

DATE IN <u>11/1/11</u>	SUSPENSE	ENGINEER <u>RE</u>	LOGGED IN <u>11/1/11</u>	TYPE <u>PC</u>	APP NO. <u>1130548391</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

# NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



*Devon*

*Kachina 8 Fed. #1*

## ADMINISTRATIVE APPLICATION CHECKLIST

*30-825-30986*

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] [PPR-Positive Production Response]

*Kachina 8 Fed. #3*

*- 31802*

### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☐ NSL ☐ NSP ☐ SD

*Lea 1 Fed*

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☒ PC ☐ OLS ☐ OLM

*8-185-33E*

[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

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[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

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

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2011 NOV - 1 A 11:37

### [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **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.

Melanie Crawford  
Print or Type Name

*Melanie Crawford*  
Signature

Regulatory Analyst  
Title

*9/28/11*  
Date

Melanie.Crawford@dnv.com  
E-mail Address

*PC-1238*



Devon Energy Production Company  
20 North Broadway - CT 3.058  
Oklahoma City, Oklahoma 73102-8260  
Phone: (405)-552-5424  
Fax (405)-552-1358  
[Melanie.Crawford@dev.com](mailto:Melanie.Crawford@dev.com)

September 28, 2011

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

**Re: Pool Surface Commingle**  
**Kachina 8 Federal 1 & Kachina 8 Federal 3**  
**Sec 8-T18S-R33E**  
**Lease Number: NMNM089893 ✓**  
**API 30-025-30986 & 30-025-31802**  
**✓ Corbin; Bone Spring, South Pool Code: 13160**  
**✓ Corbin; Wolfcamp, South Pool Code: 13320**  
**Lea County, New Mexico**

RECEIVED OCD  
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Dear Mr. Ezeanyim:

Please find attached the OCD Form C-103 and BLM Form 3160-5 Sundry Notice of Intent to Pool Surface Commingle for the aforementioned wells.

The working interest, royalty interest and overriding royalty interest owners in both leases are uniform; no further notification is required.

Should you require any additional information or assistance, please do not hesitate to contact me at (405)-552-4524.

Very truly yours,

**DEVON ENERGY PRODUCTION COMPANY, L.P.**

Melanie Crawford  
Regulatory Analyst

Enclosures

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

HOBBS OCD

OCT 05 2011

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

RECEIVED

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No NMNM89893
2. Name of Operator DEVON ENERGY PRODUCTION		6. If Indian, Allottee or Tribe Name
3a. Address 20 NORTH BROADWAY OKLAHOMA CITY, OK 73102		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 405-552-4524		8. Well Name and No KACHINA 8 FEDERAL 1
4. Location of Well (Footage/Sec., T., R., M., or Survey Description) Sec 8 T18S R33E		9. API Well No 30-025-30986
10. Field and Pool, or Exploratory CORBIN; BONE SPRING, SOUT		11. County or Parish, and State LEA COUNTY COUNTY, NM

660 N 1830 W

**12. CHECK APPROPRIATE BOX(ES) 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"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other

Commingled Pools

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Devon Energy Production Co., LP respectfully requests to Pool Surface Commingle the Kachina 8 Federal 1 well with the following well:

Kachina 8 Federal 3 30-025-31802 13320 Corbin; Wolfcamp, South

A central tank battery is located at the Kachina 8 Federal 1 well location in section 8, T18S, R33E. The Kachina 8 Federal 1 & Kachina 8 Federal 3 are the only wells producing to the facility. The gas production from the two wells will flow to the Frontier CDP Sales Meter 6075202 which is also located at the Kachina 8 Federal 1 well location. Production from the Kachina 8 Federal 1 & 3 wells will flow to a header before flowing to the tank battery. The well production allocation method is that we shut a well in for 24 hours and produce the other

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #118741 verified by the BLM Well Information System For DEVON ENERGY PRODUCTION, sent to the Hobbs	
Name (Printed/Typed) MELANIE A CRAWFORD	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 09/29/2011

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <i>J. D. A. Hobbs</i>	Title <i>LOET</i>	Date <i>10/1/11</i>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		
Office <i>CFO</i>		

Title 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

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

OCT 11 2011

**Additional data for EC transaction #118741 that would not fit on the form**

**32. Additional remarks, continued**

The working interest, royalty interest and overriding royalty interest owners are uninformed; no additional notification is required.

