DATE IN 6-30-10	SUSPENSE	ENGINEER RE	LOGGED IN 6-30-10	TYPE PLC	APP NO. pTGW 1018147489

ABOVE THIS LINE FOR DIVISION USE ONLY

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

Devon
Outland State #7

ADMINISTRATIVE APPLICATION CHECKLIST

30-025-35441

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		Sr. Staff Engineering Technician	6/28/2010
Print or Type Name	Signature	Title	Date

Norvella.adams@dvn.com
e-mail Address

Land SFO

PLC-330

devon

Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102-8260

405 235 3611 Phone
www.devonenergy.com

RECEIVED OCD

2010 JUN 30 P 12: 07

June 28, 2010

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

Attn: William Jones

Re: Application for Pool and Lease Commingling (Form C-107-B)
Outland State Unit 7
Section 1 Township 21 South, Range 34 East
Lea County, New Mexico
API # 30-025-35441

Mr. Jones:

Devon Energy Production Company, LP requests approval for pool and lease commingling of hydrocarbon production from the Outland State Unit 7 (API # 30-025-35441) pool code 87460 Wilson; Morrow (gas) with State R # 3 (API # 30-025-35442) pool code 82240 Osudo; Morrow, West (gas), the State R # 4 (API # 30-025-36544) pool code 82240 Osudo; Morrow, West (gas), and the Outland State Unit 2 (API# 30-025-34971) pool code 97140 Wilson; Atoka (gas).

The benefit of commingling the Outland State Unit 7 with the State R #3, State R #4, and the Outland State Unit 2 is to lower the available line pressure (backpressure against the well) at the Outland State Unit 7 which should afford an increase in production and improved economics for the well. The Outland State Unit 7 had shared compression expenses with another well. However, even with the shared compression expense, the Outland State Unit 7 was uneconomic to produce in this manner and the shared compression availability was terminated in late 2008. Allowing the Outland State Unit 7 to commingle into the lower line pressure with the State R # 3, State R # 4, and the Outland State Unit 2, will reduce the wellhead backpressure at the Outland State Unit 7 from ~165 psi to ~65 psi. This 100 psi drop is anticipated to increase gas production at the Outland State Unit 7 by ~60 mcf/d.

Exhibit I is a schematic, which shows the equipment that will be utilized to determine well production. A map (Exhibit II) is enclosed that shows the location of the well, battery, and the boundaries of both leases. A gas analysis for the wells is attached.

Please contact me at (405) 552-8150 should you have any questions.

Sincerely,

Devon Energy Production Company, LP

Ron Hays

Ron Hays
Operations Engineer

Enclosure

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Form C-107-B
Revised June 10, 2003

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Devon Energy Production Company, L.P.

OPERATOR ADDRESS: 20 North Broadway, Oklahoma City, Oklahoma 73102-8260

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Osudo; Morrow, West (gas) 82240	40 / 1054	50.7 / 1090		3.4 BO / 491 MCF	0.1 BO/ 135 MCF
Osudo; Morrow, West (gas) 82240	40 / 1083	50.7 / 1090		3.4 BO / 491 MCF	0.3 BO / 114 MCF
Wilson; Atoka (gas) 97140	52.5 / 1117	50.7 / 1090		3.4 BO / 491 MCF	2.9 BO / 177 MCF
Wilson; Morrow, (gas) 87460	40 / 1104	50.7 / 1090		3.4 BO / 491 MCF	0 BO / 65 MCF

(2) Are any wells producing at top allowables? ☐ Yes ☒ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.
(4) Measurement type: ☒ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No
(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: _____ TITLE: Sr. Staff Engineering Technician DATE: June 28, 2010

