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. 16349

District.1
16.25 N. French Dr., Hobbs, NM 58240
Phone (575) 393-6161 Fax (575) 393-0720
District.11
811 S. Fura St., Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720
District.11
1000 Rm Brizos Road. Actec. NM 874-0
Phone: (505) 334-6178 Fax. (505) 334-670
District.12
1220 S. St. Francis Dr., Santa Fe. NM 87505
Phone: (595) 476-3460 Fax: (505) 476-5462

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe. NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

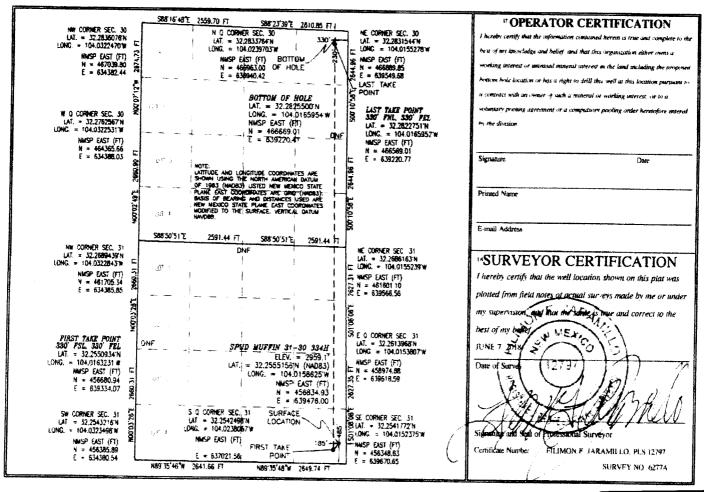
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

r	API Numbe	r		² Pool Cod		COLOR DEDI	Poul Na		
' Property					Proper	ty Name FFIN 31-30			* Well Number 334H
'OGRID			DE'	VON ENE	•	or Name JCTION COMP.	ANY, L.P.		'Elevation 2959.1
					[™] Surface	Location			· · · · · · · · · · · · · · · · · · ·
UL or lot no. P	Section 31	Township 23 S	Range 29 E	Lot Ida	Feet from the 485	North/South line SOUTH	Feet from the	East/West line EAST	County

*****			" B o	ttom Hol	e Location I	Different From	m Surface		
UL or lot no. A	Section 30	Township 23 S	Range 29 E	Lot ldn	Feet from the 230	North/South line NORTH	Feet from the 330	East/West line EAST	County EDDY
Dedicated Acres	2 Joint of	r Infill 'C	onsolidation	Code S Or	der No.				

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Exhibit	

POOLING LIST: T23S-R29E Eddy County, New Mexico

E/2E/2 Section 31 and E/2E/2 Section 30 320.00 Acre Standard Horizontal Spacing Unit Spud Muffin 31-30 334H, Cedar Canyon; Bone Spring (11520)

WI Owners Within Horizontal Spacing Unit In The Bone Spring Formation:

Oxy USA, Inc. Attn: Jeremy D. Murphrey 5 Greenway Plaza, Suite 110 Houston, TX 77046

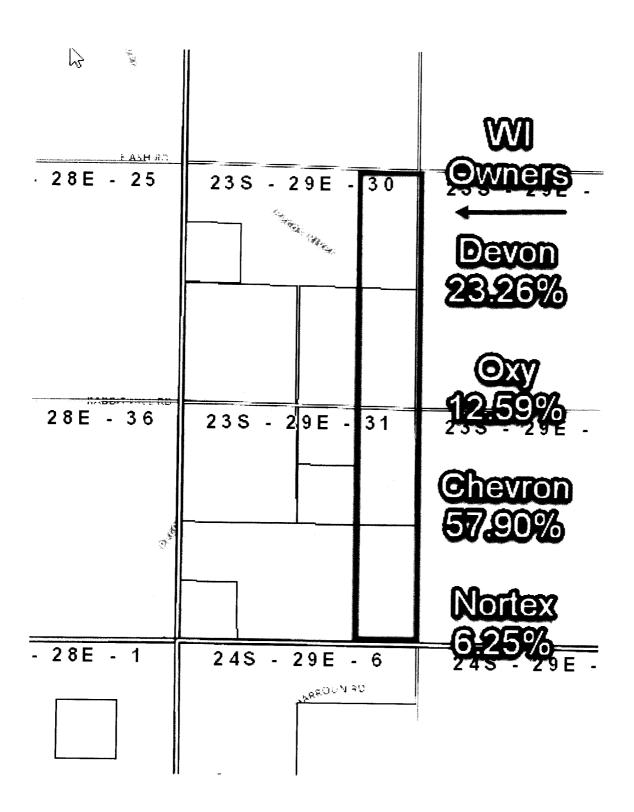
Chevron North America Exploration and Production Co., A Division of Chevron U.S.A. Inc. Attn: Irvin Gutierrez 1400 Smith Street Houston, TX 77002

Nortex Corporation Attn: Robert W. Kent 3009 Post Oak Blvd., Ste. 1212 Houston, TX 77056

Unleased Mineral Owners Within Horizontal Spacing Unit In The Bone Spring Formation:

None

END OF POOLING LIST FOR E/2E/2 SECTION 31 AND E/2E/2 SECTION 30:







May 24, 2018

Nortex Corporation Attn: Robert W. Kent 3009 Post Oak Blvd., Ste. 1212 Houston, TX 77056

RE: Proposed: Spud Muffin 31-30 334H Well 485' FSL and 215' FEL Section 31-T23S-R29E (SL) 230' FNL and 330' FEL Section 30-T23S-R29E (BHL) Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill the Spud Muffin 31-30 334H Well at the above referenced surface location ("SL") to the above referenced bottom hole location ("BHL"). The proposed well will be drilled to a true vertical depth ("TVD") of approximately 9,730' subsurface with a horizontal measured depth ("MD") of approximately 19,760'. The well will test the 3rd Bone Spring formation with a 320 acre project area consisting of the E/2E/2 Section 31-T23S-R29E and the E/2E/2 Section 30-T23S-R29E.

Included herewith is Devon's Authority for Expenditure ("AFE") reflecting \$8,184,067 as being the total estimated cost to drill and complete. In the event your company elects to participate in the proposed well, please execute and return one signed copy of the AFE to the undersigned within thirty (30) days. Also, please furnish your company's geologic well requirements including all contact information. A Joint Operating Agreement will then be sent for your review and execution.

Within 30 days of receipt of this letter, Devon will apply to the New Mexico Oil Conservation Division seeking an Order for Compulsory Pooling. If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-8102 or email me at joe.hammond@dvn.com.

Very truly yours,

Devon Energy Production Company, L.P.

Joe Hammond
Land Advisor



May 24, 2018

Chevron North America Exploration and Production Co., A Division of Chevron U.S.A. Inc. Attn: Greg Truax 41086 1400 Smith Street Houston, TX 77002

RE: Proposed: Spud Muffin 31-30 334H Well 485' FSL and 215' FEL Section 31-T23S-R29E (SL) 230' FNL and 330' FEL Section 30-T23S-R29E (BHL) Eddy County, New Mexico

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Very truly yours,

Devon Energy Production Company, L.P.

Joe Hammond Land Advisor



May 24, 2018

Oxy USA, Inc. Attn: Jeremy D. Murphrey 5 Greenway Plaza, Suite 110 Houston, TX 77046

RE: Proposed: Spud Muffin 31-30 334H Well 485' FSL and 215' FEL Section 31-T23S-R29E (SL) 230' FNL and 330' FEL Section 30-T23S-R29E (BHL) Eddy County, New Mexico

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Very truly yours,

Devon Energy Production Company, L.P.

Joe Hammond Land Advisor



Authorization for Expenditure

AFE # XX-129473.01

Well Name: SPUD MUFFIN 31-30 334H

Cost Center Number: 1093927401

Legal Description: SEC 31-23S-29E & 30-23S-29E

Revision:

AFE Date:

05/24/2018

State: County/Parish: EDDY

NM

Explanation and Justification:

DRILL & COMPLETE THE SPUD MUFFIN 31-30 334H AS A 3RD BONE SPRING WELL.