## APPLICATION FOR CENTRAL TANK BATTERY, POOL SURFACE COMMINGLE

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

### Pool Surface commingling proposal for Kachina leases:

Devon Energy Production Company, LP is requesting approval for Central Tank Battery, Pool Surface Commingle from the following wells and pools:

#### Federal Lease NM 89893

Well Name	Location	API #	Pool - 13160	BOPD	Oil Gravity	MCFPD	BTU
Kachina 8 Fed 1	Sec 8-T18S-R33E	30-025-30986	Corbin; Bone Spring South	60	40	47.32	1491

#### Federal Lease NM 89893

Well Name	Location	API #	Pool - 13320	BOPD	Oil Gravity	MCFPD	BTU
Kachina 8 Fed 3	Sec 8-T18S-R33E	30-025-31802	Corbin; Wolfcamp South	3	39	12.68	1451

A map is enclosed showing the Federal leases and well locations in Section 8-T18S-R33E. The working interest, royalty interest and overriding royalty interest owners are uniformed; no additional notification is required.

### Oil & Gas metering:

A central tank battery is located at the Kachina 8 Federal 1 well location in section 8, T18S, R33E. The Kachina 8 Federal 1 & Kachina 8 Federal 3 will be the only wells producing to the facility. The gas production from the two wells will flow to the Frontier CDP Sales Meter 6075202 which is also located at the Kachina 8 Federal 1 well location. Production from the Kachina 8 Federal 1 & 3 wells will flow to a header before flowing to the tank battery. The well production allocation method is that we shut a well in for 24 hours and produce the other well.

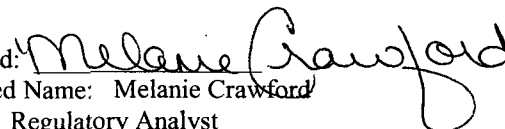
The BLM's interest in these wells is the same. Waste is not induced and no correlative rights are impaired. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

### Process and Flow Descriptions:

Please see attached diagram for the "proposed" Kachina 8 Federal 1's production facility. The flow of produced fluids is shown in detail along with a description of each vessel. From the common production header, one well is on test and its production leaves the production header and enters the Test Separator.

The benefit of surface commingling is that the two wells are approximately 1600 feet apart. Reduced liability with primary exposure to one facility and reduced lease road/location maintenance due to time/wear-n-tear needing spent at each well's location. This will also lessen the surface disturbance due to having all the production at one facility.

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.

Signed:   
Printed Name: Melanie Crawford  
Title: Regulatory Analyst

Date: 9/28/11



Trent Tarp  
Landman

Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102  
(405) 552-3351

September 20, 2011

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

RE: Lease Commingle  
Kachina 8 Federal #1 and Kachina 8 Federal #3  
Section 8, T18S, R33E  
Lea County, New Mexico

Ladies & Gentlemen:

I have reviewed the files of Devon Energy Production Company, L.P. ("Devon") regarding the ownership of the referenced wells and find that the ownership of the working interest, royalty and overriding royalty interest are uniform with respect to Devon's request to lease commingle, off lease measurement, storage and sales the following pools/intervals:

Corbin Bone Spring South Pool Code: 13160  
South Corbin Wolfcamp Pool Code: 13320

Should you have any questions or concerns, please feel free to contact the undersigned at (405) 552-3351.

Respectfully,  
Devon Energy Production Company, L.P.

A handwritten signature in black ink, appearing to read "Trent Tarp". The signature is fluid and cursive, written over the printed name.

Trent Tarp  
Landman

6

5

4

Kachina 8 Fed #1

NMNM 089893  
Devon Energy Production Company, L.P.  
HBP

Kachina 8 Fed #3

8

9

7

This map is for illustrative purposes only and is  
neither a legally recorded map nor a survey  
and is not intended to be used as one. Devon  
makes no warranty, representation, or  
guarantee of any kind regarding this map.

**Legend**

- Recompletions
- Well Unit
- Devon Leasehold

Section 8 - T18S - R33E  
Lea County, New Mexico





Frontier CDP Gas Sales Meter 6075202

Kachina 8 Federal 1

18S 33E

LEA  
COUNTY

NEW MEXICO

Flow Line

Kachina 8 Federal 3

## Devon GIS Mapping



Disclaimer: This plat is for illustrative purposes only and is neither a legally recorded map nor a survey and is not intended to be used as one.

Scale: 1:4,514

Date Printed: 9/20/2011 8:16:02 AM



Kachina 8 Federal #1  
 Sec-8, T18S, R33E  
 660FNL&1830FWL  
 Lea, N.M.

API# 30-025-30986

Production System: Open

1) Oil sales by tank gauge to tank truck.


2) Seal requirements:


A. Production Phase: On all Tanks.


(1) All valves 5 sealed closed.

