

ID NO. 383587

NSL - 8806

Revised March 23, 2017

| | | | |
|--------------------|-----------|-------|------------------------|
| RECEIVED: 09/17/24 | REVIEWER: | TYPE: | APP NO: pLEL2426762177 |
|--------------------|-----------|-------|------------------------|

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: _____ OGRID Number: _____
 Well Name: _____ API: _____
 Pool: _____ Pool Code: _____

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR

2) NOTIFICATION REQUIRED TO: Check those which apply.

A. ☐ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☐ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required

FOR OCD ONLY

☐ Notice Complete
☐ Application
 Content
 Complete

3) CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Date

Phone Number

e-mail Address



Paula M. Vance
Associate
Phone (505) 954-7286
PMVance@hollandhart.com

September 13, 2024

VIA ONLINE FILING

Gerasimos Razatos, Acting Division Director
Oil Conservation Division
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Devon Energy Production Company, L.P.
Request for Administrative Approval of an Unorthodox Well Location

Cotton Draw 25-36 Fed State Com 627H well
E/2 W/2 of Section 25 and E/2 NW/4, NE/4 SW/4 and Lot 2 (E/2 W/2 equivalent) of
irregular 36, Township 24 South, Range 31 East, Eddy County, New Mexico
Purple Sage-Wolfcamp Gas Pool [98220]
API No. 30-015-PENDING

Dear Mr. Razatos:

Devon Energy Production Company, L.P. ("Devon") (OGRID No. 6137), pursuant to Division Rules 19.15.16.15.C(6) and 19.15.15.13 NMAC and applicable rules governing acreage and well location requirements for the Purple Sage-Wolfcamp Gas Pool [98220], seeks administrative approval of an unorthodox well location for its Cotton Draw 25-36 Fed State Com 627H well (API No. 30-015-PENDING), in a 319.36-acre, more or less, spacing unit underlying the E/2 W/2 of Section 25 and E/2 NW/4, NE/4 SW/4 and Lot 2 (E/2 W/2 equivalent) of irregular 36, Township 24 South, Range 31 East, Eddy County, New Mexico.

The location for the proposed **Cotton Draw 25-36 Fed State Com 627H well** is as follows:

- Surface location: 200' FNL and 2,535' FWL (Unit C) of Section 25
- First take point: 100' FNL and 2,310' FWL (Unit C) of Section 25
- Last take point: 100' FSL and 2,310' FWL (Lot 2) of irregular Section 36
- Bottom location: 20' FSL and 2,310' FWL (Lot 2) of irregular Section 36

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

| | | |
|----------|------------|------------------|
| Alaska | Montana | Utah |
| Colorado | Nevada | Washington, D.C. |
| Idaho | New Mexico | Wyoming |

The well is a “straddle com” well, i.e. partially overlapping Devon’s Cotton Draw Unit; therefore, it is not part of the Unit or unitized area¹ and is subject to the spacing² and setback requirements under the Special Pool Rules for the Purple Sage Wolfcamp (See Division Order R-14262). The proposed first and last take points are less than 330 feet³ from the northern and southern boundary of the spacing unit and existing offsetting tracts; therefore, approval of a non-standard well location is required.

Exhibit A is an Engineering Statement explaining why approval of the application is necessary.

Exhibit B is a Form C-102 showing the **Cotton Draw 25-36 Fed State Com 627H** well encroaches on the tracts to the north in the SW/4 of Section 24, T24S-R31E, and the tracts to the south in the NW/4 of Section 1, T25S-R31E.

Exhibit C is a plat for Sections 24, 25 and 36, T24S-R31E, and the N/2 of Section 1, T25S-R31E, that shows the proposed Cotton Draw 25-36 Fed State Com 627H well in relation to the adjoining tracts to the north and south. Exhibit B also includes an ownership list for the affected tracts to the north, showing that they are operated by EOG Resources, Inc. (“EOG”), and the tracts to the south, which are operated by Devon and XTO Holdings, LLC (“XTO”) is a working interest owner. In addition, the exhibit identifies that these include federal leases. Accordingly, the “affected persons”⁴ are EOG and the Bureau of Land Management (“BLM”). Also, included with the exhibit is a waiver letter from EOG.