	Intangible	Drilling	Completion	Dry Hole	Total
Code	Description	Costs	Costs	Costs	Costs
6060100	DYED LIQUID FUELS	93,625.00	0.00	0.00	93,625.00
6060130	gaseous fuels	32,700.00	0.00	0.00	32,700.00
6080100	DISPOSAL - SOLIDS	51,230.00	0.00	0.00	51,230.00
6090100	FLUIDS - WATER	48,675.00	0.00	0.00	48,675.00
6100100	PERMIT SURVEY&TITLE	40,000.00	1,050.00	0.00	41,050.00
6100110	RIGHT OF WAY	5,000.00	149,625.00	0.00	154,625.00
6110130	ROADASITE PREP SVC	100,000.00	518,441.28	0.00	618,441.28
6110170	DAMAGE & REMEDIATION	10,000.00	0.00	0.00	10,000.00
6130170	COMM SYCS - WAN	4,769.00	6.00	0.00	4,769.00
6130370	RTOC - GEOSTEERING	28,273.00	0.00	0.00	28,273.00
6160100	MATERIALS & SUPPLIES	545.00	0.00	0.00	545.00
6190100	TRCKG&HL-SOLID&FLUID	80,250.00	278,302.50	0.00	358,552.50
6190110	TRUCKING&HAUL OF EQP	62,400.00	0.00	0.00	62,400.00
6200130	CONSLT & PROJECT SVC	95,375.00	0.00	0.00	95,375.00
6230120	SAFETY SERVICES	44,963.00	0.00	0.00	44,963.00
6300270	SOLIDS CONTROL SRVCS	107,000.00	0.00	0.00	107,000.00
6310200	CASING & TUBULAR SVC	79,400.00	0.00	0.00	79,400.00
6310230	CORROSION PROTCT SVC	0.00	2,005,850.24	0.00	2,005,850.24
6310250	CEMENTING SERVICES	157,000.00	0.00	0.00	157,000.00
6310280	DAYWORK COSTS	567,400.00	0.00	0.00	567,400.00
6310300	DIRECTIONAL SERVICES	329,000.00	0.00	0.00	329,000.00
6310310	DRILL BITS	94,100.00	0.00	0.00	94,100.00
6310330	DRILL&COMP FLUID&SVC	219,000.00	0.00	0.00	219,000.00
6310380	OPEN HOLE EVALUATION	24,750.00	0.00	0.00	24,750.00
6320100	EQPMNT SVC-SRF RNTL	59,527.00	0.00	0.00	59,527.00
6320110	EQUIP SVC - DOWNHOLE	180,450.00	0.00	0.00	180,450.00
6320160	WELDING SERVICES	2,000.00	0.00	0.00	2,000.00
6520100	LEGAL FEES	20,000.00	0.00	0.00	20,000.00
6550110	MISCELLANEOUS SVC	33,650.00	0.00	0.00	33,650.00
6630110	CAPITAL OVERHEAD	8,175.00	0.00	0.00	8,175.00
6710120	NON-OP - INTANGIBLE	0.00	950,000.00	0.00	950,000.00
6740340	TAXES OTHER	272.00	0.00	0.00	272.00
	Total Intangibles	2,579,529.00	3,903,269.02	0.00	6,482,798.02

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6120120	MEASUREMENT EQUIP	0.00	12,600.00	0.00	12,600.00
6150110	LOG PERFORATG&WL EQP	0.00	10,500.00	0.00	10,500.00
6230100	SECURITY EQUIPMENT	0.00	242,809.59	0.00	242,809.59
6300130	HEATER&EXCHANGE EQPT	0.00	15,750.00	0.00	15,750.00
6300220	STORAGE VESSEL&TANKS	0.00	94,853.84	0.00	94,853.84
6310150	CASG-COND&DRIVE PIPE	50,000.00	0.00	0.00	50,000.00
6310400	STANDBY EQUIPMENT	0.00	2,100.00	0.00	2,100.00
6310460	WELLHEAD EQUIPMENT	65,000.00	0.00	0.00	65,000.00
		I			

EXHIBIT



Authorization for Expenditure

AFE # XX-129473.01

Email:

Well Name: SPUD MUFFIN 31-30 334H

Cost Center Number: 1093927401

Legal Description: SEC 31-235-29E & 30-235-29E

AFE Date:

05/24/2018

State:

NM

County/Parish:

