

**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, 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, seeking an order (1) establishing a standard 640-acre, more or less, spacing and proration unit comprised of the W/2 of Sections 22 and 27, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated as an oil pool, 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.
2. Devon proposes and dedicates to the HSU the **Haflinger 22-27 Fed Com No. 610H Well, Haflinger 22-27 Fed Com No. 625H Well, Haflinger 22-27 Fed Com No. 710H Well, Haflinger 22-27 Fed Com No. 715H Well, Haflinger 22-27 Fed Com No. 721H Well, Haflinger 22-27 Fed Com No. 821H Well, and Haflinger 22-27 Fed Com No. 831H Well** as initial wells, to be drilled to a sufficient depth to test the Wolfcamp formation.

3. Devon proposes the **Haflinger 22-27 Fed Com No. 610H 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.

4. Devon proposes the **Haflinger 22-27 Fed Com No. 625H 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.

5. Devon proposes the **Haflinger 22-27 Fed Com No. 710H 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.

6. Devon proposes the **Haflinger 22-27 Fed Com No. 715H 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.

7. Devon proposes the **Haflinger 22-27 Fed Com No. 721H 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 **721H Well** is positioned to be the proximity well, and its completed interval will be within 330' of the section line separating the E/2 W/2 and W/2 W/2 of Sections 22 and 27 to allow for the larger 640-acre standard horizontal spacing unit through the use of proximity tracts.

8. Devon proposes the **Haflinger 22-27 Fed Com No. 821H 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.

9. Devon proposes the **Haflinger 22-27 Fed Com No. 831H 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.

10. The proposed wells are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide Division Rules.

11. 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 the commitment of their interests to the wells for their development within the proposed HSU.

12. The pooling of all interests in the Wolfcamp formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

13. 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 November 3, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving a standard 640-acre, more or less, spacing and proration unit comprised of the W/2 of Sections 22 and 27, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico;

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

C. Approving the **Haflinger 22-27 Fed Com No. 610H Well, Haflinger 22-27 Fed Com No. 625H Well, Haflinger 22-27 Fed Com No. 710H Well, Haflinger 22-27 Fed Com**

No. 715H Well, Haflinger 22-27 Fed Com No. 721H Well, Haflinger 22-27 Fed Com No. 821H Well, and Haflinger 22-27 Fed Com No. 831H Well as the wells for 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,

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Application of Devon Energy 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) establishing a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Sections 22 and 27, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation, designated as an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the **Haflinger 22-27 Fed Com No. 610H 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; the **Haflinger 22-27 Fed Com No. 625H 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 No. 710H 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; the **Haflinger 22-27 Fed Com No. 715H 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 No. 721H 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 No. 821H 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; and the **Haflinger 22-27 Fed Com No. 831H 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 No. 721H Well** will be positioned as the proximity well, and proximity tracts will be utilized. The wells will be orthodox, and the take points and completed interval will comply with the setback requirements under statewide Division Rules; 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 29 miles southeast of Loving, New Mexico, and approximately 7 miles north of the state line.