

devon

ENERGY CORPORATION

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Telephone 405/235-3611
FAX 405/552-4550

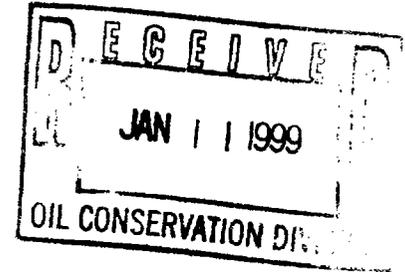
PLC 2/1/99
151

January 5, 1999

Certified Mail No. Z 068 589 201

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
the Western Reserves Fed. #2 with the
already commingled Devon Federal #3
and 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 produce and 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) 552-4595.

Yours truly,

DEVON ENERGY CORPORATION (NEVADA)

Candace R. Graham (405) 552-4520
Candace R. Graham
Engineering Tech.

/cg
Enclosures

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

Q:\Prod\Common\Frank\Aweldata\Gasprod\WesternRes#2

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Oklahoma City, Oklahoma 73102-8260

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FAX 405/552-4550

January 5, 1999

CERTIFIED MAIL NO. Z 068 589 202

US DEPT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Post Office Box 1778
Carlsbad, New Mexico 88221-1778

Roswell

**RE: Authorization to Commingle at Surface the
Western Reserves Fed. #2
with the already commingled
Devon Federal #3 and Cactus "9B" Federal #2
Section 9-21S-26E
Eddy County, New Mexico**

Gentlemen:

Concerning the referenced, enclosed please find original and five copies, with attachments, of Form 3160-5 Sundry Notice of Intent for commingling at surface.

Inquiries concerning this matter may be directed to Wally Frank at (405) 235-3611, X4595.

Yours truly,

DEVON ENERGY CORPORATION (NEVADA)

Candace R. Graham

Ms. Candace R. Graham
Engineering Tech.

/cg

Enclosures

copy: NMOCD (Santa Fe & Artesia), WIO's, Engr, Foreman, file

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)
Section 9-T21S-R26E (please see below)

5. Lease Designation and Serial No.
NM0400877 & RNM126

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

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

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

9. API Well No.
 (please see below)

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 (Nevada) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following wells.

Devon Federal #3
 2310' FNL & 2160' FEL
 Unit G, Section 9-T21S-R26E
 Eddy Cnty, NM
 E. Catclaw Draw (Delaware)

Cactus "9B" Federal #2
 990' FNL & 2310' FEL,
 Unit B, Section 9-T21S-R26E
 Eddy Cnty, NM
 E. Catclaw Draw (Delaware)

Western Reserves Fed. #2
 2932' FNL & 1980' FEL
 Unit J, Section 4-T21S-R26E
 Eddy Cnty, NM
 Avalon (Canyon)

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

Signed Candace R. Graham

Title CANDACE R. GRAHAM
ENGINEERING TECH.

Date 1/5/99

(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.

**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 measurement of Natural Gas hydrocarbon production only from the following formation and well of Federal lease No. RNM126; Lease Name: Western Reserves Federal #2

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
2	SW/NE	4	21S	26E	Canyon

with Natural Gas hydrocarbon production only from the following formation and wells already approved for surface commingling and off-lease measurement on Federal lease No. NM0400877 Lease Name; Cactus "9B" Federal #2 & Devon Federal #3.

<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
3	SW/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
Western Reserves Fed. #2	0.5	52.0° @ 68°F	125

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 leases cover Section #4 & #9 where the 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). Neither the Delaware nor Canyon producing zone is 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.

Details of the method for allocating production to contributing sources are as follows:

Application for Surface Commingling, Off Lease Measurement Approval
Lease No. NM0400877 & RNM126 - Devon Fed. 3/Cactus "9B" Fed. 2 & Western Res. Fed. 2)
Sections 4&9-21S-26E, Eddy County, New Mexico
January 5, 1999
Page Two

The natural gas from the Western Reserves Federal #2, Devon Federal #3 and the Cactus "9B" Federal #2 is the only hydrocarbon being commingled, measured, and sold off-lease. Each of the wells has it's own orifice check meter. These check meters will be 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.

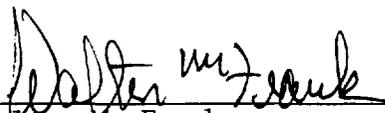
The commingling of production is in the interest of conservation and waste and will result in the most effective, economic means of producing the reserves in place from the Western Reserves Federal #2 and will not result in reduced royalty or improper measurement of production from the Cactus "9B" Federal #2 or the Devon Federal #3.

The proposed commingling will result in increased production from the marginally economic Western Reserves Fed. #2 and is necessary for the reserves development and continued operation of the above referenced Federal lease.

