BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING July 7, 2022

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P., FOR A NON-STANDARD HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 22884:

Serpentine 2-35 State Fed Com 26H Well

Serpentine 2-26 State Fed Com 30H Well

Serpentine 2-35 State Fed Com 31H Well

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Devon Energy Production Company, L.P. TABLE OF CONTENTS

Reference for Case No. 22884 Application Case No. 22884: Serpentine 2-35 State Fed Com 26H Well Serpentine 2-26 State Fed Com 30H Well Serpentine 2-35 State Fed Com 31H Well NMOCD Checklist Case No. 22884				
Affidavit of Matthew Hoops, Landman				
Resume of Matthew Hoops, Landman				
C-102 Forms				
Ownership and Sectional Map				
Affidavit of Thomas Peryman, Geologist				
Structure Map				
Isopach Thickness Map				
Well Logs				
Cross-section				
Gun Barrel View				
Affidavit of Notice, Darin C. Savage				
Notice Letters (ORRI & RT)				
Mailing List				
Affidavit of Publication				

TAB 1

Case No. 22884

Reference for Case No. 22884 Application Case No. 22884: Serpentine 2-35 State Fed Com 26H Well Serpentine 2-26 State Fed Com 30H Well Serpentine 2-35 State Fed Com 31H Well NMOCD Checklist Case No. 22884

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

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P., FOR A NON-STANDARD 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 non-standard 679.58-acre, more or less, spacing and proration unit comprised of the SW/4 SE/4 of Section 26 and the E/2 of Section 35, Township 22 South, Range 33 East, and the E/2 (including Lots 1 and 2) of Section 2, Township 23 South, Range 33 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 non-standard horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

Devon proposes and dedicates to the HSU the Serpentine 2-35 State Fed Com
 26H Well, Serpentine 2-26 State Fed Com 30H Well, and Serpentine 2-35 State Fed Com 31H
 Well as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

3. Devon proposes the **Serpentine 2-35 State Fed Com 26H Well,** an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35.

4. Devon proposes the **Serpentine 2-26 State Fed Com 30H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 26.

5. Devon proposes the **Serpentine 2-35 State Fed Com 31H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35.

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

7. The proposed non-standard HSU would have been a standard HSU comprising the S/2 SE/4 of Section 26 and the E/2 of Sections 35 and 2 based on the location of the 26H Well positioned as a proximity well to bring in the W/2 E/2 of said Sections; but given BLM restrictions on the SE/4 SE/4 of Section 26, the proximity well 26H brings in the W/2 E/2 of Sections 35 and 2 but is not able to penetrate the last quarter-quarter section in Section 26; therefore resulting in the exclusion of the SE/4 SE/4 in Section 26 and the need for a nonstandard HSU. The 30H Well penetrates the SW/4 SE/4 of Section 26 for inclusion of this quarter-quarter section in the non-standard HSU. Devon will make application for administrative approval of the non-standard proration ("NSP") unit.

8. Devon has noted three (3) existing units that overlap with the proposed HSU: the North Thistle 2 State 2H Well (API No. 30-025-42821), covering the W/2 E/2 of Section 2; the North Thistle 2 State 1H Well (API No. 30-025-42533), covering the W/2 E/2 of Section 2; and

2

the North Thistle 2-35 Fed 1H Well (API No. 30-025-42831), covering the W/2 E/2 of Section 35. Accordingly, Devon seeks approval for these overlapping units pursuant to NMAC 19.15.16.15(B)(9)(b).

9. 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.

10. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

11. 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 July 7, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a non-standard 679.58-acre, more or less, spacing and proration unit comprised of the SW/4 SE/4 of Section 26 and the E/2 of Section 35, Township 22 South, Range 33 East, and the E/2 of Section 2, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed non-standard HSU.

C. Approving the Serpentine 2-35 State Fed Com 26H Well, Serpentine 2-26 State Fed Com 30H Well, and Serpentine 2-35 State Fed Com 31H Well as the initial wells for the HSU.

3

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 well;

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

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky Luke Kittinger 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 luke@abadieschill.com

Attorneys for Devon Energy Production Company, L.P.

Application of Devon Energy Production Company for a Non-standard Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a non-standard 679.58acre, more or less, spacing and proration unit comprised of the SW/4 SE/4 of Section 26 and the E/2 of Section 35, Township 22 South, Range 33 East, and the E/2 (including Lots 1 and 2) of Section 2, Township 23 South, Range 33 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 wells to be dedicated to the horizontal spacing unit are the Serpentine 2-35 State Fed Com 26H Well, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35; the Serpentine 2-26 State Fed Com 30H Well, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 26; and the Serpentine 2-35 State Fed Com 31H Well, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35. The Serpentine 2-35 State Fed Com 26H Well will be positioned to act as a proximity well for tracts in the W/2 E/2 of Sections 35 and 2. The wells will be orthodox, and the take points and completed interval 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 33 miles southwest of Hobbs, New Mexico, and approximately 25 mile north of the state line.

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

2	2884 APPLICANT'S RESPONSE
Date	July 7, 2022
Applicant	Devon Energy Production Company, L.P.
Designated Operator & OGRID (affiliation if applicable)	6137
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	Application of Devon Energy Production Company, L.P.
	for a Non-Standard Horizontal Spacing Unit and
	Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Serpentine
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Exhibit B-4; 26H TVD approx. 12,050', 30H TVD approx. 11,000', 31H TVD approx. 11,000'
Pool Name and Pool Code:	Brinninstool; Bone Spring Pool [Code: 7320]
Well Location Setback Rules:	Standard statewide rules
Spacing Unit Size:	679.58 acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	679.58 acres, more or less
Building Blocks:	quarter quarter sections (40 ac tracts)
Orientation:	south - north
Description: TRS/County	SW/4 SE/4 of Section 26 and the E/2 of Section 35,
	Township 22 South, Range 33 East, and the E/2 (includir
	Lots 1 and 2) of Section 2, Township 23 South, Range 33
	East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	No, excludes the SE/4 SE/4 of Section 26 due to BLM restrictions
Other Situations Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Landman Exhibit A-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Serpentine 2-35 State Fed Com 26H Well (API No. 30-01
	pending), SHL: Unit O, 389' FSL, 1338' FEL, Section 2, T23
	R33E, NMPM; BHL: Unit A, 20' FNL, 1254' FEL, Section 35, T22S-R33E, standup, standard location
Horizontal Well First and Last Take Points	Serpentine 2-35 State Fed Com 26H Well: FTP 100' FSL,
	1,254' FEL, Section 2; LTP 100' FNL, 1,254' FEL, Section 35
Completion Target (Formation, TVD and MD)	Serpentine 2-35 State Fed Com 26H Well: TVD approx.
	12,050', TMD 22,439'; Bone Spring Formation, See Exhib B-4
Well #2	Serpentine 2-26 State Fed Com 30H Well (API No. 30-01)
	pending), SHL: Unit P, 642' FSL, 313' FEL, Section 2, T23S-
	R33E, NMPM; BHL: Unit O, 1,300' FSL, 1,680' FEL, Section 26, T22S-R33E, standup, standard location
Horizontal Well First and Last Take Points	Serpentine 2-26 State Fed Com 30H Well: FTP 100' FSL,
	1,250' FEL, Section 2; LTP 1,220' FSL, 1,680' FEL, Section 2
Completion Target (Formation, TVD and MD)	Serpentine 2-26 State Fed Com 30H Well: TVD approx.

