OCD Artesia

Form 3160-5 (February 2005)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB No 1004-0137

Expires. March 31, 2007

5 Lease Serial No NM-103872 & NM-103873 6. If Indian. Allottee or Tribe Name

SUNDRY NOTICES AND REPORTS ON WELLS

	iorm for proposals to Use Form 3160-3 (API				
SUBMI	T IN TRIPLICATE – Other ins	struction Son Gare 1	/FD]	7 If Unit of CA/Agre	cement. Name and/or No
I Type of Well Gas W		FEB 2 2 2	2010	8 Well Name and No Shakespeare) e 20 Federal Com 1H & 3H
2 Name of Operator Devon Energy Production Co., LP		NMOCD AR	TECIA	9 API Well No 30-015-3	36376 3 30-015-37193
3a Address 20 North Broadway OKC, OK 73102	3b (4		u code)	10 Field and Pool or Dog Ca	Exploratory Area nyon; Wolfcamp (17970)
4 Location of Well (Footage Sec. T.,	R M., or Survey Description)			II. Country or Parish	
See below				E	ddy County NM
12 CHEC	K THE APPROPRIATE BOX(ES) TO INDICATE NAT	URE OF NOTIO	CE, REPORT OR OTH	IER DATA
TYPE OF SUBMISSION			TYPE OF ACT	YON	
Notice of Intent Subsequent Report	Acidize Alter Casing Casing Repair	Deepen Fracture Treat New Construction	Recl	luction (Start/Resume) amation implete	Water Shut-Off Well Integrity ✓ Other Lease Commingle:
subsequent report	Change Plans	Plug and Abandon	Tcm	porarily Abandon	Off-Lease Gas
Final Abandonment Notice	Convert to Injection	Plug Back	Wate	er Disposal	Sales & Measurement
testing has been completed. Final addermined that the site is ready for Devon Energy Production Co. LLP production from the following wells: * Shakespeare 20 Federal Com. * Shakespeare 20 Federal Com. A central tank battery will be located proposed/current facility schematic). Com 1H location. Waste is not indu	respectfully requests approva 1H: API # 30-015-36376 Se 3H: API # 30-015-37193 Se at the Shakespeare 20 Fede A common gas sales meter	al for lease commingle ec 20-T16S-R28E Leas ec 20-T16S-R28E Leas eral Com 1H. The Well associated with a DCF	and off lease since NM-103873 se NM-103872 3	torage and measurer Dog Canyon; Wolfca Dog Canyon; Wolfca	ment of oil & gas hydrocarbon imp (17970) imp (17970) e production back to the wells (see
ROW will or has already been obtain Working, royalty. and overriding inte		urther notification is red		E ATTACH	ED FOR OF APPROVAL
SUBJECT TO LIKE APPROVAL BY ST					
14 I hereby certify that the foregoing is tr Name (Printed/Typed) / /	ue and correct				,
Stephanie A. Ysasaga		Title Sr. S	taff Engineerin	g Technician .	
Signature A	THIS SPACE FO	OR FEDERAL OR		FICE USE	
Approved by	D Whitlock J r	Title	CPE7		Date 1/19/2010
onditions of approval, if any, are attached nat the applicant holds legal or equitable to ntitle the applicant to conduct operations t	tle to those rights in the subject le	warrant or certify			

Fitle 18 U S C Section 1001 and Title 43 U S C Section 1212, make 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

(Instructions on page 2)

APPLICATION FOR LEASE COMMINGLING & OFF-LEASE MEASUREMENT AND OFF LEASE SALES APPROVAL

State of New Mexico - Santa Fe Oil Conservation Division 1220 S. St Francis Drive Santa Fe, New Mexico 87505

Lease commingling proposal for Shakespeare leases:

Devon Energy Production Company, LP is requesting approval for surface commingle, off-lease storage and off-lease measurement of hydrocarbon gas production from the Dog Canyon; Wolfcamp (17970) from the following wells:

•	1 A A A A A A A	77700
Federal Lease NM-103873	CH* NMI	L 72 17

Well Name	Location	API#	Pool 97056	BOPD	Oil Gravity	MCFPD	BTU
Shakespeare 20	Sec 20-T16S-R28E	30-015-36376	Dog Canyon; Wolfcamp	50	42 SP	110	1450
Federal Com 1H	SESE						
	103877						
Federal Lease NN	1- 103872-						
Well Name	Location	API#	Pool 97056	BOPD	Oil Gravity	MCFPD	BTU
Shakespeare 20	Sec 20-T16S-R28E	30-015-37193	Dog Canyon; Wolfcamp	n/a	n/a	n/a	n/a
Federal Com 3H*	SWNW		_ · · · · · · · · · · · · · · · · · · ·				

^{*} Well is currently in process of drilling and/or completion.

