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

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



**CASE NO. 16346** 

### SUPPLEMENTAL AFFIDAVIT OF NOTICE

COUNTY OF SANTA FE	)	SS
STATE OF NEW MEXICO	)	

Candace Callahan, being duly sworn upon her oath, deposes and states:

- 1. I am over the age of 18 and have personal knowledge of the matters stated herein.
- 2. I am an attorney for Devon Energy Production Company, L.P.
- 3. Applicant has conducted in good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
- 4. Notice of the application was provided to additional interest owners, at their correct addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.
- 5. For those interest owners who Applicant was unable to locate, notice was provided by publication, as reflected an Affidavit of Publication attached hereto as Exhibit B.
- 6. Applicant has complied with the notice provisions of Form C-108 and Division Rules NMAC 19.15.4.9 and 19.15.4.12.C.

Candace Callahan

SUBSCRIBED AND SWORN TO before me this 21 day of September, 2018 by

Candace Callahan.

My Commission Expires:

Motary Public

Official Seal
LORETTA A. BISCHOFF
Notary Public
State of New Mexico
My Comm. Expires

### BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW

500 DON GASPAR AVENUE SANTA FE, NEW MEXICO87505-2626 TELEPHONE (505) 983-8545 FACSIMILE (505) 983-8547 www.bwenergylaw.com CASPER

CHEYENNE

DENVER

SALT LAKE CITY

SANTA FE

CANDACE CALLAHAN

DIRECT: (505) 983-8764

E-MAIL: CCALLAHAN@BWENERGYLAW.COM

September 5, 2018

EXHIBIT

A

### VIA CERTIFIED MAIL-RETURN RECEIPT

To: Pooled Parties (Exhibit "A")

Re: New Mexico Oil Conservation Division Application for

Compulsory Pooling, Case No. 16346 Spud Muffin 31-30 Fed Com 331H Well

#### Dear Ladies and Gentlemen:

This letter is to advise you that Devon Energy Production Company, L.P. has filed the enclosed application for compulsory pooling of all uncommitted mineral interests with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on September 20, 2018. The hearing will be held in the Oil Conservation Division's Santa Fe Offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an interest owner in the well unit you may be affected by this application, and you may appear and present testimony. Failure to appear at that time and become a part of record will preclude you from challenging the matter at a later date.

A party appearing in a Division case is required by Division Rule 19.15.4.13:B to file a Pre-Hearing Statement four business days in advance of a scheduled hearing. This statement must be filed with the Division's Santa Fe office at the above address and should include: the names of the party and its attorney; 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 need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned and to the persons listed on Exhibit A.

If you have any questions about this matter, please contact Joe Hammond at (405) 552-8102 or Joe.Hammond@dvn.com.

Very truly yours,

Candace Callahan Attorney for Devon Energy Production Company, L.P.

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

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

CASE NO. 16346

#### APPLICATION

Devon Energy Production Company, L.P. ("Devon"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. §70-2-17, for an order pooling all uncommitted mineral interests in the Bone Spring formation underlying Lots 1 – 4 of Section 30 and Lots 1 – 4 of Section 31 (W/2W/2 of Sections 30 and 31), Township 23 South, Range 29 East, Eddy County, New Mexico. In support of its application, Devon states:

- 1. Devon (OGRID 6137) is a working interest owner in the subject acreage and has the right to drill thereon.
- 2. Devon proposes to dedicate the above-referenced 312.39 acre spacing and proration unit as the standard horizontal spacing and proration unit for the Spud Muffin 31-30 Fed Com 331H well to be horizontally drilled in the Cedar Canyon; Bone Spring (Pool Code 11520) from a surface location 270' FSL and 1275' FWL of Section 31 to a bottom hole location of 230' FNL and 990' FWL of Section 30.
- 3. This well will be pad-drilled sequentially and batch completed with other wells to be drilled within Sections 30 and 31 in the Bone Spring and Wolfcamp formations which are the subject of separate applications filed by Devon and currently pending before the Division.

