

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

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY LP FOR
CONFIRMING THE CREATION OF, AND CREATING, THE ALACRAN HILLS
UPPER WOLFCAMP OIL (POOL CODE NO. 98314), EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Devon Energy Production Company, L.P., (“Devon”), OGRID No. 6137, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Sections 70-2-6, -11, and -12, for an order confirming the creation of, and thereby creating, the pool designated as the Alacran Hills Upper Wolfcamp Oil (Pool Code No. 98314) (referred to herein as the “Alacran Oil Pool”) for the production of oil, and to the extent necessary, contracting the Alacran Hills; Wolfcamp (Gas) Pool (Pool Code No. 70070), in order for the Alacran Oil Pool to cover, and be designated as the target pool in, the spacing and proration units comprised of the N/2 N/2 and N/2 S/2 of Sections 13 and 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, as described in Pooling Case Nos. 21521 and 21522.

In support of its Application, Devon states the following:

1. The Alacran Oil Pool was first recognized and referenced by the Division in Devon’s Case Nos. 20160 and 20161 as defining the target interval for the Lone Tree Draw 14-13 State Com 621H and 623H Wells, proposed to be located in Sections 13 and 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. Based on Case No. 20160, the

Division issued Order No. R-20490 for the 621H Well, which explained in Paragraph 9 of said Order, that because the 621H Well “will primarily produce oil,” the target pool for the 621H Well would not be the Alacran Hills; Wolfcamp Gas Pool (Pool Code No. 70070), but would be the “Alacran Hills; Upper Wolfcamp Oil Pool (Pool Code No. 98314),” which is “based on statewide set-backs for oil wells and quarter-quarter section building blocks.” However, due to difficulties with the drilling schedules, Devon was not able to drill the 621H Well prior to the expiration of the pooling order and also had to dismiss Case No. 20161 for the 623H Well for the same reason.

2. Subsequently, Devon submitted to the Division new pooling applications for the Lone Tree Draw State Com 621H and 623H Wells in Case Nos. 21521 and 21522, and requested a hearing on November 5, 2020, in which it sought orders (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 N/2 of Sections 13 and 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, for the 621H Well, and creating a standard 320-acre, more or less, spacing and proration unit comprised the N/2 S/2 of the same two Sections, for the 623H Well (the legal descriptions for said units referred to herein as the “Subject Lands”), and (2) pooling all uncommitted mineral interests in the Alacran Hills Upper Wolfcamp Oil Pool (Pool Code No. 98314) underlying said units, the same pool and pool code that Devon had previously used in Case Nos. 20160 and 20161 and which Devon obtained from the Division’s list of available pools dated January 22, 2020, for use in new Case Nos. 21521 and 21522.

3. The pooling hearing for the 621H and 623H Wells was held November 5, 2020, after which the Division took the cases under advisement. During the review of the cases, a question arose whether the Artesia District Office had satisfied all procedural criteria when it previously created the Alacran Oil Pool, which could not be confirmed due to a vacancy in Artesia of the staff geologist; consequently, Division geologists requested that Devon submit an

Application for a Nomenclature Hearing to ensure the proper creation of the Alacran Oil Pool and to cure any procedural defects or discrepancies, as may be necessary. In a good faith effort to perfect, as necessary, the creation of the Alacran Oil Pool; to cure any procedural matters; and to meet the deadlines of its drilling schedule for the 621H and 623H Wells, Devon is submitting this Application to address the status of the Alacran Oil Pool and its utilization in Case Nos. 21521 and 21522 currently under review.

4. Devon seeks an order either properly creating the Alacran Oil Pool (Pool Code No. 98314) as a new oil pool, or confirming that the Alacran Oil Pool was properly created, or both, and in either case, curing any procedural defects or discrepancies that would prevent the creation of the Alacran Oil Pool and its utilization in Case Nos. 21521 and 21522.

5. Devon requests that the Alacran Oil Pool be recognized as based on standard statewide set-backs for horizontal oil wells and quarter-quarter building blocks, as it was originally conceived and described in Division Order No. R-20490, and that the new pool be utilized accordingly in Devon's current pooling Case Nos. 21521 and 21522.

6. Devon also requests that once established, the Alacran Oil Pool be made available for expansion to other units in the area, as warranted, upon proper application and if deemed appropriate by the Division.

7. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Devon submits that, based on the foregoing, good cause exists for a hearing; and therefore, Devon requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on March 4, 2021, and after notice and hearing, the Division grant the relief requested above.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Devon Energy Production Company L.P. for Confirming the Creation of, and Creating, the Alacran Hills Upper Wolfcamp Oil (Pool Code No. 98314), Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) confirming the creation of, and as such creating, the pool designated as the Alacran Hills Upper Wolfcamp Oil (Pool Code No. 98314) for the production of oil, and to the extent necessary, contracting the Alacran Hills; Wolfcamp (Gas) Pool (Pool Code No. 70070), in order for the Alacran Hills Upper Wolfcamp Oil (Pool Code No. 98314) to cover, and be included as the target pool in, the spacing and proration units comprised of the N/2 N/2 and N/2 S/2 of Sections 13 and 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, as proposed for the Lone Tree Draw 14-13 State Com 621H and 623H Wells, and described in Case Nos. 21521 and 21522. The wells and lands are located approximately 3 miles northeast of Carlsbad, New Mexico.