

**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 233.54-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 28 and the NE/4 NW/4 and Lot 3 of Section 33, Township 26 South, Range 35 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. Section 33 is an irregular section with correction lots along the New Mexico-Texas state line.

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 dedicates to the HSU the **Arena Roja 28-33 Fed Com 702H Well** and the **Arena Roja 28-33 Fed Com 802H Well**, as initial wells, to be drilled to a sufficient depth to test the Wolfcamp formation.

3. Devon proposes the **Arena Roja 28-33 Fed Com 702H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 28 to a bottom hole location in Lot 3 of Section 33.

4. Devon proposes the **Arena Roja 28-33 Fed Com 802H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 28 to a bottom hole location in Lot 3 of Section 33.

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

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

7. 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.

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 on December 1, 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 233.54-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 28 and the NE/4 NW/4 and Lot 3 of Section 33, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico;

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

C. Approving the **Arena Roja 28-33 Fed Com 702H Well** and the **Arena Roja 28-33 Fed Com 802H 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,

ABADIE & SCHILL, PC

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

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) establishing a standard 233.54-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Section 28 and the NE/4 NW/4 and Lot 3 of Section 33, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation, designated as an oil pool, underlying the unit. Section 33 is an irregular section with correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Arena Roja 28-33 Fed Com 702H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 28 to a bottom hole location in Lot 3 of Section 33; and the **Arena Roja 28-33 Fed Com 802H Well**, an oil well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 28 to a bottom hole location in Lot 3 of Section 33. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide 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 12.5 miles southwest of Jal City, New Mexico, and adjacent to the New Mexico state line.