

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Devon Energy Production Company, L.P., (“Devon”), OGRID No. 6137, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all uncommitted mineral interests in the Purple Sage; Wolfcamp formation, designated as a gas pool, underlying a non-standard 599.2-acre, more or less, spacing and proration unit comprised of Lot 2 (NW/4 NE/4 equivalent), Lot 1 (NE/4 NE/4 equivalent), the S/2 NE/4, and the SE/4 of Section 2, Township 24 South, Range 29 East, NMPM, and the E/2 NE/4, SW/4 NE/4, and SE/4 of Section 35, Township 23 South, Range 29 East, NMPM, and, all in Eddy County, New Mexico. Section 2 is an irregular section which contains correction units.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed non-standard horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon proposes and dedicates to the HSU the **Tater Tot 2-35 Fed Com 622H Well, Tater Tot 2-35 Fed Com 624H Well, and Tater Tot 2-35 Fed Com 713H Well** as initial wells, to be drilled to a sufficient depth to test the Wolfcamp formation.

3. Devon proposes the **Tater Tot 2-35 Fed Com 622H Well**, a gas well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 35.

4. Devon proposes the **Tater Tot 2-35 Fed Com 624H Well**, a gas well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35.

5. Devon proposes the **Tater Tot 2-35 Fed Com 713H Well**, a gas well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35.

6. The proposed wells are unorthodox in their location, and the take points and completed interval do not comply with setback requirements under the Division's Special Rules for the Purple Sage Wolfcamp pool, which are set out in Order No. R-14262.

7. Devon has made applications for administrative approval of the Nonstandard Locations ("NSL") of each well, and the Division has granted approval of each NSL in Order No. NSL-8626, Order No. NSL-8627, and Order No. NSL-8630.

8. Devon has made applications for administrative approval of the Nonstandard Proration ("NSP") Unit, and the Division has granted approval of the NSP Unit in Order No. NSP-2165.

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

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

11. 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 October 5, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Recognizing the non-standard 599.2-acre, more or less, spacing and proration unit comprised of the E/2 NE/4, SW/4 NE/4, and SE/4 of Section 35, Township 23 South, Range 29 East, NMPM, and Lot 2 (NW/4 NE/4 equivalent), Lot 1 (NE/4 NE/4 equivalent), the S/2 NE/4, and the SE/4 of Section 2, Township 24 South, Range 29 East, NMPM, all in Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Purple Sage; Wolfcamp formation underlying the proposed non-standard HSU.

C. Approving the **Tater Tot 2-35 Fed Com 622H Well, Tater Tot 2-35 Fed Com 624H Well**, and **Tater Tot 2-35 Fed Com 713H Well** as the initial 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 Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all mineral interests in the Purple Sage; Wolfcamp formation, designated as a gas pool, underlying a non-standard 599.2-acre, more or less, spacing and proration unit comprised of Lot 2 (NW/4 NE/4 equivalent), Lot 1 (NE/4 NE/4 equivalent), the S/2 NE/4, and the SE/4 of Section 2, Township 24 South, Range 29 East, NMPM, and the E/2 NE/4, SW/4 NE/4, and SE/4 of Section 35, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Section 2 is an irregular section containing correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Tater Tot 2-35 Fed Com 622H Well**, a gas well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the SW/4 NE/4 (Unit G) of Section 35; the **Tater Tot 2-35 Fed Com 624H Well**, a gas well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35; and the **Tater Tot 2-35 Fed Com 713H Well**, a gas well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35. The wells are unorthodox, and their take points and completed intervals do not comply with the setback requirements under the Division's Special Rules in Order No. R-14262 for the Purple Sage Wolfcamp; however, Applicant has applied for and received administrative approval of the unorthodox locations and has applied for and received administrative approval of the non-standard spacing unit; 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 8.8 miles southeast of Loving, New Mexico.