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Well #3	Serpentine 2-35 State Fed Com 31H Well (API No. 30-015		
	pending), SHL: Unit P, 642' FSL, 283' FEL, Section 2, T23S- R33E, NMPM; BHL: Unit A, 20' FNL, 330' FEL, Section 35,		
	T22S-R33E, standup, standard location		
Horizontal Well First and Last Take Points	Serpentine 2-35 State Fed Com 31H Well: FTP 100' FSL,		
	330' FEL, Section 2; LTP 100' FNL, 330' FEL, Section 35		
Completion Target (Formation, TVD and MD)	Serpentine 2-35 State Fed Com 31H Well: TVD approx.		
	11,000', TMD 21,260'; Bone Spring Formation, See Exhib B-4		
AFE Capex and Operating Costs			
Drilling Supervision/Month \$	\$8,000, Exhibit A		
Production Supervision/Month \$	\$800, Exhibit A		
Justification for Supervision Costs	Exhibit A		
Requested Risk Charge	200%, Exhibit A		
Notice of Hearing			
Proposed Notice of Hearing	Exhibit C, C-1		
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2		
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3		
Ownership Determination			
Land Ownership Schematic of the Spacing Unit	Exhibit A-3		
Tract List (including lease numbers and owners)	Exhibit A-3		
Pooled Parties (including ownership type)	Exhibit A-3		
Unlocatable Parties to be Pooled	Exhibit A		
Ownership Depth Severance (including percentage above & below)	N/A		
Joinder			
Sample Copy of Proposal Letter	N/A		
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3		
Chronology of Contact with Non-Joined Working Interests	N/A		
Overhead Rates In Proposal Letter	N/A		
Cost Estimate to Drill and Complete	N/A		
Cost Estimate to Equip Well	N/A		
Cost Estimate for Production Facilities	N/A		
Geology			
Summary (including special considerations)	Exhibit B		
Spacing Unit Schematic	Exhibit B-1		
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-2, B-5		
Well Orientation (with rationale)	Exhibit B, B-1		
Target Formation	Exhibit B, B-3		
HSU Cross Section	Exhibit B-3, B-4, B-5		
Depth Severance Discussion	N/A		
Forms, Figures and Tables			
C-102	Exhibit A-2		
Tracts	Exhibit A-2, A-3, B-1		
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3		
General Location Map (including basin)	Exhibit A-3		
Well Bore Location Map	Exhibit B-1, B-4, B-5		
Structure Contour Map - Subsea Depth	Exhibit B-1		
Cross Section Location Map (including wells)	Exhibit B-3, B-4, B-5		
Cross Section (including Landing Zone)	Exhibit B-2, B-3, B-4, B-5		
Additional Information			
Special Provisions/Stipulations			
CERTIFICATION: I hereby certify that the information provided in	this checklist is complete and accurate.		
Printed Name (Attorney or Party Representative):	Darin C. Savage		
Signed Name (Attorney or Party Representative):	1		
Date:	July 5, 2022		

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TAB 2

Case No. 22884

- Exhibit A: Affidavit of Matthew Hoops, Landman
- Exhibit A-1: Resume of Matthew Hoops, Landman
- Exhibit A-2: C-102 Forms
- Exhibit A-3: Ownership and Sectional Map

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

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P., FOR A NON-STANDARD HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 22884

AFFIDAVIT OF MATTHEW HOOPS

STATE OF OKLAHOMA)) ss. COUNTY OF OKLAHOMA)

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.

2. I am employed as a Landman with Devon Energy Production Company L.P. ("Devon"), and I am familiar with the subject application and the lands involved.

3. I graduated in 2011 from the University of Oklahoma with a bachelor's degree in Energy Management and Finance (with an emphasis on Energy Management). I have worked at Devon for approximately 1.5 years, and I have been working in New Mexico for less than a year. I have not previously testified before the New Mexico Oil Conservation Division ("Division"), and therefore, I have attached my resume for the Division's review and ask that my credentials as an expert witness in petroleum land matters be accepted and made a matter of record.

4. This affidavit is submitted in connection with the filing by Devon of the above-referenced spacing and compulsory pooling application pursuant to 19.15.4.12.A(1).

5. Devon seeks an order pooling all uncommitted mineral interests in the Bone Spring

formation, designated as an oil pool, underlying a non-standard 679.58-acre, more or less, spacing and proration unit comprised of the SW/4 SE/4 of Section 26 and the E/2 of Section 35, Township 22 South, Range 33 East, and the E/2 (including Lots 1 and 2) of Section 2, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico.

6. Under <u>Case No. 22884</u>, Devon seeks to dedicate to the unit the Serpentine 2-35 State Fed Com 26H Well (API 30-015-pending), Serpentine 2-26 State Fed Com 30H Well (API 30-015-pending), and Serpentine 2-35 State Fed Com 31H Well (API 30-015-pending) as initial oil wells, to be drilled to a sufficient depth to test the Bone Spring formation.

7. The Serpentine 2-35 State Fed Com 26H Well will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35; with an approximate TVD of 12,050'; an approximate TMD of 22,439'; FTP in Section 2: approx. 100' FSL, 1,254' FEL; LTP in Section 35: approx. 100' FNL, 1,254' FEL.