Sales Phase: On Tank being hauled.

(1) Valve 1 sealed closed. 

(2) Valve 3 sealed closed. 

(3) Valve 4 sealed closed. 


(4) Valve 5 sealed closed. 

(5) Misc. Valves: Plugged or otherwise inaccessible.

NOTE: Valve 2 is either a test or roll line if there is a valve 2 it will be sealed closed. 

### Ledger for Site Diagram

Valve #1: Production Line 

Valve #2: Test or Roll line 

Valve #3: Equilizer Line 

Valve #4: Circ./Drain Line 

Valve #5: Sales Line 

Valve #6: BS&W Load Line 

Buried Lines: -----

Firewall: 

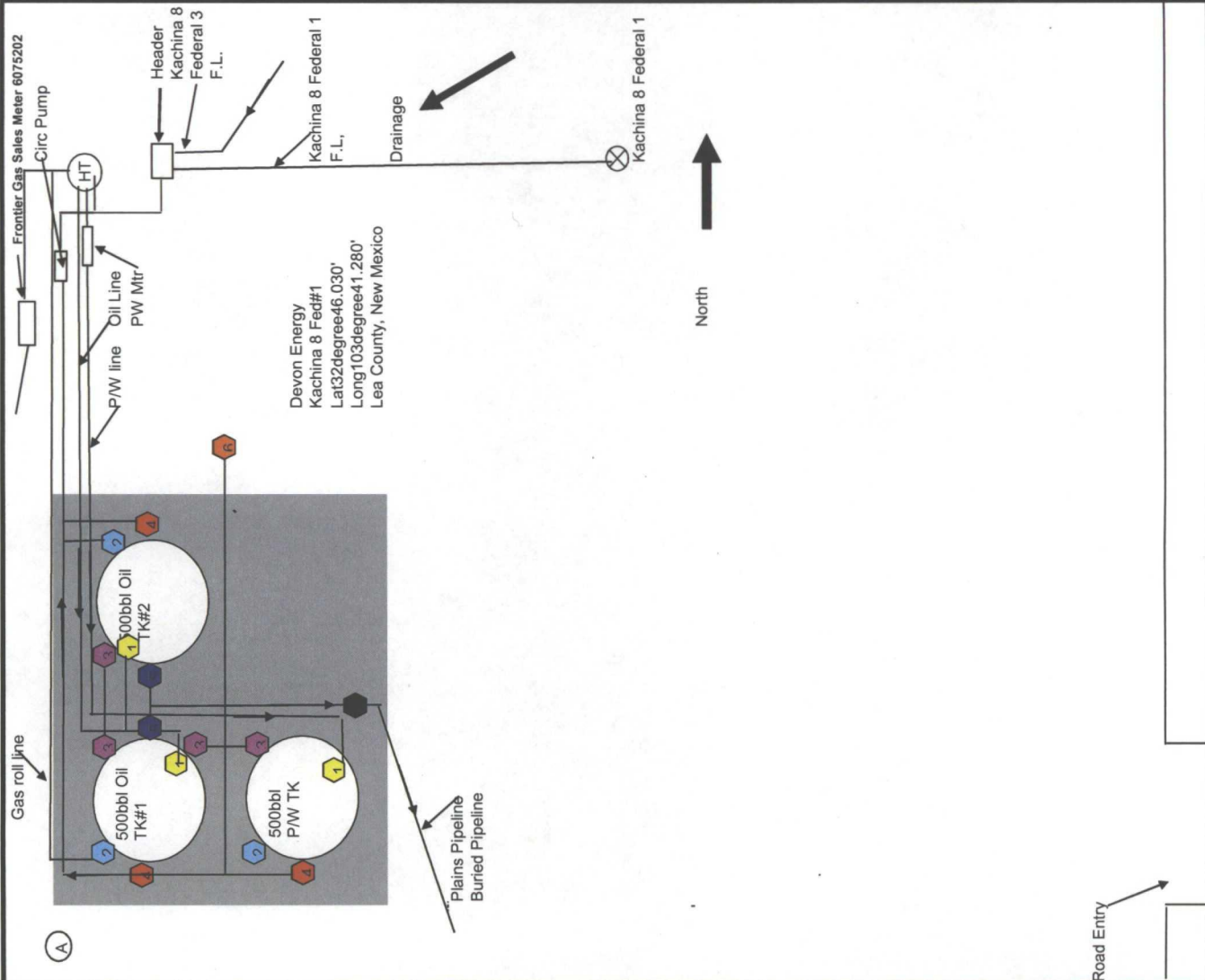
Wellhead: 

Stak-pak: 

