

**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 NON-STANDARD
SPACING UNIT AND COMPULSORY POOLING,
LEA 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 (a) approving a 1,920-acre, more or less, overlapping non-standard horizontal well spacing unit in the Bone Spring formation underlying all of Sections 17, 20, and 29, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted interest owners in this acreage. 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. Devon is proposing a Joint Operating Agreement covering the subject area and seeks approval of this non-standard horizontal well spacing unit to match corresponding Communitization Agreements for the federal and state leases within the subject area.
3. Due to the nature and configuration of the federal leases in the subject area, the Bureau of Land Management (“BLM”) will not approve the commingling of production at central facilities if the subject area is developed using standard horizontal well spacing units. *See, e.g.*, 43 CFR 3173.14 (addressing authorized commingling). However, if the proposed non-standard spacing unit is approved by the Division, then Devon understands that BLM will issue a corresponding

Communitization Agreement for the federal leases within the subject area to allow commingling and the corresponding reduction of the necessary surface facilities.

4. Devon seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit. To allow the proposed wells to be dedicated to respective federal and state Communitization Agreements, Devon requires approval of a corresponding non-standard horizontal well spacing unit in the Bone Spring formation.

5. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- **Sherman 29-17 Fed Com 111H, Sherman 29-17 Fed Com 112H, Sherman 29-17 Fed Com 231H, Sherman 29-17 Fed Com 301H, and Sherman 29-17 Fed Com 511H**, all to be horizontally drilled from surface hole locations in the SW/4 SW/4 (Unit M) of Section 29 and to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 17;
- **Sherman 29-17 Fed Com 113H, Sherman 29-17 Fed Com 232H, Sherman 29-17 Fed Com 302H, and Sherman 29-17 Fed Com 512H**, all to be horizontally drilled from surface hole locations in the SE/4 SW/4 (Unit N) of Section 29 and to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 17;
- **Sherman 29-17 Fed Com 114H, Sherman 29-17 Fed Com 233H, and Sherman 29-17 Fed Com 513H**, all to be horizontally drilled from surface hole locations in the SW/4 SE/4 (Unit O) of Section 29 and to bottom hole locations in the NW/4 NE/4 (Unit B) of Section 17; and
- **Sherman 29-17 Fed Com 234H and Sherman 29-17 Fed Com 514H**, both to be horizontally drilled from surface hole locations in the SE/4 SE/4 (Unit P) of Section 29 and to bottom hole locations in the NE/4 NE/4 (Unit A) of Section 17.

6. This proposed horizontal spacing unit will overlap a 160-acre spacing unit in the Bone Spring Formation comprised of the N2NW4 of Section 17 and the N2NE4 of Section 18 dedicated to the Green Frog Café Federal 1H (30-025-40828) currently operated by Marathon Oil Permian LLC.

7. 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.

8. Approval of this overlapping non-standard spacing unit and the pooling of interests therein will allow Devon to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands, reduce surface disturbance, lower operating costs, avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 7, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed overlapping non-standard 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 Non-Standard Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a 1,920-acre, more or less, overlapping non-standard horizontal well spacing unit in the Bone Spring formation underlying all of Sections 17, 20, and 29, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted interest owners in this acreage. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- **Sherman 29-17 Fed Com 111H, Sherman 29-17 Fed Com 112H, Sherman 29-17 Fed Com 231H, Sherman 29-17 Fed Com 301H, and Sherman 29-17 Fed Com 511H**, all to be horizontally drilled from surface hole locations in the SW/4 SW/4 (Unit M) of Section 29 and to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 17;
- **Sherman 29-17 Fed Com 113H, Sherman 29-17 Fed Com 232H, Sherman 29-17 Fed Com 302H, and Sherman 29-17 Fed Com 512H**, all to be horizontally drilled from surface hole locations in the SE/4 SW/4 (Unit N) of Section 29 and to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 17;
- **Sherman 29-17 Fed Com 114H, Sherman 29-17 Fed Com 233H, and Sherman 29-17 Fed Com 513H**, all to be horizontally drilled from surface hole locations in the SW/4 SE/4 (Unit O) of Section 29 and to bottom hole locations in the NW/4 NE/4 (Unit B) of Section 17; and
- **Sherman 29-17 Fed Com 234H and Sherman 29-17 Fed Com 514H**, both to be horizontally drilled from surface hole locations in the SE/4 SE/4 (Unit P) of Section 29 and to bottom hole locations in the NE/4 NE/4 (Unit A) of Section 17.

This proposed horizontal spacing unit will overlap a 160-acre spacing unit in the Bone Spring Formation comprised of the N2NW4 of Section 17 and the N2NE4 of Section 18 dedicated to the Green Frog Café Federal 1H (30-025-40828) currently operated by Marathon Oil Permian LLC. 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 32 miles northeast of Carlsbad, New Mexico.