- 4. The completed interval for this well will be orthodox.
- 5. Devon has sought and has been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
- 6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 7. As the proposed well will be simultaneously drilled and batch completed with other wells Devon has proposed to be drilled within Sections 30 and 31, Devon requests an extension of the 120-day time period to drill and complete the well provided by the standard pooling order.
- 8. In order to permit Devon to obtain it's just and fair share of the oil and gas underlying the subject lands, all mineral interests in this standard horizontal spacing and proration unit should be pooled and Devon Energy Production Company, L.P. should be designated the operator of this proposed horizontal well and spacing unit.
  - 9. Notice of this application is being given in accordance with Division rules.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 9, 2018, 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 underlying the standard horizontal spacing and proration unit comprised of the Lots 1 4 of Section 30 and Lots 1 4 of Section 31 (W/2W/2 of Sections 30 and 31), Township 23 South, Range 29 East, Eddy County, New Mexico;
- B. Dedicating the Spud Muffin 31-30 Fed Com 331H well to the standard horizontal spacing and proration unit for the Bone Spring formation comprised of the Lots 1-4

of Section 30 and Lots 1 – 4 of Section 31 (W/2W/2 of Sections 30 and 31), Township 23 South, Range 29 East, Eddy County, New Mexico,

- C. Providing an extension of the 120-day requirement to drill and complete the well;
- Designating Devon Energy Production Company, L.P. operator of this standard D. horizontal spacing and proration unit and the horizontal well to be drilled thereon;
- E. Authorizing Devon to recover its costs of drilling, equipping and completing the well;
- F. 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
- G. Imposing a 200% penalty for the risk assumed by Devon in drilling and completing the initial well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

Candace Callahan 500 Don Gaspar Avenue

Santa Fe, New Mexico 87505

(505) 983-8545 or (505) 983-8765 (direct)

(800) 886-6566 (fax)

ccallahan@bwenergylaw.com

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

#### Exhibit A

Lerwick I Ltd. 56 Stamford St. Apt 212 Asheville, NC 28803

Michael A. Kulenguski 279 Jones Mtn Rd. Madison, Virginia 22727

RKC, Inc. 7500 E. Arapahoe Dr. Centennial, CO 80112-6116

Benco Energy, Inc. P.O. Box 29 Fort Worth, TX 76101

Leslie R. Honeyman Trust Lanell Joy Honeyman, Trustee 406 Skywood Circle Midland, TX 79705

Kaiser-Francis Oil Company P.O. Box 21468 Tulsa, OK 74121-1468

AWM Management Trust Annie W. Marion, Trustee 801 Cherry St. Fort Worth, TX 76102

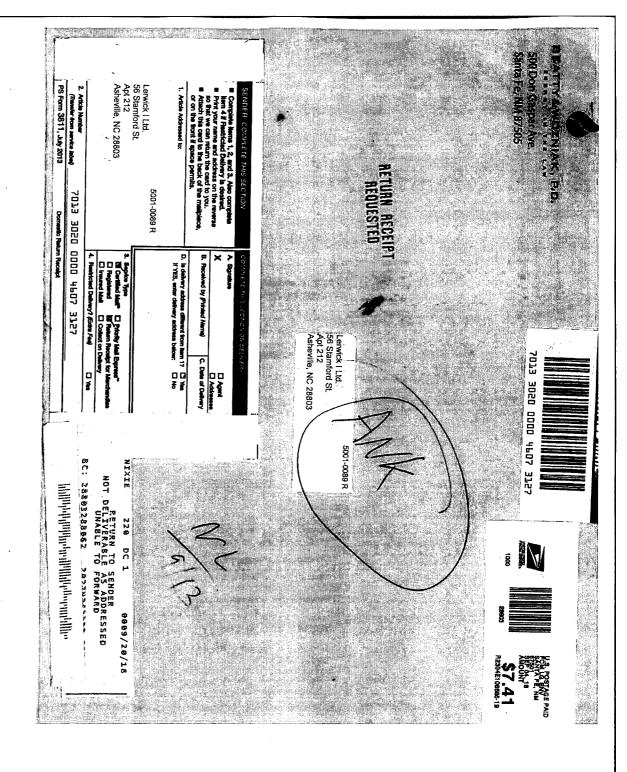
John S. Tittl 7304 Valencia Grove Ct. Fort Worth, TX 76132

Roden Participants, Ltd. 2603 Augusta Drive Suite 430 Houston, TX 77057 Roden Exploration Company 2603 Augusta Drive Suite 430 Houston, TX 77057

