

PLC 3-11-76



ENERGY CORPORATION
February 12, 1996

20 North Broadway, Suite 1500 Telephone: 405/235-3611
Oklahoma City, Oklahoma 73102-8260 FAX 405/552-4550

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Certified Mail No. Z 731 696 311

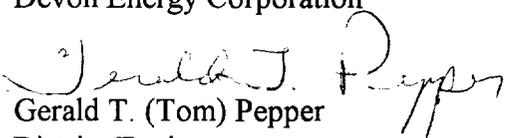
Re: Authorization to Commingle at Surface
Todd 23 Sand Dunes (Cherry Canyon)
Todd 26 Sand Dunes (Cherry Canyon)
Todd 26 Ingle Wells (Delaware)
Sections 23 and 26, T23S-R31E
Eddy County, New Mexico

Dear Sir:

We previously submitted an application to you (and made like application to the BLM) to commingle the referenced leases. That application was approved. Since that time, our gas purchaser has revised the route by which we sell this gas. This rerouting made it unnecessary to commingle the gas from the Todd 23 Sand Dunes (Cherry Canyon) and Todd 26 Sand Dunes (Cherry Canyon) with the Todd 26 Ingle Wells (Delaware) wells. Only the Cherry Canyon gas is commingled. We have revised our application to the BLM and have attached a copy for your review.

We do not believe that any action will be necessary on your part in connection with this revision. However, please contact the undersigned if you have need of further information.

Sincerely,
Devon Energy Corporation


Gerald T. (Tom) Pepper
District Engineer

FILE: PLC-113

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 is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production (gas production only) from the following formations and wells on Federal Lease No. NM0405444, Lease name: Todd 23 Federal. Production from these wells is currently collected at a facility we will refer to in the remainder of this application as the Todd 23 CC battery, more specifically described below:

Well No.	Loc.	Sec.	Twp.	Rng.	Formation
23O #1	SE/4	23	T23S	R31E	Sand Dunes (Cherry Canyon)
23J #2	SE/4	23	T23S	R31E	Sand Dunes (Cherry Canyon)

with hydrocarbon production (gas only) from the following formation and wells on Federal lease No. NM0405444-A; Lease Name: Todd 26 Federal. Production from these wells is currently collected at a facility we will refer to in the remainder of this application as the Todd 26 CC battery, more specifically described below:

Well No.	Loc.	Sec.	Twp.	Rng.	Formation
26B #4	NE/4	26	T23S	R31E	Sand Dunes (Cherry Canyon)
26J #5	SE/4	26	T23S	R31E	Sand Dunes (Cherry Canyon)
26A #6	NE/4	26	T23S	R31E	Sand Dunes (Cherry Canyon)
26O #7	SE/4	26	T23S	R31E	Sand Dunes (Cherry Canyon)

Gas production from the wells in section 23 is currently vented, and gas from the wells in section 26 is sold through a meter at that location. No recent tests are available for either the section 23 or section 26 Sand Dunes (Cherry Canyon) wells. A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram (Exhibit 1) is also attached which clearly identifies all equipment that will be utilized.

Process and Flow Description: Gas from the Cherry Canyon producers in section 23 is initially collected at the Todd 23 CC battery, located at the pad site of the Todd "23O" Federal #1 well in the SE/4, Sec. 23, T23S, R31E, on lease no. NM0405444, Eddy county, New Mexico. The storage and measuring facility where commingling of

Surface Commingling Application

February 13, 1996

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production from the 23 CC battery and 26 CC battery will take place is located on the pad site of the Todd "26B" Federal #4 well in the NE/4, Sec. 26, T23S, R31E, on lease No. NM0405444-A, Eddy county, New Mexico. BLM will be notified if there is any future change in the location of this facility.

