

**devon**  
ENERGY CORPORATION

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8/13/97  
OLS 181

July 21, 1997

**Certified Mail No. Z 447 031 378**

JUL 24 1997

STATE OF NEW MEXICO  
Energy, Minerals and Natural Resources Dept.  
Oil Conservation Division, District II  
2040 South Pacheco  
Santa Fe, NM 87505

RE: Authorization to Commingle at Surface  
Devon Federal #3  
Cactus "9B" Federal #2  
Section 9-21S-26E  
Eddy County, NM

Gentlemen:

This is our application for administrative approval to surface commingle gas production from the referenced leases. This production will be commingled at the surface in order to more economically market gas from the wells.

These are federal leases and like application has been made to Bureau of Land Management. A copy of that application is attached. No liquids will be commingled. A schematic of the proposed operation, a plat showing all wells to be commingled and the pool from which each well produces are all included in the BLM filing.

Please direct inquiries concerning this matter to Wally Frank at (405) 235-3611, X4595.

Yours truly,

DEVON ENERGY CORPORATION (NEVADA)

*Candace R. Graham*

Candace R. Graham  
Engineering Tech.

/cg  
Enclosures

copy: NMOCD in Artesia, DEC Field Office, WF, files

APPLICATION FOR SURFACE COMMINGLING,  
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

To: Bureau of Land Management  
P.O. Box 1778  
Carlsbad, New Mexico 88221-1778

Devon Energy Corporation (Nevada) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation and wells of Federal lease No. NM0400877; Lease Name: Devon Federal #3

| <u>Well No.</u> | <u>Loc.</u> | <u>Sec.</u> | <u>Twp.</u> | <u>Rng.</u> | <u>Formation</u> |
|-----------------|-------------|-------------|-------------|-------------|------------------|
| 3               | SW/NE       | 9           | 21S         | 26E         | Delaware         |

with hydrocarbon production from the following formation and well on Federal lease No. NM0400877; Lease Name; Cactus "9B" Federal #2.

| <u>Well No.</u> | <u>Loc.</u> | <u>Sec.</u> | <u>Twp.</u> | <u>Rng.</u> | <u>Formation</u> |
|-----------------|-------------|-------------|-------------|-------------|------------------|
| 2               | NW/NE       | 9           | 21S         | 26E         | Delaware         |

Production from the wells involved is as follows:

| <u>Well Name and No.</u> | <u>BOPD</u> | <u>Oil Gravity</u> | <u>MCFPD</u> |
|--------------------------|-------------|--------------------|--------------|
| Devon Federal #3         | 36          | 41.5° @ 68°F       | 169          |
| Cactus "9B" Federal #2   | 4           | 40.5° @ 60°F       | 53           |

The proposed operation is described in detail on the attached diagrams.

A map is enclosed (Attachment A) showing the lease numbers and locations of all leases within the affected area. The Federal lease covers Section #9 where the two wells are located. The off lease measurement site is located NE/NW of Section 16, T21S, R26E on State lease No. L-6705 (Attachment B). The Delaware producing zone is neither unitized or communitized.

A schematic diagram (Attachment C) is also attached which clearly identifies all equipment that is being utilized.

The off lease measuring facility is located in the NE/NW of Section 16, T21S, R26E on State lease No. L-6705, Eddy County, New Mexico. The BLM will be notified if there is any future change in the facility location.

Application for Surface Commingling, Off Lease Storage and Measurement Approval  
Lease No. NM0400877 (Devon Federal #3 and Cactus "9B" Federal #2)  
Section 9-21S-26E, Eddy County, New Mexico  
July 21, 1997  
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Details of the method for allocating production to contributing sources are as follows:

The natural gas from the Devon Federal #3 and the Cactus "9B" Federal #2 is the only hydrocarbon being commingled, measured, and sold off-lease. Each of the two wells has it's own orifice check meter. These two check meters are used to allocate production back to each well from the common, off-lease, sales point.

The working interest owners have been notified of this proposal.

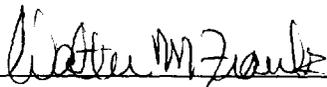
The commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal lease.

Devon Energy Corporation (Nevada) understands that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, Devon Energy Corporation (Nevada) will submit within 30 days an application for right-of-way approval to the BLM's realty section in your office if we have not already done so.

Additional wells require additional commingling approvals.

Devon Energy Corporation (Nevada)  
20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102-8260  
(405) 235-3611 X4595

Signature:   
Name: Walter M. Frank  
Title: District Engineer  
Date: July 21, 1997

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