

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JULY 6, 2023**

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., TO REOPEN CASE NO. 23148 FOR
A NONSTANDARD HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23593:

**SERPENTINE 35-26 FED COM 2H WELL
SERPENTINE 35-26 FED COM 10H WELL**

DEVON ENERGY PRODUCTION COMPANY, L.P.

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TAB 1

Reference for Case No. 23593
Application Case No. 23593 – Reopen Case No. 23148
Serpentine 35-26 Fed Com 2H Well
Serpentine 35-26 Fed Com 10H Well
Oil Conservation Division Order No. R-22530
NMOCD Checklist Case No. 23148

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., TO REOPEN CASE NO. 23148 FOR
A NONSTANDARD HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. _____
Reopen Case No. 23148

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 to reopen Case No. 23148 and amend Order No. R-22530 in order to pool record title owners in the Wolfcamp formation, designated as an oil pool, underlying a nonstandard 600-acre, more or less, spacing and proration unit comprised of the W/2 of Section 26 and the NW/4 and the N/2 SW/4 and the SE/4 SW/4 of Section 35 (also described as the W/2 of Sections 26 and 35 less the SW/4 SW/4 of Section 35), Township 22 South, Range 33 East, NMPM, Lea County, New Mexico.

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. In Case No. 23148, Devon proposed and dedicated to the HSU two initial oil wells: the **Serpentine 35-26 Fed Com 2H Well** and the **Serpentine 35-26 Fed Com 10H Well** to be drilled to a sufficient depth to test the Wolfcamp formation.

3. Devon proposed the **Serpentine 35-26 Fed Com 2H Well** to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 35 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 26.

4. Devon proposed the **Serpentine 35-26 Fed Com 10H Well** to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 26.

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

6. Because of BLM restrictions on the development of the SW/4 SW/4 of Section 35, Devon had requested a nonstandard unit that excludes this quarter-quarter section in order to optimize the development of the lands available in the W/2 of Sections 26 and 35. Devon applied administratively with the Division for approval of the Nonstandard Spacing and Proration (“NSP”) unit, and the NSP unit has been approved.

7. Devon has sought in good faith, but has been unable to obtain, voluntary agreement from all uncommitted interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

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

9. 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 July 6, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Pooling the uncommitted interests in the Wolfcamp formation underlying the proposed HSU;

B. Approving the **Serpentine 35-26 Fed Com 2H Well** and the **Serpentine 35-26 Fed Com 10H Well** as the initial wells for the HSU;

C. Designating Devon as operator of this HSU and the horizontal wells to be drilled thereon;

D. Authorizing Devon to recover its costs of drilling, equipping, and completing the wells;

E. 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

F. 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

/s/ Darin C. Savage

Darin C. Savage

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

Application of Devon Energy Company, L.P., to Reopen Case No. 23148 for Nonstandard Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.

Applicant in the above-styled cause seeks to reopen Case No. 23148 and amend Order No. 22530 in order to pool record title owners in the Wolfcamp formation, designated as an oil pool, underlying a nonstandard 600-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Section 26 and the NW/4 and the N/2 SW/4 and the SE/4 SW/4 of Section 35 (also described as the W/2 of Sections 26 and 35 less the SW/4 SW/4 of Section 35), Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. The wells proposed in Case No. 23148 to be dedicated to the horizontal spacing unit are the **Serpentine 35-26 Fed Com 2H Well** to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 35 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 26; and the **Serpentine 35-26 Fed Com 10H Well** to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 26. Applicant has applied for administrative approval of a Nonstandard Spacing and Proration (“NSP”) unit and it was approved. The wells will be orthodox in their location, 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 33 miles southwest of Hobbs, New Mexico, and approximately 25 miles north of the state line.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
DEVON ENERGY PRODUCTION COMPANY, LP**

**CASE NO. 23148
ORDER NO. R-22530**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 3, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Devon Energy Production Company, LP (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

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ORDER NO. R-22530

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- well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



DYLAN M FUGE
DIRECTOR (ACTING)
DMF/jag

Date: 3/10/23

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Exhibit A

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COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23148 (formerly Case No. 23055)	APPLICANT'S RESPONSE
Date	November 3, 2022
Applicant	Devon Energy Production Company, L.P.
Designated Operator & OGRID (affiliation if applicable)	6137
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	Amended Application of Devon Energy Production Company, L.P. for a Nonstandard Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	N/A
Well Family	Serpentine
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	See Exhibit B-4 & B-5; Serpentine 35-26 Fed Com 2H Well TVD apprx 12,275'; 10H Well apprx TVD 12,275'.
Pool Name and Pool Code:	Bell Lake; Wolfcamp, North Pool [Code: 5170]
Well Location Setback Rules:	NMAC Statewide Rules
Spacing Unit Size:	600.00 acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	600.00 acres, more or less
Building Blocks:	quarter-quarter sections (40 ac blocks)
Orientation:	south - north
Description: TRS/County	W/2 of Section 26 and the NW/4 and the N/2 SW/4 and the SE/4 SW/4 of Section 35 (also described as the W/2 of Sections 26 and 35 less the SW/4 SW/4 of Section 35), Township 22 South, Range 33 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), if No, describe	No, non-standard horizontal spacing unit
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Exhibit A-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

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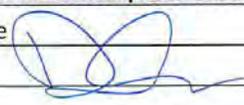
Well #1	Serpentine 35-26 Fed Com 2H Well (API No. Pending), SHL: Unit L, 1346' FSL, 651' FWL, Section 35, T22S-R33E, NMPM; BHL: Unit D, 20' FNL, 330' FWL, Section 26, T22S-R33E, standup, standard location
Horizontal Well First and Last Take Points	Serpentine 35-26 Fed Com 2H Well: FTP 1420' FSL, 330' FWL, Section 35; LTP 100' FNL, 330' FWL, Section 26
Completion Target (Formation, TVD and MD)	Serpentine 35-26 Fed Com 2H Well: TVD approx. 12,275', TMD 21,453'; Wolfcamp Formation, See Exhibit B-4, B-5
Well #2	Serpentine 35-26 Fed Com 10H Well (API No. Pending), SHL: Unit N, 254' FSL, 1418' FWL, Section 35, T22S-R33E, NMPM; BHL: Unit C, 20' FNL, 2178' FWL, Section 26, T22S-R33E, standup, standard location
Horizontal Well First and Last Take Points	Serpentine 35-26 Fed Com 10H Well: FTP 100' FSL, 2178' FWL, Section 35; LTP 100' FNL, 2178' FWL, Section 26
Completion Target (Formation, TVD and MD)	Serpentine 35-26 Fed Com 10H Well: TVD approx. 12,275', TMD 22,586'; Wolfcamp Formation, See Exhibit B-4, B-5
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000, Exhibit A
Production Supervision/Month \$	\$800, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B

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Spacing Unit Schematic	Exhibits B-1, B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4, B-5
Well Orientation (with rationale)	Exhibits B, B-1
Target Formation	Exhibits B, B-3, B-4, B-5
HSU Cross Section	Exhibit B-4, B-5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-1, A-2, B-1
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit A-1, B-1, B-4
Structure Contour Map - Subsea Depth	Exhibit B-1, B-2
Cross Section Location Map (including wells)	Exhibit B-4, B-5, B-6
Cross Section (including Landing Zone)	Exhibit B-4, B-5
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage 
Signed Name (Attorney or Party Representative):	
Date:	11/1/22

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TAB 2

Exhibit A: Self-Affirmed Statement of Daniel Brunsman, Landman
Exhibit A-1: C-102 Forms
Exhibit A-2: Ownership and Sectional Map
Exhibit A-3: Well Proposal Letters and AFEs
Exhibit A-4: Chronology of Contact
Exhibit A-5: Stipulation

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., TO REOPEN CASE NO. 23148 FOR
A NONSTANDARD HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23593

SELF-AFFIRMED STATEMENT OF DANIEL BRUNSMAN

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Statement, which is based on my personal knowledge.
2. I am employed as a Landman with Devon Energy Production Company, L.P. (“Devon”), and I am familiar with the subject application and the lands involved.
3. I have a Law Degree from the University of Tulsa and have been employed as an attorney and landman for oil and gas production companies for over 15 years. I have been employed by Devon, and affiliated entity WPX Energy, as a landman for the past ten years. My credentials as a petroleum landman have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.
4. This Statement is submitted in connection with the filing by Devon of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).
5. Devon seeks to reopen Case 23148 and amend Order R-22530 in order to pool additional owners, such as record title owners, in the Wolfcamp formation (Bell Lake; Wolfcamp, North [Pool Code 5170]), designated as an oil pool, underlying a nonstandard 600-acre, more or



less, spacing and proration unit comprised of the W/2 of Section 26 and the NW/4 and the N/2 SW/4 and the SE/4 SW/4 of Section 35 (also described as the W/2 of Sections 26 and 35 less the SW/4 SW/4 of Section 35), Township 22 South, Range 33 East, NMPM, Lea County, New Mexico, established by Division Order No. R-22530 in Case No. 23148. The additional parties to pool are listed in **Exhibit A-2**, attached hereto. Devon requests that the Stipulation attached as **Exhibit A-5** be included and incorporated into the amended order.

6. Under Case No. 23593, Devon proposes and dedicates to the unit two initial oil wells: the **Serpentine 35-26 Fed Com 2H Well** and the **Serpentine 35-26 Fed Com 10H Well** to be drilled to a sufficient depth to test the Wolfcamp formation.

7. The **Serpentine 35-26 Fed Com 2H Well** is proposed to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 35 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 26; with an approximate TVD of 12,275'; an approximate TMD of 21,453'; FTP in Section 35: approx. 1420' FSL, 330' FWL; LTP in Section 26: approx. 100' FNL, 330' FWL.

8. The **Serpentine 35-26 Fed Com 10H Well** is proposed to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 26; with an approximate TVD of 12,275'; an approximate TMD of 22,586'; FTP in Section 35: approx. 100' FSL, 2178' FWL; LTP in Section 26: approx. 100' FNL, 2178' FWL.

9. The proposed C-102 for each well is attached as **Exhibit A-1**.

10. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the locations of the proposed wells within the unit.

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

12. The names of the additional parties to be pooled, the nature of their interests (with particular focus on record title), and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest ownership, overriding royalty interest ownership, and record title ownership for purposes of pooling, including a list of parties who have already been pooled in previous Case No. 23148 and a list of additional parties to be pooled in the above-referenced case.

