

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



*Devon*

*Habanero 17 Feb Com 11H*

**ADMINISTRATIVE APPLICATION CHECKLIST** *30-015-36108*

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]

*Servamod 9 Feb. 11H*

*30-015-37763*

- [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 \_\_\_\_\_

2011 SEP 27 A 11:20  
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- [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

9/12/11  
 Date

Melanie.Crawford@dvn.com  
 E-mail Address



Devon Energy Production Company  
20 North Broadway - CT 3.058  
Oklahoma City, Oklahoma 73102-8260  
Phone: (405)-552-4524  
Fax (405)-552-8113  
[Melanie.Crawford@devon.com](mailto:Melanie.Crawford@devon.com)

September 12, 2011

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

RECEIVED OCD  
2011 SEP 27 AM 11:20

**Re: Pool/Lease Commingling, Off Gas Lease Measurement, Sales, & Storage  
Habanero 17 Federal Com 1H & Serrano 29 Federal 1H  
API: 30-015-36108 & 30-015-37763  
Sec 17-T24S-R27E & Sec 29-T24S-R27E  
Lease NM-112268 & NM-112269  
Black River; Wolfcamp  
Wildcat; Wolfcamp (gas)  
Eddy County, New Mexico**

Dear Mr. Ezeanyim:

Please find attached the OCD Form C-103 and BLM Form 3160-5 Sundry Notice of Intent to Pool/Lease Commingle, Off Lease Gas Measurement, Sales & Storage the aforementioned wells. The working interest, royalty interest and overriding royalty interest owners in both leases uniformed; no additional notification is required.

BLM sundry approval and BLM conditions of approval attached.

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

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. 30-015- 36108 & 30-015-37763
5. Indicate Type of Lease FED <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NM-112268 & NM-112269
7. Lease Name or Unit Agreement Name
8. Well Number See Below
9. OGRID Number 6137
10. Pool name or Wildcat See Below

**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.)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
Devon Energy Production Company, LP

3. Address of Operator  
20 North Broadway Oklahoma City, Oklahoma 73102-8260 (405) 552-4524

4. Well Location (See Below)  
 Unit Letter \_\_\_\_\_ feet from the \_\_\_\_\_ line and \_\_\_\_\_ feet from the \_\_\_\_\_ line  
 Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_ NMPM Eddy County New Mexico

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
 n/a

Pit or Below-grade Tank Application  or Closure   
 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

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Pool/Lease Commingle, Off Lease Gas Measurement, Sales, & Storage <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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., LP respectfully requests the Pool/Lease Commingle, Off Lease Gas Measurement, Sales, & Storage of the following wells:

Habanero 17 Federal Com 1H *AT Sec 17-T24S-R27E N/2 (INDEX)* Pool: Black River; Wolfcamp *015-36108 Black River, WC (com)*  
 Serrano 29 Federal 1H *H Sec 29-T24S-R27E N/2* Pool: Wildcat; Wolfcamp (gas) *11-37763*  
*6 LM - 36* *SULFATE DRAW (85780)*

The Habanero and the Serrano wells will each have their own tank batteries on location and will be the only wells utilizing it at this time. The Habanero produced gas will flow to a stack pack, 2 phase separator and a check meter that Devon will install (will send meter number once available) located on location, before flowing to the DCP CDP Gas Sales Meter 725078-00. The Serrano produced gas will flow to the gas production unit and then through the check meter 88512135 at the location before metering at DCP CDP Gas Sales Meter 725078-00.

The DCP CDP Gas Sales Meter is located in NE/4 SE/4 of Sec 18, T24S, R27E.

The working, royalty, and overriding interest owners are uniformed; no additional notification is required.

*PLC-349*

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: *9/12/11*

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): \_\_\_\_\_

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Operator 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.*

5. Lease Serial No.  
NMNM1 12268

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. HABANERO 17 FEDERAL 1H
2. Name of Operator DEVON ENERGY PRODUCTION CO EMail: MELANIE.CRAWFORD@DVN.COM		9. API Well No. 30-015-36108
3a. Address 20 NORTH BROADWAY OKLAHOMA CITY, OK 73102	3b. Phone No. (include area code) Ph: 405-552-4524	10. Field and Pool, or Exploratory BLACK RIVER; WOLFCAMP
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 17 T24S R27E		11. County or Parish, and State EDDY COUNTY 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"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other

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 recomplete 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 Co., LP respectfully requests the Pool/Lease Commingle, Off Lease Gas Measurement, Sales, & Storage of the following wells:

Habanero 17 Federal Com 1H Sec 17-T24S-R27E Pool: Black River; Wolfcamp  
Serrano 29 Federal 1H Sec 29-T24S-R27E Pool: Wildcat; Wolfcamp (gas)

The Habanero and the Serrano wells will each have their own tank batteries on location and will be the only wells utilizing it at this time. The Habanero produced gas will flow to a stack pack, 2 phase separator and a check meter that Devon will install (will send meter number once available) located on location, before flowing to the DCP CDP Gas Sales Meter 725078-00. The Serrano produced gas will flow to the gas production unit and then through the check meter 88512135 at the location before metering at DCP CDP Gas Sales Meter 725078-00.

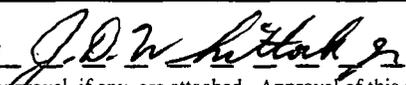
**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #117267 verified by the BLM Well Information System  
For DEVON ENERGY PRODUCTION CO LP, sent to the Carlsbad**

Name (Printed/Typed) MELANIE A CRAWFORD	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 09/12/2011

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By 	Title LIET	Date 9/19/11
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 CFO

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 #117267 that would not fit on the form**

**32. Additional remarks, continued**

The DCP CDP Gas Sales Meter is located in NE/4 SE/4 of Sec 18, T24S, R27E.

The working, royalty, and overriding interest owners are uniformed; no additional notification is required

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

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

## Pool/Lease commingling proposal for Habanero & Serrano:

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

### Federal Lease: NM-112268 C/A: Pending

Well Name	Location	API #	Pool	MCFPD	BTU
*Habanero 17 Federal Com 1H	17-T24S-R27E	30-015-36108	Black River; Wolfcamp	N/A	N/A

### Federal Lease: NM-112269

Well Name	Location	API #	Pool	MCFPD	BTU
Serrano 29 Federal 1H	29-T24S-R27E	30-015-37763	Wildcat; Wolfcamp (gas)	1702	1120

\* Well is currently in process of drilling and/or completion. Will provide production once available

A map is enclosed showing the Federal leases and well locations in Section 17 of T24S R27E and Sec 29 of T24S-R27E. The working, royalty, and overriding interest owners are uniformed; no additional notification is required. The Serrano 29 Federal 1H has a previously approved OIM-36.

### Oil & Gas metering:

The Habanero 17 Federal Com 1H will have its own tank battery on location and will be the only well utilizing the battery at this time. The Habanero produced gas will flow to a stack pack, 2 phase separator and then a check meter (*will provide meter number once available*) located on location, before flowing to the DCP CDP Gas Sales Meter 725078-00.

The Serrano 29 Federal 1H has its own tank battery on location and will be the only well utilizing the battery at this time. Produced gas will flow to the gas production unit and then through check meter 88512135 at the Serrano location before metering at DCP CDP Gas Sales Meter 725078-00. The DCP CDP Gas Sales Meter 725078-00 is located in NE/4 SE/4 of Sec 18, T24S, R27E.

The BLM's interest in these wells is the same. Waste is not induced and no correlative rights are impaired. These meters will be calibrated on a regular basis per API, NMOCD 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 of the wells tank batteries. The flow of produced fluids is shown in detail along with a description of each vessel. The commingling of production is in the interest of conservation and prevention of waste will result in the most effective, economic means of producing the reserves in place from the affected wells and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.

Devon Energy Production Co, 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 NMOCD section in your office, if we have not already done so.

