

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

**APPLICATION OF CIMAREX ENERGY CO.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NOS. 22313-22316

**APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY, L.P.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

**CASE NOS. 22179-22180,
AND 22382**

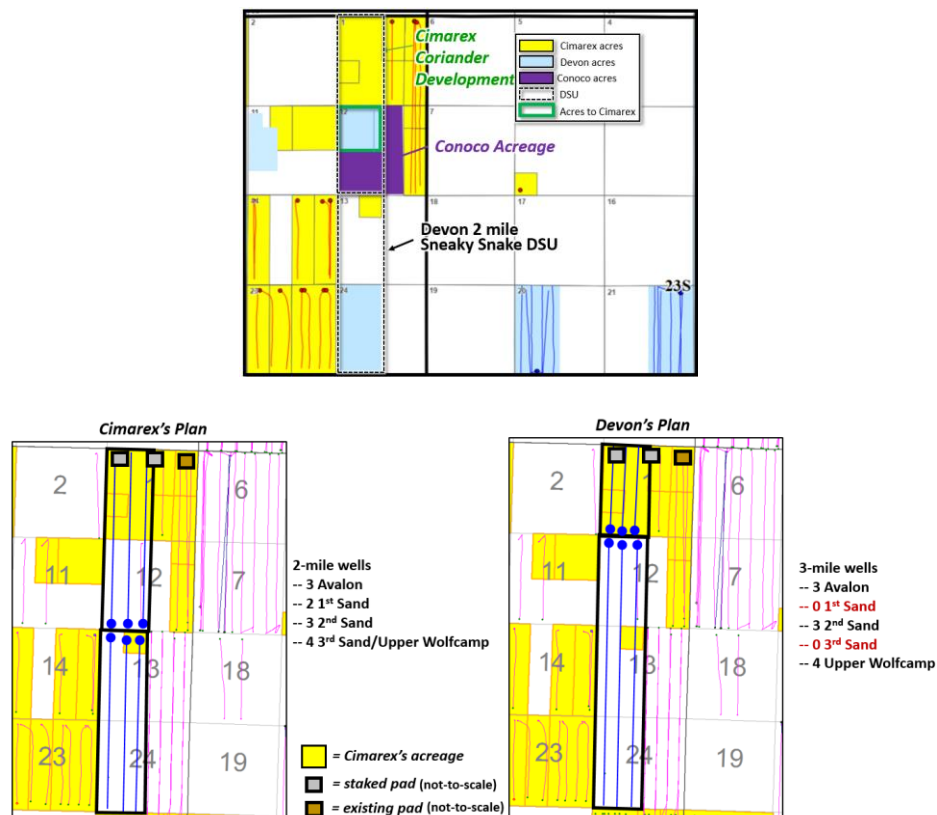
CIMAREX ENERGY CO.'S REPLY IN SUPPORT OF MOTION TO VACATE

Cimarex Energy Co. ("Cimarex") provides this Reply in support of its Motion to Vacate the February 3, 2022 hearing.

Compulsory pooling involves the delegation of an extraordinary exercise of the police power to private parties. Devon Energy Production Company, L.P.'s ("Devon") is seeking to stretch that power to it limits creating a 960-acre unit with untested 3-mile laterals in a case that will establish new precedent. As discussed in more detail below, grounds exist for the Division to outright dismiss Devon's Case No. 22382.¹ In its Motion, however, Cimarex requests only vacatur of the February 3, 2022 hearing to allow the parties more time to continue negotiations and to allow Devon time to correct material deficiencies in Case No. 22382. The Division should reject Devon's invitation for error to go forward with the Wolfcamp cases without the Bone Spring cases because the cases involve the same witnesses and overlapping evidence. Having two hearings will be inefficient and will waste resources. The Division should instead, vacate the February 3 hearing and hold a status conference that day.

¹ Cimarex is not seeking dismissal, although it reserves its right to do so if the Motion to Vacate is denied.

Cimarex reasonably requested additional time for the parties to negotiate. Cimarex and ConocoPhillips’ negotiations have advanced. Attached as Exhibit A is an information letter notifying the Division regarding the ConocoPhillips and Cimarex trade discussions and that those discussions involve key acreage in these competing cases as shown by the following maps outlining the parties’ interests and the approximate competing development plans:



As outlined in Cimarex’s Motion, resolution of those discussions will lead to a more efficient, straightforward hearing. Vacating the February 3, 2022 hearing is thus warranted to avoid wasting the Division’s time and resources.