Roden Associates, Ltd. 2603 Augusta Drive Suite 430 Houston, TX 77057

Mid Continent Energy, Inc. 4127 Gulf of Mexico Drive Longboat Key, FL 34428





#### COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. ☐ Addressee Print your name and address on the reverse Date of Delivery so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. D. Is delivery address different from item 1? If YES, enter delivery address below: 1. Article Addressed to: 5001-0089 R Michael A. Kulenguski 279 Jones Mtn Rd. 3. Service Type Madison, Virginia 22727 ☐ Priority Mail Express™ Certified Mail Return Receipt for Merchandise □ Registered ☐ Insured Mail ☐ Collect on Delivery 4. Restricted Delivery? (Extra Fee) ☐ Yes 2. Article Number 7013 3020 0000 4607 3134 (Transfér from service label) **Domestic Return Receipt** PS Form 3811, July 2013

U.S. Postal Service IM CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) Ħ For delivery information visit our website MADISON, VA 22727 4607 WATED! Postage \$ \$0.00 Certified Fee <del>40.00</del> 0000 Return Receipt Fee (Endorsement Required) \$0.00 \$0.00 Restricted Delivery Fee \$1.2 Total Postage & Fees | \$ \$7.41 5001-0089 R Sent To Michael A. Kulenguski m or PO Bc 279 Jones Mtn Rd. City, Stat Madison, Virginia 22727 ctions PS Form

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50 RKC, Inc. 7500 E. Arapahoe Dr.	01-0089 R		
Centennial, CO 80112-6116		3. Seprice Type  Certified Mail  Registered Insured Mail  Collect on D	sipt for Merchandise
		4. Restricted Delivery? (Extra Fee)	☐ Yes
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PS Form 3811, July 2013	Domestic Ret	urn Receipt	7



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·	5001-0089 R		
Benco Energy, Inc. P.O. Box 29 Fort Worth, TX 76101		3. Sprvice Type  12 Certified Mail*  12 Registered  13 Return Receipt Collect on D	eipt for Merchandise
		4. Restricted Delivery? (Extra Fee)	☐ Yes
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1. Article Addressed to:  5001-0089 R Leslie R. Honeyman Trust Lanell Joy Honeyman, Trustee 406 Skywood Circle	3. Service Type  ☑ Certified Mail* ☐ Pflority Mail Express™	
Midland, TX 79705	☐ Registered ☐ Return Receipt for Merchandise ☐ insured Mail ☐ Collect on Delivery  4. Restricted Delivery? (Extra Fee) ☐ Yes	
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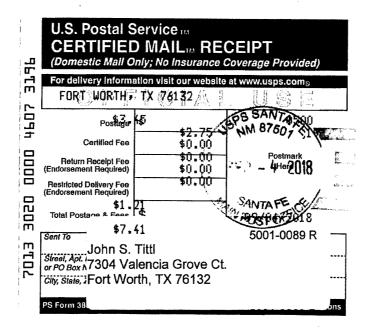
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5001-0089 R	
Kaiser-Francis Oil Company P.O. Box 21468	
Tulsa, OK 74121-1468	3. Sérvice Type  10 Certified Mail  □ Registered □ Insured Mail  □ Collect on Delivery
	4. Restricted Delivery? (Extra Fee)
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PS Form 3811, July 2013 Domestic Retu	ırn Receipt



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AWM Management Trust Annie W. Marion, Trustee	5001-0089 R		
801 Cherry St. Fort Worth, TX 76102		3. Service Type  Certified Mail Priority Mail Expre	r Merchandise
		4. Restricted Delivery? (Extra Fee)	☐ Yes
Article Number     (Transfer from service label)	2023 302	0 0000 4607 3189	
PS Form 3811, July 2013	Domestic Ret	urn Receipt	



