

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

**IN THE CONSIDERATION OF THE
FOLLOWING MATTER:**

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

**Case No. 25296
OCC Case No. 25876**

PREHEARING STATEMENT

Devon Energy Production Company, L.P. ("Devon"), OGRID No. 6137, through its undersigned attorneys, submits the following Prehearing Statement pursuant to the rules of the Oil Conservation Division ("Division" or "OCD") and the Oil Conservation Commission ("Commission" or "OCD").

APPEARANCES

APPLICANT

Devon Energy Production Company, L.P.

ATTORNEY

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APPLICANT'S STATEMENT OF CASE

1. In Case No. 25876, Devon seeks an order establishing two separate standard 640-acre, more or less, spacing units and pooling all uncommitted interests in the Bone Spring

formation in each unit comprised of the W/2 of Sections 22 and 27, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico. This case comes before the Commission as a *de novo* hearing following prior Case No. 25296, which was heard by the Division more than seven months ago and resulted in the recent issuance of Order No. 25123 denying Devon's application. Devon respectfully submits that, given the facts and circumstances surrounding that denial and the issues involved, the most efficient and equitable approach is for the Commission to conduct a *de novo* hearing to review the application, rather than returning the matter to the Division for two duplicative proceedings addressing the same subject matter.

2. The first unit in the formation encompasses the upper portion of the Bone Spring, specifically the JENNINGS; UPPER BONE SPRING SHALE [Code 97838] and WC-025 G-06 S253209L; BONE SPRING [Code 96715], designated as oil pools. Devon proposes and dedicates to this unit the **Haflinger 22-27 Fed Com 520H Well**, the **Haflinger 22-27 Fed Com 521H Well**, the **Haflinger 22-27 Fed Com 522H Well**, the **Haflinger 22-27 Fed Com 524H Well**, the **Haflinger 22-27 Fed Com 525H Well**, and the **Haflinger 22-27 Fed Com 526H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation for this unit.

3. The second unit in the formation encompasses the lower portion of the Bone Spring, specifically the WC-025 G-08 S253235G; LWR BONE SPRING pool [Code 97903]) and WC-025 G-06 S253209L; BONE SPRING [Code 96715], designated as oil pools. Devon proposes and dedicates to this unit the **Haflinger 22-27 Fed Com 100H Well**, the **Haflinger 22-27 Fed Com 121H Well**, the **Haflinger 22-27 Fed Com 125H Well**, the **Haflinger 22-27 Fed Com 231H Well**, the **Haflinger 22-27 Fed Com 232H Well**, the **Haflinger 22-27 Fed Com 233H Well**, the **Haflinger 22-27 Fed Com 300H Well** and the **Haflinger 22-27 Fed Com 303H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation in this unit.

4. Devon is a working interest owner in the units with a right to drill and proposes to drill the wells as follows:

- The **Haflinger 22-27 Fed Com 100H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 27; approximate TVD of 10,034'; approximate TMD of 20,034'; FTP in Section 22: 100' FNL, 1430' FWL; LTP in Section 27: 100' FSL, 1430' FWL. The 100H well is in the Lower Bone Spring pools.
- The **Haflinger 22-27 Fed Com 121H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 27; approximate TVD of 10,014'; approximate TMD of 20,010'; FTP in Section 22: 100' FNL, 550' FWL; LTP in Section 27: 100' FSL, 550' FWL. The 121H well is in the Lower Bone Spring pools.
- The **Haflinger 22-27 Fed Com 125H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 27; approximate TVD of 10,054'; approximate TMD of 20,054'; FTP in Section 22: 100' FNL, 2310' FWL; LTP in Section 27: 100' FSL, 2310' FWL. The 125H well is in the Lower Bone Spring pools.
- The **Haflinger 22-27 Fed Com 231H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 27; approximate TVD of 10,547'; approximate TMD of 20,547'; FTP in Section 22: 100' FNL, 330' FWL; LTP in Section 27: 100' FSL, 330' FWL. The 231H well is in the Lower Bone Spring pools.
- The **Haflinger 22-27 Fed Com 232H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 27. The **Haflinger 22-27 Fed Com 232H Well** is the proximity well, positioned so the unit can include proximity tracts, thereby incorporating the E/2 W/2 of Sections 22 and 27; approximate TVD of 10,551'; approximate TMD of 20,551'; FTP in Section 22: 100' FNL, 1515' FWL; LTP in Section 27: 100' FSL, 1515'

FWL. The 232H well is in the Lower Bone Spring pools and will be the proximity well for the lower Bone Spring unit, as its location satisfies the criteria for a proximity well.

- The **Haflinger 22-27 Fed Com 233H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 27; approximate TVD of 10,552'; approximate TMD of 20,552'; FTP in Section 22: 100' FNL, 2090' FWL; LTP in Section 27: 100' FSL, 2090' FWL. The 233H well is in the Lower Bone Spring pools.
- The **Haflinger 22-27 Fed Com 300H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 27; approximate TVD of 11,031'; approximate TMD of 21,031'; FTP in Section 22: 100' FNL, 1450' FWL; LTP in Section 27: 100' FSL, 1450' FWL. The 300H well is in the Lower Bone Spring pools.
- The **Haflinger 22-27 Fed Com 303H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 27; approximate TVD of 11,033'; approximate TMD of 21,033'; FTP in Section 22: 100' FNL, 500' FWL; LTP in Section 27: 100' FSL, 500' FWL. The 303H well is in the Lower Bone Spring (Code 97903).
- The **Haflinger 22-27 Fed Com 520H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 27; approximate TVD of 9,127'; approximate TMD of 19,127'; FTP in Section 22: 100' FNL, 1120' FWL; LTP in Section 27: 100' FSL, 1120' FWL. The 520H well is in the Upper Bone Spring pools.
- The **Haflinger 22-27 Fed Com 521H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 27; approximate TVD of 9,120'; approximate TMD of 19,120'; FTP in Section 22: 100' FNL, 330' FWL; LTP in Section 27: 100' FSL, 330' FWL. The 521H well is in the Upper Bone Spring pools.

- The **Haflinger 22-27 Fed Com 522H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 27; approximate TVD of 9,155'; approximate TMD of 19,155'; FTP in Section 22: 100' FNL, 715' FWL; LTP in Section 27: 100' FSL, 715' FWL. The 522H well is in the Upper Bone Spring pools.
- The **Haflinger 22-27 Fed Com 524H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 27; approximate TVD of 9,124'; approximate TMD of 19,124'; FTP in Section 22: 100' FNL, 1515' FWL; LTP in Section 27: 100' FSL, 1515' FWL. The 524H well is in the Upper Bone Spring pools and will be the proximity well for the upper Bone Spring unit, as its location satisfies the criteria for a proximity well.
- The **Haflinger 22-27 Fed Com 525H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 27; approximate TVD of 9,105'; approximate TMD of 19,105'; FTP in Section 22: 100' FNL, 1910' FWL; LTP in Section 27: 100' FNL, 1910' FWL. The 525H well is in the Upper Bone Spring pools.
- The **Haflinger 22-27 Fed Com 526H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 27; approximate TVD of 9,107'; approximate TMD of 19,107'; FTP in Section 22: 100' FNL, 2310' FWL; LTP in Section 27: 100' FSL, 2310' FWL. The 526H well is in the Upper Bone Spring pools.

5. All three pools, the WC-025 G-08 S253235G; LWR BONE SPRING pool [Code 97903]) and WC-025 G-06 S253209L; BONE SPRING [Code 96715], and the JENNINGS; UPPER BONE SPRING SHALE [Code 97838], are encompassed within the Bone Spring formation, as identified and described in Devon's pooling application. Notice for pooling of the entire Bone Spring formation has been satisfied, as confirmed by OCD Order No. 25123.

6. The remaining issue for the Commission to review is the merit of Devon's development plan, which has already been reviewed and approved for the E/2 W/2 of said Sections 22 and 27 in OCD Case No. 23119 and Order No. R-22550 as a plan that prevents waste and protects correlative rights. The application in Case No. 25296, represents Devon's effort to extend that development to the remainder of the W/2 of Sections 22 and 27, with the intent that Order No. R-22550 be superseded by the new order upon issuance.

7. The Commission routinely evaluates development plans in contested proceedings which consists of reviewing the technical merits of proposed drilling programs and issuing orders pooling interests and granting operatorship to prevent waste and protect correlative rights. Devon's application presents a less burdensome review because it is uncontested, allowing the Commission to focus on the merits of the proposed development plan without adversarial complication.

APPLICANT'S PROPOSED EVIDENCE

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Ryan Cloer	Approx. 10 min	Approx. 5
Geologist: Kate Hughston-Kennedy	Approx. 10 min	Approx. 5
Regulatory: Chelsey Green	Approx. 10 min	Approx. 1

PROCEDURAL MATTERS

The Commission has concurrent jurisdiction with the Division, and therefore, is authorized to perform any adjudication or hearing that would be performed by the Division. *See* NMSA 1978 § 70-2-11(B). Furthermore, even if the Division does not render a final decision, the Division Director has full discretion to request and allow the Commission to hear any matter from the Division. *See* NMSA Sec. 70-2-6(B) (stating that "any hearing on any matter may be held before the Commission if the Division Director, in his discretion, determines that the Commission shall

hear the matter.”). The engineering and technical background embodied by the current Commission further supports the propriety of conducting a *de novo* review and issuing a pooling order.

Respectfully submitted,

ABADIE & SCHILL, PC

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Oil Conservation Division
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QUESTIONS

Action 543746

QUESTIONS

Operator: DEVON ENERGY PRODUCTION COMPANY, LP 333 West Sheridan Ave. Oklahoma City, OK 73102	OGRID: 6137
	Action Number: 543746
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	3
Testimony time (in minutes)	30