Production Allocation: Details of the proposed method for allocating production to contributing sources is as follows:

A total flow meter will be set at the Todd 23 CC battery. A meter will also be set at the Todd 26 CC battery. The combined production from the Sand Dunes (Cherry Canyon) producers in section 23 will be read as a single volume from the total flow meter at the Todd 23 CC battery, and then allocated to individual wells based on well test data. This total will be subtracted from the gas volume shown at the meter on the Todd 26 CC battery, with the difference representing production from the section 26 Sand Dunes (Cherry Canyon) producers. This difference will then be allocated to individual Sand Dunes (Cherry Canyon) producers in section 26 based on well tests. The working interest owners have been notified of the proposal, and none have opposed it.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. Furthermore, this action is an effort to respond to BLM issued Notice of Non-Compliance #NM-067-95-DW-1174. As noted above, the gas from the wells in section 26 is no longer vented in any case.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. Further, we do not anticipate that any such rights will be needed beyond those already existing. We will submit within 30 days any applications for right-of-way approval to the BLM's Realty Section in your office if we determine that any are required.

Signed:

Name:

Title:

Date:



Gerald T. Pepper

District Engineer

February 13, 1996

Devon Energy Corporation (Nevada)
20 N. Broadway, Suite 1500
Oklahoma City, OK 73102-8260
Certified Mail No. Z 731 696 310

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
DEVON ENERGY CORPORATION (NEVADA)

3. Address and Telephone No.
20 NORTH BROADWAY, SUITE 1500, OKLAHOMA CITY, OKLAHOMA 73102 (405) 235-3611

4. Location of Well (Footage. Sec., T., R., M., or Survey Description)
T23S-R31E (please see attached for details by well)

5. Lease Designation and Serial No.
NM0405444 & NM0405444-A

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA, Agreement Designation
N/A

8. Well Name and No.
Todd Federal (please see below)

9. API Well No.

10. Field and Pool, or Exploratory Area
(please see below)

11. County or Parish, State
Eddy Cnty, NM

CHECK APPROPRIATE BOX(S) 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"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Commingling at surface</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Devon Energy Corporation is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following wells.

- Todd 23O Federal #1 Sand Dunes (Cherry Canyon)
- Todd 23J Federal #2 Sand Dunes (Cherry Canyon)
- Todd 26B Federal #4 Sand Dunes (Cherry Canyon)
- Todd 26J Federal #5 Sand Dunes (Cherry Canyon)
- Todd 26A Federal #6 Sand Dunes (Cherry Canyon)
- Todd 26O Federal #7 Sand Dunes (Cherry Canyon)

14. I hereby certify that the foregoing is true and correct

Signed Candace R. Graham

CANDACE R. GRAHAM
ENGINEERING TECH.

Title

Date 2/12/96

(This space for Federal or State office use)

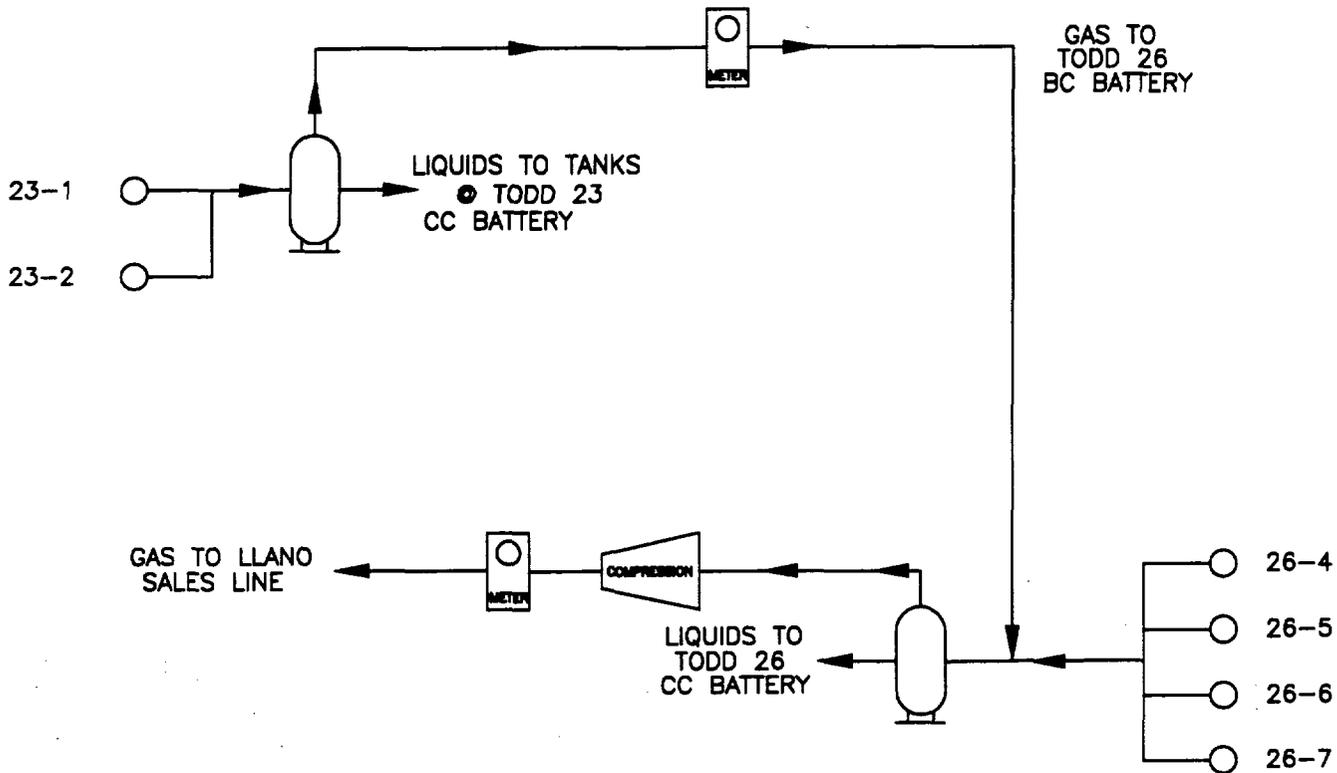
Approved by _____
Conditions of approval, if any:

Title

Date

Title 18 U.S.C. Section 1001, makes 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.

***See Instruction on Reverse Side**



devon

TODD FEDERAL AREA
EDDY COUNTY, NEW MEXICO

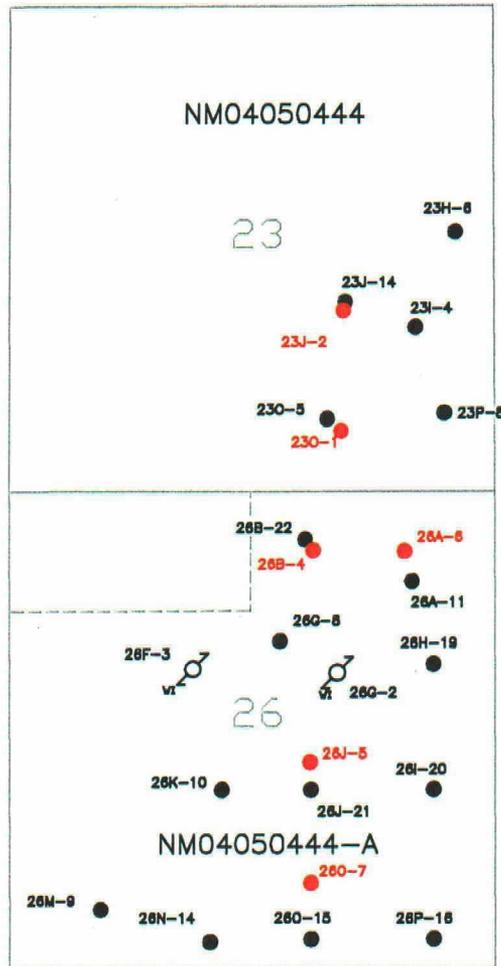
EXHIBIT 1
FLOW DIAGRAM
**PROPOSED TODD FEDERAL
GAS COMMINGLING**
NO SCALE

MIN PLATS TODD FLO

GTP

2/13/08

T 23 S
R 31 E



● CHERRY CANYON WELL

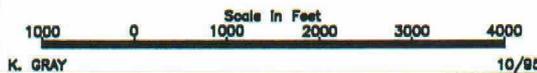
● BRUSHY CANYON WELL



SAND DUNES AREA
EDDY COUNTY, NEW MEXICO

SEC. 23 & 26

23-26	



K. GRAY

10/95