13. There are no depth severances in the Wolfcamp formation in this acreage.

14. A review of records did not reveal any overlapping units.

15. Because of BLM restrictions on the development of the SW/4 SW/4 of Section 35, Devon had requested a nonstandard unit that excludes this quarter-quarter section in order to optimize the development of the lands available in the W/2 of Sections 26 and 35. Devon applied administratively with the Division for approval of the Nonstandard Spacing and Proration (“NSP”) unit, and the NSP unit has been approved.

16. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the well is located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed; there were no unlocatable parties who were overriding interest owners. Devon published notice in the Hobbs NewsSun, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

17. Devon has made a good faith effort to negotiate with the interest owners, 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 its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

18. **Exhibit A-3** is a sample proposal letter and the AFEs for the proposed well. The estimated cost of the well set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

19. Devon requests overhead and administrative rates of \$8,000/month for drilling each well and \$800/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Devon requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

20. Devon requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners to the extent needed.

21. Devon requests that it be designated operator of the unit and well.

22. The Exhibits to this Statement were prepared by me or compiled from Devon's company business records under my direct supervision.

23. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

24. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of Daniel Brunzman:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23593 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Daniel Brunzman

June 22, 2023

Date Signed

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name	
		5170	BELL LAKE; WOLFCAMP, NORTH	
Property Code	Property Name		Well Number	
	SERPENTINE 35-26 FED COM		2H	
OGRID No.	Operator Name		Elevation	
6137	DEVON ENERGY PRODUCTION COMPANY, L.P.		3575.5'	

Surface Location

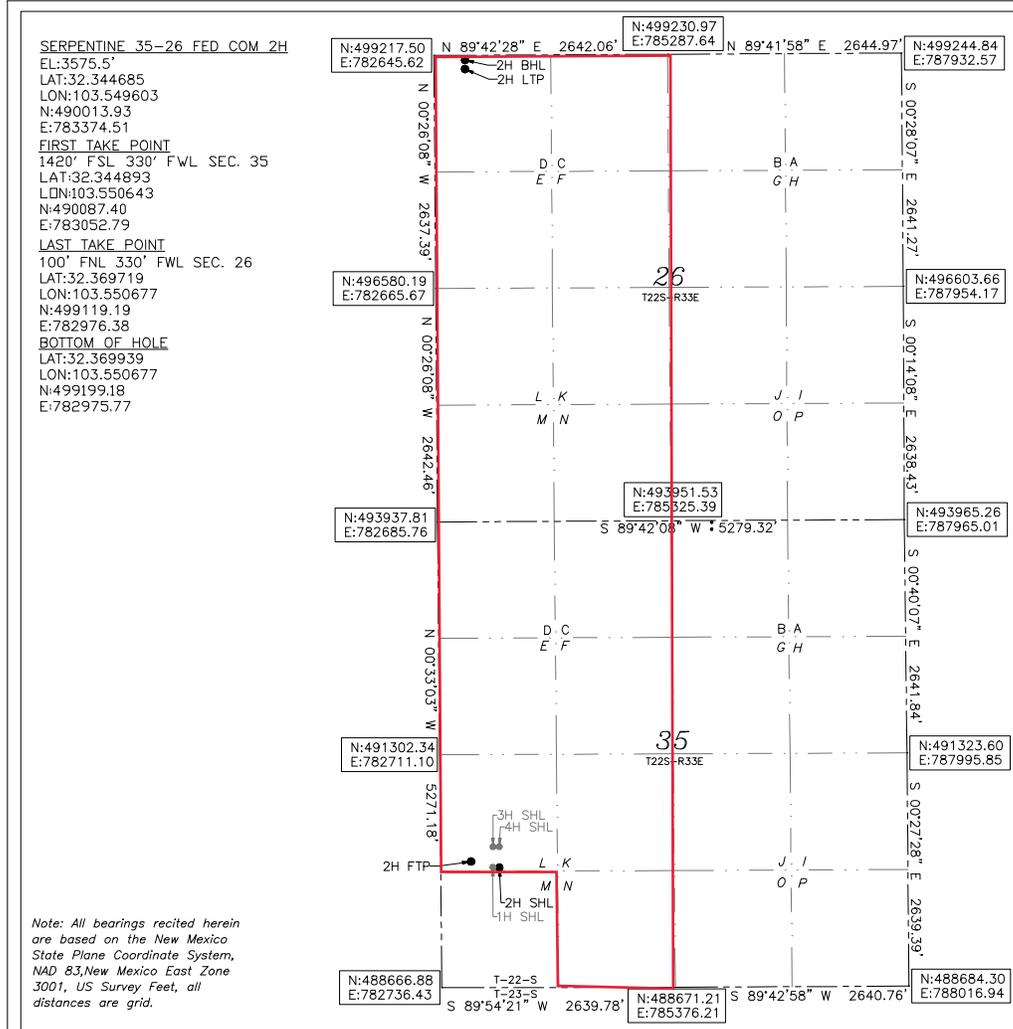
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	35	22-S	33-E		1346	SOUTH	651	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	26	22-S	33-E		20	NORTH	330	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
600			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Chelsey Green 9/30/22
Signature Date

Chelsey Green
Printed Name

chelsey.green@dvn.com
E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/8/2021
Date of Survey

Signature and Seal of Professional Surveyor

B. L. LAMAN
NEW MEXICO
22404
PROFESSIONAL SURVEYOR

REV. 08/11/22

Certificate No. 22404 B.L. LAMAN

EXHIBIT A-1

Intent As Drilled

API #		
Operator Name: DEVON ENERGY PRODUCTION COMPANY, LP.	Property Name: SERPENTINE 35-26 FED COM	Well Number 2H

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
L	35	22S	33E		1386	SOUTH	330	WEST	LEA
Latitude					Longitude				NAD
32.3447					103.5507				83

First Take Point (FTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
L	35	22-S	33-E		1420	SOUTH	330	WEST	LEA
Latitude					Longitude				NAD
32.344893					103.550643				83

Last Take Point (LTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
D	26	22-S	33-E		100	NORTH	330	WEST	LEA
Latitude					Longitude				NAD
32.369719					103.550677				83

Is this well the defining well for the Horizontal Spacing Unit?

Is this well an infill well? N

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/29/2018

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name	
		5170	BELL LAKE;WOLFCAMP, NORTH	
Property Code	Property Name		Well Number	
	SERPENTINE 35-26 FED COM		10H	
OGRID No.	Operator Name		Elevation	
6137	DEVON ENERGY PRODUCTION COMPANY, L.P.		3553.6'	

Surface Location

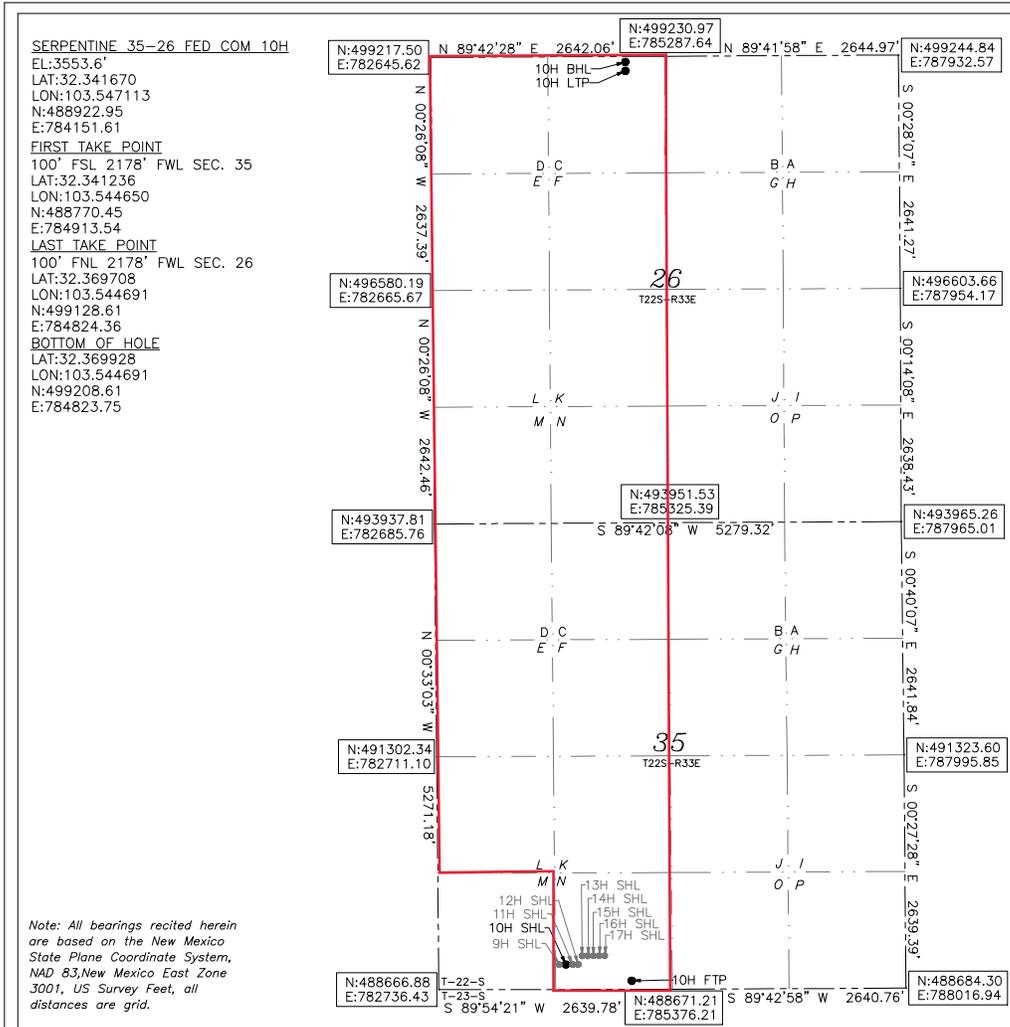
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	35	22-S	33-E		254	SOUTH	1418	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	22-S	33-E		20	NORTH	2178	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
600			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Rebecca Deal 12/15/2021
Signature Date

Rebecca Deal, Regulatory Analyst
Printed Name

Rebecca.deal@dvn.com
E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/8/2021
Date of Survey

Signature & Seal of Professional Surveyor

B. L. LAMAN
NEW MEXICO
22404
PROFESSIONAL SURVEYOR

REV: 12/09/2021

Certificate No. 22404 B.L. LAMAN
DRAWN BY: CM

Intent As Drilled

API #									
Operator Name:					Property Name:				Well Number

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
Latitude					Longitude				NAD

First Take Point (FTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
Latitude					Longitude				NAD

Last Take Point (LTP)

UL	Section	Township	Range	Lot	Feet	From N/S	Feet	From E/W	County
Latitude					Longitude				NAD

Is this well the defining well for the Horizontal Spacing Unit?

Is this well an infill well?

