

**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. 20085

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Seth C. McMillan, attorney in fact and authorized representative of Devon Energy Production Company, L.P., the Applicant in the above-captioned matter, being first duly sworn, upon oath state that I sent a copy of the Application in this matter to Apache Corporation as specified on the attached Exhibit A. I also had published a Notice in the Hobbs Sun-News. An Affidavit of Publication is attached as Exhibit B.



SETH C. McMILLAN

SUBSCRIBED AND SWORN to before me this 14th day of November, 2018.



Notary Public

My Commission Expires:

6/13/2022

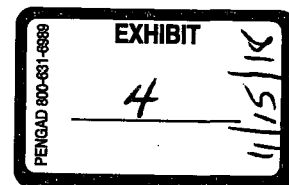


EXHIBIT A

Apache Corporation
303 Veterans Airpark Lane
Suite 1000
Midland, TX 79705
Attention: Nick Laris



**MONTGOMERY
& ANDREWS**
LAW FIRM

SETH C. McMILLAN
Direct: (505) 982-3873
Email: smcmillan@montand.com
www.montand.com

October 16, 2018

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Apache Corporation
303 Veterans Airpark Lane
Suite 1000
Midland, Texas 79705
Attn: Nick Laris

**Re: Application of Devon Energy Production Company LP for Standard
Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea
County, New Mexico**

Dear Mr. Laris,

This will advise that Devon Energy Production Company LP has filed an Application with the New Mexico Oil Conservation Division for an order approving a standard horizontal spacing and proration unit and compulsory pooling, as follows:

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 New Mexico Oil Conservation Division (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 E/2 of Sections 21 and 28, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in the Third Bone Spring Sand, Bone Spring formation (BERRY;BONE SPRING, SOUTH [96660]) underlying the HSU. Said horizontal spacing unit is to be assigned to the proposed initial **Chiles 28-21 State Com 1H well**, to be horizontally drilled from an approximate surface location 2310' FEL and 330' FSL of Section 28 to a bottom hole location 380' FEL and 20' FNL of Section 21. This well defines the HSU. The completed intervals and first and last take points for the Chiles 28-21 State Com 1H well are within the setbacks required by state-wide pool rules. 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 14 miles west of Eunice, New Mexico.

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

Apache Corporation
October 16, 2018
Page 2

A copy of the Application for hearing is enclosed. You are being notified in your capacity as an owner whose interest may be pooled.

This Application will be set for hearing before a Division Examiner on November 15, 2018, at 8:15 a.m. at the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance and serve the Division, counsel for the Applicant and other parties with a pre-hearing statement in accordance with Division Rule 19.15.4.13.

Very truly yours,

A handwritten signature in black ink, appearing to be 'Seth C. McMillan', written over a horizontal line.

Seth C. McMillan

Enclosures

cc: Katie Dean (via email, w/encs.)

70-2-20-1036.2

**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. _____

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 ("HSU") comprised of the E/2 E/2 of Sections 21 and 28, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in the Third Bone Spring Sand, Bone Spring formation (BERRY;BONE SPRING, SOUTH [96660]) underlying the HSU. 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 **Chiles 28-21 State Com 1H well**, to be horizontally drilled from an approximate surface location 2310' FEL and 330' FSL of Section 28 to a bottom hole location 380' FEL and 20' FNL of Section 21. This well defines the HSU.
3. The completed intervals and first and last take points for the Chiles 28-21 State Com 1H well are within the setbacks required by statewide pool rules.
4. 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 HSU.