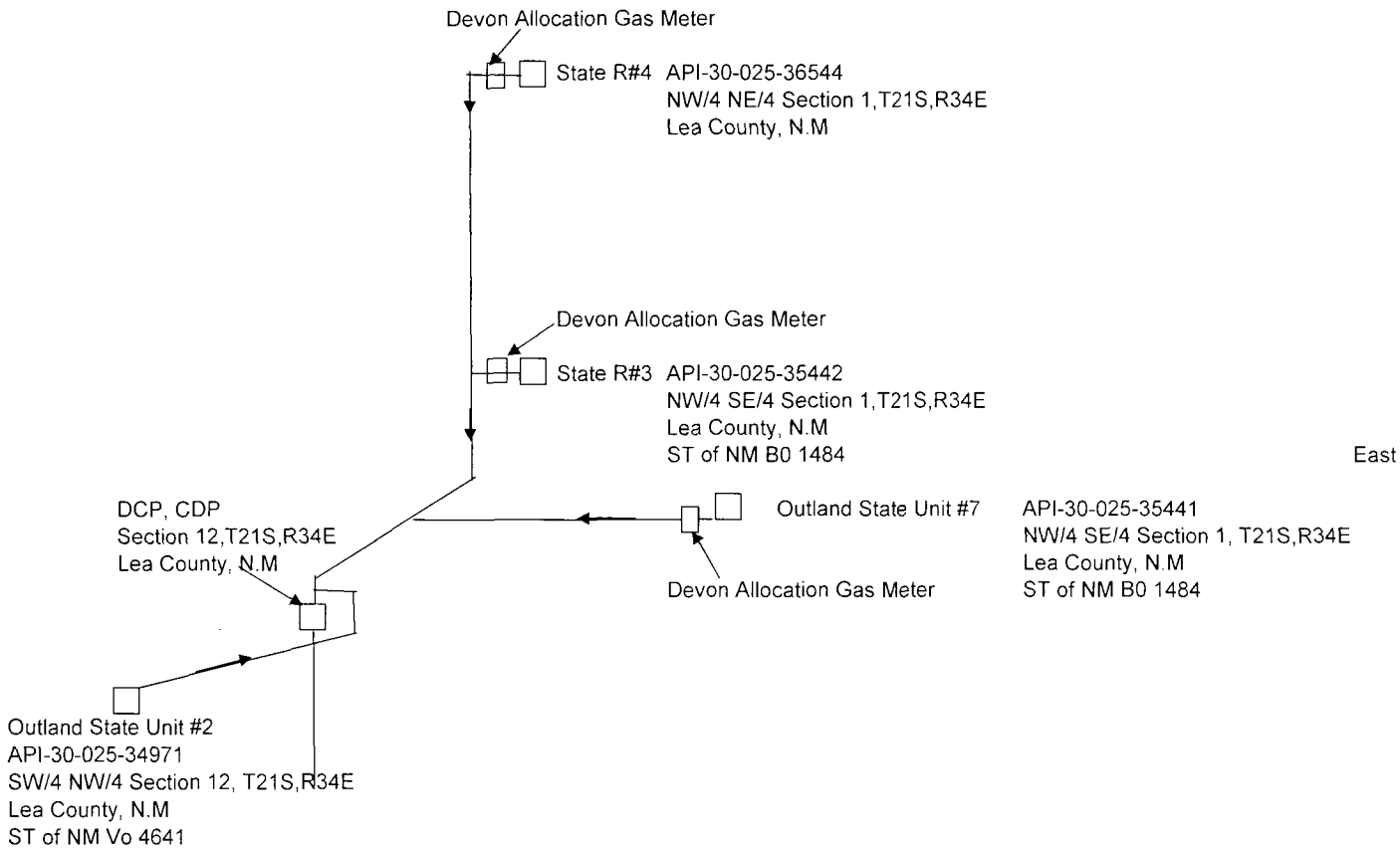
TYPE OR PRINT NAME Norvella Adams TELEPHONE NO.: (405) 55-8198