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

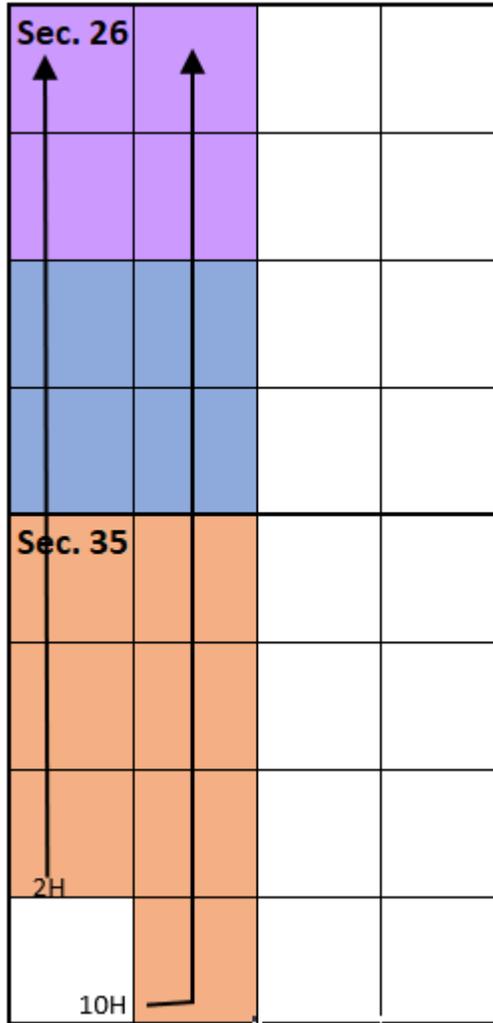
API #									
Operator Name:					Property Name:				Well Number

KZ 06/29/2018

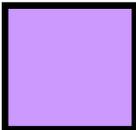
Exhibit "A-2" Updated Ownership and Pooling List

(Including the additional Record Title Owners)

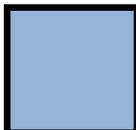
W/2 of Section 26, NW/4 and N/2SW/4 and SE/4SW/4 of Section 35, T22S, R33E, Lea County,
New Mexico, Wolfcamp Formation



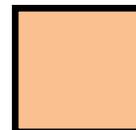
Tract 1:
USA NMNM 12846
(160 acres)



Tract 2:
USA NMNM 61360
(160 acres)



Tract 3:
USA NMNM 113969
(280 acres)



**EXHIBIT
A-2**

Serpentine 35-26 Fed Com 2H well

SHL: Sec. 35-22S-33E 1,346' FSL & 651' FWL

BHL: Sec. 26-22S-33E 20' FNL & 330' FWL

Serpentine 35-26 Fed Com 10H well

SHL: Sec. 35-22S-33E 254' FSL & 1,418' FWL

BHL: Sec. 26-22S-33E 20' FNL & 2,178' FWL

**OWNERSHIP BREAKDOWN – Wolfcamp formation
W/2 of Section 26, NW/4 and N/2SW/4 and SE/4SW/4 of Section 35, T22S, R33E,
Lea County, New Mexico
Serpentine 35-26 Fed Com 2H, 10H**

TRACTS 1, 2 and 3 OWNERSHIP (encompassing the NW/4 of Section 26, SW/4 of Section 26, NW/4 and N/2SW/4 and SE/4SW/4 of Section 35, T22S, R33E, Lea County, New Mexico, being 600.00 acres)

Owner	Net Acres	Unit WI	Status
Tract 1:			
Working Interest Owner			
Marathon Oil Permian, LLC 990 Town and Country Blvd. Houston, TX 77024	160.00	100%	Pooled in Case 23148
Record Title Owner			
Monty D. Mclane 6800 County Rd. 48 Midland, Texas 79707			Uncommitted
Alan Jochimsen 6800 County Rd. 48 Midland, TX 79707			Uncommitted
TRACT 1 TOTAL	160.00	100%	
Tract 2:			
Working Interest Owner			
Devon Energy Production Company, L.P. 333 W. Sheridan Avenue	160.00	100%	Committed

Oklahoma City, OK 73102

Record Title Owner

Fred L. Engle
610 Sandy Nook St.
Sarasota, Florida 34242

Uncommitted

TRACT 2 TOTAL 160.00 100%

Tract 3:

Working Interest Owner

Devon Energy
Production Company, L.P.
333 W. Sheridan Avenue
Oklahoma City, OK 73102

280.00 100%

Committed

Record Title Owner

Devon Energy Production
Company, L.P.
333 W. Sheridan Avenue
Oklahoma City, OK 73102

280.00 -

Committed

TRACT 3 TOTAL 280.00 100%

TRACTS 1, 2, 3 TOTAL 600.00 100%

UNIT RECAPITULATION:

W/2 of Section 26, NW/4 and N/2SW/4 and SE/4SW/4 of Section 35, T22S, R33E, Lea County, New Mexico

Devon Energy Production Company, L.P.	73.333333%	WI	Committed
Marathon Oil Permian, LLC	26.666666%	WI	Pooled in Case 23148

UNIT TOTAL: 100% WI

Overriding Royalty Owners

States Royalty Limited Partnership
300 N. Breckenridge Ave.
Breckenridge, TX 76424

David B. Engle
38315 Sunset Dr
Oconomowoc, WI 53066

Monty D. McLane
6800 County Rd. 48
Midland, TX 79707

McMullen Minerals, LLC
PO Box 470857
Fort Worth, TX 761477

AmeriPermian Holdings, LLC
1733 Woodstead Ct, Suite 206
The Woodlands, TX 77380

Pegasus Resources, LLC
2821 W. 7th St. #500
Fort Worth, TX 76107

Alan Jochimsen
6800 County Rd. 48
Midland, TX 79707

Viper Energy Partners, LLC
500 West Texas Ste. 1200
Midland, TX 79701

Full List of Parties/Persons Pooled in Previous Case 23148

Marathon Oil Permian LLC
PO Box 68, Houston, TX 77001-0068

WI

States Royalty Limited Partnership, a Texas limited partnership
PO Box 911, Breckenridge, TX 76424

ORRI

Monty D McClane
4841 Rustic Trl, Midland, Texas 79707

ORRI

AmeriPermian Holdings, LLC
1733 Woodstead CT STE 206, The Woodlands TX 77380

ORRI

David B. Engle
38315 Sunset Dr, Oconomowoc WI 53066

ORRI

McMullen Minerals, LLC
PO Box 470857, Fort Worth TX 76147-0857

ORRI

Pegasus Resources, LLC
PO Box 733980, Dallas TX 75373

ORRI

Viper Energy Partners, LLC
500 West Texas Ste 1200, Midland TX 79701

ORRI

Pooling List for Additional Parties:
Full List of Parties/Persons to Be Pooled in this Case 23593

Monty D McClane
6800 County Rd. 48, Midland, Texas 79707

RT & ORRI

Fred L. Engle
610 Sandy Nook St., Sarasota, FL 34242

RT

Alan Jochimsen
6800 County Rd. 48, Midland, Texas 79707

RT & ORRI

October 13, 2022

Marathon Oil Permian LLC
5555 San Felipe St.
Houston, TX 77056

Re: Supplement to Well Proposal dated February 2, 2022
Serpentine 35-26 Fed Com 1H, 2H, 5H, 6H, 9H, 10H, 11H, 12H, and 16H
Sections 35 & 26-22S-33E
Lea County, New Mexico

Dear Working Interest Owner,

Devon Energy Production Company, L.P. (“Devon”) is providing this Supplemental Letter (“Supplement”) to be incorporated into the Well Proposal dated February 2, 2022 (“Well Proposal”), in order to update the Serpentine 35-26 Fed Com 9H Well (the “9H Well”) with certain adjustments pursuant the eleventh paragraph of the Well Proposal in which Devon reserved the right to modify locations and drilling plans.

Devon adjusts the specifications of the 9H Well as follows:

- Serpentine 35-26 Fed Com 9H, to be drilled to a depth to test the Bone Spring formation, at a total vertical depth of 12,050’, and total measured depth of 22,050’.

This change, and no other change, is made to the Well Proposal to optimize the development in the proposed horizontal spacing unit and prevent waste. The estimated SHL, BHL, Authority for Expenditure, and all other specifications remain unchanged for the 9H Well and the other wells proposed, and the original Well Proposal dated February 2, 2022, remains in effect subject to this Supplement.

Should you have any questions, please do not hesitate to contact me at (405) 552-3337.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L.P.



Matthew Hoops
Sr. Staff Landman

EXHIBIT
A-3



Devon Energy Corporation
333 W. Sheridan Avenue
Oklahoma City, OK 73102

405 235 3611 Phone
www.devonenergy.com

February 2, 2022

Marathon Oil Permian LLC
5555 San Felipe St
Houston, TX 77056

RE: Serpentine 35-26 Fed Com 1H, 2H, 5H, 6H, 9H, 10H, 11H, 12H, and 16H
Sections 35 & 26-22S-33E
Lea County, New Mexico

Dear Working Interest Owner,

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill, complete, and equip the following horizontal wells:

Serpentine 35-26 Fed Com 1H – to be drilled to a depth sufficient to test the 2nd Bone Spring formation at an approximate TVD of 11,000' and approximate TMD of 20,391'. The surface location will be 1346' FSL & 621' FWL, Section 35-22S-33E and bottom hole location will be approximately 20' FNL & 330' FWL, Section 26-22S-33E, Lea County, New Mexico (collectively with all nine proposed wells, the "Wells"). Enclosed for your review is Devon's AFE indicating drilling costs of \$1,985,169.84 and total completed well costs of \$5,236,468.73.

Serpentine 35-26 Fed Com 2H – to be drilled to a depth sufficient to test the Wolfcamp formation at an approximate TVD of 12,275' and approximate TMD of 21,453'. The surface location will be 1346' FSL & 651' FWL, Section 35-22S-33E and bottom hole location will be approximately 20' FNL & 330' FWL, Section 26-22S-33E, Lea County, New Mexico (collectively with all nine proposed wells, the "Wells"). Enclosed for your review is Devon's AFE indicating drilling costs of \$3,263,140.02 and total completed well costs of \$7,070,049.87.

Serpentine 35-26 Fed Com 5H – to be drilled to a depth sufficient to test the Avalon formation at an approximate TVD of 9,550' and approximate TMD of 18,995'. The surface location will be 1208' FSL & 1366' FWL, Section 35-22S-33E and bottom hole location will be approximately 20' FNL & 330' FWL, Section 26-22S-33E, Lea County, New Mexico (collectively with all nine proposed wells, the "Wells"). Enclosed for your review is Devon's AFE indicating drilling costs of 1,881,613.69 and total completed well costs of \$5,122,209.72.

