

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, 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, Section 70-2-17, for an order (1) creating a standard 1280-acre, more or less, spacing and proration unit comprised of Sections 13 and 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico (“Subject Lands”), and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated as a gas pool, underlying said unit.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon; and therefore, Devon proposes to drill two initial wells in the HSU: (1) the **Lone Tree Draw 14-13 State Com 623H Well**, and (2) the **Lone Tree Draw 14-13 State Com 621H Well**.

2. Devon had previously submitted pooling applications, currently pending, for the Lone Tree Draw 14-13 State Com 621H and 623H Wells in Case Nos. 21521 and 21522, respectively, which requested pooling of the Alacran Hills Upper Wolfcamp Oil [98314] formation, based on prior pooling history of the Subject Lands in Case No. 20160 and Division

Order No. R-20490. The 621H Well had been proposed for the N/2 N/2 of said Sections 13 and 14, and the 623H Well had been proposed for the N/2 S/2 of said Sections 13 and 14, because the Alacran Hills Upper Wolfcamp Oil Pool is based on 40-acre blocks. However, after discussions with Division geologists regarding the status of the Alacran Hills Upper Wolfcamp Oil Pool, Devon submits this new application in order to pursue the pooling of the Wolfcamp formation as it relates to the Alacran Hills Wolfcamp Gas Pool, which is based on 160-acre building blocks, and therefore, requires a larger spacing size. This new application is submitted to amend and supplant the prior applications filed in Case Nos. 21521 and 21522.

3. Devon proposes to dedicate the HSU to its **Lone Tree Draw 14-13 State Com 623H Well**, proposed to be drilled to a sufficient vertical depth to test the Wolfcamp formation and proposed to be horizontally drilled from a surface location in NW/4 SW/4 (Unit L) of Section 14 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 13. The **Lone Tree Draw 14-13 State Com 623H Well** is the Proximity Well for the HSU.

4. Devon also proposes to dedicate the HSU to its **Lone Tree Draw 14-13 State Com 621H Well**, proposed to be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 14 to a bottom hole location in NE/4 NE/4 (Unit A) of Section 13.

5. Currently, Devon has well location setbacks at 330' which conform to statewide rules and regulations. Devon is considering the first and last take points of the completed intervals for the proposed wells in the HSU to be 100' setbacks instead of the 330' setbacks, and if such adjustment should be decided, Devon would apply administratively for approval of the nonstandard locations and send notice to affected parties during the administrative application.

6. Pursuant to NMAC 19.15.16.15(B)(3)(b), Devon will incorporate proximity tracts into its HSU so that the size of the unit will be a standard 1280-acre, more or less, spacing unit.

7. Devon has sought in good faith, with the original well proposals, and follow up communications, but has been unable to obtain, voluntary agreement from the interest owners to participate in the drilling of the wells or in the commitment of their interests to the well for its development within the proposed HSU. Devon has provided updated proposals and notices based on changes in spacing and well location, described herein, and has maintained communication and negotiations regarding such matters.

8. The pooling of all interests in the Wolfcamp formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Devon requests that all uncommitted interests in this HSU be pooled and that Devon be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, 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 as required by law, the Division enter an order:

A. Approving the creation of a standard 1280-acre, more or less, spacing and proration unit comprising Sections 13 and 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying the proposed HSU.

C. Designating the **Lone Tree Draw 14-13 State Com 623H Well** as the Proximity Well for the HSU, and approving the **Lone Tree Draw 14-13 State Com 621H and 623H Wells** for the HSU.

D. Designating Devon as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Devon to recover its costs of drilling, equipping and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Devon in drilling and completing the wells in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

ABADIE & SCHILL, PC

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**Attorneys for Devon Energy Production
Company, L.P.**

Application of Devon Energy Production Company L.P. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 1280-acre, more or less, horizontal spacing and proration unit comprised of the Sections 13 and 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation, designated as a gas pool, underlying the unit. Said horizontal spacing unit is to be dedicated to the proposed **Lone Tree Draw 14-13 State Com 621H and 623H Wells**. The **Lone Tree Draw 14-13 State Com 623H Well** to be horizontally drilled from a surface location in NW/4 SW/4 (Unit L) of Section 14 to a bottom hole location in the NE/4 SE/4 (Unit D) of Section 13. This Well will be the proximity well for the HSU. The **Lone Tree Draw 14-13 State Com 621H Well** is to be horizontally drilled from a surface location in SW/4 NW/4 (Unit E) of Section 14 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 13. Proximity tracts will be incorporated into the unit. Nonstandard locations may be considered, and Applicant would apply administratively for their approval if considered. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles northeast of Carlsbad, New Mexico.