

DATE IN <u>12.30.10</u>	SUSPENSE	ENGINEER <u>RE</u>	LOGGED IN <u>12.30.10</u>	TYPE <u>OLM</u>	APP NO. <u>1035439706</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 6137

State of NM 7 #24
30-015-31050

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]**

State Eddy

[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 _____ Off Lease Gas Sales _____

[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.

Melanie Crawford

Print or Type Name

Melanie Crawford

Signature

Regulatory Analyst

Title

12-13-10

Date

Melanie.Crawford@dmv.com

e-mail Address

OLM-31



Devon Energy Production Company
20 North Broadway – CT 3.058
Oklahoma City, Oklahoma 73102-8260
Phone: (405)-552-4524
Fax (405)-552-1358
Melanie.Crawford@dvn.com

November 17, 2010

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

Re: Off Lease Gas Measurement & Sales Approval
State of New Mexico 7 #2Y
API # 30-015-31050
Sec 7-T24S-R25E
Lease L-4501
Mosely Canyon; Strawn (GAS) - Pool Code: 81470
Eddy County, New Mexico

RECEIVED OCD
2010 DEC 14 P 2:19

Dear Mr. Ezeanyim:

Please find attached the OCD Form C-107B, OCD Form C-103 Sundry Notice of Intent for Off-Lease Gas Measurement and Sales. The working interest, royalty interest and overriding royalty interest owners are not identical; parties have been notified via certified mail.

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

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

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION

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

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 Co., LP

OPERATOR ADDRESS: 20 North Broadway, Ste 1500

APPLICATION TYPE:

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

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

(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: Melanie Crawford TITLE: Regulatory Analyst DATE: 12-13-10

TYPE OR PRINT NAME Melanie Crawford TELEPHONE NO.: (405)-552-4524

E-MAIL ADDRESS: Melanie.Crawford@dmr.com

State of New Mexico 7-2Y
S7 T24S R25E
Eddy County, NM

Production System: Closed

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.

Legend for Site Diagram

Valve #1: Production Line

Valve #2: Test or Roll line

Valve #3: Circ./Drain Line

Valve #4: Equalizer Line

Valve #5: Sies Line

Valve #6: BS&W Load Line

Buried Lines:

Firewall:

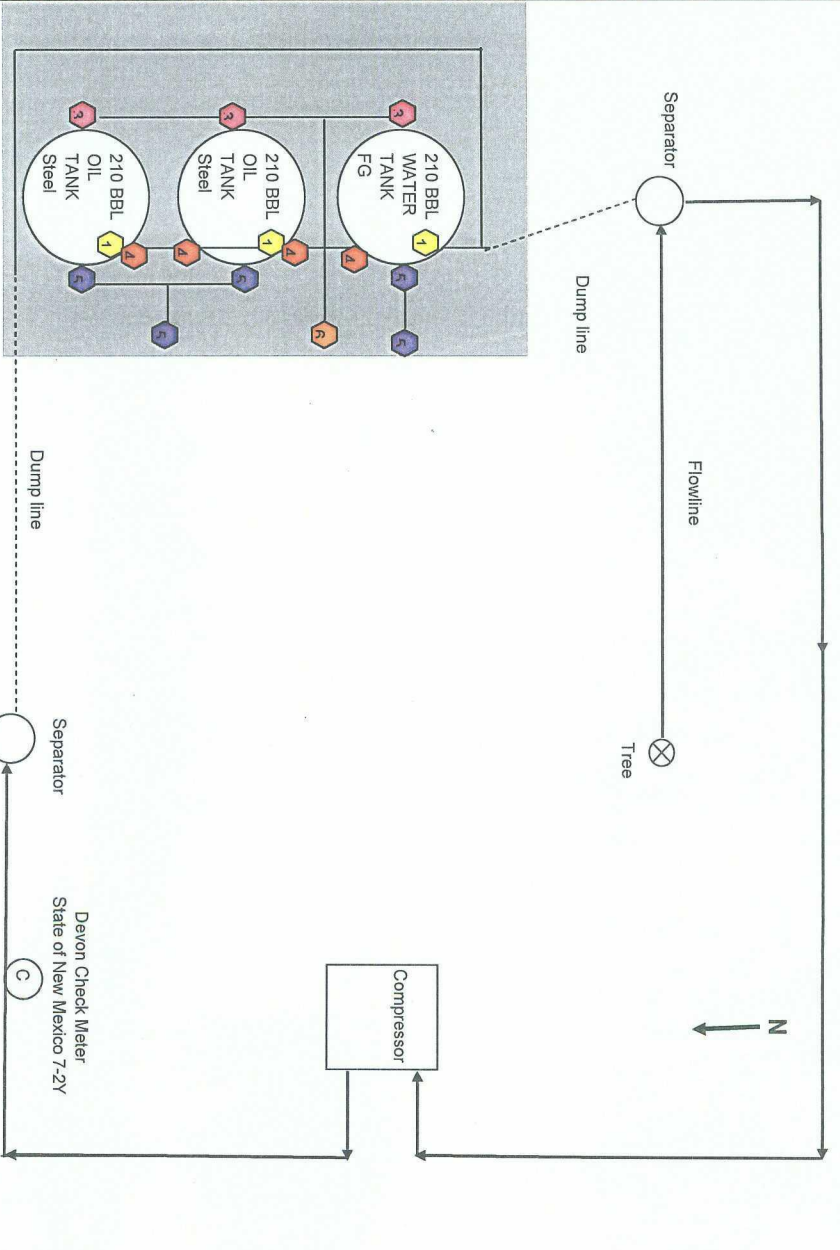
Wellhead:

