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May 15, 2018

HAND-DELIVERY

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

Case 16218

**Re: Application of Devon Energy Production Company, L.P. for a Non-Standard
Oil Spacing and Proration Unit, Unorthodox Well Locations and
Compulsory Pooling, Lea County, New Mexico**

Dear Ms. Davidson:

Enclosed please find for filing the original and one copy of an Application regarding the above matter. The proposed advertisement will also be emailed to you in Word format. Please set this matter for hearing on the June 14, 2018 examiner docket.

Thank you.

Very truly yours,

Seth C. McMillan

Enclosures

cc: Melissa Miller (via email, w/encs.)

REPLY TO:

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

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

Case No. 16218

APPLICATION

Devon Energy Production Company, L.P. ("Devon") applies for an order approving a non-standard spacing and proration unit comprised of the E/2 SE/2 of Section 23, the E/2 E/2 of Section 26, Lot 1 of Section 35, and the NE/NE of Section 35, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, pooling all mineral interests in the Wolfcamp formation (Jabalina; Wolfcamp, Southwest pool; pool code 96776) and the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring pool; pool code 96672) underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the lands that are the subject of this Application and has the right to drill thereon.
2. Applicant seeks to dedicate the E/2 SE/2 of Section 23, the E/2 E/2 of Section 26, Lot 1 of Section 35, and the NE/NE of Section 35 to form a non-standard 320-acre \pm oil spacing and proration unit (project area) in the Wolfcamp and Bone Spring formations.
3. Applicant proposes to drill four (4) wells within the proposed unit, as follows:
 - a. Applicant proposes to drill its **Mean Green 23-35 Fed Com 1H** well to a depth sufficient to test the Wolfcamp formation. The well is an approximately 2-mile horizontal well with a total vertical depth of approximately 12,725 feet, a surface location 2449 feet from the south line and 890 feet from the east line of Section 23, and a bottom

hole location 200 from the south line and 1026 feet from the east line of Section 35. The bottom hole location for the well is not located within the designated setbacks for the pool for the well's project area. Applicant therefore requests approval of an unorthodox location for this well.

b. Applicant proposes to drill its **Mean Green 23-35 Fed Com 2H well** to a depth sufficient to test the Wolfcamp formation. The well is an approximately 2-mile horizontal well with a total vertical depth of approximately 12,805 feet, a surface location 2449 feet from the south line and 860 feet from the east line of Section 23, and a bottom hole location 200 from the south line and 380 feet from the east line of Section 35. The surface and bottom hole locations will be located within the designated setbacks for the pool for the well's project area.

c. Applicant proposes to drill its **Mean Green 23-35 Fed Com 3H well** to a depth sufficient to test the Bone Spring formation. The well is an approximately 2-mile horizontal well with a total vertical depth of approximately 11,005 feet, a surface location 2449 feet from the south line and 830 feet from the east line of Section 23, and a bottom hole location 200 from the south line and 380 feet from the east line of Section 35. The surface and bottom hole locations will be located within the designated setbacks for the pool for the well's project area.

d. Applicant proposes to drill its **Mean Green 23-35 Fed Com 4H well** to a depth sufficient to test the Bone Spring formation. The well is an approximately 2-mile horizontal well with a total vertical depth of approximately 10,790 feet, a surface location 2449 feet from the south line and 920 feet from the east line of Section 23, and a bottom hole location 200 from the south line and 1026 feet from the east line of Section 35. The

bottom hole location for the well is not located within the designated setbacks for the pool for the well's project area. Applicant therefore requests approval of an unorthodox location for this well.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Wolfcamp and Bone Spring formations in the proposed project area 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 wells or to otherwise commit their interests to the wells, 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 Wolfcamp and Bone Spring formations. Applicant seeks to dedicate the E/2 SE/2 of Section 23, the E/2 E/2 of Section 26, Lot 1 of Section 35, and the NE/NE of Section 35, pursuant to NMSA 1978, §§ 70-2-17, 18.

6. Approval of the non-standard unit and the pooling of all mineral interests in the Wolfcamp and Bone Spring formations underlying the E/2 SE/2 of Section 23, the E/2 E/2 of Section 26, Lot 1 of Section 35, and the NE/NE of Section 35 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on June 14, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit and pooling all mineral interests in the E/2 SE/2 of Section 23, the E/2 E/2 of Section 26, Lot 1 of Section 35, and the NE/NE of Section 35, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Approving unorthodox well locations for the Mean Green 23-35 Fed Com 1H and Mean Green 23-35 Fed Com 4H wells;


C. Designating Applicant as operator of the four (4) wells described in this Application;

D. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners or mineral 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 wells in the event a working interest owner or mineral interest owner elects not to participate in the wells.

Respectfully submitted,



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Attorneys for Devon Energy Production Company

Case No. 116218: *Application of Devon Energy Production Company, L.P. for a Non-Standard Spacing and Proration Unit, Unorthodox Well Locations and Compulsory Pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard spacing and proration unit comprised of the E/2 SE/2 of Section 23, the E/2 E/2 of Section 26, Lot 1 of Section 35, and the NE/NE of Section 35, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp and Bone Spring formations underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Mean Green 23-35 Fed Com 1H, Mean Green 23-35 Fed Com 2H, Mean Green 23-35 Fed Com 3H and Mean Green 23-35 Fed Com 4H** wells. Also to be considered will be unorthodox locations for two of the wells, the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15 miles southwest of Jal, New Mexico.