



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
<https://www.blm.gov/new-mexico>

JUN 02 2021

In Reply Refer To:
NMNM142903
3105.2 (NM9250)

Reference:
Communitization Agreement
Uraninite 32-33 State Fed Com 332H
Uraninite 32-33 State Fed Com 333H
Section 32: N/2
Section 33: NW/4
T. 19 S., R. 29 E., N.M.P.M.
Eddy County, NM

Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102

Gentlemen:

The submitted Communitization Agreement is being returned unapproved for the following reasons:

The proposed Communization Agreement NMNM142903 producing from the Bone Springs formation overlaps an existing Communization Agreement NMNM 130018 producing from the same Bone Springs formation (Parkway; Bone Spring).

If you have any questions regarding this letter, please contact Edward G Fernandez at efernand@blm.gov; or Elizabeth Rivera at (505) 954-2162 or email lriviera@blm.gov.

Sincerely,

KYLE
PARADIS

Digitally signed by KYLE
PARADIS
Date: 2021.06.02 07:47:39
-06'00'

Kyle Paradis
Branch Chief of Reservoir Management
Division of Mineral

1 Enclosure:
1 – Communitization Agreement



Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102

405 235 3611 Phone
www.devonenergy.com

RECEIVED

SEP 11 2020

BLM, NMSO
SANTA FE

September 10, 2020

Bureau of Land Management
Attn: Margie Dupre
301 Dinosaur Trail
Santa Fe, New Mexico 87508

NMNM 142903

Re: Communitization Agreement
S/2 of Section 32-T19S-R29E and SW/4 of Section 33-T19S-R29E, Eddy Co., New Mexico
N/2 of Section 32-T19S-R29E and NW/4 of Section 33-T19S-R29E, Eddy Co., New Mexico
Uraninite 32-33 State Fed Com 334H, 335H, 336H
Uraninite 32-33 State Fed Com 332H, 333H

Ms. Dupre:

Enclosed please find four (4) original fully executed copies of the Communitization Agreement covering the S/2 of Section 32-T19S-R29E and SW/4 of Section 33-T19S-R29E, Eddy Co., New Mexico as to the Bone Spring formation and four (4) original fully executed copies of the Communitization Agreement covering the N/2 of Section 32-T19S-R29E and NW/4 of Section 33-T19S-R29E, Eddy Co., New Mexico as to the Bone Spring formation. Also enclosed is the pooling orders from the NMOCD covering the Bone Spring formation for these lands.

Please provide approval of this agreement at your earliest convenience.

If you have any questions, please contact me at (405) 228-8261 or Kirby.FosterHurd@dvn.com.

Very truly yours,

Devon Energy Production Company, L.P.

Kirby Foster Hurd, CPL
Senior Staff Landman

Enclosures

SEP 11 2020

BLM, NMSO
SANTA FEFederal Communitization AgreementContract No. NMNM 142903

THIS AGREEMENT entered into as of the 1st day of March, 2020 by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 19 South, Range 29 East, N.M.P.M
N/2 of Section 32 and
NW/4 of Section 33
Eddy County, New Mexico

Containing **480.00** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Devon Energy Production Company, L.P., 333 W Sheridan Avenue, Oklahoma City, OK 73102. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day,

such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is March 1, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their

successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Operator, Record Title and Operating Rights Owner

Devon Energy Production Company, L.P.

9/9/2020
Date

By: Catherine Lebsack
Catherine Lebsack, Vice President 

ACKNOWLEDGEMENT

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on September 9th, 2020, by Catherine Lebsack, as Vice President of Devon Energy Production Company, L.P., an Oklahoma limited partnership, on behalf of said limited partnership.

(SEAL)



Kam Carroll
Notary Public
8/7/22
My Commission Expires

Record Title Owner

Colgate Production LLC

8/27/20
Date

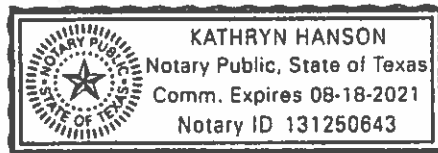
By: [Signature] man
to

ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY OF Midland) ss.

