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March 5, 1999

Hand Delivered

12155

Florene Davidson
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 and lease commingling, together with a proposed advertisement, filed on behalf of Devon Energy Corporation (Nevada). Please set this matter for the April 1, 1999 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Devon Energy
Corporation (Nevada)

99 MAR -5 PM 1:30

OIL CONSERVATION DIV

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12155

APPLICATION

Devon Energy Corporation (Nevada) applies for an exception to Division Rules 303.B and 309-B to permit surface commingling and lease commingling, as described further below:

1. Applicant is the operator of (a) federal lease LC 057798, covering the NE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, and SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 35, and (b) federal lease LC 028755-A, covering the SE $\frac{1}{4}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 35, all in Township 17 South, Range 27 East, NMPM. Interest ownership in each separate tract is uniform throughout the formations for which production will be commingled.

2. Applicant proposes to commingle production from the Red Lake Queen-Grayburg-San Andres Pool, Glorieta formation, and Yeso (Paddock, Blinebry, Drinkard, and Tubb) formation¹ 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 $\frac{1}{4}$ SE $\frac{1}{4}$ (Unit O) of Section 35, without separately metering production, by allocating production to each well and to each lease on the basis of monthly well tests. Downhole commingling approval, if necessary, will be applied for administratively on a well-by-well basis.

3. Notice of this application has been given to all interest owners in the two leases, by certified mail.

¹Undesignated Northeast Red Lake Glorieta-Yeso Pool.

4. 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 and lease commingling from the above-described leases and lands.

Respectfully submitted,

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

James Bruce
P.O. Box 1056
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(505) 982-2043

Attorney for Devon Energy Corporation
(Nevada)

PROPOSED ADVERTISEMENT

CASE _____: Application of Devon Energy Corporation (Nevada) for surface commingling and lease commingling, Eddy County, New Mexico. Applicant seeks an exception to Division Rules 303.B and 309-B to permit surface and lease commingling of Red Lake Queen-Grayburg-San Andres Pool, Glorieta formation, and Yeso formation production from 14 wells drilled or to be drilled on the NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ of Section 35, Township 17 South, Range 27 East, NMPM, without separately metering production from each well. Said lands are located approximately 11 miles southeast of Artesia, New Mexico. IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVERTISEMENT.

OIL CONSERVATION DIV.
99 MAR -5 PM 1:31