

**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:**

**CASE NO. 12155
Order No. R-11167**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 1, 1999, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 27th day of April, 1999, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Devon Energy Corporation (Nevada) ("Devon"), is the lessee and sole working interest owner of the following described Federal lands in Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, comprising some 280 acres, more or less:

Federal Lease No. LC-057798, which comprises the N/2 SE/4, NE/4 SW/4, and SW/4 SW/4 of Section 35; and

Federal Lease No. LC-028755-A, which comprises the SE/4 SW/4 and S/2 SE/4 of Section 35.

(3) Devon seeks an exception to Division Rules No. 303.A. and 309-B to permit lease commingling of Red Lake Queen-Grayburg-San Andres and Northeast Red Lake Glorieta-Yeso Pool production from fourteen (14) existing or future wells located on the above-described Federal leases.

(4) Devon proposes to install a central tank battery at a location within the SW/4 SE/4 of Section 35 (Unit O) on Federal Lease No. LC-028755-A.

(5) Devon further seeks authority to determine the production from each of the wells by monthly well tests.

(6) This case was styled such that "***IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT.***"

(7) Legal counsel appeared on behalf of Devon and presented evidence for admission in this case.

(8) No other party entered an appearance in this case, either in opposition or in support of the application.

(9) Division Rule No. 309-B.A.(5) provides for administrative approval of lease commingling, provided however that in order to commingle the production from two or more separate leases in a common tank battery without first separately metering the production from each such lease, the ownership must be common throughout, including working, royalty and overriding royalty interest ownership.

(10) According to data provided by Devon, the overriding royalty interest ownership between the subject Federal leases is not common.

(11) Devon proposes to drill thirteen new wells on the subject Federal leases to develop the Red Lake Queen-Grayburg-San Andres and Undesignated Northeast Red Lake Glorieta-Yeso Pools.

(12) Each working, royalty, and overriding royalty interest owner within the proposed commingled area was provided notice of this application.

(13) Approval of the application will result in economic savings to the operator, is in the best interest of conservation, is based on sound engineering principles, and will serve to prevent waste and protect correlative rights, provided the installation of facilities for commingling production will permit the individual testing of each well on the leases on at least a monthly basis.

(14) The commingling facilities should be installed and operated in accordance with the applicable provisions of Division Rules No. 303 and 309 and the Division's "*Manual for the Installation and Operation of Commingling Facilities.*"

(15) The operator should notify the supervisor of the Division's Artesia District Office prior to implementation of the commingling process and at such time as wells are completed and production from the wells is commingled at the central tank battery.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Devon Energy Corporation (Nevada), is hereby authorized to commingle Red Lake Queen-Grayburg-San Andres and Northeast Red Lake Glorieta-Yeso Pool production from the following described Federal leases in Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, comprising some 280 acres, more or less:

Federal Lease No. LC-057798, which comprises the N/2 SE/4, NE/4 SW/4, and SW/4 SW/4 of Section 35; and

Federal Lease No. LC-028755-A, which comprises the SE/4 SW/4 and S/2 SE/4 of Section 35.

(2) Commingled production shall be stored and measured in a central tank battery located within the SW/4 SE/4 of Section 35 (Unit O) on Federal Lease No. LC-028755-A.

(3) Production from each of the wells on Federal Leases LC-057798 and LC-028755-A shall be determined and allocated on the basis of well tests to be conducted on each well on at least a monthly basis.

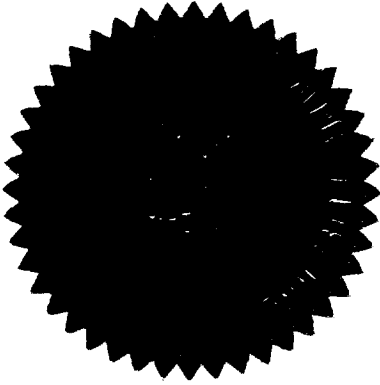
(4) The commingling facilities shall be installed and operated in accordance with the applicable provisions of Division Rules No. 303 and 309 and the Division's "*Manual for the Installation and Operation of Commingling Facilities*."

(5) The operator shall notify the supervisor of the Division's Artesia District Office prior to commingling and at such time as wells are completed and production from the wells is commingled at the central tank battery.

(6) It is the responsibility of the producer to notify the transporter of this commingling authority.

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director

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