

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
N.M. Oil Cons. Div-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210FORM 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.

P. O. Box 250 - Artesia, NM 88211-0250
505-748-3371

4. Location of Well (Footage. Sec., T., R., M., or Survey Description)

1500' FSL & 1500' FWL of Section 25-T21S-R23E
Unit K, NESW

RECEIVED

SEP 17 2004

OCD-ARTESIA

5. Lease Designation and Serial No.

NMNM070522A

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

Indian Basin 25F Federal #1

9. API Well No.

30-015-10710

10. Field and Pool, or Exploratory Area

Indian Basin Upper Penn, Assoc

11. County or Parish, State

Eddy Co., 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"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other Surface Commingling, Lease Commingling & Off-Lease Measurement	

(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 Production Company, L.P. respectfully requests approval to amend the approved surface commingling, lease commingling & off-lease measurement approval for the Martha Creek and Winston leases by adding the Indian Basin 25F Federal #1 well to this approval.

This surface commingling, lease commingling and off-lease measurement is for gas production only (no liquids are to be commingled) and is in the best interest of conservation and waste and will result in the most effective, efficient means of producing the reserves from the leases. Surface commingling will reduce the visual impact of the oil and gas operation in the area by reducing the number of compressors needed at each wellsite. The surface commingling will not result in reduced royalty or improper measurement of production from the Indian Basin 25F Federal #1, Martha Creek wells and the Winston wells.

Application has also been made to OCD-Santa Fe.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

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

Signed Rusty Klein

Title Rusty Klein, Field Tech I

Date Sept. 10, 2004

(This space for Federal or State office use)

Approved by (ORIG. SGD.) ALEXIS C. SWOBODA

Title PETROLEUM ENGINEER

Date SEP 16 2004

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.

*See Instruction on Reverse Side

**APPLICATION FOR SURFACE COMMINGLING, LEASE COMMINGLING,
POOL COMMINGLING AND OFF-LEASE MEASUREMENT**

Devon Energy Production Company, LP, is respectfully requesting approval for surface commingling, lease commingling, pool commingling and off-lease measurement of natural gas hydrocarbons for a well on Lease No. NM-070522A as follows:

Indian Basin 25F Federal #1 – Section 25-T21S-R23E – Indian Basin Upper Penn, Assoc

with natural gas production from the following leases: NM-029301 & NM-025235A:

Martha Creek Gas Com #1 – Sec. 30-T21S-R24E – Indian Basin Upper Penn, Assoc.
Martha Creek Gas Com #2 – Sec. 30-T21S-R24E – Indian Basin Morrow
Martha Creek Gas Com #3 – Sec. 30-T21S-R24E – Indian Basin Morrow
Martha Creek Gas Com #5 – Sec. 30-T21S-R24E – Indian Basin Upper Penn, Assoc.
Martha Creek Gas Com #6 – Sec. 30-T21S-R24E – Indian Basin Upper Penn, Assoc.
Martha Creek Gas Com #7 – Sec. 30-T21S-R24E – Indian Basin Upper Penn, Assoc.

and also with natural gas production from the following leases: LC-063246, LC-063246B and LC-063246D:

Winston Gas Com #1 – Sec. 31-T21S-R24E – Indian Basin Upper Penn, Assoc.
Winston Gas Com #2 – Sec. 31-T21S-R24E – Indian Basin Morrow
Winston Gas Com #3 – Sec. 31-T21S-R24E – Indian Basin Upper Penn, Assoc.
Winston Gas Com #5 – Sec. 31-T21S-R24E – Indian Basin Upper Penn, Assoc.
Winston Gas Com #6 – Sec. 31-T21S-R24E – Indian Basin Upper Penn, Assoc.
Winston Gas Com #7 – Sec. 31-T21S-R24E – Indian Basin Upper Penn, Assoc.
Winston Gas Com #8 – Sec. 31-T21S-R24E – Indian Basin Upper Penn, Assoc.
Winston Gas Com #9 – Sec. 31-T21S-R24E – Indian Basin Upper Penn, Assoc.
Winston Gas Com #10 – Sec. 31-T21S-R24E – Indian Basin Upper Penn, Assoc.