Serpentine 35-26 Fed Com 6H – to be drilled to a depth sufficient to test the Avalon formation at an approximate TVD of 9,550' and approximate TMD of 18,960'. The surface location will be 1196' FSL & 1393' FWL, Section 35-22S-33E and bottom hole location will be approximately 20' FNL & 1254' FWL, Section 26-22S-33E, Lea County, New Mexico (collectively with all nine proposed wells, the "Wells"). Enclosed for your review is Devon's AFE indicating drilling costs of \$2,187,203.67 and total completed well costs of \$5,427,799.70.

Marathon Oil Permian LLC
February 2, 2022

page 2

Serpentine 35-26 Fed Com 9H – to be drilled to a depth sufficient to test the Wolfcamp formation at an approximate TVD of 12,275’ and approximate TMD of 21,703’. The surface location will be 254’ FSL & 1388’ FWL, Section 35-22S-33E and bottom hole will be approximately 20’ FNL & 1254’ FWL, Section 26-22S-33E, Lea County, New Mexico (collectively with all nine proposed wells, the “Wells”). Enclosed location for your review is Devon’s AFE indicating drilling costs of \$3,238,015.02 and total completed well costs of \$7,044,924.87.

Serpentine 35-26 Fed Com 10H – to be drilled to a depth sufficient to test the Wolfcamp formation at an approximate TVD of 12,275’ and approximate TMD of 22,586’. The surface location will be 254’ FSL & 1418’ FWL, Section 35-22S-33E and bottom hole location will be approximately 20’ FNL & 2178’ FWL, Section 26-22S-33E, Lea County, New Mexico (collectively with all nine proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE indicating drilling costs of \$2,932,424.97 and total completed well costs of \$6,739,334.82.

Serpentine 35-26 Fed Com 11H – to be drilled to a depth sufficient to test the 2nd Bone Spring formation at an approximate TVD of 11,000’ and approximate TMD of 20,353’. The surface location will be 254’ FSL & 1448’ FWL, Section 35-22S-33E and bottom hole location will be approximately 20’ FNL & 1254’ FWL, Section 26-22S-33E, Lea County, New Mexico (collectively with all nine proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE indicating drilling costs of \$1,960,044.84 and total completed well costs of \$5,211,343.73.

Serpentine 35-26 Fed Com 12H – to be drilled to a depth sufficient to test the 2nd Bone Spring formation at an approximate TVD of 11,000’ and approximate TMD of 21,289’. The surface location will be 254’ FSL & 1478’ FWL, Section 35-22S-33E and bottom hole location will be approximately 20’ FNL & 2178’ FWL, Section 26-22S-33E, Lea County, New Mexico (collectively with all nine proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE indicating drilling costs of \$1,960,044.84 and total completed well costs of \$5,211,343.73.

Serpentine 35-26 Fed Com 16H – to be drilled to a depth sufficient to test the Avalon formation at an approximate TVD of 9,550’ and approximate TMD of 19,853’. The surface location will be 406’ FSL & 1658’ FWL, Section 35-22S-33E and bottom hole location will be approximately 20’ FNL & 2178’ FWL, Section 26-22S-33E, Lea County, New Mexico (collectively with all nine proposed wells, the “Wells”). Enclosed for your review is Devon’s AFE indicating drilling costs of \$2,187,203.67 and total completed well costs of \$5,427,799.70.

Devon reserves the right to modify the locations and drilling plans described above to address surface and subsurface concerns. Devon will advise of any such modifications.

Please indicate our election to participate in the drilling and completion of the wells in the spaces provided below, within 30 days of receipt, by signing and returning one (1) copy of this letter and AFE, along with your well data requirements sheet.

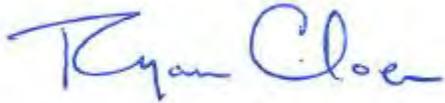
Marathon Oil Permian LLC
February 2, 2022

page 3

If an agreement cannot be reached within 30 days of receipt of this letter, Devon will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the Wells, if uncommitted at such time.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L.P.



Ryan Cloer
Sr. Staff Landman

_____ I/we elect to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 1H** well.
A signed AFE is returned herewith.

_____ I/we elect not to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 1H** well.

_____ I/we elect to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 2H** well.
A signed AFE is returned herewith.

_____ I/we elect not to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 2H** well.

_____ I/we elect to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 5H** well.
A signed AFE is returned herewith.

_____ I/we elect not to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 5H** well.

_____ I/we elect to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 6H** well.
A signed AFE is returned herewith.

_____ I/we elect not to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 6H** well.

Marathon Oil Permian LLC
February 2, 2022

page 4

_____ I/we elect to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 9H** well.
A signed AFE is returned herewith.

_____ I/we elect not to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 9H** well.

_____ I/we elect to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 10H** well.
A signed AFE is returned herewith.

_____ I/we elect not to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 10H** well.

_____ I/we elect to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 11H** well.
A signed AFE is returned herewith.

_____ I/we elect not to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 11H** well.

_____ I/we elect to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 12H** well.
A signed AFE is returned herewith.

_____ I/we elect not to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 12H** well.

_____ I/we elect to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 16H** well.
A signed AFE is returned herewith.

_____ I/we elect not to participate in the drilling and completion of the **Serpentine 35-26 Fed Com 16H** well.

Company Name: _____

Signature: _____ Date: _____



Authorization for Expenditure

AFE # XX-147336.01

Well Name: SERPENTINE 35-26 FED COM 2H

AFE Date: 2/2/2022

Cost Center Number: 1094628401

State: NM

Legal Description: SEC 35-22S-33E

County/Parish: LEA

Revision:

Explanation and Justification:

DRILL & COMPLETE HORIZONTAL WOLFCAMP WELL

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	95,211.17	0.00	95,211.17
6060100	DYED LIQUID FUELS	120,102.85	326,208.97	0.00	446,311.82
6080100	DISPOSAL - SOLIDS	98,512.93	1,065.52	0.00	99,578.45
6080110	DISP-SALTWATER & OTH	0.00	10,389.69	0.00	10,389.69
6080115	DISP VIA PIPELINE SW	0.00	93,600.00	0.00	93,600.00
6090100	FLUIDS - WATER	13,660.29	22,759.32	0.00	36,419.61
6090120	RECYC TREAT&PROC-H2O	0.00	217,014.04	0.00	217,014.04
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	45,000.00	38,819.59	0.00	83,819.59
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6120100	I & C SERVICES	0.00	44,641.25	0.00	44,641.25
6130170	COMM SVCS - WAN	3,296.24	0.00	0.00	3,296.24
6130360	ROTC - ENGINEERING	0.00	16,511.64	0.00	16,511.64
6130370	ROTC - GEOSTEERING	10,011.07	0.00	0.00	10,011.07
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	185,968.62	0.00	185,968.62
6160100	MATERIALS & SUPPLIES	13,012.17	0.00	0.00	13,012.17
6170100	PULLING&SWABBING SVC	0.00	6,900.00	0.00	6,900.00
6170110	SNUBBG&COIL TUBG SVC	0.00	77,391.66	0.00	77,391.66
6190100	TRCKG&HL-SOLID&FLUID	89,097.03	0.00	0.00	89,097.03
6190110	TRUCKING&HAUL OF EQP	25,438.50	35,070.32	0.00	60,508.82
6200130	CONSLT & PROJECT SVC	138,091.61	76,545.32	0.00	214,636.93
6230120	SAFETY SERVICES	38,388.82	0.00	0.00	38,388.82
6300270	SOLIDS CONTROL SRVCS	62,824.49	0.00	0.00	62,824.49
6310120	STIMULATION SERVICES	0.00	692,845.24	0.00	692,845.24
6310190	PROPPANT PURCHASE	0.00	454,621.35	0.00	454,621.35
6310200	CASING & TUBULAR SVC	63,444.87	0.00	0.00	63,444.87
6310250	CEMENTING SERVICES	142,791.96	0.00	0.00	142,791.96
6310280	DAYWORK COSTS	507,067.91	0.00	0.00	507,067.91
6310300	DIRECTIONAL SERVICES	270,607.59	0.00	0.00	270,607.59
6310310	DRILL BITS	80,314.73	0.00	0.00	80,314.73
6310330	DRILL&COMP FLUID&SVC	360,597.94	10,346.23	0.00	370,944.17
6310370	MOB & DEMOBILIZATION	108,638.64	0.00	0.00	108,638.64
6310380	OPEN HOLE EVALUATION	20,040.68	0.00	0.00	20,040.68
6310480	TSNG-WELL, PL & OTH	0.00	119,683.85	0.00	119,683.85
6310600	MISC PUMPING SERVICE	0.00	25,509.84	0.00	25,509.84
6320100	EQPMNT SVC-SRF RNTL	137,625.39	149,722.73	0.00	287,348.12
6320110	EQUIP SVC - DOWNHOLE	123,079.05	21,984.47	0.00	145,063.52
6320160	WELDING SERVICES	711.90	0.00	0.00	711.90
6320190	WATER TRANSFER	0.00	80,350.86	0.00	80,350.86
6350100	CONSTRUCTION SVC	0.00	109,511.58	0.00	109,511.58
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550100	MISCS COSTS & SERVS	0.00	10,154.15	0.00	10,154.15

Costs on this form are estimates only. Working Interest Owners should not consider these estimates



Authorization for Expenditure

AFE # XX-147336.01

Well Name: SERPENTINE 35-26 FED COM 2H

AFE Date: 2/2/2022

Cost Center Number: 1094628401

State: NM

Legal Description: SEC 35-22S-33E

County/Parish: LEA

Revision:

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6550110	MISCELLANEOUS SVC	16,379.59	0.00	0.00	16,379.59
6550120	OTHER ROUSTABOUT SER	0.00	5,000.00	0.00	5,000.00
6630110	CAPITAL OVERHEAD	7,536.48	35,050.51	0.00	42,586.99
6740340	TAXES OTHER	0.00	29,059.98	0.00	29,059.98
	Total Intangibles	2,567,272.73	2,991,937.90	0.00	5,559,210.63

