

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

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY,
L.P., FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY 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 (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) establishing a standard 640-acre, more or less, spacing and proration unit comprised of the S/2 of Sections 13 and 14, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests from the top of the Purple Sage; Wolfcamp formation [Pool Code 98220] to a depth of 10,104 feet within said formation, as defined on the log for the Indian Draw ‘13’ 001 Well (API No. 30-015-29714). This pool, underlying the unit, is designated as a gas pool.

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 and dedicates to the HSU two initial wells: the **Tomahawk 13-14 Fed Com 622H Well** and the **Tomahawk 13-14 Fed Com 623H Well**, to be drilled as gas wells to a sufficient depth to test the Wolfcamp formation.

3. Devon proposes the **Tomahawk 13-14 Fed Com 622H Well**, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 13 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 14.

4. Devon proposes the **Tomahawk 13-14 Fed Com 623H Well**, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 13 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 14.

5. The setbacks requirements for the Purple Sage; Wolfcamp formation are governed by special rules in Order No. R-14262. The **622H Well** and **623H Well** are unorthodox in their locations because they encroach closer than 330' to the unit boundary at the end points, and consequently, Devon will apply administratively with the OCD for approval of the non-standard locations (NSLs).

6. Devon's review of the lands did not reveal any overlapping units; should an overlapping unit be inadvertently discovered, Devon will address the matter during the permitting phase.

7. 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.

8. The pooling of all interests in the Wolfcamp formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

9. 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.

WHEREFORE, Devon requests that this Application be set for hearing on March 2, 2023, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 640-acre, more or less, spacing and proration unit comprised of the S/2 of Sections 13 and 14, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Purple Sage; Wolfcamp formation, from the top of the formation to 10,104 feet, underlying the proposed HSU.

C. Approving the **Tomahawk 13-14 Fed Com 622H Well** and the **Tomahawk 13-14 Fed Com 623H Well** as the wells for the HSU.

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

E. Authorizing Devon to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. 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.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Devon Energy Production Company, L.P., for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the S/2 of Sections 13 and 14, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests from the top of the Purple Sage; Wolfcamp formation [Pool Code 98220] to a depth of 10,104 feet within said formation, designated as a gas pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the **Tomahawk 13-14 Fed Com 622H Well**, a gas well, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 13 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 14; and the **Tomahawk 13-14 Fed Com 623H Well**, a gas well, to be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 13 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 14. The wells are unorthodox in their locations encroaching closer than 330' to the unit boundary at the end points, thus, not conforming to the special rules for the formation in Order No. R-14262; Devon will apply administratively to the OCD for approval of the non-standard locations. 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 unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 5 miles southeast of Carlsbad, New Mexico.