

117828686 PLC 7/16/01

devon

ENERGY CORPORATION

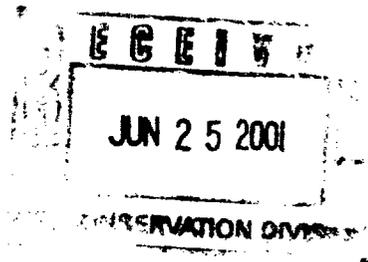
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

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

June 15, 2001

Certified Mail No. Z 141 769 281

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
Martha Creek Gas Com 1, 2, 3, & 5 Sec-30-
TS21S-R24E NM-029301 & NM-025235-A &
the Winston Gas Com 1, 2, 3, 5, 7, & 8
Sec-31-TS21S-R24E NM-LC-063246,
NM-LC-063246-D & NM-LC-063246-B
Eddy County, New Mexico

Gentlemen:

Attached is our application for administrative approval to surface commingle gas production from the referenced leases. The production from the referenced leases needs to be surface commingled in order to adequately drain the reservoir by configuring the compression currently in place into a "high" and "low" pressure system. If this application is denied then additional compression will have to be set on both the referenced leases. Additional benefits from this change will be to limit the visual impact and emissions to that already taking place.

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 and plat showing all wells to be commingled is also attached. Please direct inquiries concerning this matter to Joe Huber at (505) 748-3371.

Yours truly,

DEVON ENERGY PRODUCTION COMPANY, LP

Joe Huber
Foreman

JH/vr
Enclosures

copy: NMOCD in Artesia



ENERGY CORPORATION

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

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

June 15, 2000

US DEPT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
2909 West Second Street
Roswell, New Mexico 88201

RE: **Authorization to Commingle at Surface the
Martha Creek Gas Com 1,2,3,& 5 Sec-30-
TS21S-R24E NM-029301 & NM-025235-A &
the Winston Gas Com 1,2,3,5,7,8 Sec-31-
TS21S-R24E NM-LC-063246, NM-LC-063246-
D & NM-LC-063246-B
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 Joe Huber at (505) 748-3371.

Yours truly,

DEVON ENERGY PRODUCTION COMPANY, LP

Joe Huber
Foreman

JH/vr

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 Production Company L. P.

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)
PLEASE SEE ATTACHED

5. Lease Designation and Serial No.
 (Please see attached)

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 attached)

9. API Well No.
 (Please see attached)

10. Field and Pool, or Exploratory Area
 (Please see attached)

11. County or Parish, State
 Eddy County, 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: Surface Commingle Gas Production
	<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 respectfully requests permission to surface commingle gas production from the referenced leases. No liquids will be commingled. The commingling of gas production is in the interest of conservation and minimization of waste and will allow the most efficient means of producing the reserves in place from both leases. If commingling is not allowed additional compression will have to be set at both the Winston Gas Com. Compressor Facility and the Martha Creek Compressor Facility to compress the low-pressure wells. By allowing the surface commingling of the two leases, the need for additional compression should not be necessary. Commingling will reduce the visual impact of the production operation by reducing the need to increase the number of compressors at each compressor facility. It will also reduce the noise and emissions impact on the area. Surface commingling the gas streams will in no way result in reduced royalty or improper measurement of gas production from either lease. Please see attachments.

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

Signed _____ Title Foreman Joe Huber Date 6/15/01
(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 to any matter within its jurisdiction.

(30-015-10323)

Martha Creek Gas Com #1
1650' FSL & 1650' FEL
Section 30-T21S-R24E
Eddy County, NM
Indian Basin (Penn)
API 30-015-30245
NM-NM029301

Martha Creek Gas Com #2 25174
1700' FNL & 1350' FEL
Section 30-T21S-R24E
Eddy County, NM
Indian Basin (Morrow)
API 30-015-25174
NM-NM029301

Martha Creek Gas Com #3 29002
1650' FSL & 2075' FWL
Section 30-T21S-R24E
Eddy County, NM
Indian Basin (Morrow)
API 30-015-29002
NM-NM025235-A

Martha Creek Gas Com #5 30245
660' FNL & 859' FEL
Section 30-T21S-R24E
Eddy County, NM
Indian Basin (Penn Asso)
API 30-015-30245
NM-NM029301

Winston Gas Com #1 10363
2080' FSL & 1980' FWL
Section 31-T21S-R24E
Eddy County, NM
Indian Basin (Penn)
API 30-015-10363
NM-LC063246