The material deficiencies in Devon’s application in Case No. 22382 compel the conclusion that the February 3, 2022 contested hearing must be vacated to allow Devon time to correct its errors. The Division’s Material Change Notice is clear: The Division provided notice to all applicants that the Division “intends to deny any applications for which the applicant proposes a

material change during the review process.” See OCD June 11, 2020 Notice (“OCD’s Notice”). OCD’s Notice further states: “A change or deficiency is material if its existence or non-existence is of consequence to the public notice or substantive rules for the application.” The Notice provides examples of material changes, relevant to compulsory pooling, including changes to the horizontal spacing unit and “failure to completely and accurately notice.” Devon’s failure to correctly describe the lateral length of the Sneaky Snake 24-12 Fed Com 12H well in its application and in the notice materials submitted to the OCD for the OCD Docket is a material deficiency. See Exhibit B (excerpt from Division’s February 3, 2022 Docket); see also *Mountain States Natural Gas Corp. v. Petroleum Corp.*, 693 F.2d 1015, 1020-21 (10th Cir.1982). A change in the lateral length from a three-mile lateral to a two-mile lateral is also a material change; **it is a one-mile** difference.² Finally, Devon’s failure to comply with the Division’s rules governing overlapping spacing units is also a material deficiency because Rule 19.15.16.15.B(9) is one of the “substantive rules for the application.” See OCD’s Notice.

Rather than simply acknowledging the need to cure these errors and oversights, Devon tries to shift *its burden* onto Cimarex and ConocoPhillips. With respect to the error in the application Devon filed regarding the Sneaky Snake 24-12 Fed Com 12H well’s lateral length, the onus is not on Cimarex to identify and correct mistakes in Devon’s applications—that is Devon’s responsibility and Devon should have discovered this error and alerted the Division to it. It did not do so. Moreover, the timing of when Cimarex’s counsel identified this issue is immaterial—the

² Although not entirely clear, Devon also may need to amend its application in Case No. 22382 to either request a non-standard spacing unit or to remove the Sneaky Snake 24-12 Fed Com12H well altogether and submit an application for it separately. Rule 19.15.16.15(B)(1)(a) describes a standard spacing unit as one in which the completed lateral of the well penetrates each quarter-quarter section in the unit. The Sneaky Snake Fed 24-12 Com12H well, as proposed, does not penetrate any tracts in Section 12, and thus appears to makes the unit non-standard. The complexity of the potential issues raised by Devon’s application warrants further discussion with the Division regarding how best to proceed.

Division's policy makes clear that the Division will deny an application even during the Division's review process, which presumably could happen even after hearing.

With respect to Devon's failure to comply with the Division's overlapping unit rules, Devon argues that notice is not required to ConocoPhillips because ConocoPhillips "has expressed no objection to" Devon's Bone Spring development plan. *See* Response at 2. The fact that ConocoPhillips has expressed no objection is irrelevant—the burden is on Devon to establish that it affirmatively sought ConocoPhillips' approval and/or affirmatively provided notice in the manner required by the rules to ConocoPhillips. The proper inquiry is not whether ConocoPhillips knew about the overlapping unit issue, but whether Devon complied with the notice requirement. Devon's response admits that Devon did not follow this process.

At a minimum, Devon should be required to amend its application for Case No. 22382 and re-notice the application for 30-days on the Division's docket, as required by Rule 19.15.4.9.B(1) (notice must be posted on Division's website for at least 20 days before the hearing).

Devon's response regarding its failure to provide Cimarex a proposal letter rests on incorrect facts and is otherwise meritless. The timeline the Response lays out does not support Devon, primarily because Cimarex's justified expectation up until December 6, 2021 was that it was only subject to pooling in cases involving the E/2W/2, which is entirely logical since that is where it has its interests. Cimarex did enter an appearance in Devon's W/2W/2 Bone Spring case, and did file competing cases covering the entire W/2 because it has been Cimarex's intention all along to develop both the E/2W/2 and W/2W/2 and to do so, it needed either voluntary agreement or a pooling order covering the W/2 of Section 12. In no way does that relieve Devon of its obligations to provide a party it seeks to pool certain elementary information. Devon tries to suggest that Cimarex is not entitled to a proposal letter before Devon sought to pool it because,

essentially, Cimarex “knew” about the W/2W/2 Bone Spring wells. This suggestion must be rejected. Again, the burden is on Devon, not Cimarex, to affirmatively provide information to Cimarex.

