

**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. 25296
ORDER NO. R-24123**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on May 8, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, 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 three (3) pools in the Bone Spring formation, two (2) of which are vertically separated intervals.
2. The proposed spacing unit (“Unit”) is described as a standard 640-acre, more or less, comprised of the W/2 of Sections 22 and 27, all in Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.
3. The Application differs from a standard compulsory pooling application as it includes three (3) pools, two (2) of which are vertically separated.
4. The Unit pools consist of:
 - The Bone Spring formation underlying Section 22, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, entirely encompassed by the WC-025 G-06 S253209L; BONE SPRING [96715] pool.
 - The Bone Spring formation underlying Section 27, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, subdivided into an upper and lower pool. These pools are known as the JENNINGS; UPPER BONE SPRING SHALE [97838] and the WC-025 G-08 S253235G; LWR BONE SPRING [97903].
5. Operator seeks to be designated the Operator of the Unit.
6. Operator also seeks to have Order R-22550 vacated. Order R-22550 was issued by OCD to the Operator on March 3, 2023, which pooled interest in the Lower Bone Spring underlying the E/2 W/2 of Sections 22 and 27, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.

7. Operator seeks to dedicate the below horizontal wells (“Wells”) to the Unit.
 - a. HAFLINGER 22-27 FED COM 100H
 - b. HAFLINGER 22-27 FED COM 121H
 - c. HAFLINGER 22-27 FED COM 125H
 - d. HAFLINGER 22-27 FED COM 231H
 - e. HAFLINGER 22-27 FED COM 232H
 - f. HAFLINGER 22-27 FED COM 233H
 - g. HAFLINGER 22-27 FED COM 300H
 - h. HAFLINGER 22-27 FED COM 303H
 - i. HAFLINGER 22-27 FED COM 520H
 - j. HAFLINGER 22-27 FED COM 521H
 - k. HAFLINGER 22-27 FED COM 522H
 - l. HAFLINGER 22-27 FED COM 524H
 - m. HAFLINGER 22-27 FED COM 525H
 - n. HAFLINGER 22-27 FED COM 526H
8. The subset of the Wells below would be drilled and completed in the WC-025 G-06 S253209L; BONE SPRING [96715] pool and the JENNINGS; UPPER BONE SPRING SHALE [97838].
 - a. HAFLINGER 22-27 FED COM 520H
 - b. HAFLINGER 22-27 FED COM 521H
 - c. HAFLINGER 22-27 FED COM 522H
 - d. HAFLINGER 22-27 FED COM 524H
 - e. HAFLINGER 22-27 FED COM 525H
 - f. HAFLINGER 22-27 FED COM 526H
9. The subset of the Wells below would be drilled and completed in the WC-025 G-06 S253209L; BONE SPRING [96715] pool and the WC-025 G-08 S253235G; LWR BONE SPRING [97903].
 - a. HAFLINGER 22-27 FED COM 100H
 - b. HAFLINGER 22-27 FED COM 121H
 - c. HAFLINGER 22-27 FED COM 125H
 - d. HAFLINGER 22-27 FED COM 231H
 - e. HAFLINGER 22-27 FED COM 232H
 - f. HAFLINGER 22-27 FED COM 233H
 - g. HAFLINGER 22-27 FED COM 300H
 - h. HAFLINGER 22-27 FED COM 303H
10. Operator proposes the supervision of \$10,000 while drilling and \$1,000 while producing, and a risk charge of 200% for the Wells.
11. OCD defines a “Horizontal Spacing Unit” as the spacing unit dedicated to a horizontal well.

12. OCD further defines “Horizontal well” as a well bore with one or more laterals that extend a minimum of 100 feet laterally in the target zone.
13. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
14. 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.
15. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

16. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
17. NMSA 1978, Section 70-2-17 says:

“...Where, however, such owner or owners have not agreed to pool their interests, and where one such separate owner, or owners, who has the right to drill has drilled or proposes to drill a well on said unit to a common source of supply, the division, to avoid the drilling of unnecessary wells or to protect correlative rights, or to prevent waste, shall pool all or any part of such lands or interests or both in the spacing or proration unit as a unit...” [Emphasis added].
18. Operator is the owner of an oil and gas working interest within the Unit.
19. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
20. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
21. A horizontal spacing unit shall comprise one or more contiguous tracts that the horizontal well’s completed interval penetrates 19.15.16.15 NMAC.
22. Each standard horizontal spacing unit for horizontal oil wells shall comprise of one or more contiguous tracts that the horizontal oil well’s completed interval penetrates, under 19.15.16.15(B)(1)(a) NMAC.
23. Each pool is a zone completely separated from other zones in the structure, under 19.15.2.7(P)(6) NMAC.

24. The three targeted intervals constitute three distinct pools (Pool Codes 96715, 97838, and 97903) two of which are vertically separated and have not been combined into a single common source of supply by prior Division order nor do the pools contain a single well bore with one or more laterals that extend a minimum of 100 feet laterally in the target zone.
25. The Unit contains separately owned uncommitted interests in oil and gas minerals.
26. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.

ORDER

1. The Application is hereby **denied** without prejudice.
2. The request to vacate Order R-22550 is **denied**.
3. The Operator may reapply with two separate cases:
 - one for the WC-025 G-06 S253209L; BONE SPRING [96715] pool and the JENNINGS; UPPER BONE SPRING SHALE [97838].
 - one for the WC-025 G-06 S253209L; BONE SPRING [96715] pool and the WC-025 G-08 S253235G; LWR BONE SPRING [97903].
4. Alternatively, the Operator may reapply under one compulsory pooling case if the Operator first obtains a nomenclature order which confirms the reservoir is one continuous source, and results in a single pool that includes the upper and lower Bone Spring horizons.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ALBERT C.S. CHANG
DIRECTOR**

AC/jag

Date: 11/27/2025