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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,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 20530

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 Bone Spring formation underlying a standard 480-acre, more or less, horizontal spacing unit comprised of the S/2 of Section 32 and the SW/4 of Section 33, Township 19 South, Range 29 East, NMPM, Eddy 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. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following initial proposed wells to be drilled at a depth sufficient to test the Bone Spring formation from common surface hole locations in the SW/4 SW/4 (Unit M) of Section 32:
 - **Uraninite 32-33 State Fed Com 334H Well** to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 32 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 33.
 - **Uraninite 32-33 State Fed Com 335H Well** to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 32 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 33.

- **Uraninite 32-33 State Fed Com 336H Well** to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 32 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 33.

3. The completed interval for the Uraninite 32-33 State Fed Com 335H Well will remain within 330 feet of the N/2 S/2 of Sections 32 and 33 to allow inclusion of these proximity tracts in a standard 480-acre horizontal spacing unit comprised of the S/2 of Section 32 and the SW/4 of Section 33.

4. Because the proposed wells will be simultaneously drilled and completed, Applicant requests an extension of the normal 120-day period to drill and complete the initial well.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the interest owners in the subject spacing unit.

6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

7. In order to permit Applicant 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 Applicant should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Applicant 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. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;
- B. Designating Applicant as the operator of the horizontal spacing unit and the wells to be drilled thereon;

- C. Authorizing an extension of the normal 120-day period to drill and complete the initial well;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- E. 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
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
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
kaluck@hollandhart.com

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

CASE 20530:

Application of Devon Energy Production Company, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a standard 480-acre horizontal spacing unit comprised of the S/2 of Section 32 and the SW/4 of Section 33, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to three initial proposed wells: (1) the **Uraninite 32-33 State Fed Com 334H Well**, (2) the **Uraninite 32-33 State Fed Com 335H Well**, and (3) the **Uraninite 32-33 State Fed Com 336H Well**. These wells will be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 32 to bottom hole locations in the NE/4 SW/4 (Unit K) and the SE/4 SW/4 (Unit N) of Section 33. The completed interval of the **Uraninite 32-33 State Fed Com 335H Well** will remain within 330 feet of the N/2 S/2 of Section 32 and the S/2 NW/4 of Section 33 to allow inclusion of these proximity tracts into a standard 480-acre horizontal well spacing comprised of the S/2 of Section 32 and the SW/4 of Section 33. Also to be considered will be an extension of the timeframe to drill and complete the initial wells, 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 15 miles northeast of Carlsbad, New Mexico.