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December 17, 1996

**Hand Delivered**

Florene Davidson  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and two copies of an application for surface commingling, together with a proposed advertisement, filed on behalf of Devon Energy Corporation (Nevada).

Please set this matter for the January 9, 1997 hearing.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.

*James Bruce*  
James Bruce

Attorneys for Devon Energy  
Corporation (Nevada)

PROPOSED ADVERTISEMENT

CASE 11693: Application of Devon Energy Corporation (Nevada) for surface commingling, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 303.A to permit surface commingling of Red Lake Queen-Grayburg-San Andres Pool production from 22 wells drilled or to be drilled on its Eagle "33" Federal, Eagle "34" Federal, and Eagle "35" Federal Leases, covering all or parts of Sections 33, 34, and 35, Township 17 South, Range 27 East. Said leases are located approximately eight miles southeast of Artesia, New Mexico.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

ADMINISTRATIVE APPLICATION OF DEVON  
ENERGY CORPORATION (NEVADA) FOR  
SURFACE COMMINGLING, EDDY COUNTY,  
NEW MEXICO.

CASE NO. 11693

APPLICATION

Devon Energy Corporation (Nevada) hereby applies for an exception to Division Rule 303.A to permit surface commingling, as described further below:

1. Applicant is the operator of the Eagle "33" Federal, Eagle "34" Federal, and Eagle "35" Federal Leases, comprised of United States Oil and Gas Leases LC 206874-B, NM 025528, NM 0557370, LC 064050-A, and LC 067849, which cover all or parts of Sections 33, 34, and 35 of Township 17 South, Range 27 East, NMPM.

2. Working interests and royalty interests under the aforesaid leases are common, but overriding royalty interest ownership differs among the subject leases.

3. Applicant proposes to surface commingle Red Lake Queen-Grayburg-San Andres Pool production from 22 wells drilled or to be drilled on the foregoing leases, without separately metering production, as described on Exhibit A attached hereto.

4. Notice has been given to all interest owners in the affected leases, by certified mail.

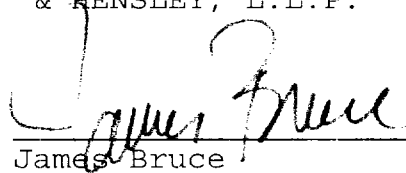
5. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

**WHEREFORE,** Applicant requests that the Division approve

surface commingling of Red Lake Queen-Grayburg-San Andres Pool  
production from the foregoing leases.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
P. O. Box 2068  
Santa Fe, New Mexico 87504  
(505) 982-4554

Attorneys for Devon Energy  
Corporation (Nevada)

# APPLICATION FOR SURFACE COMMINGLING OFF LEASE STORAGE AND MEASUREMENT APPROVAL

To: Bureau of Land Management  
620 E. Greene Street  
Carlsbad, New Mexico 88220

Devon Energy Corporation requests approval for surface commingling and off lease storage and measurement of hydrocarbon production from the following wells on Federal Lease No. NM-025528

**Lease Name: Eagle "33" Federal**

Well No.	UL	Sec	Twp	Rng	Formation
1	A	33	17S	27E	Grayburg/San Andres
3	B	33	17S	27E	Grayburg/San Andres
5	G	33	17S	27E	Grayburg/San Andres
11	O	33	17S	27E	Grayburg/San Andres
13	P	33	17S	27E	Grayburg/San Andres

with hydrocarbon production from the following wells on Federal Lease No. NM-056122

**Lease Name: Eagle "33" Federal**

Well No.	UL	Sec	Twp	Rng	Formation
7	H	33	17S	27E	Grayburg/San Andres

with hydrocarbon production from the following wells on Federal Lease No. LC 026874-B

**Lease Name: Eagle "33" Federal**

Well No.	UL	Sec	Twp	Rng	Formation
9	N	33	17S	27E	Grayburg/San Andres

with hydrocarbon production from the following wells on Federal Lease No. NM-0557370

