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November 3, 2015

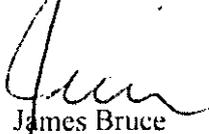
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 15412*

Dear Florene:

Enclosed for filing, on behalf of Devon Energy Production Company, L.P., is an application for pool contraction, pool creation, and special pool rules, together with a proposed advertisement. Please set this matter for the December 3, 2015 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Devon Energy Production Company, L.P.

PERSONS BEING NOTIFIED

Ryan Perdue  
850 Amorosa Place  
Venice, CA 90291

Travis Nida  
1919 Limbeck Lane  
Midlothian, VA 23112

Kathryn Oliviero  
302 Lamp Post Lane  
Camp Hill, PA 17011

Whitney Van Der Hyde  
3213 Queens Grant Drive  
Midlothian, VA 23113

Steven Spedden  
220 Spring Crest Circle  
Salisbury, MD 21804

Allison Hildebrand  
30 Sandy Hill Road  
Middlebury, CT 06762

Susan Eliason  
3049 Mansfield Lane  
Virginia Beach, VA 23457

Taryn Loyd  
3300 Pond Chase Court  
Midlothian, VA 23113

Jason Oliviero  
10 Buckingham Way  
Bedford, NH 03110

Hal Dean  
c/o Ms. Ann Creamer  
P.O. Box 51307  
Midland, TX 79710

Idzig  
20445 SH 249, Suite 150  
Houston, TX 77070

Cimarex Energy Company  
202 South Cheyenne Avenue, STE 1000  
Tulsa, OK 74103

CHI Operating Inc.  
P.O. Box 1799  
Midland, TX 79702

Read and Stevens Inc.  
P.O. Box 1518  
Roswell, NM 88202

Myco Industries Inc.  
P.O. Box 840  
Artesia, NM 88211

Legacy Reserves Operating, LP  
P.O. Box 10848  
Midland, TX 79702

OXY USA WTP Limited Partnership  
P.O. Box 4294  
Houston, TX 77210

COG Operating, LLC  
600 W. Illinois Avenue  
Midland, TX 79701

Stroube Energy  
18208 Preston Road, Suite D9249  
Dallas, TX 75252

SM Energy Company  
3300 North A Street, Bldg. #7  
Suite 200  
Midland, TX 79705

Headington Oil Company, LP  
1700 N. Redbud Drive, Ste. 400  
McKinney, TX 75069

Marcia Fuller French  
P. O. Box 11327  
Midland, TX 79702

STRATA Production Co.  
P.O. Box 1030  
Roswell, NM 88202-1030

Olive Dilworth  
1909 West 22nd Place  
Chicago, IL 60608-4205

Merit Energy Company  
13727 Noel Road, Suite 500  
Dallas, TX 75240-7312

Southwest Royalties Inc.  
6 Desta Drive, Suite 2100  
Midland, TX 79705

Magnum Hunter  
600 N. Marienfeld, Suite 600  
Midland, TX 79701

North American Energy  
500 Crescent Court, Suite 270  
Dallas, TX 75201

VF Petroleum Inc.  
P.O. Box 1889  
Midland, TX 79702

Warden Dilworth  
3 Drake Lane  
Scarborough, ME 04074-0325

Harvey M. Krueger  
745 Seventh Avenue  
New York, NY 10019

Mewbourne Oil Co.  
P.O. Box 5270  
Hobbs, NM 88241

Nicholas Lamont  
244 Ridgewood Avenue  
Hamden, CT 06517

Stanley O Jester  
3470 Wrangler Way  
Park City, UT 84098-4810

EOG Resources Inc.  
P.O. Box 2267  
Midland, TX 79702

Bivins Energy Corporation  
4925 Greenville Avenue, Suite 814  
Dallas, TX 75206

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12850 Marsh Landing  
Palm Beach Garden, FL 34418

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APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR POOL CONTRACTION, POOL CREATION, AND SPECIAL RULES AND REGULATIONS THEREFOR, EDDY COUNTY, NEW MEXICO.

Case No. 15412

APPLICATION

Devon Energy Production Company, L.P. applies for an order (i) contracting certain Bone Spring Pools, (ii) creating a new pool for (primarily) horizontal Bone Spring development, and (iii) instituting special rules and regulations for the proposed pool, and in support thereof, states:

1. Applicant is an interest owner and operator in the following acreage in Eddy County, New Mexico:

Township 19 South, Range 29 East, N.M.P.M.

Sections 20-22: All

Sections 27-29: All

The foregoing acreage is contained in the Parkway West Unit, comprised of 3,840 acres of State land.