Contrary to Devon’s response, Cimarex did identify prejudice arising from Devon’s failure to provide Cimarex with a proposal letter. Cimarex, without notice from Devon, found itself subject to being pooled into three additional wells, the Sneaky Snake 24-12 Fed Com 13H, 15H, and 16H wells, in a much larger unit, but without any information about the wells, including their locations, proposed costs, etc. In fact, **it was Cimarex that had to reach out to Devon to request the information about the newly included wells in the first instance.** *See* Exhibit C (January 17 email from Cimarex to Devon at page 2). In other words, even after Devon filed its application, Devon did not provide Cimarex with any detailed information about the three new wells to which Cimarex would be subject under a pooling order—the only unsolicited information Cimarex received from Devon was the notice letter informing Devon that Case No. 22382 had been filed and was set for hearing. The notice letter, attached as Exhibit D, does not provide any substantive information about the location of the new wells or their costs.³

Contrary to the Response, on January 18, 2022, Cimarex did request a proposal letter from Devon, and did state that they had expected a proposal letter would have been forthcoming to provide the well details and costs. *See* Exhibit C p.1 (requesting a proposal letter and noting that while Cimarex did not object to the addition of the 960 acre unit to the docket, Cimarex anticipated getting a proposal letter from Devon). Devon did not provide Cimarex a proposal letter even after that request; instead, Devon sent Cimarex a letter outlining a change to the Sneaky Snake 24-12 Fed Com 16H well’s bottom hole location (because it was right on Cimarex’s lease line and but

³ It does, however, repeat the error regarding the lateral length of the 12H well.

for the proximity tract rule would have required a non-standard location approval) and including for informational purposes the proposal letter sent to ConocoPhillips but never sent to Cimarex.

Other elements of the Response's timeline are either irrelevant or incorrect. By way of example, the Response identifies a "first week of December" discussion between Cimarex's and Devon's technical teams. *See* Response at 5. That discussion took place on **December 2**, before Devon's counsel had alerted the Division or the other parties that Devon would be filing an application covering the entire W/2, which was **December 6**. Cimarex's technical team would have no reason to raise any concerns about a proposal letter for an application that had not yet been filed. The email exchange between Cimarex's counsel and the Division regarding the inadvertently omitted Cimarex well actually supports Cimarex's position. The December 7, 2021 email to Cimarex's counsel states: "That is a *major modification* being it was noticed without that specific well." *See* December 7, 2021 email. Cimarex's counsel filed an amended application, with sufficient time before the February 3 hearing to correct both the OCD Docket's Notice and to send out modified proposal letters, and Cimarex's counsel coordinated with OCD to correct the Docket's Notice. At a minimum, Devon should have to follow this same process—it should have to file an amended application and take steps to ensure that the OCD's Docket Notice accurately reflects what Devon seeks and to comply with Rule 19.15.4.9.B(1).

The simple fact is Devon never proposed or offered Cimarex any substantive information about Devon's W/2W/2 acreage—Cimarex had to request that information. Cimarex was clearly entitled to that information—either as a result of Devon needing to obtain a non-standard location approval for the Sneaky Snake 24-12 Fed Com 16H well in Devon's original W/2W/2 application, in Case No. 22182 (which, inaccurately, states that the "completed interval of the wells will comply

with the statewide setbacks” and did not mention any need for non-standard location approval) or as a result of Devon’s decision to create a larger unit containing the W/2W/2 wells.

WHEREFORE, Cimarex respectfully requests that the February 3, 2022 hearing date be vacated along with the related pre-hearing order, and the cases be set for a status conference on February 3, 2022.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By:  _____


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Attorneys for Cimarex Energy Co.

CERTIFICATE OF SERVICE

I hereby certify that on January 28, 2022, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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Attorneys for Devon Energy Production Company, L.P.



