

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

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**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR CANCELATION OR SUSPENDING
OF APPLICATIONS FOR PERMIT TO DRILL ISSUED
TO XTO ENERGY INC., EDDY COUNTY, NEW
MEXICO.**

Case No. 15864

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Devon Energy Production Company, L.P. ("Devon") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Devon Energy Production Company, L.P.
P.O. Box 108838
Oklahoma City, Oklahoma 73101

Attention: Joe Hammond
(405) 552-8102

APPLICANT'S ATTORNEY

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

OPPONENT

XTO Energy Inc.

OPPONENT'S ATTORNEY

Michael Feldewert
Jordan L. Kessler

STATEMENT OF THE CASE

APPLICANT

EXAMINERS, PLEASE NOTE: This case arose due to competing development plans in a portion of the potash area. Devon was constrained by the need for a drilling island to seek to drill east-west horizontal wells. XTO Energy Inc. ("XTO") was not so limited, and proposed north-south horizontal wells. The facts are set forth in more detail below.

Devon has continued to work with the BLM to obtain approval of additional drill islands which would allow it to access its acreage in Sections 22 and 23 with north-south laterals via a

drilling island in the southern portions of Sections 26 and 27. If Devon is successful (which will be known in a few days), that would obviate the need for Devon to contest XTO's cases.

DEVON'S POSITION, IF THE MATTERS ARE CONTESTED, IS AS FOLLOWS:

1. In Case Nos. 15832-15843 XTO seeks approval of non-standard spacing and proration units, and compulsory pooling, for a number of north-south horizontal Bone Spring and Wolfcamp wells in Sections 24, 25, and 36, Township 23 South, Range 29 East, N.M.P.M. The wells are 1-1/2 miles in length.

2. Devon is a working interest owner in the E/2 of Sections 22, all of Section 23, and all of Section 24, Township 23 South, Range 29 East, N.M.P.M., and has plans to drill a number of east-west horizontal wells in the Bone Spring and Wolfcamp formations on its acreage. The E/2 of Sections 22 and all of Section 23 cannot currently be developed by north-south horizontal wells due to potash restrictions. If XTO is permitted to drill its north-south horizontal wells as proposed, it will strand Devon's acreage in the E/2 of Section 22 and Section 23.

3. Devon has filed its application in this case seeking an order canceling or suspending twenty four (24) applications for permit to drill issued to XTO for its wells located in Section 24 and the N/2 of Section 25. This is needed so that a development plan can be fixed for all of the subject acreage in this portion of the oil-potash area. If Devon's application is granted, it will also affect the drilling plans for XTO's wells in the S/2 of Section 25 and Section 36.

4. Devon requests that its application be granted to prevent acreage being stranded, and that XTO's pooling applications be denied pending a resolution of all issues affecting the subject acreage.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Joe Hammond (landman)	25 min.	Approx. 6
Susan Estes (geologist)	20 min.	Approx. 6
Jamison Hart (drilling engineer)	25 min.	Approx. 4

Adela Porter
(reservoir engineer)

20 min.

Approx. 5

Dan McCarty
(completion engineer)

20 min.

Approx. 3

Joe Koessler
(production engineer)

20 min.

Approx. 3

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

All the cases cited above involve the same acreage. Thus, Devon requests that Case Nos. 15832-15843 and 15864 be consolidated for hearing.

Respectfully submitted,



James Bruce
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(505) 982-2043

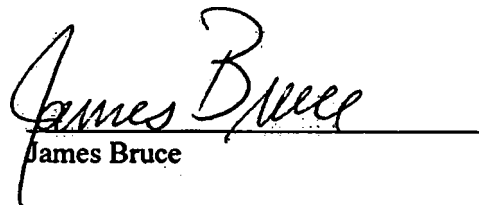
Attorney for Devon Energy Production
Company. L.P.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 19th day of October, 2017 by e-mail:

Michael Feldewert
mfeldewert@hollandhart.com

Jordan L. Kessler
jlkessler@hollandhart.com



James Bruce