2. Applicant has drilled numerous First Bone Spring and Second Bone Spring wells on the acreage described in paragraph 1, and intends to drill multiple Third Bone Spring wells thereon. Applicant's drilling program is planned to properly drain reserves from the subject acreage, and obtain maximum recovery therefrom. This will result in certain wells having unorthodox locations near the center of a half section of land.

3. Currently the acreage described in paragraph 1 is considered by the Division to be within the following pools:

Section 20: All - Scanlon Draw-Bone Spring Pool

Section 21: N/2 and SE/4 - Scanlon Draw-Bone Spring Pool  
SW/4 - Rattlesnake Well-Bone Spring Gas Pool

Section 22: N/2 and SE/4 - Turkey Track-Bone Spring Pool  
SW/4 - No Pool

Section 27: All - Parkway-Bone Spring Pool

Section 28: All - Parkway-Bone Spring Pool

Section 29: All - Parkway-Bone Spring Pool

4. The Scanlon Draw-Bone Spring Pool and Turkey Track-Bone Spring Pool are oil pools developed on statewide rules. The Parkway-Bone Spring Pool is an oil pool developed on statewide rules, except that it has a special GOR of 10,000:1. The Rattlesnake Well-Bone Spring Gas Pool is a gas pool developed on statewide rules.

5. Under NMAC 19.15.20.12 the existing oil pools have different depth bracket oil allowables, being either 187 or 230 barrels of oil per day for a standard 40 acre well unit. These allowable are insufficient for horizontal wells, and the planned multiples wells per half section will cause or exacerbate overproduction based on the statewide allowables.

6. Based on production from vertical Bone Spring wells in the acreage described in paragraph 1, and on special pool rules established for the existing Parkway-Bone Spring Pool, the limiting gas:oil ratio ("GOR") for the proposed pool must be increased above the statewide GOR of 2,000 cubic feet of gas per barrel of oil.

7. Because of the different defined Bone Spring pools in the acreage described in paragraph 1, applicant proposes to create a new pool for Bone Spring development in that acreage, with a special provision for existing and future vertical Bone Spring development.

8. Therefore, applicant requests that the Scanlon Draw-Bone Spring Pool, Turkey Track-Bone Spring Pool, and Parkway-Bone Spring Pool be contracted so that they do not include any acreage described in paragraph 1.

9. Applicant further requests the creation of a new pool, tentatively named the West Parkway-Bone Spring Pool (the "Pool"), to initially include the acreage described in paragraph 1. Applicant requests that special rules and regulations be established for the Pool, providing for:

- (a) a standard oil spacing and proration unit of 320 acres for horizontal wells;
- (b) a standard oil spacing and proration unit of 40 acres for vertical wells;
- (c) wells to be located no closer than 330 feet to the exterior boundary of a standard horizontal well unit, with interior setbacks of 10 feet from a quarter-quarter section line;
- (d) wells to be located no closer than 330 feet to the exterior boundary of a standard vertical well unit;
- (e) a special depth bracket allowable of 4,500 barrels of oil per day for a standard horizontal 320 acre well unit;
- (f) a depth bracket allowable of 230 barrels of oil per day for a standard vertical 40 acre well unit;
- (g) a GOR of 10,000 cubic feet of gas per barrel of oil for vertical and horizontal wells; and
- (h) all other rules to be in conformance with statewide rules.

10. Applicant requests that the Rattlesnake Well-Bone Spring Gas Pool remain in place, since it is a gas pool dedicated to only one well.

11. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division grant the relief requested above.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

*Attorney for Devon Energy Production  
Company, L.P.*

PROPOSED ADVERTISEMENT

Case No. 15412 :

*Application of Devon Energy Production Company, L.P. for pool contraction, pool creation, and special pool rules, Eddy County, New Mexico.* Applicant seeks an order creating a new pool for development of the Bone Spring formation, designated the West Parkway-Bone Spring Pool, to initially include Sections 20-22 and 27-29 of Township 19 South, Range 29 East, NMPM. Applicant further seeks the contraction of the Scanlon Draw-Bone Spring Pool, Turkey Track-Bone Spring Pool, and Parkway-Bone Spring Pool so that they do not include any acreage described above. Finally, applicant seeks special rules and regulations for the pool, including standard 40 acre vertical oil spacing and proration units, standard 320 acre horizontal oil spacing and proration units, special well location requirements for horizontal wells, special depth bracket allowables, and a gas:oil ratio of 10000:1. The proposed pool is centered approximately 13-1/2 miles south-southwest of Loco Hills, New Mexico.