

**devon**  
ENERGY CORPORATION

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

PLC 10/25/97  
159

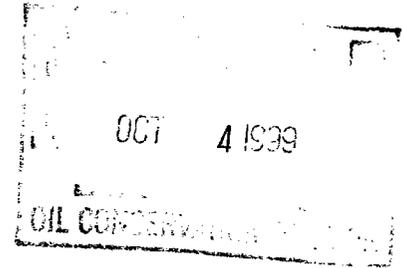
Telephone 405/235-3611  
FAX 405/552-4550

Candace R. Graham  
Telephone 405/552-4520  
FAX 405/552-4621

September 29, 1999

**Certified Mail No. P 164 789 610**

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**  
**Inexco "17" Federal #1 API 30-015-21136**  
**Inexco "17" Federal #2 API 30-015-27804**  
**Section 17-21S-26E**  
**Eddy County, New Mexico**

Gentlemen:

This is our application for administrative approval to surface commingle gas production from the referenced wells. This production will be commingled at the surface in order to more efficiently 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. A schematic of the proposed operation, a plat showing both 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, District Engineer, at (405) 552-4595.

Yours truly,

DEVON ENERGY CORPORATION (NEVADA)

Handwritten signature of Candace R. Graham in cursive.

Candace R. Graham  
Engineering Tech.

/cg

Enclosures

copy: NMOCD in Artesia (Certified Mail No. P 164 789 613)  
enr, foreman, files

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September 29, 1999

**CERTIFIED MAIL NO. P 164 789 608**

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

**RE: Authorization to Commingle at Surface  
Inexco "17" Federal #1 NM-NM0400877C  
Inexco "17" Federal #2 NM-NM84  
Section 17-21S-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 commingling at surface. Attached is an Application for surface commingling/offleasestorage/measurement approval which is being filed in response to Form 3160-9 dated 8/26/1999 Number 99-GH-1135.

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

Yours truly,

DEVON ENERGY CORPORATION (NEVADA)



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 17-T21S-R26E (please see below)**

5. Lease Designation and Serial No.  
**NM-NM0400877C & NM-NM84**

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

7. If Unit or CA, Agreement Designation  
**SW-907**

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 type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" 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. Please accept this submittal as the response to BLM Form 3160-9 dated 8/26/1999 Number 99-GH-1135.

NM-NM0400877C  
 Inexco "17" Federal #1  
 1650' FSL & 1850' FWL  
 Unit K, Section 17-T21S-R26E  
 Eddy Cnty, NM  
 74500 ✓ E. Catclaw Draw (Strawn) GAS  
 API 30-015-21136

NM-NM84  
 Inexco "17" Federal #2  
 SHL: 2300' FSL & 1800' FEL, Unit J  
 BHL: 749' FNL & 1514' FEL, Unit B  
 Section 17-T21S-R26E  
 Eddy Cnty, NM  
 ✓ E. Catclaw Draw (Morrow) PROBABLY GAS  
 API 30-015-27804

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

Signed Candace R. Graham Title Engineering Technician Date September 29, 1999  
 (This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
 Conditions of approval, if any:



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

**NOTICE OF INCIDENTS OF NONCOMPLIANCE**

Certified Mail - Return Receipt Requested  
2 385 689 269

Hand Delivered Received by

Identification	
ID	SW907
Lease	
CA	NMNM71892
Unit	
PA	

Bureau of Land Management Office <b>CARLSBAD FIELD OFFICE</b>		Operator <b>DEVON ENERGY CORPORATION</b>				
Address P O BOX 1778 CARLSBAD NM 88220		Address 20 NORTH BROADWAY SUITE 1500 OKLAHOMA CITY OK 73102-8260				
Telephone 505.887.6544		Attention CANDY GRAHAM				
Inspector Eugene Hunt		Attn Ad 1500 MID-AMERICA TOWER 20 NORTH BROADWAY OKLAHOMA CITY OK 73102-8260				
Site Name INEXCO 17 FED	Well or Facility 2	Township 21S	Range 26E	Meridian NMP	Section 17	1/4 1/4 NWSE
Site Name INEXCO 17 COM BATTERY	Well or Facility L	Township 21S	Range 26E	Meridian NMP	Section 17	1/4 1/4 NESW

**THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE**

Date	Time (24 - hour clock)	Violation	Gravity of Violation
08/26/1999	13:00	3164.1, O.O.#5,III.D.2	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
09/30/1999			43 CFR 3163.1()

Remarks **WHEN FLOWING, THE GAS FROM THIS WELL IS BEING COMMINGLED, MEASURED AND SOLD OFF-LEASE WITHOUT APPROVAL. SUBMIT FOR APPROVAL OF OFF-LEASE COMMINGLING, MEASUREMENT AND SALE OF GAS FROM THIS LEASE. A SUGGESTED FORMAT FOR THIS PROCEDURE IS ATTACHED.**

When violation is corrected, sign this notice and return to above address.

Company Representative Title FOREMAN Signature [Signature] Date 9-24-99

Company Comments APPROVAL FOR OFF LEASE COMMINGLING WILL FOLLOW, THIS IT IS IN THE WORKS.

**WARNING**

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(d)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

**REVIEW AND APPEAL RIGHTS**

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 4015 Wilson Blvd., Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer [Signature] Date 8.26.99 Time 1623

**FOR OFFICE USE ONLY**

Number 24	Date	Assessment	Penalty	Termination
Type of Inspection SS				

APPLICATION FOR SURFACE COMMINGLING,  
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

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

09-29-1999

Devon Energy Corporation (Nevada) is requesting approval for surface commingling and off-lease measurement of natural gas hydrocarbon production from the following formation and well on Federal lease No. NM-NM0400877C; Lease Name: Inexco "17" Federal

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
1	NE/SW	17	21S	26E	Strawn

with natural gas hydrocarbon production from the following formation and well on Federal lease No. NM-NM84; Lease Name: Inexco "17" Federal

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
2	NW/SE	17	21S	26E	Morrow

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFGPD</u>
Inexco "17" Federal #1	0	N/A	50
Inexco "17" Federal #2	0	N/A	SI

Maps are enclosed (Attachments A and B) showing the lease numbers and location of all wells within the affected area. The Federal leases cover Section 17, T21S, R26E where the wells are located.

A schematic diagram (Attachment C) is attached which clearly identifies all equipment being utilized and shows flow path of production.

The storage and measuring facility is located in the SW/4 of Section 17, T21S, R26E on Federal Lease No. NM-NM0400877C, 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:

The gas production from each well is commingled just in front of the sales meter. Each well has it's own allocation meter at the battery. If production is reinstated from the Inexco "17" Federal #2 then an oil bbl counter will be installed at the Inexco "17" Federal #2 production unit to allocate oil.

Application for Surface Commingling, Off Lease Measurement Approval  
Lease No. NM-NM0400877C (Inexco "17" Federal #1) & NM-NM84 (Inexco "17" Federal #2)  
Section 17-21S-26E, Eddy County, New Mexico  
September 29, 1999  
Page Two

The working interest owner, ICA Energy, Inc. at Post Office Box 233 in Odessa, TX 79760-0233, has been notified of this proposal.

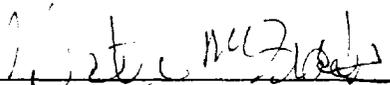
The proposed commingling of production is in the interest of efficiency and will not result in reduced royalty or improper measurement of production.

