

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

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CARLSBAD AREA HEADQUARTERS

To: Bureau of Land Management  
P. O. Box 1778  
Carlsbad, New Mexico 88221-1778

Devon Energy Corporation is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production (gas production only) from the following formations and wells on Federal Lease No. NM0405444, Lease name: Todd 23 Federal. Production from these wells is currently collected at a facility we will refer to in the remainder of this application as the Todd 23 CC battery, more specifically described below:

| Well No. | Loc. | Sec. | Twp. | Rng. | Formation                  |
|----------|------|------|------|------|----------------------------|
| 23O #1   | SE/4 | 23   | T23S | R31E | Sand Dunes (Cherry Canyon) |
| 23J #2   | SE/4 | 23   | T23S | R31E | Sand Dunes (Cherry Canyon) |

with hydrocarbon production (gas only) from the following formation and wells on Federal lease No. NM0405444-A; Lease Name: Todd 26 Federal. Production from these wells is currently collected at a facility we will refer to in the remainder of this application as the Todd 26 CC battery, more specifically described below:

| Well No. | Loc. | Sec. | Twp. | Rng. | Formation                  |
|----------|------|------|------|------|----------------------------|
| 26B #4   | NE/4 | 26   | T23S | R31E | Sand Dunes (Cherry Canyon) |
| 26J #5   | SE/4 | 26   | T23S | R31E | Sand Dunes (Cherry Canyon) |
| 26A #6   | NE/4 | 26   | T23S | R31E | Sand Dunes (Cherry Canyon) |
| 26O #7   | SE/4 | 26   | T23S | R31E | Sand Dunes (Cherry Canyon) |

Gas production from the wells in section 23 is currently vented, and gas from the wells in section 26 is sold through a meter at that location. No recent tests are available for either the section 23 or section 26 Sand Dunes (Cherry Canyon) wells. A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram (Exhibit 1) is also attached which clearly identifies all equipment that will be utilized.

**Process and Flow Description:** Gas from the Cherry Canyon producers in section 23 is initially collected at the Todd 23 CC battery, located at the pad site of the Todd "23O" Federal #1 well in the SE/4, Sec. 23, T23S, R31E, on lease no. NM0405444, Eddy county, New Mexico. The storage and measuring facility where commingling of