## BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING MAY 30, 2019

### CASE NOS. 20420 AND 20421

Haflinger 27-22 Federal Com 231H Well Haflinger 27-22 Federal Com 232H Well

### LEA COUNTY, NEW MEXICO



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

APPLICATIONS OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NOS. 20420 & 20421

AFFIDAVIT OF TIM PROUT, LANDMAN

My name is Tim Prout and I am a Senior Landman with Devon Energy

Tim Prout, of lawful age and being first duly sworn, declares as follows:

Production Company, L.P. ("Devon"). I have previously testified before the New Mexico Oil

Conservation Division as an expert witness in petroleum land matters, and my credentials have

been accepted and made a matter of public record.

1.

2. I am familiar with the applications filed by Devon in these consolidated cases and

familiar with the status of the lands in the subject areas.

3. None of the mineral owners to be pooled in these cases have expressed opposition

to these proceedings, so I do not expect any opposition at the hearing.

4. In Case No. 20420, Devon seeks an order pooling all uncommitted interests

in the Bone Spring formation (WC-025 G-08 S253235G; Lower Bone Spring Pool

(97903)) underlying a 320-acre standard horizontal spacing unit comprised of the W/2

W/2 of Sections 22 and 27, Township 25 South, Range 32 East, NMPM, Lea County,

New Mexico. This standard horizontal spacing unit will be dedicated to the proposed

Haflinger 27-22 Federal Com 231H Well to be drilled from a surface location in the

SE/4 SW/4 (Unit N) of Section 27 to a bottom hole location in the NW/4 NW/4 (Unit

1

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Exhibit No. 1

Submitted by: **Devon Energy Production**Hearing Date: **May 30, 2019** 

Case Nos. 20420, 20421

- D) of Section 22. The completed interval for this well will comply with the setback requirements for horizontal oil wells under the Division's statewide rules.
- 5. In Case No. 20421, Devon seeks an order pooling all uncommitted interests in the Bone Spring formation (WC-025 G-08 S253235G; Lower Bone Spring Pool (97903)) underlying a 320-acre standard horizontal spacing unit comprised of the E/2 W/2 of Sections 22 and 27, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico. This standard horizontal spacing unit will be dedicated to the proposed Haflinger 27-22 Federal Com 232H Well to be drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 22. The completed interval for this well will comply with the setback requirements for horizontal oil wells under the Division's statewide rules.
- 6. **Exhibit No. 1A** contains the Form C-102s for the proposed wells in Case Nos. 20420 ad 20421.
- 7. **Exhibit No. 1B** identifies the tracts of land comprising the proposed horizontal well spacing unit in each case, the working interests in each tract and the working interests in each horizontal spacing unit. Devon has identified on this exhibit the working interest owners that remain to be pooled. Devon is also seeking to pool a group of overriding royalty interest owners identified on the last page of Exhibit 1B.
- 8. No ownership depth severances or unleased mineral interests exist within these proposed spacing units.
- 9. **Exhibit No. 1C** contains the well proposal letters and AFEs provided to the working interest owners Devon is seeking to pool. In addition to submitting these letters,

Devon has undertaken good faith efforts to reach agreement with the mineral owners that it seeks to pool.

- 10. The costs reflected on each AFE are consistent with what Devon has incurred for drilling similar horizontal wells in the subject formation in this area.
- 11. Devon seeks approved overhead and administrative rates for the proposed wells at \$8,000 per month while drilling and \$800 per month while producing. These rates are consistent with what other operators are charging in this area for similar wells.
- 12. Devon has conducted a diligent search of county records and computer databases to locate addresses for the mineral owners it seeks to pool. I have provided the law firm of Holland & Hart LLP with these addresses and instructed that notice of this hearing be provided to the mineral owners Devon seeks to pool.
- 13. Exhibit Nos. 1A through 1C were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT

STATE OF OKLAHOMA )

COUNTY OF OKLAHOMA )

SUBSCRIBED and SWORN to before me this 22 day of May 2019 by Tim

NOTARY PUBLIC

My Commission Expires:

#11005042 #11005042 EXP. 06/22/19 District I (625 N French Dr., Hobbs, NM 88240 Phone: (375) 393-6161 Fax: (575) 393-9720 District II 811 S First St., Artesia, NM 88210 Phone (375) 748-1283 Fax: (575) 748-9720 District III (000 Rio Brazos Road, Aztec, NM 87410 Phone (505) 334-6178 Fax: (505) 334-6170 District IX 1220 S St. Francis Dr., Santa Fe, NM 87505 Phone (505) 476-3460 Fax: (505) 476-3462

# 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

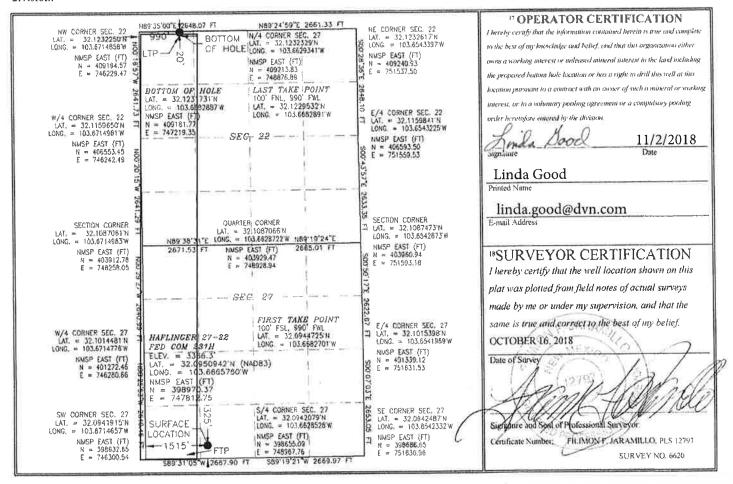
### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>2</sup> Pool Code	Pool Name	
97903	WC-025 G-08 S253235G; lwr B	one Spring
3 p	roperty Name	Well Number
HAFLINGE	231H	
A O	<sup>9</sup> Elevation	
DEVON ENERGY PR	3366.3	
	97903 HAFLINGE	1 Tour Code

					Bullace	LOCATION			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	25 S	32 E		325	SOUTH	1515	WEST	LEA
		4	11 T	Rottom H	ole Location	If Different Fro	om Surface	W	

UL or lot no.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line WEST	County LEA
D	22	25 S	32 E		20	NORTH	990	WEST	LEA
12 Dedicated Acre	s <sup>13</sup> Joint	or infill	Consolidatio	n Code			15 Order No.		
320									

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.



