

DATE IN 23/07/2013	SUSPENSE	ENGINEER DB	LOGGED IN 23/07/2013	TYPE PLC	APP NO. 2AXK 1320455030
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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



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]

[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 _____

[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.

Erin Workman
 Print or Type Name

Erin Workman
 Signature

Regulatory Compliance Associate
 Title

07/22/13
 Date

Erin.Workman@dmv.com
 E-mail Address

381

Devon Energy
 Bilbrey 27 Feb 1
 B. Bueg 27A Feb 1
 B. Bueg 28 Feb 1

2013 JUL 23 A 11:06
 RECEIVED OGD

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: 333 W Sheridan Avenue, Oklahoma City, OK 73102

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
72124 Bilbrey; Morrow (gas) Bilbrey 27 Fed #1	52.2/1102.2				
96407 Bilbrey; Delaware, North Bilbrey 27A Fed. #1	40.5/1639.3				
72124 Bilbrey; Morrow (gas) Bilbrey 28 Fed #1	48.4/1084.6				

- (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 ☐ Well Test Method
(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: Erin Workman TITLE: Regulatory Compliance Assoc. DATE: 07/22/13

TYPE OR PRINT NAME: Erin workman TELEPHONE NUMBER: 405-552-7970

E-MAIL ADDRESS: Erin.workman@dvn.com

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, August 14, 2013 4:56 PM
To: Erin.Workman@dvn.com
Subject: Bilbrey 27 Fed #1, 27 A Fed #1 and 28 Fed #1; Surface Commingle Application

Good Afternoon, Ms. Workman

In this application for approval for surface commingling of natural gas production, on Form 107-B, item 4, labeled "Measurement Type," you have checked "Well Test Method."

However, the narrative description of your proposed operation seems to say that production from each well will be continuously run through a check meter prior to commingling. No well test method is described. Thus it would appear that this application actually involves allocation by metering, and that the first box in Item 4 on the form should have been checked.

Please confirm.

Sincerely

David K. Brooks

Brooks, David K., EMNRD

From: Workman, Erin <Erin.Workman@dvn.com>
Sent: Thursday, August 15, 2013 7:57 AM
To: Brooks, David K., EMNRD
Subject: SIGNED Bilbrey C-107
Attachments: Bilbrey Commingle_C-107.pdf

Good morning again Mr. Brooks! Attached is a copy of the SIGNED C-107 for the Bilbrey!

Erin Workman

Regulatory Compliance Associate

Mid-Continent Division

Devon Energy Corporation

333 W. Sheridan Avenue

OKC, OK 73102

OKDEC34.535F

405.552.7970

Erin.Workman@dvn.com

“Trust in the Lord with all your heart, Lean not on your own understanding in all your ways submit to Him, and He will make your paths straight.” Proverbs 3:5-6

Confidentiality Warning: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of all or any portion of this message and any attachments is strictly prohibited. If you are not the intended recipient, please notify the sender immediately by return e-mail, and delete this message and any attachments from your system.



RECEIVED OGD

2013 JUL 23 AM 11:05

Devon Energy Production Company
333 W. Sheridan
Oklahoma City, Oklahoma 73102-8260
Phone: (405)-552-7970
Erin.Workman@dev.com

July 22, 2013

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

**Re: Pool/Lease Commingle, Off Lease Gas Measurement, Sales, & Storage
Bilbrey 27 Federal 1, Bilbrey 27A Federal 1, & Bilbrey 28 Federal 1
Sec. 27-T21S-32E & Sec. 28-T21-32E
Lease NMNM-0630019, Lease NMNM-114819, & Lease NMNM-58938
API: 30-025-30980, 30-025-31095, & 30-025-30495
Pool: 96407 Bilbrey; Delaware, North
72124 Bilbrey; Morrow (Gas)**

Dear Mr. Ezeanyim:

Please find attached the OCD Form C-103, C-107, and BLM Form 3160-5 Sundry Notice of Intent to a Pool/Lease Commingle, Off Lease Gas Measurement, Sales, & Storage for the aforementioned wells. The working interest, royalty interest and overriding royalty interest owners are not uniform; parties have been notified via certified mail.

Should you require any additional information or assistance, please do not hesitate to contact me at (405) 552-7970.

Very truly yours,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Erin Workman
Regulatory Compliance Associate

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: 333 W Sheridan Avenue, Oklahoma City, OK 73102
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
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72124 Bilbrey; Morrow (gas) Bilbrey 28 Fed #1	48.4/1084.6				

- (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 ☒ Well Test Method
(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: Erin Workman TITLE: Regulatory Compliance Assoc. DATE: 07/22/13

TYPE OR PRINT NAME: Erin workman TELEPHONE NUMBER: 405-552-7970

E-MAIL ADDRESS: Erin.workman@dvn.com

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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.)		WELL API NO. See Below
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Devon Energy Production Company, L.P.		6. State Oil & Gas Lease No.
3. Address of Operator 333 W. Sheridan, Oklahoma City, OK 73102 (405) 552-7970		7. Lease Name or Unit Agreement Name See Below
4. Well Location Unit Letter _____: _____ feet from the _____ line and _____ feet from the _____ line Section See Below Township Range NMPM Lea Co., NM		8. Well Number See Below
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3681'GL		9. OGRID Number 6137
		10. Pool name or Wildcat See Below