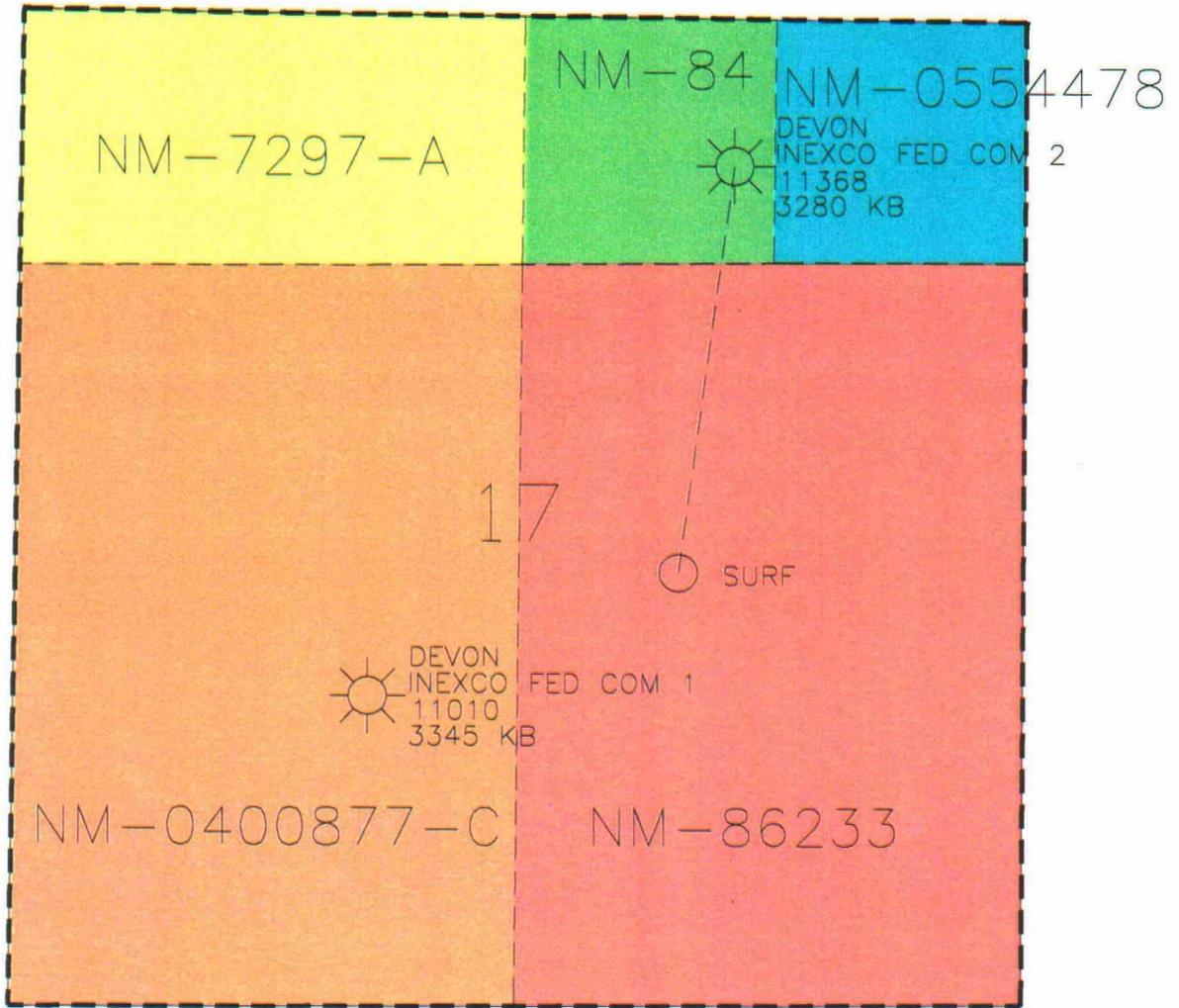
The proposed commingling is necessary for continued operation of the above referenced Federal leases.