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico Exhibit No. 1A

Submitted by: **Devon Energy Production**Hearing Date: **May 30, 2019**Case Nos. **20420, 20421** 

District.1
1625 N French Dr., Hobbs, NM 88240
Phone, (575) 393-6161 Fax: (575) 393-0720
District JJ
811 S First St., Artesia, NM 88210
Phone: (575) 748-1283 Fux: (575) 748-9720
District.JJI
1000 Rto Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District.JY
1220 S St. Francis Dr., Santa Fe, NM 87505

Phone: (505) 476-3460 Pax; (505) 476-3462

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

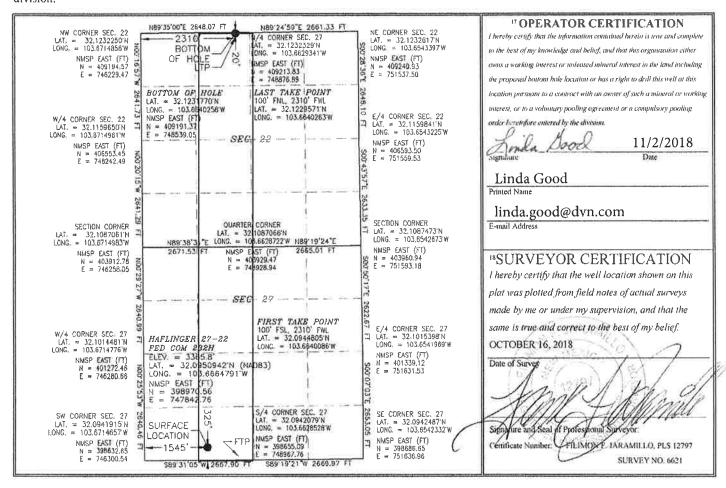
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

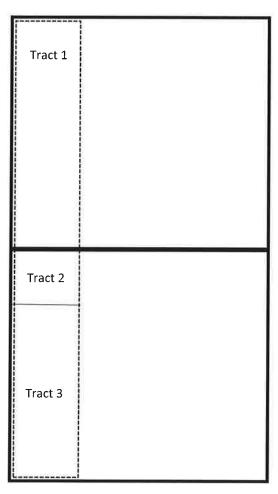
WELL LOCATION AND ACREAGE DEDICATION PLAT

1 2	API Number						g			
<sup>4</sup> Property (	1 Property Code				5 Property !	vame		6	6 Well Number	
	1			HA	FLINGER 27-2	22 FED COM			232H	
7 OGRID	Va.			luicion	<sup>8</sup> Operator !	Yame	11	<sup>9</sup> Elevation		
6137			DEV	ON ENEF	RGY PRODUC	TION COMPA	NY, L.P.		3365.8	
					<sup>10</sup> Surface I	Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
N	27	25 S	32 E		325	SOUTH	1545	WEST	LEA	
			" E	ottom H	ole Location	If Different Fro	om Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
C	22	25 S	32 E		20	NORTH	2310	WEST	LEA	
12 Dedicated Acre	s <sup>13</sup> Joint	or Infill 14	Consolidation	n Code			15 Order No.		-	
320										

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.



### Haflinger 27-22 Fed Com 231H W/2 W/2 Section 22 & W/2 W/2 Section 27, Township 25 South, Range 32 East, Lea County, NM



Tract 1	W/2 W/2 Section 22, Township 25 South, Range 32 East						
50.00%	Providence Minerals, LLC						
50.00%	Devon Energy Production Company, L.P.						
100.00%	Total Committed Interest 50.00%	Total Uncommitted Interest 50.00%					
Tract 2	NW/4 NW/4 Section 27, Township 25 So	uth, Range 32 East					
50.00%	Devon Energy Production Company, L.P.						
50.00%	Chevron U.S.A., Inc.						
100.00%	Total Committed Interest 50.00%	<b>Total Uncommitted Interest</b> 50.00%					

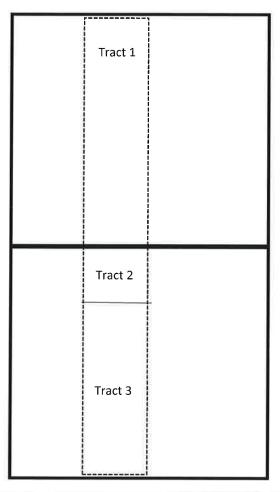
Santa Fe, New Mexico
Exhibit No. 1B
Submitted by: Devon Energy Production

Hearing Date: May 30, 2019 Case Nos. 20420, 20421

Tract 3	SW/4 NW/4, W/2 SW/4 Section 27, Township 25 South, Range 32 East								
100.00%	Devon Energy Production C	Devon Energy Production Company, L.P.							
100.00%	Total Committed Interest	100.00%	Total Uncommitted Interest	0.00%					

1919-046	Uncommitted Int	erests				
Unit	W/2 W/2 Section 22 & W/2 W/2 Section	on 27, Township 25 South, Range 32 East				
68.75%	Devon Energy Production Company, L.P					
25.00%	Providence Minerals, LLC					
6.25%	Chevron U.S.A., LLC					
100.00%	Total Committed Interests 68.75%	<b>Total Uncommitted Interests 31.25%</b>				

### Haflinger 27-22 Fed Com 232H E/2 W/2 Section 22 & E/2 W/2 Section 27, Township 25 South, Range 32 East, Lea County, NM



Tract 1	E/2 W/2 Section 22, Township 25 South, Range 32 East						
50.00%	Providence Minerals, LLC	EMPERATOR STREET					
50.00%	Devon Energy Production Company, L.P.						
100.00%	Total Committed Interest 50.00%	Total Uncommitted Interest 50.00%					
Tract 2	NE/4 NW/4 Section 27, Township 25 So	uth, Range 32 East					
50.00%	Devon Energy Production Company, L.P.						
50.00%	Chevron U.S.A., Inc.						
100.00%	Total Committed Interest 50.00%	Total Uncommitted Interest 50.00%					

Tract 3	SE/4 NW/4, E/2 SW/4 Section 27, Township 25 South, Range 32 East								
100.00%	Devon Energy Production C	Devon Energy Production Company, L.P.							
100.00%	Total Committed Interest	100.00%	Total Uncommitted Interest	0.00%					

Uncommitted Interests						
Unit	E/2 W/2 Section 22 & E/2 W/2 Section	27, Township 25 South, Range 32 East				
68.75%	Devon Energy Production Company, L.P					
25.00%	Providence Minerals, LLC					
6.25%	Chevron U.S.A., LLC					
100.00%	Total Committed Interests 68.75%	Total Uncommitted Interests 31.25%				

Betty Lou Beumeler Ballard E. Spencer Trust, Inc.