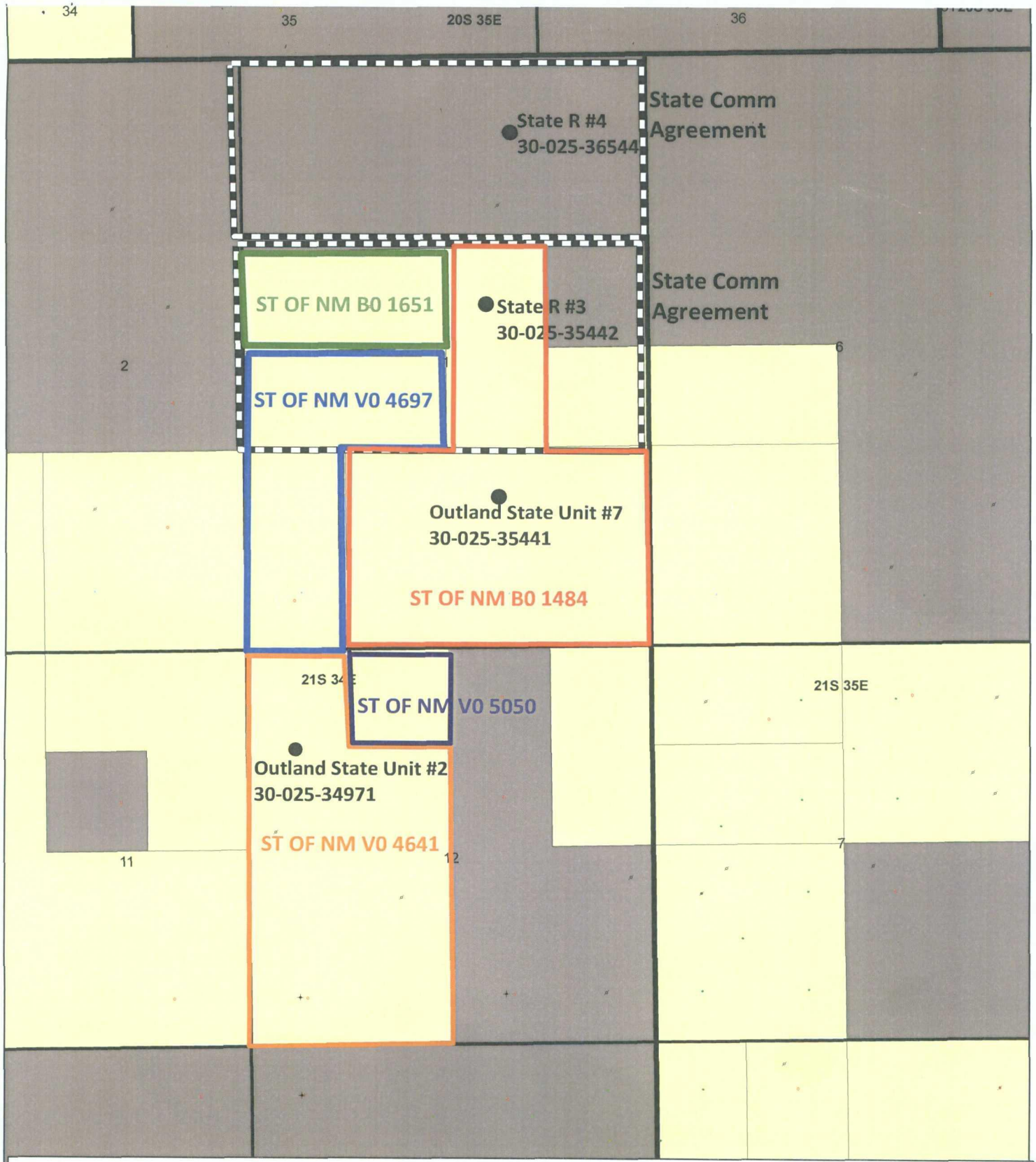
E-MAIL ADDRESS: norvella.adams@dvn.com

Exhibit I

North

Proposed Off Lease Gas Commingle and Sales





0 2,000 4,000 Feet

N
W E
S

Outland - State R Commingle
Sections 1& 12 - T21S - R34E
Lea County, New Mexico

Exhibit II

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: COMPANY: LEASE: PLANT:	Sta. #[illegible] State R #3 Devon Energy
SAMPLE DATA:	DATE SAMPLED: [illegible] 1:00 pm ANALYSIS DATE: [illegible] PRESSURE - PSIG: 48 SAMPLE TEMP. °F: 100 ATMOS. TEMP. °F: 84	GAS (XX) SAMPLED BY: ANALYSIS BY:	LIQUID ( ) Robert Hernandez Vickie Sullivan
REMARKS:	H2S = 0		

COMPONENT ANALYSIS

COMPONENT		MOL PERCENT	GPM
Hydrogen Sulfide	(H_2S)	0.000	
Nitrogen	(N_2)	3.890	
Carbon Dioxide	(CO_2)	0.446	
Methane	(C_1)	90.[illegible]	
Ethane	(C_2)	3.704	0.994
Propane	(C_3)	1.140	0.313
I-Butane	(IC_4)	0.186	0.055
N-Butane	(NC_4)	0.558	0.176
I-Pentane	(IC_5)	0.107	0.039
N-Pentane	(NC_5)	0.080	0.032
Hexane Plus	(C_6+)	0.414	0.180
		100.000	1.[illegible]

BTU/CU.FT. - DRY	1054
AT 14.650 DRY	1051
AT 14.650 WET	1033
AT 14.73 DRY	1057
AT 14.73 WET	1039

MOLECULAR WT. 17.[illegible]

SPECIFIC GRAVITY -
CALCULATED: 0.615
MEASURED:

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: Sta. #[illegible]
IDENTIFICATION: State Fr [illegible]
