

DATE IN <u>8/17/12</u>	SUSPENSE	ENGINEER <u>E. E. E. E. E.</u>	LOGGED IN <u>8/17/12</u>	TYPE <u>OLM</u>	APP NO. <u>PKVR1ZZ3031547</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Devon Energy Production Company LP
Black Jack 1 Federal #
2, 3, 4H

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☒ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____ Off-Lease Gas Sales _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Melanie Crawford
 Print or Type Name

Melanie Crawford
 Signature

Regulatory Analyst
 Title

6-20-12
 Date

Melanie.Crawford@dmv.com
 e-mail Address

OLM - 6E



Devon Energy Production Company
333 W. Sheridan Avenue
DEC 34.532
Oklahoma City, Oklahoma 73102
Phone: (405)-552-4524
Melanie.Crawford@dev.com

June 20, 2012

Mr. Richard Ezeanyim
State of New Mexico
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

**Re: Off Lease Gas Measurement and Off Lease Sales Approval
Blackjack 1 Federal 2, Black Jack 1 Federal 3, Black Jack 1 Federal 4H
API # 30-015-33383, 30-015-35797, & 30-015-37065
Sec 1-T24S-R30E
Lease NMNM-97133
Sand Dunes; Delaware, South - Pool Code: 53818
Eddy County, New Mexico**

2012 AUG 16 P 12:45
RECEIVED OCD

Dear Mr. Ezeanyim:

Please find attached the OCD Form C-103 and BLM Form 3160-5 Sundry Notice of Intent for Off-Lease Gas Measurement & Sales. The working interest, royalty interest and overriding royalty interest owners in the lease is uniformed; no additional notification is required.

BLM sundry approval and BLM conditions of approval attached.

Should you require any additional information or assistance, please do not hesitate to contact me at (405)-552-4524.

Very truly yours,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Melanie Crawford
Regulatory Analyst

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**OPERATOR'S COPY**FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS****Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.****SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM97133
2. Name of Operator DEVON ENERGY PRODUCTION CO		6. If Indian, Allottee or Tribe Name
3a. Address 333 WEST SHERIDAN AVE OKLAHOMA CITY, OK 73102		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 405-552-4524		8. Well Name and No. BLACK JACK 1 FED 4H
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 1 T24S R30E SESW 330FSL 2230FWL 32.240580 N Lat, 103.835714 W Lon		9. API Well No. 30-015-37065-00-X1
		10. Field and Pool, or Exploratory SAND DUNES
		11. County or Parish, and State EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Water Disposal
	<input checked="" type="checkbox"/> Other Off-Lease Measurement

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Devon Energy Production Co., LP respectfully requests permission for the Central Tank Battery, Off-Lease Gas Measurement, Sales, & Storage for the following wells:

Blackjack 1 Federal 2
API: 30-015-33383

Black Jack 1 Federal 3
API: 30-015-35797

Previously approved OLM-44-0 for 2 & 3

Black Jack 1 Federal 4H

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

SUBMIT UPDATED FACILITY DIAGRAM

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #142293 verified by the BLM Well Information System For DEVON ENERGY PRODUCTION CO LP, sent to the Carlsbad Committed to AFMSS for processing by BEVERLY WEATHERFORD on 07/11/2012 (12BMW0232SE)	
Name (Printed/Typed)	MELANIE A CRAWFORD
Title	REGULATORY ANALYST
Signature	(Electronic Submission)
Date	07/06/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>J. D. W. Hottel</i>	Title <i>LPET</i>	Date <i>8/4/12</i>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		
Office <i>CF</i>		

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #142293 that would not fit on the form

32. Additional remarks, continued

API: 30-015-37065

A central tank battery is located at the #2 location. The production will come to a common/test production header with isolation lines to route each wells production. The common/test header is located on the SE side of the #2 wellsite. The gas production from the three wells will flow to a DCP CDP Gas Sales #13135309, located approximately 1.5 miles SE of the #2 location and approximately 1 mile SE of the # 3 location in Sec. 7-T24S-31E, Eddy County, NM. The well production allocation method is that every well will be tested through test equipment and production will be metered. The well test will be done monthly for 24 hours.

The working interest, royalty interest and overriding royalty interest owners in the lease is uniformed; no additional notification is required

BLACK JACK 1 Fed 2 Battery

Diagram incomplete

Production System: Closed

1) Oil sales by tank gauge to tank truck.

2) Seal requirements:

A. Production Phase: On all Tanks.

(1) All valves 5 sealed closed.

Sales Phase: On Tank being hauled.

(1) Valve 1 sealed closed.

(2) Valve 3 sealed closed.

(3) Valve 4 sealed closed.

(4) Valve 5 sealed closed.

{5} Misc. Valves: Plugged or otherwise inaccessible.

