

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12061
Order No. R-11125**

**APPLICATION OF DEVON ENERGY CORPORATION (NEVADA) FOR POOL AND
LEASE COMMINGLING, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 17, 1998, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 26th day of January, 1999, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Devon Energy Corporation (Nevada), is the lessee of the following described Federal lands in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, comprising some 231 acres, more or less:

Federal Lease No. LC-061783-B, which comprises the W/2 SW/4
of Section 3; and

Federal Lease No. LC-061783-A, which comprises the SE/4 of
Section 4.

(3) The applicant seeks an exception to Division Rules No. 303.A. and 309-B to permit lease commingling of Red Lake Queen-Grayburg-San Andres, Undesignated Red Lake Glorieta-Yeso and Undesignated Northeast Red Lake Glorieta-Yeso Pool production from twelve (12) existing or future wells located on the above-described Federal leases.

(4) The applicant proposes to install a central tank battery at a location within the NE/4 SE/4 of Section 4 on Federal Lease No. LC-061783-A.

(5) The applicant further seeks authority to determine the production from each of the wells by monthly well tests.

(6) This case was styled such that "In the absence of objection this case will be taken under advisement."

(7) No party entered an appearance in this case, either in opposition or in support of the application.

(8) Division Rule No. 309-B.A.(5) provides for administrative approval of lease commingling, provided however that in order to commingle the production from two or more separate leases in a common tank battery without first separately metering the production from each such lease, the ownership must be common throughout, including working, royalty and overriding royalty interest ownership.

(9) According to data provided by the applicant, the overriding royalty interest ownership between the subject Federal leases is not common.

(10) The applicant proposes to drill twelve wells on the subject Federal leases to develop the Red Lake Queen-Grayburg-San Andres, Undesignated Red Lake Glorieta-Yeso and Undesignated Northeast Red Lake Glorieta-Yeso Pools.

(11) Each working, royalty, and overriding royalty interest owner within the proposed commingled area was provided notice of this application.

(12) Approval of the application will result in economic savings to the operator, is in the best interest of conservation, is based on sound engineering principles, and will serve to prevent waste and protect correlative rights, provided the installation of facilities for commingling production will permit the individual testing of each well on the leases on at least a monthly basis.

(13) The commingling facilities should be installed and operated in accordance with the applicable provisions of Division Rules No. 303 and 309 and the Division's "*Manual for the Installation and Operation of Commingling Facilities.*"

(14) The operator should notify the supervisor of the Division's Artesia District Office prior to implementation of the commingling process and at such time as wells are completed and production from the wells is commingled at the central tank battery.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Devon Energy Corporation (Nevada), is hereby authorized to commingle Red Lake Queen-Grayburg-San Andres, Undesignated Red Lake Glorieta-Yeso and Undesignated Northeast Red Lake Glorieta-Yeso Pool production from the following described Federal leases in Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, in a central tank battery to be located in the NE/4 SE/4 of Section 4 on Federal Lease No. LC-061783-A:

Federal Lease No. LC-061783-B, which comprises the W/2 SW/4 of Section 3; and

Federal Lease No. LC-061783-A, which comprises the SE/4 of Section 4.

Together comprise these two leases some 231 acres, more or less.

(2) The facilities for commingling of production shall be installed and maintained in a manner that will permit a determination of each well's producing capacity at least once each month.

(3) The commingling facilities shall be installed and operated in accordance with the applicable provisions of Division Rules No. 303 and 309 and the Division's "*Manual for the Installation and Operation of Commingling Facilities.*"

(4) The applicant shall conduct monthly productivity tests on each of the wells on the leases and shall file the results of the tests with the Division's Artesia District Office on Division Form C-115 each month.

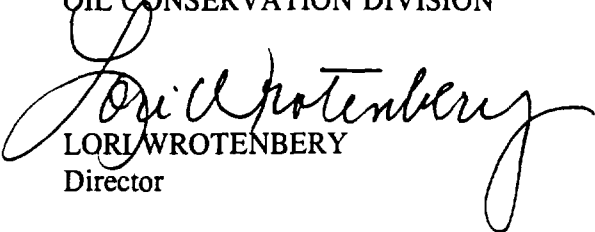
(5) The operator shall notify the supervisor of the Division's Artesia District Office prior to implementation of the commingling process and at such time as wells are completed and production from the wells is commingled at the central tank battery.

(6) It is the responsibility of the producer to notify the transporter of this commingling authority.

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director