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6120110	I&C EQUIPMENT	0.00	56,590.31	0.00	56,590.31
6120120	MEASUREMENT EQUIP	0.00	29,843.67	0.00	29,843.67
6150110	LOG PERFORATG&WL EQP	0.00	11,250.00	0.00	11,250.00
6300150	SEPARATOR EQUIPMENT	0.00	286,721.67	0.00	286,721.67
6300220	STORAGE VESSEL&TANKS	0.00	34,435.00	0.00	34,435.00
6300230	PUMPS - SURFACE	0.00	9,354.25	0.00	9,354.25
6310130	ARTIFICIAL LIFT EQP	0.00	30,000.00	0.00	30,000.00
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	128,344.77	0.00	128,344.77
6310460	WELLHEAD EQUIPMENT	43,383.52	86,965.65	0.00	130,349.17
6310530	SURFACE CASING	32,994.26	0.00	0.00	32,994.26
6310540	INTERMEDIATE CASING	254,100.21	0.00	0.00	254,100.21
6310550	PRODUCTION CASING	317,387.97	0.00	0.00	317,387.97
6310580	CASING COMPONENTS	28,001.33	0.00	0.00	28,001.33
6330100	PIPE,FIT,FLANG,CPLNG	0.00	141,466.63	0.00	141,466.63
	Total Tangibles	695,867.29	814,971.95	0.00	1,510,839.24

TOTAL ESTIMATED COST	3,263,140.02	3,806,909.85	0.00	7,070,049.87
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature: _____ Print Name: _____

Title: _____

Date: _____

Email: _____

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates



Authorization for Expenditure

AFE # XX-147338.01	AFE Date: 2/2/2022
Well Name: SERPENTINE 35-26 FED COM 10H	State: NM
Cost Center Number: 1094627901	County/Parish: LEA
Legal Description: SEC 35-22S-33E	
Revision: <input type="checkbox"/>	

Explanation and Justification:

DRILL & COMPLETE HORIZONTAL WOLFCAMP WELL

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	95,211.17	0.00	95,211.17
6060100	DYED LIQUID FUELS	108,346.44	326,208.97	0.00	434,555.41
6080100	DISPOSAL - SOLIDS	88,869.87	1,065.52	0.00	89,935.39
6080110	DISP-SALTWATER & OTH	0.00	10,389.69	0.00	10,389.69
6080115	DISP VIA PIPELINE SW	0.00	93,600.00	0.00	93,600.00
6090100	FLUIDS - WATER	12,323.14	22,759.32	0.00	35,082.46
6090120	RECYC TREAT&PROC-H2O	0.00	217,014.04	0.00	217,014.04
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	22,500.00	38,819.63	0.00	61,319.63
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6120100	I & C SERVICES	0.00	44,641.21	0.00	44,641.21
6130170	COMM SVCS - WAN	2,973.58	0.00	0.00	2,973.58
6130360	ROTC - ENGINEERING	0.00	16,511.64	0.00	16,511.64
6130370	ROTC - GEOSTEERING	9,031.12	0.00	0.00	9,031.12
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	185,968.62	0.00	185,968.62
6160100	MATERIALS & SUPPLIES	11,738.45	0.00	0.00	11,738.45
6170100	PULLING&SWABBING SVC	0.00	6,900.00	0.00	6,900.00
6170110	SNUBBG&COIL TUBG SVC	0.00	77,391.66	0.00	77,391.66
6190100	TRCKG&HL-SOLID&FLUID	80,375.66	0.00	0.00	80,375.66
6190110	TRUCKING&HAUL OF EQP	22,948.42	35,070.32	0.00	58,018.74
6200130	CONSLT & PROJECT SVC	122,463.24	76,545.32	0.00	199,008.56
6230120	SAFETY SERVICES	34,631.08	0.00	0.00	34,631.08
6300270	SOLIDS CONTROL SRVCS	56,674.83	0.00	0.00	56,674.83
6310120	STIMULATION SERVICES	0.00	692,845.24	0.00	692,845.24
6310190	PROPPANT PURCHASE	0.00	454,621.35	0.00	454,621.35
6310200	CASING & TUBULAR SVC	57,234.49	0.00	0.00	57,234.49
6310250	CEMENTING SERVICES	128,814.59	0.00	0.00	128,814.59
6310280	DAYWORK COSTS	457,432.95	0.00	0.00	457,432.95
6310300	DIRECTIONAL SERVICES	244,118.84	0.00	0.00	244,118.84
6310310	DRILL BITS	72,453.02	0.00	0.00	72,453.02
6310330	DRILL&COMP FLUID&SVC	325,300.37	10,346.23	0.00	335,646.60
6310370	MOB & DEMOBILIZATION	98,004.41	0.00	0.00	98,004.41
6310380	OPEN HOLE EVALUATION	18,078.97	0.00	0.00	18,078.97
6310480	TSNG-WELL, PL & OTH	0.00	119,683.85	0.00	119,683.85
6310600	MISC PUMPING SERVICE	0.00	25,509.84	0.00	25,509.84
6320100	EQPMNT SVC-SRF RNTL	124,153.76	149,722.73	0.00	273,876.49
6320110	EQUIP SVC - DOWNHOLE	111,031.31	21,984.47	0.00	133,015.78
6320160	WELDING SERVICES	642.21	0.00	0.00	642.21
6320190	WATER TRANSFER	0.00	80,350.86	0.00	80,350.86
6350100	CONSTRUCTION SVC	0.00	109,511.58	0.00	109,511.58
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00
6550100	MISCS COSTS & SERVS	0.00	10,154.15	0.00	10,154.15

Costs on this form are estimates only. Working Interest Owners should not consider these estimates



Authorization for Expenditure

AFE # XX-147338.01

Well Name: SERPENTINE 35-26 FED COM 10H

AFE Date: 2/2/2022

Cost Center Number: 1094627901

State: NM

Legal Description: SEC 35-22S-33E

County/Parish: LEA

Revision:

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6550110	MISCELLANEOUS SVC	14,776.26	0.00	0.00	14,776.26
6550120	OTHER ROUSTABOUT SER	0.00	5,000.00	0.00	5,000.00
6630110	CAPITAL OVERHEAD	6,798.76	35,050.51	0.00	41,849.27
6740340	TAXES OTHER	0.00	29,059.98	0.00	29,059.98
	Total Intangibles	2,302,715.77	2,991,937.90	0.00	5,294,653.67

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6120110	I&C EQUIPMENT	0.00	56,590.31	0.00	56,590.31
6120120	MEASUREMENT EQUIP	0.00	29,843.67	0.00	29,843.67
6150110	LOG PERFORATG&WL EQP	0.00	11,250.00	0.00	11,250.00
6300150	SEPARATOR EQUIPMENT	0.00	286,721.67	0.00	286,721.67
6300220	STORAGE VESSEL&TANKS	0.00	34,435.00	0.00	34,435.00
6300230	PUMPS - SURFACE	0.00	9,354.25	0.00	9,354.25
6310130	ARTIFICIAL LIFT EQP	0.00	30,000.00	0.00	30,000.00
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	128,344.77	0.00	128,344.77
6310460	WELLHEAD EQUIPMENT	39,136.87	86,965.65	0.00	126,102.52
6310530	SURFACE CASING	29,764.58	0.00	0.00	29,764.58
6310540	INTERMEDIATE CASING	229,227.30	0.00	0.00	229,227.30
6310550	PRODUCTION CASING	286,320.06	0.00	0.00	286,320.06
6310580	CASING COMPONENTS	25,260.39	0.00	0.00	25,260.39
6330100	PIPE,FIT,FLANG,CPLNG	0.00	141,466.63	0.00	141,466.63
	Total Tangibles	629,709.20	814,971.95	0.00	1,444,681.15

TOTAL ESTIMATED COST	2,932,424.97	3,806,909.85	0.00	6,739,334.82
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature: _____ Print Name: _____

Title: _____

Date: _____

Email: _____

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates

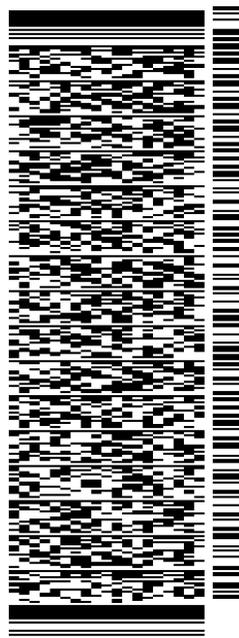
ORIGIN ID: OKCA (405) 552-3623
PEGGY BULLER
333 W SHERIDAN AVE
OKLAHOMA CITY, OK 73102
UNITED STATES US

SHIP DATE: 07FEB22
ACTWGT: 1.00 LB
CAD: 103493122IN/ET4460
BILL SENDER

TO ATTN: LAND DEPT
MARATHON OIL PERMIAN
5555 SAN FELIPE STREET

HOUSTON TX 77056

(713) 296-3055 REF: 9001002190
INV: DEPT:
PO:

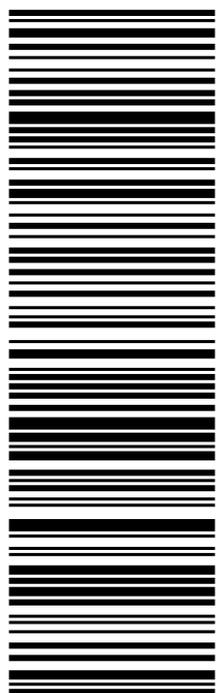


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After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

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A.A.P.L. FORM 610 - 2015

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

March 1, 2021

OPERATOR: Devon Energy Production Company, L.P.

CONTRACT AREA: See Exhibit "A" attached hereto

COUNTY OR PARISH OF Lea, STATE OF New Mexico

AMERICAN ASSOCIATION OF PROFESSIONAL LANDMEN,
800 FOURNIER STREET, FORT WORTH, TEXAS, 76102, APPROVED FORM.

- 1 • management
- 2 • supervision not directly charged under Section II.2 (*Labor*)
- 3 • legal services not directly chargeable under Section II.9 (*Legal Expense*)
- 4 • taxation, other than those costs identified as directly chargeable under Section II.10 (*Taxes and Permits*)
- 5 • preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings
- 6 with governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site
- 7 inspections; reviewing, interpreting, or submitting comments on or lobbying with respect to Laws or proposed
- 8 Laws.

9 Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses
10 of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

11 1. **DRILLING AND PRODUCING OPERATIONS**

12 As compensation for costs incurred but not chargeable under Section II (*Direct Charges*) and not covered by other
13 provisions of this Section III, the Operator shall charge on either: *Fixed Rate Basis, Section III.1.B*

14 A. **Technical Services**

15 (1) Except as otherwise provided in Section II.13 (*Ecological Environmental, and Safety*) and Section III.2
16 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A
17 (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **On-site**
18 Technical Services, including third party Technical Services: shall be charged direct to the Joint Account.

19 (2) Except as otherwise provided in Section II.13 (*Ecological, Environmental, and Safety*) and Section III.2
20 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A
21 (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **Off-site**
22 Technical Services, including third party Technical Services: shall be charged direct to the Joint Account.