COMPANY: Devon Energy
LEASE:
PLANT:

SAMPLE DATA:
DATE SAMPLED: [illegible] 1:45 pm
ANALYSIS DATE: [illegible]
PRESSURE – PSIG: 56
SAMPLE TEMP °F: 105
ATMOS. TEMP °F: 98

GAS (XX) LIQUID ( )
SAMPLED BY: Robert Hernandez
ANALYSIS BY: Vickie Sullivan

REMARKS:

COMPONENT ANALYSIS

COMPONENT		MOL PERCENT	GPM
Hydrogen Sulfide	(H2S)		
Nitrogen	(N2)	0.308	
Carbon Dioxide	(CO2)	0.398	
Methane	(C1)	93.234	
Ethane	(C2)	3.785	1.010
Propane	(C3)	1.150	0.316
I-Butane	(IC4)	0.187	0.065
N-Butane	(NC4)	0.258	0.080
I-Pentane	(IC5)	0.095	0.035
N-Pentane	(NC5)	0.084	0.030
Hexane Plus	(C6+)	0.465	0.210
		100.000	1.736

BTU/CU.FT. – DRY	1069
AT 14.650 DRY	1070
AT 14.650 WET	1062
AT 14.73 DRY	1085
AT 14.73 WET	1066

MOLECULAR WT 17.6759

SPECIFIC GRAVITY –
CALCULATED 0.600
MEASURED

Laboratory Services, Inc.

2609 West Marland
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR	Devon Energy	SAMPLE	[illegible]
	P. O. Box 250	IDENTIFICATION	[illegible] Unit #2
	Artesia, New Mexico 88211-0250	COMPANY	Devon Energy
		LEASE	
		PLANT	

SAMPLE DATA	DATE SAMPLED	[illegible] pm		
	ANALYSIS DATE	[illegible]	GAS (XX)	LIQUID ( )
	PRESSURE - PSIG	[illegible]	SAMPLED BY	[illegible]
	SAMPLE TEMP °F	[illegible]	ANALYSIS BY	[illegible]
	ATMOS TEMP °F			
REMARKS	[illegible]			

