

APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

RECEIVED

FEB 15 10 50 AM '96
CARLSBAD AREA OFFICE
SURFACE OPERATIONS

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

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production from the 23 CC battery and 26 CC battery will take place is located on the pad site of the Todd "26B" Federal #4 well in the NE/4, Sec. 26, T23S, R31E, on lease No. NM0405444-A, Eddy county, New Mexico. BLM will be notified if there is any future change in the location of this facility.

Production Allocation: Details of the proposed method for allocating production to contributing sources is as follows:

A total flow meter will be set at the Todd 23 CC battery. A meter will also be set at the Todd 26 CC battery. The combined production from the Sand Dunes (Cherry Canyon) producers in section 23 will be read as a single volume from the total flow meter at the Todd 23 CC battery, and then allocated to individual wells based on well test data. This total will be subtracted from the gas volume shown at the meter on the Todd 26 CC battery, with the difference representing production from the section 26 Sand Dunes (Cherry Canyon) producers. This difference will then be allocated to individual Sand Dunes (Cherry Canyon) producers in section 26 based on well tests. The working interest owners have been notified of the proposal, and none have opposed it.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production. Furthermore, this action is an effort to respond to BLM issued Notice of Non-Compliance #NM-067-95-DW-1174. As noted above, the gas from the wells in section 26 is no longer vented in any case.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. Further, we do not anticipate that any such rights will be needed beyond those already existing. We will submit within 30 days any applications for right-of-way approval to the BLM's Realty Section in your office if we determine that any are required.

Signed:

Name:

Gerald T. Pepper

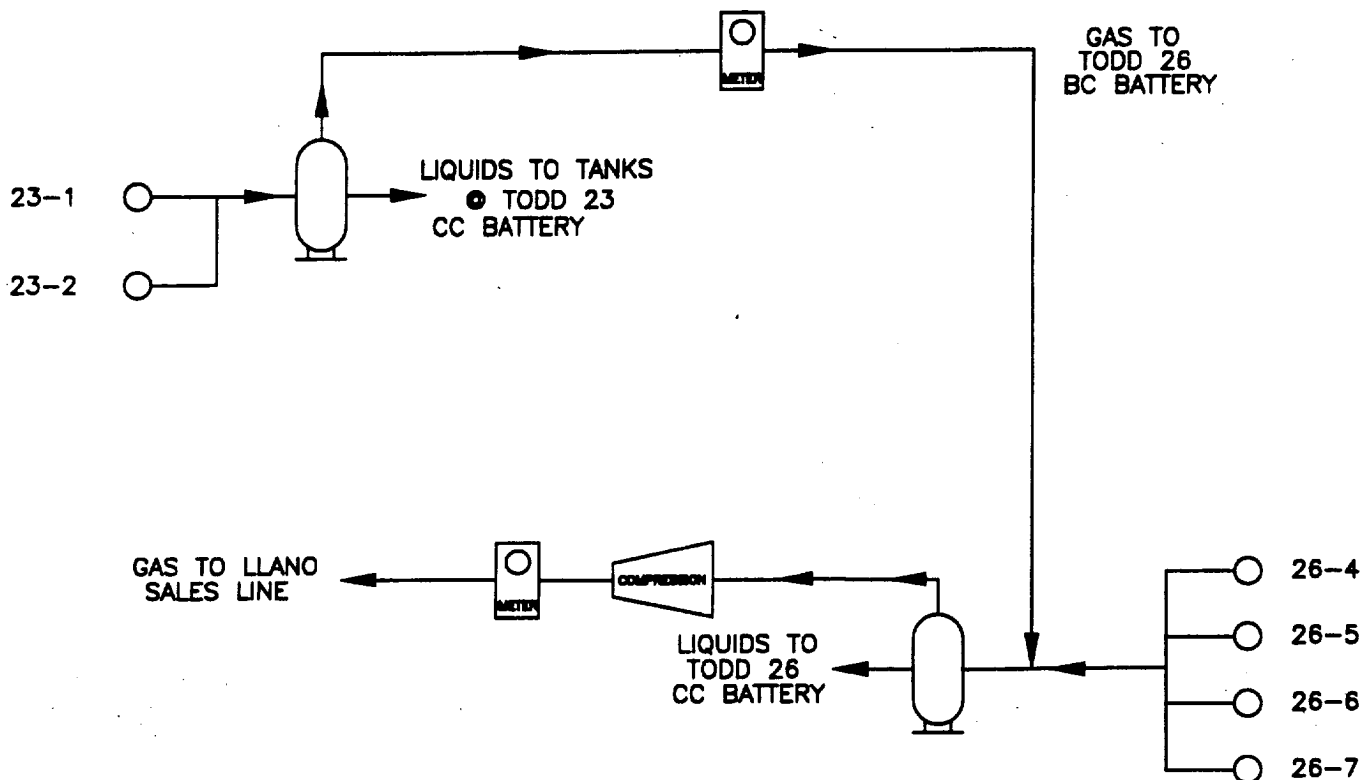
Title:

District Engineer

Date:

February 13, 1996

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20 N. Broadway, Suite 1500
Oklahoma City, OK 73102-8260
Certified Mail No. Z 731 696 310



MIN PLAYS (TODD FLOT)
X
X
X
X
X

devon

TODD FEDERAL AREA

EDDY COUNTY, NEW MEXICO

EXHIBIT 1

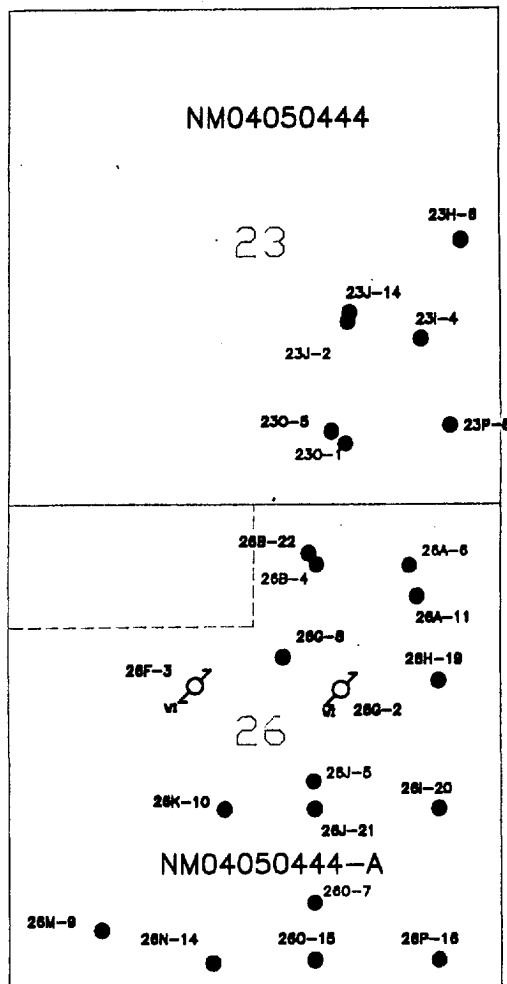
FLOW DIAGRAM PROPOSED TODD FEDERAL GAS COMMINGLING

NO SCALE

GTP

2/13/98

T 23 S
R 31 E



● CHERRY CANYON WELL

● BRUSHY CANYON WELL



23-26	

SAND DUNES AREA
 EDDY COUNTY, NEW MEXICO

SEC. 23 & 26

Scale in Feet
 1000 0 1000 2000 3000 4000
 K. GRAY 10/98