

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office

OCD Hobbs

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**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.***SUBMIT IN TRIPLICATE - Other instructions on page 2**

| | | |
|--|---|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM43564 |
| 2. Name of Operator DEVON ENERGY PRODUCTION COMPANY Contact: ERIN WORKMAN E-Mail: Erin.workman@dvn.com | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 6488 SEVEN RIVERS HIGHWAY ARTESIA, NM 88211 | 3b. Phone No. (include area code) Ph: 405-552-7970 | 7. If Unit or CA/Agreement, Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 21 T22S R34E SWSW 375FSL 375FWL | | 8. Well Name and No. GAUCHO 21 FEDERAL 2H |
| | | 9. API Well No. 30-025-40626-00-S1 |
| | | 10. Field and Pool or Exploratory Area WC-025 G05 S223421M |
| | | 11. County or Parish, State LEA 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"/> Hydraulic Fracturing <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 |
| | <input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Surface Commingling |
| | <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 recomple 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.

Per verbal approval from Duncan Whitlock, Devon Energy Production Co., LP respectfully requests approval for Pool Commingling/Off Lease Measurement, Sales and Storage at the Gaucho 21 Fed 2H Battery of the wells mentioned below:

Gaucho 21 Fed 1
Sec. 21, T22S, R34E (NWNW)
30-025-34266
Paduca; Bone Spring
NMNM43564

Gaucho 21 Fed 2H
Sec. 21, T22S, R34E (SWSW)

| | |
|--|-----------------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #364844 verified by the BLM Well Information System For DEVON ENERGY PRODUCTION COMPANY LP, sent to the Hobbs Committed to AFMSS for processing by PRISCILLA PEREZ on 02/02/2017 (17PP0119SE) | |
| Name (Printed/Typed) ERIN WORKMAN | Title REGULATORY COMPLIANCE PROF. |
| Signature (Electronic Submission) | Date 01/25/2017 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------------------|---------------------|
| Approved By <i>J.D. Whitlock</i> | Title <i>TLPET</i> | Date <i>2/24/17</i> |
| 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 <i>CFo</i> |

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)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Additional data for EC transaction #364844 that would not fit on the form

32. Additional remarks, continued

30-025-40526
WC 025 G-06 S223421M; Delaware
NMNM43564

Gaucha 21 Fed 3H
Sec. 21, T22S, R34E (SESW)
30-025-42136
Paduca; Bone Spring
NMNM43564

Gaucha 21 Fed 4H
Sec. 21, T22S, R34E (SESW)
30-025-42137
Paduca; Bone Spring
NMNM43564

The central tank battery is located on the Gaucha 21 Fed 2H Battery, in Sec 21, T22S, R34E. The production from each well will flow through its own three phase separator with a Micro Motion Coriolis Meter to meter the oil, flow meter to meter the water, and gas allocation meter to meter the gas. The Gaucha 21 Fed 1 & 2H will utilize a common DCP CDP #728802-00. The Gaucha 21 Fed 3H & 4H will utilize a common Federal Measurement Point #390-12-195 that will allocate back to each of these wells. VRU will be allocated back to each well utilizing a percentage of each wells monthly oil production.

The Gaucha 21 Fed 2H Battery will have four oil tanks that these four wells will utilize. Oil, gas, and water volumes from each well producing to this battery will be determined by using individual metered separator. All four wells will share a common LACT unit SN1514E10013.

Working, royalty, and overriding interest owners are not identical and have been notified of this proposal via certified mail (see attached).

