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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 COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

CASE NO. 20421

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 Bone Spring formation (WC-025 G-08 S253235G; Lower Bone Spring Pool (97903)) underlying a 320-acre standard horizontal spacing unit comprised of the E/2 W/2 of Sections 22 and 27, Township 25 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 proposed **Haflinger 27-22 Federal Com 232H Well** to be drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 22. The completed interval for this well will comply with the setback requirements for horizontal oil wells under the Division's statewide rules.
3. 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.
4. 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.

5. 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 May 2, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying the proposed horizontal spacing unit and approving the initial well to be drilled thereon;
- B. Designating the applicant as the operator of the horizontal spacing unit and the wells to be drilled thereon;
- C. Authorizing applicant to recover its costs of drilling, equipping and completing the wells;
- D. 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
- E. Imposing a 200% charge for the risk assumed by applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 
Michael H. Feldewert
Adam G. Rankin

Julia Broggi
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com

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

CASE 20421: 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 Bone Spring formation (WC-025 G-08 S253235G; Lower Bone Spring Pool (97903)) underlying a 320-acre standard horizontal spacing unit comprised of the E/2 W/2 of Sections 22 and 27, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Haflinger 27-22 Federal Com 232H Well** to be drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 27 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 22. Also, to be considered will be the cost of drilling and completing the well, 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 30 miles east of Jal, New Mexico.