Deana M. Bennett



Ryan Curry
Land Negotiator

ConocoPhillips Company
600 W. Illinois Ave
Midland, Texas 79701
Ryan.Curry@conocophillips.com

January 24, 2022

Cimarex Energy Co.
ATTN: Kelsi Henriques
600 N. Marienfeld Street-Suite 600
Midland, TX 79701

Re: Courtesy Informational Letter
NMOCD Case No: 22313, 22314, 22315, 22316

Ms. Henriques:

This letter is provided to Cimarex Energy Co. ("Cimarex") as an informational letter from ConocoPhillips Company ("COP") to provide notice to the New Mexico Oil and Gas Conservation Division ("NMOCD") regarding a tentative acreage trade whereby COP would be delivering certain acreage to Cimarex and/or its affiliate Coterra Energy Inc. that is involved in compulsory pooling case numbers 22313, 22314, 22315, and 22316.

Whereas Cimarex and COP (collectively the "Party or Parties") have tentatively agreed upon an acreage trade that involves delivering 110 net acres owned solely by COP in the SW/4 of Section 12, Township 23 South, Range 32 East, Lea County, New Mexico to Cimarex.

Whereas this letter should be used ONLY for informational purposes of providing notice to the NMOCD in the above captioned cases and any related cases and only insofar as to the information contained herein as it relates to NMOCD compulsory pooling case numbers 22313, 22314, 22315, and 22316 and related cases. This letter does not alter, change, or bind any previous written or oral agreements between the Parties and by no means obligates either Party to a binding acreage trade as mentioned in this letter.

Sincerely,

Ryan Curry
Land Negotiator
ConocoPhillips Company



Docket No. 03-22 OCD

DOCKET: OIL CONSERVATION DIVISION HEARINGS - Thursday, February 3, 2022

8:15 a.m.

Persons may view and participate in the hearings through the following link:

<https://nmemnrd.webex.com/nmemnrd/onstage/g.php?MTID=e503cd7de1eed3f2bf5dd44359973b8dc>

Event number: 2482 221 6975

Event password: wgHNBWF8F44

Join by video: 24822216975@nmemnrd.webex.com

Numeric Password: 331156

You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free

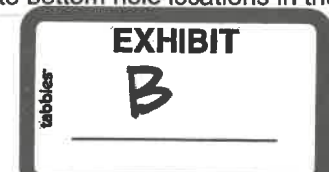
Access code: 2482 221 6975

Applications for hearing shall be filed at least thirty (30) days in advance of the hearing date. A party who intends to present evidence shall file a pre-hearing statement no later than the close of business on the Thursday prior to the hearing date and serve a copy on the other parties, if any. The hearing examiner will dismiss the application if the applicant does not file and serve a pre-hearing statement as specified above.

NOTICE: The hearing examiner may call the following cases in any order in his or her discretion.

Case Number	Description
1. 22291	Application of Devon Energy Production Company, L.P. to Pool Additional Interest Owners Under the Terms of Order No. R-21761, Lea County, New Mexico. Applicant in the above-styled cause seeks to pool additional interest owners under the terms of Division Order No. R-21761. The Order pooled the standard 160-acre, more or less, horizontal spacing unit in the Bone Spring formation comprised of the W/2 E/2 of Section 17, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant proposes to dedicate the above-referenced spacing unit to the following proposed initial White Dove 17 Fed Com #23H well. Said area is located approximately 21 miles northwest of Jal, New Mexico.
2. 22292	Application of Devon Energy Production Company, L.P. to Pool Additional Interest Owners Under the Terms of Order No. R-21762, Lea County, New Mexico. Applicant in the above-styled cause seeks to pool additional interest owners under the terms of Division Order No. R-21762. The Order pooled the standard 160-acre, more or less, horizontal spacing unit in the Bone Spring formation comprised of the E/2 E/2 of Section 17, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant proposes to dedicate the above-referenced spacing unit to the following proposed initial White Dove 17 Fed Com #24H well. Said area is located approximately 21 miles northwest of Jal, New Mexico.
3. 22282	Application of Kaiser-Francis Oil Company for compulsory pooling, Eddy County, New Mexico. Kaiser-Francis Oil Company seeks an order pooling all mineral interest owners in the Delaware formation underlying a horizontal spacing unit comprised of the W/2NE/4 of Section 25 and the w/2E/2 of Section 24, Township 23 South, Range 28 East, NMPM. The unit will be dedicated to the Wright Fed. 2524 LBC Well No. 1H, with a first take point in the SW/4NE/4 of Section 25 and a final take point in the NW/4NE/4 of Section 24. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 3 miles southeast of Malaga, New Mexico.
4. 22056	Application of Matador Production Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 E/2 of Sections 19 and 30, Township 21 South, Range 35 East, Lea County, New Mexico. The above-referenced unit will be dedicated to the following proposed initial wells: (1) the Dee Osborne 1930 State Com #113H well, (2) the Dee Osborne 1930 State Com #123H well, and (3) the Dee Osborne 1930 State Com #137H well, which are to be drilled from surface locations in the NW/4 NE/4 (Unit B) of Section 19 to bottom hole locations in the