Attachments: Deliverables

APPLICATION FOR CENTRAL TANK BATTERY, POOL COMMINGLE/OFF LEASE MEASUREMENT, SALES, & STORAGE

Proposal for Mean Green & Cobber:

Devon Energy Production Company, LP is requesting approval for the Central Tank Battery, Pool Commingle, Off-lease Measurement, Sales, & Storage for the following wells:

Federal Lease: NMNM43564 (12.5% Royalty Rate)

| Well Name | Location | API # | Pool 96641 | BOPD | MCFPD | OG | BTU |
|------------------|--------------------------|--------------|---------------------|------|-------|----|--------|
| Gaucha 21 Fed 1 | NWSW, Sec.21, T22S, R34E | 30-025-34266 | Paduca; Bone Spring | 3 | 1 | 44 | 1334.9 |
| Gaucha 21 Fed 3H | SESW, Sec.21, T22S, R34E | 30-025-42136 | Paduca; Bone Spring | 798 | 1744 | 46 | 1321.1 |
| Gaucha 21 Fed 4H | SESW, Sec.21, T22S, R34E | 30-025-42137 | Paduca; Bone Spring | 1100 | 1612 | 46 | 1329.5 |

Federal Lease NMNM43564 (12.5% Royalty Rate)

| Well Name | Location | API # | Pool 97946 | BOPD | MCFPD | OG | BTU |
|------------------|--------------------------|--------------|-----------------------------------|------|-------|------|--------|
| Gaucha 21 Fed 2H | SWSW, Sec.21, T22S, R34E | 30-025-40626 | WC-025 G-06 S223421M; Delaware | 11 | 24 | 44.5 | 1282.8 |

Attached is a map which displays the federal leases and well locations in Section 21, T22S, R34E.

The BLM's interest in these wells are identical.

Oil & Gas metering:

The central tank battery is located on the Gaucha 21 Fed 2H Battery, in Sec 21, T22S, R34E. The production from each well will flow through its own three phase separator with a Micro Motion Coriolis Meter to meter the oil, flow meter to meter the water, and gas allocation meter to meter the gas. The Gaucha 21 Fed 1 & 2H will utilize a common DCP CDP #728802-00. The Gaucha 21 Fed 3H & 4H will utilize a common Federal Measurement Point #390-12-195 that will allocate back to each of these wells. VRU will be allocated back to each well utilizing a percentage of each wells monthly oil production.

The Gaucha 21 Fed 2H Battery will have four oil tanks that these four wells will utilize. Oil, gas, and water volumes from each well producing to this battery will be determined by using individual metered separator. All four wells will share a common LACT unit SN1514E10013.

The Gaucha 21 Fed 1 flows into a three phase separator, where after separation gas is routed to the gas allocation meter #390-49-545, then combines with the Gaucha 21 Fed 2H production and will then flow through the DCP Federal Measurement Point #728802-00. The produced water and oil are separated, the oil is then metered with a Micro Motion Coriolis Meter SN20012632, flows into a common oil line with the Gaucha 21 Fed 2H, then to a common heater/treater and into one of the 500 bbl. oil tanks. The water is metered using a mag meter, then flows to the FWKO, and to one of the 500 bbl. water tanks, along with the water from the other wells.

The Gaucha 21 Fed 2H flows into a three phase separator, where after separation gas is routed to the gas allocation meter #390-49-196, then combines with the Gaucha 21 Fed 1 production and will then flow through the DCP Federal Measurement Point #728802-00. The produced water and oil are separated, the oil is then metered with a Micro Motion Coriolis Meter SN1492146, flows into a common oil line with the Gaucha 21 Fed 2H, then to a common heater/treater and into one of the 500 bbl. oil tanks. The water is metered using a mag meter, then flows to the FWKO, and to one of the 500 bbl. water tanks, along with the water from the other wells.

The Gaucha 21 Fed 3H flows to a three phase separator, where after separation gas is routed to the gas allocation meter #390-49-547, then combines with the Gaucha 21 Fed 4H, flows through the gas scrubber, and the to the Federal Measurement Point #390-11-548. The produced water and oil are separated, the oil is then metered with a Micro Motion Coriolis Meter SN1494307, flows into a common oil line with the Gaucha 21 Fed 4H production, combines with the oil from the FWKO, then to a common heater/treater, and into one of the 500 bbl. oil tanks. The water is metered with a mag meter, combines with water from the other wells, then flows to the FWKO, into the heater/treater, and to one of the 500 bbl. water tanks.

