

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

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A STANDARD HORIZONTAL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 16427

APPLICATION

Devon Energy Production Company LP ("Devon"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Section 6 and the E/2 E/2 of Section 7, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, pooling all mineral interests in the Bone Spring formation (WC-025 G-09 S263406D;LOWER BS [98038]) underlying the standard unit, and (2) pooling all uncommitted interests in the Bone Spring formation (WC-025 G-09 S263406D;LOWER BS [98038]). In support of its application, Devon states:

1. Devon is a working interest owner in the proposed standard horizontal spacing unit and has the right to drill thereon.
2. Devon proposes to dedicate the above-referenced standard horizontal spacing and proration unit for its proposed **Jayhawk 6-7 Fed Fee Com 15H Well**, to be horizontally drilled from a surface location 365' FNL and 320' FEL of Section 6 to a bottom hole location 20' FSL and 980' FEL of Section 7. This is the "defining well" for this unit.
3. The completed interval for the Jayhawk 6-7 Fed Fee Com 15H Well will remain within the 330-foot setbacks required by the Statewide rules for horizontal oil wells.

4. The first and last take points for the Jayhawk 6-7 Fed Fee Com 15H Well will remain within the 100-foot setbacks required by the Statewide rules for horizontal oil wells.

5. Devon has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the subject horizontal spacing unit ("HSU").

6. Approval of the standard HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU 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 uncommitted interests in this HSU should be pooled and Devon should be designated the operator of the proposed HSU.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 20, 2018, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a 320-acre, more or less, standard horizontal spacing and proration unit in the Bone Spring formation comprised of the E/2 E/2 of Section 6 and the E/2 E/2 of Section 7, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted interests in the standard horizontal spacing and proration unit;

C. Designating the Jayhawk 6-7 Fed Fee Com 15H Well as the defining well for said spacing unit;

D. Designating Devon as operator of this standard HSU and the well to be drilled thereon;

E. Authorizing Devon to recover its costs of drilling, equipping and completing the well;

F. 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

G. Imposing a 200% penalty for the risk assumed by Devon in drilling and completing the well against any interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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Case No. _____ : Application of Devon Energy Production Company LP for a Standard Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.

Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 E/2 of Section 6 and the W/2 E/2 of Section 7, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, pooling all mineral interests in the Wolfcamp formation (BOBCAT DRAW; UPPER WOLFCAMP [98094]) underlying the standard unit, and (2) pooling all uncommitted interests in the Wolfcamp formation (BOBCAT DRAW; UPPER WOLFCAMP [98094]). Said horizontal spacing unit is to be assigned to the proposed initial **Jayhawk 6-7 Fed Fee Com 8H Well**, to be horizontally drilled from a surface location 615' FNL and 2,120' FEL of Section 7 to a bottom hole location 20' FNL and 2,300' FEL of Section 6. This well is the "defining well" for this unit. Also to be drilled are the following infill wells: (1) **Jayhawk 6-7 Fed Fee Com 6H Well**, to be horizontally drilled from a surface location 615' FSL and 2,060' FEL of Section 7 to a bottom hole location 20' FNL and 1,660' FEL of Section 6, and (2) the **Jayhawk 6-7 Fed Fee Com 7H Well**, to be horizontally drilled from a surface location 615' FSL and 2,090' FEL of Section 7 to a bottom hole location 20' FNL and 1,660' FEL of Section 6. The completed intervals for the Jayhawk 6-7 Fed Fee Com 6H Well, Jayhawk 6-7 Fed Fee Com 7H Well, and Jayhawk 6-7 Fed Fee Com 8H Well will remain within the 330-foot setbacks required by the Statewide rules for horizontal oil wells. The first and last take points for the Jayhawk 6-7 Fed Fee Com 6H Well, Jayhawk 6-7 Fed Fee Com 7H Well, and Jayhawk 6-7 Fed Fee Com 8H Well will remain within the 100-foot setbacks required by the Statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the wells 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 wells. The wells and lands are located approximately 20 miles southwest of Jal, New Mexico.

Case No. _____ : Application of Devon Energy Production Company LP for a Standard Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.

Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Section 6 and the E/2 E/2 of Section 7, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, pooling all mineral interests in the Wolfcamp formation (BOBCAT DRAW; UPPER WOLFCAMP [98094]) underlying the standard unit, and (2) pooling all uncommitted interests in the Wolfcamp formation (BOBCAT DRAW; UPPER WOLFCAMP [98094]). Said horizontal spacing unit is to be assigned to the proposed initial **Jayhawk 6-7 Fed Fee Com 3H Well**, to be horizontally drilled from a surface location 365' FNL and 290' FEL of Section 6 to a bottom hole location 330' FSL and 980' FEL of Section 7. This well is the "defining well" for this unit. Also to be drilled are the following infill wells: (1) the **Jayhawk 6-7 Fed Fee Com 1H Well**, to be horizontally drilled from a surface location 365' FNL and 230' FEL of Section 6 to a bottom hole location 330' FSL and 360' FEL of Section 7, and (2) the **Jayhawk 6-7 Fed Fee Com 2H Well**, to be horizontally drilled from a surface location 365' FNL and 260' FEL of Section 6 to a bottom hole location 330' FSL and 360' FEL of Section 7. The completed interval for the Jayhawk 6-7 Fed Fee Com 1H Well, Jayhawk 6-7 Fed Fee Com 2H Well, and Jayhawk 6-7 Fed Fee Com 3H Well will remain within the 330-foot setbacks as required by the Statewide rules for horizontal oil wells. The first and last take points for the Jayhawk 6-7 Fed Fee Com 3H Well, Jayhawk 6-7 Fed Fee Com 1H Well, and Jayhawk 6-7 Fed Fee Com 2H Well will remain within the 100-foot setbacks required by the Statewide rules for horizontal oil wells. Also to be considered will be the

cost of drilling and completing the wells 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 wells. The wells and lands are located approximately 20 miles southwest of Jal, New Mexico.

Case No. 1645 : Application of Devon Energy Production Company LP for a Standard Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.

Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Section 6 and the E/2 E/2 of Section 7, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (WC-025 G-09 S263406D; LOWER BS [98038]) underlying the standard unit. Said horizontal spacing unit is to be assigned to the proposed initial **Jayhawk 6-7 Fed Fee Com 15H Well**, to be horizontally drilled from a surface location 365' FNL and 320' FEL of Section 6 to a bottom hole location 20' FSL and 980' FEL of Section 7. This well is the "defining well" for this unit. The completed interval for the Jayhawk 6-7 Fed Fee Com 15H Well will remain within the 330-foot setbacks required by the Statewide rules for horizontal oil wells. The first and last take points for the Jayhawk 6-7 Fed Fee Com 15H Well will remain within the 100-foot setbacks required by the Statewide rules for horizontal oil wells. Also to be considered will be the cost of drilling and completing the wells 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 wells. The wells and lands are located approximately 20 miles southwest of Jal, New Mexico.