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NEW MEXICO OIL CONSERVATION DIVISIO - Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505

		ADMINISTRATIVE APPLIC	ATION CHECKLIST	·
7	THIS CHECKLIST IS N	MANDATORY FOR ALL ADMINISTRATIVE APPLICATION WHICH REQUIRE PROCESSING AT THE D		ID REGULATIONS
Appli	[DHC-Dow [PC-Pe	ndard Location] [NSP-Non-Standard Prom nhole Commingling] [CTB-Lease Comm pol Commingling] [OLS - Off-Lease Store	ingling] [PLC-Pool/Lease Commi age] [OLM-Off-Lease Measureme ssure Maintenance Expansion] action Pressure Increase]	ingling] ent]
[1]	TYPE OF AI [A]	PPLICATION - Check Those Which Apply Location - Spacing Unit - Simultaneous I  NSL NSP SD		
	Check [B]	Cone Only for [B] or [C]  Commingling - Storage - Measurement  DHC CTB PLC	PC OLS OLM	
	[C]	Injection - Disposal - Pressure Increase - WFX PMX SWD	Enhanced Oil Recovery IPI	
	[D]	Other: SpecifySurface Comminglin	g	
[2]	NOTIFICAT [A]	TON REQUIRED TO: - Check Those Wh  Working, Royalty or Overriding Roy		
	[B]	Offset Operators, Leaseholders or St	ırface Owner	
	[C]	Application is One Which Requires	Published Legal Notice	
	[D]	Notification and/or Concurrent Appr U.S. Bureau of Land Management - Commissioner of Po	roval by BLM or SLO ublic Lands, State Land Office	
	[E]	For all of the above, Proof of Notific	cation or Publication is Attached, and	i/or,
	<b>[F]</b>	☐ Waivers are Attached		
[3]		CURATE AND COMPLETE INFORMATION INDICATED ABOVE.	ATION REQUIRED TO PROCES	SS THE TYPE
	val is <mark>accurate</mark> a	TION: I hereby certify that the information and complete to the best of my knowledge. equired information and notifications are sub-	I also understand that no action will	
	Note	: Statement must be completed by an individual wi	th managerial and/or supervisory capacity	' <b>.</b>
	Adams	L/10000	Sr. Staff Engineering Technicism	5/8/08
Print o	or Type Name	// Signature	Title	Date
			Norvella.adams@dvn.com	



Jim Ball Land Advisor **Devon Energy Corporation** 20 North Broadway Oklahoma City, Oklahoma 73102-8260 (405) 552-3384 (405) 552-8113 FAX

April 23, 2008

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

Attention: Mr. William Jones

RE: Surface Commingle

NW/4 of Section 32, T18S, R32E

Lea County, New Mexico

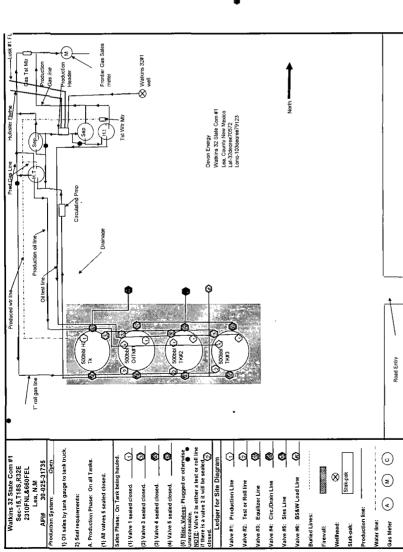
Jones Dear Mr. Albers:

The Watkins 32 State #1, North Lusk 32 State #1 and Hulkster #1 are located in the NW/4 of Section 32, T18S, R32E, Lea County, New Mexico. The Watkins 32 State #1 has been producing into a single-well battery for some time. Devon Energy Production Company, L.P. ("Devon") recently recompleted the North Lusk 32 State #1 in the same formation (Bone Spring) and is currently completing the Hulkster #1 well in the Bone Spring. Devon plans to surface commingle these wells into the Watkins 32 State #1 tank battery located on State Lease No. LG-7655-4. The surface owner is the State of New Mexico. The ownership of working interest, overriding royalty interest and royalty interest in each well is identical from the surface to the base of the Bone Spring Formation.

