

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR A NONSTANDARD 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, seeking an order (1) establishing a nonstandard 600-acre, more or less, spacing and proration unit comprised of the W/2 of Section 26 and the NW/4 and the N/2 SW/4 and the SE/4 SW/4 of Section 35 (also described as the W/2 of Sections 26 and 35 less the SW/4 SW/4 of Section 35), Township 22 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 horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon proposes and dedicates to the HSU three initial oil wells: the **Serpentine 35-26 Fed Com 1H Well**, the **Serpentine 35-26 Fed Com 11H Well**, and the **Serpentine 35-26 Fed Com 12H Well** to be drilled to a sufficient depth to test the Bone Spring formation.

3. Devon proposes the **Serpentine 35-26 Fed Com 1H Well** to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 35 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 26.

4. Devon proposes the **Serpentine 35-26 Fed Com 11H Well** to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 35 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 26. The **11H Well** would have been the proximity well positioned for including the E/2 W/2 tracts in a standard unit in Sections 26 and 35 had the SW/4 SW/4 of Section 35 not been excluded by BLM restrictions; but due to the BLM exclusion, Devon is applying herein for a nonstandard unit in order to maximize the development of land available.

5. Devon proposes the **Serpentine 35-26 Fed Com 12H Well** to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 26.

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

7. Because of BLM restrictions on the development of the SW/4 SW/4 of Section 35, Devon is requesting a nonstandard unit that excludes this quarter-quarter section. Devon will apply administratively with the Division for approval of a Nonstandard Spacing and Proration (“NSP”) unit.

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

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

10. 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 October 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. Establishing a nonstandard 600-acre, more or less, spacing and proration unit comprised of the W/2 of Section 26 and the NW/4 and the N/2 SW/4 and the SE/4 SW/4 of Section 35 (also described as the W/2 of Sections 26 and 35 less the SW/4 SW/4 of Section 35), Township 22 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU;

C. Approving the **Serpentine 35-26 Fed Com 1H Well**, the **Serpentine 35-26 Fed Com 11H Well**, and the **Serpentine 35-26 Fed Com 12H Well** as the initial wells for the HSU;

D. Designating Devon as operator of this HSU and the horizontal well 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

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

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

Application of Devon Energy Co. for a Nonstandard 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 nonstandard 600-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Section 26 and the NW/4 and the N/2 SW/4 and the SE/4 SW/4 of Section 35 (also described as the W/2 of Sections 26 and 35 less the SW/4 SW/4 of Section 35), Township 22 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 35-26 Fed Com 1H Well** to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 35 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 26; the **Serpentine 35-26 Fed Com 11H Well** to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 35 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 26; and the **Serpentine 35-26 Fed Com 12H Well** to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 26. Applicant will apply for administrative approval of a Nonstandard Spacing and Proration (“NSP”) unit. The wells will be orthodox in location, 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 33 miles southwest of Hobbs, New Mexico, and approximately 25 miles north of the state line.