

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., FOR A NON-STANDARD HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO**

Case No. 22884

PREHEARING STATEMENT

Devon Energy Production Company, L.P. (“Devon”), OGRID No. 6137, through its undersigned attorneys, submits the following Prehearing Statement pursuant to the rules of the Oil Conservation Division (“Division”).

APPEARANCES

APPLICANT

Devon Energy Production Company, L.P.

ATTORNEY

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APPLICANT’S STATEMENT OF CASE

In Case No. 22884, Devon seeks an order (1) establishing a non-standard 679.58-acre, more or less, spacing and proration unit comprised of the SW/4 SE/4 of Section 26 and the E/2 of Section

35, Township 22 South, Range 33 East, and the E/2 (including Lots 1 and 2) of Section 2, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. Devon proposes and dedicates to the horizontal spacing and proration unit (“HSU”) the **Serpentine 2-35 State Fed Com 26H**, an oil well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35; the **Serpentine 2-26 State Fed Com 30H**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 26; and the **Serpentine 2-35 State Fed Com 31H**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 2 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 35.

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

The proposed wells are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

The proposed non-standard HSU would have been a standard HSU comprising the S/2 SE/4 of Section 26 and the E/2 of Sections 35 and 2 based on the location of the 26H Well positioned as a proximity well to bring in the W/2 E/2 of said Sections; but given BLM restrictions on the SE/4 SE/4 of Section 26, the proximity well 26H brings in the W/2 E/2 of Sections 35 and 2 but is not able to penetrate the last quarter-quarter section in Section 26; therefore resulting in

the exclusion of the SE/4 SE/4 in Section 26 and the need for a non-standard HSU. The 30H Well penetrates the SW/4 SE/4 of Section 26 for inclusion of this quarter-quarter section in the non-standard HSU. Devon has made application for administrative approval of the non-standard proration (“NSP”) unit.

Devon has noted three (3) existing units that overlap with the proposed HSU: the North Thistle 2 State 2H Well (API No. 30-025-42821), covering the W/2 E/2 of Section 2; the North Thistle 2 State 1H Well (API No. 30-025-42533), covering the W/2 E/2 of Section 2; and the North Thistle 2-35 Fed 1H Well (API No. 30-025-42831), covering the W/2 E/2 of Section 35. Accordingly, Devon seeks approval for these overlapping units pursuant to NMAC 19.15.16.15(B)(9)(b).

APPLICANT’S PROPOSED EVIDENCE

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Matthew Hoops	Approx. 10 min	Approx. 5
Geologist: Matt Myers	Approx. 10 min	Approx. 6

PROCEDURAL MATTERS

No protests or objections have been filed and Devon does not anticipate any at this time; consequently, Devon plans to conduct the hearing by affidavit.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 121926

QUESTIONS

Operator: DEVON ENERGY PRODUCTION COMPANY, LP 333 West Sheridan Ave. Oklahoma City, OK 73102	OGRID: 6137
	Action Number: 121926
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	2
Testimony time (in minutes)	20