

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, LEA 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 pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 of Section 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation (DIAMONDTAIL; BONE SPRING [17644]) underlying said unit.

In support of its Application, Devon states the following:

1. Devon is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Devon proposes to dedicate the HSU to its **Sneaky Snake 24 Fed Com 11H Well**, proposed to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 24 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. The **Sneaky Snake 24 Fed Com 11H Well** is the Defining Well for the HSU.

3. Devon also proposes the following infill wells to be drilled in the HSU: the **Sneaky Snake 24 Fed Com 12H Well**; the **Sneaky Snake 24 Fed Com 13H Well**; and the **Sneaky Snake 24 Fed Com 14H Well**.

4. The **Sneaky Snake 24 Fed Com 12H Well** is proposed to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 24 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24.

5. The **Sneaky Snake 24 Fed Com 13H Well** is proposed to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 24 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 24.

6. The **Sneaky Snake 24 Fed Com 14H Well** is proposed to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 24 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24.

7. The completed intervals and first and last take points for all wells proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells. Pursuant to 19.15.16.15(B)(1)(b) NMAC, Devon will incorporate proximity tracts into its HSU, to the extent necessary, such that the completed interval for the wells will remain within the offset requirements of the Division's statewide rules.

8. 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.

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

10. 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.

11. Because the proposed wells will be drilled and completed with other proposed wells, as part of a simultaneous drilling and completion project, Devon requests an extension of the normal 120-day period to drill and complete the initial well.

WHEREFORE, Devon requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on October 3, 2019, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 320-acre, more or less, spacing and proration unit comprising the W/2 of Section 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation (DIAMONDTAIL; BONE SPRING [17644]) underlying the proposed HSU.

C. Designating the Sneaky Snake 24 Fed Com 11H Well as the defining well for the HSU.

D. Allowing the drilling of the Sneaky Snake 24 Fed Com 12H Well; the Sneaky Snake 24 Fed Com 13H Well; and the Sneaky Snake 24 Fed Com 14H Well as infill wells.

E. Designating Devon as operator of this HSU and the horizontal wells to be drilled thereon;

F. Authorizing Devon to recover its costs of drilling, equipping and completing these wells;

G. Approving 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

H. 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.

I. Authorizing an extension of the normal 120-day period to drill and complete the initial well.

Respectfully submitted,

ABADIE & SCHILL, PC

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Case No. _____ : Application of Devon Energy Production Company L.P. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.

Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Section 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (DIAMONDTAIL; BONE SPRING [17644]) underlying the unit. Said horizontal spacing unit is to be dedicated to the proposed Sneaky Snake 24 Fed Com 11H Well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 24 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. This Well defines the HSU. Also proposed to be drilled are: (1) the Sneaky Snake 24 Fed Com 12H Well to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 24 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24; (2) the Sneaky Snake 24 Fed Com 13H Well to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 24 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 24; and (3) the Sneaky Snake 24 Fed Com 14H Well to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 24 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. The completed intervals and first take and last take points for all wells proposed in the unit meet the Division's statewide setback requirements for horizontal oil wells; Devon will utilize proximity tracts. 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; the designation of the Applicant as Operator of the wells; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 5 miles southwest of Eunice, New Mexico.

Case No. _____ : Application of Devon Energy Production Company L.P. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.

Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Section 24, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation (DIAMONDTAIL; WOLFCAMP [17645]) underlying the unit. Said horizontal spacing unit is to be dedicated to the proposed Sneaky Snake 24 Fed Com 3H Well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 24 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. This Well defines the HSU. Also proposed to be drilled are: (1) the Sneaky Snake 24 Fed Com 1H Well to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 24, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 24; (2) the Sneaky Snake 24 Fed Com 2H Well to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 24, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 24; and (3) the Sneaky Snake 24 Fed Com 4H Well to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 24, to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. The completed intervals and first take and last take points for all wells proposed in the unit meet the Division's statewide setback requirements for horizontal oil wells; Devon will utilize proximity tracts to the extent necessary. 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; the designation of the Applicant as Operator of the wells; and a 200% charge for

the risk involved in drilling and completing the wells. The wells and lands are located approximately 5 miles southwest of Eunice, New Mexico.