Winston Gas Com #2 28633
697' FNL & 2146' FEL
Section 31-T21S-R24E
Eddy County, NM
Indian Basin (Morrow)
API 30-015-28633
NM-LC063246

Winston Gas Com #3 30359
2167' FSL & 1998' FWL (SH)
Section 31-T21S-R24E
Eddy County, NM
Indian Basin (Penn)
API 30-015-30359
NM-LC063246-D

Winston Gas Com #5 30478
856' FSL & 900' FWL
Section 31-T21S-R24E
Eddy County, NM
Indian Basin (Penn Asso)
API 30-015-30478
NM-LC063246-B

Winston Gas Com #7 30872
497' FNL & 1863' FEL
Section 31-T21S-R24E
Eddy County, NM
Indian Basin (Penn)
API 30-015-30872
NM-LC063246

Winston Gas Com #8 30873
938' FNL & 1873' FEL
Section 31-T21S-R24E
Eddy County, NM
Indian Basin (Penn)
API 30-015-30873
NM-LC-063246

Indian Basin Upper Pennsylvania Assoc. 33681
Indian Basin - Morrow - 78960

APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

To: Bureau of Land Management
2909 West Second Street
Roswell, New Mexico 88201

Devon Energy Production Company, L.P. is requesting approval for surface commingling and off-lease measurement of Natural Gas hydrocarbon production only from the following formations and wells of Federal lease No. NM-029301 & NM-025235-A; Lease Name: Martha Creek Gas Com

<u>Well No.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
1	30	21S	24E	Penn Assoc
2	30	21S	24E	Morrow
3	30	21S	24E	Morrow
5	30	21S	24E	Penn Assoc

with Natural Gas hydrocarbon production only from the following formations and wells of Federal lease No. NM-LC-063246, NM-LC-063246-D, & NM-LC063246-B; Lease Name Winston Gas Com

<u>Well No.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
1	31	21S	24E	Penn Assoc
2	31	21S	24E	Morrow
3	31	21S	24E	Penn Assoc
5	31	21S	24E	Penn Assoc
7	31	21S	24E	Penn Assoc
8	31	21S	24E	Penn Assoc

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>Gas Gravity</u>	<u>MCFPD</u>
Martha Creek Gas Com #1	.668	4500
Martha Creek Gas Com #2	.602	300 (100 MCFD sales, 200 MCFD Compression fuel)
Martha Creek Gas Com #3	.602	TA'd but Est 300
Martha Creek Gas Com #5	.668	1500
Winston Gas Com #1	.668	900
Winston Gas Com #2	.602	450 (200 MCFD sales, 250 MCFD compression fuel)
Winston Gas Com #3	.668	8000
Winston Gas Com #5	.668	4500
Winston Gas Com #7	.668	3000
Winston Gas Com #8	.668	1000

Application for Surface Commingling, Off Lease Measurement Approval
Lease No. NM-NM-029301, NM-025235-A & NM-LC063246
Martha Creek Gas Com & Winston Gas Com
Sections 30 & 31-21S-24E, Eddy County, New Mexico
June 15, 2001

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 off lease measurement site is located on Attachment B.

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

The off lease measuring facilities are located in Sec 30 and Sec 31, T21S, R24E Federal Lease No. NM-029301, NM-025235-A, NM-LC-063246, NM-LC-063246-D, AND NM-LC-063246-B; 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 natural gas from the Martha Creek Gas Com and the Winston Gas Com 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 points.

The working interest owners have been notified of this proposal.

The commingling of gas production is in the interest of conservation and minimization of waste and will allow the most efficient means of producing the reserves in place from both leases. Commingling will reduce the visual impact of the production operation by reducing the need to increase the number of compressors at each compressor facility. It will also reduce the noise and emissions impact on the area. Surface commingling the gas streams will in no way result in reduced royalty or improper measurement of gas production from either lease.

Devon Energy Production Company, L. P. 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 Production Company, L. P. 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.