The Gaucha 21 Fed 4H flows to a three phase separator, where after separation gas is routed to the gas allocation meter #390-49-546, then combines with the Gaucha 21 Fed 3H, flows through the gas scrubber, and the to the Federal Measurement Point #390-11-548. The produced water and oil are separated, the oil is then metered with a Micro Motion Coriolis Meter SN14492138, flows into a common oil line with the Gaucha 21 Fed 3H production, combines with the oil from the FWKO, then to a common heater/treater, and into one of the 500 bbl. oil tanks. The water is metered with a mag meter, combines with water from the other wells, then flows to the FWKO, into the heater/treater, and to one of the 500 bbl. water tanks.

Oil production will be allocated on a daily basis based on the Coriolis Micro Motion Meter located downstream of the metered separator. The Coriolis meters will be proven, as per API, NMOCD, and BLM specifications, when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then quarterly thereafter, the factor obtained will be used to allocate the production volumes. Gas production will be allocated on a daily basis utilizing the gas allocation meter for each well. The gas production from the Gaucho 21 Fed 1 & 2H gas allocation meters will commingle and flow into the DCP FMP #728802-00. The gas production from the Gaucho 21 Fed 3H & 4H gas allocation meters will commingle and flow into the Federal Measurement Point #390-12-195. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

Process and Flow Descriptions:

The flow of produced fluids is shown in detail on the enclosed Gaucho 21 Fed 2H Flow Diagram along with a description of each vessel and map which shows the lease boundaries, location of the wells, facility, and gas sales meter. The proposed commingling is appropriate based on the BLM's guidance in IM 2013-152. The proposed commingling will maximize the ultimate recovery of oil and/or gas from the federal leases and will reduce environmental impacts by minimizing surface disturbance and emissions. The proposed commingling will reduce operating expenses, as well as, not adversely affect federal royalty income, production accountability, or the distribution of royalty.

Working, royalty, and overriding interest owners are not identical and have been notified of this proposal via certified mail (see attached).

Signed: 

Printed Name: Erin Workman

Title: Regulatory Compliance Professional

Date: 02.24.16

Gaucha 21 Fed 2H Battery
 Sec. 22 T26S R34E
 API 30-025-40626
 Lea County, New Mexico