Signed:   
Printed Name: Melanie Crawford  
Title: Regulatory Analyst  
Date:



Ken Gray  
Senior Advisor, Land

Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260  
Office: (405) 552-4633  
Fax: (405) 552-8113

August 10, 2011

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Surface Commingling  
Off Lease Measurement  
Habanero 17 Fed Com #1H  
Section 17-T24S-R27E  
Serrano 29 Federal #1H  
Section 29-T24S-R27E  
Eddy County, New Mexico

Gentlemen:

I have reviewed the files of Devon Energy Production Company, L.P. regarding the ownership of the referenced wells and the associated oil and gas leases and find that the ownership of the working interest, royalty and overriding royalty interest are uniform with respect to Devon's request to surface commingle the following wells:

- Habanero 17 Fed Com #1H: API 30-015-36108
- Serrano 29 Federal #1H: API 30-015-37763

If there are any questions or if additional information is required feel free to call me at (405) 552-4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

A handwritten signature in black ink, appearing to read "Ken Gray". The signature is written in a cursive, flowing style.

Ken Gray  
Senior Advisor, Land



100%/  
12,345'  
100%/82.6%  
12,345'

7

064200  
100%/82.6%

Fee Land

NM-112268

Habanero 17 Fed Com #1H SHL

C.A. Pending

17

18

16

100%  
10/1/2013

24S 27E

19

20

21



NM-112269

Serrano 29 Federal #1H SHL

29

30

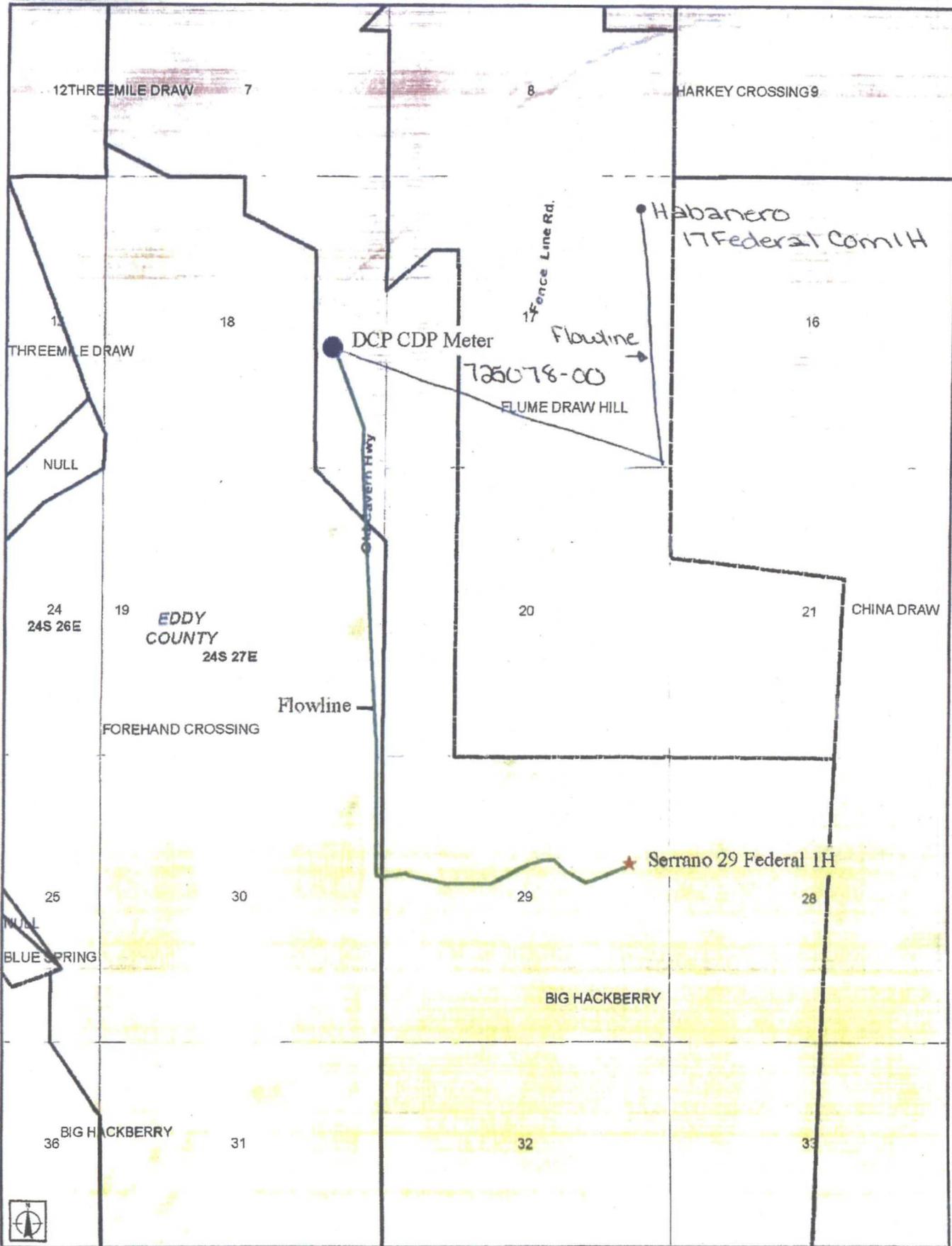
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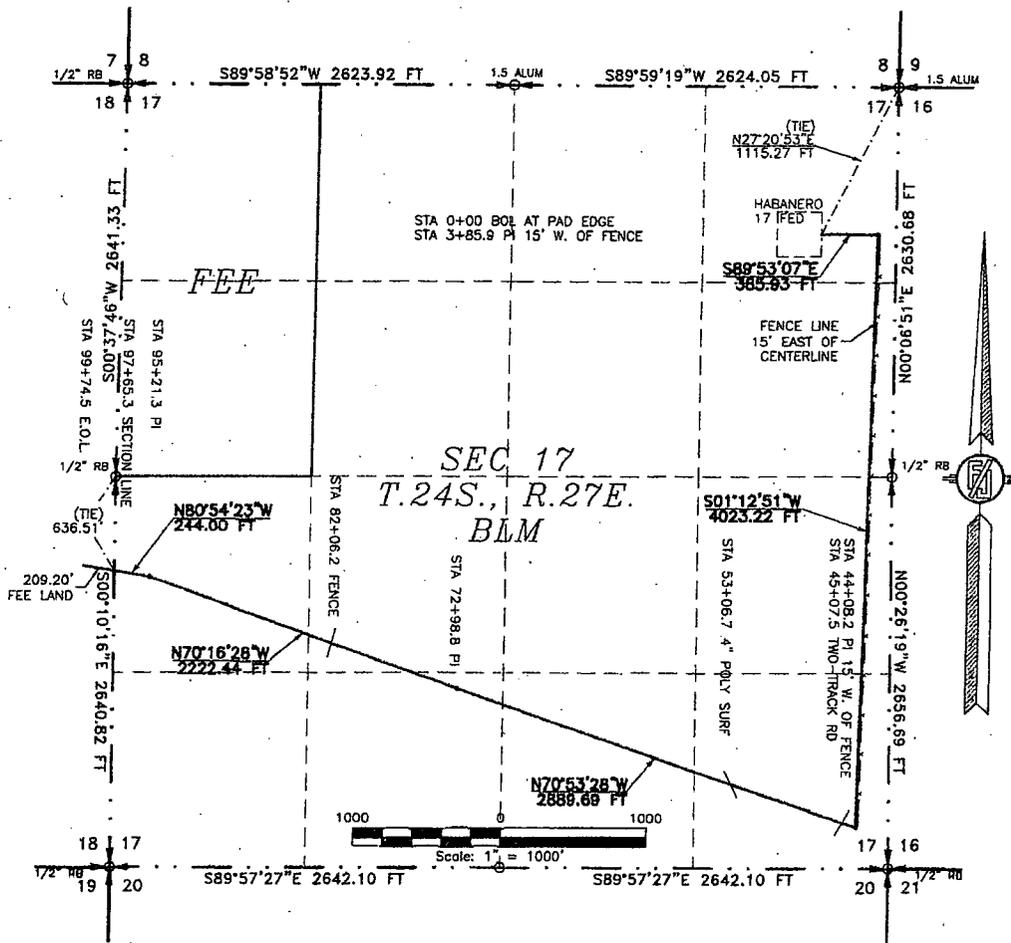
31