Production line: -----

Water line: -----

Gas Meter:   



# OFF LEASE PRODUCTION

Well Name	04/01/11	05/01/11	06/01/11	07/01/11	08/01/11	09/01/11
	Sum Est Gas	Sum Est Gas	Sum Est Gas	Sum Est Gas	Sum Est Gas	Sum Est Gas
Kachina 8 Federal 1	0.	0.	0.	0.	978.77	533.14
Kachina 8 Federal 3	78.	71.	72.	75.7	376.32	150.86



# Laboratory Services, Inc.

2609 West Marland  
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Devon Energy  
P.O. Box 250  
Artesia, New Mexico 88211-0250

SAMPLE:  
IDENTIFICATION Kachina 8 #3  
COMPANY: Devon Energy  
LEASE:  
PLANT:

SAMPLE DATA: DATE SAMPLED: 9/24/10 8:41 am  
ANALYSIS DATE: 9/27/10  
PRESSURE - PSIG  
SAMPLE TEMP. °F  
ATMOS. TEMP. °F 65

GAS (XX) LIQUID ( )  
SAMPLED BY: Jaime Castillo  
ANALYSIS BY: Vicki McDaniel

REMARKS:

## COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)		
Nitrogen (N2)	2.693	
Carbon Dioxide (CO2)	0.403	
Methane (C1)	64.462	
Ethane (C2)	15.037	4.012
Propane (C3)	9.792	2.692
I-Butane (IC4)	0.976	0.319
N-Butane (NC4)	3.379	1.063
I-Pentane (IC5)	0.779	0.284
N-Pentane (NC5)	0.982	0.355
Hexane Plus (C6+)	1.497	0.650
	100.000	9.375

BTU/CU.FT. - DRY 1447  
AT 14.650 DRY 1443  
AT 14.650 WET 1418  
AT 14.73 DRY 1451  
AT 14.73 WET 1426

MOLECULAR WT. 25.2975

SPECIFIC GRAVITY -  
CALCULATED 0.870  
MEASURED

## Precision Gas Measurement, Inc.

### Natural Gas Report

#### Sample Information

Sample Information	
Company Name	DEVON ENERGY
Lease Name	KATCHINA 8-1
Location ID	060-75-202
Sample Date	9/26/11
Operator	sd
Method Name	BTUH2S.met
Injection Date	2011-09-27 21:05:49

#### Component Results

Component Name	Norm%	Gross HV (Dry) (BTU / Ideal cu.ft.)	Gross HV (Sat.) (BTU / Ideal cu.ft.)	Relative Gas Density (Dry)	GPM (Dry) (Gal. / 1000 cu.ft.)
NITROGEN	1.9569	0.0	0.0	0.01893	0.216
METHANE	61.8097	625.7	614.8	0.34236	10.537
CARBON DIOXIDE	2.1698	0.0	0.0	0.03297	0.372
ETHANE	15.1337	268.4	263.8	0.15712	4.070
PROPANE	10.0535	253.5	249.1	0.15306	2.785
I-BUTANE	1.3380	43.6	42.9	0.02685	0.440
N-BUTANE	3.7648	123.1	121.0	0.07555	1.193
I-PENTANE	1.0300	41.3	40.6	0.02566	0.379
N-PENTANE	1.0162	40.8	40.1	0.02531	0.370
C6+	1.6646	85.6	84.1	0.05356	0.726
H2S	0.0628	0.4	0.4	0.00074	0.009
Water	0.0000	0.0	0.0	0.00000	0.000
Total:	100.0000	1482.5	1456.7	0.91212	21.098

#### Results Summary

Result	Dry	Sat.
Total Normalized Mole%	100.0000	100.0000
Pressure Base (psia)	14.730	
Flowing Temperature (Deg. F)	99.0	
Flowing Pressure (psia)	30.0	
Water Mole%	-	1.7407
Gross Heating Value (BTU / Ideal cu.ft.)	1482.5	1456.7
Gross Heating Value (BTU / Real cu.ft.)	1491.1	1465.9
Relative Density (G), Real	0.9170	0.9124
Compressibility (Z) Factor	0.9942	0.9938
Total GPM	21.098	20.841
Wobbe Index	1557.1	1534.7

Kachina 8 federal #1 and Kachina 8 Federal #3

Devon Energy Production Co., LP

October 1, 2011

**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 ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
9. This agency shall be notified of any change in sales method or location of sales point.
10. Additional wells and/or leases require additional commingling approvals.
11. Upon completion of the Habanero 17 Federal com 1H submit MCFPD and BTU. Also need to submit allocation meter number for this well when installed.