

**APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT APPROVAL**

To: New Mexico OCD
Energy, Minerals & Natural Resources Dept.
811 South First
Artesia, NM 88210-2834

Devon Energy Corporation is requesting approval for surface commingling and off lease storage and measurement of hydrocarbon production from the following formations and wells.

Lease Name: Kaiser B

<u>Well No.</u>	<u>UL</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
1	B	18	18S	27E	Grayburg/San Andres and/or Yeso
2	B	18	18S	27E	Grayburg/San Andres and/or Yeso
3	G	18	18S	27E	Grayburg/San Andres and/or Yeso
4	G	18	18S	27E	Grayburg/San Andres and/or Yeso
5	F	18	18S	27E	Grayburg/San Andres and/or Yeso
6	F	18	18S	27E	Grayburg/San Andres and/or Yeso

Production from the wells involved is as follows:

<u>Well</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
Kaiser B-1	19	38°	33
Kaiser B-2	28	38°	33
Kaiser B-3	11	38°	29
Kaiser B-4	11	38°	26
Kaiser B-5	12	38°	28
Kaiser B-6	TO BE COMPLETED IN YESO, TEST TO FOLLOW		

NEW MEXICO
OIL CONSERVATION DIVISION

Devon EXHIBIT 1

CASE NO. 12-146

Exhibit 1 is a schematic, which shows the equipment that will be utilized to determine well production from each lease. A map (Exhibit II) is enclosed that shows the lease numbers and location of all leases and wells that will contribute production to the proposed commingled facility.

The storage and measuring facility will be located in UL "F" in the SE/NW Section 18, T18S, R27E in Eddy County, NM. The OCD will be notified if there are any future changes in the facility location.

Process and Flow Description: Under the proposed flow system, gas will be flowed out the casing from each well and will be tested at the well using an orifice well tester. Oil and water will be pumped out the tubing and will go through a flowline to a header at the battery. Wells will be tested by switching into the test treater, which will separate the oil and water and allow the oil to be measured in a test tank and the water by means of a meter.

Surface Commingling Application

February 10, 1999

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Production Allocation: Production allocation will be based on periodic well tests as described above. Allocation of total gas recorded by the Sales Gas Meter will be based on these periodic tests.

The royalty owners are being notified of this proposal. There are no other working interest or overriding royalty owners. There is a slight difference in royalty interests in two of the above-referenced wells.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for hydrocarbon development and operation on the above referenced leases.

Signed: E. L. Buttross, Jr.
Name: E. L. Buttross, Jr.
Title: District Engineer
Date: February 10, 1999

Devon Energy Corporation
20 N. Broadway, Suite 1500
Oklahoma City, OK 73102
(405) 235-3611

R 27 E

12

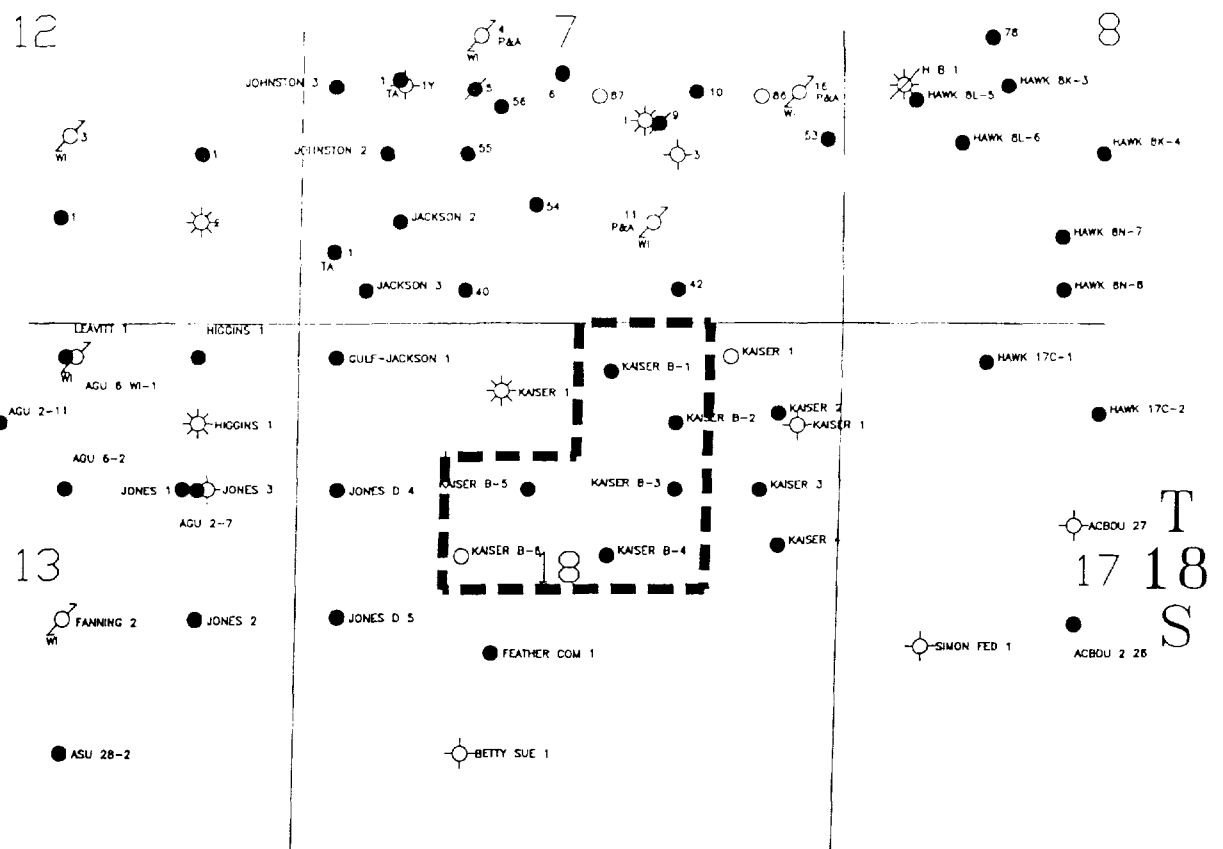
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24

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17 18
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ACBOU 27
ACBOU 2 28
SIMON FED 1



