

**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, seeking an order pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a non-standard 1440-acre, more or less, spacing and proration unit comprised of Lots 13, 14, 15, and 16 and the S/2 (aka Units I through P) of Sections 1, 2 and 3, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. Sections 1, 2, and 3 are irregular sections containing correction lots.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed horizontal spacing unit (“HSU”) and has a right to drill a well thereon.
2. Devon had perviously pooled and orders were issued for three units which together cover the same 1440-acre area as the HSU proposed herein. Those three units consist of (1) Lots 13 through 16 of Sections 1, 2 and 3, containing the Burton Flat 3-1 Fed State Com 335H Well (as established in Case No. 23914, Order No. R-22999); (2) the N/2 S/2 of Sections 1, 2 and 3, containing the Burton Flat 3-1 Fed State Com 337H Well (as established in Case No. 23913, Order

No. R-22998); and (3) the S/2 S/2 of Sections 1, 2 and 3, containing the Burton Flat 3-1 Fed State Com 339H Well (as established in Case No. 23912, Order No. R-22996). In this Application, the non-standard HSU is proposed as part of a process to reconfigure the three existing units into the larger non-standard unit, a process which will also involve Devon seeking approval of the non-standard HSU by administrative application.

3. Devon proposes and dedicates to the HSU the **Burton Flat 3-1 Fed State Com 335H Well**, the **Burton Flat 3-1 Fed State Com 337H Well**, and the **Burton Flat 3-1 Fed State Com 339H Well**, as the initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

4. Devon proposes the **Burton Flat 3-1 Fed State Com 335H Well**, an oil well, to be horizontally drilled from a surface location in Lot 13 of Section 3 to a bottom hole location in Lot 16 of Section 1.

5. Devon proposes the **Burton Flat 3-1 Fed State Com 337H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 3 to a bottom hole location in NE/4 SE/4 (Unit I) of Section 1.

6. Devon proposes the **Burton Flat 3-1 Fed State Com 339H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1.

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

8. Devon will seek administrative approval of the proposed non-standard (NSP) unit.

9. Devon has noted existing units that overlap the proposed HSU, identified as follows: the Burton Flat Deep Unit 56H (API. No. 30-015-40683), covering Lots 13-16 of Section

3; the Burton Flat Deep Unit 52H (API No. 30-015-40693), covering Lots 13-16 of Section 2; the Burton Flat Deep 61H Well (API No. 30-015-43136) and the Burton Flat Deep 57H Well (API No. 30-015-40829), covering the N/2 S/2 of Section 3; the Burton Flat Deep 62H Well (API No. 30-015-42629) and the Burton Flat Deep 53H Well (API No. 30-015-40502), covering the N/2 S/2 of Section 2; the Government D #5 Well (API No. 30-015-25302), covering NW/4 SE/4 of Section 1; the Burton Flat E Federal #1 Well (API No. 30-015-25064), covering the NW/4 SW/4 of Section 1; the Burton Flat Deep 58H Well (API No. 30-015-41057), covering the S/2 S/2 of Section 3; and the Burton Flat Deep 54H Well (API No. 30-015-40503), covering the S/2 S/2 of Section 2. Accordingly, Devon seeks approval for these overlapping units pursuant to NMAC 19.15.16.15(B)(9)(b).

10. 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.

11. The pooling of all interests in the Bone Spring formation within the proposed HSU, and the establishment of the non-standard spacing unit, will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

12. 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 March 7, 2024, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a non-standard 1440-acre, more or less, spacing and proration unit comprised of Lots 13, 14, 15, and 16 and the S/2 (aka Units I through P) of Sections 1, 2 and 3, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico.

B. Approving the **Burton Flat 3-1 Fed State Com 335H Well**, the **Burton Flat 3-1 Fed State Com 337H Well**, and the **Burton Flat 3-1 Fed State Com 339H Well**, as the wells for the HSU.

C. Approving overlapping units listed above in Paragraph 7;

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 uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a non-standard 1440-acre, more or less, spacing and proration unit comprised of Lots 13, 14, 15, and 16 and the S/2 (aka Units I through P) of Sections 1, 2 and 3, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. Sections 1, 2, and 3 are irregular sections containing correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Burton Flat 3-1 Fed State Com 335H Well**, an oil well, to be horizontally drilled from a surface location in Lot 13 of Section 3 to a bottom hole location in Lot 16 of Section 1; the **Burton Flat 3-1 Fed State Com 337H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 3 to a bottom hole location in NE/4 SE/4 (Unit I) of Section 1; and the **Burton Flat 3-1 Fed State Com 339H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 3 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 1. The wells will be orthodox in location, and the take points and completed interval will comply with the setback requirements under the statewide Rules. Applicant seeks approval of existing overlapping units identified as: the Burton Flat Deep Unit 56H (API No. 30-015-40683) covering Lots 13-16 of Section 3; the Burton Flat Deep Unit 52H (API No. 30-015-40693) covering Lots 13-16 of Section 2; the Burton Flat Deep 61H Well (API No. 30-015-43136) and the Burton Flat Deep 57H Well (API No. 30-015-40829) covering the N/2 S/2 of Section 3; the Burton Flat Deep 62H Well (API No. 30-015-42629) and the Burton Flat Deep 53H Well (API No. 30-015-40502) covering the N/2 S/2 of Section 2; the Government D #5 Well (API No. 30-015-25302) covering NW/4 SE/4 of Section 1; Burton Flat E Federal #1 Well (API No. 30-015-25064) covering the NW/4 SW/4 of Section 1; the Burton Flat Deep 58H Well (API No. 30-015-41057) covering the S/2 S/2 of Section 3; and Burton Flat Deep 54H Well (API No. 30-015-40503) covering the S/2 S/2 of Section 2. Also to be considered will be approval for 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 7 miles northeast of Carlsbad, New Mexico.