COMPONENT ANALYSIS

COMPONENT		MOL PERCENT	GPM
Hydrogen Sulfide	(H2S)	0.006	
Nitrogen	(N2)	0.365	
Carbon Dioxide	(CO2)	0.477	
Methane	(C1)	91.544	
Ethane	(C2)	4.150	1.104
Propane	(C3)	1.670	0.462
I-Butane	(IC4)	0.224	0.073
N-Butane	(NC4)	0.507	0.160
I-Pentane	(IC5)	0.187	0.068
N-Pentane	(NC5)	0.214	0.077
Hexane Plus	(C6+)	0.586	0.250
		100.000	[illegible]

BTU/CU.FT. - DRY	[illegible]	MOLECULAR WT. [illegible]
AT 14.650 DRY	1100	
AT 14.650 WET	1081	
AT 14.73 DRY	1106	
AT 14.73 WET	1087	

SPECIFIC GRAVITY -
CALCULATED 0.626
MEASURED

devon

Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102-8260

405 235 3611 Phone
www.devonenergy.com

June 28, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Interest Owners

Re: Request for Pool and Lease Commingling
Outland State Unit 7
API # 30-025-35441
Pool 87460 Wilson; Morrow (gas)
Section 1 Township 21 South, Range 34 East
Lea County, New Mexico

Gentlemen:

This is to advise you that Devon Energy Production Company, LP, is filing an application with the New Mexico Oil Conservation Division ("NMOCD") seeking approval to permit pool and lease commingling of production from the following lease and pool.

Outland State Unit 7 (API # 30-025-35441) pool code 87460 Wilson; Morrow (gas) with State R # 3 (API # 30-025-35442) pool code 82240 Osudo; Morrow, West (gas), the State R # 4 (API # 30-025-36544) pool code 82240 Osudo; Morrow, West (gas), and the Outland State Unit 2 (API# 30-025-34971) pool code 97140 Wilson; Atoka (gas).

A copy of our application submitted to the Division is attached.

Any objections or requests that a hearing should be held regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe office within 20 days from the date of this letter.

Please contact the undersigned at (405) 552-8150 should you have any questions or need anything further.

Sincerely,

Devon Energy Production Company, L.P.

Ron Hays

Ron Hays
Operations Engineer

Enclosure

Premier Oil and Gas Inc
PO Box 1246
Artesia NM 88210

Nearburg Exploration Co LLC
PO Box 823085
Dallas TX 75382

Richard K Barr
PO Box 847
Boerne TX 78006

Scott E. Wilson
PO Box 294
Cloudcroft NM 88317

OXY USA WTP LP
PO Box 847525
Dallas TX 75284

Paradigm Petroleum Corporation
3300 S. 14th Street, # 322
Abilene TX 79605-5052

Conocophillips Company
Attn: J. Robert Helton, Jr.
PO Box 4289
Farmington NM 87499-4289

Chevron North America E&P Co
Division of Chevron USA Inc
PO Box 730436
Dallas TX 75373-0436

Ray Westall
PO Box 4
Loco Hills NM 88255

Merchant Livestock Company
PO Box 1166
Carlsbad NM 88220

Randall Harris & Teresa Harris
439 West Funk Road
Lake Arthur NM 88253

John E Bosserman
PO Box 56
Oakley KS 67748

Tritex Energy A LP
15455 Dallas Pkwy Ste 600
Addison TX 75001

John S Catron & Fletcher R
Catron Agents
PO Box 788
Santa Fe NM 87504

Occidental Permian LTD
Attn: Donnie Hall
PO Box 27570
Houston TX 77227

Patterson Petroleum LLC
PO Box 201691
Dallas TX 75320

Premier Oil & Gas Inc
Attn: Accounts Payable
PO Box 837205
Richardson TX 75083-7205

Samson Resources Company
PO Box 94339
Tulsa OK 74194

Commissioner of Public Lands
State Land Office
Attn: Jeff Albers
PO Box 1148
Santa Fe NM 87504-1148