

**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, LEA 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) establishing a standard 800-acre, more or less, spacing and proration unit comprised of the NW/4 of Section 23 and the W/2 of Sections 14 and 11, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil 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.
2. Devon proposes and dedicates three initial wells to the HSU, the **Muskie 23-11 Fed Com 11H Well, Muskie 23-11 Fed Com 12H Well, and Muskie 23-11 Fed Com 13H Well**, to be drilled to a depth sufficient to test the Bone Spring formation.
3. Devon proposes the **Muskie 23-11 Fed Com 11H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 23 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 11.

4. Devon proposes the **Muskie 23-11 Fed Com 12H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 23 to a bottom hole location approximately at the midpoint between the NW/4 NW/4 (Unit D) and the NE/4 NW/4 (Unit C) of Section 11. The **Muskie 23-11 Fed Com 12H Well** is the proximity well positioned in the unit to allow for the use of proximity tracts in order to create the larger unit covering the NW/4 of Section 23, and the W/2 of Sections 14 and 11.

5. Devon proposes the **Muskie 23-11 Fed Com 13H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 23 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 11.

6. The proposed wells are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

7. Devon has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

8. The pooling of all interests in the Bone Spring 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 on January 6, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the creation of a standard 800-acre, more or less, spacing and proration unit comprised of the NW/4 of Section 23 and the W/2 of Sections 14 and 11, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico;
- B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.
- C. Approving the **Muskie 23-11 Fed Com 11H Well, Muskie 23-11 Fed Com 12H Well, and Muskie 23-11 Fed Com 13H Well** as the 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 wells.

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 Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 800-acre, more or less, horizontal spacing and proration unit comprised of the NW/4 of Section 23 and the W/2 of Sections 14 and 11, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed oil wells to be dedicated to the horizontal spacing unit are the **Muskie 23-11 Fed Com 11H Well**, to be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 23 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 11; **Muskie 23-11 Fed Com 12H Well**, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 23 to a bottom hole location approximately at the midpoint between the NW/4 NW/4 (Unit D) and the NE/4 NW/4 (Unit C) of Section 11; and the **Muskie 23-11 Fed Com 13H Well**, to be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 23 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 11. The **Muskie 23-11 Fed Com 12H Well** is the proximity well, and proximity tracts will be utilized for the unit. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules; also to be considered will be the cost of drilling and completing the wells 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 wells. The wells and lands are located approximately 14 miles southwest of Jal City and 1.5 miles north of the state line.