# **BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING FEBRUARY 1, 2024**

# **CASE NO. 24135**

Boll Weevil 27-34 Fed Com #1H

# 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 COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

#### CASE NO. 24135

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## COMPULSORY POOLING APPLICATION CHECKLIST

### ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 24135	APPLICANT'S RESPONSE
Date	February 1, 2024
Applicant	Devon Energy Production Company, L.P.
Designated Operator & OGRID (affiliation if applicable)	Devon Energy Production Company, L.P. (OGRID No. 6137)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Boll Weevil
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	WC-025 G-08 S263412K; Bone Spring [96672]
Well Location Setback Rules:	Statewide oil rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	235.99
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2 W/2 of Section 27 and the NW/4 NW/4 and Lot 4 of irregular Section 34 (W/2 NW/4 equivalent), Township 26 South, Range 34 East, 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 BEFORE THE OIL CONSERVATION DIVISION
Proximity Tracts: If yes, description	No Santa Fe, New Mexico Exhibit No. A
Proximity Defining Well: if yes, description	N/A Submitted by: Devon Energy Production Company, L.P. Hearing Date: February 1, 2024
Applicant's Ownership in Each Tract	Exhibit C-2 Case No. 24135
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed

	Boll Weevil 27-35 Fed Com 1H wellPage 4 ofSHL: 225' FNL, 1,161' FWL (Unit D) of Section 27BHL: 20' FSL, 360' FWL (Lot 4) of Section 34Target: Bone SpringOrientation: North-SouthCompletion: Standard Location
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit C-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000
Production Supervision/Month \$	\$1,000
Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit C-2
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-4
Overhead Rates In Proposal Letter	Exhibit C-3
Cost Estimate to Drill and Complete	Exhibit C-3
Cost Estimate to Equip Well	Exhibit C-3
Cost Estimate for Production Facilities	Exhibit C-3
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-4

Well Orientation (With rationale)	Exhibit D Page 5 of 3
Target Formation	Exhibit D, D-3
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-2
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information prov	vided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Paula M. Vance
Signed Name (Attorney or Party Representative):	Philip
Date:	7 al 1/24/2024

#### 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. 24135

#### **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 235.99-acre standard horizontal spacing unit comprised of the W/2 W/2 of Section 27 and the NW/4 NW/4 and Lot 4 of irregular Section 34 (W/2 NW/4 equivalent), Township 26 South, Range 34 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 initially dedicate the above-referenced horizontal spacing unit to the proposed **Boll Weevil 27-34 Fed Com 1H**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27, with a first take point in the same and a last take point in Lot 4 (SW/4 NW/4 equivalent) of irregular Section 34.

3. Lot 4 of irregular Section 34 borders the Texas state line.

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

5. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 1, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the proposed horizontal spacing unit;
- B. Approving the initial well in the horizontal well spacing unit;
- C. Designating Applicant as the operator of the horizontal spacing unit and the well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the well;
- 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 well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By:\_

Michael H. Feldewert Adam G. Rankin Paula M. Vance Post Office Box 2208 Santa Fe, NM 87504 505-988-4421 505-983-6043 Facsimile mfeldewert@hollandhart.com agrankin@hollandhart.com

ATTORNEYS FOR DEVON ENERGY PRODUCTION COMPANY, L.P.

#### CASE :

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 interests in the Bone Spring formation underlying a 235.99-acre standard horizontal spacing unit comprised of the W/2 W/2 of Section 27 and the NW/4 NW/4 and Lot 4 of irregular Section 34 (W/2 NW/4 equivalent), Township 26 South, Range 34 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **Boll** Weevil 27-34 Fed Com 1H, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27, with a first take point in the same and a last take point in Lot 4 (SW/4 NW/4 equivalent) of irregular Section 34. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a 200% charge for risk involved in drilling the well. Said area is located approximately 17 miles southwest of Jal, New Mexico.

#### 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. 24135** 

#### **SELF-AFFIRMED STATEMENT OF DANIEL BRUNSMAN**

My name is Daniel Brunsman. I work for Devon Energy Production Company, L.P.
 ("Devon") as a Landman.

2. I have previously testified before the New Mexico Oil Conservation Division ("Division") as an expert witness in petroleum land matters. My credentials as a landman have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by Devon in this case, and I am familiar with the status of the lands in the subject area.

4. None of the uncommitted parties in this case have indicated opposition to proceeding by self-affirmed statement and, therefore, I do not expect any opposition at the hearing.

5. Under **Case No. 24135**, Devon seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 235.99-acre standard horizontal spacing unit comprised of the W/2 W/2 of Section 27 and the NW/4 NW/4 and Lot 4 of irregular Section 34 (W/2 NW/4 equivalent), Township 26, Range 34 East, NMPM, Lea County, New Mexico. This spacing unit will be initially dedicated to the **Boll Weevil 27-34 Fed Com 1H**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27, with a first take point in the same and a last take point in Lot 4 (SW/4 NW/4 equivalent) of irregular Section 34.

6. Lot 4 of irregular Section 34 borders the Texas state line.

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7. **Devon Exhibit C-1** contains a draft Form C-102 for the well. The exhibit shows that the well will be assigned to the WC-025 G-08 S263412K; Bone Spring [96672].

8. **Devon Exhibit C-2** identifies the tracts of land comprising the horizontal spacing unit, the ownership interests in each tract, and ownership interests on a spacing unit basis. The subject acreage is comprised of federal lands. The parties Devon seeks to pool are highlighted in yellow.

9. **Devon Exhibit C-3** contains a sample of the well proposal letter and AFEs sent to owners with a working interest. The costs reflected in the AFEs are consistent with what Devon and other operators have incurred for drilling similar horizontal wells in the area in this formation.

10. Devon requests that the overhead and administrative costs for drilling and producing the proposed well be set at \$10,000 per month while drilling and \$1,000 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.

11. **Devon Exhibit C-4** contains a general summary of the contacts with the uncommitted interest owners. As indicated in the exhibit, Devon has made a good faith effort to locate and has had communications with the with all of the parties that it seeks to pool in this case in an effort to reach voluntary joinder. In my opinion, Devon has undertaken good faith efforts to reach an agreement with the uncommitted interest owners.

12. Devon has provided the law firm of Holland & Hart LLP with the names and addresses of the parties that Devon seeks to pool and instructed that they be notified of this hearing. Devon has conducted a diligent search of all public records in the county where the property is located, reviewed telephone directories, and conducted computer searches to locate contact information for each interest owner.

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13. **Devon Exhibits C-1 through C-4** were either prepared by me or compiled under my direction and supervision.

14. 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.

January 23, 2024

Daniel Brunsman

Date

Received by OCD	: 1/29/202	24 11:18:2	?7 AM				Submitted by: Dev	E OIL CONSERVATION anta Fe, New Mexico Exhibit No. C-1 ron Energy Production C	ompany, L.P.
DISTRICT I 1625 N. FRENCH DR., Phone: (576) 393-6161 F DISTRICT II 811 S. FIRST ST., A Phone: (575) 748-1283 DISTRICT III 1000 RIO BRAZOS R	RTESIA, NM Fax: (575) 74 D., AZTEC, N	88210 8-9720	DIL C	erals & CONSE 1220 SC	ERVATI OUTH ST. 1	ew Mexico Resources De ON DIVIS FRANCIS DR. exico 87505	epartment	Revised Au Submit one copy to	'orm C-102 1gust 1, 2011
Phone: (505) 334-617 DISTRICT IV 1220 S. ST. FRANCIS D Phone: (505) 476-346	'8 Fax: (505)	334-6170						🖄 AMEND	ED REPORT
-	Number			CATION Pool Code	AND ACRE	AGE DEDICATI	ON PLAT Pool Name		
30-02 Property C	25-4794	8	Ģ	96672	Property Na		8 S263412K;B	ONE SPRINC	
32977				BOLL WI		34 FED COM		1H	
ogrid no 6137	).		DEVON	ENERGY	<sup>Operator Na</sup> PRODUCI	me 'ION COMPANY	7, L.P.	Elevatio 3266	
					Surface Lo	cation			
UL or lot No.	Section 27	Township 26-S	<b>Range</b> 34−E	Lot Idn	Feet from the 225	North/South line	Feet from the 1161	East/West line	County LEA
			Bottom	Hole Loc	ation If Dif	ferent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4 Dedicated Acres	34	26-S r Infill C	34-E onsolidation	Code Ord	20 1er No.	SOUTH	360	WEST	LEA
235.99									
BOLL WEEVIL 27-34 FEL           BOLL WEEVIL 27-34 FEL           EL:3266.7'           GEODETIC COORDINATES           NMSP EAST SURFACE L           N:372491.68           EX811217.65           LAT:32.021070           LON:103.462534           KICK OFF POINT           CALLS:50 FNL 360 FWL           N:           E:           LAT: 32.021569           LON: -103.465114           FIRST TAKE POINT(PPP)           100' FNL 360' FWL SEI           N:372611.69           E:810415.66           LAT:32.000555           LON:103.465119           LAT:32.000555           LON:103.465109           BOTTOM OF HOLE           N:364942.02           E:810480.27           LAT:32.000335           LON:103.465109           BOTTOM OF HOLE           N:364942.02           E:810480.27           LAT:32.000335           LON:103.465109           (PPP 2)           21.500	: NAD 83 .OCATION // C. 27 C. 34	A N 00°27'40" W 2638.06' I N 00°30'07" W	9° <u>3</u> 8' <u>36"E</u>	2 <u>638.56'</u> SHL	IT HAS BEEN <u>B</u> N 89'41'3 		OPERATI I hereby herein is true my knowledge or unleased m including the or has a right location pursui owner of such or to a volunt compulsory po by the division Signature Rebecca PrAtial VSP I hereby shown on this notes of actua under my supe	Deal, Regulat	ormation e best of t this t this e location t this interest, nt or a re entered (15/2023) te OTY CION I location m field ne or e same is
0' FSL 360' FWL SEC.2 N:367432.17 E:810459.29 LAT:32.007180 LON:103.465112 A = N:372709.44 E:810 B = N:372725.87 E:812 C = N:372740.00 E:81 E = N:36496.4 E:815 F = N:364919.11 E:81 A = N:37071.47 E:810 E = N:370747.47 E:810 J = N:37074.77 E:812	0054.86 693.37 5333.32 5354.84 376.57 396.18 10120.45 0099.25 0076.10	2642.10' H N 00°29'02" W 2510.45' G	(PPP 2) <u>D</u> C LOT 4 LOT -1H LTP -1H BHL		34 65_R34E	$\frac{B}{T^2} \frac{A}{100} \frac{A}{1}$	Signature & S Signature & S Signature & S Signature & S	$07/2019$ Date of Survey Seal of Professional $R \cdot D_{EHO}$ $MEX = 0$ $0$ $23261$ $MEX = 0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$	

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	27
	34
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### W/2W/2 of Section 27 & W/2W/2 of Section 34, T26S-R34E Lea County, New Mexico

Tract 1: USA NMNM 100569



Tract 2: USA NMNM 110840

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. C-2 Submitted by: Devon Energy Production Company, L.P. Hearing Date: February 1, 2024 Case No. 24135

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	W/2W/2 of Section 27 & W/2W/2 of Section 34, T26S-R34E Lea County, New Mexico						
Tract 1 WIW/2W/2 Sec. 27, Township 26 South, Range 34 East50.00%Devon Energy Production Company, L.P.50.00%Chevron U.S.A. Inc.							
	Total Committed Interest 100.00% Total Uncommitted Interest 00.00%						
Tract 1 ORRI	Devon Energy Production Company, L.P.						
<b>Tract 2 WI</b> 45.00% 15.00% 10.00% 20.00% 10.00%	NW/4NW/4 and Lot 4 of Section 34, Township 26 South, Range 34 East Devon Energy Production Company, L.P. <mark>OXY USA Inc.</mark> Allar Development, LLC Chevron U.S.A. Inc. Chief Capital (O&G) II, LLC						
100.00%	Total Committed Interest 55.00% Total Uncommitted Interest 45.00%						
Tract 2 ORRI	John Kyle Thomas, Successor Trustee of the Cornerstone Family Trust Crownrock Minerals, L.P. Allar Development LLC The Allar Company Ameredev New Mexico, LLC Apollo Investment Corporation Strategic Energy Income Fund Shepherd Royalty, LLC Constitution Resources II, LP						

**KEY:** Parties highlighted in yellow are being pooled.



Devon Energy Production Company LP 333 West Sheridan Avenue Oklahoma City, OK 73102 405 552 3316 Phone www.devonenergy.com

November 16, 2023

VIA EMAIL: Matthew Cole@oxy.com

Oxy Y-1 Company 5 Greenway Plaza, Suite 110 Houston, TX 77046

RE: Well Proposal(s):

Boll Weevil 27-34 Fed Com 1H, Boll Weevil 27-34 Fed Com 2H, Boll Weevil 27-34 Fed Com 3H, Boll Weevil 27-34 Fed Com 4H, Boll Weevil 27-34 Fed Com 5H, Boll Weevil 27-34 Fed Com 6H, and Boll Weevil 27-34 Fed Com 10H; Sections: 27 & 34, T26S, R34E, Lea County, New Mexico

To Whom It May Concern:

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the following seven (7) wells, collectively, the ("Wells"):

- Boll Weevil 27-34 Fed Com 1H as a horizontal well to an approximate landing TVD of 12,600', bottom hole TVD of 12,600', and approximate TMD of 20,100' into the Bone Springs formation at an approximate SHL of 225' FNL and 1,161' FWL of Section 27-T26S-R34E and an approximate BHL of 20' FSL and 360' FWL of Section 34-T26S-R34E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs, completion costs, and overall completed well costs.
- Boll Weevil 27-34 Fed Com 2H as a horizontal well to an approximate landing TVD of 12,850', bottom hole TVD of 12,850', and approximate TMD of 20,350' into the Wolfcamp formation at an approximate SHL of 225' FNL and 1,191' FWL of Section 27-T26S-R34E and an approximate BHL of 20' FSL and 940' FWL of Section 34-T26S-R34E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs, completion costs, and overall completed well costs.
- Boll Weevil 27-34 Fed Com 3H as a horizontal well to an approximate landing TVD of 13,030', bottom hole TVD of 13,030', and approximate TMD of 20,530' into the Wolfcamp formation at an approximate SHL of 225' FNL and 2,478' FWL of Section 27-T26S-R34E and an approximate BHL of 20' FSL and 1,520' FWL of Section 34-T26S-R34E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs, completion costs, and overall completed well costs.
- Boll Weevil 27-34 Fed Com 4H as a horizontal well to an approximate landing TVD of 12,600', bottom hole TVD of 12,600', and approximate TMD of 20,100' into the Bone Spring formation at an approximate SHL of 225' FNL and 2,508 FWL of Section 27-T26S-R34E and an approximate BHL of 20' FSL and 2,100' FWL of Section 34-T26S-R34E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs, completion costs, and overall completed well costs.
- Boll Weevil 27-34 Fed Com 5H as a horizontal well to an approximate landing TVD of 12,750', bottom hole TVD of 12,750', and approximate TMD of 20,250' into the Wolfcamp formation at an approximate SHL of 225' FNL and 1,814' FEL of Section 27-T26S-R34E and an approximate BHL of 20' FSL and 2,600' FEL of Section 34-T26S-R34E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs, completion costs, and overall completed well costs.

Page 1 of 3

- Boll Weevil 27-34 Fed Com 6H as a horizontal well to an approximate landing TVD of 13,030', bottom hole TVD of 13,030', and approximate TMD of 20,530' into the Wolfcamp formation at an approximate SHL of 225' FNL and 1,784' FEL of Section 27-T26S-R34E and an approximate BHL of 20' FSL and 2,020' FEL of Section 34-T26S-R34E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs, completion costs, and overall completed well costs.
- Boll Weevil 27-34 Fed Com 10H as a horizontal well to an approximate landing TVD of 12,850', bottom hole TVD of 12,850', and approximate TMD of 20,350' into the Wolfcamp formation at an approximate SHL of 225' FNL and 1,754' FEL of Section 27-T26S-R34E and an approximate BHL of 20' FSL and 1,440' FEL of Section 34-T26S-R34E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs, completion costs, and overall completed well costs.

Devon reserves the right to modify the locations and drilling plans described above in order to address surface and subsurface concerns. Devon will advise of any such modifications.

Devon is proposing to drill the Well under the terms of the modified 2015 AAPL form of Operating Agreement ("JOA"). The JOA will be supplied to those parties interested in participating. The JOA will have the following general provisions:

- Devon Energy Production Company, L.P. named as Operator
- Contract area of Section 27 and 34, T26S-34E, being approximately 943.60 acres
- 100/300% Non-Consenting Penalty
- Overhead rates of \$10,000 DWR/\$1,000 PWR

Please indicate your election to participate in the drilling and completion of the Wells in the spaces provided below, within 30 days of receipt, by signing and returning one (1) copy of this letter and AFE, along with your well data requirements sheet. A Communization Agreement for said Wells will be supplied for your review and execution at a later date. If your election is to participate, a cash call invoice will be sent following receipt of a timely election.

If an agreement cannot be reached within 30 days of receipt of this letter by all parties, Devon will apply to the New Mexico Oil Conversation Division for compulsory pooling of your interest into a spacing unit for the Wells, if uncommitted at such time.

Please do not hesitate to contact me at 405.228.2896 or via email at <u>Daniel.Brunsman@dvn.com</u> should you have questions concerning this proposal.

Regards,

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



Daniel Brunsman Advising Landman

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#### Oxy Y-1 Company:

To Participate in the proposal of the Boll Weevil 27-34 Fed Com 1H
Not To Participate in the proposal of the Boll Weevil 27-34 Fed Com 1H
To Participate in the proposal of the Boll Weevil 27-34 Fed Com 2H
Not To Participate in the proposal of the Boll Weevil 27-34 Fed Com 2H
To Participate in the proposal of the Boll Weevil 27-34 Fed Com 3H
Not To Participate in the proposal of the Boll Weevil 27-34 Fed Com 3H
To Participate in the proposal of the Boll Weevil 27-34 Fed Com 4H
Not To Participate in the proposal of the Boll Weevil 27-34 Fed Com 4H
To Participate in the proposal of the Boll Weevil 27-34 Fed Com 5H
Not To Participate in the proposal of the Boll Weevil 27-34 Fed Com 5H
To Participate in the proposal of the Boll Weevil 27-34 Fed Com 6H
Not To Participate in the proposal of the Boll Weevil 27-34 Fed Com 6H
To Participate in the proposal of the Boll Weevil 27-34 Fed Com 10H
Not To Participate in the proposal of the Boll Weevil 27-34 Fed Com 10H

Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

#### Oxy Y-1 Company:

Ву:\_\_\_\_\_

Title: \_\_\_\_\_



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### Authorization for Expenditure

AFE # XX-134299.01 Well Name: BOLL WEEVIL 27-34 FED COM 1H Cost Center Number: 1094092201 Legal Description: Revision:

AFE Date: State: County/Parish:

#### **Explanation and Justification:**

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6010130	COMPANY LABOR-ADJ	5,513.35	0.00	0.00	5,513.35
6040110	CHEMICALS - OTHER	0.00	107,224.95	0.00	107,224.95
6060100	DYED LIQUID FUELS	192,354.52	268,047.42	0.00	460,401.94
6060130	GASEOUS FUELS	0.00	85,565.39	0.00	85,565.39
6080100	DISPOSAL - SOLIDS	134,770.68	5,262.50	0.00	140,033.18
6080110	DISP-SALTWATER & OTH	0.00	13,430.00	0.00	13,430.00
6080115	DISP VIA PIPELINE SW	0.00	216,000.00	0.00	216,000.00
6090100	FLUIDS - WATER	28,383.52	37,176.02	0.00	65,559.54
6090120	RECYC TREAT&PROC-H20	0.00	186,602.54	0.00	186,602.54
6100100	PERMIT SURVEY&TITLE	10,000.00	0.00	0.00	10,000.00
6100110	RIGHT OF WAY	4,500.00	0.00	0.00	4,500.00
6110120	ROAD&SITE PREP M&S	31,166.67	0.00	0.00	31,166.67
6110130	ROAD&SITE PREP SVC	62,333.33	30,866.25	0.00	93,199.58
6120100	I & C SERVICES	0.00	62,487.50	0.00	62,487.50
6130170	COMM SVCS - WAN	4,083.96	0.00	0.00	4,083.96
6130360	RTOC - ENGINEERING	0.00	3,237.02	0.00	3,237.02
6130370	RTOC - GEOSTEERING	11,230.89	0.00	0.00	11,230.89
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	251,344.12	0.00	251,344.12
6160100	MATERIALS & SUPPLIES	10,005.70	0.00	0.00	10,005.70
6170100	PULLING&SWABBING SVC	0.00	6,750.00	0.00	6,750.00
6170110	SNUBBG&COIL TUBG SVC	0.00	107,355.00	0.00	107,355.00
6190100	TRCKG&HL-SOLID&FLUID	101,486.41	0.00	0.00	101,486.41
6190110	TRUCKING&HAUL OF EQP	49,620.11	37,093.75	0.00	86,713.86
6200130	CONSLT & PROJECT SVC	134,362.29	72,496.21	0.00	206,858.50
6230120	SAFETY SERVICES	42,064.79	2,478.62	0.00	44,543.41
6300270	SOLIDS CONTROL SRVCS	78,820.43	0.00	0.00	78,820.43
6310120	STIMULATION SERVICES	0.00	934,547.30	0.00	934,547.30
6310190	PROPPANT PURCHASE	0.00	631,408.49	0.00	631,408.49
6310200	CASING & TUBULAR SVC	120,272.62	0.00	0.00	120,272.62
6310250	CEMENTING SERVICES	185,000.00	0.00	0.00	185,000.00
6310280	DAYWORK COSTS	772,727.27	0.00	0.00	772,727.27
6310300	DIRECTIONAL SERVICES	325,491.62	0.00	0.00	325,491.62
6310310	DRILL BITS	116,188.66	0.00	0.00	116,188.66
6310330	DRILL&COMP FLUID&SVC	298,537.48	16,629.50	0.00	315,166.98
6310370	MOB & DEMOBILIZATION	550,000.00	0.00	0.00	550,000.00
6310380	OPEN HOLE EVALUATION	26,545.74	0.00	0.00	26,545.74
6310480	TSTNG-WELL, PL & OTH	0.00	131,760.75	0.00	131,760.75
6310600	MISC PUMPING SERVICE	0.00	39,047.32	0.00	39,047.32
6320100	EQPMNT SVC-SRF RNTL	172,547.31	208,487.20	0.00	381,034.51
6320110	EQUIP SVC - DOWNHOLE	96,789.85	32,403.84	0.00	129,193.69
6320160	WELDING SERVICES	2,858.77	0.00	0.00	2,858.77
6320190	WATER TRANSFER	0.00	105,617.40	0.00	105,617.40
6350100	CONSTRUCTION SVC	0.00	157,793.53	0.00	157,793.53

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



## Authorization for Expenditure

AFE # XX-134299.01 Well Name: BOLL WEEVIL 27-34 FED COM 1H Cost Center Number: 1094092201 Legal Description: Revision:

AFE Date: State: County/Parish:

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6520100	LEGAL FEES	1,000.00	0.00	0.00	1,000.00
6550100	MISCS COSTS & SERVS	0.00	8,900.30	0.00	8,900.30
6550110	MISCELLANEOUS SVC	42,677.38	0.00	0.00	42,677.38
6550120	OTHER ROUSTABOUT SER	0.00	5,000.00	0.00	5,000.00
6630110	CAPITAL OVERHEAD	11,435.09	35,818.86	0.00	47,253.95
6740340	TAXES OTHER	0.00	38,256.36	0.00	38,256.36
	Total Intangibles	3,623,768.44	3,839,088.14	0.00	7,462,856.58

	Tangible	Drilling	Completion	Dry Hole	Total
Code	Description	Costs	Costs	Costs	Costs
6120110	I&C EQUIPMENT	0.00	83,429.23	0.00	83,429.23
6120120	MEASUREMENT EQUIP	0.00	32,937.88	0.00	32,937.88
6150110	LOG PERFORATG&WL EQP	0.00	11,250.00	0.00	11,250.00
6300150	SEPARATOR EQUIPMENT	0.00	296,789.03	0.00	296,789.03
6300220	STORAGE VESSEL&TANKS	0.00	48,457.50	0.00	48,457.50
6300230	PUMPS - SURFACE	0.00	11,289.00	0.00	11,289.00
6310130	ARTIFICIAL LIFT EQP	0.00	30,000.00	0.00	30,000.00
6310150	CASG-COND&DRIVE PIPE	25,000.00	0.00	0.00	25,000.00
6310420	TUBING & COMPONENTS	0.00	110,794.50	0.00	110,794.50
6310460	WELLHEAD EQUIPMENT	45,000.00	181,568.75	0.00	226,568.75
6310530	SURFACE CASING	44,000.00	0.00	0.00	44,000.00
6310540	INTERMEDIATE CASING	562,500.00	0.00	0.00	562,500.00
6310550	PRODUCTION CASING	630,000.00	0.00	0.00	630,000.00
6310580	CASING COMPONENTS	35,530.45	0.00	0.00	35,530.45
6330100	PIPE,FIT,FLANG,CPLNG	0.00	279,538.54	0.00	279,538.54
	Total Tangibles	1,342,030.45	1,086,054.43	0.00	2,428,084.88

 TOTAL ESTIMATED COST
 4,965,798.89
 4,925,142.57
 0.00
 9,890,941.46

WORKING INTEREST OWNER APPROVAL

**Company Name:** 

Signature:

Print Name:

Title:

Date:

Email:

Note: Please include/attach well requirement data with ballot.

#### W/2W/2 of Section 27 & W/2W/2 of Section 34, T26S-R34E Lea County, New Mexico

#### Chronology of Contacts with All Working Interest owners:

#### Chevron U.S.A. Inc.

11/16/23 – Mailed Well Proposals to Chevron 11/16/23 – Email communication with Scott Sabrsula 11/29/23 – Email communication with Diane Whitcomb

#### Chief Capital (O&G) II, LLC

11/16/23 – Mailed Well proposals to Chief

11/16/23 – Email communication with Jace McKenzie

12/05/23 – Email communication with Jace McKenzie

#### OXY USA Inc.

11/16/23 – Mailed Well proposals to OXY

11/16/23 – Email communication with 11/16/23

12/5/23 – Email communication with Matthew Cole

#### 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. 24135**

#### SELF-AFFIRMED STATEMENT OF MATTHEW MYERS

My name is Matthew Myers. I work for Devon Energy Production Company, L.P.
 ("Permian") as a Geologist.

2. I have previously testified before the New Mexico Oil Conservation Division ("Division") as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by Devon in this case, and I have conducted a geologic study of the lands in the subject area.

4. Devon is targeting the Third Bone Spring Sands interval of the Bone Spring formation in this case.

5. **Devon Exhibit D-1** is a general locator map.

6. **Devon Exhibit D-2** is a subsea structure map that I prepared for the Third Bone Spring Sands. The contour intervals are 50 feet. The area comprising the proposed spacing unit is outlined in red with the approximate location and orientation of the initial well noted with a black line. The structure map shows the targeted formation gently dipping to the northeast. The structure appears consistent across the proposed spacing unit, and I do not observe any faulting, pinch outs, or other geologic impediments to drilling horizontal wells. 7. Devon Exhibit D-2 also shows a line of cross-section through the proposed horizontal spacing unit from A to A'. I chose the logs from these wells to create the cross section because they penetrate the targeted interval, are of good quality and have been subjected to petrophysical analysis of the targeted interval. In my opinion, these well logs are representative of the geology in the subject area.

8. Also, included with Devon Exhibit D-2 is an isopach map.

9. **Devon Exhibit D-3** is a stratigraphic cross-section that I prepared using the logs from the representative wells shown in Exhibit D-2. Each well on the cross-section contains gamma ray, resistivity, and porosity logs. The target interval for the proposed well is marked on the cross section with brown shading. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing unit.

10. **Devon Exhibit D-4** is a gun barrel diagram showing the proposed development for this area, including the spacing between wells and target landing zone in each formation.

11. In my opinion, standup orientation of the proposed wells is the appropriate orientation for horizontal well development in this area because it is more near perpendicular to the maximum horizontal stress of the area.

12. Based on my geologic study, the Bone Spring formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will contribute more-or-less equally to the production from the wellbore. I have not identified any geologic impediments to drilling horizontal wells in the area of the spacing unit proposed.

13. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery,

2

and that approving Devon's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

14. **Devon Exhibits D-1 through D-4** were either prepared by me or compiled under my direction and supervision.

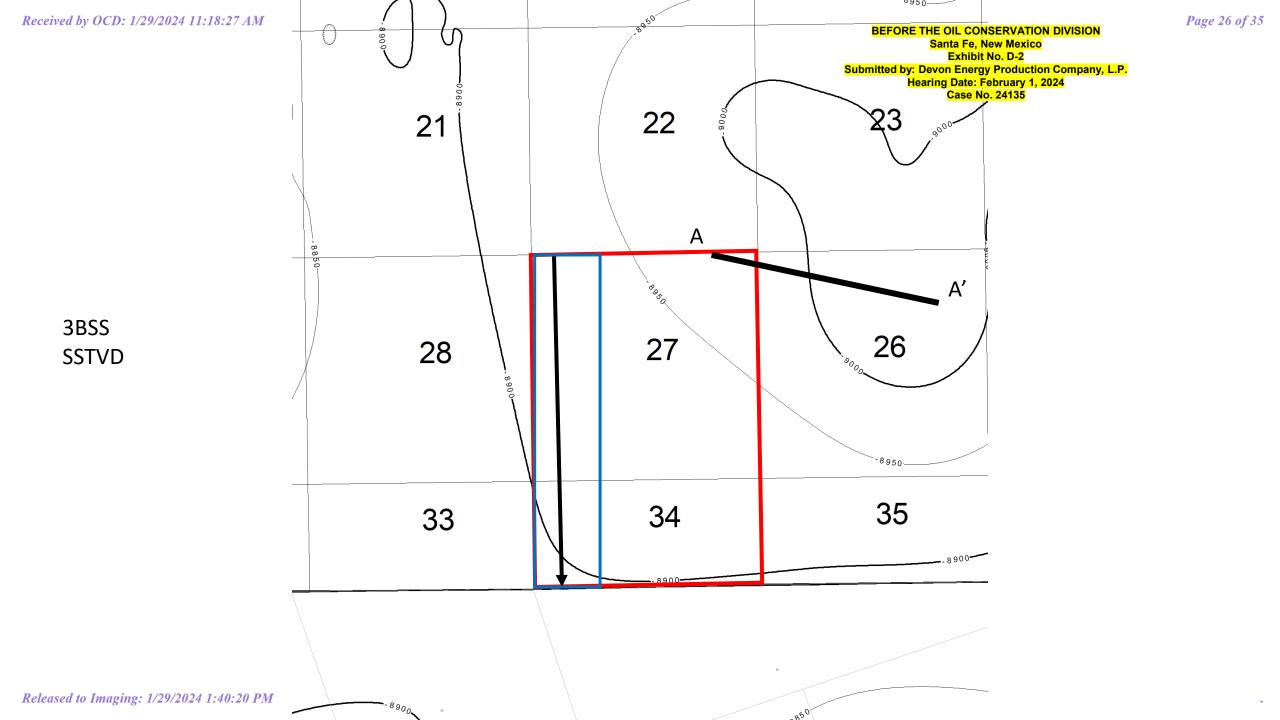
15. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature

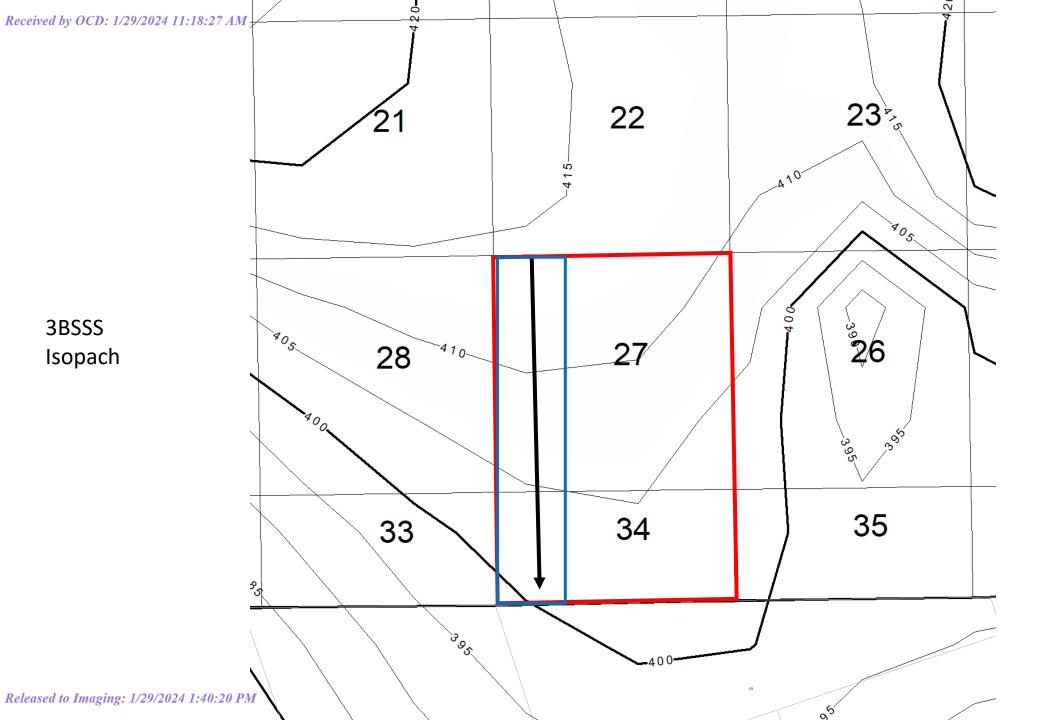
below. Matthew Myers

-23-2024

Date

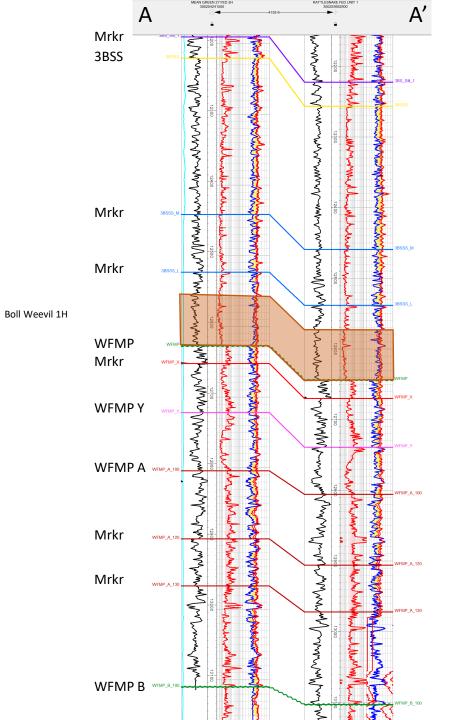
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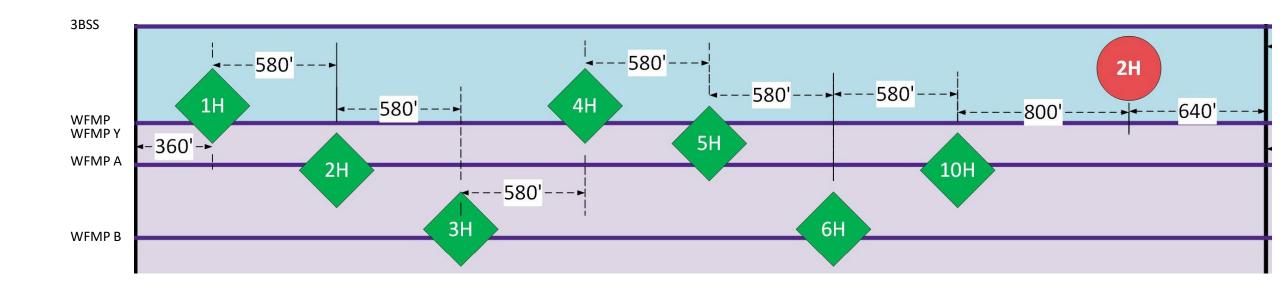
Page 27 of 35

E-W structural cross section



BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. D-3 Submitted by: Devon Energy Production Company, L.P. Hearing Date: February 1, 2024 Case No. 24135

#### BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. D-4 Submitted by: Devon Energy Production Company, L.P. Hearing Date: February 1, 2024 Case No. 24135



#### 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. 24135**

#### SELF-AFFIRMED STATEMENT OF PAULA M. VANCE

1. I am attorney in fact and authorized representative of Devon Energy Production Company, L.P. ("Devon"), the Applicant herein. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the locatable affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. 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 26, 2024.

5. I caused a notice to be published to all parties subject to this compulsory pooling proceeding. An affidavit of publication from the publication's legal clerk with a copy of the notice publication is attached herein.

6. 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.

> BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. E Submitted by: Devon Energy Production Company, L.P. Hearing Date: February 1, 2024 Case No. 24135

Received by OCD: 1/29/2024 11:18:27 AM

Pathur

Paula M. Vance

<u>1/26/2024</u> Date



Paula M. Vance Associate Phone (505) 988-4421 Email pmvance@hollandhart.com

January 12, 2024

### 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: *Boll Weevil 27-34 Fed Com 1H*

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. A hearing has been requested before a Division Examiner on February 1, 2024, and the status of the hearing can be monitored through the Division's website at <u>https://www.emnrd.nm.gov/ocd/</u>.

The State of New Mexico Oil Conservation Division hearing will be held in a hybrid format with both in-person and virtual participation options. The hearing will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Ave., Santa Fe, New Mexico, starting at 8:15 a.m. Virtual access to the Division's public hearing is available as follows: 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 to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Daniel Brunsman at (405) 228-2896 Daniel.Brunsman@dvn.com.

Sincerely,

Pathin

Paula M. Vance 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

Alaska Montana Utah Colorado Nevada Washington, D.C. Idaho New Mexico Wyoming

						Your package will arrive later
						than expected, but is still on
						its way. It is currently in
9414811898765493435654	Chevron U S A Inc.	PO Box 740436	Dallas	тх	75374	transit to the next facility.
						Your item was delivered to a
						parcel locker at 9:22 am on
						January 16, 2024 in PEYTON,
9414811898765493435326	Cornerstone Family Trust	PO Box 558	Peyton	со	80831-0558	CO 80831.
						Your item was delivered to
						the front desk, reception
						area, or mail room at 12:02
9414811898765493435395	Strategic Energy Income Fund IV LP	1521 N Cooper St Ste 400	Arlington	ТΧ	76011-5537	pm on January 16, 2024 in
						Your item was delivered to an
						individual at the address at
						11:35 am on January 17, 2024
9414811898765493435623	Chevron U S A Inc.	6301 Deauville	Midland	ТΧ	79706-2964	in MIDLAND, TX 79706.
						Your item was delivered to an
						individual at the address at
						10:18 am on January 16, 2024
9414811898765493435692	Allar Development LLC	PO Box 1567	Graham	ТΧ	76450-7567	in GRAHAM, TX 76450.
						Your item was delivered to
						the front desk, reception
						area, or mail room at 11:29
9414811898765493435685	Chief Capital O&G II LLC	8111 Westchester Dr Ste 900	Dallas	ТΧ	75225-6146	am on January 20, 2024 in
						Your package will arrive later
						than expected, but is still on
						its way. It is currently in
9414811898765493435678	OXY Y-1 Company	5 Greenway Plz Ste 110	Houston	ТΧ	77046-0521	transit to the next facility.
						Your package will arrive later
						than expected, but is still on
						its way. It is currently in
9414811898765493435159	OXY USA Inc.	5 Greenway Plz Ste 110	Houston	ТΧ	77046-0521	transit to the next facility.
						Your item was delivered to
						the front desk, reception
						area, or mail room at 2:09 pm
9414811898765493435197	Shepherd Royalty LLC	5949 Sherry Ln Ste 1175	Dallas	TX	75225-8075	on January 22, 2024 in

Devon - Boll Weevil 1H well - Case no. 24135
Postal Delivery Report

						Your item was delivered to an
						individual at the address at
						10:18 am on January 16, 2024
9414811898765493435135	Allar Development LLC	PO Box 1567	Graham	ТΧ	76450-7567	in GRAHAM, TX 76450.
						Your item was picked up at a
						postal facility at 12:18 pm on
						January 18, 2024 in
9414811898765493435319	Crownrock Minerals LP	PO Box 51933	Midland	ТΧ	79710-1933	MIDLAND, TX 79705.

## Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Blake Ovard, Editor 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 January 16, 2024 and ending with the issue dated January 16, 2024.



Editor

Sworn and subscribed to before me this 16th day of January 2024.



**Business Manager** 

My commission expires January 29, 2027 (Seal)

STATE OF NEW MEXICO NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087526 COMMISSION EXPIRES 01/29/2027 This newspaper is duly qualified to publish

This newspaper is duly qualified to putnish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

#### LEGAL NOTICE January 16, 2024

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following cases. The hearings will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform (sign-in information below) on Thursday, February 1, 2024, beginning at 8:15 a.m. To participate in the hearings, see the instructions p o st ed below. The docket may be viewed at https://www.emnrd.nm.gov/ocd/hearing-info/ or obtained from Sheila Apodaca, at Sheila.Apodaca@emnrd.nm.gov/Imaging/Default.aspx. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Sheila Apodaca at Sheila.Apodaca@emnrd.nm.gov, or the New Mexico Relay Network at 1-800-659-1779, no later than January 22, 2024.

Persons may view and participate in the hearings through the following link: https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mebd90f968526fc5f785d1ce 1df6f8879

Webinar number: 2480 175 1754

Join by video system: Dial 24801751754@nmemnrd.webex.com You can also dial 173.243.2.68 and enter your webinar number.

Join by phone: 1-844-992-4726 United States Toll Free +1-408-418-9388 United States Toll

Access code: 2480 175 1754 . Panelist password: JQjGcxpM862 (57542976 from phones and video systems)

> STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All affected interest owners, including: Chevron U S A Inc.; Allar Development LLC; Chief Capital O&G II LLC; OXY Y-1 Company; OXY USA Inc.; Shepherd Royalty LLC; Crownrock Minerals LP; Cornerstone Family Trust, and Strategic Energy Income Fund IV LP.

Case No. 24135: Application of Devon Energy Production Company, L.P. for Compulsory Pooling, Lea County, New Mexico. Applicant in the abovestyled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a 235.99-acre standard horizontal spacing unit comprised of the W/2 W/2 of Section 27 and the NW/4 NW/4 and Lot 4 of irregular Section 34 (W/2 NW/4 equivalent), Township 26 South, Range 34 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed Boli WeevII 27-34 Fed Com 1H, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27, with a first take point in the same and a last take point in Lot 4 (SW/4 NW/4 equivalent) of irregular Section 34. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the well, and a 200% charge for risk involved in drilling the well. Said area is located approximately 17 miles southwest of Jal, New Mexico. #00286541

67100754

00286541

HOLLAND & HART LLC PO BOX 2208 SANTA FE, NM 87504-2208 BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. F

Submitted by: Devon Energy Production Company, L.P. Hearing Date: February 1, 2024 Case No. 24135

Released to Imaging: 1/29/2024 1:40:20 PM