Stak-pak:

Production line:

Water line:

Gas Meter



1



6

5



12

7

8

L-5417

L-5417



State of New Mexico 7 #2Y

24S 24E

L-4501

State of NM C.A.

24S 25E



13

18

17

24

19

20



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

WELL API NO. API:30-015-31050
5. Indicate Type of Lease FED <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. L-4501

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.)		7. Lease Name or Unit Agreement Name State of New Mexico 7
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>		8. Well Number 2Y
2. Name of Operator Devon Energy Production Company, LP		9. OGRID Number 6137
3. Address of Operator 20 North Broadway Oklahoma City, Oklahoma 73102-8260 (405) 552-4524		10. Pool name or Wildcat 81470 Mosley Canyon; Strawn (GAS)
4. Well Location (See Below) Unit Letter <u>K</u> : 1836 feet from the <u>South</u> line and <u>2000</u> feet from the <u>West</u> line Section <u>7</u> Township <u>24S</u> Range <u>25E</u> NMPM Eddy County New Mexico		
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		
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 _____		

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
OTHER: Off Lease Gas Measurement & Sales ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: ☐

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 Co., LLP respectfully requests permission for Off Lease Gas Measurement & Sales for the State of New Mexico 7 #2Y. The well will have a compressor before the Devon Check Meter and the produced gas flows through the Devon Check Meter on location before metering at a Enterprise CDP Sales Meter # 68495 located NW of the State of New Mexico 7 #2Y well in section 7 T24S R25E, Eddy County, New Mexico. No other wells are connected to the gas line and reported gas volumes are the CDP sales meter volumes. These volumes are compared against the check meter volumes. The Off Lease Gas Measurement & Sales is due to the Operator installed gathering systems. Waste is not induced and no correlative rights are impaired.

The working interest, royalty interest and overriding royalty interest owners are not identical; parties have been notified via certified mail (see attached).

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 Melanie Crawford TITLE Regulatory Analyst DATE 12-10-10

Type or print name Melanie Crawford E-mail address: Melanie.Crawford@dvn.com Telephone No. (405) 552-4524
For State Use Only

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



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

405 235 3611 Phone
www.devonenergy.com

December 13, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Interest Owners

Re: Off Lease Gas Measurement & Sales Approval
State of New Mexico 7 #2Y
Sec 7-T24S R25E
API # 30-015-31050
Pool 81470 - Mosely Canyon; Strawn (Gas)
Eddy County, New Mexico

To Whom It May Concern:

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 for Off-Lease Gas Measurement & Sales.

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) 552-4524 should you have any questions or need anything further.

Sincerely,

Devon Energy Production Company, L.P.

A handwritten signature in black ink that reads "Melanie Crawford". The signature is written in a cursive, flowing style.

Melanie Crawford
Regulatory Analyst

Enclosure

W A Moncrief Jr
950 Commerce Street
The Moncrief Building
Fort Worth, TX 76102-5418

Certified Mail Number: 7008 1830 0003 1984 5980

State of New Mexico
Commission of Public Lands
PO Box 1148
Santa Fe, NM 87504-1148

Certified Mail Number: 7008 1830 0003 1984 5973

Lee Wiley Moncrief 1988 Tr
% Bank of America NA
PO Box 840738
Dallas, TX 75284-0738