PROCESS FLOW DIAGRAM

N
 W • E
 S

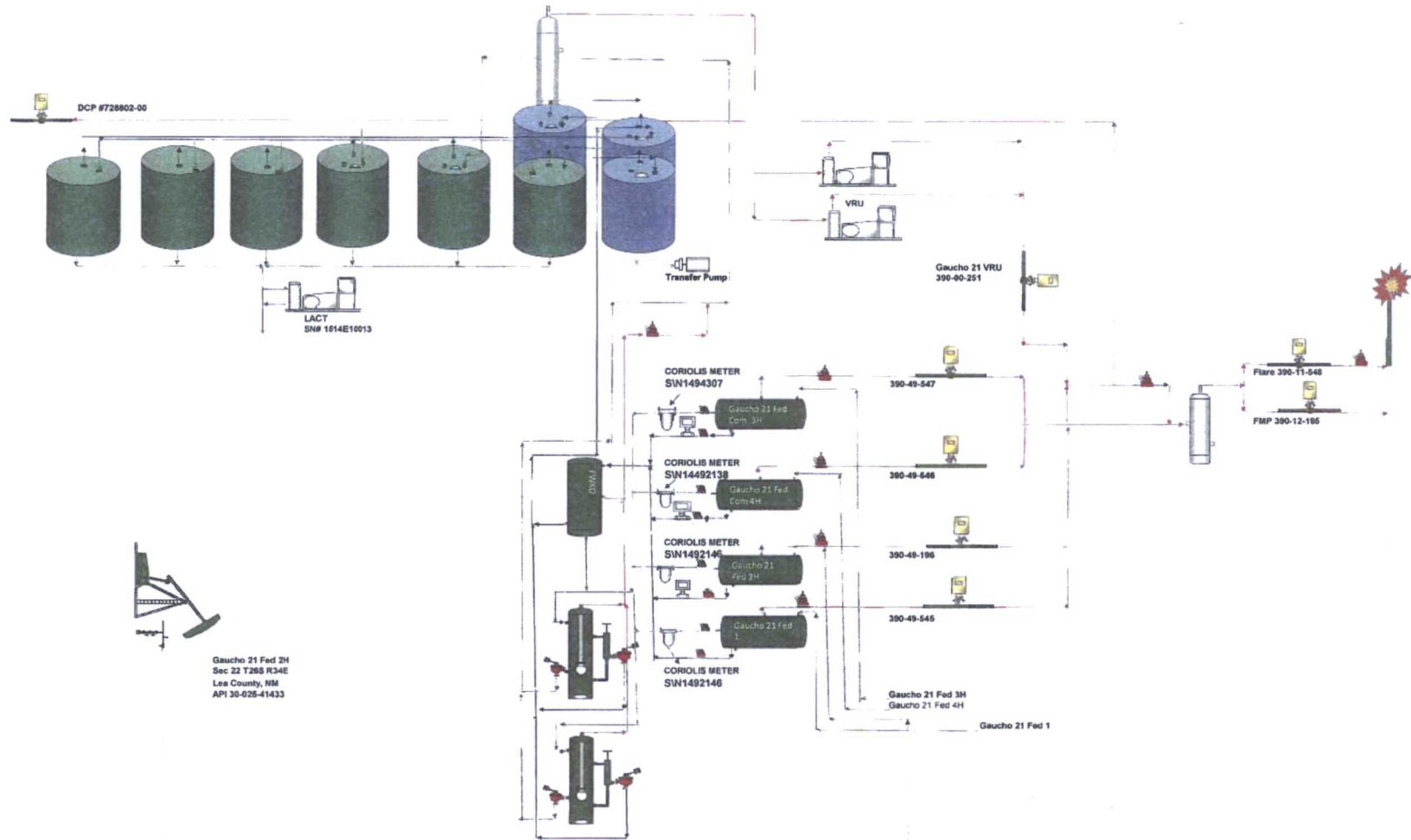
Road Access

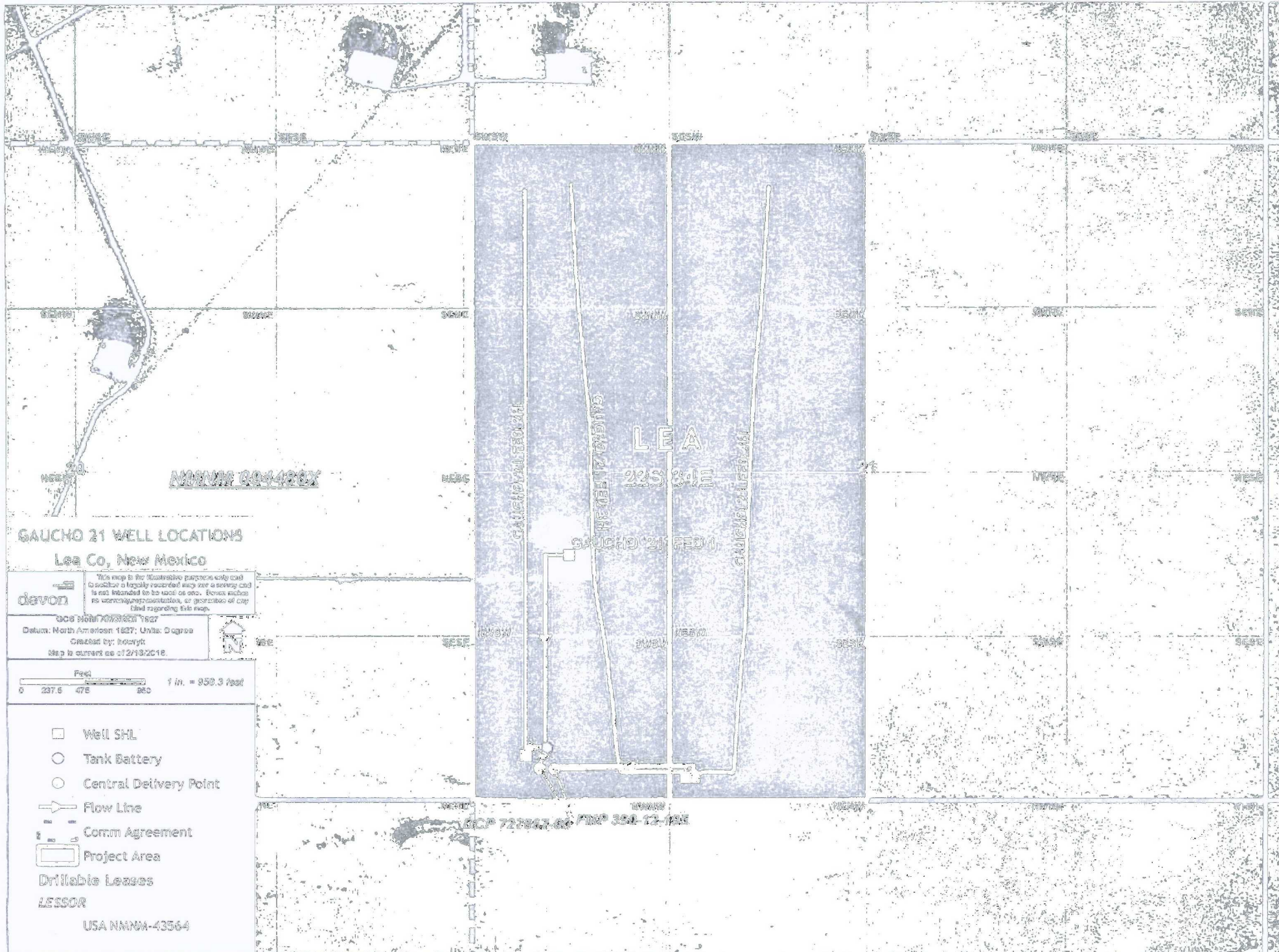
Production System: Closed

Note:
 Devon Energy Site Security Plan
 located in the Artesia Main Office



Gaucha 21 Fed 2H
 Sec 22 T26S R34E
 Lea County, NM
 API 30-025-41433





**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Time: 08:49 AM

Page 1 of 5

Run Date: 02/22/2016

01 02-25-1920;041STAT0437;30USC181ETSEQ

Total Acres

Serial Number

Case Type 311211: O&G LSE SIMO PUBLIC LAND

1,920.000

NMNM-- - 043564

Commodity 459: OIL & GAS

Case Disposition: AUTHORIZED

Serial Number: NMNM-- - 043564

| Name & Address | | | Int Rel | % Interest |
|------------------------------|-----------------------------|----------------------------|------------------|-------------|
| AXIS ENERGY CORP | PO BOX 219303 | HOUSTON TX 77218 | OPERATING RIGHTS | 0.000000000 |
| BTA OIL PRODUCERS | 104 S PECOS ST | MIDLAND TX 79701 | LESSEE | 0.000000000 |
| COG OPERATING LLC | 600 W ILLINOIS AVE | MIDLAND TX 797014882 | OPERATING RIGHTS | 0.000000000 |
| COG OPERATING LLC | 600 W ILLINOIS AVE | MIDLAND TX 797014882 | LESSEE | 0.000000000 |
| DEVON ENERGY PROD CO LP | 333 W SHERIDAN AVE | OKLAHOMA CITY OK 731025010 | LESSEE | 0.000000000 |
| ENLINE RESOURCES LTD PTNRS | 2001 KIRBY #1240 | HOUSTON TX 77019 | LESSEE | 0.000000000 |