8. The Serpentine 2-26 State Fed Com 30H Well will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 26; with an approximate TVD of 11,000'; an approximate TMD of 22,680'; FTP in Section 2: approx. 100' FSL, 1,250' FEL; LTP in Section 26: approx. 1,220' FSL, 1,680' FEL.

9. The Serpentine 2-35 State Fed Com 31H Well will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35; with an approximate TVD of 11,000'; an approximate TMD of 21,260'; FTP in Section 2: approx. 100' FSL, 330' FEL; LTP in Section 35: approx. 100' FNL,

330' FEL.

10. The proposed C-102s for the wells are attached as Exhibit A-1.

11. A general location plat and a plat outlining the unit being pooled is attached hereto as **Exhibit A-2**, which shows the location of the proposed wells within the unit. The location of the wells are orthodox, and meet the Division's setback requirements for horizontal wells under statewide rules.

12. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** shows that Devon owns 100% working interest in the proposed unit but also includes information regarding overriding royalty interest owners and record title owners and the pooling of these interests would facilitate the development of the wells and lands.

13. There are no depth severances in the Bone Spring formation in this acreage.

14. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. There were no notice letters returned undeliverable from interest owners, as all the letters were listed by the USPS as delivered. Devon published notice in the Hobbs News-Sun, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

15. Devon has made a good faith effort to work with the interest owners, notifying them of this pooling, but has been unable to obtain the kind of voluntary agreements or commitments that

3

would facilitate development of the wells within the proposed horizontal spacing unit.

16. Devon is seeking to pool only overriding royalty interest owners and record title owners, therefore overhead rates, administrative rates, and a risk penalty discussion should not be applicable.

17. Devon requests that it be designated operator of the unit and wells.

18. The Exhibits to this Affidavit were prepared by me or compiled from Devon company business records under my direct supervision.

19. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

20. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

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FURTHER AFFIANT SAYETH NAUGHT

Matthew Hoops

Subscribed to and sworn before me this 22 day of June 2022.



11 L. All Man Notary Public

Matthew M. Hoops, CPL

918-261-4045 | matt.hoops11@gmail.com

PROFESSIONAL SUMMARY

Diversified Land leader with 10+ years of cumulative experience in the Oil and Gas Industry in Texas, New Mexico, Oklahoma and Louisiana. Core competencies in subsurface and surface operations, commercial development and mineral acquisitions; including technical expertise in financial and acquisition planning, management of joint ventures, joint development and operating agreements, acreage trades and other complex land related agreements. Focused on commercial and asset development needs in the Delaware Basin for Devon Energy.

EXPERIENCE

Devon Energy – Oklahoma City, OK

Senior Staff Landman - Delaware Basin (NM & TX)

- Managing subsurface development in Lea County, NM and Loving County, TX
- Actively running 14 rigs within asset development team
- Lead commercial negotiator for Lea County, NM
- Delivered \$375MM in PV20 uplift in 2022; converting 8 units from 1-mile to 2-mile drillable inventory and adding 220 miles of drillable lateral

Senior Staff Landman – Delaware Basin (TX)

- Managing subsurface development of Felix Energy II acquired assets in Winkler, Ward and Loving Counties
- Responsible for land and commercial negotiations, maintaining rig schedule and non-op partnerships
- Leading data integrity project across Felix assets to confirm all acquired depths and interests
- Overseeing all mineral evaluations in Southern Delaware business unit
- Delivered \$100MM in PV20 uplift for 2021

WPX Energy, Inc. – Tulsa, OK

Commercial Landman - Delaware & Williston Basins

WPX Energy Mineral Partners, LP:

- Raised \$500MM in strategic joint venture to acquire minerals under WPX's operated footprint
- Lead commercial negotiator for all mineral transactions
- Established and implemented joint venture strategy with financial partner
- Implemented new processes and procedures for mineral acquisitions amongst multiple disciplines
- Recognized as a Top 20 mineral buyer in the Delaware Basin for 2020
- Purchased 83 Net Revenue Acres with a net present value of \$25MM Permian & Williston Basins:
- Co-led due diligence on \$2.5B acquisition of Felix Energy II in Delaware Basin
- Capitalized on strategic relationships with Bureau of Indian Affairs and competitors in TX and ND
- Delivered \$290MM in PV20 uplift for 2020; adding 200+ drillable locations

Sable Bay Energy (EnCap Investments) - Houston, TX

Vice President Land - Lower 48

- Start-up Private Equity Exploration and Production Company
- Directed land review and evaluations for prospective acquisition in Lower 48
- Management of Plantation Petroleum V's Permian assets

Plantation Petroleum V (EnCap Investments) – Houston, TX

Land Manager - Central Basin Platform & Permian Basin

- Start-up Private Equity Exploration and Production Company
- Managed subsurface development of 5 San Andres operated areas across 4 counties
- Led commercial development efforts of bolt-on trades and acquisitions contiguous to core position
- Leadership of 4 brokerage firms and 15 landmen

