

HOLLAND & HART^{LLP}



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May 24, 2019

RECEIVED

MAY 28 2019

VIA CERTIFIED MAIL

CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

CIMAREX ENERGY CO.

Re: Application of Devon Energy Production Company, L.P. for compulsory pooling, Eddy County, New Mexico.

Uraninite 32-33 State Fed Com 332H Well

Uraninite 32-33 State Fed Com 333H 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. This application requests a hearing before a Division Examiner at 8:15 a.m. on June 13, 2019, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. The hearing will be held in Porter Hall in 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 Stephen Hoch, at (405) 228-4467, or at stephen.hoch@dvn.com

Sincerely,

Michael H. Feldewert
**ATTORNEY FOR DEVON ENERGY PRODUCTION
COMPANY, L.P.**

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**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. 20529

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 interests in Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the N/2 of Section 32 and the NW/4 of Section 33, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of this application, Devon states:

1. Devon (OGRID No. 6137) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to two initial proposed wells to be drilled at a depth sufficient to test the Bone Spring formation from common surface hole locations in the NW/4 NW/4 (Unit D) of Section 32:

- **Uraninite 32-33 State Fed Com 332H Well** to be drilled from a surface hole location in the NW/4 NW/4 (Unit D) of Section 32 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 33.

- **Uraninite 32-33 State Fed Com 333H Well** to be drilled from a surface hole location in the NW/4 NW/4 (Unit D) of Section 32 to a bottom hole location in the SE/4 NW/4 (Unit F) of Section 33.

3. The completed interval for the Uraninite 32-33 State Fed Com 332H Well will remain within 330 feet of the S/2 N/2 of Sections 32 and 33 to allow inclusion of these proximity tracts in a standard 480-acre horizontal spacing unit comprised of the N/2 of Section 32 and the NW/4 of Section 33.

4. Because the proposed wells will be simultaneously drilled and completed, Applicant requests an extension of the normal 120-day period to drill and complete the initial well.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

6. The pooling of interests in the proposed horizontal well spacing unit will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

7. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 13, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;
- B. Approving two initial wells in the horizontal well spacing unit;

- C. Designating Applicant as the operator of the horizontal spacing unit and the wells to be drilled thereon;
- D. Authorizing an extension of the normal 120-day period to drill and complete the initial well;
- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- 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% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

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