

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

RECEIVED

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APPLICATION

Oil Conservation Division

Devon Energy Corporation (Nevada) hereby applies for an exception to Division Rule 309 to permit lease commingling, as described further below:

1. Applicant is the operator of United States Oil and Gas Leases NM 033825, NM 025530, NM 29278, LC 055465, and LC 055383-A, which collectively cover the NE $\frac{1}{4}$  and S $\frac{1}{2}$ NW $\frac{1}{4}$  of Section 4, and the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 5, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

2. Applicant proposes to commingle Red Lake Queen-Grayburg-San Andres Pool production from 14 wells drilled or to be drilled on the subject leases and lands in a common tank battery to be located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 4, without separately metering production, by allocating production to each well and to each lease on the basis of monthly well tests.

3. Royalty interest ownership under the subject leases is common, but working interest and/or overriding royalty interest ownership differs.

4. Notice of this application 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 lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from the above-described leases and lands.

Respectfully submitted,

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

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(Nevada)