

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY 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 standard 480-acre, more or less, spacing and proration unit comprised of Lots 9 through 12 of Sections 1, 2 and 3, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, said Sections being correction sections and therefore irregular, 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 recognizes that Sections 1, 2 and 3, are rather sizable correction sections consisting of 16 lots in the N/2 of the Sections and therefore may present a number of novel questions and issues regarding the application of the Division’s rules to the unusual circumstances created by the Sections.

2. As a result, Devon has submitted concurrently an alternate pooling application for the **Burton Flat 3-1 Fed State Com 333H Well** that proposes a standard horizontal spacing unit comprising Lots 1-8 of irregular Sections 1, 2 and 3, which is Devon’s preferred spacing unit and

development plan for accommodating the 333H Well. Devon submits this application as a default application should the Division reject approval of its preferred pooling application.

3. Devon is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.

4. Devon proposes and dedicates to the HSU the **Burton Flat 3-1 Fed State Com 333H Well**, as the initial well, to be drilled to a sufficient depth to test the Bone Spring formation.

5. Devon proposes the **Burton Flat 3-1 Fed State Com 333H Well**, an oil well, to be horizontally drilled from a surface location in Lot 5 of Section 3 to a bottom hole location in Lot 9 of Section 1.

6. The proposed well is orthodox in its location, and the take points and completed interval comply with setback requirements under statewide rules.

7. The proposed HSU overlaps existing spacing units with wells owned and operated by Devon, the Burton Flat Deep Unit 55H Well (API No. 30-015-40682) with a unit covering Lots 9-12 in Section 2, and the Burton Flat Deep Unit 51H Well (API No. 30-015-40681) with a unit covering Lots 9-12 in Section 3. Devon requests approval for this overlapping unit.

8. 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 well or in the commitment of their interests to the well for their development within the proposed HSU.

9. The pooling of all interests in the Bone Spring formation within the proposed HSU, and the establishment of the standard spacing unit, 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 August 4, 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 standard 480-acre, more or less, spacing and proration unit comprised of Lots 9 through 12 of correction Sections 1, 2 and 3, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico;

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

C. Approving the **Burton Flat 3-1 Fed State Com 333H Well** as the well 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

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Application of Devon Energy Company, L.P., for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 480-acre, more or less, spacing and proration unit comprised of Lots 9 through 12 of Sections 1, 2 and 3, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, said Sections being correction sections and therefore irregular, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. The proposed well to be dedicated to the horizontal spacing unit is the **Burton Flat 3-1 Fed State Com 333H Well**, an oil well, to be horizontally drilled from a surface location in Lot 5 of Section 3 to a bottom hole location in the Lot 9 of Section 1. The well will be orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules; also to be considered will be approval for the overlapping of existing units involving the Burton Flat Deep Unit 55H Well (API No. 30-015-40682) in Section 2 and the Burton Flat Deep Unit 51H Well (API No. 30-015-40681) in Section 3, both operated by the Applicant; the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 7 miles northeast of Carlsbad, New Mexico.