EDDY

	Tangible	Drilling	Completion	Dry Hole	Total
Code	Description	Costs	Costs	Costs	Costs
6310530	SURFACE CASING	22,638.00	0.00	0.00	22,638.00
6310540	INTERMEDIATE CASING	350,799.00	0.00	0.00	350,799.0
6310550	PRODUCTION CASING	407,400.00	36,750.00	0.00	444,150.0
5310560	PROD LINERS&TIEBACKS	0.00	79,887.24	0.00	79,887.24
6310580	CASING COMPONENTS	50,500.00	0.00	0.00	50,500.00
6320180	EQUIPMENT OTHER	0.00	58,302.05	0.00	58,3 02.05
6330100	PIPE,FIT,FLANG,CPLNG	0.00	201,379.26	0.00	201,379.2
	Total Tangibles	946,337.00	754,931.98	0.00	1,701,268.9
VORKIN	IG INTEREST OWNER APPR	OVAL			****************
	IG INTEREST OWNER APPR y Name:	ROVAL		***************************************	······································
	y Name:		Print Name:		

Note: Please include/attach well requirement data with ballot.

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. 16349

				EXHIBIT
	AFFIDAVIT OF NOTICE		¥	
COUNTY OF SANTA FE)		a X	G
) ss.			
STATE OF NEW MEXICO)	**		

Candace Callahan, being duly sworn upon her oath, deposes and states:

- 1. I am over the age of 18 and have personal knowledge of the matters stated herein.
- 2. I am an attorney for Devon Energy Production Company, L.P.
- 3. Applicant has conducted in good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
- 4. Notice of the application was provided to the interest owners, at their correct addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.
- 5. Applicant has complied with the notice provisions of Form C-108 and Division Rules NMAC 19.15.4.9 and 19.15.4.12.C.

Candace Callahan

SUBSCRIBED AND SWORN TO before me this 5th day of September, 2018 by Candace Callahan.

My Commission Expires:

Official Seal
LORETTAA BISCHOFF
Notary Public
State of New Mexter
My Comm. Expires 344 433

BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW

500 DON GASPAR AVENUE SANTA FE, NEW MEXICO87505-2626 TELEPHONE (505) 983-8545 FACSIMILE (505) 983-8547 www.bwenergylaw.com CASPER

CHEYENNE

DENVER

SALT LAKE CITY

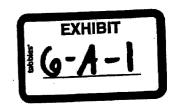
SANTA FE

CANDACE CALLAHAN

DIRECT: (505) 983-8764

E-MAIL: CCALLAHAN@BWENERGYLAW.COM

July 19, 2018



VIA CERTIFIED MAIL-RETURN RECEIPT

To: Pooled Parties (Exhibit "A")

Re: New Mexico Oil Conservation Division Application for Non-Standard Spacing and Proration

Unit and Compulsory Pooling, Case No. 16349

Spud Muffin 31-30 334H Well

Dear Ladies and Gentlemen:

This letter is to advise you that Devon Energy Production Company, L.P. has filed the enclosed application for compulsory pooling of all uncommitted mineral interests with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on August 9, 2018. The hearing will be held in the Oil Conservation Division's Santa Fe Offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an interest owner in the well unit you may be affected by this application, and you may appear and present testimony. Failure to appear at that time and become a part of record will preclude you from challenging the matter at a later date.

A party appearing in a Division case is required by Division Rule 19.15.4.13:B to file a Pre-Hearing Statement four business days in advance of a scheduled hearing. This statement must be filed with the Division's Santa Fe office at the above address and should include: the names of the party and its attorney; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned and to the persons listed on Exhibit A.

If you have any questions about this matter, please contact Joe Hammond at (405) 552-8102 or Joe.Hammond@dvn.com.

Very truly yours,

Candace Callahan

Attorney for Devon Energy Production Company, L.P.

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. 14349

APPLICATION

Devon Energy Production Company, L.P. ("Devon"), 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 mineral interests in the Bone Spring formation underlying E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. In support of its application, Devon states:

- 1. Devon (OGRID 6137) is a working interest owner in the subject acreage and has the right to drill thereon.
- 2. Devon proposes to dedicate the above-referenced 320.00 acre spacing and proration unit as the standard horizontal spacing and proration unit for the Spud Muffin 31-30 334H well to be horizontally drilled in the Cedar Canyon; Bone Spring (Pool Code 11520) from a surface location 485' FSL and 185' FEL of Section 31 to a bottom hole location of 230' FNL and 330' FEL of Section 30.
- 3. This well will be pad-drilled sequentially and batch completed with other wells to be drilled within Sections 30 and 31 in the Bone Spring and Wolfcamp formations which are the subject of separate applications filed by Devon and currently pending before the Division.