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Roden Participants, Ltd.			
2603 Augusta Drive Suite 430			
Houston, TX 77057	** 	3. Service Type  □ Certified Mail □ Registered □ Insured Mail □ Collect on De	pt for Merchandise
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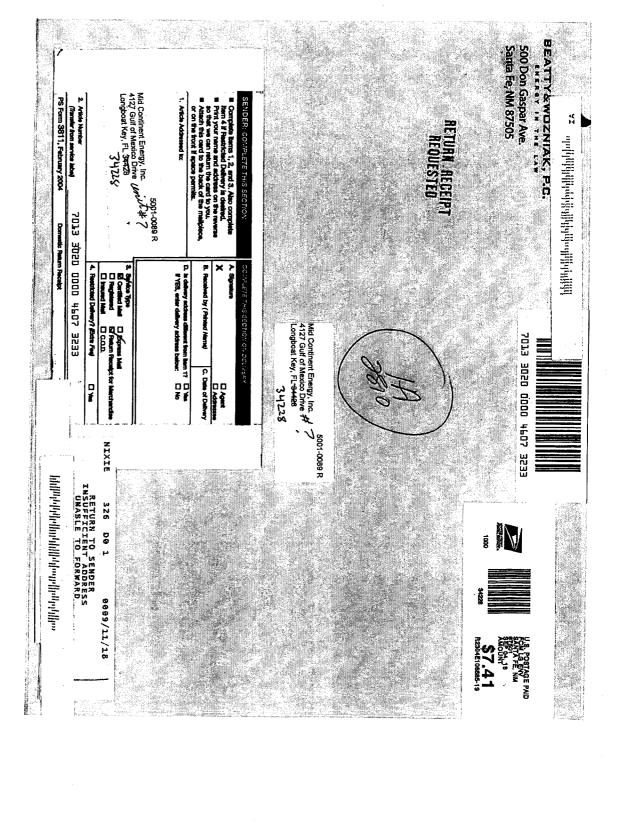
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5001-0089 R Roden Exploration Company 2603 Augusta Drive Suite 430	
Houston, TX 77057	3. Service Type  Certified Mail  Registered  Return Receipt for Merchandise  C.O.D.
	4. Restricted Delivery? (Extra Fee)
2. Article Number (Transfer from service label) 7013 307	20 0000 4607 3219
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Roden Associates, Ltd. 2603 Augusta Drive Suite 430	5001-0089 R	
Houston, TX 77057		3. Service Type  Greatified Mail  Registered Insured Mail  C.O.D.
		4. Restricted Delivery? (Extra Fee) ☐ Yes
Article Number     (Transfer from service label)	7013	3020 0000 4607 3226
PS Form 3811, February 2004	Domestic Re	turn Receipt 102595-02-M-1540







# CURRENT-ARGUS

#### **AFFIDAVIT OF PUBLICATION**

Ad No. 0001261023

BEATTY & WOZNIAK, P.C. 216 SIXTEENTH STREET, SUITE 1100

DENVER CO 80202

I, a legal clerk of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

09/09/18

Legal Clerk

Subscribed and sworn before me this 10th of September 2018.

State of WI, County of Brown

My Commission Expires

Ad#:0001261023 P O : 16346 # of Affidavits :0.00 STATE OF NEW
MEXICO
ENERGY MINERALS
AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION

DIVISION SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 a.m. on October 4, 2018, in the Oil Conservation Division's Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner, duly appointed for the hearing. OCD Rule Subsection B of 19.15.4.13 NMAC requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing and serve a copy on opposing counsel of record. If the OCD does not receive a prehearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title interest or claim in the following cases and notice to the public (NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated)
TO: Lerwick I Ltd, Michael A. Kulenguski, RKC, Inc., Benco Ener-





gy, Inc., Leslie R.
Honeyman Trust,
Lanell Joy Honeyman,
Trustee of the Leslie
R. Honeyman Trust,
Kaiser-Francis Oil
Company, AWM Management Trust, John
S. Tittl, Roden Participants, Ltd., Roden Exploration Company,
Roden Associates,
Ltd., Mid Continent
Energy, Inc.,

Energy, Inc., Case No. 16346: Application of Devon Energy Production Company, L.P. for a nonstandard spacing and proration unit, and compulsory pooling, **Eddy County, New** Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying Lots 1 - 4 of Section 30 and Lots 1 - 4 of Section 31 (W/2W/2 of Sections 30 and 31), Township 23 South, Range 29 East, Eddy County, New Mexico. Said standard 312.39 acre horizontal spacing and proration unit is to be dedicated to the applicant's Spud Muffin 31-30 Fed Com 331H wellto be horizontally drilled in the Cedar Canyon; Bone Spring (Pool Code 11520) from a surface location 270' FSL and 1275' FWL of Section 31 to a bottom hole location of 230' FNL and 990' FWL of Section 30. The completed interval this well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, L.P. as operator of the well and a 200% charge for risk involved in drilling the well. Said

area is located approximately 16 miles Southeast of Carlsbad, New Mexico. September 9, 2018