A map (Exhibit A) is enclosed showing the Federal leases and well locations in Section 20 of T16S R28E. The ownership in the Shakespeare leases are uniform; no further notification is necessary.

Oil & Gas metering:

A central tank battery will be located at the Shakespeare 20 Federal Com 1H location in the SESE of Section 20 in T16S, R28E on Federal Lease NM-54856 in Eddy County, New Mexico (Exhibit C). A common gas sales meter associated with a DCP central delivery point (CDP) is located in Sec 20-T16S-R28E at the Shakespeare 20 Federal Com 1. The oil and water hydrocarbon production from the Shakespeare 20 Federal Com 1H & 3H will be commingled, measured and sold off-lease; using the Well Test Method.

Oil, gas and water volumes from each well producing to this battery will be determined by using a test separator/heater treater at the proposed facility so that one well is always producing through the testing equipment. Production will be allocated on a daily basis based on the most recent individual well test of oil, gas and water. Well tests for each well will be conducted at least once per month.

The BLM's interest in both wells are the same and the BTU's are equivalent. Waste is not induced and no correlative rights are impaired. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

Process and Flow Descriptions:

Please see attached diagram for the proposed Shakespeare 20 Federal Com 1H central tank battery. The flow of produced fluids is shown in detail on Exhibit D along with a description of each vessel.

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 affected wells and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions. Devon Energy Production Company, LP understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. Additionally, Devon Energy Production Co., LP will submit within 30 days, an application for right-of-way approval to the BLM and NMOCD section in your office, if we have not already done so.



RECEIVED
FEB 2 2 2010
NMOCD ARTESIA

Devon Energy Production Company Operations Engineering 20 North Broadway – CT 3.056 Oklahoma City, Oklahoma 73102-8260 Phone: (405)-552-7802 Fax (405)-552-8113 Stephanie.Ysasaga@dvn.com

January 8th, 2010

Mr. Richard Ezeanyim State of New Mexico Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, New Mexico 87505

Re: Lease Commingling, Off Lease Measurement and Off Lease Sales Approval

Shakespeare 20 Federal Com 1H & Shakespeare 20 Federal Com 3H

Sec 20-T16S-R28E NM-54856& NM-103872

API # 30-015-36376 & 30-015-37193

Dog Canyon; Wolfcamp - Pool Code: 17970

Eddy County, New Mexico

Dear Mr. Ezeanym:

Please find attached the OCD Form C-107B and BLM Form 3160-5 Sundry Notice of Intent to Lease Commingle the aforementioned wells. The working interest, royalty interest and overriding royalty interest owners in both leases are uniform; parties have been notified via certified mail.

Should you require any additional information or assistance, please do not hesitate to contact me at (405)-552-7802.

Very truly yours,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Stephanie A. Ysasaga

Sr. Staff Engineering Technician ©

Enclosures

Office,	State of New Mexi	.00	Form C-10
District I	Energy, Minerals and Natura	l Resources	May 27, 200
1625 N French Dr , Hobbs, NM 88240		1 2	API NO.
District III 1301 W Grand Ave , Artesia, NM 882	CPIL/CONSTRVATION D	DIVISION $\frac{3}{5}$	0-015-36376 & 30-015-37193 icate Type of Lease
District III	South St. Franci	is Dr. FED	STATE FEE
1000 Rio Brazos Rd , Aztec, NM 87410 District IV	EB 2 2 2010 Santa Fe, NM 875	05 6. Sta	te Oil & Gas Lease No.
1220 S. St. Francis Dr., Santa Fe, MM	222010		
87505 SUNDRY NMC	CPARTESIA'S ON WELLS	7 Les	ase Name or Unit Agreement Name
(DO NOT USE THIS FORM FOR PROPOS.	ALS TO DRILL OR TO DEEPEN OR PLUG	BACK TO A	ise traine of Onit Agreement traine
DIFFERENT RESERVOIR. USE "APPLICATION OF THE PROPERTY OF THE P	ATION FOR PERMIT" (FORM C-101) FOR	OV LOVE	Shakespeare 20 Federal Com
PROPOSALS) 1. Type of Well: Oil Well (Gas Well 🔲 Other 🗍	8. We	ll Number
			1H & 3H
2. Name of Operator	andreation Commons I D	9. 00	RID Number
3. Address of Operator	oduction Company, LP	10 Pc	6137 ool name or Wildcat
20 North Broadway Oklahoma City	v. Oklahoma 73102-8260 (405)	552-7802	See Below
4. Well Location (See Below)	,,		
, , , , , , , , , , , , , , , , , , , ,	feet from the line and	feet from	n the line
Section Town		NMPM Eddy Cour	
Section 10W	11 Flevation (Show whether DR R	KB RT GR etc.)	new Mexico
	11. Elevation <i>(Show whether DR, R</i> n/a	11D, 111, OH, 610.)	
Pit or Below-grade Tank Application or	Closure		
	terDistance from nearest fresh water	er well Distance from	nearest surface water
Pit Liner Thickness: mil			
12. Check A	ppropriate Box to Indicate Nat	ure or notice, Report	. Of Other Data
	MULTIPLE COMPL	COMMENCE DRILLING (CASING/CEMENT JOB	
OTHER: LEASE COMMINGLE, OF SALES & MEASUREME		OTHER.	
SALES & MEASUREME 13. Describe proposed or comple		tinent details, and give po	
SALES & MEASUREME 13. Describe proposed or comple of starting any proposed wor or recompletion. Devon Energy Production Co., LLE	NT	tinent details, and give pe Completions: Attach wel	lbore diagram of proposed complete
SALES & MEASUREME 13. Describe proposed or comple of starting any proposed wor or recompletion. Devon Energy Production Co., LLE	NT	tinent details, and give pe Completions: Attach wel	lbore diagram of proposed complete
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•					
DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE **Application Acronyms:** [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] **IPPR-Positive Production Response1** [1]**TYPE OF APPLICATION** - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication \square NSL \square NSP \square SD Check One Only for [B] or [C] Commingling - Storage - Measurement [B]□ DHC □ CTB □ PLC □ PC □ OLS □ OLM [C]Injection - Disposal - Pressure Increase - Enhanced Oil Recovery ☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR [D]Other: Specify [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners Offset Operators, Leaseholders or Surface Owner [B] [C] Application is One Which Requires Published Legal Notice [D] Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office For all of the above, Proof of Notification or Publication is Attached, and/or, [E] [F] Waivers are Attached [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE. **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division. Note: Statement must be completed by an individual with managerial and/or supervisory capacity. Sr Staff Engineering Technician 01/08/2009 Stephanie A Ysasaga Print or Type Name Date Stephanie. Ysasaga@dvn.com

e-mail Address

<u>District I</u>
1625 N French Drive, Hobbs, NM 88240
<u>District II</u>
1301 W Grand Ave, Artesia, NM 88210
<u>District III</u>
1000 Rio Brazos Road, Aztec, NM 87410

1220 S St Francis Dr, Santa Fe, NM 87505

District IV

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 S. St Francis Drive Santa Fe, New Mexico 87505 Submit the original application to the Santa Fe office with one copy to the appropriate District Office

