

**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, DOWNHOLE COMMINGLING
AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. 20153

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 629.6-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of irregular Section 18 and the W/2 of irregular Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674] and WC-025 G-06 S253201M;UPPER BONE SPR [97784]) underlying the unit. In support of its application, Devon states:

1. Devon is a working interest owner in the standard horizontal spacing and proration unit ("HSU") and has the right to drill thereon.

2. Devon proposes to dedicate the HSU to its proposed **Bell Lake 19-18 State Com 17H** well, to be horizontally drilled from an approximate surface hole location 538' FSL and 1,922' FWL of Section 19 to an approximate bottom hole location 20' FNL and 1,388' FWL of Section 18. This well defines the HSU.

3. Also to be drilled is the following infill well: the **Bell Lake 19-18 State Com 13H** well, to be horizontally drilled from an approximate surface hole location 538' FSL and 1,952'

FWL of Section 19 to an approximate bottom hole location 20' FNL and 2,188' FWL of Section 18.

4. The completed intervals and first and last take points for all wells proposed in the unit meet the setback requirements set forth in 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 HSU.

6. Approval of the 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 HSU.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 10, 2018, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 629.6-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of irregular Section 18 and the W/2 of irregular Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674] and WC-025 G-06 S253201M;UPPER BONE SPR [97784]) underlying the HSU;

C. Approving downhole comingling between the two pools identified above;

D. Designating the Bell Lake 19-18 State Com 17H well as the defining well for the HSU;

E. Allowing the drilling of the Bell Lake 19-18 State Com 13H well as an infill well;

F. Designating Devon as operator of the HSU and the wells to be drilled thereon;

G. Authorizing Devon to recover its costs of drilling, equipping and completing the wells;

H. 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

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

Respectfully submitted,

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Case No. 20153: *Application of Devon Energy Production Company LP for a Standard Horizontal Spacing and Proration Unit, Downhole Commingling, and Compulsory Pooling, Lea County, New Mexico.* Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 629.6-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of irregular Section 18 and the W/2 of irregular Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674] and WC-025 G-06 S253201M;UPPER BONE SPR [97784]) underlying the unit. Said horizontal spacing unit is to be dedicated to the proposed **Bell Lake 19-18 State Com 17H** well, to be horizontally drilled from an approximate surface hole location 538' FSL and 1,922' FWL of Section 19 to an approximate bottom hole location 20' FNL and 1,388' FWL of Section 18. This well defines the HSU. Also to be drilled is the **Bell Lake 19-18 State Com 13H** infill well, to be horizontally drilled from an approximate surface hole location 538' FSL and 1,952' FWL of Section 19 to an approximate bottom hole location 20' FNL and 2,188' FWL of Section 18. The completed intervals and first and last take points for all wells proposed in the unit meet statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, downhole commingling, 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 32 miles southeast of Eunice, New Mexico.

Case No. 20152: *Application of Devon Energy Production Company LP for a Standard Horizontal Spacing and Proration Unit, Downhole Commingling, and Compulsory Pooling, Lea County, New Mexico.* Applicant in the above-styled cause seeks an order (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of irregular Section 18 and the E/2 of irregular Section 19, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (TRIPLE X;BONE SPRING, WEST [96674] and WC-025 G-06 S253201M;UPPER BONE SPR [97784]) underlying the unit. Said horizontal spacing unit is to be dedicated to the proposed **Bell Lake 19-18 State Com 7H** well, to be horizontally drilled from an approximate surface hole location 481' FSL and 1,122' FEL of Section 19 to an approximate bottom hole location 20' FNL and 1,284' FEL of Section 18. This well defines the HSU. Also to be drilled are the following infill wells: (1) the **Bell Lake 19-18 State Com 9H** well, to be horizontally drilled from an approximate surface hole location 481' FSL and 1,092' FEL of Section 19 to an approximate bottom hole location 20' FNL and 380' FEL of Section 18, and; (2) the **Bell Lake 19-18 State Com 10H** well, to be horizontally drilled from an approximate surface hole location 481' FSL and 1,152' FEL of Section 19 to an approximate bottom hole location 20' FNL and 2,188' FEL of Section 18. The completed intervals and first and last take points for all wells proposed in the unit meet statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, downhole commingling, 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 32 miles southeast of Eunice, New Mexico.