BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING FEBRUARY 2, 2023

CASE NO. 23264

SUPPLEMENTAL EXHIBITS

JAYHAWK 7-6 FED FEE COM 22H

LEA COUNTY, NEW MEXICO



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

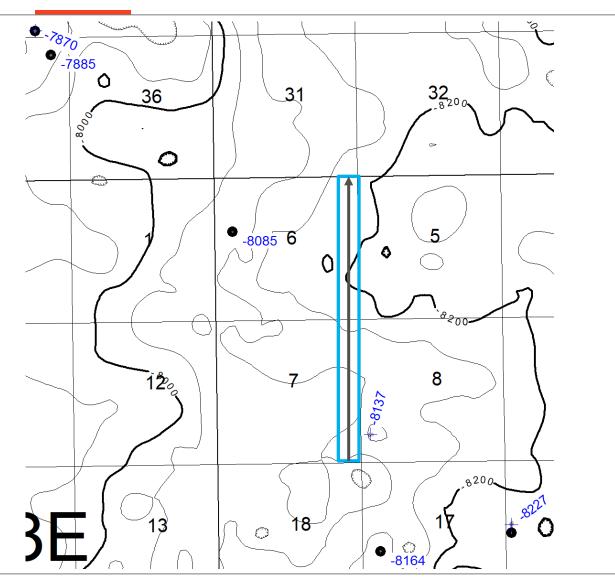
APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23264

SUPPLEMENTAL HEARING PACKAGE TABLE OF CONTENTS

- DEVON REVISED Exhibit B-1: Subsea Structure Map
- DEVON REVISED Exhibit B-1: Line of Cross Section
- DEVON SUPPLEMENTAL Exhibit E: Revised Compulsory Pooling Application Checklist
- **DEVON** *SUPPLEMENTAL* Exhibit F: Supplemental Self-Affirmed Statement of Daniel Brunsman
 - o DEVON SUPPLEMENTAL Exhibit F-1: Revised C-102
 - o DEVON SUPPLEMENTAL Exhibit F-2: Additional Well Proposal Letter
 - DEVON SUPPLEMENTAL Exhibit F-3: Notice of Overlapping Spacing Unit
- DEVON SUPPLEMENTAL Exhibit G: Additional Notice Affidavit

Structure Map



SSTVD Structure Map 3rd Bone Spring Lime C.I. = 25 feet

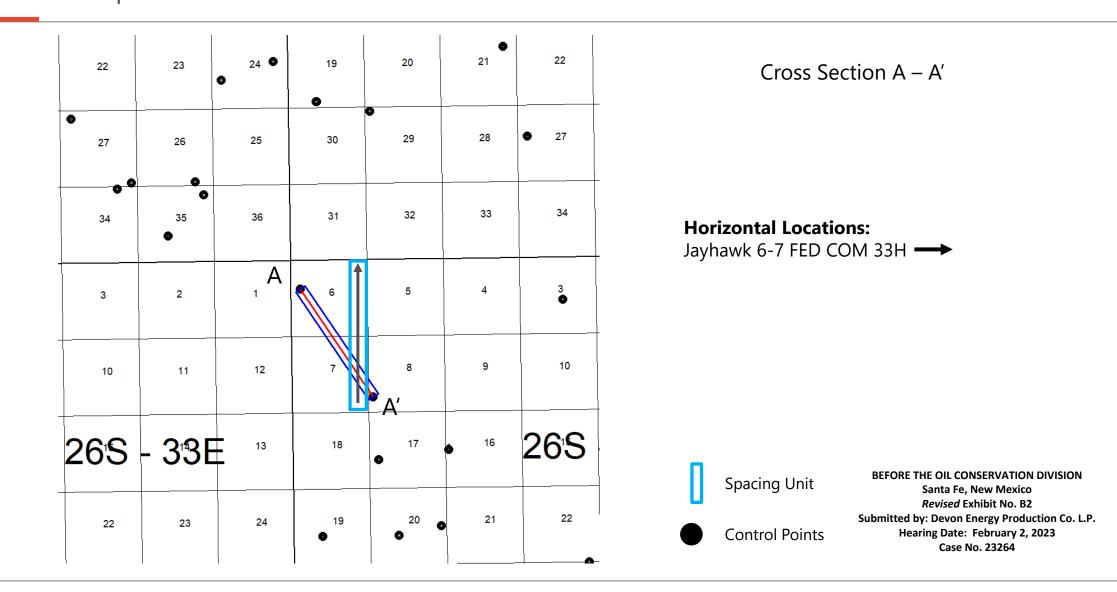
Horizontal Locations: Jayhawk 6-7 FED COM 33H →