Application for Surface Commingling, Off Lease Measurement Approval
Lease No. NM-NM-029301, NM-025235-A & NM-LC063246
Martha Creek Gas Com & Winston Gas Com
Sections 30 & 31-21S-24E, Eddy County, New Mexico
June 15, 2001

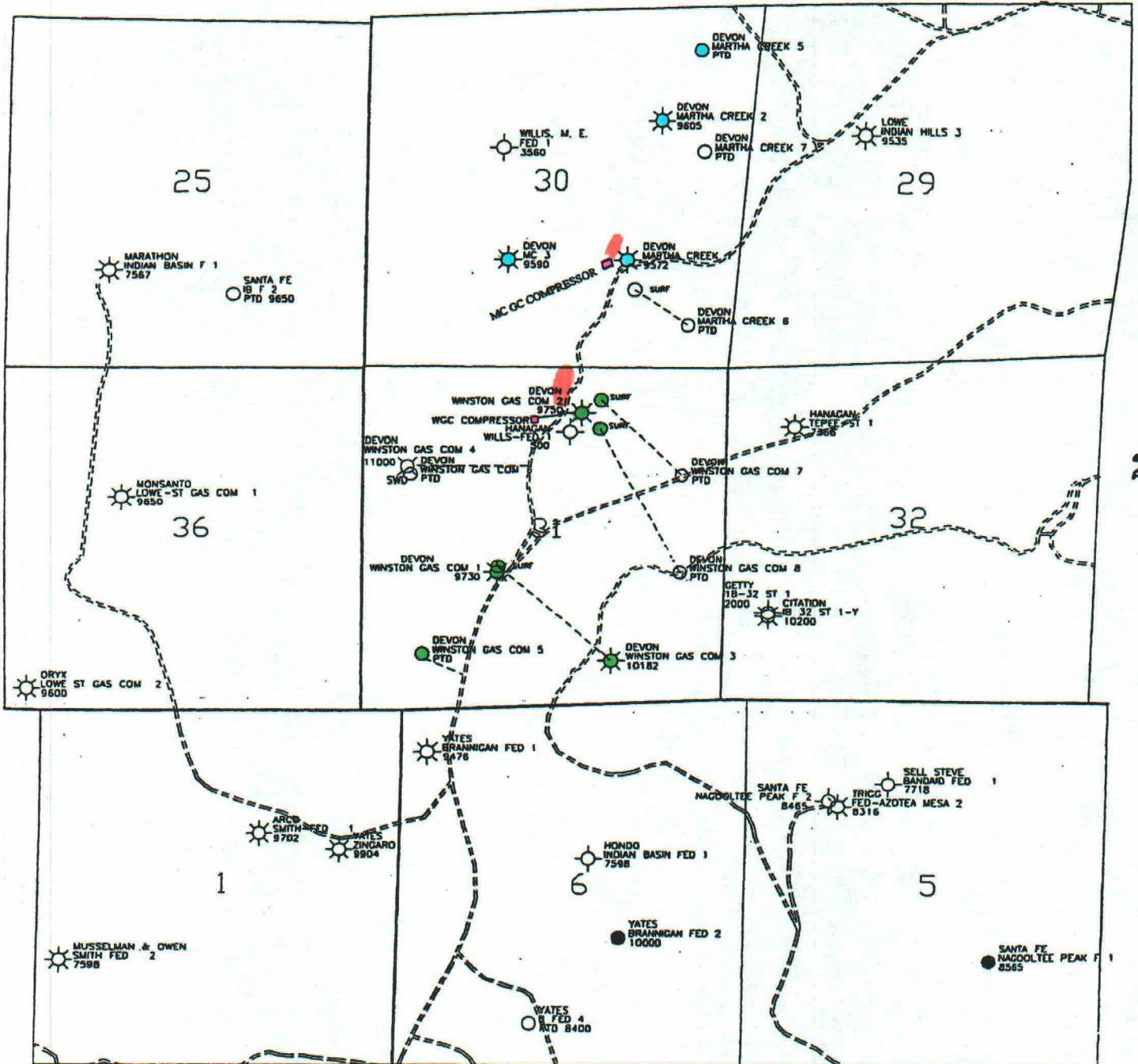
Devon Energy does plan to drill additional Upper Penn and Morrow gas wells on both the Winston Gas Com. Lease and the Martha Creek Lease. Devon Energy requests that additional wells drilled on these leases which produce from either the Upper Penn Associated Pool or the Morrow Gas Pool be allowed to produce and have their production surface commingled under this application. Any production from other producing horizons will require additional commingling approvals.