| HUNT OIL CO | 1900 N AKARD ST | DALLAS TX 752012300 | OPERATING RIGHTS | 0.000000000 |
| HUNT OIL CO | 1900 N AKARD ST | DALLAS TX 752012300 | LESSEE | 0.000000000 |
| KERR-MCGEE OG ONSHORE LP | 1999 BROADWAY #3700 | DENVER CO 80202 | OPERATING RIGHTS | 0.000000000 |
| PACE DAVID H | PO BOX 2136 | MIDLAND TX 79702 | LESSEE | 0.000000000 |
| REYNOLDS JOE J | 2333 50TH ST #4 | LUBBOCK TX 79421 | LESSEE | 0.000000000 |
| SAMSON RESOURCES CO | 2 W SECOND ST | TULSA OK 74103 | OPERATING RIGHTS | 0.000000000 |
| SGH ENTERPRISES INC | TWO W 2ND ST | TULSA OK 741033103 | OPERATING RIGHTS | 0.000000000 |
| THREE RIVERS ACQUISITION LLC | 5301 SOUTHWEST PKWY STE 400 | AUSTIN TX 787358949 | OPERATING RIGHTS | 0.000000000 |

Serial Number: NMNM-- - 043564

| Mer Twp | Rng | Sec | SType | SNr Suff | Subdivision | District/Field Office | County | Mgmt Agency |
|---------|-------|-------|-------|----------|----------------------|-----------------------|--------|---------------------|
| 23 | 0220S | 0340E | 015 | ALIQ | N2; | CARLSBAD FIELD OFFICE | LEA | BUREAU OF LAND MGMT |
| 23 | 0220S | 0340E | 021 | ALIQ | ALL; | CARLSBAD FIELD OFFICE | LEA | BUREAU OF LAND MGMT |
| 23 | 0220S | 0340E | 026 | ALIQ | ALL; | CARLSBAD FIELD OFFICE | LEA | BUREAU OF LAND MGMT |
| 23 | 0220S | 0340E | 027 | ALIQ | W2NE,W2NW,E2SW,E2SE; | CARLSBAD FIELD OFFICE | LEA | BUREAU OF LAND MGMT |

Serial Number: NMNM-- - 043564

| Act Date | Code | Action | Action Remark | Pending Office |
|------------|------|---------------------|-----------------------|----------------|
| 12/22/1980 | 387 | CASE ESTABLISHED | SPAR168; | |
| 12/23/1980 | 888 | DRAWING HELD | | |
| 05/21/1981 | 237 | LEASE ISSUED | | |
| 06/01/1981 | 496 | FUND CODE | 05;145003 | |
| 06/01/1981 | 530 | RLTY RATE - 12 1/2% | | |
| 06/01/1981 | 868 | EFFECTIVE DATE | | |
| 06/01/1981 | 909 | BOND ACCEPTED | EFF 09/10/71;NM1195 | |
| 06/04/1982 | 139 | ASGN APPROVED | EFF 07/01/82; | |
| 06/04/1982 | 140 | ASGN FILED | J LANE/MGF OIL | |
| 12/06/1982 | 899 | TRF OF ORR FILED | | |
| 03/18/1983 | 899 | TRF OF ORR FILED | | |
| 05/04/1983 | 899 | TRF OF ORR FILED | (1) | |
| 05/04/1983 | 899 | TRF OF ORR FILED | (2) | |
| 05/20/1983 | 899 | TRF OF ORR FILED | | |
| 09/22/1983 | 140 | ASGN FILED | AIKMAN ENE/ENE AIKMAN | |
| 12/22/1983 | 315 | RENTAL RATE DET/ADJ | \$2.00; | |
| 03/21/1984 | 139 | ASGN APPROVED | EFF 10/01/83; | |
| 05/31/1984 | 111 | RENTAL RECEIVED | \$0;84-85 | |
| 05/16/1985 | 111 | RENTAL RECEIVED | \$0;85-86 | |
| 08/30/1985 | 899 | TRF OF ORR FILED | | |
| 02/14/1986 | 066 | BANKRUPTCY FILED | MGF OIL CORP | |

