

THE APPLICATION OF DEVON ENERGY PRODUCTION CO, LP FOR ENTITY FOR DENSITY AUTHORITY FOR ITS M. B. MCKNIGHT LEASE, VARIOUS FIELDS, CRANE COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

DATE OF HEARING: December 9, 2010

APPEARANCES: **REPRESENTING:**

APPLICANT:

John Soule
Allen S. Wilson

Devon Energy Production Co, LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Devon Energy Production Co, LP ("Devon") requests that its M. B. McKnight Lease be approved as an entity for density purposes such that individual proration unit plats for each well on the lease would not be required. Devon already has Blanket Statewide Rule 10 commingling authority on the lease and requests that the entity for density be approved in the following fields:

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Armer (Clear Fork)	03644 142
Armer (Tubb)	03644 568
Running W (Wichita- Albany)	78936 900
Running W (Waddell)	78936 800
Running W, N. (Holt)	78938 500
Sand Hills (Judkins)	80473 248
Sand Hills (Mcknight)	80473 310
Sand Hills (Tubb)	80473 682
Sand Hills (Wolfcamp)	80473 868

The application was unopposed and the examiner recommends approval.

OIL AND GAS DOCKET NO. 08-0268167

DISCUSSION OF EVIDENCE

The M. B. McKnight Lease consists of 5,760 acres. The subject nine fields were discovered beginning in the 1930's. The lease produces from the San Andres - Judkins formation which occurs at a depth of 3,300 feet down through the Waddell formation which occurs at a depth of 6,000 feet. The lease currently produces 1,500 BOPD, 5.4 MMCFGPD and 5,600 BWPD. Cumulative production from the lease through October 2010 is approximately 9.1 MMBO, 32.7 BCFG and 17.4 MMBW.

Devon is currently drilling infill vertical and horizontal wells on the M. B. McKnight Lease and requests that the requirement for filing individual proration unit plats on the lease be eliminated by treating the lease as an entity for density purposes. All wells on the lease would be required to meet Rule 37 requirements for lease line spacing. Most of the acreage on the lease is productive, as demonstrated by the presence of producing wells completely surrounding the Lease.

Designation of the M. B. McKnight Lease as an entity for density will allow Devon to drill new wells as needed in optimum locations on the lease without having to obtain between-well spacing exceptions. This designation will also eliminate the need to file well proration unit plats for individual wells. The requested relief will not harm correlative rights because there would be no violation of the density rule for any of the subject fields.

FINDINGS OF FACT

1. Notice of this hearing was given to all affected persons at least ten days prior to the date of hearing and no protests were received.
2. The M. B. McKnight Lease consists of 5,760 acres contained in the subject nine fields which were discovered beginning in the 1930's.
3. The M. B. McKnight Lease produces from the San Andres - Judkins formation which occurs at a depth of 3,300 feet down through the Waddell formation which occurs at a depth of 6,000 feet.
4. Devon is currently drilling infill vertical and horizontal wells on the M. B. McKnight Lease. Most of the acreage on the lease is productive, as demonstrated by the presence of producing wells completely surrounding the Lease.
5. Designation of the M. B. McKnight Lease as an entity for density purposes will allow for the drilling of new infill wells as necessary without obtaining between-well spacing exceptions, provided the density is not exceeded. All wells on the lease would be required to meet Rule 37 requirements for lease line spacing.

OIL AND GAS DOCKET NO. 08-0268167

6. Designation of the M. B. McKnight Lease as an entity for density will eliminate the need to file well proration unit plats for individual wells.
7. The requested entity for density will not harm correlative rights because there would be no violation of the density rule for any of the subject fields.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Approval of the subject application for will not harm correlative rights and will not cause waste.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission designate the M. B. McKnight Lease in the subject nine fields as an entity for density purposes, as requested by Devon Energy Production Co, LP. Wells on the lease must still meet the requirements of Rule 37 regarding lease line spacing and individual well proration unit plats will not be required.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner