

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

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P.
FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. 20341

APPLICATION

Devon Energy Production Company, L.P. ("Devon"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation underlying a 320-acre standard horizontal spacing unit comprised of the E/2 W/2 of Sections 13 and 24, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, Devon states:

1. Devon (OGRID No. 6137) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Devon seeks to dedicate the above-referenced horizontal spacing unit to the following initial wells to be drilled at a depth sufficient to test the Wolfcamp formation:
 - **Bell Lake 24-13 Federal Com 18H Well** to be drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 24 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 13; and
 - **Bell Lake 24-13 Federal Com 19H Well** to be drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 24 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 13.

The completed interval for these wells will comply with the setback requirements for horizontal oil wells under the Division's statewide rules.

3. Because the proposed wells will be simultaneously drilled and completed with other proposed wells, Devon requests an extension of the normal 120-day period to drill and complete the initial well in the proposed horizontal spacing unit.

4. Devon has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the proposed horizontal spacing unit.

5. The pooling of interests in the proposed horizontal well spacing unit 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 horizontal spacing unit should be pooled and Devon should be designated the operator of this horizontal spacing unit and the well to be drilled thereon.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 4, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Wolfcamp formation underlying the proposed horizontal spacing unit;
- B. Approving the initial wells in the horizontal well spacing unit;
- C. Authorizing an extension of the normal 120-day period to drill and complete the initial well;
- D. Designating Devon as the operator of the horizontal spacing unit 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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**ATTORNEYS FOR DEVON ENERGY PRODUCTION
COMPANY, L.P.**

CASE 20341:

Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a 320-acre standard horizontal spacing unit comprised of the E/2 W/2 of Sections 13 and 24, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the **Bell Lake 24-13 Federal Com 18H Well** and the **Bell Lake 24-13 Federal Com 19H Well**. These wells will be horizontally drilled from surface locations in the SW/4 SW/4 (Unit M) and the SW/4 SE/4 (Unit O) of Section 24 to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 13. The completed intervals for these wells will comply with the setback requirements for horizontal oil wells under the Division's statewide rules. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.