This instrument was acknowledged before me on August 27, 2020, by
Brandon Gaynor, as Senior Vice President of Colgate Production LLC,
a Delaware Limited Liability Company.

(SEAL)



Kathryn Hanson
Notary Public
8/18/21
My Commission Expires

EXHIBIT "A"

To Communitization Agreement dated March 1, 2020, covering 480.00 acres in N/2 of Section 32 and NW/4 of Section 33, Township 19 South, Range 29 East, N.M.P.M, Eddy County, New Mexico

Uraninite 32-33 State Fed Com 332H

API #30-015-46840

SHL 916' FNL & 192' FWL SEC 32-19S-29E

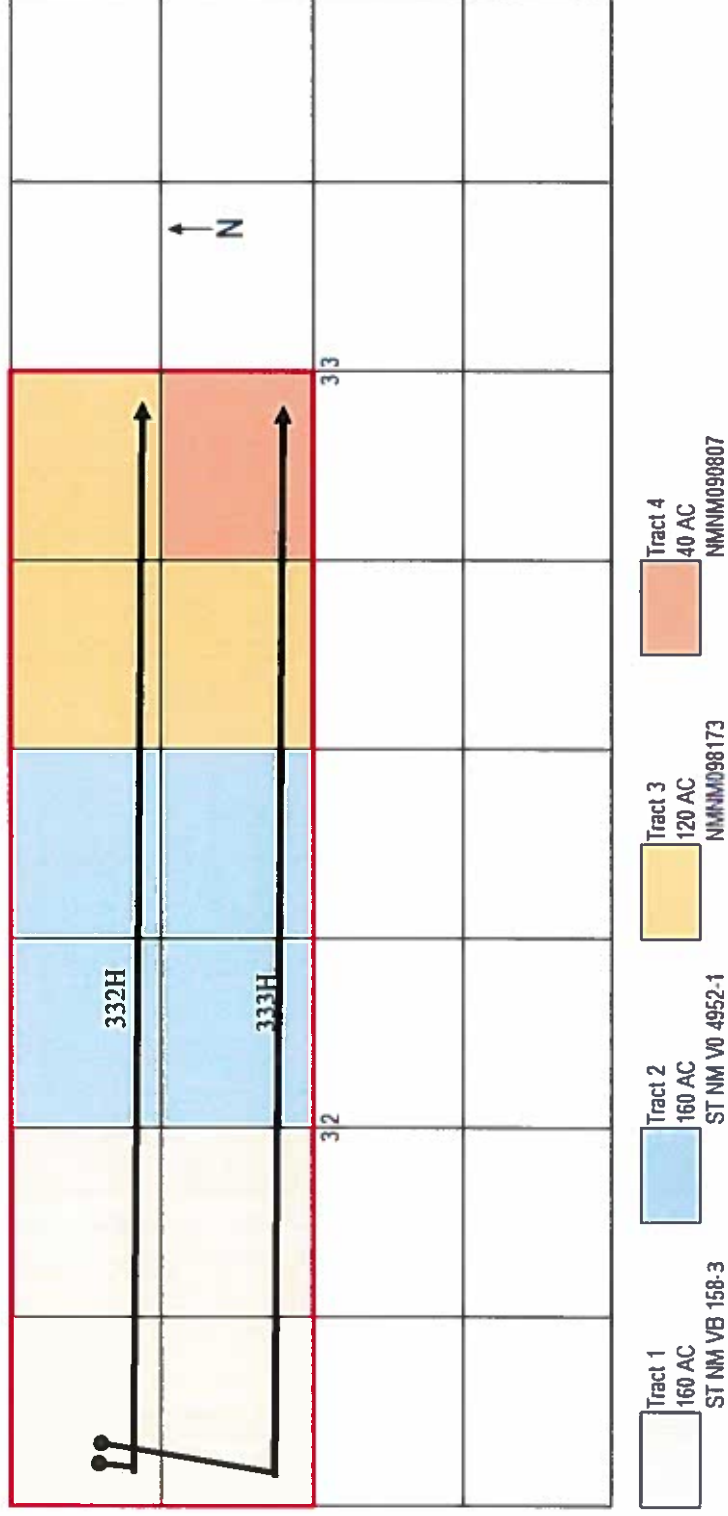
BHL 1310' FNL & 2616' FWL SEC 33-19S-29E