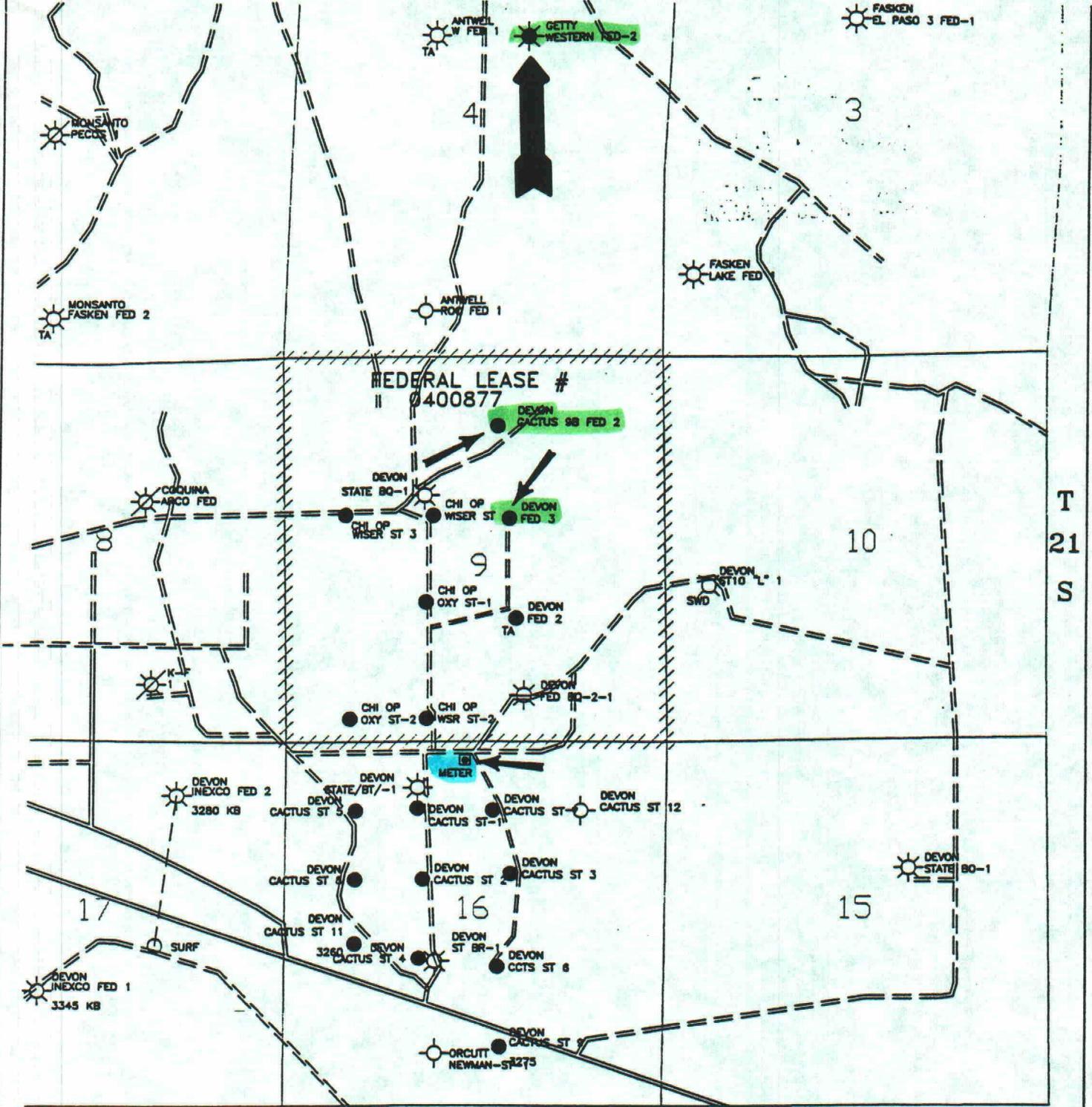
Devon Energy Corporation (Nevada) understands that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, Devon Energy Corporation (Nevada) will submit within 30 days an application for right-of-way approval to the 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: January 5, 1999

R 26 E



T 21 S

devon

CATCLAW AREA
EDDY COUNTY, NEW MEXICO

Scale in Feet
1000 0 1000 2000 3000 4000

6/97



January 5, 1999

Working Interest Owners

Re: Intent to Commingle Gas Production
Avalon (Canyon)
Western Reserves Fed. #2
With the already commingled
Delaware Pool
Devon Federal #3 and
Cactus "9B" Federal #2
Sec. 9-T21S-R26E
Eddy County, New Mexico

Gentlemen:

This is to inform you, per BLM regulations, of our intention to surface commingle gas production from the referenced pool. We have attached a copy of our application to the BLM and wish to call your attention to a few items. First, please note that the legal locations of all wells included in this commingling are itemized. Second, please note the planned method of allocating gas production from each of the wells. We have also notified the NMOCD of our intentions in this matter.

We anticipate commingled gas sales of about 340 MCFD. If you need additional information, please advise.

Sincerely,

DEVON ENERGY CORPORATION



Walter M. Frank
District Engineer

Intent to Commingle Gas Production
Delaware Pool wells
Sec. 9-T21S-R26E
Eddy County, New Mexico
January 5, 1999
Page 2

WIO Address List

	Certified Mail No.
BONNEVILLE FUELS CORP (PARTICIPATE) ATTN DAVE SPELMAN 1550 LINCOLN SUITE 1800 DENVER CO 80264	Z 068 589 203
OXY USA INC ATTN ERMA GALINDO PO BOX 50250 MIDLAND TX 79710	Z 068 589 204
DAVID FARMER PO BOX 1173 MIDLAND TX 79702	Z 068 589 205
TOM E JOHNSON PO BOX 1707 MIDLAND TX 79702	Z 068 589 206
RIVERHILL ENERGY CORP C/O COASTAL MANAGEMENT PO BOX 970412 DALLAS TX 75397-0412	Z 068 589 207
ST MARY LAND & EXPL CO 1776 LINCOLN STREET SUITE 1100 DANVER CO 80203	Z 068 589 208
SANTA FE ENERGY OPERATING PARTNERS 550 WEST TEXAS SUITE 1330 MIDLAND TX 79701	Z 068 589 209

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Devon 3, Cactus 9B-2, West Res 2 (1-6-99) comm gas
 also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Bonneville Fuels Corp.
 Attn: ~~Dave Speiman~~ Doris
 1660 Lincoln, Suite 1800
 Denver, CO 80264

4a. Article Number
 Z 068 589 203

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
 X

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Devon 3, Cactus 9B-2; West Res 2 (1-6-99) comm gas
 also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 OXY USA, INC.
 Attn: Erma Galindo
 P.O. Box 50250
 Midland, TX 79710

4a. Article Number
 Z 068 589 204

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
 X

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PS Form 3811, December 1994

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- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 David Farmer
 P. O. Box 1173
 Midland, TX 79702

4a. Article Number
 Z 068 589 205

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
 X

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

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Is your RETURN ADDRESS completed on the reverse side?

SENDER: Devon 3, Cactus 9B-2, West Res 2
■ Complete items 1 and/or 2 for additional services.
■ Complete items 3, 4a, and 4b.
■ Print your name and address on the reverse of this form so that we can return this card to you.
■ Attach this form to the front of the mailpiece, or on the back if space does not permit.
■ Write "Return Receipt Requested" on the mailpiece below the article number.
■ The Return Receipt will show to whom the article was delivered and the date delivered.

(1-6-99) comm gas
I also wish to receive the following services (for an extra fee):
1. Addressee's Address
2. Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

Tom E. Johnson
P.O. Box 1707
Midland, TX 79702

4a. Article Number
Z 068 589 206
4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD
7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
X

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I also wish to receive the following services (for an extra fee):
1. Addressee's Address
2. Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

RIVERHILL ENERGY CORP
C/O COASTAL MANAGEMENT
PO BOX 970412
DALLAS TX 75397-0412

4a. Article Number
Z 068 589 207
4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD
7. Date of Delivery

5. Received By: (Print Name)

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X

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2. Restricted Delivery
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ST MARY LAND & EXPL CO
1776 LINCOLN STREET STE
1100
DANVER CO 80203

4a. Article Number
Z 068 589 208
4b. Service Type
 Registered Certified
 Express Mail Insured
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(1-6-99) comm gas

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- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

**SANTA FE ENERGY
OPERATING PARTNERS
550 WEST TEXAS STE 1330
MIDLAND TX 79701**

4a. Article Number
Z 068 589 209

4b. Service Type

Registered Certified

Express Mail Insured

Return Receipt for Merchandise COD

7. Date of Delivery

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
X

Thank you for using Return Receipt Service.

**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

ADMINISTRATIVE ORDER OLS-181

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Attention: Ms. Candace Graham

The above named company is hereby authorized to commingle East Catclaw Draw Delaware (10500) Pool production from the following wells:

Lease: ~~Devon Federal Well No.3~~ (Federal Lease No.NM-0400877)
Description: SW/4 NE/4, and,

Lease: Cactus '9B' Federal Well No.2 (Federal Lease No.NM-0400877)
Description: NW/4 NE/4,

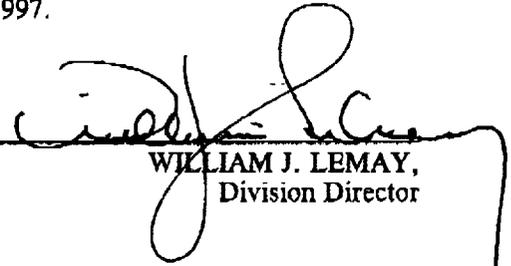
both located in Section 9, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico.

The aforementioned production is to be transported prior to measurement at the gas sales meter facility located in Unit Letter 'C' of Section 16, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico. Such gas production shall be allocated to the above described lease by separate orifice meter measurement at each well. Liquid production will not be commingled.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and there shall be no intercommunication of the handling, separating, treating or storage facilities designated to the above lease with any other lease prior to a central sales meter.

FURTHER: The operator shall notify the Artesia district office of the Division prior to implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 29th day of September, 1997.


WILLIAM J. LEMAY,
Division Director

WJL/BES

cc: Oil Conservation Division - Artesia
State Land Office - Oil & Gas Division
Bureau of Land Management - Carlsbad

RECEIVED

OCT 20 1997

PRODUCTION DEPT.

CG