Elliott M. Browder, Trustee of the Browder Family 1990 Trust Kathlyn S. Browder

Byron Garrett, Trustee Betty Lou Beumeler, Administratix of the Estate of John Lewis Beumeler, deceased

First City National Bank of Midland (formerly The Midland National Bank of Midland, Texas), Trustee under the Will of R. Emmett Boyle, Deceased

Bill Seltzer Jo Denton Lusk, flk/a Jo Denton Murchison

Bradley A. Siegel Richard C. Gibson

Nancy H. Gibson, wife of Richard C. Gibson

Hill Investments, Ltd. H-S Minerals and Realty, Ltd.

Richard D. Jones, Jr.

COLT Development, L.L.C. Janis Lynn Settle

Patricia Ann Reece Gary Lee Manning

> 4811 Leisure, Midland, TX 79702 P.O. Box 6 Artesia, NM 88211

3225 Freeport BLVD APT 322, Sacramento CA 95818 3225 Freeport BLVD APT 322, Sacramento CA 95818

4811 Leisure, Midland, TX 79702

2900 Weslayan Suite 320, Houston, TX 77027

500 W Texas Ave., Midland, TX 79701

1113 Indian Hills Dr., Grand Prairie, TX 75051

190 Kahiki Drive, Tavernier, FL 33070 214 W Texas STE 507, Midland, TX 79702

P.O. Box 3817, Midland, TX 79702

P.O. Box 3817, Midland, TX 79702 P.O. Box 27284. Austin, TX 78755 P.O. Box 27284. Austin, TX 78755

200 N Gaines RD, Cedar Creek, TX 78612

Chase Bank of Texas, National Association, Trustee for Angela Leigh Simpson Starrett under Trust Agreement de 712 S Main St., Houston, TX 77002

326 N Jefferson St, Harrison, OH 45030 6400 S Fiddlers Green Circle, STE 2100 Englewood, CO 80111 7149 Tradewind ST, Amarillo, TX 79118

12 Sallent LN, Hot Springs Village, AR 71909

8606 Smoke RD SW, Etna, OH 43062 238 SW 31st Street, Cape Coral FL 33914



Tim Prout Senior Landman Devon Energy Production Co., L.P. 333 West Sherldan Avenue Oklahoma City, Oklahoma 73102-8260 Office: (405) 552-6113 Fax: (405) 234-2612

February 18, 2019

VIA FED EX

Providence Minerals, LLC Attn: Karen Herbst 16400 Dallas Parkway, Suite 400 Dallas, Texas 75248

Re:

Haflinger 22-27 Fed Com 231H SHL 325' FSL & 1515' FWL Section 27-T25S-R32E BHL 20' FNL & 990' FWL Section 22-T25S-R32E Lea County, New Mexico

Ms. Herbst:

Devon Energy Production Company, L.P. ("Devon") hereby proposes to drill the Haflinger 22-27 Fed Com 231H well to an approximate TVD of 10,670' in order to test the Bone Spring formation. The proposed surface hole location is approximately 325' FSL & 1515' FWL Section 27-T25S-R32E. The proposed bottom hole is approximately 20' FNL & 990' FWL Section 22-T25S-R32E.

To accommodate the 2-mile well Devon proposes forming a working interest unit made up of the W/2 of Section 27 and W/2 of Section 22, Township 25 South, Range 32 East, Lea County, New Mexico, insofar and only insofar as leases cover depths from below the base of the Delaware formation to the base of the Wolfcamp formation.

Devon is proposing to drill this well subject to the terms of a 2015 AAPL model form Operating Agreement with the following general provisions:

- Operator: Devon Energy Production Company, L.P.
- 100% /300% Non-consenting penalty
- \$11,000/\$1,100 Drilling and Producing Overhead Rates

Enclosed you will find Devon's proposed AFE for the procedure reflecting our estimated completed well cost of \$7,463,412.76. Devon reserves the right to modify the locations and drilling plans described above and will advise you of any modifications.

Hearing Date: May 30, 2019
Case Nos. 20420, 20421

If you elect to participate in this well, please return to my attention via mail, email, or fax @ 405-552-6113 a signed AFE and your most updated well requirement sheet including email addresses. If returned by email or fax, the signature will be deemed an original response.

If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-6113 or email me at Tim.Prout@dvn.com.

Yours truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Tim Prout

Senior Landman

/rf

Enclosures



### **Authorization for Expenditure**

AFE # XX-113099.01

Well Name: Haflinger 27-22 Fed Com 231H

Cost Center Number: 1093195501 Legal Description: SECTION 27-25S-32E

Revision:

AFE Date:

02/18/2019

State: County/Parish: NM LEA

Explanation and Justification:

DRILL & COMPLETE THE HAFLINGER 27-22 FED COM 231H, SECTION 27-25S-32E LEA, NEW MEXICO

Code	intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	57,500.00	0.00	0.00	57,500.00
6060130	GASEOUS FUELS	24,480.00	0.00	0.00	24,480.00
6080100	DISPOSAL - SOLIDS	100,918.00	5,000.00	0.00	105,918.00
6080110	DISP-SALTWATER & OTH	0.00	46,000.00	0.00	46,000.00
6090100	FLUIDS - WATER	29,563.00	8,000.00	0.00	37,563.00
6090120	RECYC TREAT&PROC-H20	0.00	260,850.00	0.00	260,850.00
6100100	PERMIT SURVEY&TITLE	30,000.00	1,178.25	0.00	31,178.25
6100110	RIGHT OF WAY	15,000.00	575.00	0.00	15,575.00
6110130	ROAD&SITE PREP SVC	94,970.00	46,113.75	0.00	141,083.75
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	6,011.00	0.00	0.00	6,011.00
6130360	RTOC - ENGINEERING	0.00	12,960.00	0.00	12,960.00
6130370	RTOC - GEOSTEERING	18,805.00	0.00	0.00	18,805.00
6140160	ENV-SERVICES	1,000.00	1,250.00	0.00	2,250.00
6150100	CH LOG PERFRTG&WL SV	0.00	289,597.50	0.00	289,597.50
6160100	MATERIALS & SUPPLIES	5,848.00	5,000.00	0.00	10,848.00
6170100	PULLING&SWABBING SVC	0.00	85,500.00	0.00	85,500.00
6170110	SNUBBG&COIL TUBG SVC	0.00	48,000.00	0.00	48,000.00
6190100	TRCKG&HL-SOLID&FLUID	46,000.00	8,000.00	0.00	54,000.00
6190110	TRUCKING&HAUL OF EQP	60,000.00	19,250.00	0.00	79,250.00
6200110	NSPECTION SERVICES	0.00	37,871.00	0.00	37,871.00
6200130	CONSLT & PROJECT SVC	115,220.00	89,100.00	0.00	204,320.00
6230120	SAFETY SERVICES	44,880.00	9,500.00	0.00	54,380.00
6300270	SOLIDS CONTROL SRVCS	40,250.00	0.00	0.00	40,250.00
	STIMULATION SERVICES	0.00	2,823,757.26	0.00	2,823,757.26
	ARTIFICIAL LIFT SVC	0.00	5,200.00	0.00	5,200.00
-	CASING & TUBULAR SVC	90,400.00	0.00	0.00	90,400.00
	CEMENTING SERVICES	179,000.00	0.00	0.00	179,000.00
6310280	DAYWORK COSTS	400,384.00	0.00	0.00	400,384.00
	DIRECTIONAL SERVICES	171,080.00	0.00	0.00	171,080.00
6310310	ORILL BITS	68,500.00	0.00	0.00	68,500.00
	ORILL&COMP FLUID&SVC	155,000,00	8,000.00	0.00	163,000.00
	MOB & DEMOBILIZATION	207,148.00	0.00	0.00	207,148.00
	OPEN HOLE EVALUATION	16,544.00	0.00	0.00	16,544.00
	ISTNG-WELL, PL & OTH	0.00	51,400.00	0.00	51,400.00
	MISC PUMPING SERVICE	0.00	42,500.00	0.00	42,500.00
	OPMNT SVC-SRF RNTL	53,043.00	205,000.00	0.00	258,043.00
	QUIP SVC - DOWNHOLE	85,780.00	37,500.00	0.00	123,280.00
	WELDING SERVICES	4,000.00	16,250.00	0.00	20,250.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



### Authorization for Expenditure

AFE # XX-1113099.01

Well Name: Haflinger 27-22 Fed Com 231H Cost Center Number: 1093195501

Legal Description: SECTION 27-25S-32E

AFE Date: State:

02/18/2019

County/Parish:

NM **EDDY** 

Revision:

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6520100	LEGAL FEES	5,000.00	0.00	0.00	5,000.00
6550100	MISCS COSTS & SERVS	0.00	25,894.25	0.00	25,894.25
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6550120	OTHER ROUSTABOUT SER	0.00	31,103.00	0.00	31,103.00
6630110	CAPITAL OVERHEAD	8,160.00	11,000.00	0.00	19,160.00
6740340	TAXES OTHER	167.00	0.00	0.00	167.00
	Total Intangibles	2,159,101.00	4,231,350.01	0.00	6,390,451.01

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	0.00	100,000.00	0.00	100,000.00
6120120	MEASUREMENT EQUIP	0.00	33,733.00	0.00	33,733.00
6130120	COMM DEVICES - SCADA	0.00	25,000.00	0.00	25,000.00
6300150	SEPARATOR EQUIPMENT	0.00	85,799.75	0.00	85,799.75
6300220	STORAGE VESSEL&TANKS	0.00	36,346.25	0.00	36,346.25
6300230	PUMPS - SURFACE	0.00	4,500.00	0.00	4,500.00
6310130	ARTIFICIAL LIFT EQP	0.00	17,000.00	0.00	17,000.00
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	73,000.00	0.00	73,000.00
6310460	WELLHEAD EQUIPMENT	22,500.00	39,000.00	0.00	61,500.00
6310530	SURFACE CASING	30,537.00	0.00	0.00	30,537.00
6310540	NTERMEDIATE CASING	117,015.00	0.00	0.00	117,015.00
6310550	PRODUCTION CASING	292,600.00	0.00	0.00	292,600.00
6310580	CASING COMPONENTS	51,875.00	0.00	0.00	51,875.00
6320180	EQUIPMENT OTHER	0.00	4,500.00	0.00	4,500.00
6330100	PIPE,FIT,FLANG,CPLNG	0.00	119,555.75	0.00	119,555.75
	Total Tangibles	534,527.00	538,434.75	0.00	1,072,961.75

TOTAL ESTIMATED COST	2.693.628.00	4.769.784.76	0.00	7,463,412.76
I IU AL ESTIMATED COST	2.033.020.00	4./09./04./0	0.00	1,403,412,701

WORKING INTEREST OWNER APPROVAL					
Company Name:					
Signature:	Print Name:				
Title:					
Date:					
Email:					

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

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Tim Prout Senior Landman Devon Energy Production Co., L.P. 333 West Sheridan Avenue Oklahoma City, Oklahoma 73102-8260 Office: (405) 552-8113 Fax: (405) 234-2612

February 18, 2019

VIA FED EX

Providence Minerals, LLC Attn: Karen Herbst 16400 Dallas Parkway, Suite 400 Dallas, Texas 75248

Re: Haflinger 22-27 Fed Com 232H SHL 325' FSL & 1545' FWL Section 27-T25S-R32E BHL 20' FNL & 2310' FWL Section 22-T25S-R32E Lea County, New Mexico

Ms, Herbst:

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To accommodate the 2-mile well Devon proposes forming a working interest unit made up of the W/2 of Section 27 and W/2 of Section 22, Township 25 South, Range 32 East, Lea County, New Mexico, insofar and only insofar as leases cover depths from below the base of the Delaware formation to the base of the Wolfcamp formation.

Devon is proposing to drill this well subject to the terms of a 2015 AAPL model form Operating Agreement with the following general provisions:

- Operator: Devon Energy Production Company, L.P.
- 100% /300% Non-consenting penalty
- \$11,000/\$1,100 Drilling and Producing Overhead Rates

Enclosed you will find Devon's proposed AFE for the procedure reflecting our estimated completed well cost of \$7,463,412.76. Devon reserves the right to modify the locations and drilling plans described above and will advise you of any modifications.

Devon - Internal

If you elect to participate in this well, please return to my attention via mail, email, or fax @ 405-552-6113 a signed AFE and your most updated well requirement sheet including email addresses. If returned by email or fax, the signature will be deemed an original response.

If you have any questions concerning this proposal, please do not hesitate to contact me at (405) 552-6113 or email me at Tim.Prout@dvn.com.

Yours truly,

DEVON EXERGY PRODUCTION COMPANY, L.P.

Tim Prout

Senior Landman

/rf

Enclosures



### Authorization for Expenditure

AFE # XX-113098.01

Well Name: Haflinger 27-22 Fed Com 232H

Cost Center Number: 1093195401 Legal Description: SECTION 27-25S-32E

Revision:

AFE Date:

02/18/2019

State: County/Parish:

NM LEA

Explanation and Justification:

DRILL & COMPLETE THE HAFLINGER 27-22 FED COM 232H, SECTION 27-25S-32E LEA, **NEW MEXICO** 

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060100	DYED LIQUID FUELS	57,500.00	0.00	0.00	57,500.00
6060130	GASEOUS FUELS	24,480.00	0.00	0.00	24,480.00
6080100	DISPOSAL - SOLIDS	100,918.00	5,000.00	0.00	105,918.00
6080110	DISP-SALTWATER & OTH	0.00	46,000.00	0.00	46,000.00
6090100	FLUIDS - WATER	29,563.00	8,000.00	0.00	37,563.00
6090120	RECYC TREAT&PROC-H20	0.00	260,850.00	0.00	260,850.00
6100100	PERMIT SURVEY&TITLE	30,000.00	1,178.25	0.00	31,178.25
6100110	RIGHT OF WAY	15,000.00	575.00	0.00	15,575.00
6110130	ROAD&SITE PREP SVC	94,970.00	46,113.75	0.00	141,083.75
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6130170	COMM SVCS - WAN	6,011.00	0.00	0.00	6,011.00
6130360	RTOC - ENGINEERING	0.00	12,960.00	0.00	12,960.00
6130370	RTOC - GEOSTEERING	18,805.00	0.00	0.00	18,805.00
6140160	ENV-SERVICES	1,000.00	1,250.00	0.00	2,250.00
6150100	CH LOG PERFRTG&WL SV	0.00	289,597.50	0.00	289,597.50
6160100	MATERIALS & SUPPLIES	5,848.00	5,000.00	0.00	10,848.00
6170100	PULLING&SWABBING SVC	0.00	85,500.00	0.00	85,500.00
6170110	SNUBBG&COIL TUBG SVC	0.00	48,000.00	0.00	48,000.00
6190100	TRCKG&HL-SOLID&FLUID	46,000.00	8,000.00	0.00	54,000.00
6190110	TRUCKING&HAUL OF EQP	60,000.00	19,250.00	0.00	79,250.00
6200110	INSPECTION SERVICES	0.00	37,871.00	0.00	37,871.00
6200130	CONSLT & PROJECT SVC	115,220.00	89,100.00	0.00	204,320.00
6230120	SAFETY SERVICES	44,880.00	9,500.00	0.00	54,380.00
6300270	SOLIDS CONTROL SRVCS	40,250.00	0.00	0.00	40,250.00
6310120	STIMULATION SERVICES	0.00	2,823,757.26	0.00	2,823,757.26
6310140	ARTIFICIAL LIFT SVC	0.00	5,200.00	0.00	5,200.00
6310200	CASING & TUBULAR SVC	90,400.00	0.00	0.00	90,400.00
6310250	CEMENTING SERVICES	179,000.00	0.00	0.00	179,000.00
6310280	DAYWORK COSTS	400,384.00	0.00	0.00	400,384.00
6310300	DIRECTIONAL SERVICES	171,080.00	0.00	0.00	171,080.00
6310310	DRILL BITS	68,500.00	0.00	0.00	68,500.00
6310330	DRILL&COMP FLUID&SVC	155,000.00	8,000.00	0.00	163,000.00
6310370	MOB & DEMOBILIZATION	207,148.00	0.00	0.00	207,148.00
6310380	OPEN HOLE EVALUATION	16,544.00	0.00	0.00	16,544.00
6310480	TSTNG-WELL, PL & OTH	0.00	51,400.00	0.00	51,400.00
	MISC PUMPING SERVICE	0.00	42,500.00	0.00	42,500.00
6320100	EQPMNT SVC-SRF RNTL	53,043.00	205,000.00	0.00	258,043.00
6320110	EQUIP SVC - DOWNHOLE	85,780.00	37,500.00	0.00	123,280.00
6320160	WELDING SERVICES	4,000.00	16,250.00	0.00	20,250.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



### **Authorization for Expenditure**

AFE # XX-1113098.01

Well Name: Hafflinger 27-22 Fed Com 232H Cost Center Number: 1093195401 Legal Description: SECTION 27-25S-32E

**Total Intangibles** 

Revision:

AFE Date:

4,231,350.01

02/18/2019

State: County/Parish: NM EDDY

0.00

6,390,451.01

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6520100	LEGAL FEES	5,000.00	0.00	0.00	5,000.00
6550100	MISCS COSTS & SERVS	0.00	25,894.25	0.00	25,894.25
6550110	MISCELLANEOUS SVC	19,450.00	0.00	0.00	19,450.00
6550120	OTHER ROUSTABOUT SER	0.00	31,103.00	0.00	31,103.00
6630110	CAPITAL OVERHEAD	8,160.00	11,000.00	0.00	19,160.00
6740340	TAXES OTHER	167.00	0.00	0.00	167.00

2,159,101.00

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6060180	ELEC & PWRLINE EQUIP	0.00	100,000.00	0.00	100,000.00
6120120	MEASUREMENT EQUIP	0.00	33,733.00	0.00	33,733.00
6130120	COMM DEVICES - SCADA	0.00	25,000.00	0.00	25,000.00
6300150	SEPARATOR EQUIPMENT	0.00	85,799.75	0.00	85,799.75
6300220	STORAGE VESSEL&TANKS	0.00	36,346.25	0.00	36,346.25
6300230	PUMPS - SURFACE	0.00	4,500.00	0.00	4,500.00
6310130	ARTIFICIAL LIFT EQP	0.00	17,000.00	0.00	17,000.00
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	73,000.00	0.00	73,000.00
6310460	WELLHEAD EQUIPMENT	22,500.00	39,000.00	0.00	61,500.00
6310530	SURFACE CASING	30,537.00	0.00	0.00	30,537.00
6310540	INTERMEDIATE CASING	117,015.00	0.00	0.00	117,015.00
6310550	PRODUCTION CASING	292,600.00	0.00	0.00	292,600.00
6310580	CASING COMPONENTS	51,875.00	0.00	0.00	51,875.00
6320180	EQUIPMENT OTHER	0.00	4,500.00	0.00	4,500.00
6330100	PIPE,FIT,FLANG,CPLNG	0.00	119,555.75	0.00	119,555.75
	Total Tangibles	534,527.00	538,434.75	0.00	1,072,961.75

TOTAL ESTIMATED COST	2,693,628.00	4,769,784.76	0.00	7,463,412.76
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Company Name:					
Signature:	Print Name:				
Title:					
Date:					
Email:					

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

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.

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

APPLICATIONS OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NOS. 20420 & 20421

### AFFIDAVIT OF BRYAN CURRIE, GEOLOGIST

Bryan Currie, of lawful age and being first duly sworn, declares as follows:

- 1. My name Bryan Currie and I have been employed by Devon Energy Production Company, L.P. ("Devon") as a geologist for three years. I received a master's degree in geology from Western Michigan University in Kalamazoo, Michigan and I have been a member of the American Association of Petroleum Geologists for five years. My responsibilities with Devon include the Permian Basin of New Mexico.
- 2. I am familiar with the applications filed by Devon in these consolidated cases. Since Devon is targeting the Second Bone Spring sand interval with its proposed wells, I have conducted a geologic study of the Bone Spring formation underlying the subject acreage.
- 3. **Exhibit No. 2A** is a structure map that I prepared for the base of the Second Bone Spring sand interval. The proposed wells are depicted with green lines and I have identified the first take point and the bottom hole location for each well. Existing producing wells in the Second Bone Spring interval are also shown on this map.
- 4. The structure map shows that the formation is gently dipping to the southeast in this area. I have depicted in orange the Cotton Draw fault that exists in the Bone Spring and Wolfcamp formations in this area. Devon and other operators have successfully drilled horizontal wells through this fault. In my opinion, this existing fault will not pose an

Case Nos. 20420, 20421

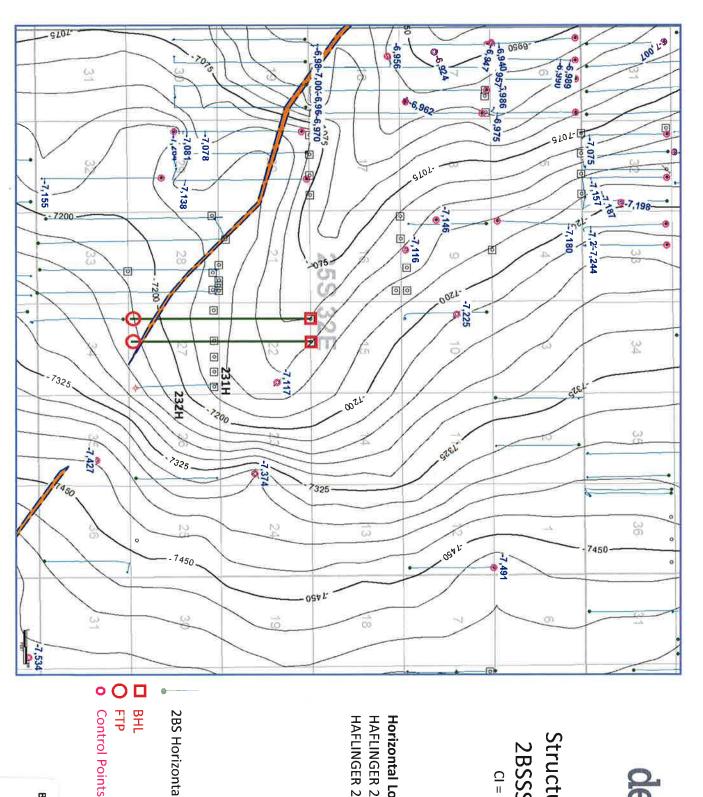
impediment to development of the proposed spacing units with horizontal wells, and I do not observe any other faulting, pinch outs, or geologic impediments to developing the targeted interval with horizontal wells.

- 5. **Exhibit No. 2B** identifies the three wells penetrating the targeted interval that I used to construct a stratigraphic cross-section from A to A'. I utilized these well logs because they penetrate the targeted interval, are of good quality and have been subjected to a petrophysical analysis of the targeted interval. In my opinion, these wells logs are representative of the geology in the area.
- 6. **Exhibit No. 2C** is a stratigraphic cross section using the representative wells depicted on Exhibit 2B. It contains a gamma ray, resistivity and porosity logs. I have identified with red lines equivalent stratigraphic surfaces. The landing zone for both wells is labeled on the exhibit and highlighted with green shading. The cross-section demonstrates that the targeted interval extends across the proposed spacing units.
- 7. In my opinion, the south to north orientation of the proposed wells is the preferred orientation for horizontal well development in the targeted interval because toe up wells are thought to have a longer flowback life. This standup orientation will efficiently and effectively develop the subject acreage.
- 8. Based on my geologic study, the targeted interval underlying the subject area is suitable for development by horizontal wells and the tracts comprising the proposed spacing units will contribute more-or-less equally to the production from the wellbores.
- 9. In my opinion, the granting of Devon's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

### FURTHER AFFIANT SAYETH NOT.

12398116\_v2

	•
STATE OF OKLAHOMA	)
COUNTY OF OKlahoma	
SUBSCRIBED and SWORN	N to before me this 22 <sup>nd</sup> day of May 2019 by Bryan
Currie.	
	Rachel Gerlach
	and the state of t
My Commission Expires:	6ER (1005642) 11005642 EXP. 06/22/19 5





# Structure Map **2BSSS Lower**

CI = 25 Feet

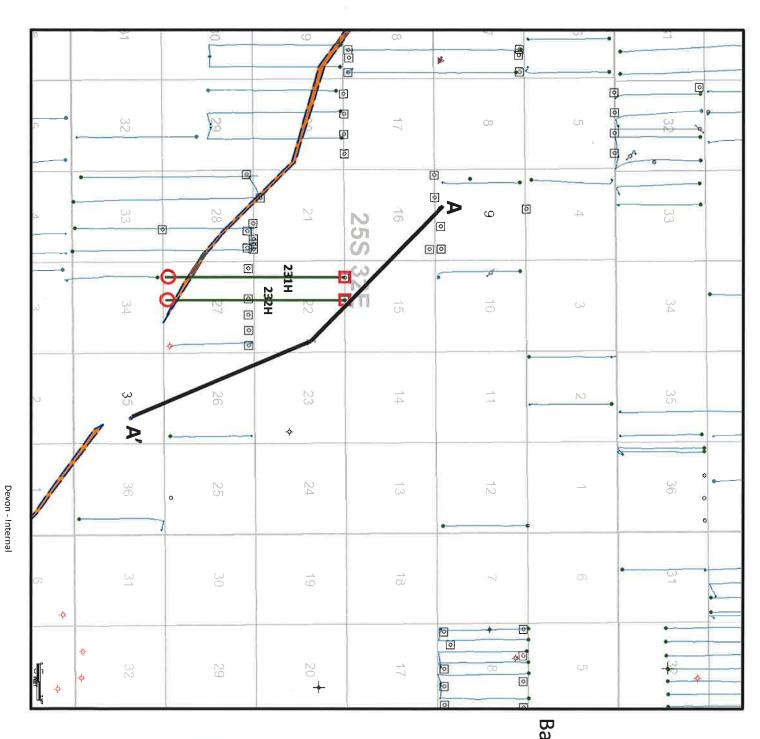
# **Horizontal Locations:**

HAFLINGER 27-22 FED COM 232H HAFLINGER 27-22 FED COM 231H

**2BS Horizontal Wells** 

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

Submitted by: **Devon Energy Production** Hearing Date: May 30, 2019 Case Nos. 20420, 20421 Exhibit No. 2A





Base Map with Line of Section

2BSSS

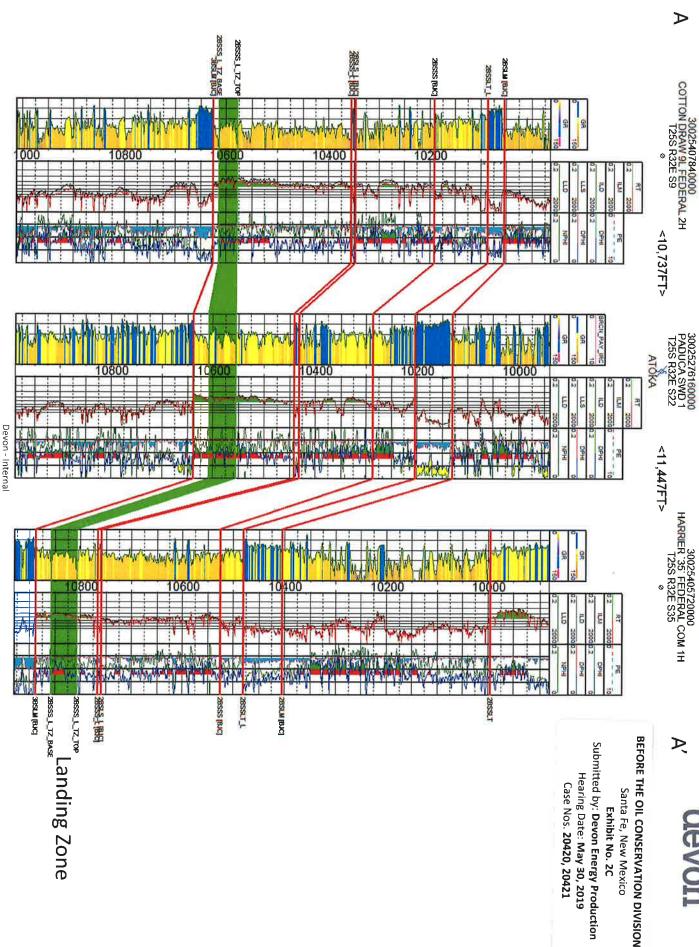
**2BS Horizontal Wells** 

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BEFORE THE OIL CONSERVATION DIVISION Submitted by: **Devon Energy Production**Hearing Date **May 30, 2019**Case Nos. **20420, 20421** Santa Fe, New Mexico Exhibit No. 2B

# Stratigraphic Cross Section A - A'2BSSS

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

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

CASE NOS. 20420, 20421

### **AFFIDAVIT**

STATE OF NEW MEXICO	)	
	) 5	S
COUNTY OF SANTA FE	)	

Michael H. Feldewert, attorney in fact and authorized representative of Devon Energy Production, L.P., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications in the above referenced cases have been provided under the notice letters and proof of receipts attached hereto.

Michael H. Feldewert

SUBSCRIBED AND SWORN to before me this 29th day of May 2019 by Michael H. Feldewert.

Notary Public

My Commission

miras: Hy Mit 26, 202

Hearing Date: May 30, 2019 Case Nos. 20420, 20421



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources —
Oil and Gas Law — New
Mexico Board of Legal
Specification
mfeldewert@hollandhart.com

April 12, 2019

### <u>VIA CERTIFIED MAIL</u> CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Devon Energy Production Company, L.P. for compulsory

pooling, Lea County, New Mexico.

Haflinger 27-22 Federal Com 231H Well

### Ladies & Gentlemen:

This letter is to advise you that Devon Energy Production Company, L.P., has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on May 2, 2019, and the status of the hearing can be monitored through the Division's website at http://www.emnrd.state.nm.us/ocd/. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from subsequently challenging this matter.

Parties appearing in cases are 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 at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; 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 are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Tim Prout at (405) 552-6113 or at Tim.Prout@dvn.com

Sincerely,

Michael H. Feldewert

ATTORNEY FOR DEVON ENERGY PRODUCTION COMPANY, L.P.



Michael H. Feldewert Recognized Specialist in the Area of Natural Resources – Oil and Gas Law – New Mexico Board of Legal Specification mfeldewert@hollandhart.com

April 12, 2019

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TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re:

Application of Devon Energy Production Company, L.P. for compulsory

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Haflinger 27-22 Federal Com 232H Well

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If you have any questions about this matter, please contact Tim Prout at (405) 552-6113 or at Tim.Prout@dvn.com

Michael H. Feldewert

ATTORNEY FOR DEVON ENERGY PRODUCTION COMPANY, L.P.