Exhibit D is a spreadsheet listing all affected persons Devon provided notice and includes tracking information demonstrating that each of the affected persons was sent a copy of this application with all attachments by certified mail advising that any objections must be filed in writing with the Division within 20 days from the date the Division receives the application. The following are the affected persons:

| Type | Affected Party | Offsetting Acreage |
|--------------------------|---------------------------|-------------------------------|
| Operator | EOG | SW/4 of Section 24, T24S-R31E |
| Federal Mineral Interest | Bureau of Land Management | |
| Working Interest | XTO | NW/4 of Section 1, T25S-R31E |

¹ See 19.15.16.15.B(8) NMAC and 19.15.16.15.C(7) NMAC.

² Devon is applying separately for a non-standard spacing unit.

³ The setback requirement for the Purple Sage Wolfcamp is 330 feet from the outer boundary.

⁴ See 19.15.2.7.A(8) NMAC [defining “affected persons” as, “in the absence of an operator, or with respect to an application wherein the operator of the spacing unit or identified tract is the applicant, each working interest owner”] and 19.15.4.12.A(2)(a) NMAC.

| | | |
|-----------------------------|---------------------------|--|
| Federal Mineral Interest | Bureau of Land Management | |
|-----------------------------|---------------------------|--|

Your attention to this matter is appreciated.

Sincerely,



Paula M. Vance
ATTORNEY FOR
DEVON ENERGY PRODUCTION COMPANY, L.P.



Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102-5015

August 8, 2024

Mr. Leonard Lowe
New Mexico Oil Conservation Division
1220 South Francis Drive
Santa Fe, New Mexico 87505

RE: Application for Nonstandard Location
Engineering Statement
Devon Energy Production Company, L.P.
Cotton Draw 25-36 Fed State Com 627H
E2 W2 of Section 25-24S-31E
E2 W2 of Section 36-24S-31E
Eddy County, New Mexico

Dear Mr. Lowe:

Devon Energy Production Company, L.P. respectfully requests administrative approval of a non-standard location ("NSL") for the Cotton Draw 25-36 Fed State Com 627H Well referenced above. The Cotton Draw 25-36 Fed State Com 627H Well is in the Purple Sage-Wolfcamp Gas Pool (Pool Code 98220). It is Devon's responsibility as a prudent operator to minimize reserves left in the ground. Decreasing the first and last take point from three hundred and thirty feet (330') to one hundred feet (100') will increase the wells effective lateral length by two hundred thirty feet (230'), which will increase the ultimate recovery of reserves and is thereby necessary to prevent waste of natural resources.

Sincerely,

A handwritten signature in black ink, appearing to read "John Dwyer".

John Dwyer
Reservoir Engineer

EXHIBIT
A

| | | | |
|--|--|-------------------------------------|---|
| C-102 Submit Electronically Via OCD Permitting | State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION | Revised July, 2024 | |
| | | Submittal Type: | <input checked="" type="checkbox"/> Initial Submittal |
| | | | <input type="checkbox"/> Amended Report |
| | | <input type="checkbox"/> As Drilled | |

WELL LOCATION INFORMATION

| | | |
|--|---|---|
| API Number | Pool Code 98220 | Pool Name Purple Sage; Wolfcamp (Gas) |
| Property Code | Property Name COTTON DRAW 25-36 FED STATE COM | Well Number 627H |
| OGRID No. 6137 | Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P. | Ground Level Elevation 3544.4' |
| Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input checked="" type="checkbox"/> Federal | | Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal |

Surface Location

| | | | | | | | | | |
|----|---------|----------|-------|-----|--------------|--------------|-----------|------------|--------|
| UL | Section | Township | Range | Lot | Ft. from N/S | Ft. from E/W | Latitude | Longitude | County |
| C | 25 | 24-S | 31-E | | 200' N | 2535' W | 32.195054 | 103.731851 | EDDY |

Bottom Hole Location

| | | | | | | | | | |
|----|---------|----------|-------|-----|--------------|--------------|-----------|------------|--------|
| UL | Section | Township | Range | Lot | Ft. from N/S | Ft. from E/W | Latitude | Longitude | County |
| | 36 | 24-S | 31-E | 2 | 20' S | 2310' W | 32.166680 | 103.732620 | EDDY |

| | | | | |
|----------------------------------|--|-------------------|--|--------------------|
| Dedicated Acres 319.36 | Infill or Defining Well Infill | Defining Well API | Overlapping Spacing Unit (Y/N) No | Consolidation Code |
| Order Numbers | | | Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No | |

Kick Off Point (KOP)

| | | | | | | | | | |
|----|---------|----------|-------|-----|--------------|--------------|----------|-----------|--------|
| UL | Section | Township | Range | Lot | Ft. from N/S | Ft. from E/W | Latitude | Longitude | County |
| | | | | | | | | | |

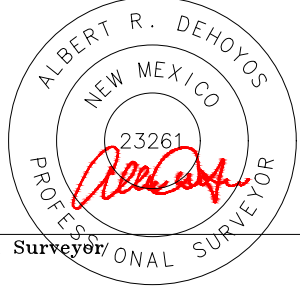
First Take Point (FTP)

| | | | | | | | | | |
|----|---------|----------|-------|-----|--------------|--------------|-----------|------------|--------|
| UL | Section | Township | Range | Lot | Ft. from N/S | Ft. from E/W | Latitude | Longitude | County |
| C | 25 | 24-S | 31-E | | 100' N | 2310' W | 32.195328 | 103.732578 | EDDY |

Last Take Point (LTP)

| | | | | | | | | | |
|----|---------|----------|-------|-----|--------------|--------------|-----------|------------|--------|
| UL | Section | Township | Range | Lot | Ft. from N/S | Ft. from E/W | Latitude | Longitude | County |
| | 36 | 24-S | 31-E | 2 | 100' S | 2310' W | 32.166900 | 103.732619 | EDDY |

| | | | | |
|-------------------|--|------------|----------|-------------------------|
| Spacing Unit Type | | Horizontal | Vertical | Ground Floor Elevation: |
|-------------------|--|------------|----------|-------------------------|