Should you have any question or need any additional information, please feel free to contact me at (405) 552-3384.

Devon Energy Production Company, L.P.

Land Advisor



*Office District I	State of New Mexico		Form C-10	
	Energy, Minerals and Natural Resource		May 27, 200	14
1625 N. French Dr., Hobbs, NM 88240 District II	The state of the s		WELL API NO. 30-025-31735	
1301 W. Grand Ave., Artesia, NM 88210	OIL CONSERVATION DIVISIO	IN  ;	5. Indicate Type of Lease	-
<u>District III</u> 1000 Rio Brazos Rd., Aztec, NM 87410	1220 South St. Francis Dr√	<del>-</del> [)   `	STATE STATE STATE	
District IV	Santa Fe, NM 87505		State Oil & Gas Lease No	
1220°S. St. Francis Dr., Santa Fe, NM	2008 MAY 8 PM	1 56 I	LG-7655	
87505 SUNDRY NOTIC	CES AND REPORTS ON WELLS		7. Lease Name or Unit Agreement Name	$\dashv$
(DO NOT USE THIS FORM FOR PROPOSA	ALS TO DRILL OR TO DEEPEN OR PLUG BACK TO		. Bease rame or omeragisement rame	
DIFFERENT RESERVOIR. USE "APPLICATION PROPOSALS.)	ATION FOR PERMIT" (FORM C-101) FOR SUCH		Watkins 32 State	
1. Type of Well: Oil Well (	Gas Well 🔯 Other	8	8. Well Number 1	
2. Name of Operator		9	9. OGRID Number	
Devon Energy Production Company			5137	
3. Address of Operator			10. Pool name or Wildcat	
20 North Broadway, Oklahoma City	, Oklahoma 73010-8260	(   I	Lusk N Bone Spring (41450)	
4. Well Location				7
Unit LetterF:	1980feet from theNorth line at	nd165	feet from the _Westline	Ì
Section 32	Township 18S Range 321	3	NMPM County Lea	
	11. Elevation (Show whether DR, RKB, RT, C		And the second second second second	180
	3701' GR			
Pit or Below-grade Tank Application  or	Closure			
Pit typeDepth to Groundwat	erDistance from nearest fresh water well	Distan	ce from nearest surface water	
Pit Liner Thickness: mil	Below-Grade Tank: Volumeb	bls; Cons	truction Material	
12. Check A	ppropriate Box to Indicate Nature of N	otice. Re	eport or Other Data	
12. Oncourt	ppropriate Box to marcute reactive of re	01100, 10	eport or o mer z am	
NOTICE OF INT	TENTION TO:	SUBSI	EQUENT REPORT OF:	
PERFORM REMEDIAL WORK $\Box$	PLUG AND ABANDON   REMEDIA		☐ ALTERING CASING ☐	]
	· — 1		.ING OPNS.□ P AND A □	
PULL OR ALTER CASING	MULTIPLE COMPL CASING/C	EMENT J	JOB	
OTHER: Surface Commingle	57			
	1XI   ()1 HEB:			
		ails and g	vive pertinent dates, including estimated da	l_ ate
13. Describe proposed or comple	eted operations. (Clearly state all pertinent det			
13. Describe proposed or comple				
<ol> <li>Describe proposed or completed of starting any proposed wor or recompletion.</li> </ol>	eted operations. (Clearly state all pertinent det k). SEE RULE 1103. For Multiple Completion	ons: Attac	ch wellbore diagram of proposed completion	on
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## Jones, William V., EMNRD

From: Adams, Norvella [Norvella.Adams@dvn.com]

Sent: Tuesday, July 08, 2008 10:23 AM

To: Brooks, David K., EMNRD; Jones, William V., EMNRD

Cc: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD

Subject: RE: Surface Commingle Application from Devon: three wells in the NW/4 of Sec 32 T18S R32E Lea County NM

I apologize for the delay in getting you the information that you need to complete your review. Our Landman in this area has been out of the office. He is working on getting you the information you need.

N/2 Son 32 = alla lane Lane

Thanks for your help!