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 ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

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

OTHER:

☒ Pool/Lease Commingle; Off Lease Measurement Sales, & Storage

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Devon Energy Production Company, LP respectfully requests a Pool/Lease Commingle, Off Lease Measurement Sales, & Storage for the following wells:

Well	S/T/R	API	POOL	LEASE #
Bilbrey 27 Federal 1	Sec. 27- T21S-R32E	30-025-30980	72124 Bilbrey; Morrow (Gas)	NM 063019
Bilbrey 27A Federal 1	Sec. 27- T21S-R32E	30-025-31095	96407 Bilbrey; Delaware, North	NM 114819
Bilbrey 28 Federal 1	Sec. 28 -T21S-R32E	30-025-30495	72124 Bilbrey; Morrow (Gas)	NM 058938

The gas production from all three wells will commingle at the Bilbrey 28 Federal #1 location in Sec. 28-T21S-32E and will then flow to the DCP CDP Gas Sales Meter #76890-00 which is located SWSE of Sec. 21-T21S-32E in Lea County, NM. (See attached facility diagrams and Exhibit B for proposed flow line). Each well has its own tank battery and check meter on location and is the only well utilizing the tank battery at this time. ROW will or has been obtained.

The working, royalty, and overriding interest owners in the leases 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: Erin Workman TITLE: Regulatory Compliance Associate DATE: 07/22/13

Type or print name Erin Workman E-mail address: Erin.Workman@dvn.com Telephone No. (405) 552-7970
For State Use Only

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



Devon Energy Corporation
333 W. Sheridan Avenue
Oklahoma City, OK 73102

405 552 7970 Phone
Erin.Workman@devn.com

July 22, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Interest Owners

**Re: Pool/Lease Commingle, Off Lease Gas Measurement, Sales, & Storage
Bilbrey 27 Federal 1, Bilbrey 27A Federal 1, & Bilbrey 28 Federal 1
Sec. 27-T21S-32E & Sec. 28-T21-32E
Lease NMNM-22810, Lease NMNM-063019, & Lease NMNM-58938
API: 30-025-30980, 30-025-31095, & 30-025-30495
Pool: 96407 Bilbrey; Delaware, North
72124 Bilbrey; Morrow (Gas)**

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 a Pool\Lease Commingle, off-lease measurement sales, & storage of production from the aforementioned leases and pools.

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) 552-7970 should you have any questions or need anything further.

Sincerely,

Devon Energy Production Company, L.P.

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

Erin Workman
Regulatory Compliance Associate

Enclosure

Well Name: **Billbrey 27-1, 27A - 1, & 28-1**
Date Mailed:

<u>Repondent Name/Address:</u>	<u>Certified Mailing Number:</u>
Penroc Oil Corporation M Y Merchant President P.O. Box 2769 Hobbs, NM 88241-2769	7010 1060 0000 0920 4909
ONRR ROYALTY MANAGEMENT PROGRAM PO BOX 25627 DEVNER CO 80225-0627	7010 1060 0000 0920 4916
OXY USA INC ATTN: JOINT INT. - DONNIE C. HALL PO BOX 27570 HOUSTON, TX 77227-7570	7010 1060 0000 0920 4923
LES R. HONEYMAN 206 SKYWOOD CIRCLE MIDLAND, TX 79705-2914	7010 1060 0000 0920 4930
KAY W. BECK 2816 WEST 67TH STREET MISSION HILLS, KS 66208	7010 1060 0000 0920 4947
BRUCE G. BUMGARNER 7320 N. ROSE LANE SCOTTSDALE, AZ 85250	7010 1060 0000 0920 4954
ANNE M. WADDILL 7307 EAST ROCKWOOD WICHITA, KS 67206	7010 1060 000 0920 4961

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. Multiple--See Attached
2. Name of Operator DEVON ENERGY PRODUCTION CO LP Contact: ERIN WORKMAN Email: Erin.workman@devn.com		6. If Indian, Allottee or Tribe Name
3a. Address 333 WEST SHERIDAN AVE OKLAHOMA CITY, OK 73102	3b. Phone No. (include area code) Ph: 405-552-7970	7. If Unit or CA/Agreement, Name and/or No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		8. Well Name and No. Multiple--See Attached
		9. API Well No. Multiple--See Attached
		10. Field and Pool, or Exploratory BILBREY
		11. County or Parish, and State LEA COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Devon Energy Production Company, LP respectfully requests a Pool/Lease Commingle, Off-Lease Measurement, Sales, & Storage for the following wells:

Bilbrey 27 Federal #1
30-025-30980
Sec. 27-T21S-R32E
Pool: 72124 Bilbrey; Morrow (Gas)
NM 63019

