

**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. _____

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 N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in Bone Spring formation underlying a 320-acre standard horizontal spacing unit comprised of the W/2 W/2 of Sections 22 and 27, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. 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 dedicate the above-referenced horizontal spacing unit to the proposed **Papas Fritas 27-22 Fed Com 331H well** to be horizontally drilled from a surface hole location in the NW/4 NW/4 (Unit D) of Section 34 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 22.
3. The completed interval for the **Papas Fritas 27-22 Fed Com 331H well** will remain within the standard setback as required by the statewide rules for horizontal oil wells.

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

5. The pooling of interests in the proposed horizontal well spacing unit will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 5, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying the proposed horizontal spacing unit;
- B. Approving the initial well in the horizontal well spacing unit;
- C. Designating Applicant as the operator of the horizontal spacing unit and the well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the well;
- 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

- G. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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

CASE _____: **Application of Devon Energy Production Company, L.P. for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a 320-acre standard horizontal spacing unit comprised of the W/2 W/2 of Sections 22 and 27, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed **Papas Fritas 27-22 Fed Com 331H well** to be horizontally drilled from a surface hole location in the NW/4 NW/4 (Unit D) of Section 34 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 22. The completed interval for well will remain within the standard setbacks as required by the statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the Applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 7 miles east of Loving, New Mexico.