COLUMN STORY TO

- 4. The completed interval for this well will be orthodox.
- 5. Devon has sought and has been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
- 6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 7. As the proposed well will be simultaneously drilled and batch completed with other wells Devon has proposed to be drilled within Sections 30 and 31, Devon requests an extension of the 120-day time period to drill and complete the well provided by the standard pooling order.
- 8. In order to permit Devon to obtain it's just and fair share of the oil and gas underlying the subject lands, all mineral interests in this standard horizontal spacing and proration unit should be pooled and Devon Energy Production Company, L.P. should be designated the operator of this proposed horizontal well and spacing unit.
 - 9. Notice of this application is being given in accordance with Division rules.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 9, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the standard horizontal spacing and proration unit comprised of the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico;
- B. Dedicating the Spud Muffin 31-30 334H well to the standard horizontal spacing and proration unit for the Bone Spring formation comprised of the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico;

- C. Providing an extension of the 120-day requirement to drill and complete the well;
- Designating Devon Energy Production Company, L.P. operator of this standard D. horizontal spacing and proration unit and the horizontal well to be drilled thereon;
- Authorizing Devon to recover its costs of drilling, equipping and completing the E. well;
- Approving the actual operating charges and costs of supervision while drilling F. and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty for the risk assumed by Devon in drilling and completing the initial well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

BEATTY & WOZNIAK. P.C.

Candace Callahan

500 Don Gaspar Avenue

Santa Fe, New Mexico 87505

(505) 983-8545 or (505) 983-8765 (direct)

(800) 886-6566 (fax)

ccallahan@bwenergylaw.com

ATTORNEYS FOR DEVON ENERGY PRODUCTION

COMPANY, L.P.

PROPOSED ADVERTISEMENT

Case No. ______: 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 mineral interests in the Bone Spring formation underlying the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. Said standard 320-acre horizontal spacing and proration unit is to be dedicated to the applicant's Spud Muffin 31-30 334H to be horizontally drilled in the Cedar Canyon; Bone Spring (Pool Code 11520) from a surface location 485' FSL and 185' FEL of Section 31 to a bottom hole location of 230' FNL and 330' FEL of Section 30. The completed interval this well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, L.P. as operator of the well and a 200% charge for risk involved in drilling the well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

Exhibit A

CASE NO. 16349

POOLING LIST: T23S-R29E

Eddy County, New Mexico
E/2E/2 Section 31 and E/2E/2 Section 30
320.00 Acre Standard Horizontal Spacing Unit
Spud Muffin 31-30 334H, Cedar Canyon; Bone Spring (11520)

WI Owners Within Horizontal Spacing Unit In The Bone Spring Formation:

Oxy USA, Inc. Attn: Jeremy D. Murphrey 5 Greenway Plaza, Suite 110 Houston, TX 77046

Chevron North America Exploration and Production Co. A Division of Chevron U.S.A. Inc. Attn: Irvin Gutierrez 1400 Smith Street Houston, TX 77002

Nortex Corporation Attn: Robert W. Kent 3009 Post Oak Blvd., Ste. 1212 Houston, TX 77056

Unleased Mineral Owners Within Horizontal Spacing Unit In The Bone Spring Formation:

None

END OF POOLING LIST FOR E/2E/2 SECTION 31 AND E/2E/2 SECTION 30:

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON L	DELIVERY
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. 	A Signature	☐ Agent ☐ Addressee
 Attach this card to the back of the mailplece, or on the front if space permits. 	B. Received by (Printed Name)	C. Date of Delivery
Afticle Addressed to:	D. Is delivery address different from if YES, enter delivery address b	iltem 1? ☐ Yes below: ☐ No
5001_0092	Jomes E.B.	~ Q
5001-0092 Oxy USA, Inc. Atta: Jerseny D. Murphrey	Jomes E B D STAMES 3. Service Type	462
	<u> </u>	☐ ProceMail Express® ☐ Registered Mail™ ☐ Registered Mail Restricts Delivery ☐ Return Receipt for Merchandise ☐ Signature Confirmation™

338	U.S. Postal Service ^{IM} CERTIFIED MAIL® RECEIPT Domestic Mail Only	
78 35	For delivery information, visit our website at www.usps.com . OFFICIAL USE Certified Mail Fee	
10000	\$ Extra Services & Fees (check box, add fee as appropriate) Return Receipt (electronic) \$ Certified Mail Restricted Delivery \$ Adult Signature Required \$ Adult Signature Restricted Delivery \$	
0360	Postage	
7018	Sent 7 Oxy USA, Inc. Attn: Jeremy D. Murphrey 5 Greenway Plaza, Suite 110 Chy 8 Houston, TX 77046 See Reverse for Inc.	ructions.