Bilbrey 27A Federal #1
30-025-31095
Sec. 27-T21S-R32E

RECEIVED

JUL 17 2013
REGULATORY DEPT.
MID-CONTINENT DIVISION

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct. Electronic Submission #161593 verified by the BLM Well Information System For DEVON ENERGY PRODUCTION CO LP, sent to the Hobbs Committed to AFMSS for processing by KURT SIMMONS on 01/07/2013 (13KMS1620SE)	
Name (Printed/Typed) ERIN WORKMAN	Title REGULATORY COMPLIANCE ASSOC
Signature (Electronic Submission)	Date 12/04/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>DUNCAN WHITLOCK</u> <i>J.D. Whitlock</i>	Title <u>SUPERVISORY PET</u>	Date <u>06/13/2013</u>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office <u>Hobbs</u>

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional data for EC transaction #161593 that would not fit on the form

5. Lease Serial No., continued

NMNM114819
NMNM58938
NMNM63019

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM58938	NMNM58938	BILBREY 28 FED 1	30-025-30495-00-S1	Sec 28 T21S R32E SENE 1980FNL 660FEL
NMNM63019	NMNM63019	BILBREY 27 FED 1	30-025-30980-00-S1	Sec 27 T21S R32E NWSW 1980FSL 990FWL
NMNM114819	NMNM114819	BILBREY 27A FED 1	30-025-31095-00-S2	Sec 27 T21S R32E SENW 1980FNL 1980FWL

32. Additional remarks, continued

Pool: 96407 Bilbrey; Delaware, North
NM 114819

Bilbrey 28 Federal #1
30-025-30495
Sec. 27-T21S-R32E
Pool: 72124 Bilbrey; Morrow (Gas)
NM 58938

Thank you!

APPLICATION FOR POOL/LEASE COMMINGLING & OFF-LEASE MEASUREMENT, SALES, & STORAGE APPROVAL

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

Pool/lease commingling proposal for Bilbrey leases:

Devon Energy Production Company, LP is requesting approval to Pool/Lease Commingle, Off Lease Gas Measurement & Storage the following wells:

sch-B 12.590-2590 Royalty Rate

Federal Lease	NMNM-063019							
Well Name	Location	API #	Pool	72124	BOPD	Oil Gravity	MCFPD	BTU
Bilbrey 27 Federal #1	Sec. 27-T21S-R32E <i>NE SW</i>	30-025-30980	Bilbrey; Morrow (Gas)		3.	52.2	925.06	1102.2

sch-B 12.590

Federal Lease	NMNM-114819							
Well Name	Location	API #	Pool		BOPD	Oil Gravity	MCFPD	BTU
Bilbrey 27A Federal #1	Sec. 27-T21S-R32E <i>SE NW</i>	30-025-31095	Bilbrey; Delaware, North		5.	40.5	10.91	1639.3

sch-B 12.590-2590

Federal Lease	NMNM-058938							
Well Name	Location	API #	Pool		BOPD	Oil Gravity	MCFPD	BTU
Bilbrey 28 Federal #1	Sec. 28-T21S-32E <i>SE NE</i>	30-025-30495	Bilbrey; Morrow (Gas)		0.0	48.4	3.03	1084.6

A map (Exhibit A) is enclosed showing the Federal leases and well locations in Section 27 of T21S R32E and Sec 28 of T21S-R32E. The ownership in the Bilbrey leases are not uniform; working, royalty, and overriding interest owners have been notified of this proposal via certified mail (see attached certified mailing list).

Oil & Gas metering:

Each well has its own tank battery on location and will be the only well utilizing the battery at this time. These wells are going to commingle gas production at the Bilbrey 28 Federal #1 before flowing to the DCP CDP Sales Meter #76890-00 located in Sec. 21-T21S-32E. (See attached Exhibits C1, C2, and C3 for metering and flow of production)

SE NE
The Bilbrey 27 Federal #1 will first flow through a stack pack, then through a check meter #390-33-005 on location, it will then flow to a header located at the Bilbrey 28 Federal #1, once through the header with the Bilbrey 27A-1, it will then commingle with the Bilbrey 28 Federal #1 and flow through a separator, before flowing to the DCP CDP #76890-00 located in Sec. 21-T21S-32E (See attached Exhibit C-1 for metering and flow of production).

SW SE
The Bilbrey 27A Federal #1 will first flow through a heater treater, then to a check meter #390-33-021 on location, it will then flow to a header located on the Bilbrey 28 Federal #1, once through the header, it will then commingle with the Bilbrey 28 Federal #1 and flow through a separator, before flowing to the DCP CDP #76890-00 located in Sec. 21-T21S-32E. (See attached Exhibit C-2 for metering and flow of production)

SW SE
The Bilbrey 28 Federal #1 will first flow through a stack pack, then through a check meter #390-33-007, commingle with the Bilbrey 27 Federal #1 and the Bilbrey 27A Federal #1, then through a separator, and flow to the DCP CDP #76890-00 located in Sec. 21-T21S-32E. (See attached Exhibit C-3 for metering and flow of production)

DIFFERENT ROYALTY RATES
The BLM's interest in these wells, are ~~the same~~ and the BTU's are equivalent. Waste is not induced and no correlative rights are impaired. These meters will be calibrated on a regular basis per API, NMOC and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

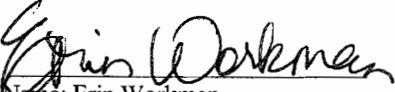
Process and Flow Descriptions:

Please see attached diagrams for each wells' production facility (Exhibits C1-C3). The flow of produced fluids is shown in detail along with a description of each vessel.