APPLICA	ATION FOR SURFACE	COMMINGLING	(DIVERSE	OWNERSHIP)		
OPERATOR NAME:	Devon Energy Production Co,					
OPERATOR ADDRESS:	OPERATOR ADDRESS: 20 North Broadway OKC, OK 73102					
APPLICATION TYPE:						
☐ Pool Commingling ☐ Lease	Commingling Pool and Lease Co	mmingling \(\simeg\)Off-Lease	Storage and Measur	ement (Only if not Surface	e Commingled)	
LEASE TYPE: Fe						
Is this an Amendment to exist Have the Bureau of Land Ma	sting Order?	"Yes", please include t d office (SLO) been not	he appropriate Cafied in writing o	order No. of the proposed comm	ingling	
		OL COMMINGLIN ts with the following in				
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes	
		_			,	
(3) Has all interest owners be (4) Measurement type	at top allowables?	-	☐Yes ☐No.	ing should be approved		
(3) Has all interest owners been	Please attach sheet			0	•	
(C) POOL and LEASE COMMINGLING Please attach sheets with the following information						
(1) Complete Sections A and	E					
	(D) OFF-LEASE ST	ORAGE and MEA	SUREMENT			
<u> </u>		ets with the following				
(1) Is all production from san(2) Include proof of notice to		No				
	(E) ADDITIONAL INFO	ORMATION (for all ts with the following in		vpes)	· · · · · · · · · · · · · · · · · · ·	
(2) A plat with lease boundary (3) Lease Names, Lease/and V	acility, including legal location. les showing all well and facility locat Well Numbers, and API Numbers	ions Include lease numbe	ers if Federal or Sta	nte lands are involved		
I hereby certify that the informa SIGNATURE.	tion above is true and complete to the	best of my knowledge an		DATE01/	08/2010	
- 1 //		TEL				
E MAIL ADDRESS Sten	hante Vasaga@dvn.com					



December 14, 2009

New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

RE:

Surface Lease Commingling Shakespeare 20 FC 1H & 3H Section 20-T16S-R28E Eddy County, New Mexico

Dear Gentlemen:

I have reviewed the files of Devon Energy Production Company, L. P. ("Devon") regarding the ownership of the referenced wells and the associated State of New Mexico oil and gas leases and find that the ownership of the working interest, royalty, and overriding royalty interests are uniform with respect to Devon's request to surface commingle all production from the following pool, insofar as such pool covers the referenced wells:

Dog Canyon; Wolfcamp pool (54856).

If there are any questions or if additional information is required, please feel free to contact me at (405) 552-8040.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L. P.