NOTE: Valve 2 is either a test or roll line if there is a valve 2 it will be sealed closed.

Ledger for Site Diagram

Valve #1: Production Line

Valve #2: Test or Roll line

Valve #3: Equalizer Line

Valve #4: Circ./Drain Line

Valve #5: Sales Line

Valve #6: BS&W Load Line

Burled Lines:

Firewall:

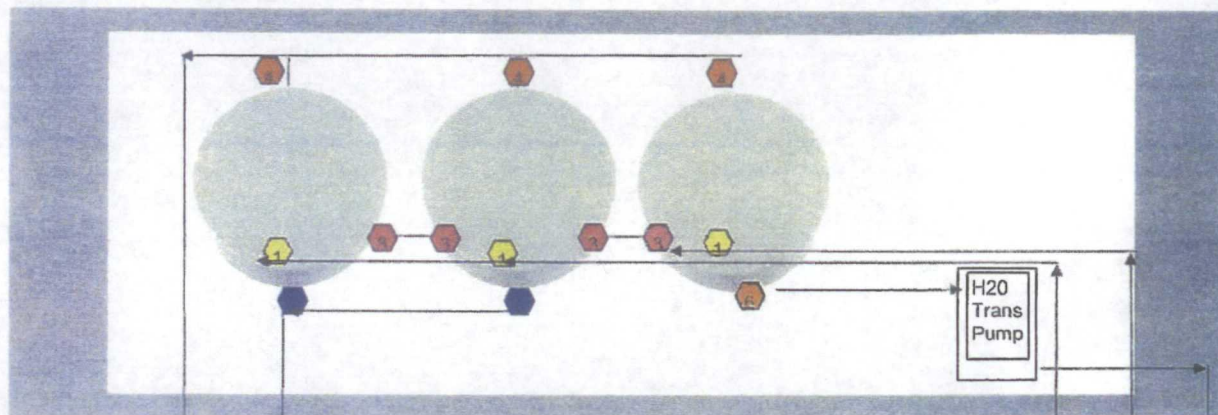
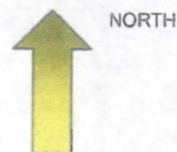
Wellhead:

Stak-pak:

Production line:

Water line:

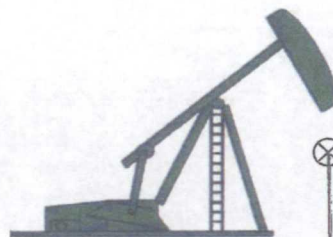
Gas Meter



Truck load lines

Oil to tank

Water to tank



Line from BlackJack 1 Fed #4

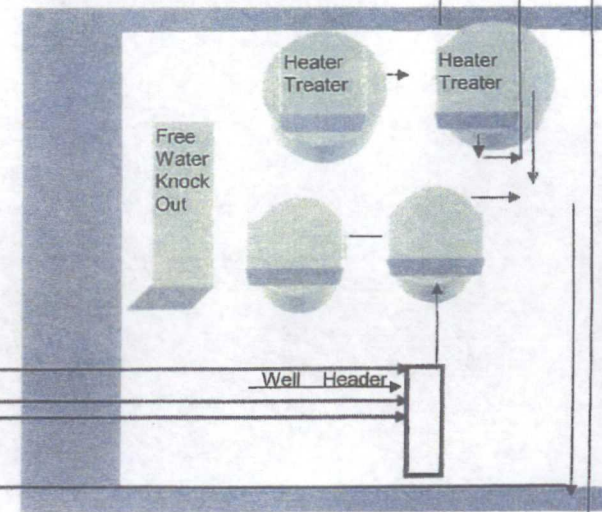
Line from BlackJack 1 Fed #3

DCP 13135309

Gas line to DCP Sales meter 1 mile away

Water Transfer line to Todd 27

Gas Test Meter



GAS TEST METER NOT SHOWING MISSING NUMB.