32

33



**DEVON ENERGY PRODUCTION COMPANY, L.P.**  
**CENTERLINE SURVEY OF A PIPELINE CROSSING**  
**SECTION 17, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M.**  
**EDDY COUNTY, STATE OF NEW MEXICO**  
**JUNE 2011**



**DESCRIPTION**

A STRIP OF LAND 30 FEET WIDE CROSSING BUREAU OF LAND MANAGEMENT LAND IN SECTION 17, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, STATE OF NEW MEXICO AND BEING 15 FEET EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT WITHIN THE NE/4 NE/4 OF SAID SECTION 17, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M., WHENCE THE NORTHEAST CORNER OF SAID SECTION 17, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M. BEARS N27° 20'53"E, A DISTANCE OF 1115.27 FEET;  
 THENCE S89° 53'07"E A DISTANCE OF 385.93 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;  
 THENCE S01° 12'51"W A DISTANCE OF 4023.22 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;  
 THENCE N70° 53'28"W A DISTANCE OF 2889.69 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;  
 THENCE N70° 16'28"W A DISTANCE OF 2222.44 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;  
 THENCE N80° 54'23"W A DISTANCE OF 244.00 FEET THE TERMINUS OF THIS CENTERLINE SURVEY, WHENCE THE WEST QUARTER CORNER OF SAID SECTION 17, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M. BEARS N00° 10'16"W, A DISTANCE OF 636.51 FEET;

SAID STRIP OF LAND BEING 9765.28 FEET OR 591.84 RODS IN LENGTH, CONTAINING 6.725 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

NE/4 NE/4	710.11 L.F.	43.04 RODS	0.489 ACRES
SE/4 NE/4	1315.83 L.F.	79.75 RODS	0.906 ACRES
NE/4 SE/4	1328.40 L.F.	80.51 RODS	0.915 ACRES
SE/4 SE/4	2215.37 L.F.	134.26 RODS	1.526 ACRES
SW/4 SE/4	1394.98 L.F.	84.54 RODS	0.961 ACRES
SE/4 SW/4	649.15 L.F.	39.34 RODS	0.447 ACRES
NE/4 SW/4	755.67 L.F.	45.80 RODS	0.520 ACRES
NW/4 SW/4	1395.78 L.F.	84.59 RODS	0.961 ACRES

**SURVEYOR CERTIFICATE**

I, FILIMON F. JARAMILLO, A NEW MEXICO PROFESSIONAL SURVEYOR NO. 12797, HEREBY CERTIFY THAT I HAVE CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR LAND SURVEYING IN THE STATE OF NEW MEXICO.

IN WITNESS WHEREOF, THIS CERTIFICATE IS EXECUTED AT CARLSBAD, NEW MEXICO, THIS 22<sup>ND</sup> DAY OF JUNE 2011

FILIMON F. JARAMILLO, PLS. 12797  
 MADRON SURVEYING, INC.  
 301 SOUTH CANAL  
 CARLSBAD, NEW MEXICO 88220  
 Phone (575) 706-9672