Katie a. McDonnell

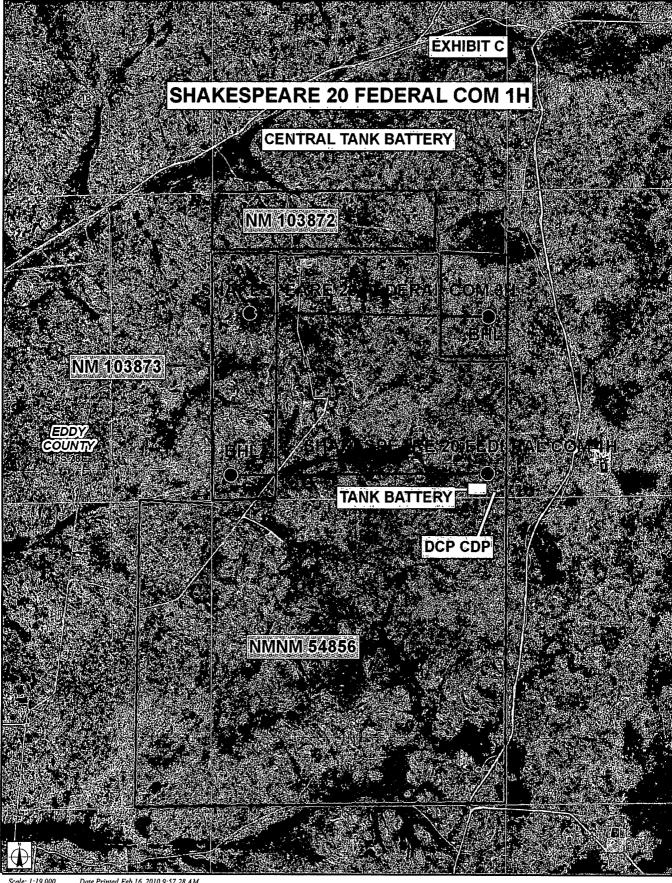
Katie A. McDonnell

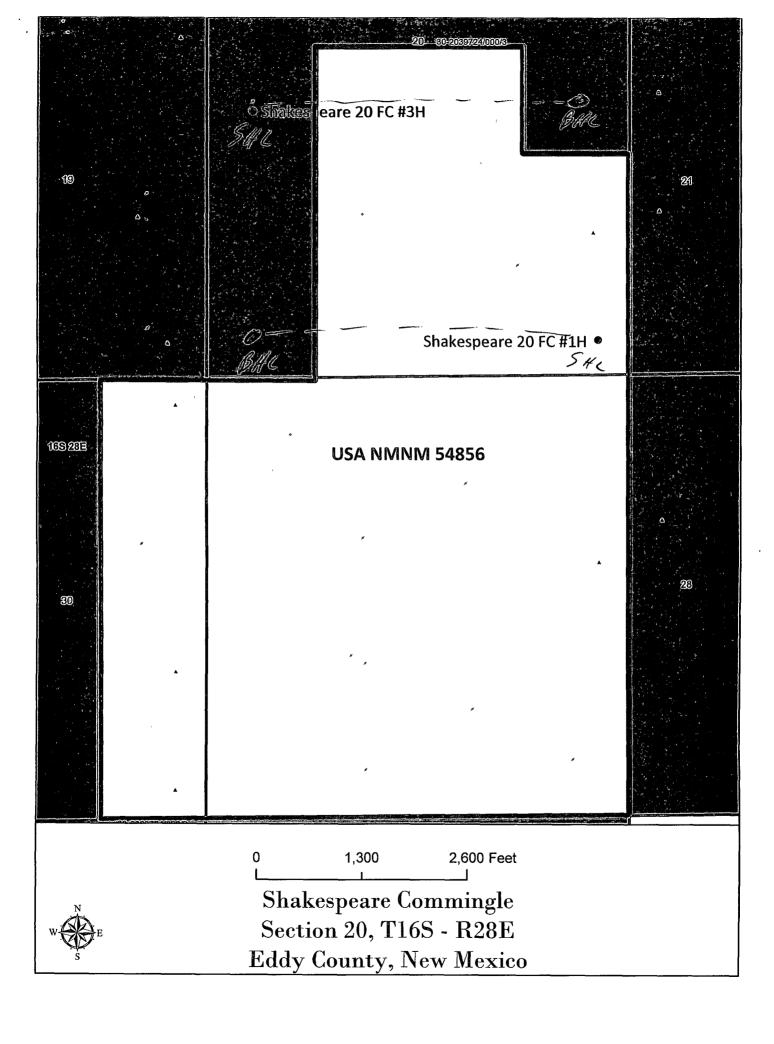
Landman

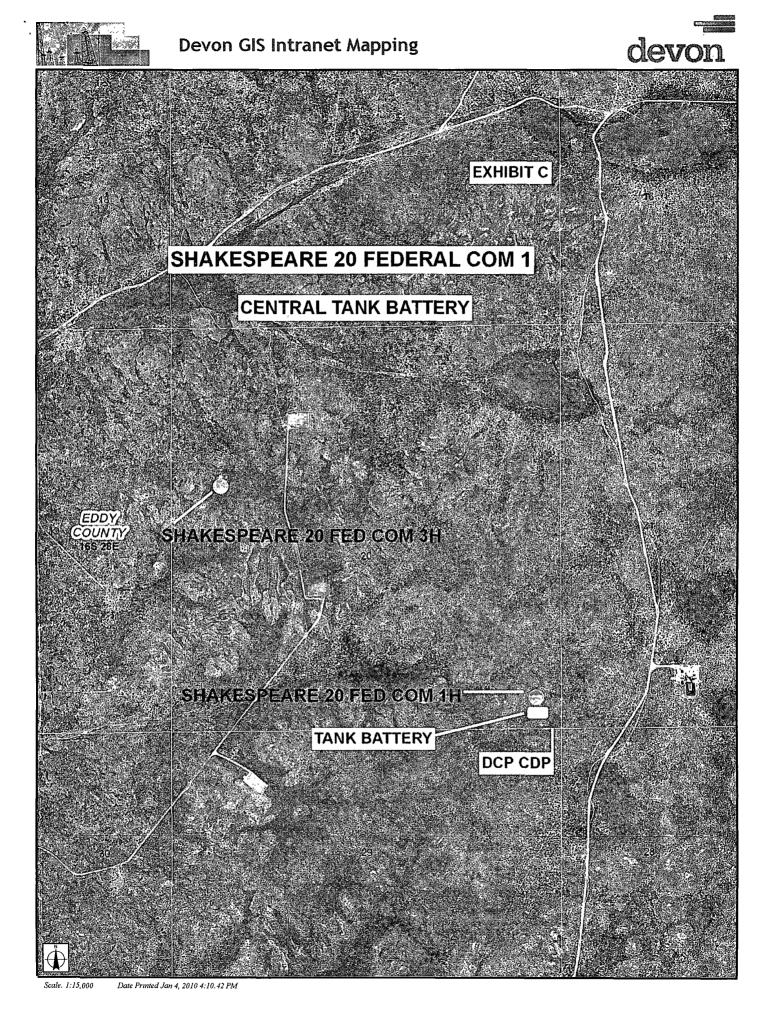


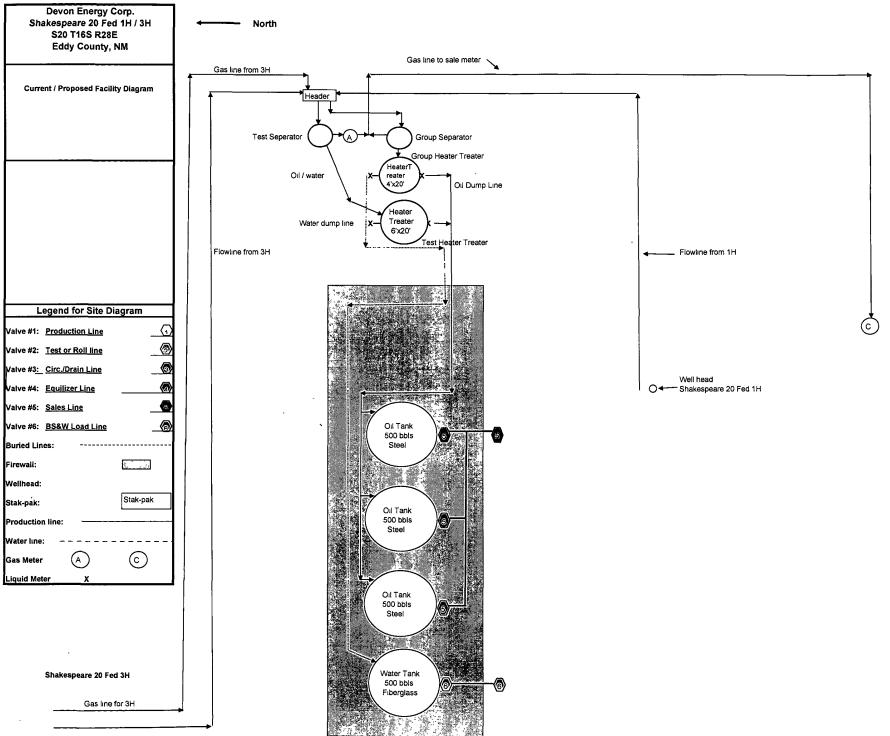
Devon GIS Intranet Mapping











Flowline for 3H

SHAKEPEARE 20 FEDERAL COM 1:				
Date	Actual Oil Production	Actual Gas Production	Actual Water Production	
10/1/2009	64	137	6	
10/2/2009	50	132	6	
10/3/2009	53	130	6	
10/4/2009	49	130	9	
10/5/2009	54	130	6	
10/6/2009	56	134	6	
10/7/2009	61	130	3	
10/8/2009	56	132	3	
10/9/2009	56	130	3	
10/10/2009	54	127	3	
10/11/2009	56	126	3	
10/12/2009	62	126	3	
10/13/2009	50	129	3	
10/14/2009	64	123	3	
10/15/2009	59	133	3	
10/16/2009	46	130	6	
10/17/2009	53	128	6	
10/18/2009	58	128	6	
10/19/2009	53	128	6	
10/19/2009	53	130	3	
10/21/2009	59	127	3	
10/21/2009	59	127	3	
10/22/2009	49	128	3	
		127	6	
10/24/2009	61		3	
10/25/2009	47	126	3	
10/26/2009	59	121	3	
10/27/2009	59	129		
10/28/2009	56	129	6	
10/29/2009	49	126	6	
10/30/2009	50	126	6	
10/31/2009	56	123	6	
ı	1712	3980	141	
11/1/2009	56	123	3	
11/2/2009	53	124	3	
11/3/2009	53	120	3	
11/4/2009	50	123	3	
11/5/2009	53	124	2	
11/6/2009	52	124	3	
11/7/2009	57	124	3	
11/8/2009	53	124	3	
11/9/2009	53	120	3	
11/10/2009	53	121	3	
11/11/2009	48	119	3	
11/12/2009	59	121	3	
11/13/2009	53	110	3	
11/14/2009	62	123	3	
11/15/2009	50	122	2	
11/16/2009	56	118	2	

SHAKEPEARE 20 FEDERAL COM 1:					
