

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

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

Case No. 16100

APPLICATION

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Devon Energy Production Company, L.P. ("Devon") applies for an order approving a non-standard oil spacing and proration unit in the 2nd Bone Spring formation (Mesa Verde; Bone Spring Pool (Pool Code 96229) and WC-025 G-07 S253206M; Bone Spring (Pool Code 96715)), comprised of the E/2 W/2 of Section 16 and E/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the 2nd Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E/2 W/2 of Section 16 and E/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and has the right to drill a well thereon.
2. Applicant proposes to drill its **Marwari 21-16 State Fed Com 234H** well to a depth sufficient to test the 2nd Bone Spring formation. Applicant seeks to dedicate the E/2 W/2 of Section 16 and E/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico to the well to form a non-standard 320-acre oil spacing and proration unit (project area) in the 2nd Bone Spring formation.
3. The well is an approximately 2-mile horizontal well, with a surface location 230 feet from the south line and 1480 feet from the west line of Section 21, Township 25 South, Range

32 East, and a bottom hole location 330 feet from the north line and 1650 feet from the west line of Section 16, Township 25 South, Range 32 East.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the 2nd Bone Spring formation in the E/2 W/2 of Section 16 and E/2 W/2 of Section 21 for the purposes set forth herein.

5. 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 2nd Bone Spring formation in the E/2 W/2 of Section 16 and E/2 W/2 of Section 21, pursuant to NMSA 1978, §§ 70-2-17, -18.

6. Approval of the non-standard unit and the pooling of all mineral interests in the 2nd Bone Spring formation underlying the E/2 W/2 of Section 16 and E/2 W/2 of Section 21 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

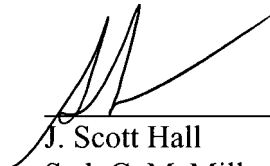
7. Additionally, the Marwari 21-16 State Fed Com 234H well may cross pool boundaries (Mesa Verde; Bone Spring Pool (Pool Code 96229) and WC-025 G-07 S253206M; Bone Spring (Pool Code 96715)). Accordingly, Applicant provisionally requests approval for down-hole commingling.

WHEREFORE, Applicant requests that, following notice and a hearing to be set for May 3, 2018, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit (project area) in the 2nd Bone Spring formation comprised of the E/2 W/2 of Section 16 and E/2 W/2 of Section 21;

- B. Pooling all mineral interests in the 2nd Bone Spring formation comprised of the E/2 W/2 of Section 16 and E/2 W/2 of Section 21;
- 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.
- G. Approving down-hole commingling, if required.

Respectfully submitted,



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Case No. _____: *Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling and Down-Hole Commingling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard oil spacing and proration unit in the 2nd Bone Spring formation (Mesa Verde; Bone Spring Pool (Pool Code 96229) and WC-025 G-07 S253206M; Bone Spring (Pool Code 96715)), comprised of the W/2 W/2 of Section 16 and W/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the 2nd Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 28-16 State Fed Com 232H** to be drilled from a surface location 175 feet from the north line and 410 feet from the west line of Section 28, Township 25 South, Range 32 East, and a bottom hole location 330 feet from the north line and 330 feet from the west line of Section 16, Township 25 South, Range 32 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, a 200% charge for the risk involved in drilling and completing the well, and approval of down-hole commingling. The well and lands are located approximately 29 miles east of Jal, New Mexico.

Case No. 16100: *Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling, and Down-Hole Commingling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard oil spacing and proration unit in the 2nd Bone Spring formation (Mesa Verde; Bone Spring Pool (Pool Code 96229) and WC-025 G-07 S253206M; Bone Spring (Pool Code 96715)), comprised of the E/2 W/2 of Section 16 and E/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the 2nd Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 21-16 State Fed Com 234H** to be drilled from a surface location 230 feet from the south line and 1480 feet from the west line of Section 21, Township 25 South, Range 32 East, and a bottom hole location 330 feet from the north line and 1650 feet from the west line of Section 16, Township 25 South, Range 32 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, a 200% charge for the risk involved in drilling and completing the well, and approval of down-hole commingling. The well and lands are located approximately 29 miles east of Jal, New Mexico.

Case No. 16101: *Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling, and Down-Hole Commingling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard oil spacing and proration unit in the 2nd Bone Spring formation (Mesa Verde; Bone Spring Pool (Pool Code 96229) and WC-025 G-07 S253206M; Bone Spring (Pool Code 96715)), comprised of the W/2 E/2 of Section 16 and W/2 E/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the 2nd Bone Spring

formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 28-16 State Fed Com 236H** to be drilled from a surface location 175 feet from the north line and 1950 feet from the east line of Section 28, Township 25 South, Range 32 East, and a bottom hole location 330 feet from the north line and 1980 feet from the east line of Section 16, Township 25 South, Range 32 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, a 200% charge for the risk involved in drilling and completing the well, and approval of down-hole commingling. The well and lands are located approximately 29 miles east of Jal, New Mexico.

Case No. 16102: Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.

Applicant seeks an order approving a non-standard oil spacing and proration unit in the Wolfcamp formation (WC-025 G-07 S253216D; Upper Wolfcamp Pool; Pool Code 98270), comprised of the W/2 W/2 of Section 16 and W/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 28-16 State Fed Com 712H** to be drilled from a surface location 850 feet from the north line and 290 feet from the west line of Section 28, Township 25 South, Range 32 East, and a bottom hole location 330 feet from the north line and 980 feet from the west line of Section 16, Township 25 South, Range 32 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 29 miles east of Jal, New Mexico.

Case No. 16103: Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.

Applicant seeks an order approving a non-standard oil spacing and proration unit in the Wolfcamp formation (WC-025 G-07 S253216D; Upper Wolfcamp Pool; Pool Code 98270), comprised of the E/2 W/2 of Section 16 and E/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 21-16 State Fed Com 714H** to be drilled from a surface location 620 feet from the south line and 1330 feet from the west line of Section 21, Township 25 South, Range 32 East, and a bottom hole location 330 feet from the north line and 2300 feet from the west line of Section 16, Township 25 South, Range 32 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 29 miles east of Jal, New Mexico.

Case No. 16104: Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.

Applicant seeks an order approving a non-standard oil spacing and proration unit in the Wolfcamp formation (WC-025 G-07 S253216D; Upper Wolfcamp Pool; Pool Code 98270), comprised of the W/2 E/2 of Section 16 and W/2 E/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 28-16 State Fed Com 716H** to be drilled from a surface location 850 feet from the north line and 1670 feet from the east line of Section 28, Township 25 South, Range 32 East, and a bottom hole location 330 feet from the north line and 1660 feet from the east line of Section 16, Township 25 South, Range 32 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 29 miles east of Jal, New Mexico.