Uraninite 32-33 State Fed Com 333H

API #30-015-46841

SHL 916' FNL & 222' FWL SEC 32-19S-29E

BHL 2200' FNL & 2616' FWL SEC 33-19S-29E



Uraninite 32-33 State Fed Com 332H, 333H

EXHIBIT "B"

To Communitization Agreement dated March 1, 2020, covering 480.00 acres in N/2 of Section 32 and NW/4 of Section 33, Township 19 South, Range 29 East, N.M.P.M, Eddy County, New Mexico

Operator of Communitized Area: Devon Energy Production Company, L.P.

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number:	ST of NM VB-0158-0003
Lease Date:	November 1, 1987
Lease Term:	5 years
Lessor:	State of New Mexico
Original Lessee:	Manzano Oil Corporation
Description of Land Committed:	NW/4 of Section 32, Township 19 South, Range 29 East, N.M.P.M Eddy County, New Mexico
Number of Acres:	160.00
Current Lessee of Record:	Devon Energy Production Company, L.P.
Royalty Rate:	3/16
Name of Working Interest Owners:	Devon Energy Production Company, L.P. – 79.00% Valko, LLC – 1.417% Eako, LLC – 3.583% Slash Exploration Limited Partnership – 10.0% G.G.& P., A New Mexico Partnership – 1.0% Calvin R. Kimbrough, Trustee of Ann Kimbrough Irrevocable Trust Share of Calvin and Ann Kimbrough Revocable Trust – 5.0%
ORRI Owners:	Innoventions, Inc. Stephen T. Mitchell Kenneth Barbe Jr. Duane Brown, whose wife is Pilar Vaile Sealy Hutchings Cavin, Inc. Hutchings Oil Company Robert W. Eaton, whose wife is Kathryn B. Eaton Scott Exploration, Inc.

Charles I. Wellborn & J.D. Wellborn, Trustees of the
Charles I. Wellborn and J.D. Wellborn Revocable Trust
UTA dated 10/1/2009
Gross Family Limited Partnership
Peter Balog, Trustee of the Balog Family Trust UTA
dated 8/15/2002
Bane Bigbie, whose wife is Melanie Bigbie
Wade P. Carrigan and wife, Beth Carrigan
T. Calder Ezzell Jr.
Stephen T. Mitchell, whose wife is Rosa Mitchell
Daniel G. Lusk, Succ. Trustee of the James K. Lusk and
Martha L. Lusk Trust UTA 4/29/1992
Long, LLC
Radmacher Family Trust
Strata Production Company
Valorie F. Walker, Trustee of the Jack V. Walker
Revocable Trust U/T/A dated 5/21/81
Don E Wenner, whose wife is Laurie P. Wenner
Winn Investment, Inc.

Tract No. 2

Lease Serial Number:	ST of NM V0 4952-0001
Lease Date:	October 1, 1996
Lease Term:	5 years
Lessor:	State of New Mexico
Original Lessee:	Penwell Energy Inc
Description of Land Committed:	NE/4 of Section 32, Township 19 South, Range 29 East, N.M.P.M Eddy County, New Mexico
Number of Acres:	160.00
Current Lessee of Record:	Devon Energy Production Company, L.P.
Royalty Rate:	1/6
Name of Working Interest Owners:	Devon Energy Production Company, L.P. – 100.00%
ORRI Owners:	John Kyle Thoma, Trustee of Cornerstone Family Trust Crownrock Minerals LP Kingdom Investments, Ltd. Paul R. Barwis Jareed Partners, Ltd. Penwell Employee Royalty Pool Rave Energy, Inc. Rave Energy, Inc. d/b/a GEP III

Kimbell Royalty Holdings, LLC
George Vaught Jr.
The Taurus Royalty LLC
Rusk Capital Management, LLC

Tract No. 3

Lease Serial Number: NMNM 098173

Lease Date: March 1, 1997

Lease Term: 10 years

Lessor: United States of America

Original Lessee: Penwell Energy Inc

Description of Land Committed: W/2 NW/4 & NE/4 NW/4 of Section 33, Township 19 South, Range 29 East, N.M.P.M Eddy County, New Mexico

Number of Acres: 120.00

Current Lessee of Record: Devon Energy Production Company, L.P.