Certified Mail Number: 7008 1830 0003 1984 5966

Sundown Energy LP
PO Box 678642
Dallas, TX 75267-8642

Certified Mail Number: 7008 1830 0003 1984 5959

Richard Barto Moncrief 1988 Tr, F/B/O Richard Jason Moncrief
Monty B Moncrief Trustee
777 Taylor Street, Suite 1030, Fort Worth Club Tower
Fort Worth, TX 76102

Certified Mail Number: 7008 1830 0003 1984 5942

Richard Barto Moncrief 1988 Tr, F/B/O Mindyanne E Moncrief
Monty B Moncrief Trustee
777 Taylor Street, Suite 1030, Fort Worth Club Tower
Fort Worth, TX 76102

Certified Mail Number: 7008 1830 0003 1984 5935

Western Gate LP
% Catoico Capital Care LLC, Attn: Steve Head
777 Main St, Ste 3250
Fort Worth, TX 76102

Certified Mail Number: 7008 1830 0003 1984 7928

C B Moncrief
950 Commerce St
The Moncrief Bldg
Fort Worth, TX 76102-5418

Certified Mail Number: 7008 1830 0003 1984 5911

Richard Wesley Moncrief Trust
Moncrief Building
9th & Commerce St
Fort Worth, TX 76102

Certified Mail Number: 7008 1830 0003 1984 5904

Tom O Moncrief Trust
950 Commerce Street
The Moncrief Building
Fort Worth, TX 76102

Certified Mail Number: 7008 1830 0003 1984 5898

William A Moncrief III Trust
Moncrief Building
950 Commerce St
Fort Worth, TX 76102

Certified Mail Number: 7008 1830 0003 1984 5881

RKC Inc
7500 E Arapahoe Road, Ste 380
Centennial, CO 80112-6116

Certified Mail Number: 7008 1830 0003 1984 5874

Lowe Royalty Partners LP
PO Box 4887 Dept 4
Houston, TX 77210-4887

Certified Mail Number: 7008 1830 0003 1982 7597

JayHawk Oil & Gas Corp
4319 Valley Drive
Midland, TX 79707

Certified Mail Number: 7008 1830 0003 1982 7603

Saltmine Investment Ptnshp Ltd
712 Main, Ste 3310
Houston, TX 77002

Certified Mail Number: 7008 1830 0003 1982 7429

(NM)

Merit Energy Partners III LP, Merit Mgmt Partners GP LLC
General Partner
PO Box 843727
Dallas, TX 75284-3727

Certified Mail Number: 7008 1830 0003 1982 7436

Monty B Moncrief Grantors Trst, Monty B Moncrief Trustee
777 Taylor St, Ste 1030
Fort Worth Club Tower
Fort Worth, TX 76102

Certified Mail Number: 7008 1830 0003 1982 7443

Chesapeake Exploration LLC
% Chesapeake Operating Inc
PO Box 960161
Oklahoma City, OK 73196-0161

Certified Mail Number: 7008 1830 0003 1982 7450

Legacy Oil LLC
Bank of America NA Agent
PO Box 840738
Dallas, TX 75284-0738

Certified Mail Number: 7008 1830 0003 1984 5867

Merit Management Partners I LP
Merit Mgmt Partners GP LLC, General Partners
PO Box 843727
Dallas, TX 75284-3727

Certified Mail Number: 7008 1830 0003 1984 5850

Merit Energy Partners E-III LP
Merit Mgmt Partners GP LLC, General Partners
PO Box 843727
Dallas, TX 75284-3727

Certified Mail Number: 7008 1830 0003 1984 5843

Merit Energy Partners F-III LP
Merit Mgmt Partners GP LLC, General Partners
PO Box 843727
Dallas, TX 75284-3727

Certified Mail Number: 7008 1830 0003 1984 5836

Triple T Resource LP
PO Box 678081
Dallas, TX 75267-8081

Certified Mail Number: 7008 1830 0003 1984 5744

Dewey E Thornton Estate
Lane Dexter Thornton Executor
2317 Honeysuckle Ave
Fort Worth, TX 76111

Certified Mail Number: 7008 1830 0003 1984 5737

Merit Mgmt Partners II LP
Merit Mgmt Partners GP LLC, General Partners
PO Box 843727
Dallas, TX 75284-3727

Certified Mail Number: 7008 1830 0003 1984 5720

Merit Mgmt Partners III LP
Merit Mgmt Partners GP LLC, General Partners
PO Box 843727
Dallas, TX 75284-3727

Certified Mail Number: 7008 1830 0003 1984 5713

Michael J Moncrief 2008 TR A
Michael J Moncrief ttee
777 Taylor St, Ste 1030
Fort Worth, TX 76102

Certified Mail Number: 7008 1830 0003 1984 5706