

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

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

**Case No. 22179
Case No. 22180
Case No. 22382**

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

**Case No. 22313
Case No. 22314
Case No. 22315
Case No. 22316**

DEVON'S PRE- HEARING STATEMENT

Devon Energy Production Company, L.P. ("Devon") submits this pre-hearing statement as required by the rules of the Oil Conservation Division. for these consolidated cases.

APPEARANCES

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APPLICANT'S STATEMENT OF THE CASE

In these consolidated cases, Devon seeks to pool standard horizontal well spacing units for three-mile laterals in the Bone Spring formation [Diamondtail; Bone Spring (17644)] and the Wolfcamp formation [Diamondtail; Wolfcamp (17645)], underlying the W/2 of Sections 12, 13 and 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, as follows:

- Under **Case 22179**, Devon seeks to pool the Wolfcamp formation underlying a 480-acre spacing unit comprised of the W/2 W/2 of Sections 12, 13 and 24 for the proposed **Sneaky Snake 24-12 Fed Com #1H** well and the **Sneaky Snake 24-12 Fed Com #2H** well 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.
- Under **Case 22180**, Devon seeks to pool the Wolfcamp formation underlying a 480-acre spacing unit comprised of the E/2 W/2 of Sections 12, 13 and 24 for the proposed **Sneaky Snake 24-12 Fed Com #3H** well and 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.
- Under **Case 22382**, Devon seeks to pool the Bone Spring formation underlying a 960-acre spacing unit comprised of the W/2 of Sections 12, 13 and 24 for the following proposed wells:

- The **Sneaky Snake 24-12 Fed Com #11H** 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 24-13 Fed Com #12H** well, a two mile well, to be horizontally drilled from surface hole location in the SE/4 SW/4 (Unit N) of Section 24, to bottom hole location in the NE/4 NW/4 (Unit C) of Section 13;¹ 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.

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 Bone Spring horizontal spacing unit under NMAC 19.15.16.15.B(1)(b).

Under Cases Nos. 22313-22316, Cimarex Energy Company ("Cimarex") has filed competing pooling applications to create spacing units in the Bone Spring and Wolfcamp formations underlying the W/2 Sections 1 and 12 for two-mile laterals. These proposed spacing units are to be dedicated to the proposed Thyme & Coriander wells and overlap Devon's proposed spacing units in the W/2 of Section 12. Cimarex does not own any working interest and does not have the support of any working interest owner in W/2 of Section 12. Cimarex owns working interests in Section 1 and has drilled and completed the 1-mile Thyme APY FED 9H well (API No. 30-025-41501) in the Bone Spring formation underlying the W/2 E/2 of Section 1. Cimarex reported that this 5,000-foot lateral well had an average peak 30-day initial production rate of 2,059

¹ The Sneaky Snake 24-13 Fed Com #12H well is proposed as a 2-mile well in the Avalon interval of the Bone Spring formation due to the existing Resolver Federal Com 2H dedicated to the E/2 W/2 of Section 12 and operated by COG Operating LLC.

BOE (1,420 barrels of oil) per day. Nonetheless, Cimarex now seeks to preclude Devon the opportunity to develop Devon's minerals underlying Section 12 with efficient and effective 3-mile horizontal wells drilled from the S/2 SW/4 of Section 24. The Oil Conservation Commission has previously frowned on such efforts.

In Order R-21416-A, the Commission denied Marathon's attempt to include acreage held by BTA with Marathon's acreage for a 2-mile horizontal well development plan where BTA had competing plans to develop its acreage with 1.5-mile wells. The Commission noted:

55. If Marathon's Applications are denied, Marathon can drill 1-mile laterals in its acreage in the N/2 of Section 12.

56. Marathon has drilled 1-mile laterals in the surrounding area.

57. There is no engineering or geological reason that Marathon cannot complete 1-mile laterals in its acreage in Section 12.

See Order R-21420-A at p. 9. The same is true in this case. Devon's correlative rights in Section 12 do not need to be impaired by including that acreage with Cimarex's acreage in Section 1. Cimarex has demonstrated the ability to drill successful, economic 1-mile wells on its acreage in Section 1. No basis exists to deny Devon the opportunity to develop Devon's minerals underlying Sections 12, 13 and 24 with efficient 3-mile wells drilled from the S/2 SW/4 of Section 24.

Devon believes that the following facts are undisputed and material to the issues presented in these consolidated cases:

1. Cimarex's competing pooling cases overlap those presented by Devon in the W/2 of Section 12, where Devon owns all the working interest in the NW/4 and ConocoPhillips owns all the working interest in the SW/4 of Section 12.
2. Cimarex does not own any working interest in W/2 of Section 12 and does not have the support of any working interest owner in W/2 of Section 12.

3. Devon also owns 87.5% of the working interest in the W/2 of Section 13 and 100% of the working interest in W/2 Section 24. Cimarex owns only a 40-acre tract in the NE/4 NW/4 of Section 13.
4. Cimarex owns working interests in Section 1 and has drilled and completed the 1-mile Thyme APY FED 9H well (API No. 30-025-41501) in the Bone Spring formation underlying the W/2 E/2 of Section 1. Cimarex reported that this 5,000-foot lateral well had an average peak 30-day initial production rate of 2,059 BOE (1,420 barrels of oil) per day.
5. Devon has successfully drilled and completed 3-mile horizontal wells in the Bone Spring and Wolfcamp formations in similar geologic settings in Lea County and other areas of the Delaware Basin of New Mexico.
6. There are no faults, pinch outs, or other geologic impediments to efficiently and effectively developing the targeted Bone Spring and Wolfcamp intervals with 3-mile horizontal wells oriented south to north.
7. Devon has contracts in place to allow oil, gas, and water to flow through pipelines, thereby avoiding the flaring of gas and eliminating the need to for any barrels of water or oil to be trucked.

PROPOSED EVIDENCE

Devon has filed affidavits for the following witnesses and intend to call them at the hearing in these consolidated matters:

Ryan Cloer, Petroleum Landman

Tom Peryam, Petroleum Geologist

Karsan Sprague, Petroleum Engineer

The qualifications for each witness and the narrative of their direct testimony are contained in the affidavits filed with this prehearing statement.

PROCEDURAL MATTERS

Pursuant to the Amended Prehearing Order entered in these matters, Devon has filed with this prehearing statement affidavits containing the direct testimony for each witness, the exhibits referenced in those affidavits, and the hearing notice affidavits and exhibits.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on March 17, 2022, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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State of New Mexico
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QUESTIONS

Action 91192

QUESTIONS

Operator: DEVON ENERGY PRODUCTION COMPANY, LP 333 West Sheridan Ave. Oklahoma City, OK 73102	OGRID: 6137
	Action Number: 91192
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>