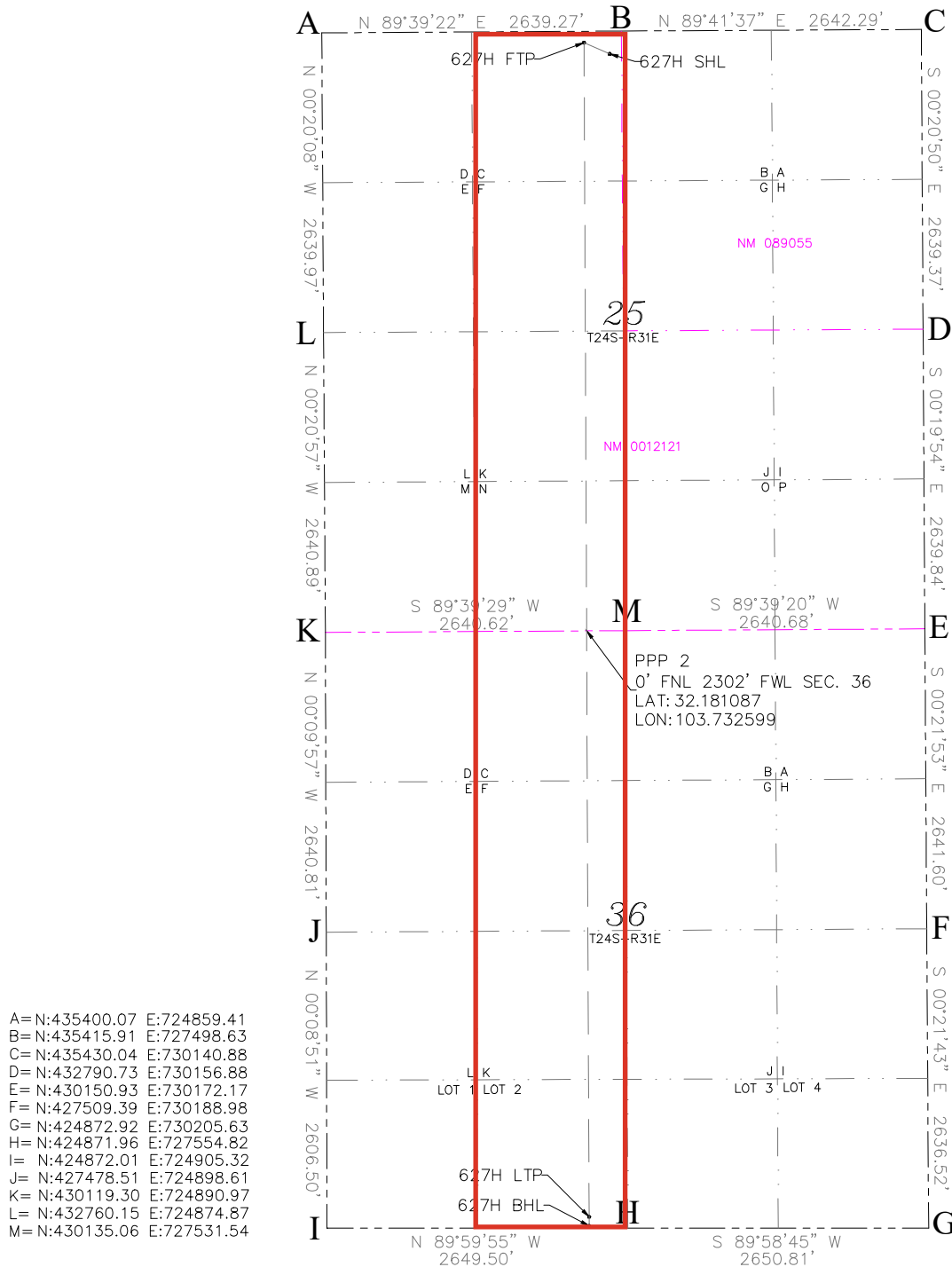
| | | | |
|--|------|---|----------------|
| OPERATOR CERTIFICATIONS I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division. | | SURVEYOR CERTIFICATIONS I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under supervision, and that the same is true and correct to the best of my belief.  | |
| Signature | Date | Signature and Seal of Professional Surveyor | |
| Printed Name | | Certificate Number | Date of Survey |
| Email Address | | 23261 | 07/2024 |

**EXHIBIT
B**

ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.



