

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

Case No. 22185

PREHEARING STATEMENT

Devon Energy Production Company, L.P. ("Devon"), OGRID No. 6137, through its undersigned attorneys, submits the following Prehearing Statement pursuant to the rules of the Oil Conservation Division ("Division").

APPEARANCES

APPLICANT

Devon Energy Production Company, L.P.

ATTORNEY

Darin C. Savage
William E. Zimsky
Andrew D. Schill
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
bill@abadieschill.com
andrew@abadieschill.com

Interested Party

Sabinal Energy Operating, LLC

Dana S. Hardy
Michael Rodriguez
Post Office Box 2068
Santa Fe, NM 87504
Telephone: 505.982.4554
Facsimile: 505.982.8623
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com

APPLICANT'S STATEMENT OF CASE

In Case No. 22185, Devon seeks an order (1) creating a standard 800-acre, more or less, spacing and proration unit comprised of the NW/4 of Section 26 and the N/2 of Sections 27 and 28, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation underlying said unit. Devon proposes to dedicate the unit to its **Burton Flat 26-28 Fed State Com 331H Well**, the **Burton Flat 26-28 Fed State Com 332H Well**, and the **Burton Flat 26-28 Fed State Com 333H Well**, as initial wells.

Devon proposes the **Burton Flat 26-28 Fed State Com 331H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 28.

Devon proposes the **Burton Flat 26-28 Fed State Com 332H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 28. The **Burton Flat 26-28 Fed State Com 332H Well** is the proximity well that is positioned in the unit to allow for the use of proximity tracts in the SW/4 NW/4 of Section 26 and the S/2 N/2 of Sections 27 and 28.

Devon proposes the **Burton Flat 26-28 Fed State Com 333H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 26, to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 28.

SPECIAL CONSIDERATIONS OF CASE

As described herein, these wells have a proposed unit for pooling that traverses the NW/4 of Section 26 and the N/2 of Sections 27 and 28; therefore, the unit proposed to the Division in the pooling application in the above-referenced case describes the entire 800-acre, more or less, unit

for purposes of notice to the parties of the size and scope of the unit, pursuant to NMAC 19.15.4.9A, which Devon respectfully submits was satisfied, and for purposes of determining prevention of waste and the protection of correlative rights in the 800-acre standard unit under consideration. The unit itself encompasses lands that are part of a Federal Exploratory Unit (FEU) and lands that are outside the FEU, to create a "Straddle Comm" unit for the wells. Devon has been working closely with both the BLM and NM State Land Office to construct this unit as a standard spacing unit. Pursuant to the Division's recommendation that the unit will prevent waste and protect correlative rights, the BLM plans to issue a CA for the unit that will cover the NW/4 of Sections 26 and the N/2 of Sections 27 and 28, same as the spacing and proration unit requested herein, for allocation of revenue and payment among the interest owners. The BLM will then establish a Participation Area (PA), upon Devon's showing of paying well determinations, such that the PA will match and correspond to the size of the CA and spacing unit.

Devon is respectfully requesting that the Division acknowledge the spacing unit encompassing the NW/4 of Section 26 and the N/2 of Sections 27 and 28 for purposes of the prevention of waste and protection of correlative rights. If the Division should find that it may need to segment the spacing unit based on lands inside and outside the FEU, in order to obtain proper interaction between the lands, Devon requests that the Division make such segmentations with the acknowledgement that the proposed spacing unit as a whole is standard.

Devon respectfully submits that any segmentation of lands outside the FEU, in the N/2 of Section 28, would be built upon contiguous tracts of quarter-quarter sections in relation to the quarter-quarter sections penetrated by the well intervals in the remainder of the unit, pursuant to NMAC 19.15.16.15B(a) and - B(d), thus having a standard-unit designation under statewide rules. Since the completed intervals of the wells are not wholly within the FEU, but are Straddle Comm

wells, Devon submits that any separation of the proposed spacing unit from the FEU, pursuant to 19.15.16.15B(8), would be conditional rather than absolute; and therefore, the Division's acknowledgement of the standard 800-acre spacing unit should be appropriate with the incorporation of any adjustments the Division deems necessary, pursuant to the Division's broad authority in NMSA 1978 Section 70-2-11A.

APPLICANT'S PROPOSED EVIDENCE

| WITNESS | ESTIMATED TIME | EXHIBITS |
|--------------------------|----------------|-----------|
| Landman: Andy D. Bennett | Approx. 10 min | Approx. 6 |
| Geologist: Joe Dixon | Approx. 10 min | Approx. 5 |

PROCEDURAL MATTERS

Devon requests that, for purposes of the hearings, this Case No. 22185 be consolidated with Case Nos. 22186, 22187, 22188, 22189 and 22190 as they involve units within the same sections. No protests or objections have been filed, and Devon does not anticipate any at this time; accordingly, Devon plans to conduct the hearing by affidavit.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky
Andrew D. Schill
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
bill@abadieschill.com

andrew@abadieschill.com

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

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on September 30, 2021:

Dana S. Hardy
Michael Rodriguez
Post Office Box 2068
Santa Fe, NM 87504
Telephone: 505.982.4554
Facsimile: 505.982.8623
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com
Attorneys for Sabinal Energy Operating, LLC

/s/ Darin Savage

Darin Savage

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

QUESTIONS

Action 53314

QUESTIONS

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| Operator: DEVON ENERGY PRODUCTION COMPANY, LP 333 West Sheridan Ave. Oklahoma City, OK 73102 | OGRID: 6137 |
| | Action Number: 53314 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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|---|---------------|
| Testimony | |
| Please assist us by provide the following information about your testimony. | |
| Number of witnesses | Not answered. |
| Testimony time (in minutes) | Not answered. |