2021 - Present

2019 - 2021

2017 - 2018

2016 - 2017

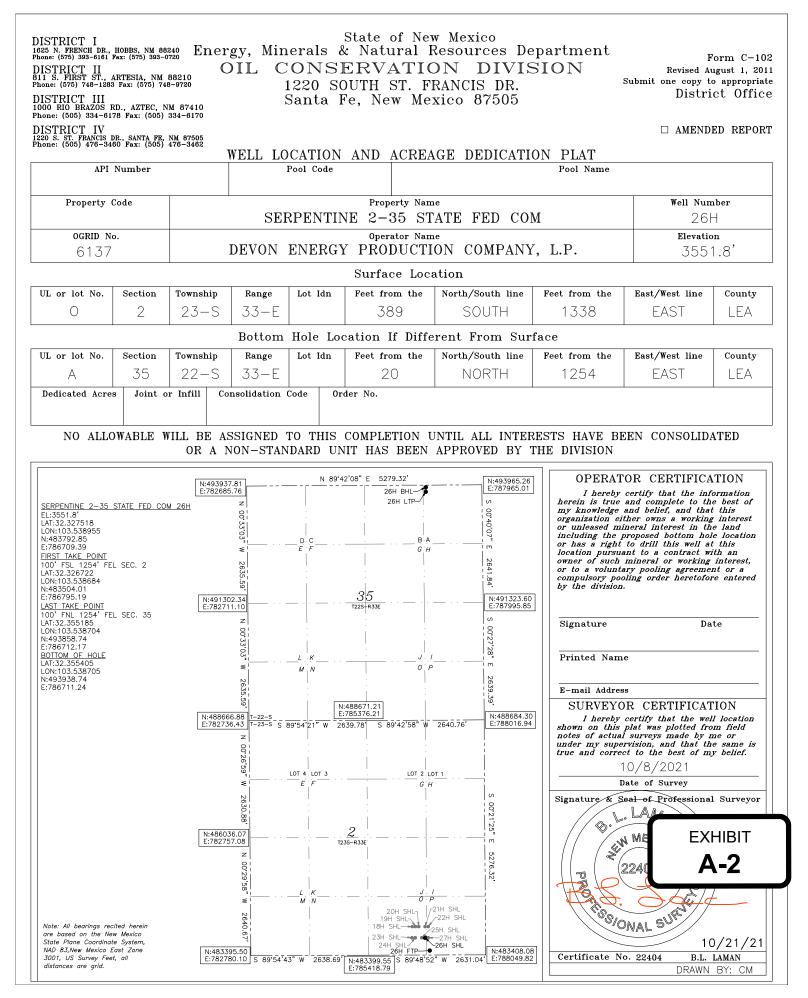
Anadarko Petroleum Corporation – Woodlands, TX	2012 - 2016
Landman – Delaware Basin	
• Managed 100,000 gross acres of contiguous development in Loving and Reeves Counties, TX	
 Subsurface curative and title review of 28 sections covering 28,000 gross acres 	
 Deferred \$24MM of capital through well trades and collaborative negotiations 	
• Leadership of 2 brokerage firms and 9 landmen	
Landman – Haynesville & Bossier Shale	
Piloted and implemented Production Sharing Agreement (PSA) strategy	
• Generated long lateral development opportunities across 33 gerrymandered units in Panola Co.,	TX
• Negotiated multiple term assignments, farmouts and bolt-on contracts of contiguous acreage	
Mewbourne Oil Company – Oklahoma City, OK	2011
Landman	
• 30 hour per week workload while maintaining full-time status at the University of Oklahoma	
 Focused acquisition and leasing efforts in Anadarko Basin 	
	• • • • • • • • • • • •
Chesapeake Energy, Inc. – Oklahoma City, OK	2009 – 2011
Landman	
• 30 hour per week workload while maintaining full-time status at the University of Oklahoma	
• Managed leasing and development plays in the Permian, Anadarko and Powder River Basins	
EDUCATION	

University of Oklahoma

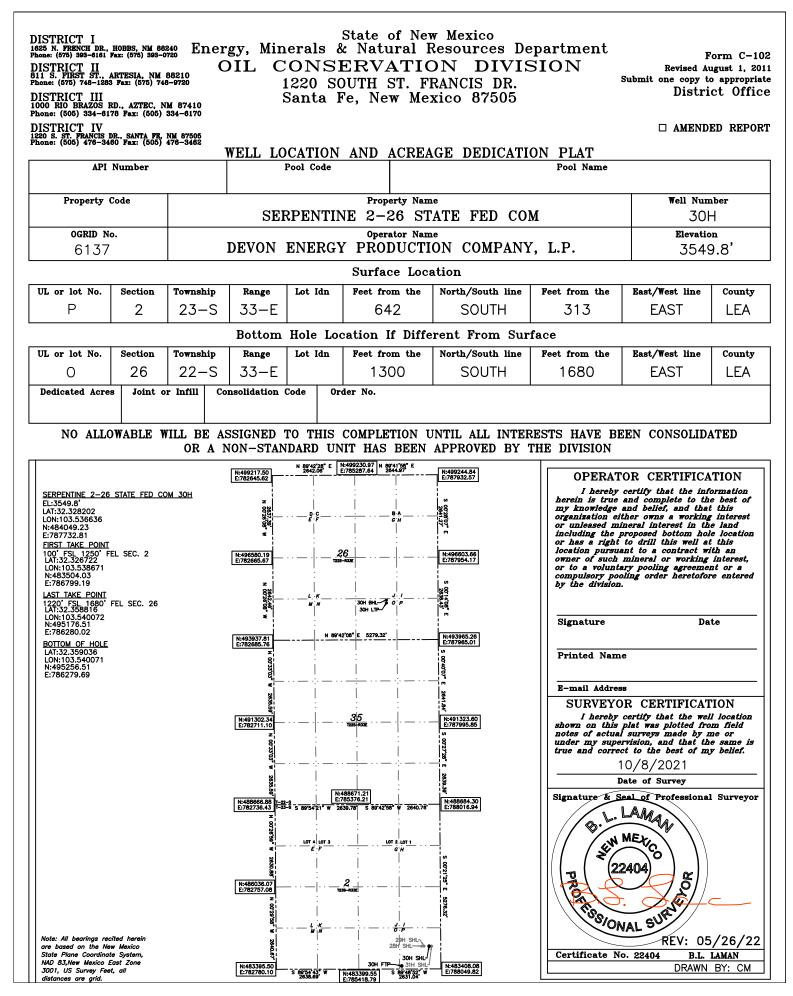
2011 BBA in Energy Management and Finance (Double Major) Graduated w/ Honors