Devon Energy Production Company, L.P.
2401 Pecos Ave
Artesia, New Mexico 88210
(505) 748-3371

Signature: 
Name: Joe Huber
Title: Foreman
Date: 6/15/01

R 23 E

R 24 E



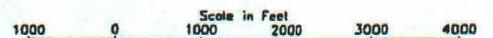
T 21 S

- Martha Creek Gas Com #1
- Martha Creek Gas Com #2
- Martha Creek Gas Com #3
- Martha Creek Gas Com #5
- Winston Gas Com #1
- Winston Gas Com #2
- Winston Gas Com #3
- Winston Gas Com #5
- Winston Gas Com #7
- Winston Gas Com #8
- WGC Compressor
- MC GC Compressor
- Marathon Point of Sales



INDIAN BASIN AREA
EDDY COUNTY, NEW MEXICO

**MARTHA CREEK / WINSTON
COMMINGLE
EXHIBIT A**

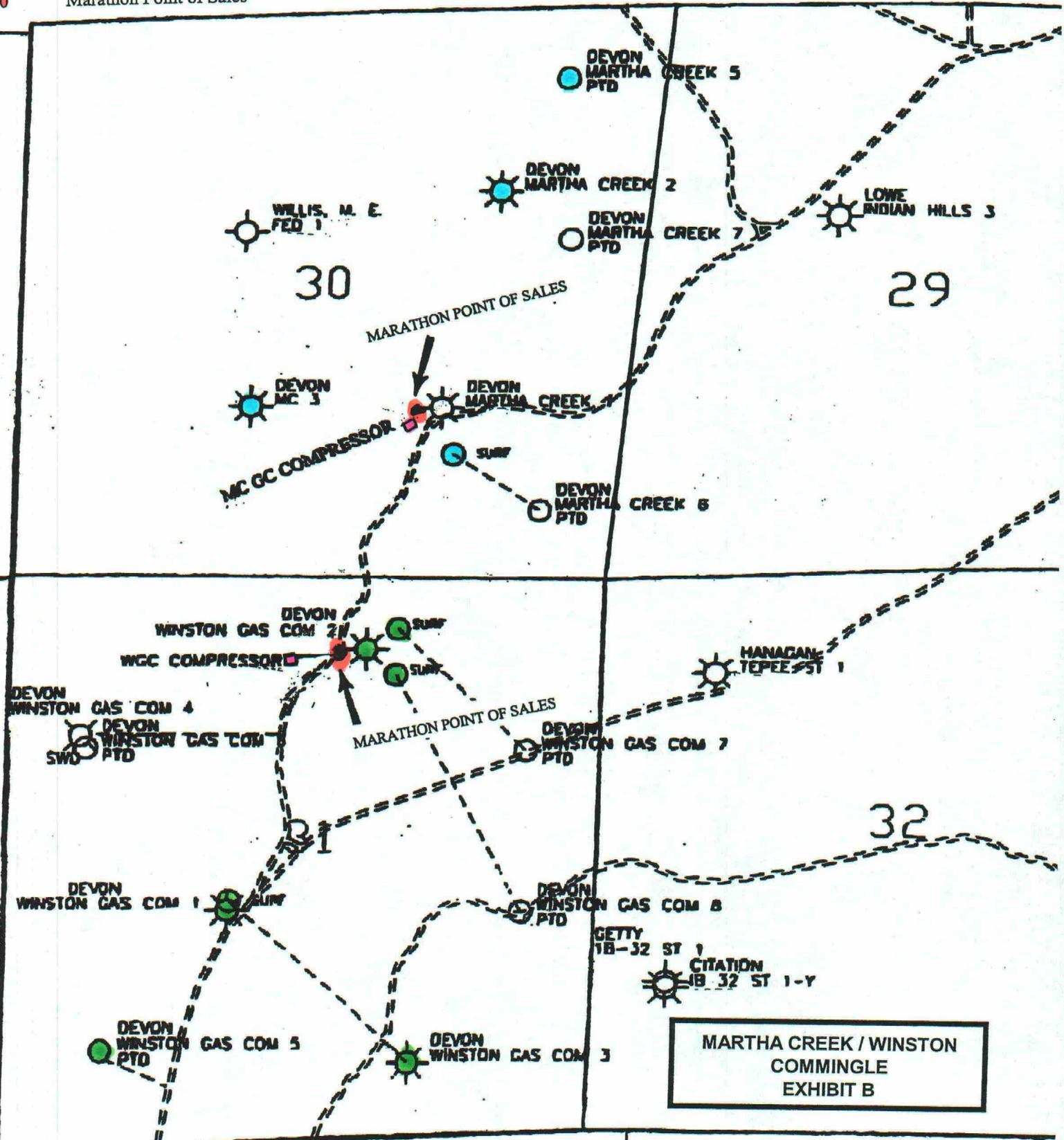


WF

9/99

- Martha Creek Gas Com #1
- Martha Creek Gas Com #2
- Martha Creek Gas Com #3
- Martha Creek Gas Com #5
- Winston Gas Com #1
- Winston Gas Com #2
- Winston Gas Com #3
- Winston Gas Com #5
- Winston Gas Com #7
- Winston Gas Com #8
- WGC Compressor
- MC GC Compressor
- Marathon Point of Sales

