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January 22, 2018

VIA HAND DELIVERY

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

97
Case 15983

Re: Application of Devon Energy Production Company, L.P.
For a Non-Standard Spacing and Proration Unit and Compulsory Pooling
SW/4 of Section 30 and the W/2 of Section 31, Township 23 South, Range 29 East,
Eddy County, New Mexico

Dear Florene:

Enclosed for filing on behalf of Devon Energy Production Company, L.P. please find an original and one copy of:

- 1) Application for Approval of Non-Standard Spacing and Proration Unit and Compulsory Pooling; and
- 2) Proposed advertisement.

The proposed advertisement has also been e-mailed to the Division. Please set this matter for the February 22, 2018 Examiner Hearing. Thank you.

Very truly yours,

BEATTY & WOZNIAK, P.C.



Candace H. Callahan
Attorneys for Devon Energy
Production Company, L.P.

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

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

CASE NO. 159⁹⁷3

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 (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SW/4 of Section 30 and the W/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. In support of its application, Devon states:

1. Devon (OGRID 6137) is a working interest owner in the subject acreage and has the right to drill thereon.
2. Devon proposes to dedicate the above-referenced spacing and proration unit as the project area for four proposed initial wells:
 - a. The proposed **Spud Muffin 30-31 Fed Com 731H Well**, which will be horizontally drilled from a surface location in the NW/4SW/4 of Section 30 (Unit L) to a bottom hole location in the SW/4SW/4 of Section 31 (Unit M);
 - b. The proposed **Spud Muffin 30-31 Fed Com 732H Well**, which will be horizontally drilled from a surface location in the NW/4SW/4 of Section 30 (Unit L) to a bottom hole location in the SW/4SW/4 of Section 31 (Unit M);

- c. The proposed **Spud Muffin 31-30 Com 733H Well**, which will be horizontally drilled from a surface location in the SE/4SW/4 of Section 31 (Unit N) to a bottom hole location in the NE/4SW/4 of Section 30 (Unit K);
- d. The proposed **Spud Muffin 31-30 Com 734H Well**, which will be horizontally drilled from a surface location in the SE/4SW/4 of Section 31 (Unit N) to a bottom hole location in the NE/4SW/4 of Section 30 (Unit K).

These wells will be pad-drilled sequentially and batch completed.

3. The Division's district office has placed these wells in the Purple Sage Wolfcamp Gas Pool (Pool Code 98220), which is subject to Special Rules pursuant to Order R-14262. The Special Rules for the Purple Sage Pool require 320-acre standard spacing for all wells. Devon requests approval of a non-standard 160-acre spacing unit to be combined with a 320-acre standard spacing unit for the purposes of drilling four 1-1/2 mile wells. The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules.

4. Devon has in good faith sought to obtain voluntary agreement for the development of these lands from all of the other mineral interest owners in the subject spacing unit.

5. Despite Devon's good faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, there remain interest owners who have failed or refused to join in dedicating their interests.

6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

7. In order to permit Devon to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests in this non-standard spacing unit should be

pooled and Devon Energy Production Company, L.P should be designated the operator of these proposed horizontal wells and spacing unit.

8. Notice of this application is being given in accordance with Division rules.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 22, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220) comprised of the SW/4 of Section 30 and the W/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico;

- B. Creating a non-standard 480-acre non-standard spacing and proration unit comprised of the SW/4 of Section 30 and the W/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico, for compulsory pooling;

- C. Pooling all uncommitted interests in the non-standard spacing and proration unit;

- D. Dedicating the initial wells to the non-standard spacing and proration unit;

- E. Designating Devon Energy Production Company, L.P. as operator of this non-standard spacing unit and the horizontal wells to be drilled thereon;

- F. Authorizing Devon to recover its costs of drilling, equipping and completing each of the four wells;

G. 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

H. Imposing a 200% penalty for the risk assumed by Devon in drilling and completing each of the initial wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By: 

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ATTORNEYS FOR DEVON ENERGY PRODUCTION
COMPANY, L.P.

PROPOSED ADVERTISEMENT

Case No. ⁹⁷15985: **Application of Devon Energy Production Company, L.P. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 480-acre non-standard spacing and proration unit comprised of the SW/4 of Section 30 and the W/2 of Section 31, Township 23 South, Range 29 East, Eddy County, New Mexico; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to the applicant's four proposed initial wells:

- The proposed **Spud Muffin 30-31 Fed Com 731H Well**, which will be horizontally drilled from a surface location in the NW/4SW/4 of Section 30 (Unit L) to a bottom hole location in the SW/4SW/4 of Section 31 (Unit M);
- The proposed **Spud Muffin 30-31 Fed Com 732H Well**, which will be horizontally drilled from a surface location in the NW/4SW/4 of Section 30 (Unit L) to a bottom hole location in the SW/4SW/4 of Section 31 (Unit M);
- The proposed **Spud Muffin 31-30 Com 733H Well**, which will be horizontally drilled from a surface location in the SE/4SW/4 of Section 31 (Unit N) to a bottom hole location in the NE/4SW/4 of Section 30 (Unit K);
- The proposed **Spud Muffin 31-30 Com 734H Well**, which will be horizontally drilled from a surface location in the SE/4SW/4 of Section 31 (Unit N) to a bottom hole location in the NE/4SW/4 of Section 30 (Unit K).

The completed interval for each well will remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. Also to be considered will be the cost of drilling and completing each well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Devon Energy Production Company, L.P. as operator of the wells and a 200% charge for risk involved in drilling each well. Said area is located approximately 16 miles Southeast of Carlsbad, New Mexico.

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