

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

APPLICATIONS OF DEVON ENERGY PRODUCTION COMPANY, L.P., FOR NON-STANDARD OIL SPACING AND PRORATION UNITS AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NOS. 16099-16104

APPLICATIONS OF PRIDE ENERGY COMPANY FOR COMPULSORY POOLING, NON-STANDARD OIL SPACING AND PRORATION UNITS, AND UNORTHODOX LOCATION, LEA COUNTY, NEW MEXICO

CASE NOS. 16169-16174

ORDER No. R-20233 (De Novo)

DEVON'S PREHEARING STATEMENT

Devon Energy Production Company, L.P. ("Devon") files this Pre-Hearing Statement and proposed hearing exhibits as required by the rules of the Oil Conservation Commission.

APPEARANCES

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STATEMENT OF THE CASE

This de novo appeal involves competing development plans for the Bone Spring and Wolfcamp formations underlying Sections 16 and 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico. Devon has proposed three 320-acre standard horizontal spacing units in the Bone Spring formation and three 320-acre horizontal spacing units in the Wolfcamp formation underlying the W/2 W/2, the E/2 W/2 and the W/2 E/2 of Sections 16 and 21 for six two-mile horizontal wells (Cases 16099-16104). Pride Energy Company (“Pride”) has proposed to develop the Bone Spring and Wolfcamp formations with six one-mile horizontal wells in the W/2/ W/2, the E/2 W/2 and the W/2 E/2 of Section 16 only (Cases 16169-16174). Following an extensive evidentiary hearing in June of 2018, the Examiners of the Oil Conservation Division issued Order No. R-20233 approving Devon’s development plan. The Division’s Examiners noted in particular that:

- Devon’s proposed two-mile wells “have a production and economic advantage” over Pride’s one-mile development plan and that Devon’s plan will result in “reduced surface disturbance” (Order R-20223 at p. 11, ¶(40)).
- Devon owns 75% of the working interest in Sections 16 and 21 and operates the adjacent Cotton Draw Unit, while Pride’s ownership is limited to the N/2 of Section 16 (*id.* at ¶(39)).

Upon entry of the Division’s Order in November of 2018, Pride filed a de novo appeal to the Commission.¹

DEVON’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Tim Prout, Landman	Approx. 30 minutes	Approx. 10

¹ Since Division Order R-20223 was issued after the effective date of the revisions to the horizontal well rules (NMAC 19.15.16.1 et seq), Devon’s requests for approval of “non-standard oil spacing and proration unit” and “down-hole commingling” were dismissed as moot. *See* Order R-20223 at p. 13, ¶(3) and ¶(4).

Curt McKinney, Geologist

Approx. 15 minutes

Approx. 6

James Cain, Engineer

Approx. 15 minutes

Approx. 6

PROCEDURAL MATTERS

Included with the filing of this prehearing statement are Devon's proposed Exhibits 1 through 19.

Respectfully submitted,

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**ATTORNEYS FOR DEVON ENERGY PRODUCTION
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CERTIFICATE OF SERVICE

I hereby certify that on March 5, 2019, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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