

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**John Bemis**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Jami Bailey**  
Division Director  
Oil Conservation Division



June 20, 2012

**Administrative Order CTB-645**

Devon Energy Production Company, LP  
Attention: Melanie Crawford  
20 North Broadway  
Oklahoma City, OK 73102

**RE: Surface Commingling**

It is our understanding that you propose to commingle oil and gas production from diversely owned lands, limited to one common source of supply through facilities operated by Devon Energy Production Company, LP ("Applicant"). By this application you are seeking commingling approval pursuant to Division Rule 12.10.C(4) [19.15.12.10.C.(4) NMAC]. It is further understood that you have provided notice to all interest owners in accordance with Rule 12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to [surface] commingle both oil and gas production from the Northwest Hackberry; Bone Spring Pool from the following wells and completions located within Eddy County, New Mexico:

Arcturus 18 Federal Well No. 3H (API No. 30-015-38953), Horizontal  
SHL: 1200FSL 340FWL (Unit letter M), Sec18, T19S, R31E, NMPM  
BHL: 2300FSL 340FEL (Unit letter I), Sec18, T19S, R31E, NMPM  
Oil Spacing Unit: 157.59-Acres, Units IJKL of Section 18

Arcturus 18 Federal Well Com No. 4H (API No. 30-015-38611), Horizontal  
SHL: 1200FSL 340FWL (Unit letter M), Sec18, T19S, R31E, NMPM  
BHL: 300FSL 456FEL (Unit letter P), Sec18, T19S, R31E, NMPM  
Oil Spacing Unit: 157.74-Acres, Units MNOP of Section 18

The oil and gas from both wells will be sold at the battery location near the surface location.

This installation shall be constructed and operated in accordance with applicable Division Rules. Periodic well testing of both wells is approved as an allocation method prior to commingling oil and gas for sales. The well test gas meter shall be calibrated on a schedule based on throughput as per Rule 12.10.C(2) NMAC.

The operator shall notify the District office of the Division prior to implementation of commingling operations. It is the also responsibility of the operator to notify the transporter of this commingling authority.

As per Division Rule 19.15.12.10.C.(4)(h) NMAC, the operator shall not commence commingling prior to approval from the State Land Office if state lands are involved or the US BLM if tribal or federal lands are involved.

Applicant has not provided notice that it is requesting addition of future wells or additional leases or pools to this commingle as per Rule 12.10.C.(4)(g)(i) NMAC. Therefore, additional wells or pools shall not be included in this surface commingle without the operator again making application and providing notice to all owners.

Sincerely,



JAMIL BAILEY  
Division Director

JB/wvjj

cc: Oil Conservation Division – Artesia  
Bureau of Land Management – Carlsbad Field Office