

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,
EDDY COUNTY, NEW MEXICO

Case No. 20508

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 240-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of the W/2 of Section 1, Township 24 South, Range 29 East, Eddy County, New Mexico and the W/2 of the NW/4 of Section 12, Township 24 South, Range 29 East, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (Forty Niner Ridge; BONE SPRING WEST [96526]) 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 **Fully Loaded 12-1 FED COM 331H** well, to be horizontally drilled from an approximate surface hole location 2356' FNL and 1343' FWL of Section 12-T24S-R29E to an approximate bottomhole location 20' FNL and 330' FWL of Section 1-T24S-R29E. This well defines the HSU.
3. The completed intervals and first and last take points meet the setback requirements set forth in the statewide rules for horizontal oil wells.

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 HSU.

5. 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.

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 HSU.

WHEREFORE, Devon requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 13, 2019, and, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of the W/2 of Section 1, Township 24 South, Range 29 East, Eddy County, New Mexico and the W/2 of the NW/4 of Section 12, Township 24 South, Range 29 East, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation (Forty Niner Ridge; BONE SPRING WEST [96526]) underlying the HSU;

C. Designating the Fully Loaded 12-1 FED COM 331H well as the defining well for said HSU;

D. Designating Devon as operator of the 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 wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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LP*

Case No. 20508: *Application of Devon Energy Production Company LP for a Standard Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 240-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 of the W/2 of Section 1, Township 24 South, Range 29 East, Eddy County, New Mexico and the W/2 of the NW/4 of Section 12, Township 24 South, Range 29 East, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation (Forty Niner Ridge; BONE SPRING WEST [96526]) underlying the HSU. Said horizontal spacing unit is to be dedicated to the proposed **Fully Loaded 12-1 FED COM 331H** well, to be horizontally drilled from an approximate surface hole location 2356' FNL and 1343' FWL of Section 12-T24S-R29E to an approximate bottomhole location 20' FNL and 330' FWL of Section 1-T24S-R29E. This is the "defining well" for this unit. The completed interval and first and last take points for this well are within the setbacks required by statewide 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 well and lands are located approximately 6 miles east of Malaga, New Mexico.