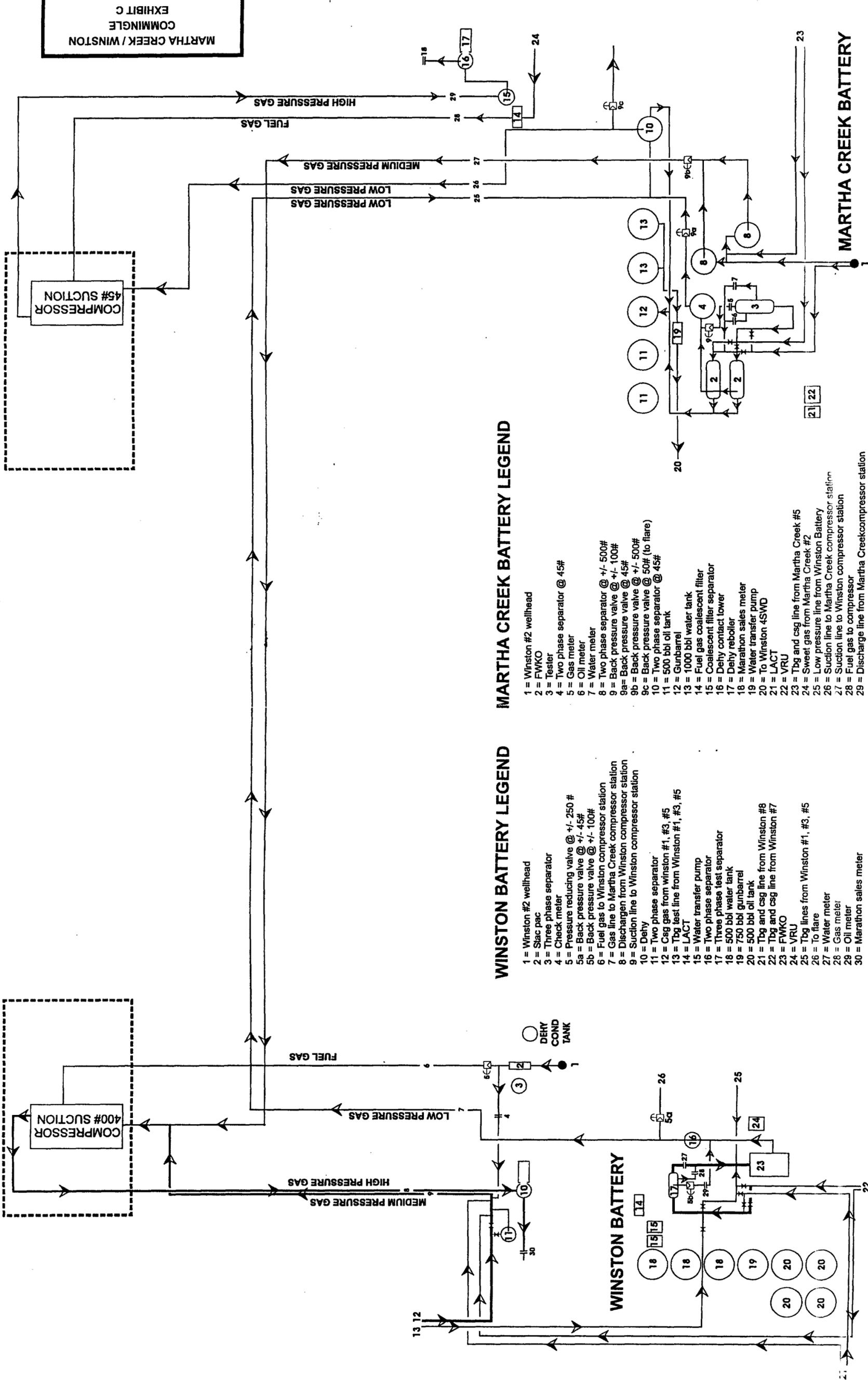
R 24 E



MARTHA CREEK / WINSTON
COMMINGLE
EXHIBIT B

MARTHA CREEK COMP.