The benefit of the off lease gas measurement, sales, and storage is to help reduce liability with primary exposure to one facility and reduce lease road/location maintenance due to time/wear-n-tear spent at each well's location. This will also lessen the surface disturbance due to having all the gas production at one facility.

Devon Energy Production Company, LP understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. Additionally, Devon Energy Production Co., LP will submit within 30 days, an application for right-of-way approval to the BLM and NMOC section in your office, if we have not already done so.

Signed:

A handwritten signature in black ink, appearing to read "Erin Workman", written over a horizontal line.

Printed Name: Erin Workman

Title: Regulatory Compliance Associate

Date: 12/02/12

Exhibit A

Bilbrey
Lea County, NM

NMNM 116045

NMNM 094848
23

21 NMNM 113413

22

7215 R32E

NMNM 063020

28

NMNM 058938

BILBREY
28 FEB 1

LEA
COUNTY

NMNM 114819

BILBREY
"27A"
FEDERAL 1

21S - 32E

26

21S - 32E

BILBREY
"27"
FEDERAL 1

27
NEW MEXICO

NMNM 063019

NMNM 126968

NMNM 086710

33

NMNM 085933

34

NMNM 083607

NMNM 120905
35

BILBREY 22 FEDERAL COM #001

NMNM 094848
023

NMNM 116045

022

NMNM 113413

021

T21S R32E

NMNM 114819

BILBREY 27 A FEDERAL #001

BILBREY 28 FEDERAL #001

026

027

028

NMNM 063020

NMNM 058938

BILBREY 27 FEDERAL #001

NMNM 063019

NMNM 126968

BILBREY 34 FEDERAL #001

034
NMNM 085933

NMNM 086710

033

NMNM 083607

NMNM 120905
035

Source: Esri, DigitalGlobe, GeoEye, AeroMap, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Exhibit B
Bilbrey 27 Fed. 1, Bilbrey 27A Fed. 1 & Bilbrey 28 Fed. 1

NEW MEXICO 21S-32E
DCP CDP #76890-00

LEA
COUNTY

Bilbrey 28 Fed #1

Bilbrey 27A Fed #

Bilbrey 27 Fed #1

Devon GIS Mapping



Disclaimer: This plot is for illustrative purposes
only and is neither a legally recorded map nor
a survey and is not intended to be used as one.

Scale: 1:18,056

Date Printed: 11/11/2012 7:35:50 AM

NMNM 002518

023

NMNM 094848

NMNM **116045**

022

NMNM **113413**

021

DCP CDP #76890-00

T21S R32E

NMNM 114819

Bilbery 27 A Federal #1

027

Bilbrey 28 Federal #1

NMNM **058938**

NMNM **063020**

028

026

NIMNM **063019**

NMNM 126968

Shipping, Aerogel, ION, IGE
035 NMNM 120905

SOURCE: Esri, DigitalGlobe, GeoEye, IGN, AerIAL, AeroGRID, IGN, SDA, USDA, CNES

034

NMNM **086710**

033

EXHIBIT C-1

B#bery 27 Federal #1
 Sec. 27-T21S-R33E
 1990' FSL & 990' FWL
 Lea Co., NM
 API#30-025-30980 Lease #NM 63019

Production System: Open

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.

Ledger for Site Diagram

Valve #1: Production Line

Valve #2: Test or Roll line

Valve #3: Equalizer Line

Valve #4: Circ./Drain Line

Valve #5: Seal Line

Valve #6: BSAW Load Line

Buried Lines:

Firewall:

Wellhead:

Stak-pak:

Production line:

Water line:

Gas Meter

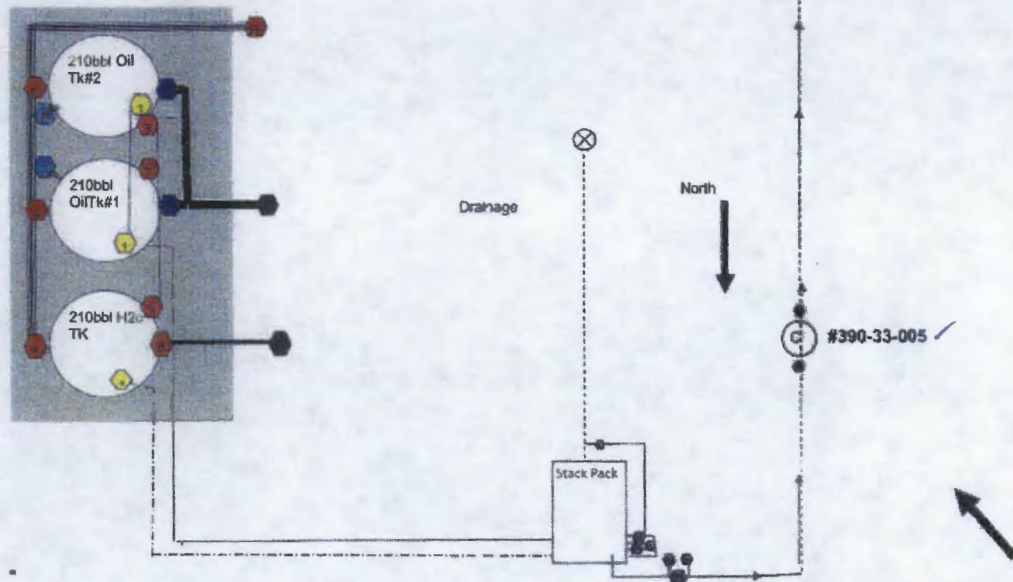


EXHIBIT C-2

Bilberry 27A Federal #1
 Sec. 27-T21S-R32E
 1980' FNL & 1980' FWL
 LEA CO, NM
 APN#30-025-31095

Production System: Open


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.

Ledger for Site Diagram

Valve #1: Production Line 

Valve #2: Test or Roll line 

Valve #3: Equilizer Line 


Valve #4: Circ./Drain Line 

Valve #5: Sles Line 

Valve #6: PS&W Load Line 

Buried Lines: 

Firewall: 

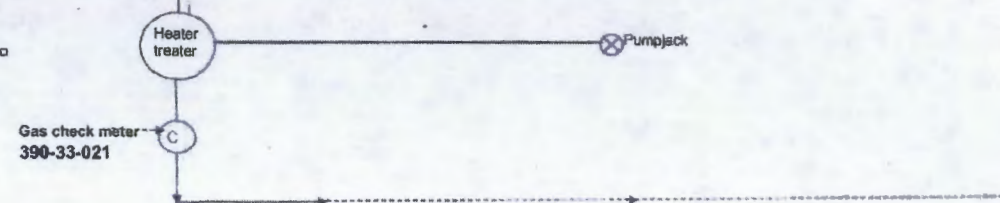
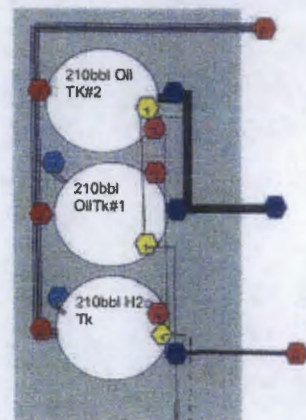
Wellhead: 

Stak-pak: 

Production line: 

Water line: 

Gas Meter  



North


Bilberry 28 Federal #1
 Sec. 28-T21S-R32E
 1980' FWL & 660' FEL
 Lea Co., NM
 API# 30-025-30495 Lease#NM 58938

Production System: Open


1) Oil sales by tank gauge to tank truck.


2) Seal requirements:


A. Production Phase: On all Tanks.


(1) All valves 5 sealed closed.


Bales 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 unaccessible. 


NOTE: Valve 2 is either a test or roll line if there is a valve 2 it will be sealed closed. 


Ledger for Site Diagram

Valve #1: Production Line 

Valve #2: Test or Roll line 


Valve #3: Equalizer Line 


Valve #4: Circ./Drain Line 

Valve #5: Stem Line 

Valve #6: BS&W Load Line 

Buried Lines: 

Firewall: 

Wellhead: 

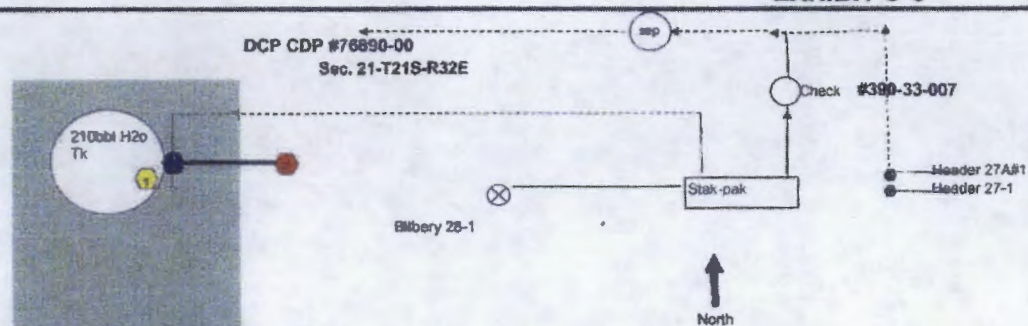
Stak-pak: 

Production line: 

Water line: 