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Examiner Hearing - Thursday, February 3, 2022

Docket No. 03-22 OCD

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		drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the Applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 24 miles west of Jal, New Mexico.
90.	22180	Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 12, 13 and 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the Sneaky Snake 24-12 Fed Com #3H well, and (2) the Sneaky Snake 24-12 Fed Com #4H well, to be horizontally drilled from surface hole locations in the SE/4 SW/4 (Unit N) of Section 24, to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 12. The completed interval of the wells will comply with statewide setbacks for oil wells. Also to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the Applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 24 miles west of Jal, New Mexico.
91.	22382	Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 960-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 12, 13 and 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: <ul style="list-style-type: none"> • The Sneaky Snake 24-12 Fed Com #11H, the Sneaky Snake 24-12 Fed Com #12H, and the Sneaky Snake 24-12 Fed Com #14H wells to be horizontally drilled from surface hole locations in the SE/4 SW/4 (Unit N) of Section 24, to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 12; and • The Sneaky Snake 24-12 Fed Com #13H, the Sneaky Snake 24-12 Fed Com #15H, and the Sneaky Snake 24-12 Fed Com #16H wells to be horizontally drilled from surface hole locations in the SW/4 SW/4 (Unit M) of Section 24, to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 12. Also to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the Applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 24 miles west of Jal, New Mexico.
92.	22313	Amended Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a Bone Spring horizontal spacing unit underlying W/2 of Sections 1 and 12, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Coriander 1-12 Fed Com 12H; Coriander 1-12 Fed Com 16H; Coriander 1-12 Fed Com 18H; Coriander 1-12 Fed Com 25H; Coriander 1-12 Fed Com 27H; Coriander 1-12 Fed Com 28H; and Coriander 1-12 Fed Com 31H wells to be horizontally drilled. The producing area for the wells will be orthodox. The completed interval for the Coriander 1-12 Fed Com 27H well is less than 330' from the adjoining tracts to allow inclusion of proximity tracts within the proposed horizontal spacing unit. Also to be considered will be the cost of drilling, completing, and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Cimarex Energy Co. as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 30 miles west of Jal, New Mexico, New Mexico.
93.	22314	Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a Wolfcamp horizontal spacing unit underlying W/2 W/2 of Sections 1 and 12, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the Coriander 1-12 Fed Com 26H well to be horizontally drilled. The producing area for the Coriander 1-12 Fed Com 26H well will be orthodox. Also to be considered will be the cost of drilling, completing, and

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Deana M. Bennett

From: Kelsi Henriques <Kelsi.Henriques@coterra.com>
Sent: Thursday, January 27, 2022 4:27 PM
To: Deana M. Bennett
Cc: Earl E. DeBrine
Subject: FW: [EXTERNAL] Sneaky Snake 16H

EXTERNAL EMAIL: Please do not click any links or open any attachments unless you trust the sender and are expecting this message and know the content is safe.

From: Cloer, Ryan <Ryan.Cloer@dvn.com>
Sent: Tuesday, January 18, 2022 3:15 PM
To: Kelsi Henriques <Kelsi.Henriques@coterra.com>
Subject: RE: [EXTERNAL] Sneaky Snake 16H

WARNING: This email originated from outside of Coterra Energy. Do not click links or open attachments unless you recognize the sender, are expecting the content and know it is safe.

We actually need to amend the BHL to be 1310' FWL to move it off the quarter quarter. You will get a letter today revising that call. It will be a 10' move just to get the location off the quarter quarter line.