### **Shipment Confirmation Acceptance Notice**

Note to Mailer: The labels and volume associated to this form online, must match the labeled packages being presented to the USPS® employee with this form.

Devon Haflinger 27-22 231 & 232H Wells

Case No 20420 & 20421

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Address: \_\_110 N GUADALUPE ST # 1 City: SANTA FE

State: NM ZIP+4® 87501

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Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	24
Total	24 5

<sup>\*</sup>Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

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   Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail. Leave form with customer or in customer's mail receptacle.

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PS Form **3877**, April 2015 (Page 1 of 3)

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Byron Garrett Trustee 2900 Weslayan Suite 320 Houston TX 77027

Jo Denton Lusk f/k/a Jo Denton Murchison 1113 Indian Hills Dr Grand Prairie TX 75051 First City National Bank of Midland (formerly The Midland National Bank of Midland Texas) Trustee under the Will of R Emmett Boyle Deceased 500 W Texas Ave Midland TX 79701

Bill Seltzer 214 W Texas STE 507 Midland TX 79702

Bradley A Siegel 190 Kahiki Drive Tavernier FL 33070

Richard C Gibson PO BOX 3817 Midland TX 79702

Nancy H Gibson wife of Richard C Gibson PO BOX 3817 Midland TX 79702

H-S Minerals and Realty Ltd PO BOX 27284 Austin TX 78755

Hill Investments Ltd PO BOX 27284 Austin TX 78755

Richard D Jones Jr 200 N Gaines Rd Cedar Creek TX 78612

Chase Bank of Texas National Association Trustee for Angela Leigh Simpson Starrett under Trust Agreement dated September 8 1999 712 S Main St Houston TX 77022

Janis Lynn Settle 7149 Tradewind St Amarillo TX 79118

Gary Lee Manning 326 N Jefferson St Harrison OH 45030 COLT Development L L C 6400 Fiddlers Green Circle Ste 2100 Englewood CO 80111

Gary Lee Manning 238 SW 31st Street Cape Coral FL 33914

Patricia Ann Reece 12 Sallent Ln Hot Springs Village AR 71909

Patricia Ann Reece 8606 Smoke Rd SW Etna OH 43062

Providence Minerals LLC 16400 Dallas Parkway Ste 400 Dallas TX 75248

Mid-Continent Business Unit Chevron North America Exploration and Production Co a Div of Chevron USA Inc 1400 Smith St - 41102 Houston TX 77022

Ballard E Spencer Trust Inc PO BOX 6 Artesia NM 88211

Betty Lou Beumeler 4811 Leisure Midland TX 79702

Elllott M Browder Trustee of the Browder Family 1990 Trust 3225 Freeport Blvd Apt 322 Sacramento CA 95818

Kathlyn S Browder 3225 Freeport Blvd Apt 322 Sacramento CA 95818

Betty Lou Beumeler Administratix of the Estate of John Lewis Beumeler deceased 4811 Leisure Midland TX 79702

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### Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
April 16, 2019
and ending with the issue dated
April 16, 2019.

Publisher

Sworn and subscribed to before me this 16th day of April 2019.

Business Manager

My commission expires

January 29, 2023 (Seal)

OFFICIAL SEAL

GUSSIE BLACK

Notary Public

State of New Mexico

My Commission Expires

MANAGEMENT AND THE PARTY OF THE

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

### LEGAL NOTICE APRIL 16, 2019

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on May 2, 2019, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by April 22, 2019. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All overriding royalty interest owners and pooled parties, including: Providence Minerals LLC; Mid-Continent Business Unit, Chevron North America Exploration and Production Co., a division of Chevron U.S.A. Inc.; Ballard E. Spencer Trust, Inc.; Betty Lou Beumeler, her heirs and devisees; Elliott M. Browder, Trustee of the Browder Family 1990 Trust; Kathlyn S. Browder, her heirs and devisees; Betty Lou Beumeler, Administratix of the Estate of John Lewis Beumeler, deceased, his heirs and devisees; Byron Garrett, Trustee; First City National Bank of Midland (formerly The Midland National Bank of Midland, Texas), Trustee under the Will of R. Emmett Boyie, Deceased; Jo Denton Lusk, fikla Jo Denton Murchison, her heirs and devisees; Bill Seltzer, his heirs and devisees; Bradley A. Siegel, his heirs and devisees; Richard C. Gibson, their heirs and devisees; Nancy H. Gibson, wife of Richard C. Gibson, their heirs and devisees; H-S Minerals and Realty, Ltd.; Hill Investments, Ltd.; Richard D. Jones, Jr., his heirs and devisees; Chase Bank of Texas, National Association, Trustee for Angels Leigh Simpson Starrett under Trust Agreement dated September 8, 1999; Janis Lynn Settle, her heirs and devisees; COLT Development, L.L.C.; Gary Lee Manning, his heirs and devisees; Patricla Ann Reece, her heirs and devisees.

Case No. 20420: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation (WC-025 G-08 S253235G; Lower Bone Spring Pool (97903)) underlying a 320-acre standard horizontal spacing unit comprised of the W/2 W/2 of Sections 22 and 27. Township 25 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed Hafflinger 27-22 Federal Com 231H Well to be drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 22. Also, to be considered will be the cost of drilling and completing the well, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 30 miles east of Jal, New Mexico. #34019

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HOLLAND & HART LLC PO BOX 2208 SANTA FE,, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Exhibit No. 4
Submitted by: Devon Energy Production

bmitted by: **Devon Energy Productio**Hearing Date **May 30, 2019**Case Nos. **20420, 20421** 

### **Affidavit of Publication**

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My commission expires

January 29, 2023 (Seal)

OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires 21-23

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OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

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Case No. 20421: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation (WC-025 G-08 S253235G; Lower Bone Spring Pool (97903)) underlying a 320-acre standard norizontal spacing unit comprised of the E/2 W/2 of Sections 22 and 27. Township 25 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed Haffinger 27-22 Federal Com 232H Well to be drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 22. Also, to be considered will be the cost of drilling and completing the well, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 30 miles east of Jal, New Mexico.

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