Non-Standard Location Application

Offset Operator Plat

Cotton Draw 25-36 Fed State Com 627H

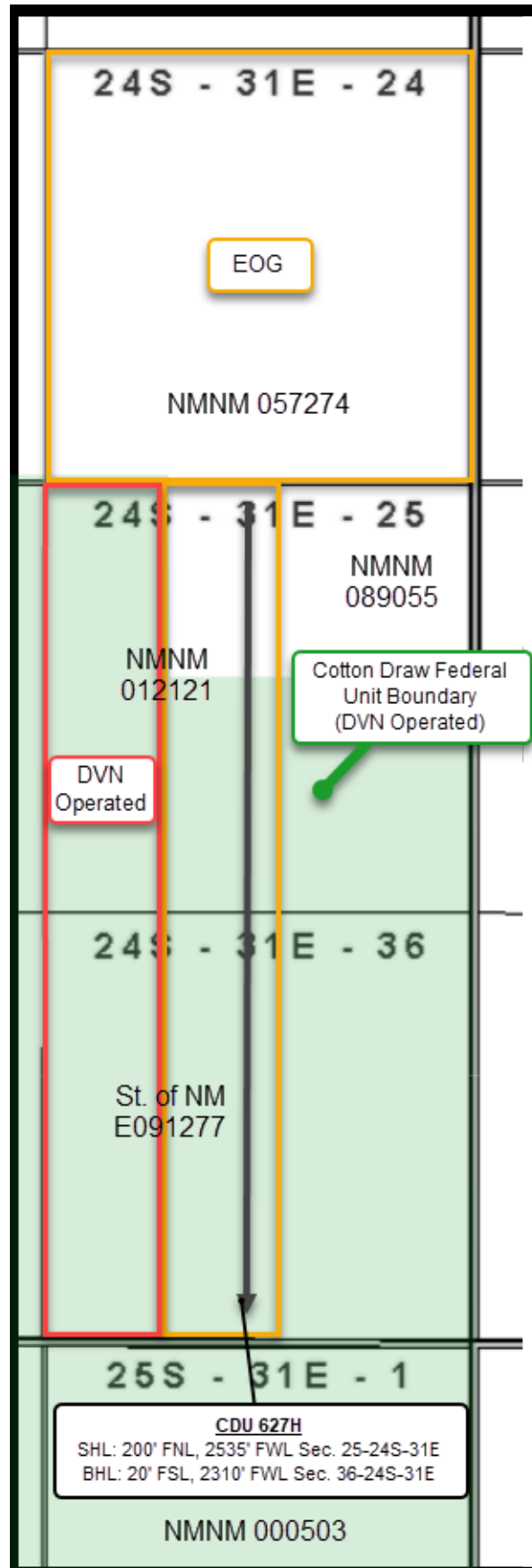


EXHIBIT
C



Devon Energy Corporation
333 W. Sheridan Avenue
Oklahoma City, OK 73102-8260

405 228 2448 Phone
www.devonenergy.com

August 12th, 2024

EOG Resources, Inc.
Attn: Chloe Sawtelle
5509 Champions Drive
Midland, Texas 79706

Re: NSL Location - Cotton Draw Wells
Sections 25 & 36, T24S-R31E
Eddy County, NM

Ms. Sawtelle,

Devon Energy Production Company, L.P. ("Devon") has applied for an unorthodox well location for the Cotton Draw wells listed on Exhibit "A" (collectively referred to as "Cotton Draw Wells") located in the W2 of Sections 25 & 36, T24S-R31E, Eddy County, New Mexico.

In exchange for EOG Resources, Inc.'s ("EOG") cooperation on this matter, Devon proposes the following agreement:

1. EOG hereby agrees not to protest or cause to be protested the unorthodox location for the Cotton Draw Wells, so long as such Wells are permitted and completed in the Purple Sage; Wolfcamp (Gas) Pool (98220) and each of the Cotton Draw Wells has a first take point or last take point no closer than 100' from the following section line:
 - i. The north line of Section 25, T24S-R31E, Eddy County, NM
2. Devon hereby agrees not to protest or cause to be protested the unorthodox location for ten wells that EOG may permit in the Purple Sage; Wolfcamp (Gas) Pool (98220) Section 24, Township 24 South, Range 31 East, Eddy County, New Mexico, in the future, so long as each well has a first take point or last take point no closer than 100' from the following section lines:
 - i. The south line of Section 24, T24S-R31E, Eddy County, NM
3. This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors, and assigns.

If you are in agreement with these terms, please indicate your acceptance and agreement by executing in the space below. Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Ryan Cloer". The signature is fluid and cursive, with the first name "Ryan" and last name "Cloer" clearly distinguishable.

