

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2014 APR 22 P 12:57

Case No. 15130

APPLICATION

Devon Energy Production Company, L.P. applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28, and has the right to drill a well thereon.
2. Applicant proposes to drill its Bilbrey 33 Fed. Com. Well No. 4H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28 to the well, as to the Bone Spring formation, to form a non-standard 240 acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well will be a horizontal well, with a surface location in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 33, and a terminus in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 28.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to

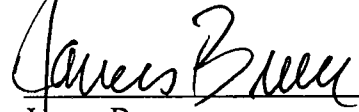
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28;
- B. Pooling all mineral interests in the Bone Spring formation underlying the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 33 and the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 28;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce

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Attorney for Devon Energy Production
Company, L.P.

PROPOSED ADVERTISEMENT

Case No. 15130 :

Application of Devon Energy Production Company, L.P. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Devon Energy Production Company, L.P. seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2E/2 of Section 28 and the E/2ENE/4 of Section 33, Township 21 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard oil spacing and proration unit (project area). The unit is to be dedicated to the Bilbrey 33 Fed. Com. Well No. 4H, a horizontal well to be drilled at a surface location in the SE/4NE/4 of Section 33, with a terminus in the NE/4NE/4 of Section 28. 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 applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 31-1/2 mile west of Eunice, New Mexico.

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