



New Mexico Energy, Minerals and Natural Resources Department

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Division Director
Oil Conservation Division



August 24, 2011

Administrative Order CTB-636

Devon Energy Production Company, LP
Attention: Melanie Crawford
20 North Broadway
Oklahoma City, OK 73102

RE: Surface Commingling

It is our understanding that you propose to commingle production of natural gas from diversely owned lands, limited to one common source of supply, Sheep Draw; Strawn Gas Pool (85200), through facilities operated by the Devon Energy Production Company, LP ("Applicant"). By this application you are seeking commingling approval pursuant to Division Rule 12.10.C(4) [19.15.12.10.C.(4) NMAC]. It is further understood that you have provided notice to all interest owners in accordance with Rule 12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to [surface] commingle gas production from the Sheep Draw; Strawn Gas Pool from the following wells and completions located within Eddy County, New Mexico:

Ocotillo 6 State Well No. 1 (API No. 30-015-34941), Vertical Well
660 feet FNL & 1020 feet FEL (Lot 1), Section 6, T23S, R26E, NMPM
Gas Spacing Unit: 320.31-Acres, N/2 Equivalent of Section 6

Hackberry 31 State Well No. 2 (API No. 30-015-34782), Vertical Well
920 feet FSL & 1310 feet FEL (Unit letter P), Section 31, T22S, R26E, NMPM
Gas Spacing Unit: 320-Acres, S/2 Equivalent of Section 31

The gas from both wells will be sold through a CDP located approximately ¼ mile northwest of the Ocotillo 6 State Well No. 1.

This installation shall be constructed and operated in accordance with applicable Division Rules. Gas from each well shall be continuously metered prior to being commingled for sale. The allocation gas meters for each well shall be calibrated on a schedule based on throughput as per Rule 12.10.C(2) NMAC.



The operator shall notify the District office of the Division prior to implementation of commingling operations. It is the also responsibility of the operator to notify the transporter of this commingling authority.

As per Division Rule 19.15.12.10.C.(4)(h) NMAC, the operator shall not commence commingling prior to approval from the State Land Office if state lands are involved or the US BLM if tribal or federal lands are involved.

Applicant has not provided notice that it is requesting addition of future wells or additional leases or pools to this commingle as per Rule 12.10.C.(4)(g)(i) NMAC. Therefore, additional wells or pools shall not be included in this surface commingle without the operator again making application and providing notice to all owners.

Sincerely,



JAMI BAILEY
Division Director

JB/wvjj

cc: Oil Conservation Division – Artesia
State Land Office – Oil, Gas, and Minerals Division