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DE	S WEDV
Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mallpiece, or on the front if space permits. 1. Article Addressed to: 5001-0092 Nortex Corporation	B. Received by (Printed Name) D. Is delivery address different from its if YES, enter delivery address below	Agent Addresse C. Date of Deliver
Attn: Robert W. Kent 3009 Post Oak Blvd., Ste. 1212 Houston, TX 77056	3. Service Type	riority Mali Express®
2. Article Number (Transfer de	Certified Mail® DRIVERY	egistered Mail⊓estricted egistered Mail Restricted altvery eturn Receipt for erchandise gnature Confirmation™ gnature Confirmation istricted Delivery

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701.8	Sent 76 Nortex Corporation Attn: Robert W. Kent 3009 Post Oak Blvd., Ste. 1212 City, Sta Houston, TX 77056	
	PS Form South April 2015 Form South South	See neverse permanual actions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON D	
Complete Items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you.	A Signature	☐ Agent ☐ Addressee
Attach this card to the back of the mallpiece, or on the front if space permits.	B. Received by (Printed Name) And Alleys	C. Date of Delivery
Article Addressed to:	D. Is delivery address different from if YES, enter delivery address b	Item f? ☐ Yes elow: ☐ No
5001-0092		
Chevron North America Exploration and Production Co. A Division of Chevron U.S.A. Inc.	951 3. Senice Tyre	□ Drivity Mail Fynnasdi
Chevron North America Exploration and Production Co.	☐ Adult Signature ☐ Adult Signature Restricted Delivery ☐ Certified Mail® ☐ Certified Mail Restricted Delivery ☐ Certified Mail Restricted Delivery	☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricts Delivery☐ Return Receipt for Merchandise Signature Confirmation™

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BEATTY & WOZNIAK, P.C.

ATTORNEYS AT LAW

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SALT LAKE CITY

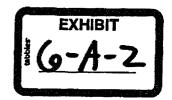
SANTA FE

CANDACE CALLAHAN

DIRECT: (505) 983-8764

E-MAIL: CCALLAHAN@BWENERGYLAW.COM

September 5, 2018



VIA CERTIFIED MAIL-RETURN RECEIPT

To: Pooled Parties (Exhibit "A")

Re: New Mexico Oil Conservation Division Application for Non-Standard Spacing and Proration

Unit and Compulsory Pooling, Case No. 16349

Spud Muffin 31-30 334H Well

Dear Ladies and Gentlemen:

This letter is to advise you that Devon Energy Production Company, L.P. has filed the enclosed application for compulsory pooling of all uncommitted mineral interests with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on September 20, 2018. The hearing will be held in the Oil Conservation Division's Santa Fe Offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an interest owner in the well unit you may be affected by this application, and you may appear and present testimony. Failure to appear at that time and become a part of record will preclude you from challenging the matter at a later date.

A party appearing in a Division case is required by Division Rule 19.15.4.13:B to file a Pre-Hearing Statement four business days in advance of a scheduled hearing. This statement must be filed with the Division's Santa Fe office at the above address and should include: the names of the party and its attorney; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned and to the persons listed on Exhibit A.

If you have any questions about this matter, please contact Joe Hammond at (405) 552-8102 or Joe.Hammond@dvn.com.

Very truly yours,

Candace Callahan Attorney for Devon Energy Production Company, L.P.

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 14349

APPLICATION

Devon Energy Production Company, L.P. ("Devon"), 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 mineral interests in the Bone Spring formation underlying E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. In support of its application, Devon states:

- 1. Devon (OGRID 6137) is a working interest owner in the subject acreage and has the right to drill thereon.
- 2. Devon proposes to dedicate the above-referenced 320.00 acre spacing and proration unit as the standard horizontal spacing and proration unit for the **Spud Muffin 31-30 334H well** to be horizontally drilled in the **Cedar Canyon**; **Bone Spring (Pool Code 11520)** from a surface location 485' FSL and 185' FEL of Section 31 to a bottom hole location of 230' FNL and 330' FEL of Section 30.
- 3. This well will be pad-drilled sequentially and batch completed with other wells to be drilled within Sections 30 and 31 in the Bone Spring and Wolfcamp formations which are the subject of separate applications filed by Devon and currently pending before the Division.

- 4. The completed interval for this well will be orthodox.
- 5. Devon has sought and has been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.
- 6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 7. As the proposed well will be simultaneously drilled and batch completed with other wells Devon has proposed to be drilled within Sections 30 and 31, Devon requests an extension of the 120-day time period to drill and complete the well provided by the standard pooling order.
- 8. In order to permit Devon to obtain it's just and fair share of the oil and gas underlying the subject lands, all mineral interests in this standard horizontal spacing and proration unit should be pooled and Devon Energy Production Company, L.P. should be designated the operator of this proposed horizontal well and spacing unit.
- 9. Notice of this application is being given in accordance with Division rules.

 WHEREFORE, Devon requests that this application be set for hearing before an

 Examiner of the Oil Conservation Division on August 9, 2018, and, after notice and hearing as required by law, the Division enter an order:
- A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the standard horizontal spacing and proration unit comprised of the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico;
- B. Dedicating the Spud Muffin 31-30 334H well to the standard horizontal spacing and proration unit for the Bone Spring formation comprised of the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico;

- C. Providing an extension of the 120-day requirement to drill and complete the well;
- D, Designating Devon Energy Production Company, L.P. operator of this standard horizontal spacing and proration unit and the horizontal well to be drilled thereon;
- Authorizing Devon to recover its costs of drilling, equipping and completing the E. well;
- F. 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% penalty for the risk assumed by Devon in drilling and completing the initial well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

Candace Callahan

500 Don Gaspar Avenue

Santa Fe, New Mexico 87505

(505) 983-8545 or (505) 983-8765 (direct)

(800) 886-6566 (fax)

ccallahan@bwenergylaw.com

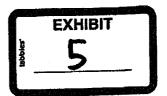
ATTORNEYS FOR DEVON ENERGY PRODUCTION

COMPANY, L.P.

PROPOSED ADVERTISEMENT

Case No. ______: 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 mineral interests in the Bone Spring formation underlying the E/2E/2 of Sections 30 and 31, Township 23 South, Range 29 East, Eddy County, New Mexico. Said standard 320-acre horizontal spacing and proration unit is to be dedicated to the applicant's Spud Muffin 31-30 334H to be horizontally drilled in the Cedar Canyon; Bone Spring (Pool Code 11520) from a surface location 485' FSL and 185' FEL of Section 31 to a bottom hole location of 230' FNL and 330' FEL of Section 30. The completed interval this well will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, L.P. as operator of the well and a 200% charge for risk involved in drilling the well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

Exhibit A



Lerwick I Ltd. 56 Stamford St. Apt 212 Asheville, NC 28803

Michael A. Kulenguski 279 Jones Mtn Rd. Madison, Virginia 22727

RKC, Inc. 7500 E. Arapahoe Dr. Centennial, CO 80112-6116

Benco Energy, Inc. P.O. Box 29 Fort Worth, TX 76101

Leslie R. Honeyman Trust Lanell Joy Honeyman, Trustee 406 Skywood Circle Midland, TX 79705

Kaiser-Francis Oil Company P.O. Box 21468 Tulsa, OK 74121-1468

AWM Management Trust Annie W. Marion, Trustee 801 Cherry St. Fort Worth, TX 76102

John S. Tittl 7304 Valencia Grove Ct. Fort Worth, TX 76132

Roden Participants, Ltd. 2603 Augusta Drive Suite 430 Houston, TX 77057 Roden Exploration Company 2603 Augusta Drive Suite 430 Houston, TX 77057

Roden Associates, Ltd. 2603 Augusta Drive Suite 430 Houston, TX 77057

Mid Continent Energy, Inc. 4127 Gulf of Mexico Drive Longboat Key, FL 34428