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: 09-29-1999



ATTACHMENT A



NM0316N	

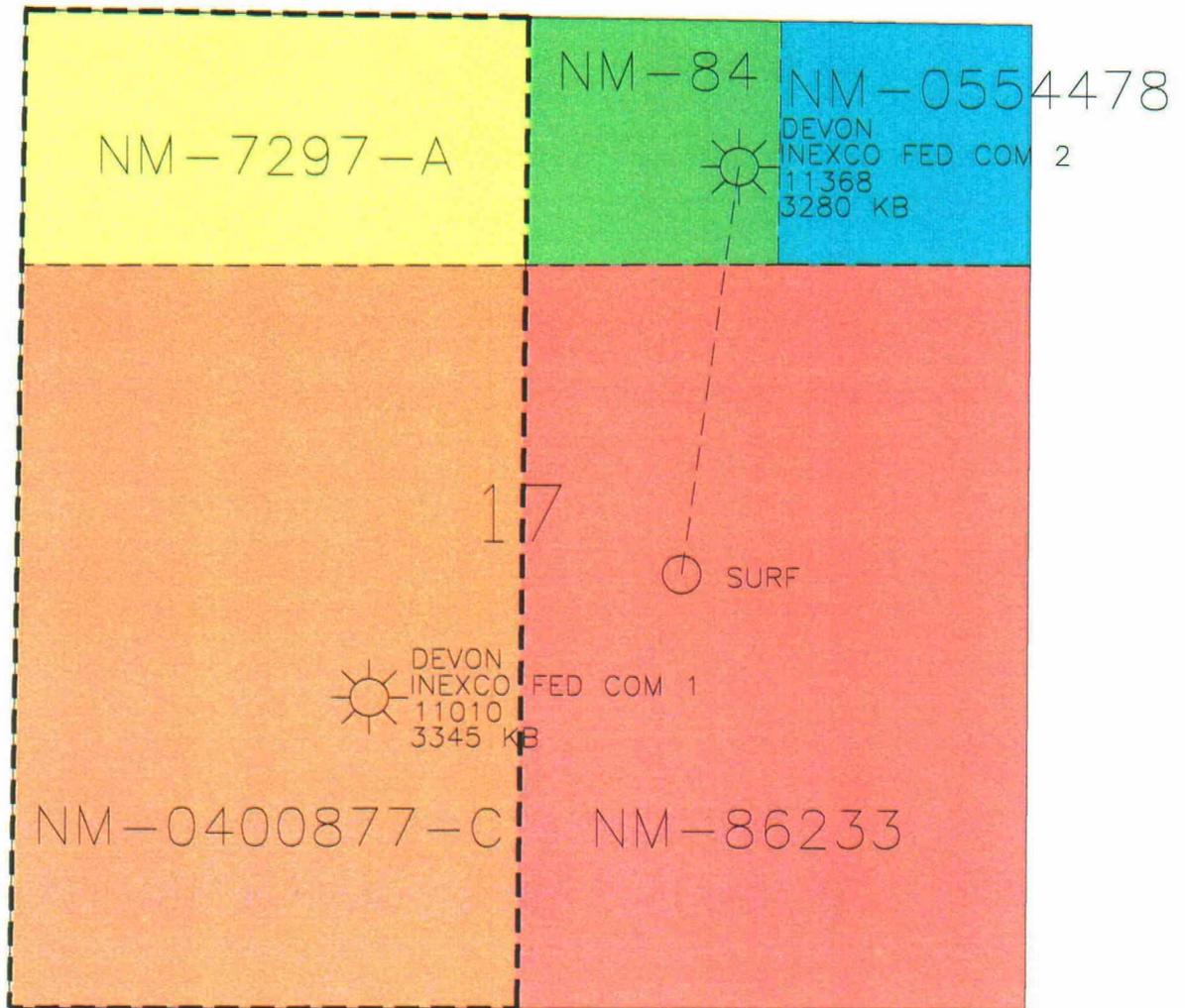
**devon**  
ENERGY CORPORATION

**CATCLAW DRAW AREA**  
EDDY COUNTY, NEW MEXICO

SEC. 17-T21S-R26E  
**INEXCO 17 FED COM 2**  
MORROW 640 SPACING

Scale in Feet  
500 0 500 1000 1500 2000

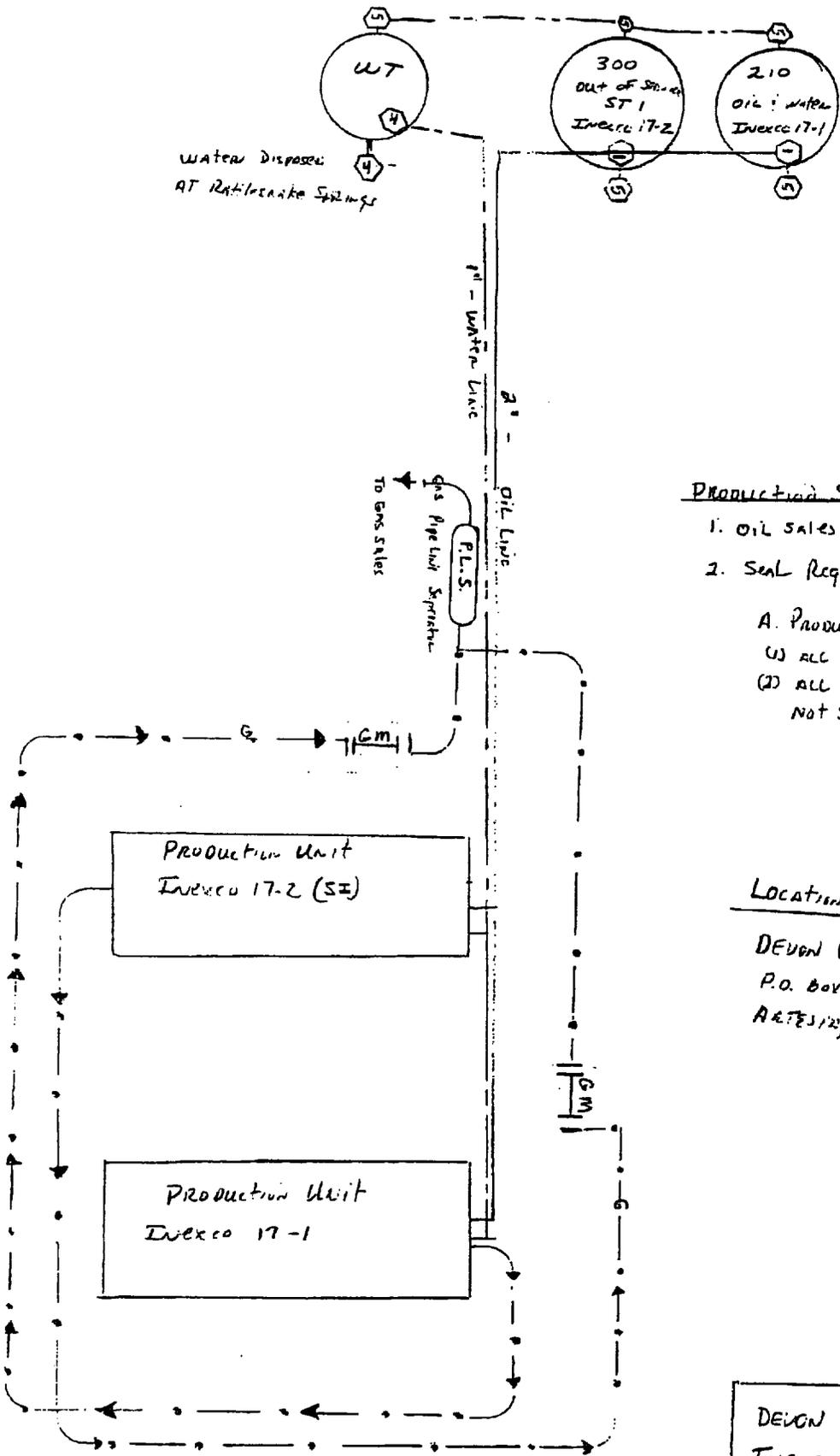
W.F. 9/99



ATTACHMENT B



<b>devon</b> ENERGY CORPORATION
<b>CATCLAW DRAW AREA</b> EDDY COUNTY, NEW MEXICO
SEC. 17-T21S-R26E <b>INEXCO 17 FED COM 1</b> STRAWN 320 ACRE SPACING
Scale in Feet 500 0 500 1000 1500 2000
W.F. 9/99



Production System - OPEN

1. OIL SALES By Tank Gauge To Truck
2. Seal Requirements
  - A. Production PHASE
    - (S) ALL VALVES (5) sealed closed
    - (D) ALL VALVES (4) ON WATER TANK NOT SEALED

LOCATION OF SITE Security Plan

DEVON ENERGY CORP.  
 P.O. Box 250  
 ARTESI, N.M. 87211

DEVON ENERGY CORP.  
 INVECO 17 FEDERAL 1 1/2 BATTERY  
 UNIT LEHOL K.  
 SEC. 17, TWP-21S, R-26E  
 NM-0400877-C

**devon**  
ENERGY CORPORATION

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

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

Candace R. Graham  
Telephone 405/552-4520  
FAX 405/552-4621

September 29, 1999

**Certified Mail Number P 164 789 011**

ICA Energy, Inc.  
Post Office Box 233  
Odessa, Texas 79760-0233

RE: **Authorization to Commingle at Surface**  
**Inexco "17" Federal #1 E. Catclaw Draw (Strawn)**  
**Inexco "17" Federal #2 E. Catclaw Draw (Morrow)**  
**Section 17-21S-26E**  
**Eddy County, New Mexico**

Gentlemen:

This is to inform you, per BLM regulations, of our intention to surface commingle gas production from the referenced pools. 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 50 MCFD. If you need additional information, please advise.

Sincerely,

DEVON ENERGY CORPORATION



Walter M. Frank  
District Engineer

Inexco 17-2 & 17-2 (9-29-1999) copy of BLM application to comm.

<b>SENDER:</b> ■ 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.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  NM OIL CONSERVATION DIV 2040 SOUTH PACHECO SANTA FE NM 87505		4a. Article Number P 164 789 610	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
5. Received By: (Print Name)		7. Date of Delivery	
6. Signature: (Addressee or Agent) X		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1994 102595-98-8-0229 Domestic Return Receipt

Inexco 17-2 & 17-2 (9-29-1999) copy of BLM & NMOCD appl to comm

<b>SENDER:</b> ■ 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.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  NM OIL CONSERVATION DIV DISTRICT II 811 SOUTH FIRST ARTESIA NM 88210-2834		4a. Article Number P 164 789 613	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
5. Received By: (Print Name)		7. Date of Delivery	
6. Signature: (Addressee or Agent) X		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1994 102595-98-8-0229 Domestic Return Receipt

Inexco 17-1 & 17-2 (9-29-1999) 3160-5 & application to surf comm

<b>SENDER:</b> ■ 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.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  BUREAU OF LAND MANAGEMENT CARLSBAD RESOURCE AREA POST OFFICE BOX 1778 CARLSBAD, NM 88221-1778		4a. Article Number P 164 789 608	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
5. Received By: (Print Name)		7. Date of Delivery	
6. Signature: (Addressee or Agent) X		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1994 102595-98-8-0229 Domestic Return Receipt

Inexco 17-1 & 17-2 (9-29-1999) copy of BLM & OCD appl to commingle

<b>SENDER:</b> ■ 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.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  ICA ENERGY, INC. POST OFFICE BOX 233 ODESSA TEXAS 79760-0233		4a. Article Number P 164 789 611	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
5. Received By: (Print Name)		7. Date of Delivery	
6. Signature: (Addressee or Agent) X		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1994 102595-98-8-0229 Domestic Return Receipt