23 Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are
24 subject to limitations set forth in Section II.7 (Affiliates). Charges for Technical personnel performing non-technical
25 work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting
26 Procedure relating to the type of work being performed.

27 B. **Fixed Rate Basis**

28 (1) The Operator shall charge the Joint Account at the following rates per well per month:

29 Drilling Well Rate per month \$8,000 (prorated for less than a full month)

30 Producing Well Rate per month \$800

31 (2) Application of Overhead—Drilling Well Rate shall be as follows:

32 (a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or
33 completion equipment used on the well is released, whichever occurs later. Charges for offshore and
34 inland waters drilling wells shall begin on the date the drilling or completion equipment arrives on location
35 and terminate on the date the drilling or completion equipment moves off location, or is released,
36 whichever occurs first. No charge shall be made during suspension of drilling and/or completion
37 operations for fifteen (15) or more consecutive calendar days.

38 (b) Charges for any well undergoing any type of workover, recompletion, and/or abandonment for a period of
39 five (5) or more consecutive workdays shall be made at the Drilling Well Rate. Such charges shall be
40 applied for the period from date operations, with rig or other units used in operations, commence through
41 date of rig or other unit release, except that no charges shall be made during suspension of operations for
42 fifteen (15) or more consecutive calendar days.

43 (3) Application of Overhead—Producing Well Rate shall be as follows:

44 (a) An active well that is produced, injected into for recovery or disposal, or used to obtain water supply to
45 support operations for any portion of the month shall be considered as a one-well charge for the entire
46 month.

47 (b) Each active completion in a multi-completed well shall be considered as a one-well charge provided each
48 completion is considered a separate well by the governing regulatory authority.

Chronology of Contacts

Chronology of contacts between Daniel Brunzman, Landman for Devon Energy Production Company, L.P. ("Devon"), and three Record Title owners to be pooled in Case Nos. 23592 and 23593:

These Record Title owners do not own Working Interest and therefore do not have a right to participate in the well or unit.

When Devon discovered that it needed to pool the three Record Title Owners, Mr. Brunzman, as the landman for the project, contacted the three owners Alan Jochimsen, Monty McLane, and Fred L. Engle on May 8, 2023, directly by phone and explained the situation to them, that they were record title owners and their interest needed to be pooled. The parties expressed that they would not object to the pooling.



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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., TO REOPEN CASE NO. 23148 FOR
A NONSTANDARD HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

**Case No. 23593
(Reopen Case No. 23148)**

STIPULATION TO AMENDED ORDER IN CASE NO. 23593

This Stipulation is attached to and incorporated into the Amended Order requested by Devon Energy Production Company, L.P., (“Devon”) in the above referenced Case, stipulating and acknowledging the following:

1. Devon submitted its Application in Case No. 23593 to Reopen Case No. 23148 and amend Order No. R-22530.
2. Order No. R-22530 has been amended to pool additional owners, including certain Record Title Owners, as follows: Monty D. McClane, Fred L. Engle, and Alan Jochimsen. These additional owners are listed and included in Exhibit A-2 that Devon submitted in Case No. 23593 which shows the ownership of the unit and the additional pooled parties.

**EXHIBIT
A-5**

TAB 3

Exhibit B: Self-Affirmed Statement of Thomas Peryam, Geologist
Exhibit B-1: Structure Map
Exhibit B-2: Stratigraphic Cross Section
Exhibit B-3: Gross Isochore
Exhibit B-4: Gun Barrel View
Exhibit B-5: Structural Cross-Section

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., TO REOPEN CASE NO. 23147 FOR
A NONSTANDARD HORIZONTAL SPACING UNITS
AND COMPULSORY POOLINGS, LEA COUNTY, NEW MEXICO**

Case No. 23592
Former Case No. 23147
OCD Order R-22528

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., TO REOPEN CASE NO. 23148 FOR
A NONSTANDARD HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 23593
Former Case No. 23148
OCD Order R-22530

SELF-AFFIRMED STATEMENT OF THOMAS PERYAM

Thomas Peryam, of lawful age and being first duly sworn, declares as follows:

1. My name is Thomas Peryam, and I am employed by Devon Energy Production Company, L.P. (“Devon”) as a petroleum geologist.
2. I have testified previously by affidavit before the Oil Conservation Division (“Division”) as an expert witness in petroleum geology.
3. The Geology Exhibits that were filed in Case Nos. 23147 and 23148 have not changed, are still relevant to, and accurately represent the geology of the Subject Lands in Case Nos. 23592 and 23593. My Affidavit along with Geology Exhibits from Case Nos. 23147-48 are attached hereto as Exhibit B and Sub-Exhibits B-1 through B-6.

[Signature page follows]



Signature page of Self-Affirmed Statement of Thomas Peryam:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case Nos. 23592 and 23593 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Thomas Peryam

6/22/23

Date Signed

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

**AMENDED APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY, L.P., FOR A NON-STANDARD
HORIZONTAL SPACING UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

Case No. **23148**

AFFIDAVIT OF THOMAS PERYAM

Thomas Peryam, of lawful age and being first duly sworn, declares as follows:

1. My name is Thomas Peryam, and I am employed by Devon Energy Production Company, L.P. (“Devon”) as a petroleum geologist.

2. I have testified previously by affidavit before the Oil Conservation Division (“Division”) as an expert witness in petroleum geology. My credentials have been made a matter of record and I have been qualified as an expert by the Division. I hold a Bachelor’s degree in Geology from the University of Oregon, a Master’s degree in Geology from New Mexico State University, and a Doctorate in Geology from the University of Oregon. I have been employed as a petroleum geologist with Devon since August 2012.

3. I am familiar with the applications filed by Devon in these consolidated cases, and I have conducted a geologic study of the Bone Spring and Wolfcamp formations underlying the subject area.

4. The initial target for Devon’s proposed Serpentine wells in Section 35 and 26 of T22S-R33E is the Wolfcamp formation.

5. **Devon Exhibit B-1** is a structure map at the top of the Wolfcamp formation, with subsea depths marked by contour intervals every 50 feet. I have outlined the proposed spacing

units and identified the orientation of the initial wellbores in the 2nd Bone Spring member. This exhibit shows that the Bone Spring formation is gently dipping to the south in this area. I do not observe any faulting, pinch outs, or other geologic impediments to developing the targeted Bone Spring intervals with horizontal wells.

6. In my opinion, the south-north orientation of the proposed wells is the preferred orientation for horizontal well development in the targeted intervals in this area. This standup orientation will efficiently and effectively develop the subject acreage.

7. **Devon Exhibit B-2** identifies the wells penetrating the Bone Spring and Wolfcamp formations that I have used to create a stratigraphic cross-section for each formation. I utilized these well logs because they penetrate the targeted intervals and are of good quality. In my opinion, these well logs are representative of the geology in the area.

8. **Devon Exhibit B-3** is a cross section for the Bone Spring and Wolfcamp formations using the representative wells depicted on Exhibit B-2. Each well log contains gamma ray, resistivity, and porosity logs. The target intervals for the initial wells are depicted on the exhibit. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing units.

9. **Devon Exhibit B-4** is a lateral wellbore trajectory schematic showing the placement of our proposed wells in relation to the Bone Spring's stratigraphy

10. **Devon Exhibit B-5** is a west-to-east cross section view with wellbore placement identified ("gunbarrel diagram").

11. In my opinion, the granting of Devon's applications is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

12. **Devon Exhibits B-1 to B-5** were either prepared by me or compiled under my direction and supervision.

[Signature page follows]

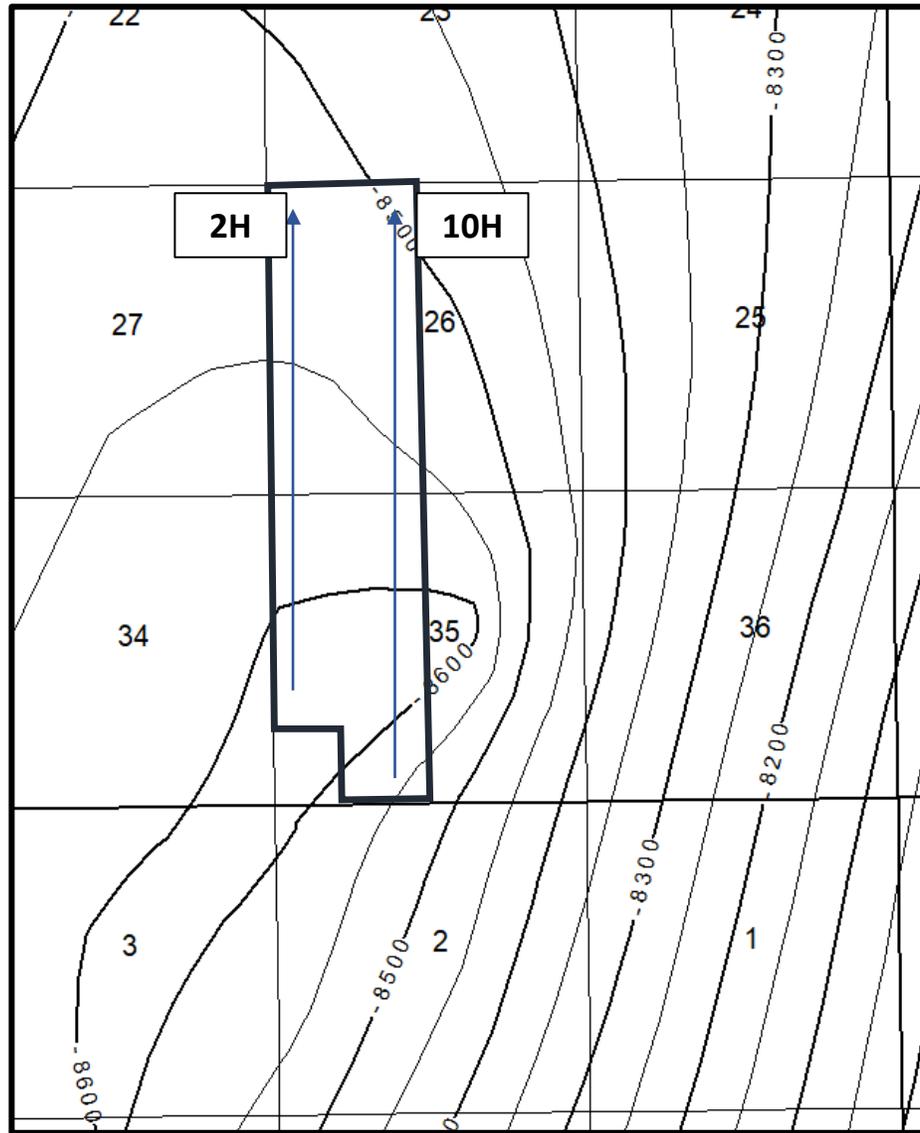


Exhibit B-1

EXHIBIT
B-1

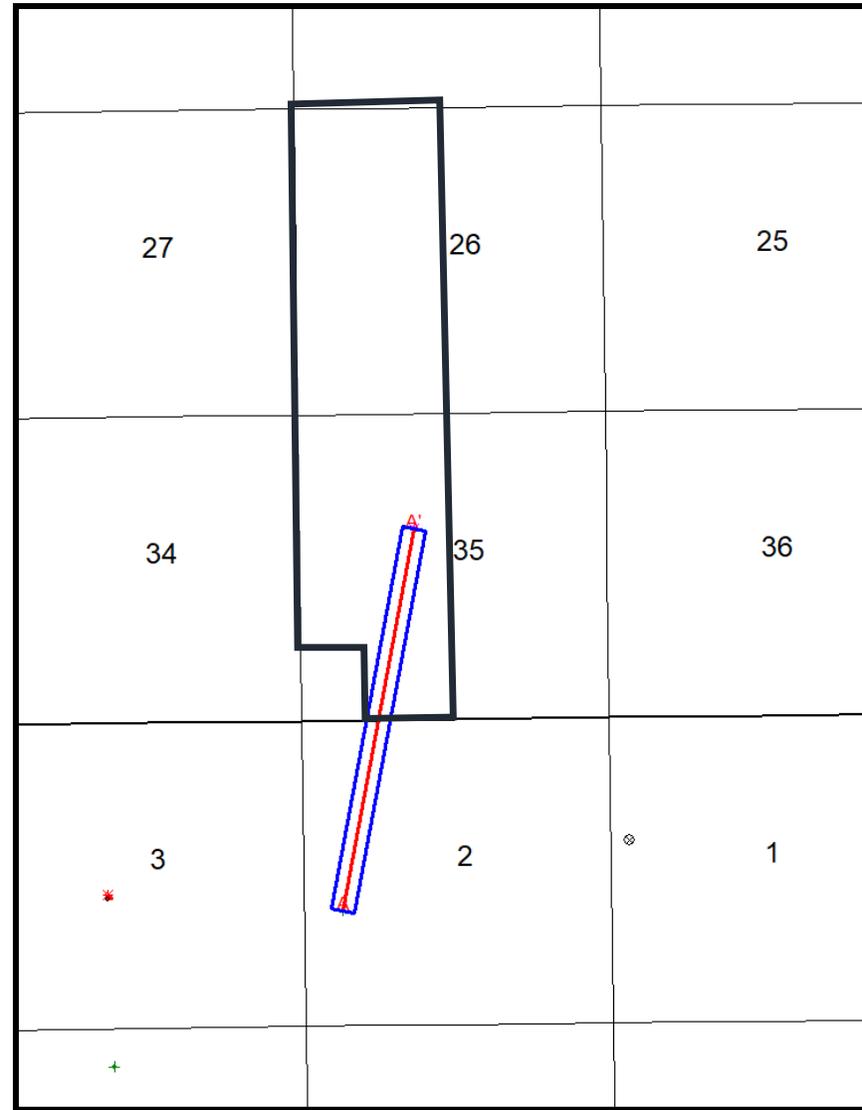


Exhibit B-2

EXHIBIT
B-2

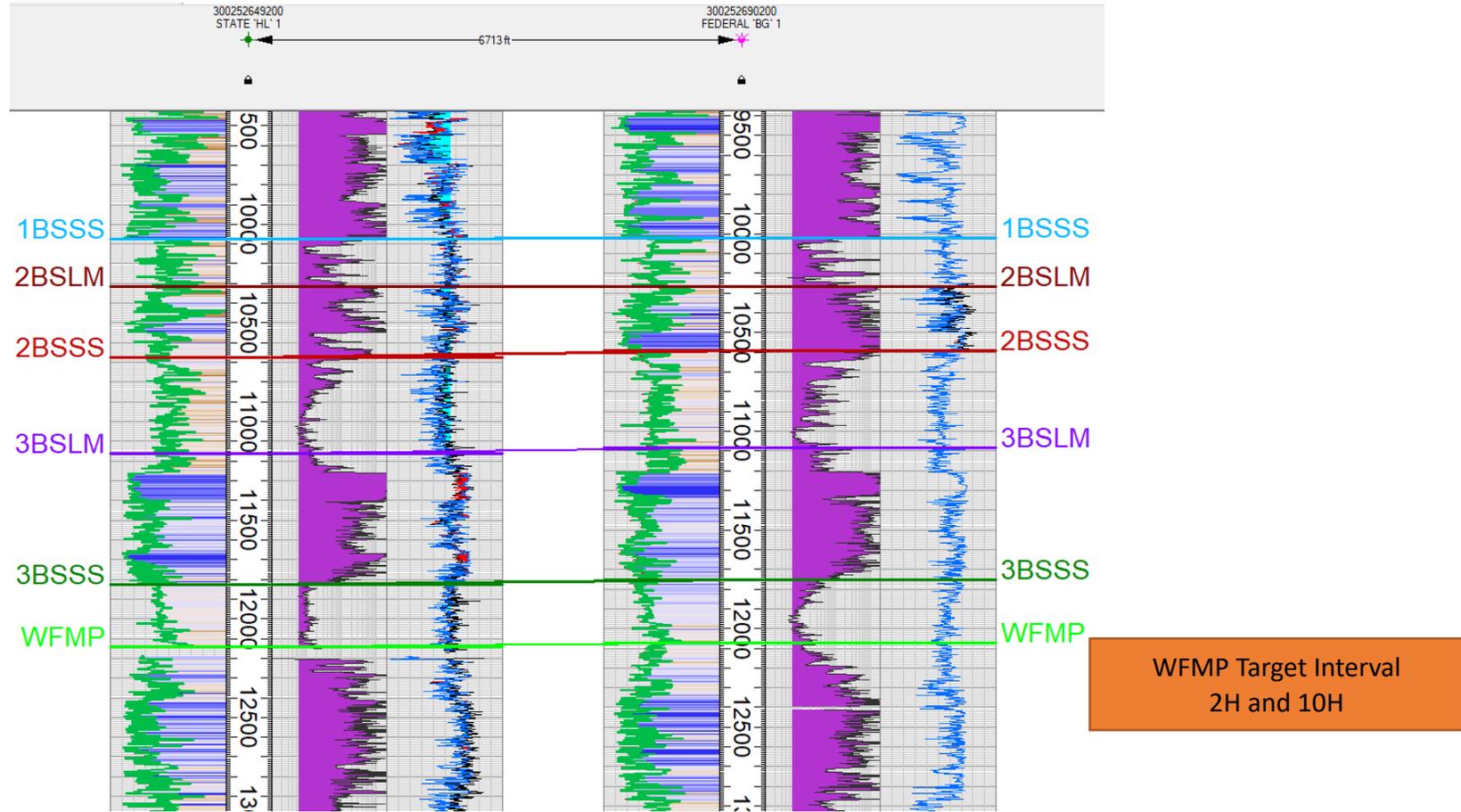


Exhibit B-3

EXHIBIT
B-3

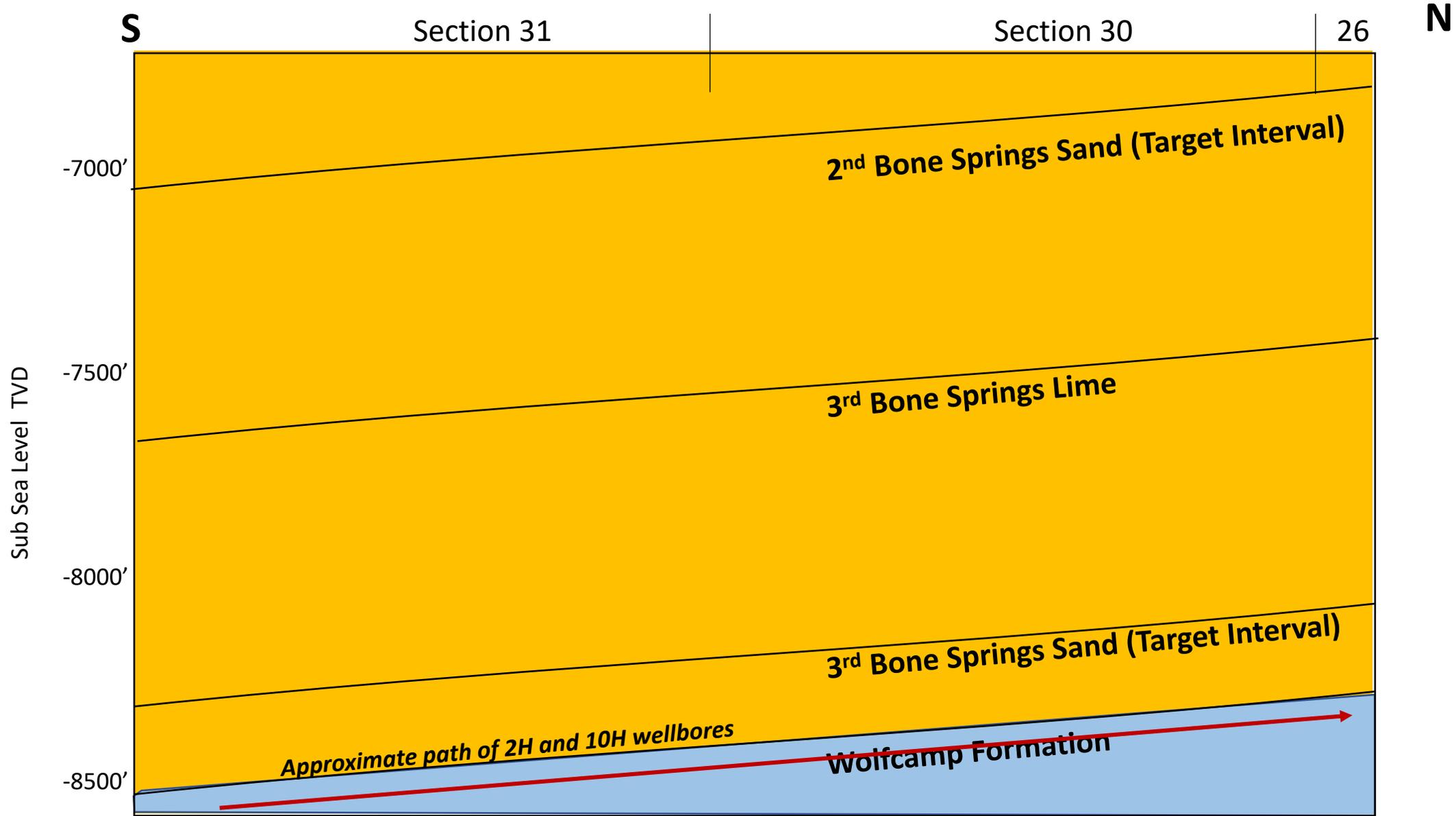


Exhibit B-4

EXHIBIT
B-4

Bone Spring Formation

W

Section 35

E

2BSLM

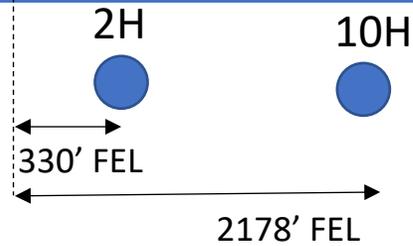
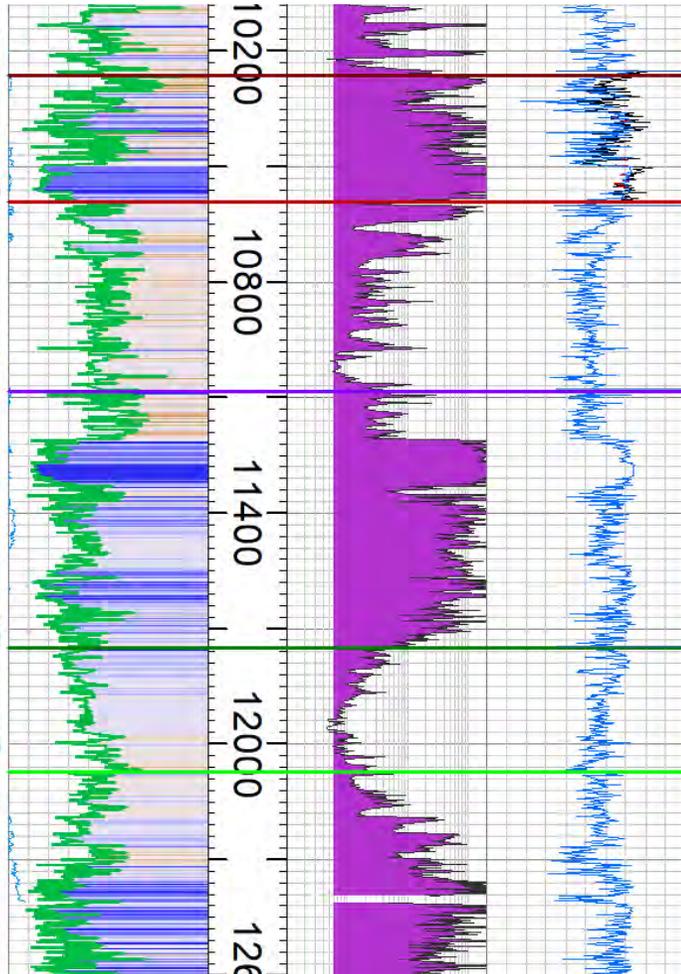
2BSSS

3BSLM

3BSSS

WFMP

Wolfcamp Formation



3rd Bone Sand Target Interval
9H

Exhibit B-5

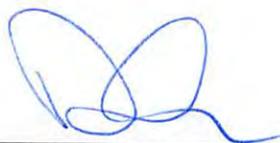
EXHIBIT
B-5

TAB 4

Exhibit C: Self-Affirmed Statement of Notice, Darin C. Savage
Exhibit C-1: Notice Letter
Exhibit C-2: Mailing List
Exhibit C-3: Affidavit of Publication

Signature page of Self-Affirmed Statement of Darin C. Savage:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23593 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



Darin Savage

6/30/2023

Date Signed



For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

June 14, 2023

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Devon Energy Production Company, L.P., for a non-standard horizontal spacing unit and compulsory pooling, Lea County, New Mexico
Serpentine 35-26 Fed Com 2H Well (Case No. 23593)
Serpentine 35-26 Fed Com 10H Well (Case No. 23593)

Case Nos. 23593:

Dear Interest Owners:

This letter is to advise you that Devon Energy Production Company, L.P. (“Devon”) has filed the enclosed application, Case No. 23593, with the New Mexico Oil Conservation Division (“Division”).

In Case No. 23593, Devon seeks to reopen Case No. 23148 and amend Order No. R-22530 to ensure that all interest owners have been pooled, including record title owners, in the Wolfcamp formation underlying the W/2 of Section 26 and the NW/4 and the N/2 SW/4 and the SE/4 SW/4 of Section 35 (also described as the W/2 of Sections 26 and 35 less the SW/4 SW/4 of Section 35), Township 22 South, Range 33 East, NMPM, Lea County, New Mexico, comprising a non-standard unit encompassing 600 acres, more or less, dedicated to the above-referenced wells.

A hearing has been requested before a Division Examiner on July 6, 2023, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division’s Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under current Division policies, the hearing will be conducted remotely online.

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

**EXHIBIT
C-1**

For information about remote access and status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

You are being notified as an interest owner (subject to title examination) and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Daniel Brunzman at (405) 228-2896 or at daniel.brunzman@dvn.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Devon Energy Production Company, L.P.

Mail Activity Report - CertifiedPro.net
Mailed from 6/12/2023 to 6/16/2023
User Name: abadieschill
Generated: 6/27/2023 5:14:59 AM

USPS Article Number	Ownership	Date Mailed	Name 1	Address 1	City	State	Zip	Mailing Status	Service Options
9314869904300108963225	RT / ORRI	6/14/2023	Fred L. Engle	610 Sandy Nook St.	Sarasota	FL	34242	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300108963218	RT	6/14/2023	Monty D. McLane	6800 County Rd. 48	Midland	TX	79707	Mailed	Return Receipt - Electronic, Certified Mail
9314869904300108963232	RT / ORRI	6/14/2023	Alan Jochimsen	6800 County Rd. 48	Midland	TX	79707	Mailed	Return Receipt - Electronic, Certified Mail

EXHIBIT
C-2



June 19, 2023

Dear Covius Document Services:

The following is in response to your request for proof of delivery on your item with the tracking number: **9314 8699 0430 0108 9632 25**.

Item Details

Status: Delivered, Left with Individual
Status Date / Time: June 17, 2023, 01:46 p.m.
Location: SARASOTA, FL 34242
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: Fred L Engle

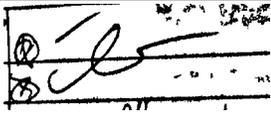
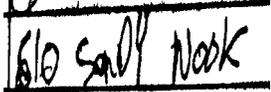
Shipment Details

Weight: 3.0oz

Destination Delivery Address

Street Address: 610 SANDY NOOK ST
City, State ZIP Code: SARASOTA, FL 34242-1541

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
 United States Postal Service®
 475 L'Enfant Plaza SW
 Washington, D.C. 20260-0004

Information in this section provided by Covius Document Services, LLC.

Reference Number: 4188.36

