

DATE IN 5/9/08	SUSPENSE	ENGINEER W Jones	LOGGED IN 5/12/08	TYPE Sent	APP NO. PKVRO813346673
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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



Cancelled  
5/12/08  
Waiting on info

## 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] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement  
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify Surface Commingling
- [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
- [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.

Norvella Adams

Print or Type Name

Signature

Sr. Staff Engineering Technician

Title

5/8/08

Date

Norvella.adams@dmv.com  
e-mail Address



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

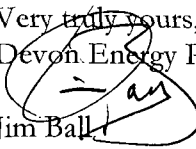
Attention: Mr. William Jones

RE: Surface Commingle  
NW/4 of Section 32, T18S, R32E  
Lea County, New Mexico

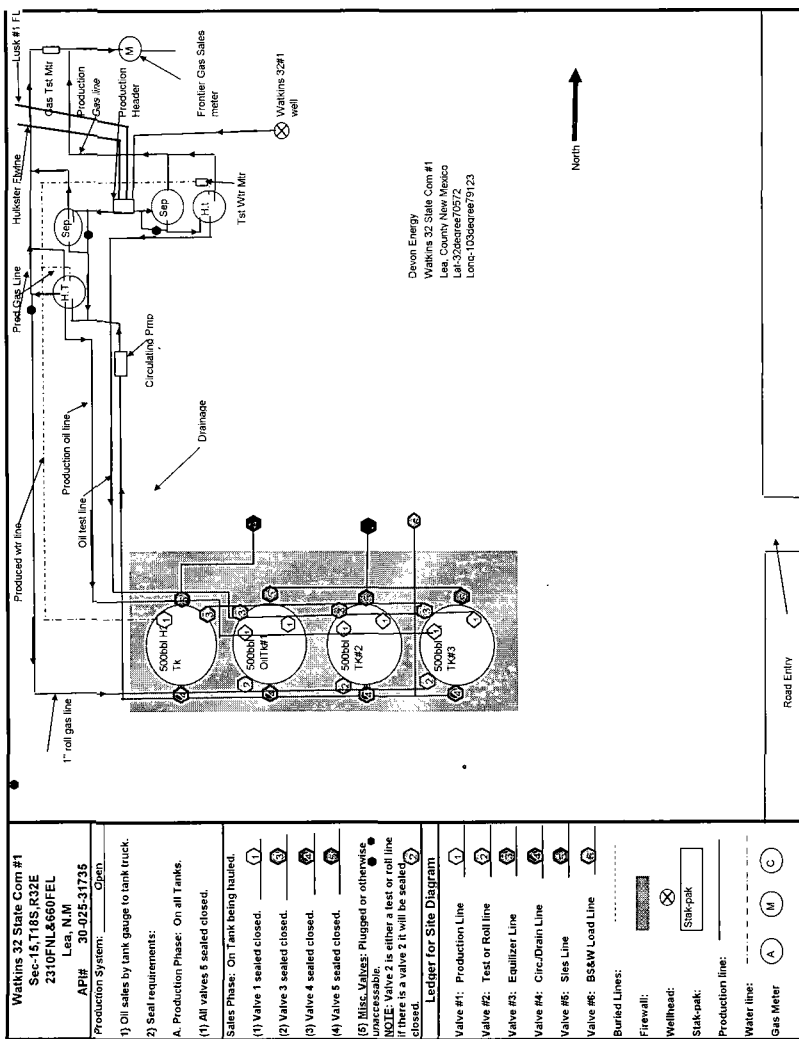
Dear Mr. <sup>Jones</sup>~~Albers~~:

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.

Very truly yours,  
  
Devon Energy Production Company, L.P.  
Jim Ball  
Land Advisor

Kr:\NluskComLtr2



Submit 3 Copies To Appropriate District  
Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
May 27, 2004

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

2008 MAY 8 PM 1 56

WELL API NO. 30-025-31735
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. LG-7655
7. Lease Name or Unit Agreement Name Watkins 32 State
8. Well Number 1
9. OGRID Number 6137
10. Pool name or Wildcat Lusk, Bone Spring (41450)

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_

Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume \_\_\_\_\_ bbls: Construction Material \_\_\_\_\_

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other \_\_\_\_\_

2. Name of Operator  
Devon Energy Production Company

3. Address of Operator  
20 North Broadway, Oklahoma City, Oklahoma 73010-8260

4. Well Location  
Unit Letter F : 1980 feet from the North line and 1650 feet from the West line  
Section 32 Township 18S Range 32E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3701' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
	P AND A <input type="checkbox"/>
	CASING/CEMENT JOB <input type="checkbox"/>
OTHER: Surface Commingle <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Devon Energy Production Company, L.P., respectfully requests approval to surface commingle the zones listed below into the Watkins 32 State #1 battery located in Section 32 T18S R32E, Lea County, NM. Commingling these pools will not reduce the value of the total remaining production and the ownership between pools is identical.

Watkins 32 State 1 API # 30-025-31735 1980' FNL & 1650' FWL Sec 32 T18S 32E Lea, County - Bone Spring  
N. Lusk 32 State 1 API # 30-025-35747 330' FNL & 2258' FWL Sec 32 T18S 32E Lea, County - Bone Spring  
Hulkster # 1 API # 30-025-38446 990' FNL & 990' FWL Sec 32 T18S 32E Lea County - Bone Spring

(40 ACRE DEDICATION)  
NORTH LUSK, Bone Spring POOL  
41450

CTB-596

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Norvella Adams TITLE Sr. Staff Engineering Technician DATE 5/6/08

Type or print name Norvella Adams E-mail address: norvella.adams@dvn.com Telephone No. 405-552-8198  
**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
Conditions of Approval (if any): \_\_\_\_\_

<p>152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000</p>	<p>CONOCO OPER.</p> <p>152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 3</p>
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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.

Thanks for your help!

Norvella Adams

*N/2 Sec 32 = all one lease  
12/30/08*

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**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

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**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  
**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, overriding 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

*Booked in already*

**Jones, William V., EMNRD**

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**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

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**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

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**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

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

Hello Norvella:  
Just received this application.

What Bone Spring Pool (and Pool code) are these three wells producing from? Lusk ~~W~~ 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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5/22/2008