

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A 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) creating a standard 640-acre, more or less, spacing and proration unit comprised of the E/2 of Sections 6 and 7, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation 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. Devon proposes to drill the wells described herein to a sufficient depth to test the Leonard formation within the Bone Spring formation. Based on their locations, the wells and pool have a wildcat designation.

2. Devon proposes to dedicate the HSU to its **Trionyx 6-7 Fed Com 525H Well**, an oil well, proposed to be horizontally drilled from a surface location in Lot 1 (aka NE/4 NE/4) of Section 6 to a bottom hole location in SW/4 SE/4 (Unit O) of Section 7; Sections 6 and 7 are correction sections and therefore contain lot numbers. The Trionyx 6-7 Fed Com 525H Well is the Proximity Well for the unit with take points positioned to bring in proximity tracts.

3. Devon also proposes to dedicate the HSU to its **Trionyx 6-7 Fed Com 526H Well**, an oil well, proposed to be horizontally drilled from a surface location in Lot 1 (aka NE/4 NE/4) of Section 6 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 7.

4. And Devon proposes to dedicate the HSU to its **Trionyx 6-7 Fed Com 520H Well**, an oil well, proposed to be horizontally drilled from a surface location in Lot 3 (aka NE/4 NW/4) of Section 6 to a bottom hole location in SW/4 SE/4 (Unit O) of Section 7.

5. The wells are orthodox, and the completed interval and first and last take points for all wells proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells.

6. 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 its development within the proposed HSU.

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

8. 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 before an Examiner of the Oil Conservation Division on April 8, 2021, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 640-acre, more or less, spacing and proration unit comprising the E/2 of Sections 6 and 7, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico;

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

C. Designating the **Trionyx 6-7 Fed Com 525H, 526H and 520H Wells** as wells dedicated to the HSU.

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 wells;

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

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Application of Devon Energy Production Company L.P. for a 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) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of Sections 6 and 7, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying the unit. Said horizontal spacing unit is to be dedicated to three oil wells, the **Trionyx 6-7 Fed Com 525H Well**, **Trionyx 6-7 Fed Com 526H Well**, and the **Trionyx 6-7 Fed Com 520H Well**. The **Trionyx 6-7 Fed Com 525H Well** is to be horizontally drilled from a surface location in Lot 1 (aka NE/4 NE/4) of Section 6 to a bottom hole location in SW/4 SE/4 (Unit O) of Section 7. This well is the Proximity Well for the unit, positioned to bring in proximity tracts. The **Trionyx 6-7 Fed Com 526H Well** is to be horizontally drilled from a surface location in Lot 1 (aka NE/4 NE/4) of Section 6 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 7, and the **Trionyx 6-7 Fed Com 520H Well** is to be horizontally drilled from a surface location in Lot 3 (aka NE/4 NW/4) of Section 6 to a bottom hole location in SW/4 SE/4 (Unit O) of Section 7. The completed interval and first take and last take point for the wells meet the Division's statewide setback requirements for horizontal oil wells. 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 30 miles east of Jal, New Mexico.