Gas Meter   

EXHIBIT C-3





Devon Energy Production Company
333 W. Shendean
Oklahoma City, Oklahoma 73102-8260
Phone: (405)-552-7970
Erin.Workman@devn.com

December 4, 2012

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

**Re: Pool/Lease Commingle, Off Lease Gas Measurement, Sales, & Storage
Bilbrey 27 Federal 1, Bilbrey 27A Federal 1, & Bilbrey 28 Federal 1
Sec. 27-T21S-32E & Sec. 28-T21-32E
Lease NMNM-0630019, Lease NMNM-114819, & Lease NMNM-58938
API: 30-025-30980, 30-025-31095, & 30-025-30495
Pool: 96407 Bilbrey; Delaware, North
72124 Bilbrey; Morrow (Gas)**

Dear Mr. Ezeanyim:

Please find attached the OCD Form C-103, C-107, and BLM Form 3160-5 Sundry Notice of Intent to a Pool/Lease Commingle, Off Lease Gas Measurement, Sales, & Storage for the aforementioned wells. The working interest, royalty interest and overriding royalty interest owners are not uniform; parties have been notified via certified mail.

Should you require any additional information or assistance, please do not hesitate to contact me at (405) 552-7970.

Very truly yours,

DEVON ENERGY PRODUCTION COMPANY, L.P.

A handwritten signature in black ink that reads "Erin Workman". The signature is fluid and cursive, with the first name "Erin" being more prominent.

Erin Workman
Regulatory Compliance Associate

Enclosures

DATE	RESPONSE	BY	LOGGED IN	DATE	APPROVED
------	----------	----	-----------	------	----------

ABOVE HISTORY FIELD DELETED ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



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]

- [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 _____
- [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.

Erin Workman
Print or Type Name

Signature

Regulatory Compliance Associate
Title

12/03/12
Date

Erin.Workman@dnr.com
E-mail Address

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: 333 W Sheridan Avenue, Oklahoma City, OK 73102
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
72124 Bilbrey; Morrow (gas) Bilbrey 27 Fed #1	52.2/1102.2				
96407 Bilbrey; Delaware, North Bilbrey 27A Fed. #1	40.5/1639.3				
72124 Bilbrey; Morrow (gas) Bilbrey 28 Fed #1	48.4/1084.6				

- (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 ☒ Well Test Method
(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: Erin Workman TITLE: Regulatory Compliance Assoc. DATE: 11/28/12

TYPE OR PRINT NAME: Erin workman TELEPHONE NUMBER: 405-552-7970

E-MAIL ADDRESS: Erin.workman@dmn.com

TK

Precision Gas Measurement, Inc.
Natural Gas Report

Sample Information

Sample Information	
Company Name	DEVON ENERGY
Lease Name	BILBREY 27-1
Location ID	39033005
Sample Date	6/26/2012
Method Name	BTUC6+.met
Injection Date	2012-06-26 11:35:46
Report Date	2012-06-26 11:57:47

Component Results

Component Name	Norm%	Gross HV (Dry) (BTU / Ideal cu.ft.)	Gross HV (Sat.) (BTU / Ideal cu.ft.)	Relative Gas Density (Dry)	GPM (Dry) (Gal. / 1000 cu.ft.)
NITROGEN	0.6913	0.0	0.0	0.00669	0.076
CARBON DIOXIDE	0.7461	0.0	0.0	0.01134	0.128
METHANE	91.0321	921.6	905.5	0.50423	15.469
ETHANE	4.7376	84.0	82.6	0.04919	1.270
PROPANE	1.3691	34.5	33.9	0.02084	0.378
I-BUTANE	0.2587	8.4	8.3	0.00519	0.085
N-BUTANE	0.3280	10.7	10.5	0.00658	0.104
I-PENTANE	0.1490	6.0	5.9	0.00371	0.055
N-PENTANE	0.1107	4.4	4.4	0.00276	0.040
C6+	0.5774	29.7	29.2	0.01858	0.251
Water	0.0000	0.0	0.0	0.00000	0.000
Total:	100.0000	1099.4	1080.2	0.62910	17.855

Results Summary

Result	Dry	Sat.
Total Normalized Mole%	100.0000	100.0000
Pressure Base (psia)	14.730	
Flowing Temperature (Deg. F)	84.5	
Flowing Pressure (psia)	102.1	
Water Mole%	-	1.7407
Gross Heating Value (BTU / Ideal cu.ft.)	1099.4	1080.2
Gross Heating Value (BTU / Real cu.ft.)	1102.2	1083.4
Relative Density (G), Real	0.6305	0.6306
Compressibility (Z) Factor	0.9974	0.9970
Total GPM	17.855	17.650
Wobbe Index	1388.2	1364.4

Precision Gas Measurement, Inc.
Natural Gas Report

TK

Sample Information

Sample Information	
Company Name	DEVON ENERGY
Lease Name	BILBREY 27 A 1
Location ID	39033021
Sample Date	6/26/2012
Method Name	BTUC6+.met
Injection Date	2012-06-26 11:00:30
Report Date	2012-06-26 11:09:21