PROFESSIONAL MEMBERSHIPS AND CERTIFICATIONS

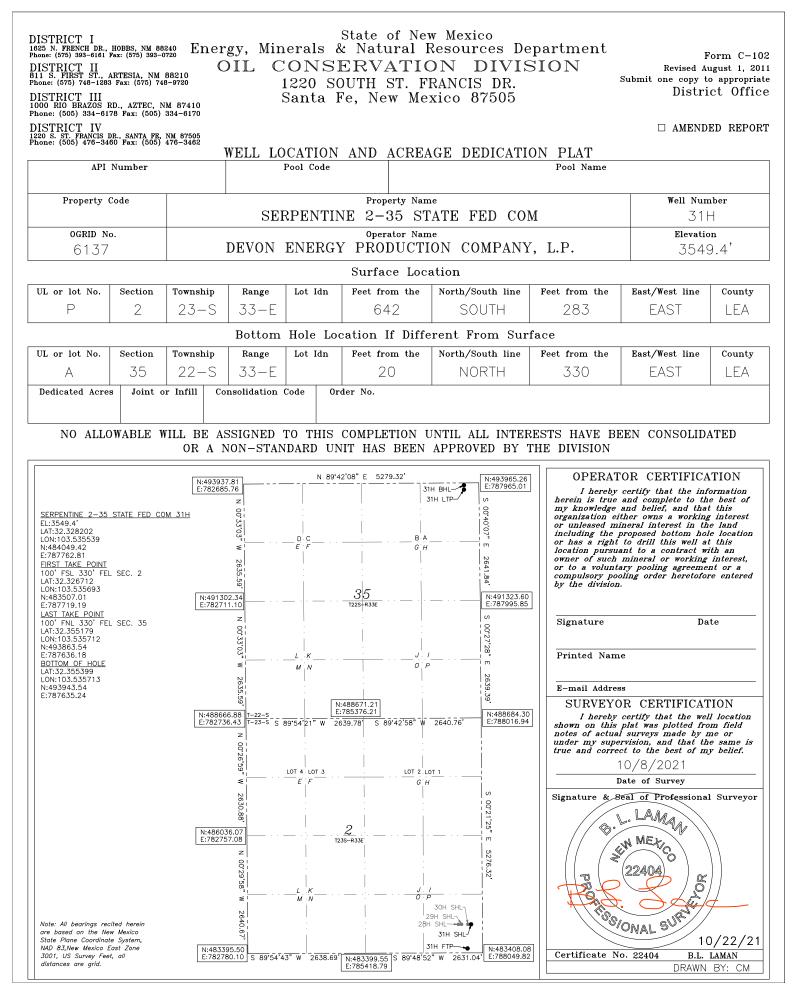
- AAPL Certified Professional Landman
- AAPL American Association of Professional Landmen
- PBLA Permian Basin Landman Association
- OCAPL Oklahoma City Association of Professional Landmen



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Exhibit "A-2"

SW/4SE/4 of Section 26, E/2 of Section 35, T22S, R33E and E/2 of Section 2, T23S, R33E, Lea County, New Mexico, Bone Spring Formation

Sec. 26	
	1
Sec. 35	
Sec. 2	
	26H 30H 31H

Tract 1: USA NMNM 61360 (40 acres)



Tract 2: USA NMNM 113969 (320 acres)



Tract 3: State of NM VB 1981 (319.58 acres)





Serpentine 2-35 State Fed Com 26H well

SHL: Sec. 2-23S-33E 389' FSL & 1,338' FEL BHL: Sec. 35-22S-33E 20' FNL & 1,254' FEL

Serpentine 2-26 State Fed Com 30H well

SHL: Sec. 2-23S-33E 642' FSL & 313' FEL BHL: Sec. 26-22S-33E 1,300' FSL & 1,680' FEL

Serpentine 2-35 State Fed Com 31H well

SHL: Sec. 2-23S-33E 642' FSL & 283' FEL BHL: Sec. 35-22S-33E 20' FNL & 330' FEL

OWNERSHIP BREAKDOWN – Bone Spring formation SW/4SE/4 of Section 26; E/2 of Section 35, Township 22 South, Range 33 East; E/2 of Section 2, Township 23 South, Range 33 East of Lea County, NM Serpentine State Fed Com 26H, 30H, 31H

TRACTS 1, 2 and 3 OWNERSHIP (encompassing the SW4SE4 of Section 26-T22S-R33E, E/2 of Section 35-T22S-R33E, and E/2 of Section 2-T23S-R33E, being 679.58 acres)

Owner	Net Acres	Unit WI	Status
Devon Energy Production Company, L.P. 333 W. Sheridan Avenue Oklahoma City, OK 73102	679.58000	100.000000%	Committed
TRACTS 1, 2 and 3 TOTAL	679.580000	100%	

UNIT RECAPITULATION:

SW/4SE/4 of Section 26; E/2 of Section 35, Township 22 South, Range 33 East; E/2 of Section 2, Township 23 South, Range 33 East of Lea County, NM; being 679.58 acres.

Devon Energy Production Company, L.P. 100.00000% WI

UNIT TOTAL: 100% WI

.

Overriding Royalty Owners

AmeriPermian Holdings, LLC 1733 Woodstead Ct, Suite 206 The Woodlands, TX 77380

David B. Engle 38315 Sunset Dr Oconomowoc, WI 53066

McMullen Minerals, LLC PO Box 470857 Fort Worth, TX 761477

Pegasus Resources, LLC Po Box 470698 Fort Worth, TX 76147

Viper Energy Partners, LLC 515 Central Park Dr, Suite 100 Oklahoma City, OK 73105

TAB 3

Case No. 22884

- Exhibit B: Affidavit of Thomas Peryman, Geologist
- Exhibit B-1: Structure Map
- Exhibit B-2: Isopach Thickness Map
- Exhibit B-3: Well Logs
- Exhibit B-4: Cross-section
- Exhibit B-5: Gun Barrel View

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

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P., FOR A NON-STANDARD HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 22884

AFFIDAVIT OF THOMAS PERYAM

Thomas Peryam, of lawful age and being first duly sworn, declares as follows:

1. My name is Thomas Peryam, and I am employed by Devon Energy Production Company, L.P. ("Devon") as a petroleum geologist.

2. I have testified previously by affidavit before the Oil Conservation Division ("Division") as an expert witness in petroleum geology. My credentials have been made a matter of record and I have been qualified as an expert by the Division. I hold a Bachelor's degree in Geology from the University of Oregon, a Master's degree in Geology from New Mexico State University, and a Doctorate in Geology from the University of Oregon. I have been employed as a petroleum geologist with Devon since August 2012.

3. I am familiar with the applications filed by Devon in this consolidated case, and I have conducted a geologic study of the Bone Spring formation underlying the subject area.

4. The initial targets for Devon's proposed Serpentine wells in Section 2 of T23S-R33E and Sections 26 and 35 of T22S-R33E are Second Bone Spring and the Third Bone Spring intervals of the Bone Spring formation..

> ехнівіт **В**

1

5. **Devon Exhibit B-1** is a structure maps at the top of the 2nd Bone Spring Sandstone member of the Bone Spring Formation, with subsea depths marked by contour intervals every 50 feet. I have outlined the proposed spacing units and identified the orientation of the initial wellbores in the Bone Spring formation. This exhibit shows that the Bone Spring formation is gently dipping to the south in this area. I do not observe any faulting, pinch outs, or other geologic impediments to developing the targeted Bone Spring intervals with horizontal wells.