5. Approval of the standard HSU and the pooling of all mineral interest owners in the Third Bone Spring Sand, Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. 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 November 15, 2018, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Sections 21 and 28, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted interests in the Third Bone Spring Sand, Bone Spring formation (BERRY;BONE SPRING, SOUTH [96660]) underlying the HSU;

C. Designating the Chiles 28-21 State Com 1H well as the defining well for the standard HSU;

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

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

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 wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Seth C. McMillan

Seth C. McMillan

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873

smcmillan@montand.com

*Attorneys for Devon Energy Production Company
LP*

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 New Mexico Oil Conservation Division (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 E/2 of Sections 21 and 28, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in the Third Bone Spring Sand, Bone Spring formation (BERRY;BONE SPRING, SOUTH [96660]) underlying the HSU. Said horizontal spacing unit is to be assigned to the proposed initial **Chiles 28-21 State Com 1H well**, to be horizontally drilled from an approximate surface location 2310' FEL and 330' FSL of Section 28 to a bottom hole location 380' FEL and 20' FNL of Section 21. This well defines the HSU. The completed intervals and first and last take points for the Chiles 28-21 State Com 1H well are within the setbacks required by state-wide pool rules. 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 14 miles west of Eunice, New Mexico.

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®

OFFICIAL USE

Certified Mail Fee
\$ 3.45

Extra Services & Fees (check box, add fee as appropriate)

☒ Return Receipt (hardcopy) \$ 2.75

☐ Return Receipt (electronic) \$ _____

☐ Certified Mail Restricted Delivery \$ _____

☐ Adult Signature Required \$ _____

☐ Adult Signature Restricted Delivery \$ _____

Postage
\$ 1.21

Total Postage and Fees
\$ 7.41

Postmark
SANTA FE, NM
OCT 16 2018
USPO 87504

Sent To
Apache Corporation / Attn: Nick Loris
Street and Apt. No., or P.O. Box No.
303 Veterans Airpark Lane, Suite 1000
City, State, ZIP+4®
Midland Tx 79705

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions


7015 1730 0000 9793 3481

Affidavit of Publication


STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

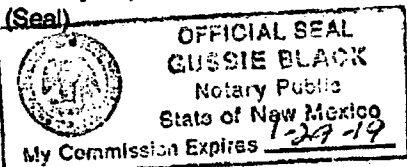
Beginning with the issue dated
November 01, 2018
and ending with the issue dated
November 01, 2018.


Publisher

Sworn and subscribed to before me this
1st day of November 2018.


Business Manager

My commission expires
January 29, 2019



This newspaper is duly qualified to publish
legal notices or advertisements within the
meaning of Section 3, Chapter 167, Laws of
1937 and payment of fees for said

LEGAL NOTICE NOVEMBER 1, 2018

To the following entities, individuals, their heirs, personal representatives, trustees, successors or assigns: Apache Corporation

Devon Energy Production Company, L.P. has filed the following application with the New Mexico Oil Conservation Division:

Case No. 20085: 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 New Mexico Oil Conservation Division: (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 E/2 of Sections 21 and 28, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in the Third Bone Spring Sand, Bone Spring formation (BERRY BONE SPRING, SOUTH (96660)) underlying the HSU. Said horizontal spacing unit is to be assigned to the proposed Initial Chiles 28-21 State Com 1H well, to be horizontally drilled from an approximate surface location 2310' FEL and 350' FSL of Section 28 to a bottom hole location 380' FEL and 20' FNL of Section 21. This well defines the HSU. The completed intervals and first and last take points for the Chiles 28-21 State Com 1H well are within the setbacks required by state-wide pool rules. 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 14 miles west of Eunice, New Mexico.

Hearing on these applications is scheduled at 8:15 a.m. on Thursday, November 15, 2018 at the Oil Conservation Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. For further information, contact the applicant's attorney, Seth C. McMillan, Montgomery and Andrews, P.A., 325 Paseo de Peralta, Santa Fe, New Mexico 87501 (505) 982-3873. #33408

01101398

00220177

SETH C. MCMILLAN
MONTGOMERY & ANDREWS, P.A.
P.O. BOX OFFICE BOX 2307
A/C 451986
SANTA FE, NM 87504-2307

EXHIBIT B