WINSTON COMP.



WINSTON BATTERY LEGEND

- 1 = Winston #2 wellhead
- 2 = Slac pac
- 3 = Three phase separator
- 4 = Check meter
- 5 = Pressure reducing valve @ +/- 250 #
- 5a = Back pressure valve @ +/- 45#
- 5b = Back pressure valve @ +/- 100#
- 6 = Fuel gas to Winston compressor station
- 7 = Gas line to Martha Creek compressor station
- 8 = Discharge from Winston compressor station
- 9 = Suction line to Winston compressor station
- 10 = Dehy
- 11 = Two phase separator
- 12 = Csg gas from Winston #1, #3, #5
- 13 = Tbg test line from Winston #1, #3, #5
- 14 = LACT
- 15 = Water transfer pump
- 16 = Two phase separator
- 17 = Three phase test separator
- 18 = 500 bbl water tank
- 19 = 750 bbl gunbarrel
- 20 = 500 bbl oil tank
- 21 = Tbg and csg line from Winston #8
- 22 = FWKO
- 23 = VRU
- 24 = Tbg lines from Winston #1, #3, #5
- 25 = To flare
- 26 = Gas meter
- 27 = Water meter
- 28 = Oil meter
- 29 = Marathon sales meter
- 30 = Marathon sales meter

MARTHA CREEK BATTERY LEGEND

- 1 = Winston #2 wellhead
- 2 = FWKO
- 3 = Tester
- 4 = Two phase separator @ 45#
- 5 = Gas meter
- 6 = Oil meter
- 7 = Water meter
- 8 = Two phase separator @ +/- 500#
- 9 = Back pressure valve @ +/- 100#
- 9a = Back pressure valve @ 45#
- 9b = Back pressure valve @ +/- 500#
- 9c = Back pressure valve @ 50# (to flare)
- 10 = Two phase separator @ 45#
- 11 = 500 bbl oil tank
- 12 = Gunbarrel
- 13 = 1000 bbl water tank
- 14 = Fuel gas coalescent filter
- 15 = Coalescent filler separator
- 16 = Dehy contact lower
- 17 = Dehy reboller
- 18 = Marathon sales meter
- 19 = Water transfer pump
- 20 = To Winston 45WD
- 21 = LACT
- 22 = VRU
- 23 = Tbg and csg line from Martha Creek #5
- 24 = Sweet gas from Martha Creek #2
- 25 = Low pressure line from Winston Battery
- 26 = Suction line to Martha Creek compressor station
- 27 = Suction line to Winston compressor station
- 28 = Fuel gas to compressor
- 29 = Discharge line from Martha Creek compressor station

Proposed Method for Measuring and Allocating Production by Lease

Systems are in place to allocate all gas before it leaves the lease.

Higher volume, medium pressure gas is measured via wellsite allocation meters.

Lower volume, low pressure gas is measured via battery test separators and meters, and is allocated by periodic testing

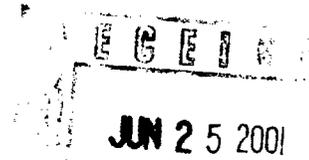
Monthly meter calibrations are performed by an independent contractor. Calibration records will be made available on request.

Compressor fuel gas and other beneficial use gas will be metered and recorded. Estimated 500 MCFD for beneficial use.

June 15, 2001

Working Interest Owners

Re: Intent to Commingle Gas Production
Martha Creek Gas Com 1, 2, 3, & 5
Sec-30-TS21S-R24E NM-029301 & NM-025235-A
& the Winston Gas Com 1, 2, 3, 5, 7, & 8
Sec-31-TS21S-R24E NM-LC-063246,
NM-LC-063246-D & NM-LC-063246-B
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 24,300 MCFD. If you need additional information, please advise.

Sincerely,

DEVON ENERGY CORPORATION

Joe Huber
Foreman

Application for Surface Commingling, Off Lease Measurement Approval
Lease No. NM-NM-029301, NM-025235-A & NM-LC063246 – Martha Creek Gas Com & Winston Gas Com
Sections 30 & 31-21S-24E, Eddy County, New Mexico
June 15, 2001

WIO Address List

Marathon Oil Company
ATTN: J. Kloosterman
P. O. Box 552
Midland, Texas 79702-0552

Certified Mail No.
Z 141 769 282

Marathon Oil Company
ATTN: G. Larke
P. O. Box 552
Midland, Texas 79702-0552

Z 141 769 283