Norvella Adams

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]

**Sent:** Monday, June 16, 2008 11:43 AM

To: Jones, William V., EMNRD; Adams, Norvella

Cc: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD

Subject: RE: Surface Commingle Application from Devon: three wells in the NW/4 of Sec 32 T18S R32E Lea County NM

I agree that notice to the non-consenting party is required.

**David Brooks** 

From: Jones, William V., EMNRD

**Sent:** Tuesday, June 10, 2008 10:31 AM

To: Adams, Norvella

Cc: Brooks, David K., EMNRD; Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD

Bedod in dro Subject: RE: Surface Commingle Application from Devon: three wells in the NW/4 of Sec 32 T18S R32E Lea County NM

Norvella: (copying David Brooks for his comments - this is an odd situation)

I picked this (three-well, same pool) surface commingle application up again to finish and after reading the application and our emails:

The landman statement in the application - "the ownership of working interest, byverriding royalty interest and royalty interest in each well is identical from the surface to the base of the Bone Spring formation" - seems to not be the full story. Maybe "in each well" being not the same as "between each well" is the key point.

It sounds like interests between wells was identical until that party went non-consent in the Lusk well, so currently interests are not identical but they will be - after payout plus penalty. If you were only commingling the Watkins and the Hulkster then it would be identical and would not require any permit (same ownership, same pool).

So notice is required to the party who went non-consent in the Lusk well. (David tell me if wrong on this)

In any case, if all three wells are to be included, then Devon-must set a full-time dedicated metering separator for the Lusk well (and probably should add those costs to the payout calculation from the non-consenting party). Otherwise, to be consistent with how the Division is handling these types of oil commingles, this must be done after a hearing.

Let me know if Devon wants to (i) only include the two identical wells or (ii) commingle all three wells and set the extra separator or (iii) have an examiner hearing OR something else?

Thank You,

7/8/2008

## Jones, William V., EMNRD

From: Adams, Norvella [Norvella.Adams@dvn.com]

**Sent:** Thursday, May 22, 2008 12:06 PM

To: Jones, William V., EMNRD

Subject: RE: Surface Commingle Application from Devon: three wells in the NW/4 of Sec 32 T18S R32E Lea County NM

Will,

I know exactly what you mean. If you find that light at the end of the tunnel send it this way!

We have the same interest in all three wells except in the Lusk well there is a non-consent owner that will not pay out anytime soon. We have consent to commingle from all other owners in the Lusk well.

Does this answer your question?

Thanks, Norvella

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]

Sent: Thursday, May 22, 2008 12:35 PM

To: Adams, Norvella

Subject: RE: Surface Commingle Application from Devon: three wells in the NW/4 of Sec 32 T18S R32E Lea County NM

Hello Norvella:

Thanks for the reply - been slammed here with hearing orders and admin applications, so you will have to let me know if an appl. is here too long and is urgent.

Same lease and same pool - must be differing interests in the wells?

William V. Jones PE New Mexico Oil Conservation Division 1220 South St. Francis Santa Fe, NM 87505 505-476-3448

From: Adams, Norvella [mailto:Norvella.Adams@dvn.com]

**Sent:** Thursday, May 22, 2008 8:51 AM

To: Jones, William V., EMNRD

Subject: FW: Surface Commingle Application from Devon: three wells in the NW/4 of Sec 32 T18S R32E Lea County NM

Will,

Sorry it's taken so long to respond to your request. I was out of the office last week.

Please find the answers to your questions below. If you have any other questions please contact me.

Thanks, Norvella Adams Devon Energy 405-552-8198

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]

Sent: Monday, May 12, 2008 3:18 PM

To: Adams, Norvella

Cc: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD

5/22/2008

Just received this application.
What Bone Spring Pool (and Pool code) are these three wells producing from? Lusk & Bone Springs North - Pool code # 41450
Are they all three in the same lease (your landman says all interests are identical to the base of the Bone Spring). If not, what are the lease names? Yes all 3 are located on the same OGL
Is it true that the two new wells will be combined into the existing one-well battery now serving the Watkins32State #1? Yes
William V. Jones PE New Mexico Oil Conservation Division 1220 South St. Francis Santa Fe, NM 87505 505-476-3448
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Subject: Surface Commingle Application from Devon: three wells in the NW/4 of Sec 32 T18S R32E Lea County NM

Hello Norvella: