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2015 OCT 13 P 4: 42

October 13, 2015

Case 15409

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Devon Energy Production Company, L.P., is an application for pool creation and special pool rules, together with a proposed advertisement. Please set this matter for the November 12, 2015 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Devon Energy Production Company, L.P. ..

PERSONS BEING NOTIFIED

Cimarex Energy Co. of Colorado

Chevron U.S.A. Inc.

XTO Energy Inc.

CML Exploration Company LLC

Mewbourne Oil Company

Endurance Resources LLC

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION RECEIVED OGD

APPLICATION OF DEVON ENERGY PRODUCTION  
COMPANY, L.P. FOR POOL CREATION AND SPECIAL  
RULES AND REGULATIONS THEREFOR, EDDY  
COUNTY, NEW MEXICO.

2015 OCT 13 P 4: 43

Case No. 15409

APPLICATION

Devon Energy Production Company, L.P. applies for an order (i) creating a new pool for horizontal Bone Spring development, and (ii) instituting special rules and regulations for the proposed pool, and in support thereof, states:

1. Applicant is an interest owner and operator in the following acreage in Eddy County, New Mexico:

Township 21 South, Range 27 East, N.M.P.M.

Section 10: All

Section 11: All

2. Applicant intends to drill multiple Bone Spring wells on the acreage described in paragraph 1. Initially, applicant plans to drill three wells in the Second Bone Spring zone in half section tracts in order to properly drain reserves from the acreage, and obtain maximum recovery therefrom. This will result in certain wells having unorthodox locations near the center of a half section of land. In addition, there is the potential of drilling additional wells on the above acreage to different Bone Spring zones.

3. Applicant's initial wells will be drilled to a true vertical depth of approximately 6,600 feet subsurface. Under NMAC 19.15.20.12, the depth bracket allowable for such a well would be 142 barrels of oil per day for a standard 40 acre well unit. This allowable is probably insufficient for a single horizontal well, and the planned three wells (or more) per half section will cause or exacerbate overproduction based on the statewide allowable.

4. Based on production from vertical Bone Spring wells in the area of the acreage described in paragraph 1, and on special pool rules established for existing Bone Spring pools, the limiting gas:oil ratio ("GOR") for the proposed pool must be increased above the statewide GOR of 2000 cubic feet of gas per barrel of oil.

5. There are numerous defined Bone Spring pools in the area of the acreage described in paragraph 1. Rather than contract and expand pools as horizontal wells are drilled, applicant proposes to create a new pool for horizontal Bone Spring development, and leave in place existing pools for existing wells and future vertical Bone Spring development, if any.

6. Therefore, applicant requests the creation of a new pool, tentatively named the Burton Flat-Bone Spring (Horizontal) Pool (the "Pool"), to initially include the acreage described in paragraph 1. Applicant requests that special rules and regulations be established for the Pool, providing for:

- (a) a standard spacing and proration unit of 320 acres;
- (b) wells to be located no closer than 330 feet to the exterior boundary of a standard well unit, with interior setbacks of 10 feet from a quarter-quarter section line;
- (c) a special depth bracket allowable of 3,500 barrels of oil per day for a standard 320 acre well unit;
- (d) a GOR of 5,000 cubic feet of gas per barrel of oil; and
- (e) all other rules to be in conformance with statewide rules.

7. Applicant intends eventually to drill and complete additional horizontal Bone Spring wells outside the initial boundaries of the Pool, so it requests that the special pool rules

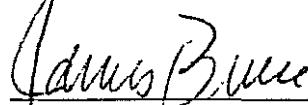
established pursuant to this application apply to horizontal wells drilled within one mile of the Pool, as it may be expanded.

8. Applicant requests that the new Pool and pool rules not apply to existing wells.

9. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division grant the relief requested above.

Respectfully submitted,

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

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Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Devon Energy Production  
Company, L.P.

PROPOSED ADVERTISEMENT

Case No. 15409 :

***Application of Devon Energy Production Company, L.P. for pool creation and special pool rules, Eddy County, New Mexico.*** Applicant seeks an order (i) creating a new pool for horizontal development of the Bone Spring formation, designated the Burton Flat-Bone Spring (Horizontal) Pool, and (ii) instituting special rules and regulations for the pool. The new pool will initially include Sections 10 and 11 of Township 21 South, Range 27 East, NMPM. The special rules will include standard 320 acre oil spacing and proration units, special well location requirements, a depth bracket allowable of 3500 barrels of oil per day for a standard 320 acre unit, and a gas:oil ratio of 5000:1. The proposed pool is centered approximately 6 miles north-northeast of Carlsbad, New Mexico.

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2015 OCT 13 P 4:43