**Lease Name: Eagle "34" Federal**

Well No.	UL	Sec	Twp	Rng	Formation
1	A	34	17S	27E	Grayburg/San Andres
3	B	34	17S	27E	Grayburg/San Andres
13	G	34	17S	27E	Grayburg/San Andres
15	H	34	17S	27E	Grayburg/San Andres
19	J	34	17S	27E	Grayburg/San Andres

with hydrocarbon production from the following wells on Federal Lease No. LC-064050-A

**Lease Name: Eagle "34" Federal**

Well No.	UL	Sec	Twp	Rng	Formation
5	C	34	17S	27E	Grayburg/San Andres
11	F	34	17S	27E	Grayburg/San Andres
17	I	34	17S	27E	Grayburg/San Andres

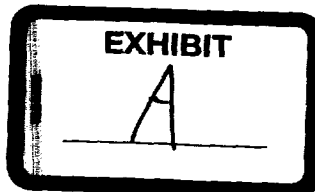
**Lease Name: Eagle "35" Federal**

1	L	35	17S	27E	Grayburg/San Andres
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with hydrocarbon production from the following wells on Federal Lease No. LC-067849

**Lease Name: Eagle "34" Federal**

Well No.	UL	Sec	Twp	Rng	Formation
7	D	34	17S	27E	Grayburg/San Andres
9	E	34	17S	27E	Grayburg/San Andres
21	K	34	17S	27E	Grayburg/San Andres
23	L	34	17S	27E	Grayburg/San Andres
25	M	34	17S	27E	Grayburg/San Andres
27	N	34	17S	27E	Grayburg/San Andres



Production from the wells involved is as follows:

<u>Well</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
Eagle "33A" #1	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "33B" #3	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "33G" #5	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "33H" #7	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "33N" #9	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "33O" #11	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "33P" #13	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34A" #1	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34B" #3	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34C" #5	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34D" #7	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34E" #9	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34F" #11	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34G" #13	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34H" #15	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34I" #17	COMPLETING, TEST TO FOLLOW		
Eagle "34J" #19	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34K" #21	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34L" #23	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34M" #25	TO BE DRILLED, TEST TO FOLLOW.		
Eagle "34N" #27	TO BE DRILLED, TEST TO FOLLOW.		

Exhibit I is a schematic which shows the equipment that will be utilized to determine well production from each lease. A map (Exhibit II) is enclosed that shows the lease numbers and location of all leases and wells that will contribute production to the proposed commingled facility.

The storage and measuring facility will be located in UL K in the NE/SW of Section 34, T17S, R 27E on lease No. LC-067849 in Eddy County, New Mexico. The BLM will be notified if there is any future change in the facility location.

**Process and Flow Description:** Under the proposed flow system, gas will be flowed out the casing from each well and will be tested at the well using an orifice well tester. Oil and water will be pumped out the tubing and will go through a flowline to a header at the battery. Wells will be tested by switching into the test treater which will separate the oil and water and allow the oil to be measured in a test tank and the water by means of a meter.

**Production Allocation:** Production allocation will be based on periodic well tests as described above. Allocation of total gas recorded by the Sales Gas Meter will be based on these tests.

The overriding royalty owners, and NMOCD have been notified of this proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for hydrocarbon development and operation on the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. We have submitted an application for the necessary right-of-way approvals to the BLM's Realty Section.

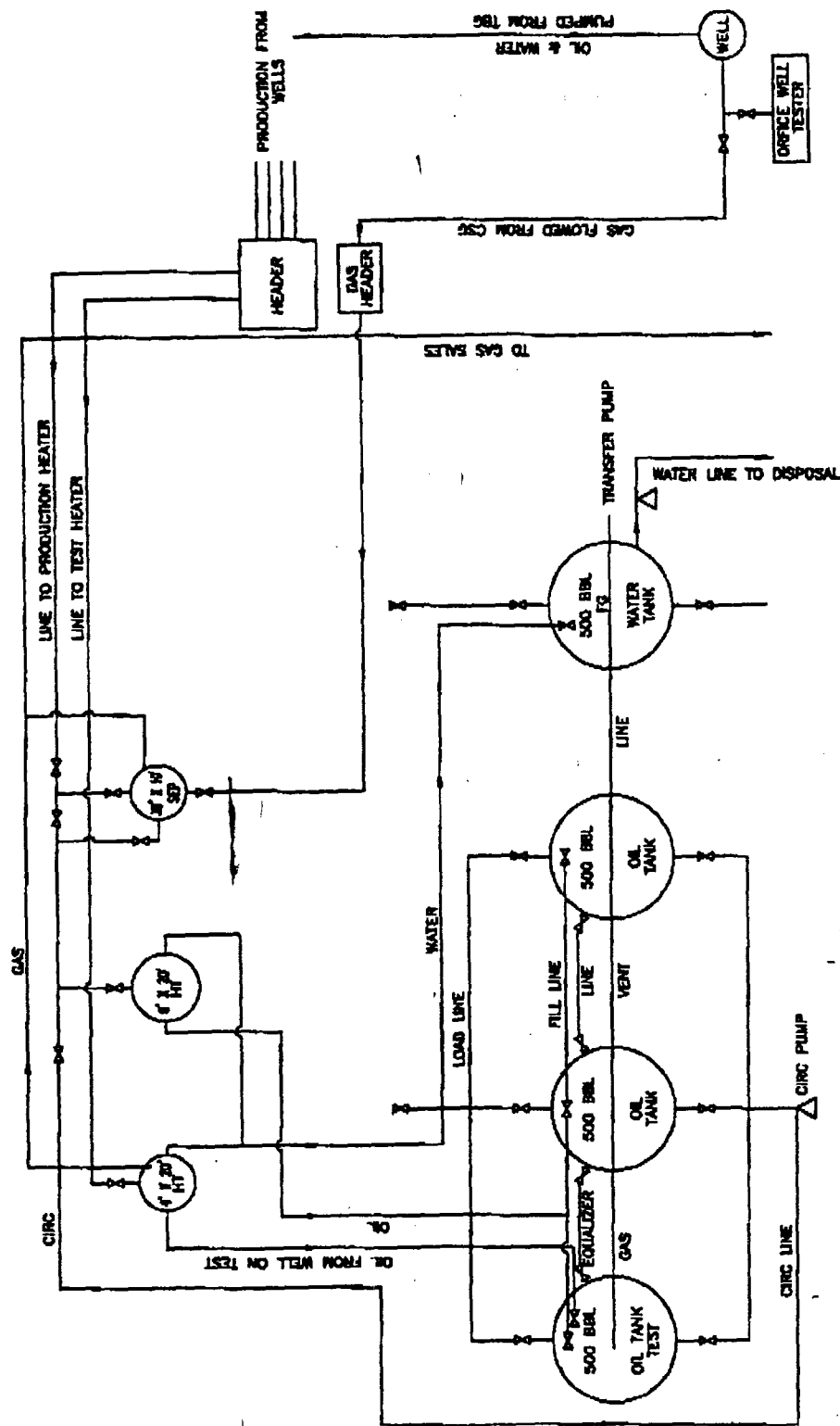
Signed: E. L. Buttross, Jr.

Name: E. L. Buttross, Jr.

Title: District Engineer

Date: October 28, 1996

Devon Energy Corporation (Nevada)  
20 N. Broadway, Suite 1500  
Oklahoma City, OK 736102



**RED LAKE AREA**  
EDDY COUNTY, NEW MEXICO

**EXHIBIT # 1**  
**EAGLE**  
**FEDERAL BATTERY**  
FLOW DIAGRAM

LEGEND