CASE No. 23593: Notice -- to all parties and persons having any right, title, interest or claim in this case, including owners of working interest, overriding royalty interest, and record title, among others, whether such parties or persons are listed herein or not, as well as notice to all known and unknown heirs, devisees, assigns and successors of such affected parties and persons, which based on reasonable diligence include MONTY D. MCCLANE, FRED L. ENGLE, and ALAN JOCHIMSEN -- of Devon Energy Production Company, L.P.'s application to reopen Case No. 23148 and amend Order No. R-22530, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on July 6, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441. In Case No. 23593, Devon Energy Production Company, L.P., at 333 W. Sheridan Ave, Oklahoma City, OK 73102, seeks to reopen Case No. 23148 and amend Order No. R-22530 to ensure that all interest owners have been pooled, including record title owners, in the Wolfcamp formation underlying a non-standard 600-acre, more or less, spacing and proration unit comprised of the W/2 of Section 26 and the NW/4 and the N/2 SW/4 and the SE/4 SW/4 of Section 35 (also described as the W/2 of Sections 26 and 35 less the SW/4 SW/4 of Section 35), Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is to be dedicated to the **Serpentine 35-26 Fed Com 2H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 35 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 26; and the **Serpentine 35-26 Fed Com 10H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 26. The wells are orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules. The nonstandard (NSP) unit has been administratively approved. 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 33 miles southwest of Hobbs, New Mexico, and approximately 25 miles north of the state line.

**EXHIBIT
C-3**

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

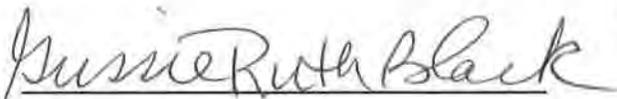
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
June 18, 2023
and ending with the issue dated
June 18, 2023.



Publisher

Sworn and subscribed to before me this
18th day of June 2023.



Business Manager

My commission expires
January 29, 2027

(Seal)

STATE OF NEW MEXICO NOTARY PUBLIC GUSSIE RUTH BLACK COMMISSION # 1087528 COMMISSION EXPIRES 01/29/2027
--

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE
June 18, 2023

CASE No. 23593: Notice – to all parties and persons having any right, title, interest or claim in this case, including owners of working interest, overriding royalty interest, and record title, among others, whether such parties or persons are listed herein or not, as well as notice to all known and unknown heirs, devisees, assigns and successors of such affected parties and persons, which based on reasonable diligence include MONTY D. MCCLANE, FRED L. ENGLE, and ALAN JOCHIMSEN -- of Devon Energy Production Company, L.P.'s application to reopen Case No. 23148 and amend Order No. R-22530, Lea County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on July 6, 2023, traditionally held at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under current Division policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441. In Case No. 23593, Devon Energy Production Company, L.P., at 333 W. Sheridan Ave, Oklahoma City, OK 73102, seeks to reopen Case No. 23148 and amend Order No. R-22530 to ensure that all interest owners have been pooled, including record title owners, in the Wolfcamp formation underlying a non-standard 600-acre, more or less, spacing and proration unit comprised of the W/2 of Section 26 and the NW/4 and the N/2 SW/4 and the SE/4 SW/4 of Section 35 (also described as the W/2 of Sections 26 and 35 less the SW/4 SW/4 of Section 35), Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is to be dedicated to the **Serpentine 35-26 Fed Com 2H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 35 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 26; and the **Serpentine 35-26 Fed Com 10H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 26. The wells are orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules. The nonstandard (NSP) unit has been administratively approved. 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 33 miles southwest of Hobbs, New Mexico, and approximately 25 miles north of the state line.
#00279703

67115820

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DAVID SESSIONS
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DURANGO, CO 81301