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM



Devon Energy Production Company
333 W. Sheridan Avenue
Oklahoma City, Oklahoma 73102
Phone: (405)-552-7970
Erin.Workman@devon.com

February 24, 2016

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Interest Owners

Re: Central Tank Battery
Gaucho 21 Fed 1, 2H, 3H, & 4H,
API: 30-025-34266, 30-025-40626, 30-025-42136, & 30-025-42137
Pool: (98049) WC-025 G-06 S223421M; Delaware
(96641) Paduca; Bone Spring
Lease: NMNM43564
County: Lea Co., NM

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 a Pool/Lease Commingle/OLM for the above mentioned wells. This application will amend the Surface Commingling Order PC-1272.

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) 552-7970 should you have any questions or need anything further.

Sincerely,

Devon Energy Production Company, L.P.

A handwritten signature in dark ink that reads "Erin Workman". The signature is fluid and cursive, with the first name "Erin" being more prominent than the last name "Workman".

Erin Workman
Regulatory Compliance Professional

Enclosure

Gaucha 21 Fed 1H Battery - CTB\PC\OLM

| Name1 | Int Type | Street 1 | City | State | Postal Cc Tracking # |
|----------------------------|----------|-----------------------------|---------------|-------|---------------------------------------|
| CHRIS M MORPHEW | WI | 4912 N MIDKIFF RD | MIDLAND | TX | 79705-251 9214 8901 5271 8100 1093 27 |
| ROBERT E LANDRETH | OR & PP | 110 W LOUISIANA AVE STE 404 | MIDLAND | TX | 79701 9214 8901 5271 8100 1093 34 |
| AXIS ENERGY CORPORATION | WI | PO BOX 2107 | ROSWELL | NM | 88202-210 9214 8901 5271 8100 1093 41 |
| PANTHER CITY EXPLOR CO LLC | OR | 2029 N MAIN ST | FORT WORTH | TX | 76164-851 9214 8901 5271 8100 1093 58 |
| MICHAEL R ABBOTT | WI | PO BOX 3876 | LUBBOCK | TX | 79452 9214 8901 5271 8100 1093 65 |
| CINCO OIL COMPANY | WI | PO BOX 6460 | LUBBOCK | TX | 79423 9214 8901 5271 8100 1093 72 |
| WILDCAT ENERGY LLC | WI | PO BOX 13323 | ODESSA | TX | 79768 9214 8901 5271 8100 1093 89 |
| JOE JACK REYNOLDS | OR | 8214 WESTCHESTER SUITE 860 | DALLAS | TX | 75225 9214 8901 5271 8100 1093 96 |
| SCOTT W TANBERG | OR & PP | 2502 KESWICK RD | MIDLAND | TX | 79705 9214 8901 5271 8100 1094 02 |
| GERALD J BROCKMAN | OR | 15071 GOLF DR | WHITNEY | TX | 76692 9214 8901 5271 8100 1094 19 |
| NORTON LLC | PP | 60 BEACH AVE BAY VIEW | S DARTMOUTH | MA | 2748 9214 8901 5271 8100 1094 26 |
| GILES M FORBESS | WI | PO BOX 31 | LUBBOCK | TX | 79408 9214 8901 5271 8100 1094 33 |
| ALAN JOCHIMSEN | PP | 4209 CARDINAL LN | MIDLAND | TX | 79707 9214 8901 5271 8100 1094 40 |
| MARCHETA JOCHIMSEN | PP | 4209 CARDINAL LN | MIDLAND | TX | 79707 9214 8901 5271 8100 1095 70 |
| DEBORAH FEDRIC | PP | PO BOX 1837 | ROSWELL | NM | 88202-183 9214 8901 5271 8100 1094 57 |
| GEORGE H HUNKER | PP | PO BOX 524 | LANDER | WY | 82520 9214 8901 5271 8100 1094 64 |
| SAMMY L MORRISON | OR | 4617 BREEZEWAY CT | MIDLAND | TX | 79707 9214 8901 5271 8100 1094 71 |
| MISTY MORNING PARTNERSHIP | OR | 1645 FOX LN | BURLESON | TX | 76028 9214 8901 5271 8100 1094 88 |
| DOUGLAS INVESTMENTS INC | OR | PO BOX 79148 | SAGINAW | TX | 76179 9214 8901 5271 8100 1094 95 |
| ONRR | RI | PO BOX 25627 | DENVER | CO | 80225-062 9214 8901 5271 8100 1095 01 |
| MONTY D MCLANE | PP | PO BOX 9451 | MIDLAND | TX | 79708 9214 8901 5271 8100 1095 18 |
| MARGARET HUNKER TSUI TR | PP | 3200 N TACOMA ST | ARLINGTON | VA | 22213 9214 8901 5271 8100 1095 25 |
| CLINTON PACE | OR | 544 COMANCHE | LUBBOCK | TX | 79404 9214 8901 5271 8100 1095 32 |
| RYAN PACE | OR | 6312 73RD ST APT 812 | LUBBOCK | TX | 79424 9214 8901 5271 8100 1095 49 |
| TARA N PACE | OR | 5716 RIDGEMONT PL | MIDLAND | TX | 79707 9214 8901 5271 8100 1095 56 |
| ALEYNA N PACE | OR | 5716 RIDGEMONT PL | MIDLAND | TX | 79707 9214 8901 5271 8100 1095 87 |
| DEVON ENERGY PROD CO LP | WI & OR | 333 W SHERIDAN AVE | OKLAHOMA CITY | OK | 73102-501 9214 8901 5271 8100 1095 63 |

