

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

**APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY, L.P. FOR
APPROVAL OF 1280-ACRE NON-
STANDARD SPACING UNITS IN
THE BONE SPRING AND WOLFCAMP
FORMATIONS COMPRISED OF
ACREAGE SUBJECT TO PROPOSED
COMMUNITIZATION AGREEMENTS,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 21182

DEVON'S PRE- HEARING STATEMENT

Devon Energy Production Company, L.P. ("Devon") (OGRID No. 6137) submits this pre-hearing statement pursuant to the rules of the New Mexico Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Devon Energy Production Company,
L.P.

ATTORNEY

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn Luck
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

STATEMENT OF THE CASE

Devon seeks an order approving 1280-acre, more or less, non-standard spacing units in the Bone Spring and Wolfcamp formations comprised of acreage subject to corresponding Communitization Agreements covering all of Sections 22 and 27, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Devon seeks to

minimize surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing units.

There are two pools within the Bone Spring formation underlying the proposed non-standard spacing unit: The Laguna Salado; Bone Spring (Pool Code 96721), and the Laguna Salado; Bone Spring, South (Pool Code 96857). Within the proposed non-standard spacing unit, Devon has drilled the following wells within Laguna Salado; Bone Spring (Pool Code 96721), and the Laguna Salado; Bone Spring, South (Pool Code 96857):

- **Papas Fritas 27-22 Fed Com #331H well (30-015-46580)**
- **Papas Fritas 27-22 Fed Com #332H well (30-015-46579)**
- **Papas Fritas 27-22 Fed Com #333H well (30-015-46578)**

The only pool within the Wolfcamp formation underlying the proposed non-standard spacing unit is the Purple Sage; Wolfcamp (Gas) (Pool Code 98220), which is defined by Division Order No. R-14262. Within the proposed non-standard spacing unit, Devon has drilled the following wells in the Purple Sage; Wolfcamp Pool:

- **Papas Fritas 27-22 Fed Com #621H well (30-015-46573)**
- **Papas Fritas 27-22 Fed Com #622H well (30-015-46577)**
- **Papas Fritas 27-22 Fed Com #623H well (30-015-46576)**
- **Papas Fritas 27-22 Fed Com #711H well (30-015-46572)**
- **Papas Fritas 27-22 Fed Com #713H well (30-015-46575)**

Devon's drilling program for this area will develop the Wolfcamp formation underlying each of the 320-acre tracts comprising the proposed non-standard project area. Devon no longer intends to drill the **Papas Fritas 27-22 Fed Com #712H well (30-015-46574)**, which was included in this application.

The Bureau of Land Management has informed Devon that it prefers and will approve separate Communitization Agreements for the Bone Spring and the Wolfcamp formations underlying the acreage comprising the proposed non-standard spacing units.

To allow the existing, permitted and future wells to be dedicated to the acreage subject to the desired Communitization Agreements, Devon requires approval of corresponding non-standard spacing units in the Bone Spring and Wolfcamp formations. Division Rules contemplate and encourage oil and gas development, where possible, in enlarged areas of common ownership to minimize surface disturbance and to promote efficient well spacing. *See, e.g.*, 19.15.16.7.P NMAC; 19.15.16.15.B(8) NMAC and 19.15.16.15.C(7) NMAC. Approval of this application will allow Devon to efficiently locate surface facilities; reduce surface disturbance; consolidate roads, tanks and pipelines; and promote effective well spacing.

While the acreage is subject to compulsory pooling orders in Order Nos. R-20957, R-20958, R-20959, R-20960, and R-20961, Devon has since obtained voluntary joinder from all working interests to develop this acreage on the proposed 1280-acre nonstandard spacing unit basis. Devon therefore intends to notify the Division that these prior pooling orders are of no further effect. Additionally, upon approval of this application, Devon will file sundries to its C-102s to reflect the approval of the proposed nonstandard horizontal Bone Spring and Wolfcamp spacing units in this case.

PROPOSED EVIDENCE

| <u>WITNESSES</u> | <u>ESTIMATED TIME</u> | <u>EXHIBITS</u> |
|---------------------------------|-----------------------|-----------------|
| Verl Brown, Landman | Affidavit | 8 |
| Miranda Childress, Geologist | Affidavit | 5 |
| Lauren Sykes, Engineer | Affidavit | 3 |

PROCEDURAL MATTERS

Devon does not expect any opposition to presentation of this case and intends to present the case by affidavit, if unopposed at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP

By:  ___

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Kaitlyn Luck

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

agrarkin@hollandhart.com

jbroggi@hollandhart.com

kaluck@hollandhart.com

**ATTORNEYS FOR DEVON ENERGY
PRODUCTION COMPANY, L.P.**