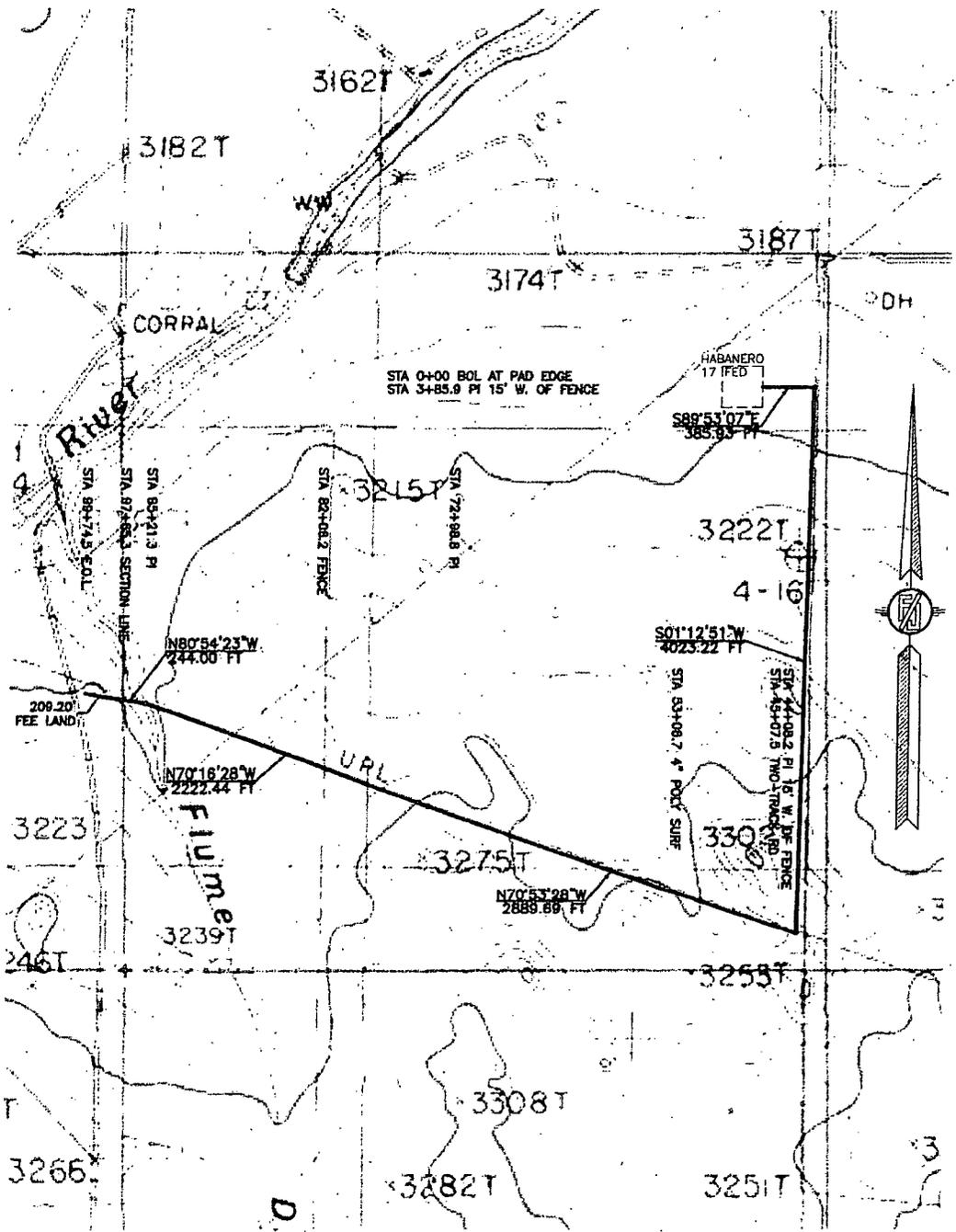
**GENERAL NOTES**

- THE INTENT OF THIS ROUTE SURVEY IS TO ACQUIRE AN EASEMENT ACROSS BLM LAND.
- BASIS OF BEARING IS NEW MEXICO STATE PLANE EAST ZONE MODIFIED TO SURFACE COORDINATES.