SWNE, SEC 7 T24S R31E

35

Bass
23S 30E

23S 30E

36

NM-97133

1

2

Blackjack 1 Federal #2

6

24S 30E

24S 30E

Blackjack 1 Federal #3

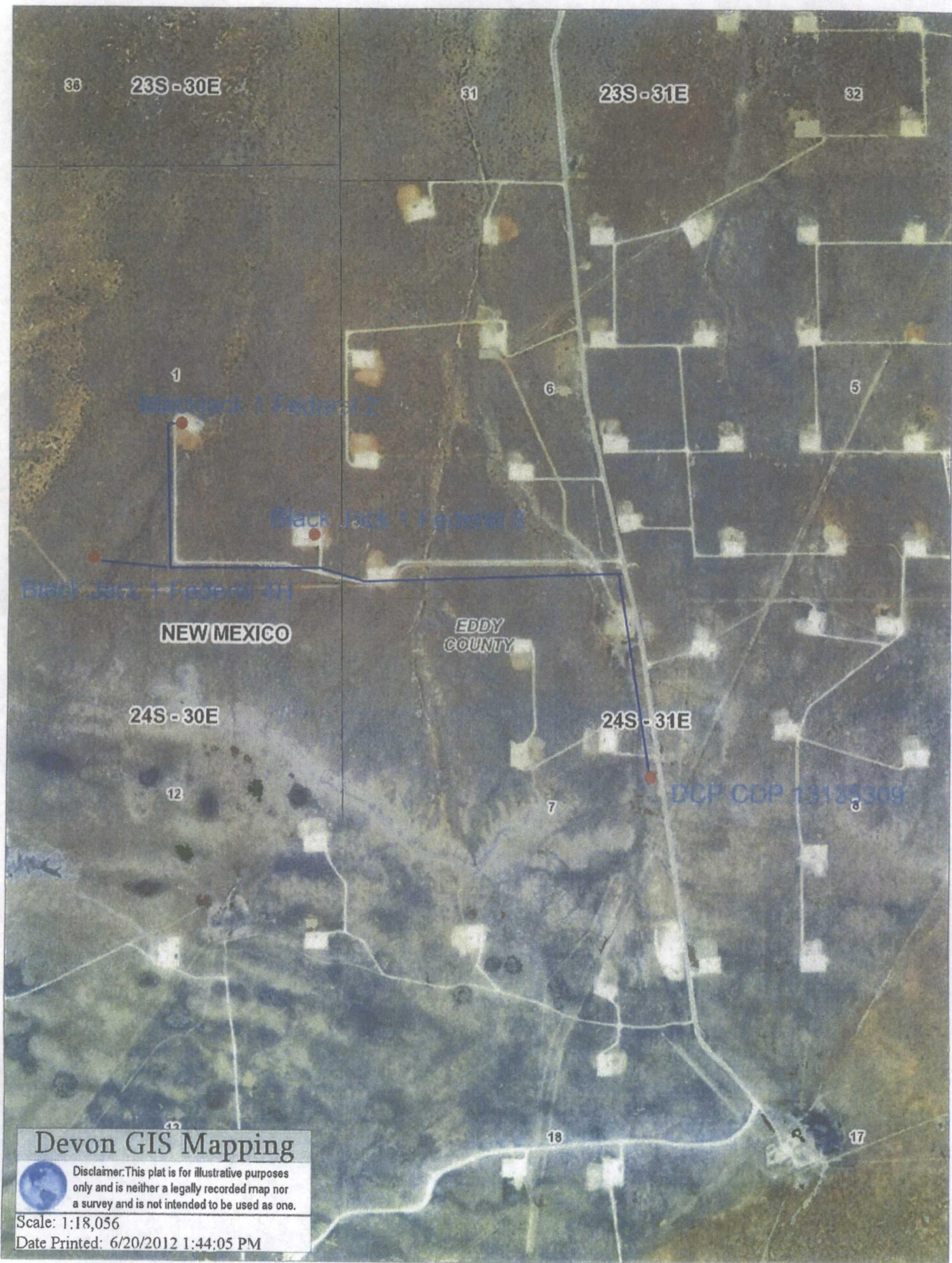
Blackjack 1 Federal #4

11

12

Oxy

7



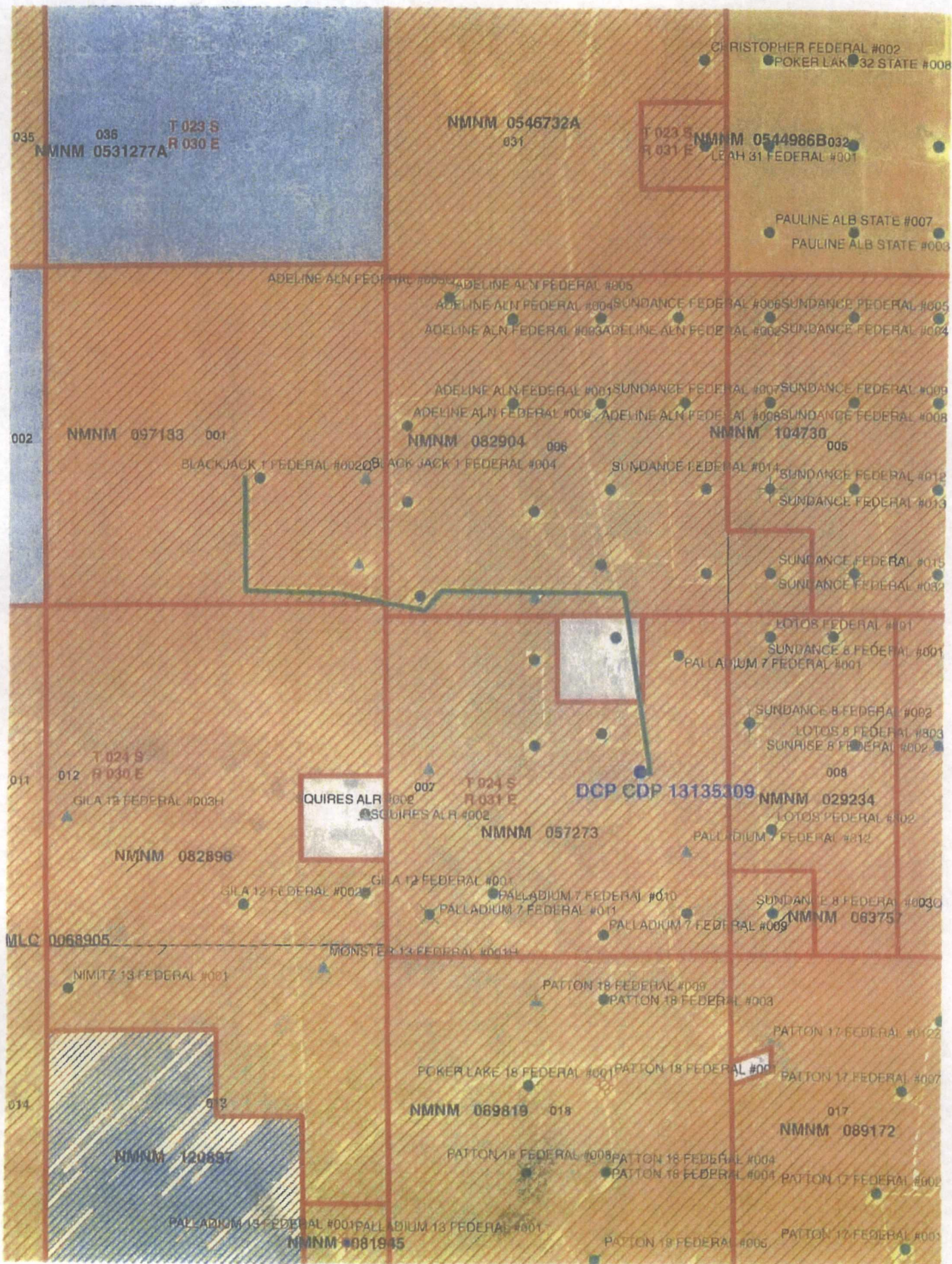
Devon GIS Mapping



Disclaimer: This plat is for illustrative purposes only and is neither a legally recorded map nor a survey and is not intended to be used as one.

Scale: 1:18,056

Date Printed: 6/20/2012 1:44:05 PM



OFF LEASE PRODUCTION						
Well Name	01/01/12	02/01/12	03/01/12	04/01/12	05/01/12	06/01/12
Blackjack 1 Federal 2	523.2	368.03	284.25	257.	430.98	104.27
Black Jack 1 Federal 3	4,444.3	3,856.56	3,950.77	3,654.43	597.36	815.76
Black Jack 1 Federal 4H	0.	0.	0.	0.	0.	74.3



Ken Gray
Senior Advisor, Land

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8280
Office: (405) 552-4633
Fax: (405) 552-8113

May 11, 2012


New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Off Lease Gas Measurement and Sales
Blackjack Federal Lease
Section 1-T24S-R30E
Eddy County, New Mexico

Gentlemen:

I have reviewed the files of Devon Energy Production Company, L.P. ("Devon") regarding the ownership of the wells listed below and the associated federal oil and gas lease NM-97133 and find that the ownership of the working interest, royalty and overriding royalty interests are uniform with respect to Devon's application for Off Lease Gas Measurement and Sales from the following pools, insofar as such pools covers the following wells:

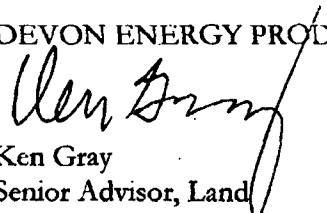
Blackjack 1 Federal #2	API: 30-015-33383	Sand Dunes; Delaware South (53818)
Blackjack 1 Federal #3	API: 30-015-35797	Sand Dunes; Delaware South (53818)
Blackjack 1 Federal #4	API: 30-015-37065	Sand Dunes; Delaware South (53818)
		Ingle Wells; Delaware (33745)



If there are any questions or if additional information is required feel free to call me at (405) 552-4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.


Ken Gray
Senior Advisor, Land

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Off-Lease Measurement

**Conditions of Approval: Devon Energy Production Co.
Black Jack 1 Fed 2, 3 & 4H
NM97133**

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented without proper measurement and prior approval. Any gas vented must be flared.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease measurement from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
8. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "standard Environmental Colors" – Shale Green, Munsell Soil Color No. 5Y 4/2.