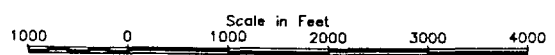
devon
ENERGY CORPORATION

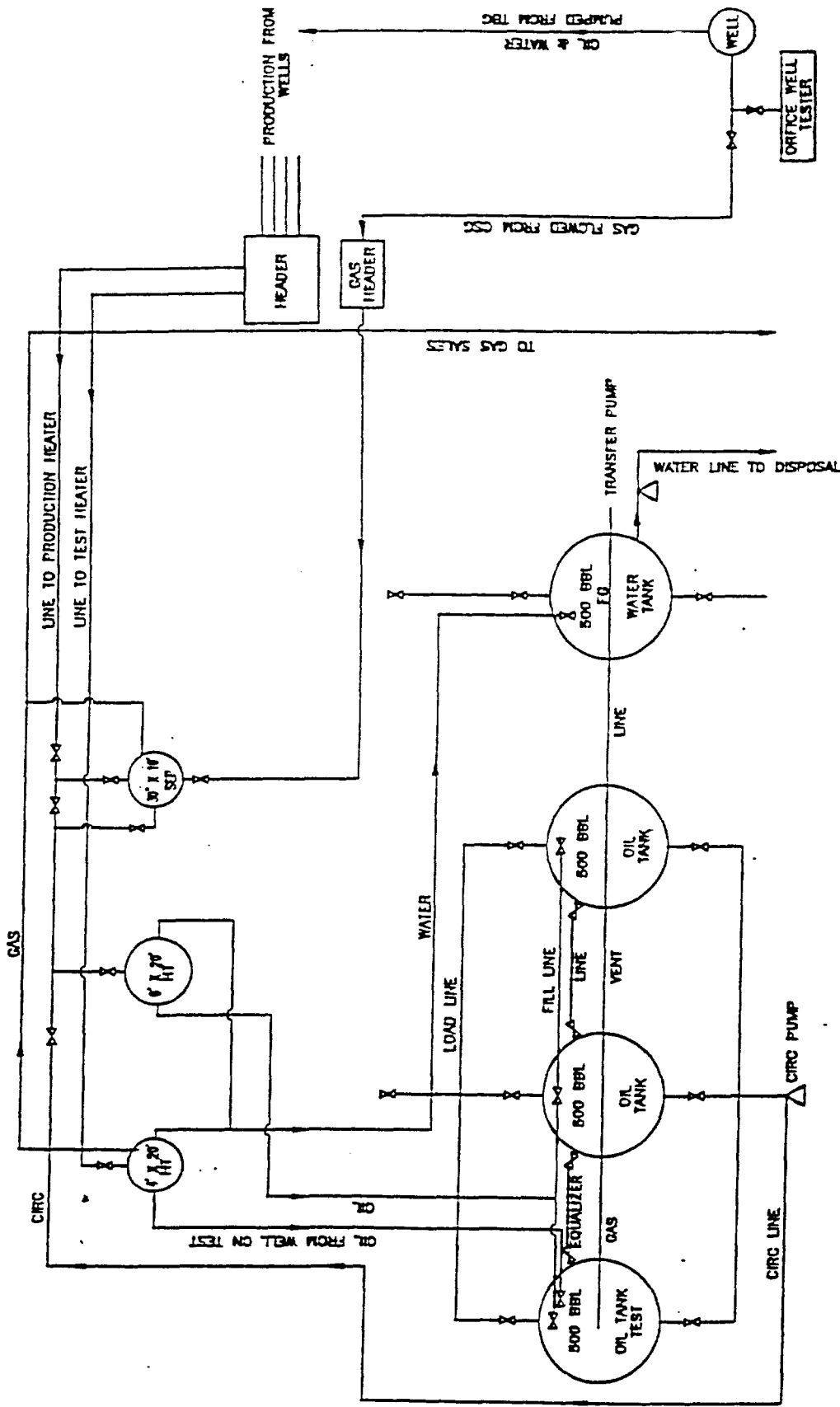
WEST RED LAKE AREA

EDDY COUNTY, NEW MEXICO

93-1000-PROJECT-10-14-00-0000

kaiserb

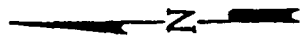




WEST RED LAKE AREA
 EDDY COUNTY, NEW MEXICO

EXHIBIT # 1
TANK BATTERY
 FLOW DIAGRAM

E. BUITROSS



VALUE OF THE COMMINGLED OILS AND GASES

AS SHOWN BY THE ATTACHED ANALYSES, THE OIL AND GAS FROM THE SAN ANDRES AND YESO ARE SIMILAR. COMMINGLING SHOULD NOT AFFECT THE VALUE OF EITHER THE OIL OR GAS.



Laboratory Services, Inc.

4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

SULFUR IN CRUDE OIL

Devon Energy
P. O. Box 250
Artesia, New Mexico 88211-0250

Dec 18, 1998

Total Sulfur	API Gravity @ 60° F	Specific Gravity @ 60° F
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Logan 35-9	0.4888 wt. %	41.8	0.8174
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(YESO)

Thank You,
Rolland Perry

Post-It™ brand fax transmittal memo 7671 # of pages 1

To: <i>Burt...</i>	From: <i>Rolland Perry</i>
Co.:	
Dept. #	
Fax #	



Mobile Analytical Laboratories

LABORATORIES IN ODESSA, GIDDINGS & STACY DAM
WEST UNIVERSITY AND WESTOVER STREET
P.O. BOX 69210
ODESSA, TEXAS 79789-0210
PHONE 337-4744
FAX 337-8781

MR. ROLLAND W. PERRY
LABORATORY SERVICES
1331 TASKER DR.
HOBBS, NEW MEXICO 88240

FEBRUARY 21, 1997

DEAR MR. PERRY:

THE FOLLOWING ARE THE RESULTS OF THE FOUR OIL SAMPLES FOR SULFUR
CONTENT AND GRAVITY, RECEIVED 02/17/97, LAB NOS. 332-335:

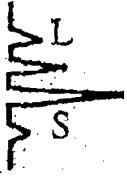
	SULFUR	API GRAVITY @ 60 °F	SPECIFIC GRAVITY @ 60 °F
LAB NO. 332: DEVON ENERGY EAGLE 34 "N" FED #19	1.084 wt%	29.3	0.8799
LAB NO. 333: DEVON ENERGY EAGLE 35 "L" FED #1	0.523 wt%	36.4	0.8427
SAN ANDRES OFFSET			
LAB NO. 334: DEVON ENERGY EAGLE 34 "N" FED #27	0.575 wt%	35.0	0.8499
LAB NO. 335: DEVON ENERGY EAGLE 33 "P" FED #13	0.531 wt%	37.1	0.8394

TEST METHOD: SULFUR ASTM D-4294

WE APPRECIATE THE OPPORTUNITY TO WORK WITH YOU ON THESE TESTS.
IF YOU HAVE ANY QUESTIONS OR REQUIRE ANY FURTHER INFORMATION, PLEASE
FEEL FREE TO CONTACT ME AT ANY TIME.

SINCERELY,


STEPHEN REID
SR/dt



Laboratory Services, Inc.

4016 Fiesta Drive
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Devon Energy
Attention: Mr. Danny Hokett
P. O. Box 250
Artesia, New Mexico 88211-0250

SAMPLE:
IDENTIFICATION: Eagle 34 Fed. T/B
COMPANY: Devon Energy
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED: 10/18/99 8:30 AM
ANALYSIS DATE: 10/16/98
PRESSURE - PSIG 15
SAMPLE TEMP. °F
ATMOS. TEMP. °F 62

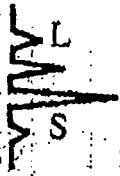
GAS (XX) LIQUID ()
SAMPLED BY: Rolland Perry
ANALYSIS BY: Vickie Walker

REMARKS: H2S = 17,138 PPM

SAN ANDRES OFFset

COMPONENT ANALYSIS

COMPONENT	MOL. PERCENT	GPM
Hydrogen Sulfide (H2S)	1.714	
Nitrogen (N2)	2.971	
Carbon Dioxide (CO2)	3.148	
Methane (C1)	59.198	
Ethane (C2)	18.422	4.381
Propane (C3)	9.034	2.483
i-Butane (iC4)	1.157	0.378
N-Butane (nC4)	2.862	0.900
i-Pentane (iC5)	0.881	0.308
N-Pentane (nC5)	0.799	0.289
Hexane Plus (C6+)	1.859	0.767
	100.000	9.501
BTU/CU.FT. - DRY	1412	MOLECULAR WT. 26.3408
AT 14.650 DRY	1407	
AT 14.650 WET	1383	
AT 14.73 DRY	1415	
AT 14.73 WET	1391	
SPECIFIC GRAVITY - CALCULATED	0.910	
MEASURED		



Laboratory Services, Inc.

4016 Fiesta Drive
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Devon Energy
P. O. Box 250
Artesia, New Mexico 88211-0250

SAMPLE: IDENTIFICATION: Logan 35 Fed.
COMPANY: Devon Energy
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED: 12/18/98 1:15 PM
ANALYSIS DATE: 12/22/98
PRESSURE - PSIA 25
SAMPLE TEMP. °F
ATMOS. TEMP. °F 58

GAS (XX) LIQUID ()
SAMPLED BY: Roland Perry
ANALYSIS BY: Vickie Walker

REMARKS: H2S = 30,862 PPM

(YESO GAS)

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)	3.086	
Nitrogen (N2)	0.949	
Carbon Dioxide (CO2)	3.413	
Methane (C1)	55.046	
Ethane (C2)	17.838	4.759
Propane (C3)	11.155	3.067
i-Butane (iC4)	1.508	0.492
n-Butane (nC4)	3.628	1.141
i-Pentane (iC5)	0.838	0.305
n-Pentane (nC5)	0.856	0.309
Hexane Plus (C6+)	1.885	0.691
	<u>100.000</u>	<u>10.764</u>

BTU/CU.FT. - DRY 1487
AT 14.650 DRY 1483
AT 14.650 WET 1487
AT 14.73 DRY 1491
AT 14.73 WET 1485

MOLECULAR WT. 27.5900

SPECIFIC GRAVITY -
CALCULATED 0.953
MEASURED