Component Results

Component Name	Norm%	Gross HV (Dry) (BTU / Ideal cu.ft.)	Gross HV (Sat.) (BTU / Ideal cu.ft.)	Relative Gas Density (Dry)	GPM (Dry) (Gal. / 1000 cu.ft.)
NITROGEN	2.0571	0.0	0.0	0.01990	0.228
CARBON DIOXIDE	0.0873	0.0	0.0	0.00133	0.015
METHANE	55.3235	560.1	550.3	0.30644	9.441
ETHANE	17.7759	315.3	309.8	0.18455	4.785
PROPANE	14.0993	355.6	349.4	0.21466	3.910
I-BUTANE	1.9619	63.9	62.8	0.03937	0.646
N-BUTANE	4.6690	152.7	150.0	0.09370	1.482
I-PENTANE	1.2345	49.5	48.6	0.03075	0.454
N-PENTANE	1.1085	44.5	43.8	0.02761	0.404
C6+	1.6830	86.5	85.0	0.05415	0.735
Water	0.0000	0.0	0.0	0.00000	0.000
Total:	100.0000	1628.1	1599.8	0.97246	22.102

Results Summary

Result	Dry	Sat.
Total Normalized Mole%	100.0000	100.0000
Pressure Base (psia)	14.730	
Flowing Temperature (Deg. F)	104.2	
Flowing Pressure (psia)	43.3	
Water Mole%	-	1.7407
Gross Heating Value (BTU / Ideal cu.ft.)	1628.1	1599.8
Gross Heating Value (BTU / Real cu.ft.)	1639.3	1611.6
Relative Density (G), Real	0.9787	0.9731
Compressibility (Z) Factor	0.9932	0.9927
Total GPM	22.102	21.828
Wobbe Index	1657.0	1633.7

Precision Gas Measurement, Inc.
Natural Gas Report

TLC

Sample Information

Sample Information	
Company Name	DEVON ENERGY
Lease Name	BILBREY 28-1
Location ID	39033007
Sample Date	6/26/2012
Method Name	BTUC6+.met
Injection Date	2012-06-26 10:33:10
Report Date	2012-06-26 10:40:56

Component Results

Component Name	Norm%	Gross HV (Dry) (BTU / Ideal cu.ft.)	Gross HV (Sat.) (BTU / Ideal cu.ft.)	Relative Gas Density (Dry)	GPM (Dry) (Gal. / 1000 cu.ft.)
NITROGEN	0.8275	0.0	0.0	0.00800	0.091
CARBON DIOXIDE	0.6321	0.0	0.0	0.00960	0.108
METHANE	92.4446	935.9	919.6	0.51205	15.707
ETHANE	3.8424	68.2	67.0	0.03989	1.030
PROPANE	1.0036	25.3	24.9	0.01528	0.277
I-BUTANE	0.2178	7.1	7.0	0.00437	0.071
N-BUTANE	0.2636	8.6	8.5	0.00529	0.083
I-PENTANE	0.1374	5.5	5.4	0.00342	0.050
N-PENTANE	0.0977	3.9	3.9	0.00243	0.035
C6+	0.5333	27.4	26.9	0.01716	0.232
Water	0.0000	0.0	0.0	0.00000	0.000
Total:	100.0000	1081.9	1063.1	0.61751	17.686

Results Summary

Result	Dry	Sat.
Total Normalized Mole%	100.0000	100.0000
Pressure Base (psia)	14.730	
Flowing Temperature (Deg. F)	113.7	
Flowing Pressure (psia)	90.7	
Water Mole%	-	1.7407
Gross Heating Value (BTU / Ideal cu.ft.)	1081.9	1063.1
Gross Heating Value (BTU / Real cu.ft.)	1084.6	1066.1
Relative Density (G), Real	0.6188	0.6191
Compressibility (Z) Factor	0.9975	0.9972
Total GPM	17.686	17.484
Wobbe Index	1378.8	1354.9

OFF LEASE PRODUCTION - LEA COUNTY

	06/01/12	07/01/12	08/01/12	09/01/12	10/01/12	11/01/12
Well Name	Sum Est Gas	Sum Est Gas	Sum Est Gas	Sum Est Gas	Sum Est Gas	Sum Est Gas
Bilbrey 27 Federal #001	30,010.52	30,681.24	30,468.89	29,131.79	27,607.77	27,341.62
Bilbrey 27A Federal #001	234.96	129.78	347.35	292.07	304.76	321.47
Bilbrey 28 Federal #001	1,231.53	1,073.39	1,015.55	919.13	928.92	162.92

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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.)		WELL API NO. See Below
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Devon Energy Production Company, L.P.		6. State Oil & Gas Lease No.
3. Address of Operator 333 W. Sheridan, Oklahoma City, OK 73102 (405) 552-7970		7. Lease Name or Unit Agreement Name See Below
4. Well Location Unit Letter _____: _____ feet from the _____ line and _____ feet from the _____ line Section _____ See Below Township _____ Range _____ NMPM Lea Co., NM		8. Well Number See Below
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3681'GL		9. OGRID Number 6137
		10. Pool name or Wildcat See Below