Royalty Rate: 1/8

Name of Working Interest Owners: Devon Energy Production Company, L.P. – 100.00%

ORRI Owners: John Kyle Thoma, Trustee of Cornerstone Family Trust
Crownrock Minerals LP
George Vaught Jr.
The Taurus Royalty LLC
Rusk Capital Management, LLC
Kimbell Royalty Holdings, LLC
Kingdom Investments, Ltd.
Penwell Employee Royalty Pool
Paul R. Barwis
Jareed Partners, Ltd.

Tract No. 4

Lease Serial Number: NMNM 090807

Lease Date: February 1, 1975

Lease Term: 10 years

Lessor: United States of America

Original Lessee:	Hugh R. McAteer
Description of Land Committed:	SE/4 NW/4 of Section 33, Township 19 South, Range 29 East, N.M.P.M Eddy County, New Mexico
Number of Acres:	40.00
Current Lessee of Record:	Colgate Production LLC
Royalty Rate:	1/8
Name of Working Interest Owners:	Devon Energy Production Company, L.P. – 81.8% Long LLC – 0.40% Jose E. Rodriquez – 0.60% L. Neil and Marilyn J. Burcham – 0.40% Timothy Jennings – 0.40% G.E. and E.P. Harrington, Trustees of the Harrington Trust – 0.40% Byron Bachschmid – 0.80% Robert L. Dale and Patricia Joan Dale, Trustees of Robert Levers Dale and Patricia Joan Dale Trust u/t/a 9/14/78 – 0.80% DeVargas Street LLC – 0.80% Norton LLC – 1.20% NM&T Resources, LLC – 0.80% Hanson Operating Company, Inc. – 10.00% Drusilla C. Cieszinski, Trustee of The Cieszinski Trust u/t/a 5/15/07 – 0.40% Centennial LLC – 1.2%
ORRI Owners:	Alan Jochimsen Monty D. McLane States Royalty Limited Partnership Maxine B. Hannifin, Trustee of Robert and Maxine Hannifin Trust u/t/a 02/01/94 Diane L. Hanley, Succ. Trustee of Delmar Hudson Lewis Living Trust Francis Hill Hudson, Trustee of Lindy's Living Trust UTA July 8, 1994 Ard Oil, Ltd. Zorro Partners, Ltd. Frost Bank, Trustee of Josephine T. Hudson Testamentary Trust f/b/o J. Terrell Ard Javelina Partners K B Limited Partnership Cherokee Legacy Minerals, Ltd. Kenebrew Minerals, L.P. Frannifin, LLC Motowi, LLC Alan Hannifin Michelle R. Hannifin

John Kyle Thoma, Trustee of Cornerstone Family Trust
Crownrock Minerals LP
George Vaught Jr.
The Taurus Royalty LLC
Rusk Capital Management, LLC
Kimbell Royalty Holdings, LLC
Kingdom Investments, Ltd.
Penwell Employee Royalty Pool
Paul R. Barwis
Jareed Partners, Ltd.
Colgate Production, LLC
Penroc Oil Corporation
NM & T Resources, LLC
Gene Shumate
Carol A. Shumate
Colgate Royalties, L.P.
Joyco Investments, Inc.
Babe Development, LLC
Julie Scott McBride
Sue Hanson McBride
Douglas Ladson McBride III

RECAPITULATION

TRACT No.	No. of Acres Committed	Percentage of Interest in Communitized Area
Tract No. 1	160.00	33.3334%
Tract No. 2	160.00	33.3333%
Tract No. 3	120.00	25.0000%
Tract No. 4	40.00	8.3333%
Total	480.00	100.0000%

SEP 11 2020

BLM, NMSO
SANTA FE

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

IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
DEVON ENERGY PRODUCTION COMPANY, L.P.

CASE NO. 20986
ORDER NO. R-21153

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on January 9, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Devon Energy Production Company, L.P. ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.