6. In my opinion, the south-north orientation of the proposed wells is the preferred orientation for horizontal well development in the targeted intervals in this area. This standup orientation will efficiently and effectively develop the subject acreage.

7. **Devon Exhibit B-2** identifies the wells penetrating the Bone Spring formation that I have used to create a stratigraphic cross-section for each formation. I utilized these well logs because they penetrate the targeted intervals and are of good quality. In my opinion, these well logs are representative of the geology in the area.

8. **Devon Exhibit B-3** is a cross section for the Bone Spring formation using the representative wells depicted on Exhibit B-2. Each well log contains gamma ray, resistivity, and porosity logs. The target intervals for the initial wells are depicted on the exhibit. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing units.

9. **Devon Exhibit B-4** is a lateral wellbore trajectory schematic showing the placement of our proposed wells in relation to the Bone Springs stratigraphy

10. **Devon Exhibit B-5** is a west-to-east cross section view with wellbore placement identified ("gunbarrel diagram").

2

11. In my opinion, the granting of Devon's applications is in the best interest of

conservation, the prevention of waste, and protection of correlative rights.

12. **Devon Exhibits B-1** to **B-5** were either prepared by me or compiled under my direction and supervision.

13. The foregoing is true to the best of my knowledge and belief.

[Signature page follows]

FURTHER AFFIANT SAYETH NOT.

THOMAS PERYAM

STATE OF OKLAHOMA)
COUNTY OF OKlahoma

SUBSCRIBED and SWORN to before me this ______ day of ______

2022 by Thomas Peryam.



My Commission Expires:

9/10/2023

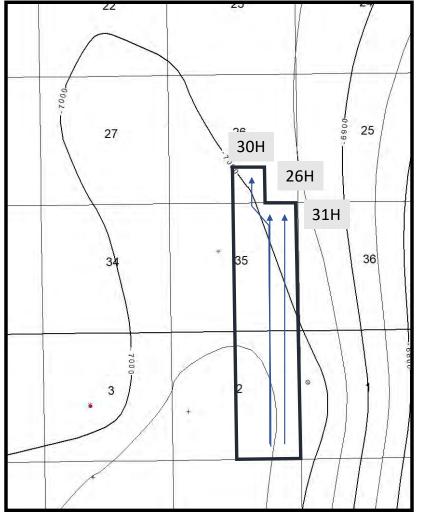


Exhibit B-1



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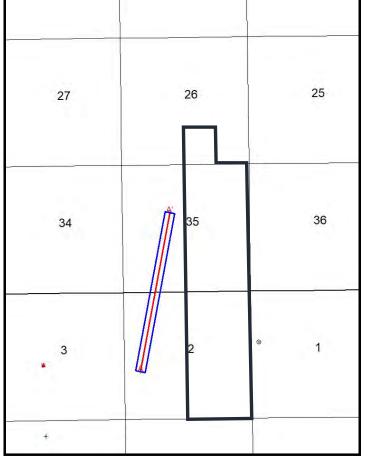


Exhibit B-2

ехнівіт **В-2**

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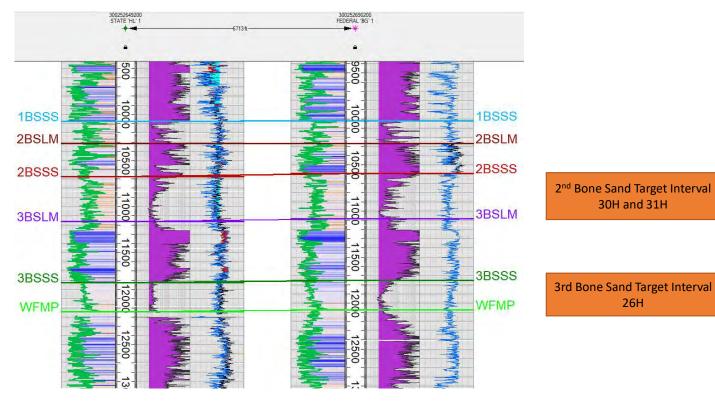


