

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



June 20, 2012

Administrative Order CTB-645

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 oil and gas production from diversely owned lands, limited to one common source of supply through facilities operated by 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 both oil and gas production from the Northwest Hackberry; Bone Spring Pool from the following wells and completions located within Eddy County, New Mexico:

Arcturus 18 Federal Well No. 3H (API No. 30-015-38953), Horizontal
SHL: 1200FSL 340FWL (Unit letter M), Sec18, T19S, R31E, NMPM
BHL: 2300FSL 340FEL (Unit letter I), Sec18, T19S, R31E, NMPM
Oil Spacing Unit: 157.59-Acres, Units IJKL of Section 18

Arcturus 18 Federal Well Com No. 4H (API No. 30-015-38611), Horizontal
SHL: 1200FSL 340FWL (Unit letter M), Sec18, T19S, R31E, NMPM
BHL: 300FSL 456FEL (Unit letter P), Sec18, T19S, R31E, NMPM
Oil Spacing Unit: 157.74-Acres, Units MNOP of Section 18

The oil and gas from both wells will be sold at the battery location near the surface location.

This installation shall be constructed and operated in accordance with applicable Division Rules. Periodic well testing of both wells is approved as an allocation method prior to commingling oil and gas for sales. The well test gas meter 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,



JAMIL BAILEY
Division Director

JB/wvjj

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad Field Office