

DATE IN <u>12.6.10</u>	SUSPENSE	ENGINEER <u>RF</u>	LOGGED IN <u>12.6.10</u>	TYPE <u>OLM</u>	APP NO. <u>1028557977</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
6137

Sheep Dip 20 Fed Com #1

ADMINISTRATIVE APPLICATION CHECKLIST

30-015-26530

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]

Fed.

Eddy

[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

October 4, 2010
 Date

Melanie.Crawford@dvn.com
 e-mail Address

OLM - 27



Devon Energy Production Company
20 North Broadway - CT 3.058
Oklahoma City, Oklahoma 73102-8260
Phone: (405)-552-4524
Fax (405)-552-1358
Melanie.Crawford@dvn.com

November 29, 2010

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

**Re: Off-Lease Gas Sales Approval
Sheep Dip 20 Federal Com 1
API # 30-015-26530
Sec 20-T23S-R26E
Lease NM-69578
Carlsbad; Morrow, South - Pool Code: 73960
Eddy County, New Mexico**

RECEIVED OCD
2010 NOV 31 A 10:58

Dear Mr. Ezeanyim:

Please find attached the OCD Form C-107B, OCD Form C-103 Sundry Notice of Intent for Off-Lease Gas Measurement and Sales. The working interest, royalty interest and overriding royalty interest owners are not identical; parties have been notified via certified mail.

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



Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102-8260

405 235 3611 Phone
www.devonenergy.com

November 30, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Interest Owners

Re: Off-Lease Gas Sales Application
Sheep Dip 20 Federal Com 1
Sec 20-T23S R26E
API # 30-015-26530
Pool 73960 - Carlsbad; Morrow, South
Eddy County, New Mexico

RECEIVED OGD
2010 NOV 31 A 10:53

To Whom It May Concern:

This is to advise you that Devon Energy Production Company, LP, is filing an application with the New Mexico Oil Conservation Division ("NMOCD") seeking approval for Off-Lease Gas Sales.

A copy of our application submitted to the Division is attached.

Any objections or requests that a hearing should be held regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe office within 20 days from the date of this letter.

Please contact the undersigned at (405) 552-4524 should you have any questions or need anything further.

Sincerely,

Devon Energy Production Company, L.P.

Melanie Crawford
Regulatory Analyst

Enclosure

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Devon Energy Production Co., LP

OPERATOR ADDRESS: 20 North Broadway, Ste 1500

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☒ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☒ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Melanie Crawford

TITLE: Regulatory Analyst

DATE: 11/30/10

TYPE OR PRINT NAME: Melanie Crawford

TELEPHONE NO.: (405)-552-4524

E-MAIL ADDRESS: Melanie.Crawford@dmr.com

APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any): _____

17

16

NM-70200

20

23S 26E

21



NM-69578



Sheep Dip 20 Fed Com #1

C.A. NM-085333

29

28

Exhibit B (S)

Richard H Coats
PO Box 2412
Midland, TX 79702

Certified Mail Number: 7008 1830 0003 1984 6161

Gary J Lamb
PO Box 3383
Midland, TX 79702

Certified Mail Number: 7008 1830 0003 1984 6062

Charles R Wiggins
PO Box 10862
Midland, TX 79702

Certified Mail Number: 7008 1830 0003 1984 6055

First Roswell Company
PO Box 1797
Roswell, NM 88202-1797

Certified Mail Number: 7008 1830 0003 1984 6048

Minerals Management Service
Royalty Management Program
PO Box 5180
Denver, CO 80217-5810

Certified Mail Number: 7008 1830 0003 1984 6031

Philip L White
PO Box 25968
Albuquerque, NM 87125

Certified Mail Number: 7008 1830 0003 1984 6024

Exxon Corporation
PO Box 951027
Dallas, TX 75395-1027

Certified Mail Number: 7008 1830 0003 1984 6017

Jon M Morgan
PO Box 1015
Midland, TX 79702

Certified Mail Number: 7008 1830 0003 1984 6000

Thomas E Jennings
PO Box 1797
Roswell, NM 88202-1797

Certified Mail Number: 7008 1830 0003 1984 5997

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOC

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

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.*

5 Lease Serial No.
NM-26530

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

RECEIVED

1 Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

OCT 26 2009

2 Name of Operator
Devon Energy Production Co., LP

NMOC ARTESIA

3a. Address
20 North Broadway
OKC, OK 73102

3b Phone No. (include area code)
(405)-552-7802

4 Location of Well (Footage, Sec., T, R, M., or Survey Description)
Sec 20-T23S-R26E
1980' FEL & 660' FEL

7 If Unit of CA/Agreement, Name and/or No.

8. Well Name and No
Sheep Dip 20 Fed Com 1

9 API Well No
30-015-26530

10 Field and Pool or Exploratory Area
Carlsbad; Morrow, South (73960)

11. Country or Parish, State
Eddy County, NM

12 CHECK THE 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"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Off-Lease Gas Sales
	<input type="checkbox"/> Change Plans	<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	

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 recomplete 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must 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 respectfully requests permission for off-lease gas sales for the Sheep Dip 20 Fed 1. Produced gas flows through a check meter on location before metering at a DCP sales meter located approximately 1.5 miles east in the NE SW of section 22 T23S R26E, Eddy County, New Mexico. No other wells are connected to the gas line and reported gas volumes are the DCP sales meter volumes. These volumes are compared against the check meter volumes.

**SUBJECT TO LIKE
APPROVAL BY STATE**

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**



14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Stephanie A. Ysasaga

Title Sr. Staff Engineering Technician

Signature

Date 09/14/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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

(Instructions on page 2)

MR

Sheep Dip 20 Fed Com # 1

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 unaccessible. 

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


Legend for Site Diagram

Valve #1: Production Line 

Valve #2: Test or Roll line 

Valve #3: Circ./Drain Line 

Valve #4: Equalizer Line 

Valve #5: Sles Line 

Valve #6: BS&W Load Line 


Buried Lines: 

Firewall: 

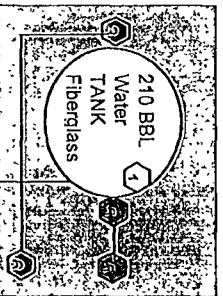
Wellhead: 

Stak-pak: 

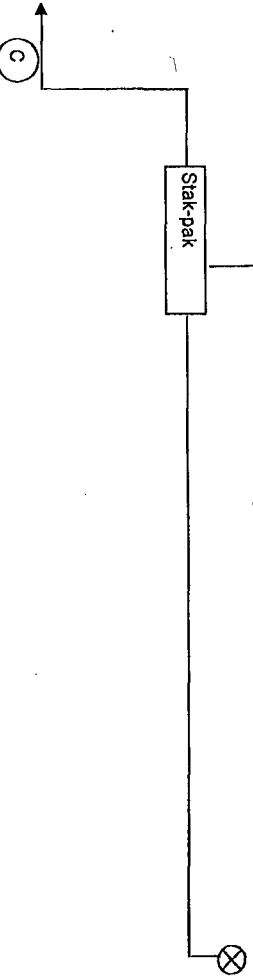
Production line: 

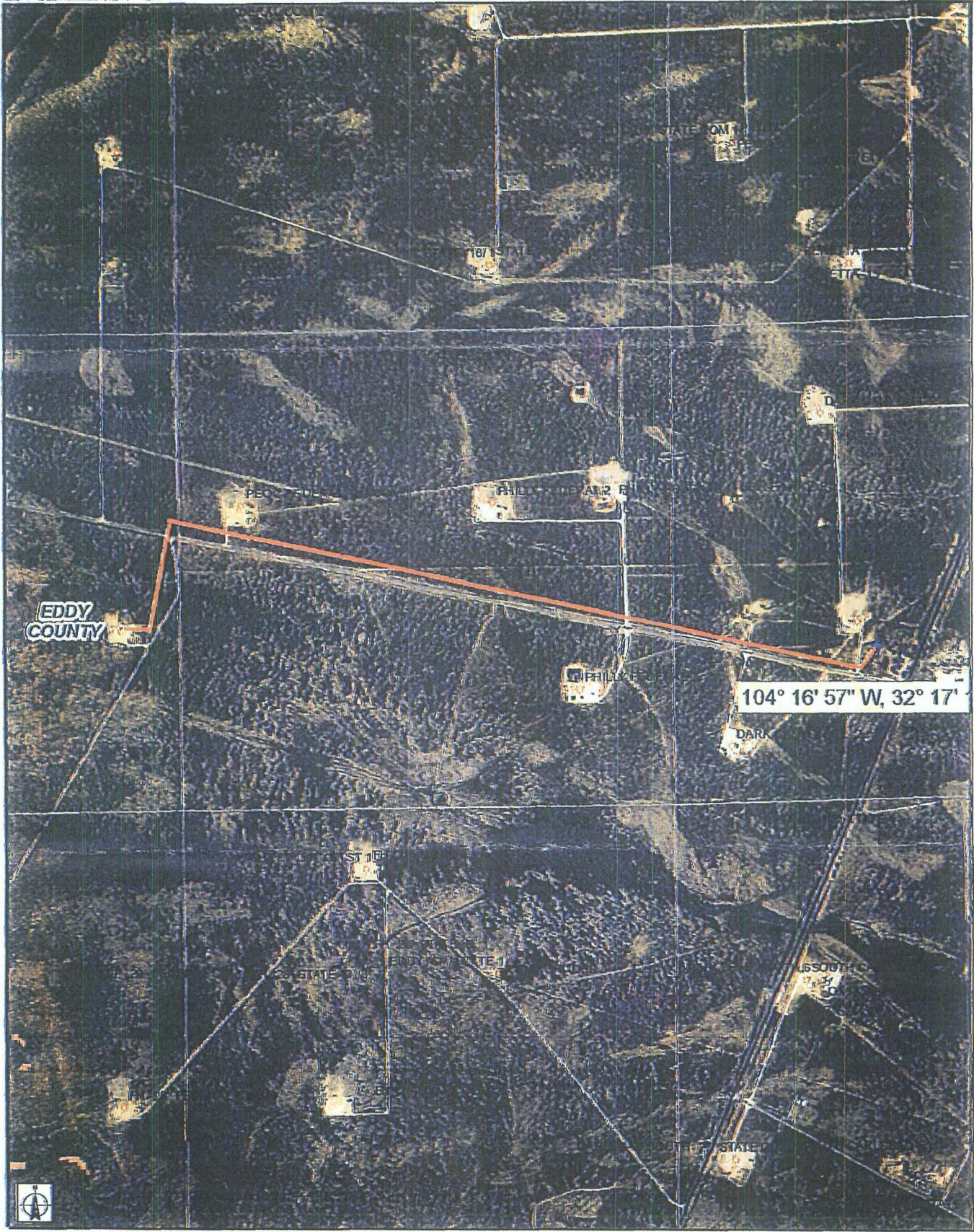
Water line: 

Gas Meter 



N
↑





OPERATOR'S COPY

Form 3160-9
(December 1989)

Number 09CD1041
Page 1 of 2

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

NOTICE OF INCIDENTS OF NONCOMPLIANCE

☒ Certified Mail - Return
Receipt Requested
70080150000188632326

☐ Hand Delivered Received
by

Identification
IID
Lease NMNM69578
CA NMNM85333
Unit
PA

Bureau of Land Management Office CARLSBAD FIELD OFFICE				Operator DEVON ENERGY PRODUCTION CO L P			
Address 620 E GREENE STREET CARLSBAD NM 88220				Address 20 NORTH BROADWAY STE 1500 OKLAHOMA CITY OK 73102			
Telephone 575-234-5911				Attention			
Inspector DE MONTIGNY				Attn Addr			
Site Name (FACILITY)	Well or Facility L	1/4 1/4 Section NESE 20	Township 23S	Range 26E	Meridian NMP	County EDDY	State NM
Site Name SHEEP DIP 20 FEDERAL COM	Well or Facility 1	1/4 1/4 Section NESE 20	Township 23S	Range 26E	Meridian NMP	County EDDY	State NM

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

Date	Time (24 - hour clock)	Violation	Gravity of Violation
08/31/2009	08:23	43 CFR 3162 1(a), 43 CFR 3162 7-3, 00#5.III D 2 a.	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
09/28/2009			43 CFR 3163.1()

Remarks
OFF LEASE MEASUREMENT AND SALES OF GAS IS NOT APPROVED. SUBMIT FORM 3160-5 FOR APPROVAL OF OFF LEASE MEASUREMENT AND SALES OF GAS.

FOR MONITORING AND TRACKING PURPOSES, PLEASE SUBMIT APPROPRIATE PAPERWORK TO THIS OFFICE
(Remarks continued on following page(s).)

When violation is corrected, sign this notice and return to above address

Company Representative Title _____ Signature _____ Date _____

Company Comments _____

WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer <i>De Montigny</i>				Date 8/31/09	Time 08:30
FOR OFFICE USE ONLY					
Number 24	Date	Assessment	Penalty	Termination	
Type of Inspection PI					

BLM Remarks, continued

ATTENTION: CHERYL DE MONTIGNY

CONTACT CHERYL DE MONTIGNY AT (575) 234-5911 IF YOU HAVE ANY QUESTIONS.

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

Off-Lease Measurement, Storage and Surface Commingling

Conditions of Approval

Approval of surface commingling and off-lease storage and/or 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 facility.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
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 commingling 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 combining production 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.