Exhibit B-3



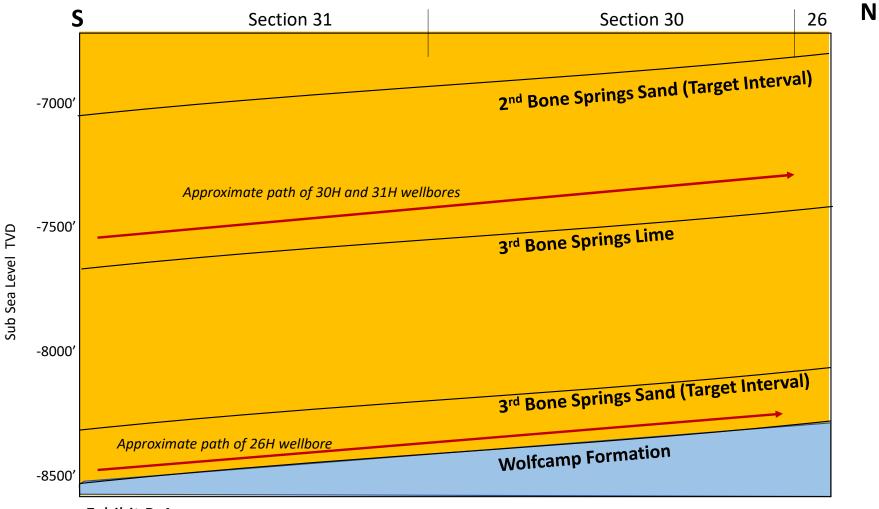


Exhibit B-4

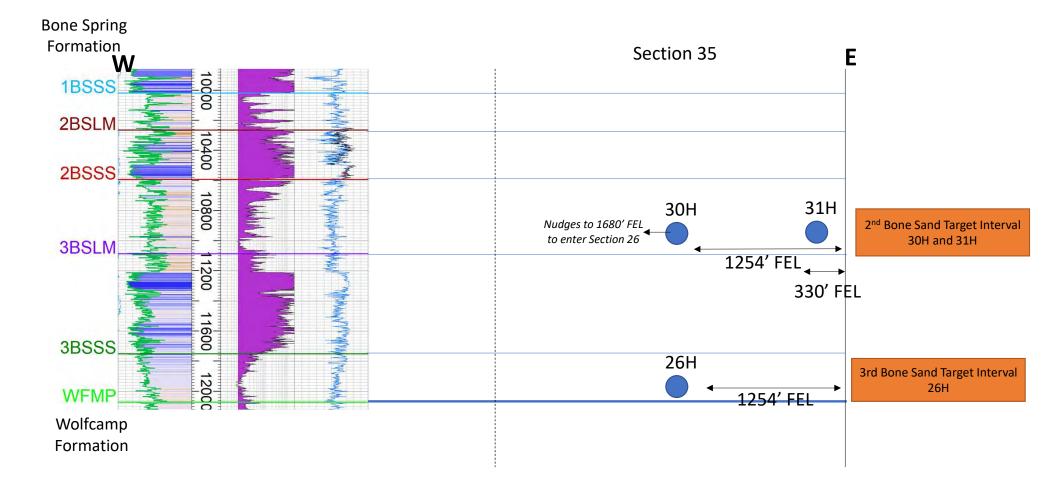


Exhibit B-5

EXHIBIT

B-5

TAB 4

Case No. 22884

- Affidavits of Notice, Darin C. Savage Exhibit C:
- Exhibit C-1: Notice Letters (ORRI & RT) Exhibit C-2: Mailing List Exhibit C-3: Affidavit of Publication

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

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P., FOR A NON-STANDARD HORIZONTAL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 22884

EXHIBIT

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, Darin C. Savage, attorney and authorized representative of Devon Energy Production Company, L.P. ("Devon"), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Devon owns 100% working interest in the proposed unit and therefore no well proposals were sent out.

2. Notice of the application and hearing in the above-reference case was timely sent by certified mail, return receipt requested, through the United States Postal Service on June 16, 2022, to all uncommitted interest owners sought to be pooled in this proceeding. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2. Notice was also timely served by publication in the Hobbs News-Sun, a newspaper of general circulation in Lea County, New Mexico, on June 21, 2022, as reflected in the Affidavit of Publication attached hereto as Exhibit C-3. 3. It is my understanding that Devon has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the application filed herein.

The foregoing is correct and complete the to the best of my knowledge and belief.

Darin C. Savage

SUBSCRIBED AND SWORN to before me this 1 day of July, 2022, by Darin C. Savage.

Notary Public

My Commission Expires:

2026

STATE OF NEW MEXICO NOTARY PUBLIC MARSHA DALTON COUCH COMMISSION #1077509 COMMISSION EXPIRES 02/10/2026 **Received by OCD:** 7/5/2022 4:48:01 PM



Page 38 of 50

ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota

June 16, 2022

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Devon Energy Production Company, L.P., for a nonstandard horizontal spacing unit and compulsory pooling, Lea County, New Mexico <u>Serpentine 2-35 State Fed Com 26H Well</u> (Case No. 22884) <u>Serpentine 2-26 State Fed Com 30H Well</u> (Case No. 22884) <u>Serpentine 2-35 State Fed Com 31H Well</u> (Case No. 22884)

Case Nos. 22884:

Dear Interest Owners:

This letter is to advise you that Devon Energy Production Company, L.P. ("Devon") has filed the enclosed application, Case No. 22884, with the New Mexico Oil Conservation Division ("Division") for the compulsory pooling of a non-standard horizontal spacing unit in the Bone Spring formation.

In Case No. 22884, Devon seeks to pool the Bone Spring formation underlying the SW/4 SE/4 of Section 26 and the E/2 of Section 35, Township 22 South, Range 33 East, and the E/2 (including Lots 1 and 2) of Section 2, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico, a non-standard unit encompassing 679.58 acres, more or less, dedicated to the above-referenced 26H, 30H, and 31H Wells. The proposed wells are orthodox in their locations, as the take points and completed intervals comply with setback requirements under the statewide rules. Because the unit is non-standard, Devon will apply administratively for approval of a nonstandard proration ("NSP") unit.

EXHIBIT

C-1

A hearing has been requested before a Division Examiner on July 7, 2022, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under the COVID-19 Public Health policies, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division's website at: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u> or call (505) 476-3441.

You are being notified as an overriding royalty interest owner and 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 NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address 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 Matthew Hoops at (405) 552-3337 or at matthew.hoops@dvn.com.

Sincerely,

Darin C. Savage

Attorney for Devon Energy Production Company, L.P. **Received by OCD:** 7/5/2022 4:48:01 PM



Page 40 of 50

ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota

June 16, 2022

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

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You are being notified as an owner of Record Title, not a Working Interest owner with operating rights, and 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.

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Sincerely,

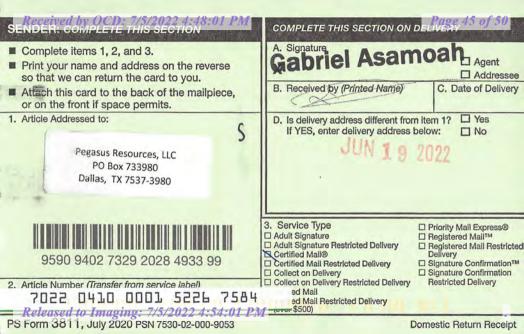
Darin C. Savage

Attorney for Devon Energy Production Company, L.P.