Ryan Cloer
Landman

Pg. 2

Re: NSL Location - Cotton Draw Wells - Sec. 25 & 36 - 24S - 31E

EOG Resources, Inc.

Agreed to and accepted this 29th day of August, 2024.

Signature: _____

Name: Matthew W. Smith

Title: Land Manager + Agent + Attorney in fact <sup>mlg
mws</sup>

Devon Energy Production Company, L.P.

Agreed to and accepted this 29 day of August, 2024.

Signature: _____

Name: David M. Korell

Title: Manager, Land

Re: NSL Location - Cotton Draw Wells - Sec. 25 & 36 - 24S - 31E

Pg. 3

Exhibit "A"

1. Cotton Draw Unit #615H
2. Cotton Draw Unit #616H
3. Cotton Draw Unit #617H
4. Cotton Draw Unit #618H
5. Cotton Draw Unit #625H
6. Cotton Draw 25-36 Fed State Com #627H
7. Cotton Draw 25-36 Fed State Com #712H
8. Cotton Draw 25-36 Fed State Com #732H
9. Cotton Draw 25-36 Fed State Com #822H
10. Cotton Draw 25-36 Fed State Com #627H

| | | | | |
|---------------------------|--|----------|----|-------|
| Bureau of Land Management | 301 Dinosaur Trail | Santa Fe | NM | 87508 |
| Bureau of Land Management | 620 E Greene St. | Carlsbad | NM | 88220 |
| XTO Holdings, LLC | Attn: Matthew Fletcher, 22777 Springwoods Village Pkwy | Spring | TX | 77389 |

EXHIBIT
D



Paula M. Vance
Associate
Phone (505) 954-7286
PMVance@hollandhart.com

September 5, 2024

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL AFFECTED PERSONS

Re: Devon Energy Production Company, L.P
Request for Administrative Approval of an Unorthodox Well Location

Cotton Draw 25-36 Fed State Com 627H well
E/2 W/2 of Section 25 and E/2 NW/4, NE/4 SW/4 and Lot 2 (E/2 W/2 equivalent) of
irregular 36, Township 24 South, Range 31 East, Eddy County, New Mexico
Purple Sage-Wolfcamp Gas Pool [98220]
API No. 30-015-PENDING

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from the date this application is received by the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Ryan Cloer
Devon Energy Production Company, L.P.
(405) 228-2448
Ryan.Cloer@dvn.com

Sincerely,

A handwritten signature in blue ink, appearing to read 'Paula M. Vance'.

Paula M. Vance
ATTORNEY FOR
DEVON ENERGY PRODUCTION COMPANY, L.P

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska
Colorado
Idaho

Montana
Nevada
New Mexico

Utah
Washington, D.C.
Wyoming

Devon - Cotton Draw 25-26 Fed State Com 627 - NSL
Postal Delivery Report

| | | |
|-----------------------------|---|------------------------------|
| 9214 8901 9403 8376 6633 51 | BUREAU OF LAND MANAGEMENT 301 DINOSAUR TRAIL SANTA FE NM 87508 | Delivered Signature Received |
| 9214 8901 9403 8376 6633 68 | BUREAU OF LAND MANAGEMENT 620 E GREENE ST CARLSBAD NM 88220 | Delivered Signature Received |
| 9214 8901 9403 8376 6642 59 | XTO HOLDINGS LLC ATTN: MATTHEW FLETCHER 22777 SPRINGWOODS VILLAGE PKWY SPRING TX 77389 | Delivered Signature Received |

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 383587

CONDITIONS

| | |
|---|--|
| Operator: DEVON ENERGY PRODUCTION COMPANY, LP 333 West Sheridan Ave. Oklahoma City, OK 73102 | OGRID: 6137 |
| | Action Number: 383587 |
| | Action Type: [UF-NSL] Non-Standard Location (NSL) |

CONDITIONS

| | | |
|------------|-----------|----------------|
| Created By | Condition | Condition Date |
| llowe | None | 9/23/2024 |