Date	Actual Oil Production	Actual Gas Production	Actual Water Production		
11/17/2009	51	121	3		
11/18/2009	53	120	3		
11/19/2009	50	120	4		
11/20/2009	53	117	4		
11/21/2009	47	121	4		
11/22/2009	50	118	3		
11/23/2009	56	112	3		
11/24/2009	56	117	8		
11/25/2009	47	121	6		
11/26/2009	53	116	3		
11/27/2009	53	118	6		
11/28/2009	45	119	6		
11/29/2009	59	114	6		
11/30/2009	47	114	4		
1 66.2666	1582	3588	108		
12/1/2009	50	113	6		
12/2/2009	51	112	5		
12/3/2009	52	110	3		
12/4/2009	53	112	0		
12/5/2009	53	112	0		
12/6/2009	48	117	2		
12/7/2009	53	110	3		
12/8/2009	53	114	6		
12/9/2009	50	113	3		
12/10/2009	57	114	2		
12/11/2009	53	116	3		
12/12/2009	50	116	3		
12/13/2009	52	118	4		
12/14/2009	50	117	3		
12/15/2009	53	111	3		
12/16/2009	54	116	3		
12/17/2009	53	116	3		
12/18/2009	50	116	5		
12/19/2009	50	116	6		
12/20/2009	50	115	3		
12/21/2009	53	113	3		
12/22/2009	47	107	6		
12/23/2009	48	113	3		
12/24/2009	57	111	3		
12/25/2009	56	112	3		
12/26/2009	45	112	3		
12/27/2009	324	110	4		
12/28/2009	48	109	3		
12/29/2009	48	112	3		
12/30/2009	50	110	5		
12/31/2009	47	111	3		
	1859	3504	105		

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Chase Oil Corporation P O Box 1767 Artesia, NM 88211-1767 7008-1140-0004-6108-8321

NOTIFICATION LIST EXHIBIT B

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Richard L Chase P O. Box 359 Artesia, NM 88211-0359 7008-1140-0004-6108-8284

Gerene Dianne Chase Ferguson Rebecca S Ericson AIF P O. Box 693 Artesia, NM 88211 7008-1140-0004-6108-8291

McCombs Energy Ltd – Ricky Haiken VP 5599 San Felipe, Ste 1200 Houston, TX 77056 7008-1140-0004-6108-8307

Imperial Oil Company 22499 Imperial Valley Drive Houston, TX 77073-1173 7008-1140-0004-6108-8314

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Imperial RR Ltd A Texas LP – H Roy Tex Inc Mnging Gen Prtnr - George S Webb – VP 22499 Imperial Valley Drive Houston, Texas 77073-1173 7008-1140-0004-6108-8369

Mallard Royalty Partners - Robert W. Floyd President P O Box 52267 Midland, TX 79710 7008-1140-0004-6108-8376

Shakespeare 20 Federal Com. #1H and #3H

Devon Energy Production Co., LP

February 16, 2010

Condition of Approval Commingle on and off lease

- 1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
- 2. This agency shall be notified of any spill or discharge as required by NTL-3A.
- 3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
- 4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
- 5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
- 6. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
- 7. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
- 8. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to MMS as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to MMS. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.