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico *Revised* Exhibit No. B1 Submitted by: Devon Energy Production Co. L.P. Hearing Date: February 2, 2023 Case No. 23264



Spacing Unit

Base Map



ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23264	APPLICANT'S RESPONSE
Date	January 5, 2023
Applicant	Devon Energy Production Company
Designated Operator & OGRID (affiliation if applicable)	Devon Energy Production Company, OGRID No. 6137
Applicant's Counsel:	Holland & Hart LLP
Case Title:	Application of Devon Energy Production Company, L.P. for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.
Entries of Appearance/Intervenors:	N/A
Well Family	Jayhawk 7-6 Fed Fee Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	WC-025 G-09 S263406D Lower Bone Spring Pool (98038).
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres
Building Blocks:	Quarter-Quarter Sections
Orientation:	South-North
Description: TRS/County	E2E2 of Sections 6 and 7, T-26-S, R-34-E, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and</u> is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A2
Well(s)	
Name & API (if assigned), surface and bottom hole location,	Add wells as needed
footages, completion target, orientation, completion status (standard or non-standard)	BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico
	Supplemental Exhibit No. E Submitted by: Devon Energy Production Co. L.P Hearing Date: February 2, 2023 Case No. 23264

Case No. 23264

Received by OCD: 1/31/2023 3:09:01 PM	Page 6 of 1
Well #1	Jayhawk 7-6 Fed Fee Com 22H SHL: 875' FSL & 2065 FEL (Unit 0) of Section 7 BHL: 20' FNL & 395' FEL (Unit A) of Section 6 Target: Bone Spring Orientation: South-North Completion: Standard Location
Horizontal Well First and Last Take Points	See Exhibit F1
Completion Target (Formation, TVD and MD)	See Exhibit A3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	See Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	See Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A2
Tract List (including lease numbers and owners) If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	
Pooled Parties (including ownership type)	Exhibit A2
Unlocatable Parties to be Pooled Ownership Depth Severance (including percentage above & below)	N/A N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A3 and F2
List of Interest Owners (ie Exhibit A of JOA)	Exihibit A2
Chronology of Contact with Non-Joined Working Interests	Exhibit A4
Overhead Rates In Proposal Letter	Exhibit A3
Cost Estimate to Drill and Complete	Exhibit A3
Cost Estimate to Equip Well	Exhibit A3
Cost Estimate for Production Facilities	Exhibit A3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B1-A
Gunbarrel/Lateral Trajectory Schematic	Exhibit B1-A
Well Orientation (with rationale)	Exhibit B
Raleget For Inations: 1/31/2023 3:13:27 PM	Exhibit B

Received by OCD: 1/31/2023 3:09:01 PM	Page 7 of 1				
HSU Cross Section	Exhibit B3				
Depth Severance Discussion	N/A				
Forms, Figures and Tables					
C-102	Exhibit F1				
Tracts	Exhibit A2				
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A2				
General Location Map (including basin)	Exhibit B1-A				
Well Bore Location Map	Exhibit A1-A, Exhibit B1-A Exhibit B1-A Exhibit B2-A				
Structure Contour Map - Subsea Depth					
Cross Section Location Map (including wells)					
Cross Section (including Landing Zone)	Exhibit B3				
Additional Information					
Special Provisions/Stipulations	N/A				
CERTIFICATION: I hereby certify that the information pro	ovided in this checklist is complete and accurate.				
Printed Name (Attorney or Party Representative):	Michael H. Feldewert				
Signed Name (Attorney or Party Representative):					
Date:	31-Jan-23				

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

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 23264

SUPPLEMENTAL SELF AFFIRMED STATEMENT OF DANIEL BRUNSMAN

Daniel Brunsman, of lawful age and being first duly sworn, declares as follows:

1. My name is Daniel Brunsman and I am a Landman with Devon Energy Production Company, L.P. I am filing this Supplemental Statement to address a change to the drilling plan for the proposed well and to address the notice provided to the affected working interest owners of the proposed overlapping spacing unit.

2. Devon has been unable to obtain a surface location that will allow the proposed well to be drilled from North to South. Accordingly, Devon has modified the drilling plan to place the surface location in Unit O of Section 7 to allow the well to be drilled from South to North. The proposed well has accordingly been renamed the Jayhawk 7–6 Fed Fee Com 22H. The proposed 320-acre spacing unit remains unchanged.

