

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
 THE OIL CONSERVATION DIVISION FOR THE)
 PURPOSE OF CONSIDERING:)
)
 APPLICATION OF DEVON ENERGY CORPORATION)
 (NEVADA) FOR SURFACE COMMINGLING AND)
 LEASE COMMINGLING, EDDY COUNTY,)
 NEW MEXICO)

CASE NO. 2,146

OIL CONSERVATION DIV.
 99 APR - 1 AM 8:53
 ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

March 18th, 1999

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, March 18th, 1999, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

March 18th, 1999
 Examiner Hearing
 CASE NO. 12,146

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REPORTER'S CERTIFICATE	5

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	-
Exhibit 2	4	-
Exhibit 3	4	-

* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
 Attorney at Law
 Legal Counsel to the Division
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

JAMES G. BRUCE, Attorney at Law
 612 Old Santa Fe Trail, Suite B
 Santa Fe, New Mexico 87501
 P.O. Box 1056
 Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 1:03 p.m.:

3 EXAMINER CATANACH: Okay, we'll call the hearing
4 back to order and call Case 12,146.

5 MR. CARROLL: Application of Devon Energy
6 Corporation (Nevada) for surface commingling and lease
7 commingling, Eddy County, New Mexico.

8 EXAMINER CATANACH: Call for appearances.

9 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,
10 representing the Applicant. I have do not have any
11 witnesses, I just have a brief presentation.

12 Mr. Examiner, in this case Devon Energy seeks an
13 exception to Division Rules 303.B and 309.B to permit
14 approval of surface and lease commingling of production
15 from the Red Lake-Queen-Grayburg-San Andres Pool and the
16 Undesignated Northeast Red Lake-Glorieta-Yeso Pool. The
17 land involved is the west half northeast quarter and
18 southeast northwest quarter of Section 18, 18 South, 27
19 East.

20 I've handed you three exhibits. The first
21 exhibit is the Application explaining the procedure and
22 setup for this Application. You'll notice that these
23 wells, except for one, have been drilled. They produce at
24 low rates.

25 The third page of the exhibit outlines the lease

1 involved. Although it's just called the Kaiser B lease,
 2 the ownership in the northwest quarter of the northeast
 3 quarter is different from the ownership in the other 80
 4 acres.

5 The ownership is set forth on Exhibit 2. The
 6 first two pages show the ownership of the two wells in the
 7 northwest quarter of the northeast quarter, and the other
 8 three pages show the ownership in the remaining 80 acres.
 9 Notice to all of the interest owners was given by means of
 10 the -- as shown on the affidavit marked Exhibit 3.

11 As noted in the prehearing statement, this
 12 Application is similar to a number of others which Devon
 13 has filed in this area. What they're asking to do is to
 14 perform periodic well tests, not less than monthly, to
 15 allocate production and to commingle production from these
 16 formations in a common tank battery on this acreage, in
 17 order to save a substantial amount of operating costs.

18 And that's all I have.

19 EXAMINER CATANACH: Okay. There aren't any
 20 additional appearances in this case at this time?

21 There being nothing further in this case, Case
 22 12,146 will be taken under advisement.

23 (Thereupon, these proceedings were concluded at
 24 1:05 p.m.)

25 I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 12146
 heard by me on *12/16/98*
 STEVEN T. BRENNER, Examiner
 (505) 989-9317
 ON Conservation Division

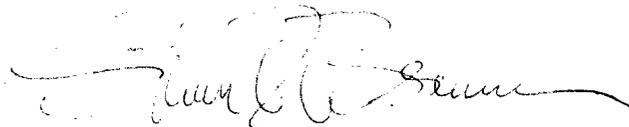
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
 COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL March 21st, 1999.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 2002