

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

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P.
FOR APPROVAL OF AN OVERLAPPING
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Devon Energy Production Company, L.P. (“Devon” or “Applicant”) (OGRID No. 6137), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a standard 800-acre, more or less, overlapping horizontal well spacing unit in an interval of the Bone Spring formation underlying the S2 of Section 9, the S2 of Section 10, and the SW4 of Section 11, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, and (b) pooling the uncommitted owners in the proposed spacing unit. In support of this application, Devon states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to pool all uncommitted mineral interests from the correlative stratigraphic equivalent of 8218 feet measured depth as shown in the dual laterolog of the Yates State 2 (API # 30-015-32801) to the base of the Bone Spring formation.
3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:
 - **Bent Tree 9-11 State Com 337H**, to be horizontally drilled from a surface location in the SW4 of Section 9, with a first take point in the NW4SW4 (Unit L) of Section 9 and a last take point in NE4SW4 (Unit K) of Section 11; and

- **Bent Tree 9-11 State Com 338H**, to be horizontally drilled from a surface location in the SW4 of Section 9, with a first take point in the SW4SW4 (Unit M) of Section 9 and a last take point in SE4SW4 (Unit N) of Section 11.

4. The completed interval of the Bent Tree 9-11 State Com 338H well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in the proposed spacing unit.

5. This proposed spacing unit will overlap the following existing and proposed spacing units in the Bone Spring formation:

- A 400-acre spacing unit comprised of the S2S2 of Section 9, S2S2 of Section 10, and the S2SW/4 of Section 11 that Devon has proposed for the Bent Tree 9-11 State 224H well to be drilled in a shallower interval of the Bone Spring formation;
- A 160-acre spacing unit comprised of the N2S2 of Section 10 dedicated to the Cerf 10 State 7H (30-015-42709) and Cerf 10 State 9H (30-015-42710) wells operated by Devon that are producing from shallower intervals of the Bone Spring formation and placed in the Avalon; Bone Spring, East Pool (3713); and
- A 160-acre spacing unit comprised of the N2S2 of Section 11 dedicated to the Cedar 11 State 1H (30-015-42734) and Cerf 11 State 2H (30-015-42737) wells operated by Devon that are producing from shallower intervals of the Bone Spring formation and placed in the Avalon; Bone Spring, East Pool (3713).

6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

7. Approval of the overlapping spacing unit and the pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 2, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Approving the initial wells in the horizontal well spacing unit;
- C. Designating Applicant as the operator of the horizontal spacing unit and the wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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**ATTORNEYS FOR DEVON ENERGY PRODUCTION
COMPANY, L.P.**

CASE _____: **Application of Devon Energy Production Company, L.P. for Approval of an Overlapping Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling 800-acre, more or less, spacing unit in an interval of the Bone Spring formation underlying the S2 of Section 9, the S2 of Section 10, and the SW4 of Section 11, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. Applicant seeks to pool all uncommitted mineral interests from the correlative stratigraphic equivalent of 8218 feet measured depth as shown in the dual laterolog of the Yates State 2 (API # 30-015-32801) to the base of the Bone Spring formation. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- **Bent Tree 9-11 State Com 337H**, to be horizontally drilled from a surface location in the SW4 of Section 9, with a first take point in the NW4SW4 (Unit L) of Section 9 and a last take point in NE4SW4 (Unit K) of Section 11; and
- **Bent Tree 9-11 State Com 338H**, to be horizontally drilled from a surface location in the SW4 of Section 9, with a first take point in the SW4SW4 (Unit M) of Section 9 and a last take point in SE4SW4 (Unit N) of Section 11.

The completed interval of the Bent Tree 9-11 State Com 338H well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in the proposed spacing unit. This proposed spacing unit will overlap the following existing and proposed spacing units in the Bone Spring formation:

- A 400-acre spacing unit comprised of the S2S2 of Section 9, S2S2 of Section 10, and the S2SW/4 of Section 11 that Devon has proposed for the Bent Tree 9-11 State 224H well to be drilled in a shallower interval of the Bone Spring formation;
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- A 160-acre spacing unit comprised of the N2S2 of Section 11 dedicated to the Cedar 11 State 1H (30-015-42734) and Cerf 11 State 2H (30-015-42737) wells operated by Devon that are producing from shallower intervals of the Bone Spring formation and placed in the Avalon; Bone Spring, East Pool (3713).

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, designation of Applicant as operator of the wells, and a 200% charge for risk involved in drilling the wells. Said area is located approximately 5 miles northeast of Carlsbad, New Mexico.