3. **Devon Exhibit F-1** contains a revised Form C-102 for the initial well which reflects the name change and the change to the surface location for the proposed well.

I have also provided the law firm of Holland & Hart with revised geology exhibits
B1-A and B2-A to correct the direction of the black arrow depicting the proposed well. These exhibits now reflect the South to North orientation of the proposed well. No other changes have been made to the previously filed exhibits.

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Supplemental Exhibit No. F Submitted by: Devon Energy Production Co. L.P. Hearing Date: February 2, 2023 Case No. 23264 5. **Devon Exhibit F-2** contains a copy of the supplemental letter sent to the pooled working interest owners apprising them of the change to the drilling plan. The costs reflected in the AFE initially sent for the proposed well remain unchanged.

6. **Devon Exhibit F-3** is a copy of the letter sent to all affected working interest owners apprising them of the proposed overlapping spacing unit. The affected owners are the same as those identified as committed and uncommitted working interest owners in Devon Exhibit A-2 filed with my initial statement.

7. Devon was able to locate and notify all the affected working interest owners of the overlapping spacing unit, and no objection has been received.

8. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

Daniel Brunsman

<u>1/30/2023</u> Date

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

			WELL LC	DCATIO	N AND ACR	EAGE DEDIC	CATION PLA	Т			
¹ A	API Number	r	² Pool Code			³ Pool Name					
30-025	-48342		9	98038 WC-025 G-09 S263406D; LOWER BS				ER BS	5		
⁴ Property C	Code		⁵ Property Name					⁶ Well Number			
319566			JAYHAWK 7-6 FED FEE COM					22H			
⁷ OGRID N	No.		⁸ Operator Name					⁹ Elevation			
6137			DEV	ON ENEF	NERGY PRODUCTION COMPANY, L.P.					3369.1	
					[™] Surfac	e Location					
UL or lot no.	Section	Townsh	ip Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line		County	
0	7	26 S	34 E		875	SOUTH	2065	EAS	ST	LEA	
			пF	Bottom H	ole Location	If Different Fr	om Surface				
UL or lot no.	Section	Townsh	ip Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line		County	
Α	6	26 S	34 E		20	NORTH	395	EAST		LEA	
¹² Dedicated Acres	s ¹³ Joint	or Infill	¹⁴ Consolidation	n Code	¹⁵ Order No.						
320											

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	N89'36'09"E 2642.04 FT N89'33'12"E 2643.55 T	¹⁷ OPERATOR CERTIFICATION
NW CORNER SEC. 6 LAT. = 32.0797339*N に	N/4 CORNER SEC. 6 395'	R SEC. 6 I hereby certify that the information contained herein is true and complete .0797299'N
LONG. = 103.5175316'W	LONG. = 103.5090031 W OF HOLE \sim BOT OM \sim LONG. = 1	03.5004697'W to the best of my knowledge and belief, and that this organization either
NMSP EAST (FT) 0 N = 393699.75	NMSP EAST (FT) N = 393718.07	38.67' owns a working interest or unleased mineral interest in the land including
E = 794010.96 ∾	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	the proposed bottom hole location or has a right to drill this well at this
88 W	BOTTOM OF HOLE	location pursuant to a contract with an owner of such a mineral or working
W/4 CORNER SEC. 6	LAT. = 32.0796748"N LONG. = 103.5017447"W NNSP FAST (FT 2014)	INCLUSION NER SEC. 6 interest, or to a voluntary pooling agreement or a compulsory pooling order
W/4 CORNER SEC. 6 LAT. = 32.0724766*N LONG. = 103.5175341'W		2.0724880'N heretofore entered by the division. 103.5004620'W
NMSP EAST (FT)	E = 798900.86 NMSP EA	ST (FT) 01/10/22
N = 391059.61 E = 794030.14	LAST TAKE POINT L N = 391 100' FNL, 395" FEL - E = 7993	01.15
04	LAT. = 32 0794549'N	
2640		Chelsey Green
1. Sec. 1. Sec	للا د د	Printed Name
9		chelsey.green@dvn.com
SECTION CORNER S LAT. = 32.0652206*N Z	LAT. = 32,0652211*N	2.0652284'N E-mail Address
LONG. = 103.5175327'W NMSP EAST (FT)	2648.91 FT NMSP EAST (FT) 2641.36 FT NMSP EAST	
N = 388419.97 E = 794050.53	N = 388440.30 E = 796698.96 E = 79698.96	
L - 734030.33 4	41.	I hereby certify that the well location shown on this plat
264	L1SEC7	was plotted from field notes of actual surveys made by
M" 40		me or under my supervision, and that the same is true
2 1 2	JAYHAWK 7⊢6 FED FEE COM 22H FIRST TAKE POINT	
W/4 CORNER SEC. 7 C LAT. = 32.0579557*N 2	LAT. = 32.0531029'N (NAD83) LAT. = 32.0509740'N	NER SEC. 7 and correct to the best of my belief.
LONG. = 103.5175350'W NMSP EAST (FT)	LONG. = 103.5071103*W _ LONG. = 103.5017200*W LONG. =	103.5004487'W JANUARY 12, 2023
N = 385777.11 E E = 794069.80	N = 384036.28 E = 797312.97	320.61 Date of Survey
L = 734003.00 M		
, u c	SURFACE	
SW CORNER SEC. 7 ≩ LAT. = 32.0506923*N	L4 S/4 CORNER SEC. 7	ER SEC. 7 (2.0506993'N
LONG. = 103.5175349°W	LONG. = 103.5089724 W	103.5004452'W Signature and Seal of Professional Surveyor:
NMSP EAST (FT) N = 383134.75		177.75' Certificate Number: A AMON LARAMILLO, LS 12/97
E = 794089.79	E = 796742.73 E = 799 S89'31'16"W 2653.43 FT S89 32'54"W 2642.47 FT	384.71 PHOTSUSK VEVICO. 8167B
	303 31 10 W 2033.43 11 303 32 34 W 2042.17 11	