	Name	Street	City	State	Zip		USPS Article Number	Date Mailed	Service Sta	atus	Delivery Date Green Card Returned?
RTO	Fred L. Engle	P O Box 26245	Milwaukee	WI	53226-0245	Fred L. Engle P O Box 26245 Milwaukee, WI 53226-0245	70220410000152267621	6.16.22	Certified Mail Delivered pe	er USPS.com	6/29/22 NO
ORRI ORRI ORRI ORRI ORRI	AmeriPermian Holdings, LLC David B. Engle McMullen Minerals, LLC Pegasus Resources, LLC Viper Energy Partners, LLC	1733 Woodstead Ct., Suite 206 38315 Sunset Dr. P O Box 470857 P O Box 733980 515 Central Park Dr., Suite 500	The Woodlands Oconomowoc Fort Worth Dallas Oklahoma City	TX WI TX TX OK	77380 53066 76147 7537-3980 73105	AmeriPermian Holdings, LLC 1733 Woodstead Ct., Suite 206 The Woodlands, TX 77380 David B. Engle 38315 Sunset Dr. Oconomowoc, WI 53066 McMullen Minerals, LLC PO Box 470857 Fort Worth, TX 76147 Pegasus Resources, LLC PO Box 733980 Dallas, TX 7537-3980 Viper Energy Partners, LLC 515 Central Park Dr., Suite 500 Oklahoma City, OK 73105	70220410000152267607 70220410000152267591 70220410000152267577 70220410000152267584 70220410000152267614	6.16.22 6.16.22	Certified Mail Delivered Certified Mail Delivered Certified Mail Delivered Certified Mail Delivered Certified Mail Delivered		6/22/22 YES N/A YES; Unsigned 6/23/22 YES 6/19/22 YES 6/21/22 YES
WI WI	Bureau of Land Management New Mexico State Land Office	414 W. Taylor St. 310 Old Santa Fe Trail	Hobbs Santa Fe	NM NM	88240 87501	Bureau of Land Management 414 W. Taylor St. Hobbs, NM 88240 New Mexico State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501	70220410000152267645 70220410000152267638		Certified Mail Delivered Certified Mail Delivered		6/21/22 YES N/A YES

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Print yo so thatAttach	ete items 1, 2, and 3. bur name and address on the revers we can return the card to you. this card to the back of the mailpied he front if space permits.	A. Signature X B. Received by (Printed Name)	Agent Addressee C. Date of Delivery		
1. Article A	ddressed to: New Mexico State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501	 D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No 			
2. Article N 70	90 9402 7329 2028 4934 05 Jumber (Transfer from service label) 22 0410 0001 5226 sed to Imaging: 7/5/2022 4:54	7630	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail@ Certified Mail@ Collect on Delivery Collect on Delivery Restricted Delivery Mail Restricted Delivery (over \$500)	 □ Priority Mail Express® □ Registered Mail™ □ Registered Mail Restricted Delivery □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery 	
	3811, July 2020 PSN 7530-02-000-90	53	C	omestic Return Receipt	





SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY 16 of 50
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. [±] Signature X Addressee B. Received by (Printed Name) C. Date of Delivery C. 727, 72
1. Article Addressed to: AmeriPermian Holdings, LLC 1733 Woodstead Ct., Suite 206 The Woodlands, TX 77380	D. Is delivery address different from item 1? If YES, enter delivery address below: No
9590 9402 7329 2028 4934 29 2. Article Number (Transfer from service label)	3. Service Type □ Adult Signature □ Adult Signature Restricted Dellvery □ Certified Mail® □ Collect on Delivery □ Collect on Delivery Restricted Delivery
7022 0410 0001 5226 760 	red Mail Restricted Delivery
PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return Receipt

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 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece or on the front if space permits. 	A. Signature					
1. Article Addressed to: Viper Energy Partners, LLC 515 Central Park Dr., Suite 500 Oklahoma City, OK 73105		D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No				
9590 9402 7329 2028 4933 68	3. Service Type Adult Signature Certified Mail® Certified Mail® Certified Mail Restricted Delivery Collect on Delivery	 Priority Mail Express® Registered Mail™ Registered Mail Restricted Delivery Signature Confirmation™ Signature Confirmation 				
2. Article Number (Transfer from service label) 7022 0410 0001 5226 7614 — Released to Imaging: 7/5/2022 4:54:0	Collect on Delivery Restricted Delivery Insured Mail Insured Mail Restricted Delivery (over \$500)	Restricted Delivery				
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1. Article Addressed to: S	D. Is delivery address different from item 1? ¹ Yes If YES, enter delivery address below: ¹ No			
McMullen Minerals, LLC PO Box 470857 Fort Worth, TX 76147				
9590 9402 7329 2028 4933 82	Adult Signature Adult Signature Restricted Delivery Certified Mail@ Certified Mail Restricted Delivery Collect on Delivery	Priority Mail Express® Registered Mail™ Registered Mail Restricted Delivery Signature Confirmation™		
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Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name)	C. Date of Delivery		
1. Article Addressed to: David B. Engle 38315 Sunset Dr.	D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No			
Oconomowoc, WI 53066				
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PS Form 3811, July 2020 PSN 7530-02-000-9053	E	omestic Return Receipt		

Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated June 21, 2022 and ending with the issue dated June 21, 2022.

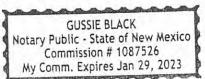
Publisher

Sworn and subscribed to before me this 21st day of June 2022.

ceblack

Business Manager

My commission expires January 29, 2023 (Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said 67115820

KAIYA TOOP ABADIE SCHILL 555 RIVERGATE LANE 84-180 DURANGO, CO 81301

LEGAL NOTICE June 21, 2022

CASE No. 22884: Notice to all affected parties and persons having any right, title, interest or claim to this case, including overriding royalty interest owners and record title owners, as well as the known and unknown heirs, devisees, assigns and successors of FRED L. ENGLE, AMERIPERMIAN HOLDINGS, LLC, DAVID B. ENGLE, MCMULLEN MINERALS, LLC, PEGASUS RESOURCES, LLC, VIPER ENERGY PARTNERS, LLC of Devon Energy Production Company, L.P.'s application for approval of a spacing unit and compulsory pooling, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on July 7, 2022, at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under the current COVID-19 Public Health policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: https://www.emmrd.nm.gov/ocd/hearing-info/ or call (505) 476-3441. Devon Energy Production Company, L.P., at 333 W. Sheridan Ave, Oklahoma City, OK 73102, seeks an order from the Division: (1) establishing a non-standard 679.58-acre, more or less, spacing and proration unit comprised of the SW/4 SE/4 of Section 26 and the E/2 of Section 35, Township 22 South, Range 33 East, and the E/2 (including Lots 1 and 2) of Section 2, Township 23 South, Range 33 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. Said horizontal spacing unit is to be dedicated to the SE/4 SE/4 (Unit P) of Section 35 the Serpentine 2-35 State Fed Com 36H Well, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit P) of Section 35. The Serpentine 2-35 State Fed Com 26H Well will be positioned to act. The NE'A SE/4 (Unit P) of Section 35. The Serpentine 2-35 State Fed Com 36H Well, an oil well, to be horizontally drilled from a surface location in the SK/4 SE/4 (U

00267915

EXHIBIT