

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY DEVON ENERGY PRODUCTION COMPANY, LP
ORDER NO. PLC-655**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application, issues the following Order.

FINDINGS OF FACT

1. Devon Energy Production Company, LP (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production (“Application”) from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant provided evidence or a certification by a qualified person that the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
7. Applicant submitted one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the leases to be consolidated into a single pooled area (“Pooled Area”).
8. Applicant provided evidence the NMSLO confirmed a communitization agreement is not required to produce from one or more well(s) identified in Exhibit C.

CONCLUSIONS OF LAW

9. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
10. To the extent that ownership is diverse, Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC.
11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
12. Commingling involving state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
13. Applicant is not required to obtain downhole commingling approval for the well(s) identified in Exhibit C in accordance with 19.15.16.15(E)(2) NMAC.
14. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Effective April 22, 2020, Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.
2. No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 with a copy of the decision and agreement. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, then this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), then Applicant shall comply with the approved agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to conform this Order with the approved agreement(s). If OCD denies the application, this Order shall terminate on the date of such action.
3. Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B.
4. The oil and gas production from each well shall be separated and metered prior to commingling.
5. For the well(s) identified in Exhibit C, applicant shall allocate the oil and gas production from each well to each lease in proportion to the acreage each lease bears to the entire acreage of the spacing unit for that well as described in Exhibit C.
6. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.

7. Applicant shall measure the commingled gas at a central delivery point described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, regardless whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
9. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, then Applicant shall submit a new surface commingle application to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value no later than sixty (60) days after the decrease in value has occurred. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the application, this Order shall terminate on the date of such action.
10. Applicant shall not commence commingling involving state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
11. OCD retains jurisdiction and reserves the right to modify or revoke this Order if it determines that the Application did not accurately describe the pools, leases, and wells in the Pooled Area(s) or any action affecting or related to the commingling of oil and gas production, or as deemed necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 4/21/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-655

Operator: Devon Energy Production Co., LP (6137)

Central Tank Battery: Bell Lake 19 Central Tank Battery 3

Central Tank Battery Location (NMPM): Unit O, Section 19, Township 24 South, Range 33 East

Gas Custody Transfer Meter Location (NMPM): Unit O, Section 19, Township 24 South, Range 33 East

Pools

Pool Name	Pool Code
WC-025 G-06 S253201M; UPPER BONE SPR	97784
TRIPLE X; BONE SPRING, WEST	96674
WC-025 G-09 S243310P; UPPER WOLFCAMP	98135

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
VO 5638	W/2	Sec 18-T24S-R33E
VO 4457	W/2	Sec 19-T24S-R33E
VO 5647	E/2	Sec 18-T24S-R33E
VO 4457	E/2	Sec 19-T24S-R33E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-45621	Bell Lake 19 18 State Com 13Y	N-19-24S-33E	97784	
30-025-45621	Bell Lake 19 18 State Com 13Y	N-19-24S-33E	96674	
30-025-45455	Bell Lake 19 18 State Com 17H	N-19-24S-33E	97784	
30-025-45455	Bell Lake 19 18 State Com 17H	N-19-24S-33E	96674	
30-025-45638	Bell Lake 19 18 State Com 30H	N-19-24S-33E	98135	
30-025-45639	Bell Lake 19 18 State Com 31H	N-19-24S-33E	98135	
30-025-45641	Bell Lake 19 18 State Com 34H	N-19-24S-33E	98135	
30-025-45642	Bell Lake 19 18 State Com 35H	N-19-24S-33E	98135	
30-025-45451	Bell Lake 19 18 State Com 7H	P-19-24S-33E	97784	
30-025-45451	Bell Lake 19 18 State Com 7H	P-19-24S-33E	96674	
30-025-45452	Bell Lake 19 18 State Com 9H	P-19-24S-33E	97784	
30-025-45452	Bell Lake 19 18 State Com 9H	P-19-24S-33E	96674	
30-025-45453	Bell Lake 19 18 State Com 10H	P-19-24S-33E	97784	
30-025-45453	Bell Lake 19 18 State Com 10H	P-19-24S-33E	96674	
30-025-45640	Bell Lake 19 18 State Com 32H	P-19-24S-33E	98135	
30-025-45643	Bell Lake 19 18 State Com 36H	P-19-24S-33E	98135	
30-025-45644	Bell Lake 19 18 State Com 37H	P-19-24S-33E	98135	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **PLC-655**

Operator: **Devon Energy Production Co., LP (6137)**

Pooled Areas

Pooled Area	Location (NMPM)		Acres	Pooled Area ID
CA WC NMSLO	W/2 Sec 18 and 19	T24S-R33E	629.6	A
CA WC NMSLO	E/2 Sec 18 and 19	T24S-R33E	640	B

Leases Comprising Pooled Areas

Lease	Location (NMPM)		Acres	Pooled Area ID
VO 5638	W/2	Sec 18-T24S-R33E	314.16	A
VO 4457	W/2	Sec 19-T24S-R33E	315.44	A
VO 5647	E/2	Sec 18-T24S-R33E	320	B
VO 4457	E/2	Sec 19-T24S-R33E	320	B

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit C

Order: **PLC-655**

Operator: **Devon Energy Production Co., LP (6137)**

Spacing Units

Well API	Location (NMPM)		Total Acres
30-025-45455	W/2 Sec 18 and 19	T24S-R33E	629.6
30-025-45621	W/2 Sec 18 and 19	T24S-R33E	629.6
30-025-45451	E/2 Sec 18 and 19	T24S-R33E	640
30-025-45452	E/2 Sec 18 and 19	T24S-R33E	640
30-025-45453	E/2 Sec 18 and 19	T24S-R33E	640

Leases Comprising Spacing Units

Lease	Location (NMPM)		Acres	Well API
VO 5638	W/2	Sec 18-T24S-R33E	314.16	30-025-45455
VO 4457	W/2	Sec 19-T24S-R33E	315.44	30-025-45455
VO 5638	W/2	Sec 18-T24S-R33E	314.16	30-025-45621
VO 4457	W/2	Sec 19-T24S-R33E	315.44	30-025-45621
VO 5647	E/2	Sec 18-T24S-R33E	320	30-025-45451
VO 4457	E/2	Sec 19-T24S-R33E	320	30-025-45451
VO 5647	E/2	Sec 18-T24S-R33E	320	30-025-45452
VO 4457	E/2	Sec 19-T24S-R33E	320	30-025-45452
VO 5647	E/2	Sec 18-T24S-R33E	320	30-025-45453
VO 4457	E/2	Sec 19-T24S-R33E	320	30-025-45453