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Supplemental Exhibit No. F1 Submitted by: Devon Energy Production Co. L.P. Hearing Date: February 2, 2023 Case No. 23264

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Devon Energy Production Company LP

405 228-2896 Phone Daniel.Brunsman@dvn.com

333 West Sheridan Avenue Oklahoma City, OK 73102

January 17, 2023

VIA CERTIFIED MAIL RRR & VIA EMAIL: <u>djohns@matadorresources.com</u>

MRC Permian Company 5400 LBJ Freeway STE 1500 Dallas, TX 75240

Re: Supplement to Well Proposal dated October 25, 2022 Jayhawk 6-7 Fed Fee Com 33H Sections 6 & 7; Township 26 South, Range 34 East Lea County, New Mexico

Dear Working Interest Owner:

Devon Energy Production Company, L.P. ("Devon") is providing this Supplemental Letter ("Supplement") to be incorporated into the Well Proposal for the Jayhawk 6-7 Unit Wells dated October 25, 2022 ("Well Proposal"), in order to make corrections and update the proposal with certain adjustments to the wells name, surface location, and footages/depths pursuant first paragraph of the Well Proposal in which Devon reserved the right to modify locations and drilling plans.

Devon adjusts the specifications of the wells as follows:

Jayhawk 6-7 Fed Fee Com 33H will now be named the Jayhawk 7-6 Fed Fee Com 22H. The Jayhawk 7-6 Fed Fee Com 22H will be drilled as a South to North horizontal well into the Bone Springs formation at an approximate SHL of 875' FSL and 2,065' FEL: of Section 7-T26SR34E and an approximate BHL of 20' FNL and 395' FEL of Section 6-T26S-R34E, Lea County, New Mexico.

The Authority for Expenditure, unit size and ownership, and all other specifications remain unchanged for the wells proposed, and the original Well Proposal dated October 25, 2022, remains in effect subject to this Supplement.

Please do not hesitate to contact me at (405) 228-2896 or via email at <u>Daniel.Brunsman@dvn.com</u> if you have any questions concerning this Supplement or the Well Proposal.

Regards,

Devon Energy Production Company, L.P.

Daniel J. Brunsman Advising Landman

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Supplemental Exhibit No. F2 Submitted by: Devon Energy Production Co. L.P. Hearing Date: February 2, 2023 Case No. 23264 *Received by OCD: 1/31/2023 3:09:01 PM*



Devon Energy Production Company LP

405 228-2896 Phone Daniel.Brunsman@dvn.com

333 West Sheridan Avenue Oklahoma City, OK 73102

January 10, 2023

VIA CERTIFIED MAIL RRR & VIA EMAIL: <u>ScottSabrsula@chevron.com</u>

Chevron U.S.A., Inc. 1400 Smith Street Houston, TX 77002

Re: Notice of Overlapping Spacing Units Bone Springs Formation Jayhawk 6-7 Fed Fee Com 33H Sections 6 & 7, Township 26 South, Range 34 East Lea County, New Mexico

To Whom It May Concern:

Devon Energy Production Company, L.P. ("Devon") has proposed well(s) for development of the Bone Springs underlying the E/2E/2 of Sections 6 and 7, Township 26 South, Range 34 East, Lea County, New Mexico. This letter is to advise you that this proposed development plan will require the formation of the following 320-acre spacing units:

320-acre horizontal well spacing unit, being the E/2E/2 of Sections 6 and 7, Township 26 South, Range 34 East, with a surface location in the SE/4 SE/4 of Section 7, Township 26 South, Range 34 East, to a bottom hole location in the NE/4 NE/4 of Section 6, Township 26 South, Range 34 East.

The proposed 320-acre spacing unit will overlap the following existing spacing units and wells:

160-acre horizontal well spacing unit, being the E/2E/2 of Section 7, Township 26 South, Range 34 East, Lea County, New Mexico; Ichabod 7 Fed 1H, producing from the Bone Springs formation

Pursuant to NMAC 19.15.16.15.B(9) and 19.15.15.12.B, you have a right to object the overlapping spacing units by delivering a written statement of objection to our office within twenty (20) days of the mailing of this notice. To expedite approval of the overlapping spacing units, we ask that you contact the undersigned timely with questions and/or concerns. If no objection is received within this 20-day period, we will proceed with obtaining any remaining regulatory approvals for the proposed spacing units.

If you have any questions about this matter, please contact my office.

Regards,

Devon Energy Production Company, L.P.

Daniel J. Brunsman Advising Landman

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Supplemental Exhibit No. F3 Submitted by: Devon Energy Production Co. L.P. Hearing Date: February 2, 2023 Case No. 23264

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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 APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 23264

SUPPLEMENTAL NOTICE AFFIDAVIT

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

Michael H. Feldewert, attorney in fact and authorized representative of the Applicant herein, being first duly sworn, upon oath, states

1. In addition to notice reflected in the previously filed Devon Exhibit C, the abovereferenced application and notice of the hearing on this application was sent by certified mail to an additional address located for Monticello Minerals, LLC on the date set forth in the letter attached hereto.

2. The spreadsheet attached hereto contains the information provided by the United States

Postal Service on the status of the delivery of this notice as of January 27, 2023.

Michael H. Feldewert

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Supplemental Exhibit No. G Submitted by: Devon Energy Production Co. L.P. Hearing Date: February 2, 2023 Case No. 23264 SUBSCRIBED AND SWORN to before me this 31st day of January, 2023 by Michael H.

Feldewert.

Notary Public

My Commission Expires:

Nav. 12,2023

STATE OF NEW MEXICO NOTARY PUBLIC CARLA GARCIA COMMISSION # 1127528 COMMISSION EXPIRES 11/12/2023

Devon - Jayhwak 6-7 33H Case No. 23264 Postal Delivery Report

Tracking NumberRecipientStatus9214890194038301113289 C Monticello Minerals LLC 5528 Vickery Blvd Dallas TX 75206RETURNED

Received by OCD: 1/31/2023 3:09:01 PM

Hacking π . JZ17030137000001110203

Services: Certified Mail, Electronic Return Receipt

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Date & Time	Event Type	Event	Event Location
01/13/2023 18:13		PRE-SHIPMENT INFO SENT USPS AWAITS ITEM	SANTA FE,NM, 87501
01/14/2023 15:29		USPS IN POSSESSION OF ITEM	SANTA FE,NM, 87505
01/14/2023 15:41		DEPART POST OFFICE	SANTA FE,NM, 87505
01/18/2023 07:51		PROCESSED THROUGH USPS FACILITY	DALLAS TX DISTRIBUTION CENTER, 75260
01/19/2023 05:07		DEPARTED USPS REGIONAL FACILITY	DALLAS TX DISTRIBUTION CENTER, 75260
01/19/2023 14:02		PROCESSED THROUGH USPS FACILITY	COPPELL TX DISTRIBUTION CENTER, 75099
01/22/2023 12:20		PROCESSED THROUGH USPS FACILITY	ALBUQUERQUE,NM, 87101
01/22/2023 21:24		DEPARTED USPS REGIONAL FACILITY	ALBUQUERQUE,NM, 87101
01/23/2023 07:27		ARRIVAL AT UNIT	SANTA FE,NM, 87501
01/23/2023 08:24		AVAILABLE FOR PICKUP	SANTA FE,NM, 87504
01/27/2023 10:45		DELIVERED	SANTA FE,NM, 87501

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