Gas production from each of the wells involved is as follows:

Martha Creek Gas Com #1	4200 mcfpd
Martha Creek Gas Com #2	250 mcfpd
Martha Creek Gas Com #3	77 mcfpd
Martha Creek Gas Com #5	1650 mcfpd
Martha Creek Gas Com #6	850 mcfpd
Martha Creek Gas Com #7	4200 mcfpd

Winston Gas Com #1	
Winston Gas Com #2	230 mcfpd
Winston Gas Com #3	2700 mcfpd

SURFACE COMMINGLING, POOL COMMINGLING, ETC. CONTINUED:

Winston Gas Com #5	1700 mcfpd
Winston Gas Com #6	1150 mcfpd
Winston Gas Com #7	725 mcfpd
Winston Gas Com #8	1450 mcfpd
Winston Gas Com #9	775 mcfpd
Winston Gas Com #10	2300 mcfpd

The proposed operation is described in detail on the attached diagrams. A map (Attachment A) is enclosed showing the lease numbers and location of all leases within the affected area. The off-lease measurement site is also shown on Attachment A. A schematic diagram (Attachment B) is attached identifying all equipment that is being utilized.

The off-lease measurement facilities are located in Township 21 South, Range 24 East;

Section 30 (Martha Creek wells) – Lease Nos: NM-029301 and NM-025235A

Section 31 (Winston wells) – Lease Nos: LC-063246, LC-063246B & LC-063246D

and

Township 21 South, Range 23 East;

Section 25 (Indian Basin 25F Fed) – Lease No. NM-070522A

The natural gas from the Indian Basin 25F Federal #1, Martha Creek wells and the Winston Gas Com wells is the only hydrocarbon being commingled, measured and sold off-lease. Each of the wells has it's own on-lease allocation meter. These check meters will be used to allocate production back to each well from the common off-lease sales points.

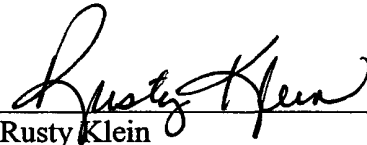
The working interest owners have been notified of this proposal. Please see the attached.

The commingling of the gas production is in the best interest of conservation and minimization of waste and will allow for the most efficient means of producing the reserves in place from all leases affected by this commingling. Commingling will reduce the visual impact of the production operations by reducing the need to increase the number of compressors at each compressor facility and will also reduce the noise and emissions impact on the area. Commingling will in no way result in reduced royalty or improper measurement of gas production for any of the leases involved.

SURFACE COMMINGLING, POOL COMMINGLING, ETC. CONTINUED:

Devon Energy Production Company, LP understands that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. Devon Energy 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.

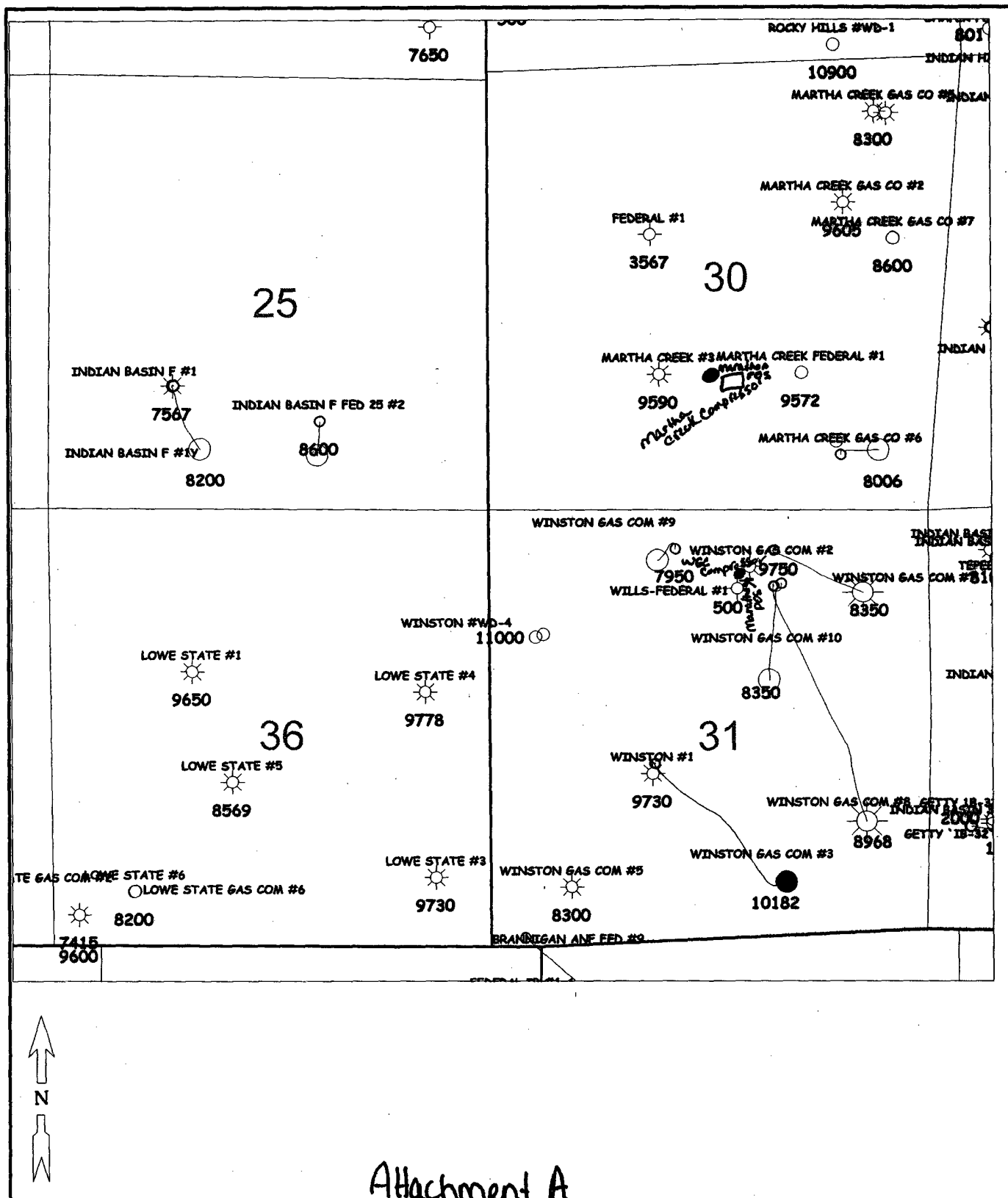
Devon Energy does plan to drill additional Upper Penn and/or Morrow gas wells on the Indian Basin 25F Federal, Martha Creek and Winston Gas Com lease. Devon Energy respectfully requests that any additional wells drilled on these leases which produce from the Upper Penn or Morrow be allowed to produce and have their gas production commingled at surface under this application. Any production from other producing horizons will require additional commingling approval.

A handwritten signature in cursive script, reading "Rusty Klein", written over a horizontal line.

Rusty Klein

Field Tech I

September 10, 2004



WELLS TO BE SURFACE COMMINGLED:

Martha Creek Gas Com #1
1650' FSL & 1650' FEL of
Section 30-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: NM-029301
API No.: 30-015-30245

Martha Creek Gas Com #2
1700' FNL & 1350' FEL of
Section 30-T21S-R24E
Eddy Co., NM
Indian Basin Morrow
Lease No.: NM-029301
API No.: 30-015-25174

Martha Creek Gas Com #3
1650' FSL & 2075' FWL of
Section 30-T21S-R24E
Eddy Co., NM
Indian Basin Morrow
Lease No.: NM-025235-A
API No.: 30-015-29002

Martha Creek Gas Com #5
660' FNL & 859' FEL of
Section 30-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: NM-029301
API No.: 30-015-30245

Martha Creek Gas Com #6
680' FSL & 1100' FEL (Lot 20)
Section 30-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: NM-029301
API No.: 30-015-32165

Martha Creek Gas Com #7
2180' FNL & 660' FEL
Section 30-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: NM-029301
API No.: 30-015-32646

Winston Gas Com #1
2080' FSL & 1980' FWL of
Section 31-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: LC-063246
API No.: 30-015-10363

Winston Gas Com #2
697' FNL & 2146' FEL of
Section 31-T21S-R24E
Eddy Co., NM
Indian Basin Morrow
Lease No.: LC-063246
API No.: 30-015-28633

Winston Gas Com #3
2167' FSL & 1998' FWL of
Section 31-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: LC-063246D
API No.: 30-015-30359

Winston Gas Com #5
856' FSL & 900' FWL of
Section 31-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: LC-063246B
API No.: 30-015-30478

Winston Gas Com #6
1650' FNL & 710' FWL of
Section 31-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: LC-063246
API No.: 30-015-32116

Winston Gas Com #7
497' FNL & 1863' FEL of
Section 31-T21S-R24E
Eddy Co., NM
Lease No.: LC-063246
API No.: 30-015-30872

Attachment A

WELLS TO BE SURFACE COMMINGLED CONTINUED:

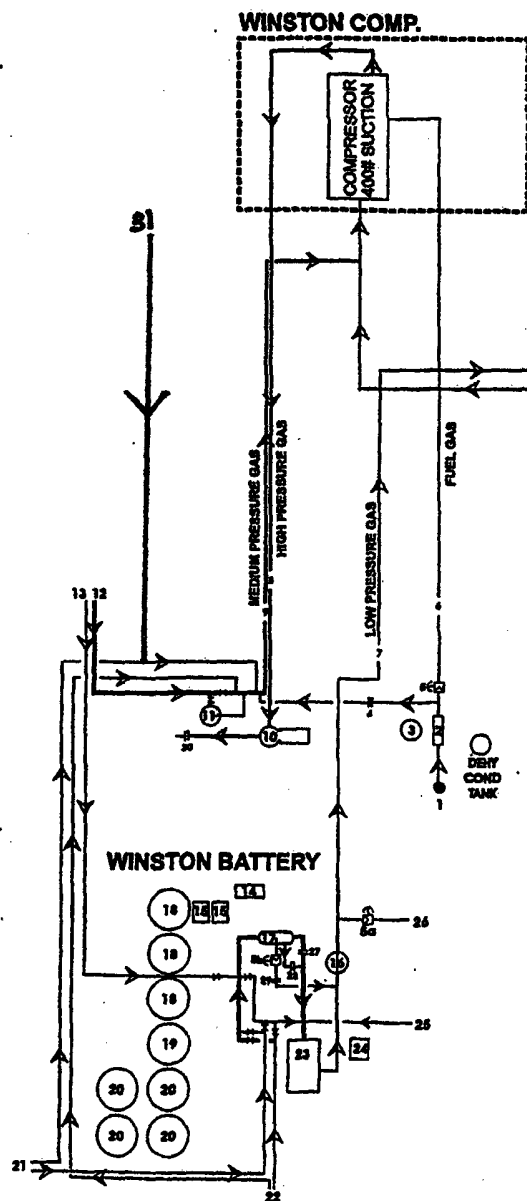
Winston Gas Com #8
938' FNL & 1873' FEL of
Section 31-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: LC-063246
API No.: 30-015-30873

Winston Gas Com #9
480' FNL & 2260' FWL of
Section 31-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: LC-063246
API No.: 30-015-32577

Winston Gas Com #10
905' FNL & 1780' FEL
Section 31-T21S-R24E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: LC-063246
API No.: 30-015-32576

Indian Basin 25F Federal #1
1500' FSL & 1500' FWL
Section 25-T21S-R23E
Eddy Co., NM
Indian Basin Upper Penn, Assoc.
Lease No.: NM-070522A
API No.: 30-015-10710