| | | | | | |
|---------|----------|----------|-----------|------|---------|
| DATE IN | SUSPENSE | ENGINEER | LOGGED IN | TYPE | APP NO. |
|---------|----------|----------|-----------|------|---------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

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]

[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 _____

[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.

Erin Workman
 Print or Type Name

Signature

Regulatory Compliance Prof. 02.24.16
 Title Date

Erin.Workman@dmn.com
 E-mail Address

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: 333 W Sheridan Avenue, Oklahoma City, OK 73102

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 |
|--|--|---|--|---|---------|
| 97946 WC-025 G -06 S223421M; Delaware | 44.5/1282.8 | 45.1/1324.8 | | | |
| 96641 Paduca; Bone Spring | 44/1334.9 | | | | |
| 96641 Paduca; Bone Spring | 46/1321.1 | | | | |
| 96641 Paduca; Bone Spring | 44/1329.5 | | | | |

- (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 ☐ Subtraction Method ☐
(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 (Well Test Method) ☐

(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 attach 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:  TITLE: Regulatory Compliance Assoc. DATE: 02.24.16

TYPE OR PRINT NAME: Erin Workman TELEPHONE NUMBER: 405-552-7970 E-MAIL ADDRESS: Erin.workman@dmr.com

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

**Gaucha 21 Fed 1, 2, 3H, & 4H – 3002534266, 30040626, 3002542136, & 3002542137
Leases NMNM43564**

**Devon Energy Production Company
February 24, 2017
Condition of Approval
Pool Commingling of lease production**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
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 or product accountability.
4. 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.
5. 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.
6. Gas measurement for allocation must be measured as per Federal Regulations, AGA and API requirements for sales meters.
7. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.