Ryan

From: Kelsi Henriques <Kelsi.Henriques@coterra.com>
Sent: Tuesday, January 18, 2022 10:32 AM
To: Cloer, Ryan <Ryan.Cloer@dvn.com>
Subject: RE: [EXTERNAL] Sneaky Snake 16H

Ryan,

With the change from the 480 spacing units to the 960 spacing units, were you planning to officially propose the 16H along with the other wells that are permitted? The 16H will be drilled directly on our lease line. Are you still planning on allocating our acreage to the other wells along with this one? The 960 spacing units are fine with us as told to our attorneys and you guys but we expected proposals to be sent along with the change as permits can change and the pooling applications don't always give the clearest depiction of what is to be specifically drilled.

Thanks,
Kelsi



From: Cloer, Ryan <Ryan.Cloer@dvn.com>
Sent: Tuesday, January 18, 2022 9:11 AM
To: Kelsi Henriques <khenriques@cimarex.com>
Subject: [External] RE: [EXTERNAL] Sneaky Snake 16H

WARNING: This email originated from outside of Cimarex Energy. Do not click links or open attachments unless you recognize the sender, are expecting the content and know it is safe.

Good morning, Kelsi. Here are the details I have for it. Let me know if you need anything else on this well.

Well Name	Zone	Well Pad	CTB	SHL ST
SNEAKY SNAKE 24-12 FED COM 16H	2BSSS	Sneaky Snake 24 Wellpad 1	Sneaky Snake 24 CTB 1	24-23S-

Ryan

From: Kelsi Henriques <Kelsi.Henriques@coterra.com>
Sent: Monday, January 17, 2022 5:23 PM
To: Cloer, Ryan <Ryan.Cloer@dvn.com>
Subject: [EXTERNAL] Sneaky Snake 16H

Ryan,

Can you confirm the TVD and BHL for the Sneaky Snake 16H? I know its in the pooling order that you filed but there isn't a permit on it and our geos were trying to determine well locations.

Thanks,



Kelsi Henriques | Landman – Permian Business Unit
T: 432.571.7887 | M: 405.301.0977 | khenriques@cimarex.com | www.coterra.com
Coterra Energy Inc. | 600 N. Marienfeld Street, Suite 600 | Midland, TX 79701

Coterra Energy Inc. is the result of the merger of Cimarex Energy Co. and Cabot Oil & Gas Corporation on October 1, 2021.

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Confidentiality Warning: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of all or any



Michael H. Feldewert
Phone (505) 988-4421
mfeldewert@hollandhart.com

December 17, 2021

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico.
Sneaky Snake 24-12 Fed Com wells (Bone Spring Formation)**

Ladies & Gentlemen:

This letter is to advise you that Devon Energy Production Company, L.P., has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on January 6, 2022 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed online or in person at the Division's Santa Fe office and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Ryan Cloer at (405) 228-2448, or at Ryan.Cloer@dmv.com.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR DEVON ENERGY PRODUCTION
COMPANY, L.P.



T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

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

**APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY, L.P.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 22382

APPLICATION

Devon Energy Production Company, L.P. (“Devon” or “Applicant”) (OGRID No. 6137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 960-acre, more or less, horizontal well spacing unit comprised of the W/2 of Sections 12, 13 and 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, Devon states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- The Sneaky Snake 24-12 Fed Com #11H, the Sneaky Snake 24-12 Fed Com #12H, and the Sneaky Snake 24-12 Fed Com #14H wells to be horizontally drilled from surface hole locations in the SE/4 SW/4 (Unit N) of Section 24, to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 12; and
- The Sneaky Snake 24-12 Fed Com #13H, the Sneaky Snake 24-12 Fed Com #15H, and the Sneaky Snake 24-12 Fed Com #16H wells to be

horizontally drilled from surface hole locations in the SW/4 SW/4 (Unit M) of Section 24, to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 12.

3. The completed intervals for the **Sneaky Snake 24-12 Fed Com #11H** and the **Sneaky Snake 24-12 Fed Com #16H** wells are expected to be less than 330' from the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed 980-acre horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

5. The pooling of interests in the proposed horizontal well spacing unit will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. To allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal wells and spacing unit.


WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 6, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying the proposed horizontal spacing unit;
- B. Approving the initial wells in the horizontal well spacing unit;
- C. Designating Applicant as the operator of the horizontal spacing unit and the wells to be drilled thereon;

- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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