20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.
21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well

Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978,

Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**


ADRIENNE SANDOVAL
DIRECTOR
AS/jag

Date: February 25, 2020




Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 20986	APPLICANT'S RESPONSE
Date: January 9, 2020	
Applicant	Devon Energy Production Company, L.P.
Designated Operator & OGRID (affiliation if applicable)	Devon Energy Production Company, L.P. (OGRID 6137)
Applicant's Counsel	Holland & Hart LLP
Case Title:	APPLICATIONS OF DEVON ENERGY PRODUCTION COMPANY, L.P. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors	
Well Family	Uraninite 32-33 State Fed Com wells
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring
Pool Name and Pool Code:	Winchester; Bone Spring (Pool code 65010); Parkway; Bone Spring (Pool code 49622)
Well Location Setback Rules:	Statewide oil rules apply
Spacing Unit Size	480
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	480 acres, more or less
Building Blocks	quarter-quarter sections
Orientation:	Laydown
Description: TRS/County	N/2 of Section 32 and the NW/4 of Section 33, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N). If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes, well No. 332H is to be drilled closer than 330 feet from the Proximity Tracts and therefore defines the Horizontal Spacing Unit
Proximity Defining Well: If yes, description	Yes, Uraninite 32-33 State Fed Com 332H Well will remain within 330 feet of the S/2 N/2 of Sections 32 and 33 to allow inclusion of these proximity tracts in a standard 480-acre horizontal spacing unit comprised of the N/2 of Section 32 and the NW/4 of Section 33

CASE NO. 20986
 ORDER NO. R-21153

Applicant's Ownership in Each Tract	Yes
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	See Exhibit A-2 for the C-102s of the Uraninite wells
Well #1	<p>Well name: C-102 Spacing Unit Completion No. 8794 API No. 30-415-Jacking Surface 5.6 feet from the North line and 75.2 feet from the West line Bottom 21 feet from the North line and 29 feet from the West line Orientation 29 East, NMTM Completion Target 29 feet from the North line and 29 feet from the West line Completion Status 29 feet from the North line and 29 feet from the West line</p> <p>Completion Target 29 feet from the North line and 29 feet from the West line Completion Status 29 feet from the North line and 29 feet from the West line</p>
Well #2	<p>Well name: C-102 Spacing Unit Completion No. 8794 API No. 30-415-Jacking Surface 5.6 feet from the North line and 75.2 feet from the West line Bottom 21 feet from the North line and 29 feet from the West line Orientation 29 East, NMTM Completion Target 29 feet from the North line and 29 feet from the West line Completion Status 29 feet from the North line and 29 feet from the West line</p> <p>Completion Target 29 feet from the North line and 29 feet from the West line Completion Status 29 feet from the North line and 29 feet from the West line</p>
Horizontal Well First and Last Take Points	See Exhibit A 2 for the C-102s of the Uraninite wells
Completion Target (Formation, TVD and MD)	See Exhibit A 5 for the well proposals of the Uraninite wells. This data is also listed above with each well.
APE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000/month, Exhibit A
Production Supervision/Month \$	\$800/month, Exhibit A
Justification for Supervision Costs	Exhibit A, A-5
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	See Application
Proof of Mailed Notice of Hearing (20 days before hearing)	See Exhibit C-1
Proof of Published Notice of Hearing (10 days before hearing)	See Exhibit C-2
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3, A-4
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	

Sample Copy of Proposal Letter	Exhibit A-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3, A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A, A-3
Overhead Rates In Proposal Letter	Exhibit A ¶ 12
Cost Estimate to Drill and Complete	Exhibit A-5
Cost Estimate to Equip Well	Exhibit A-5
Cost Estimate for Production Facilities	Exhibit A-5
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B, B-1, B-2, B-3, B-4
Target Formation	Exhibit B, B-1, B-2, B-3, B-4
HSU Cross Section	Exhibit B, B-1, B-2, B-3, B-4
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-4
Cross Section (including Landing Zone)	Exhibit B-5, B-6
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Kaitlyn A. Lock
Signed Name (Attorney or Party Representative):	
Date:	2/21/2020