

PLC 10.30.95  
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**devon**  
**ENERGY CORPORATION**  
October 10, 1995

20 North Broadway, Suite 1500 Telephone:405/235-3611  
Oklahoma City, Oklahoma 73102-8260 FAX 405/552-4550  
Certified Mail No. Z 731 697 582

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

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

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OCT 10 1995  
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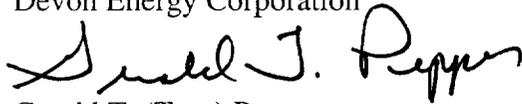
Dear Sir:

This is our application for administrative approval to commingle gas production from the referenced leases. This production will be commingled at the surface only in order to more economically market gas from the wells. Gas from two of these leases must currently be vented due to lack of marketable quantities. The combined production will justify installation of a sales line.

These are federal leases, and like application has been made to Bureau of Land Management. A wealth of detail is included in our application to the BLM and a copy of that application is attached to assist you in your evaluation.

No information as to produced liquids is included as 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 advise if you need further information.

Sincerely,  
Devon Energy Corporation



Gerald T. (Tom) Pepper  
District Engineer

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)

and to commingle this combined production stream with hydrocarbon production (gas only) from the following formation and wells on Federal Lease No. NM0405444-A; Lease Name: Todd 26 Federal. This battery serves the same Federal lease number as the battery referred to just above. However, this battery is for production from the Ingle Wells (Delaware) field only. This facility will be referred to in the remainder of this application as the Todd 26 BC battery, more specifically described below:

Well No.	Loc.	Sec.	Twp.	Rng.	Formation
26G #8	NE/4	26	T23S	R31E	Ingle Wells (Delaware)
26M #9	SW/4	26	T23S	R31E	Ingle Wells (Delaware)
26K #10	SW/4	26	T23S	R31E	Ingle Wells (Delaware)

26A #11	NE/4	26	T23S	R31E	Ingle Wells (Delaware)
26N #14	SW/4	26	T23S	R31E	Ingle Wells (Delaware)
26O #15	SE/4	26	T23S	R31E	Ingle Wells (Delaware)
26P #16	SE/4	26	T23S	R31E	Ingle Wells (Delaware)
26H #19	NE/4	26	T23S	R31E	Ingle Wells (Delaware)
26I #20	SE/4	26	T23S	R31E	Ingle Wells (Delaware)
26J #21	SE/4	26	T23S	R31E	Ingle Wells (Delaware)
26B #22	NE/4	26	T23S	R31E	Ingle Wells (Delaware)

Gas production from the wells is currently vented, and no recent tests are available for either the section 23 or section 26 Sand Dunes (Cherry Canyon) wells. Gas production from the section 26 Ingle Wells (Delaware) producers is itemized below:

Well Name and No.	MCFPD
Todd "26G" Federal #8	150
Todd "26M" Federal #9	100
Todd "26K" Federal #10	90
Todd "26A" Federal #11	160
Todd "26N" Federal #14	80
Todd "26O" Federal #15	90
Todd "26P" Federal #16	175
Todd "26H" Federal #19	250
Todd "26I" Federal #20	200
Todd "26J" Federal #21	200
Todd "26B" Federal #22	190

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 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. The facility where the combined production from

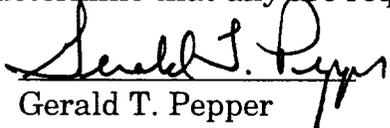
Todd 26 CC battery will be commingled with production from the Todd 26 BC battery is located on the pad of the Todd "26G" Federal #2, also in the NE/4, Sec. 26, T23S, R31E, on lease no. NM0405444-A, Eddy county, New Mexico. BLM will be notified if there is any future change in this facility's location also.

**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. A meter is already in place at the Todd 26 BC 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. Finally, the total gas production as recorded at the Todd 26 CC battery will be subtracted from the gas volume measured at the Todd 26 BC battery, with the difference representing gas production from the Todd 26 Ingle Wells (Delaware) producers. This volume will then be allocated to the individual Ingle Wells (Delaware) producers in section 26 based on their respective well tests. The working interest owners have been notified of the proposal, and have either agreed to this allocation or capitulated rather than attempt to decipher this paragraph.

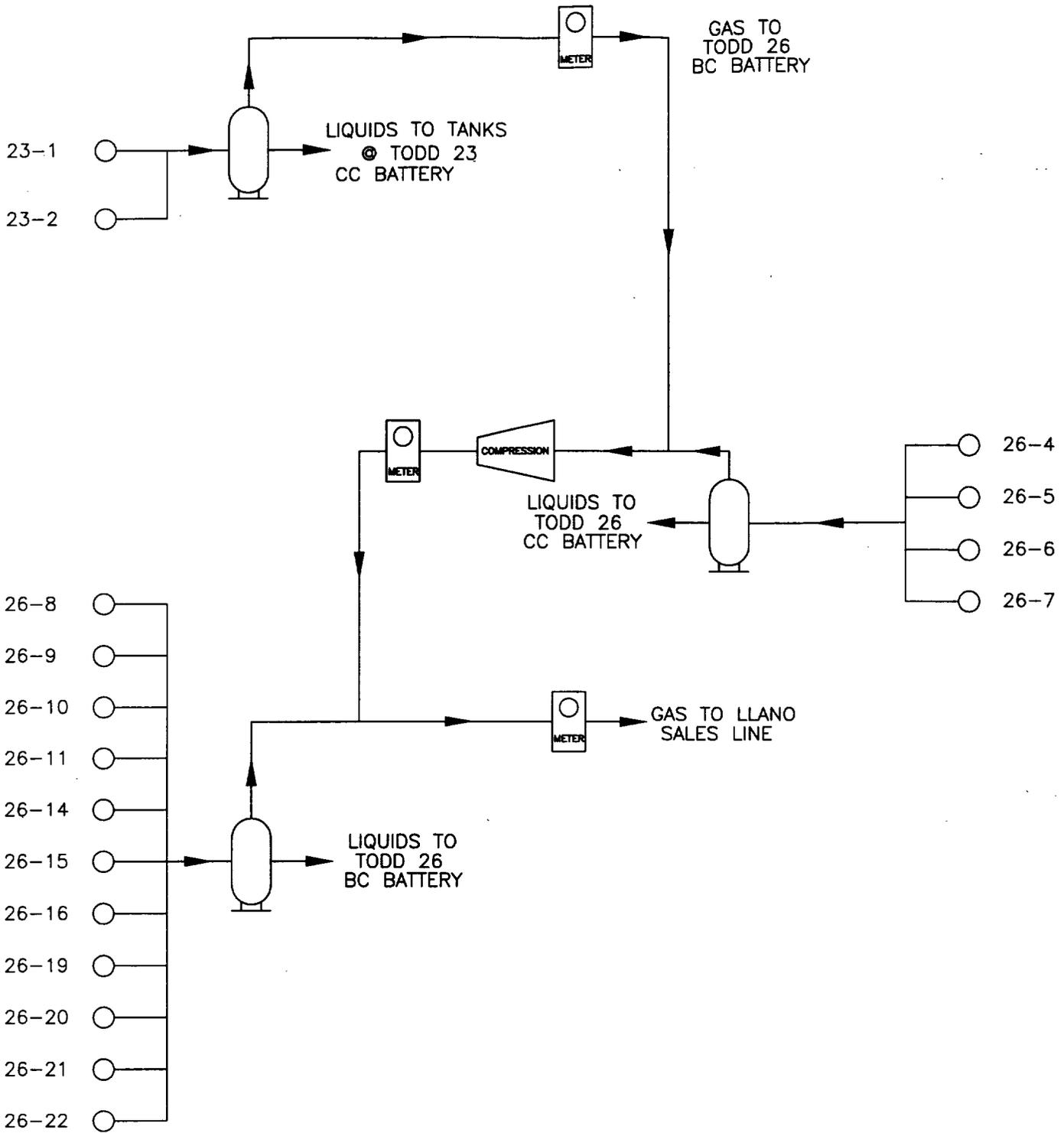
The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. Furthermore, this action is an effort to respond to BLM issued Notice of Non-Compliance #NM-067-95-DW-1174.

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: Gerald T. Pepper  
Title: District Engineer  
Date: October 5, 1995

DEVON ENERGY CORPORATION  
20 N. Broadway, Suite 1500  
OKC, OK 73102-8260

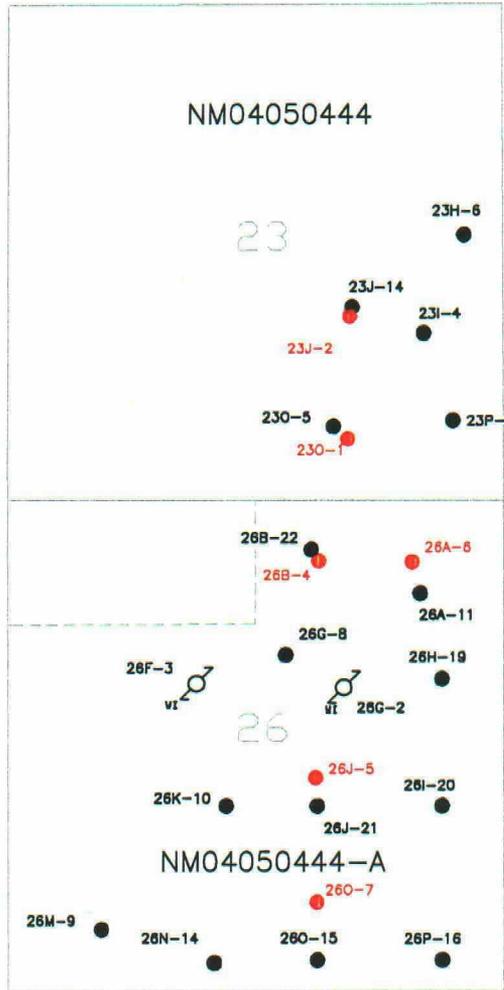
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**devon**  
**TODD FEDERAL AREA**  
 EDDY COUNTY, NEW MEXICO  
**EXHIBIT 1**  
 FLOW DIAGRAM  
**PROPOSED TODD FEDERAL**  
**GAS COMMINGLING**  
 NO SCALE

WELL	PLAYS	TODD	FLOW
X			
X			
X			
X			

T 23 S  
R 31 E



● CHERRY CANYON WELL

● BRUSHY CANYON WELL



23-26	

**devon**

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**SAND DUNES AREA**  
EDDY COUNTY, NEW MEXICO

---

**SEC. 23 & 26**

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Scale in Feet  
1000    0    1000    2000    3000    4000

K. GRAY 10/95

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SECTION

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

5/

**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)

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OIL CONTROL

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

Signed Candace R. Graham Title CANDACE R. GRAHAM ENGINEERING TECH. Date 2/12/96

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Conditions of approval, if any:

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**

APPLICATION FOR SURFACE COMMINGLING,  
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

RECEIVED

FEB 15 10 50 AM '96

GAR.  
AREA

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

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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.

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Surface Commingling Application

February 13, 1996

Page 2

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:

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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.

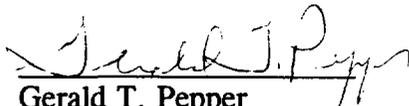
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Signed:

Name:

Title:

Date:



Gerald T. Pepper

District Engineer

February 13, 1996

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