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the Applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.