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 ☐
DOWNHOLE COMMINGLE ☐

OTHER:

☒ Pool/Lease Commingle; Off Lease Measurement Sales, & Storage

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Devon Energy Production Company, LP respectfully requests a Pool/Lease Commingle, Off Lease Measurement Sales, & Storage for the following wells:

Well	S/T/R	API	POOL	LEASE #
Bilbrey 27 Federal 1	Sec. 27- T21S-R32E	30-025-30980	72124 Bilbrey; Morrow (Gas)	NM 063019
Bilbrey 27A Federal 1	Sec. 27- T21S-R32E	30-025-31095	96407 Bilbrey; Delaware, North	NM 114819
Bilbrey 28 Federal 1	Sec. 28 -T21S-R32E	30-025-30495	72124 Bilbrey; Morrow (Gas)	NM 058938

The gas production from all three wells will commingle at the Bilbrey 28 Federal #1 location in Sec. 28-T21S-32E and will then flow to the DCP CDP Gas Sales Meter #76890-00 which is located SWSE of Sec. 21-T21S-32E in Lea County, NM. (See attached facility diagrams and Exhibit B for proposed flow line). Each well has its own tank battery and check meter on location and is the only well utilizing the tank battery at this time. ROW will or has been obtained.

The working, royalty, and overriding interest owners in the leases 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: Erin Workman TITLE: Regulatory Compliance Associate DATE: 12/03/12

Type or print name Erin Workman E-mail address: Erin.Workman@dmn.com Telephone No. (405) 552-7970
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):



Devon Energy Corporation
313 W. Sheridan Avenue
Oklahoma City, OK 73102

405 552 7970 Phone
Erin.Workman@devn.com

December 3, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Interest Owners

**Re: Pool/Lease Commingle, Off Lease Gas Measurement, Sales, & Storage
Bilbrey 27 Federal 1, Bilbrey 27A Federal 1, & Bilbrey 28 Federal 1
Sec. 27-T21S-32E & Sec. 28-T21-32E
Lease NMNM-22810, Lease NMNM-063019, & Lease NMNM-58938
API: 30-025-30980, 30-025-31095, & 30-025-30495
Pool: 96407 Bilbrey; Delaware, North
72124 Bilbrey; Morrow (Gas)**

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 a Pool/Lease Commingle, off-lease measurement sales, & storage of production from the aforementioned leases and pools.

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) 552-7970 should you have any questions or need anything further.

Sincerely,

Devon Energy Production Company, L.P.

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

Erin Workman
Regulatory Compliance Associate

Enclosure

Well Name: **Bilbrey 27-1, 27A - 1, & 28-1**
Date Mailed:

<u>Repondent Name/Address:</u>	<u>Certified Mailing Number:</u>
Penroc Oil Corporation M Y Merchant President P.O. Box 2769 Hobbs, NM 88241-2769	7010 1060 0000 0920 4909
ONRR ROYALTY MANAGEMENT PROGRAM PO BOX 25627 DEVNER CO 80225-0627	7010 1060 0000 0920 4916
OXY USA INC ATTN: JOINT INT. - DONNIE C. HALL PO BOX 27570 HOUSTON, TX 77227-7570	7010 1060 0000 0920 4923
LES R. HONEYMAN 206 SKYWOOD CIRCLE MIDLAND, TX 79705-2914	7010 1060 0000 0920 4930
KAY W. BECK 2816 WEST 67TH STREET MISSION HILLS, KS 66208	7010 1060 0000 0920 4947
BRUCE G. BUMGARNER 7320 N. ROSE LANE SCOTTSDALE, AZ 85250	7010 1060 0000 0920 4954
ANNE M. WADDILL 7307 EAST ROCKWOOD WICHITA, KS 67206	7010 1060 000 0920 4961

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Bilbrey 27 Federal #1, Bilbrey 27 A Federal #1 and Bilbrey 28 Federal #1
3002530980, 3002531095 and 3002530495
NM63019, NM114819 and NM58938
Devon Energy Production Co.
May 28, 2013

**Condition of Approval
Commingling on and off lease**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
7. Gas measurement for allocation and/or check meters must be measured as per Onshore Order #5 for sales meters.
8. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
9. This agency shall be notified of any change in sales method or location of sales point.
10. Additional wells and/or leases require additional commingling approvals.
11. **If any wells are added to Lease NM63019 or NM58938. If a well which is presently on one of these leases is recompleted into another zone this approval will no-longer be valid until it has been reevaluated and the royalty rate is determined to still fall under the same 12.5% in which this approval is being approved.**

The public's interest in all 3 leases has been found to be at 12.5%. This is due to Lease NM63019 and NM58938 which are under a Schedule B royalty rate never producing at a rate higher than 12.5%. Therefore, this commingle is being approved. This does not mean that the allocation of production to each lease will be 100% accurate each month. By approving this request it will only guarantee that the public's interest will not be compromised.