Attachment A



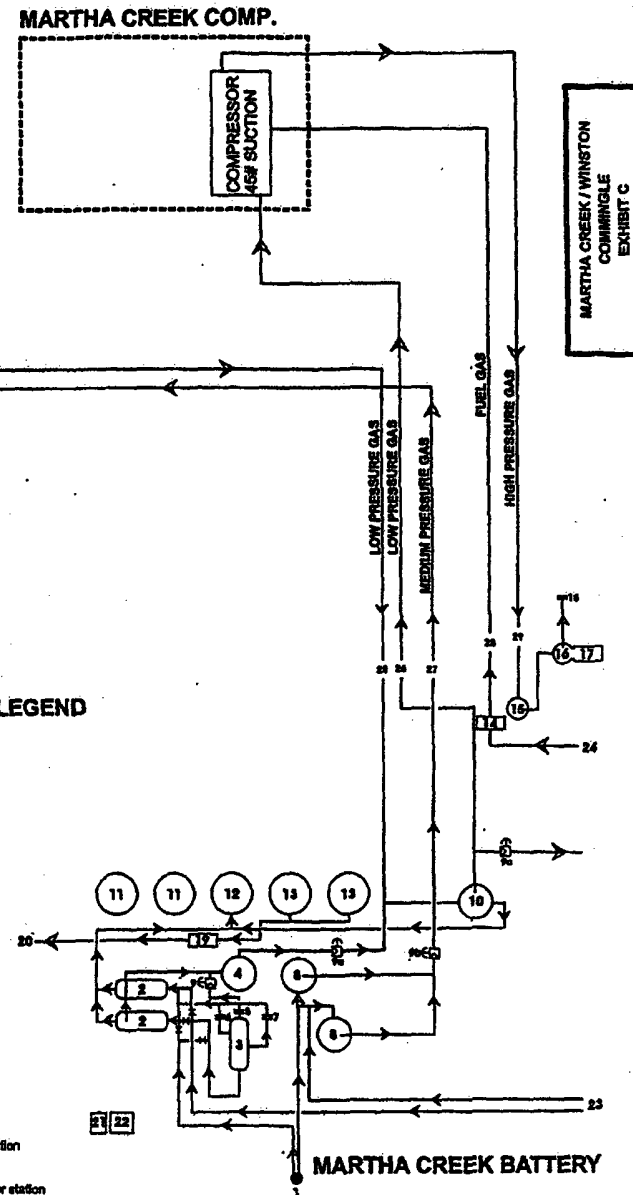
WINSTON BATTERY LEGEND

- 1 = Winston #2 wellhead
- 2 = SAG gas
- 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 = Discharges from Winston compressor station
- 9 = Suction line to Winston compressor station
- 10 = Dehy
- 11 = Two phase separator
- 12 = Cag 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 cag line from Winston #8
- 22 = Tbg and cag line from Winston #7
- 23 = FWKO
- 24 = VRU
- 25 = Tbg lines from Winston #1, #3, #5
- 26 = To flare
- 27 = Water meter
- 28 = Gas meter
- 29 = Oil meter
- 30 = Intersection edge meter

31 Gas from Indian
Basin 22F Fed #1

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 filter separator
- 16 = Dehy contact tower
- 17 = Dehy reboiler
- 18 = Marathon valve meter
- 19 = Water transfer pump
- 20 = To Winston 45WD
- 21 = LACT
- 22 = VRU
- 23 = Tbg and cag 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



MARTHA CREEK / WINSTON
COMBING
EXHIBIT C

Attachment B

WORKING INTEREST OWNERS

**Marathon Oil Company
P. O. Box 552
Midland, TX 79702**

ATTENTION: Production Department

7001 1940 0006 6415 7816

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Sept. 14, 2004	
Postmark Here	
Sent To ATTN: Production Department Marathon Oil Company	
Street, Apt. No., or PO Box No. P. O. Box 552	
City, State, ZIP+4 Midland, TX 79702 IBF25#1	
PS Form 3800, January 2001 See Reverse for Instructions	

Attachment C