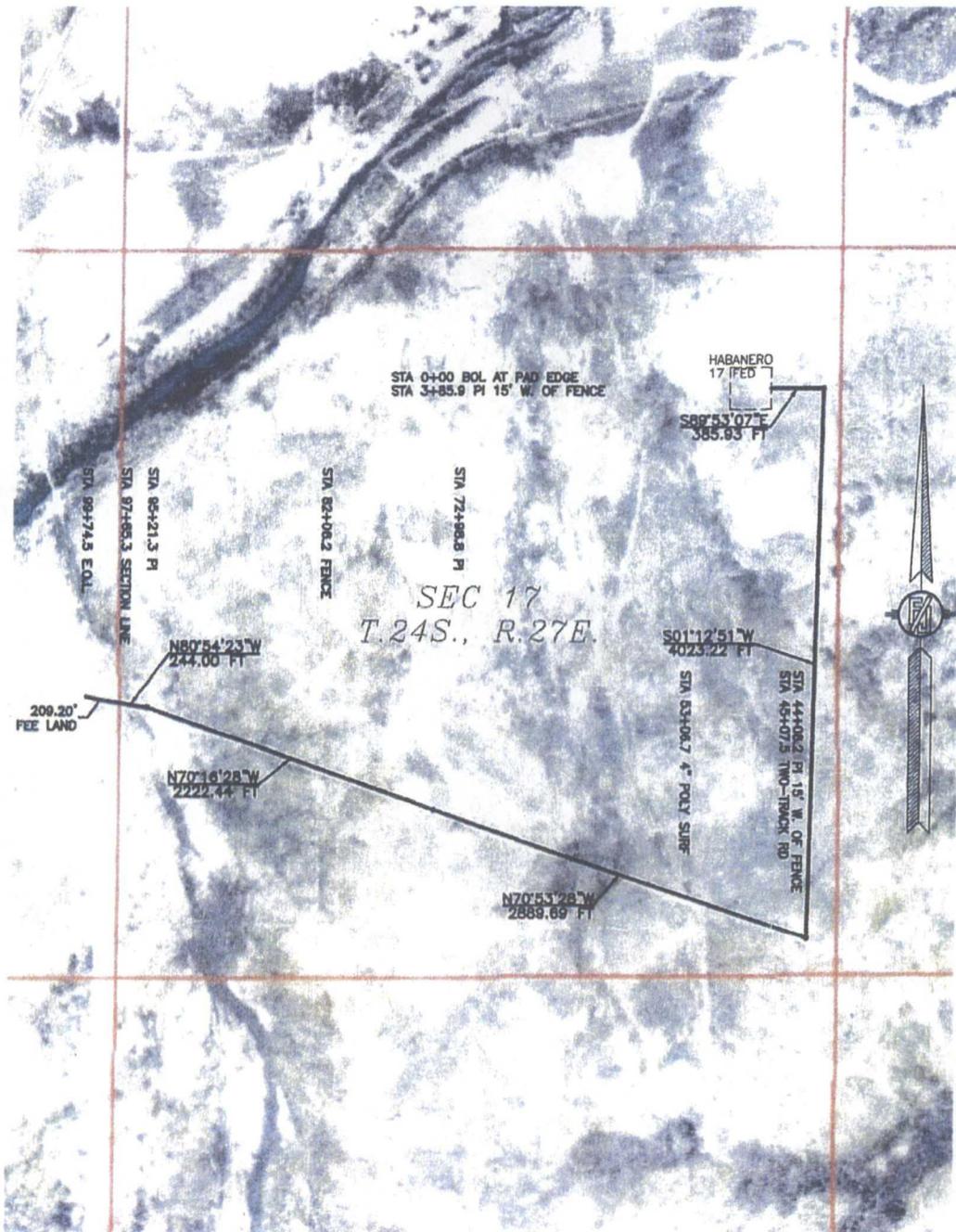
**SURVEY NO. 426**

**MADRON SURVEYING, INC.**  
 301 SOUTH CANAL, CARLSBAD, NEW MEXICO  
 (575) 706-9672

DEVON ENERGY PRODUCTION COMPANY, L.P.  
 CENTERLINE SURVEY OF A PIPELINE CROSSING  
 SECTION 17, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M.  
 EDDY COUNTY, STATE OF NEW MEXICO  
 JUNE 2011



DEVON ENERGY PRODUCTION COMPANY, L.P.  
 CENTERLINE SURVEY OF A PIPELINE CROSSING  
 SECTION 17, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M.  
 EDDY COUNTY, STATE OF NEW MEXICO  
 JUNE 2011



SURVEY NO. 426 AERIAL

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO  
 (375) 708-9672

**Habanero 17 Fed 1H**  
**S17-T24S-R27E**  
**N 32°13' 18.37" & W 104°12' 22.37"**  
**Eddy County**

Production System:          Closed

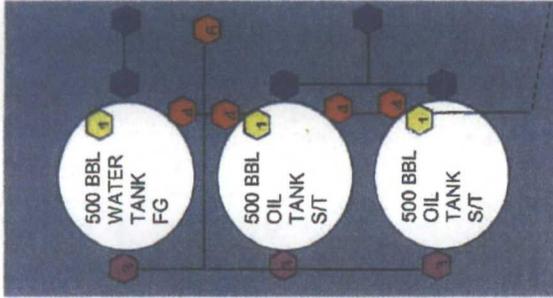
1) Oil sales by tank gauge to tank truck.  
 2) Seal requirements:  
 A. Production Phase: On all Tanks.  
 (1) All valves 5 sealed closed.

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 unaccessible.   
 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**

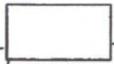
Valve #1: Production Line   
 Valve #2: Test or Roll line   
 Valve #3: Circ./Drain Line   
 Valve #4: Equalizer Line   
 Valve #5: Sies Line   
 Valve #6: BS&W Load Line 

Buried Lines:   
 Firewall:   
 Wellhead:   
 Stak-pak:   
 Production line:   
 Water line:   
 Gas Meter:  



Gas line to DCP Sales Meter 725078-00 located in NE/4 SE/4 of Sec 18, T24S, R27E

Check Meter Will provide number once available



Habanero 17 Federal Com 1H

**Serrano 29 Fed1H**

API #30-015-37763

S29-T24S-R27E

N 32°11' 23.84" & W 104°12' 22.32"

Eddy County

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.

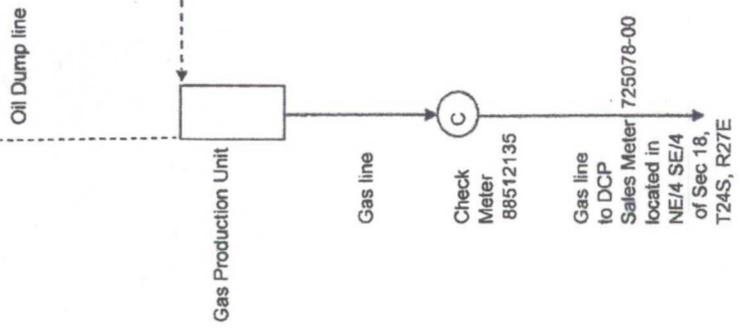
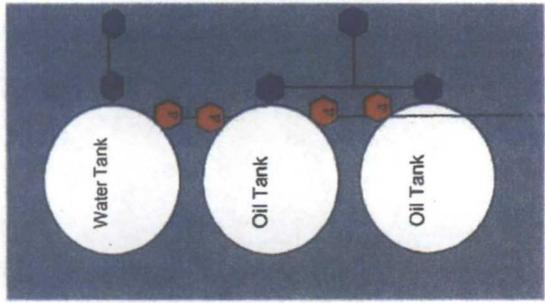
(5) Misc. Valves: Plugged or otherwise unaccessible.

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: Sites Line
- Valve #6: BS&W Load Line

- Buried Lines: -----
- Firewall:
- Wellhead:
- Stak-pak:
- Production line: \_\_\_\_\_
- Water line: - - - - -
- Gas Meter:



Serrano 29 Fed 1H Wellhead

N

OFF LEASE PRODUCTION - EDDY COUNTY

Well Name	04/01/11	05/01/11	06/01/11	07/01/11	08/01/11	09/01/11
	Sum Est Gas					
Serrano 29 Federal 1H	78,139.	61,947.	54,467.	60,495.	56,638.	1,648.

Varian Star Chromatography Workstation

*DL*

Natural Gas  
Analysis Report

Run File	C:\STAR\DATA\DEVON01_3-2-2011_3:30:38 PM.RUN	Analysis Date	3/2/2011
Method	C:\star\RichBTUC6+.mth	Company	DEVON ENERGY
Operator	PGM, Inc.	Pulled Data	PRESS 597 TEMP 79
Station	SERRANO 29 FED 1 / 88512135	Composite/Spot	Spot
Effective Date	2/23/11		
Received Date	3/1/11		

<u>Component</u>	<u>Mole %</u>	<u>GPM</u>
H2S	0.000	0.0000
nitrogen	0.523	0.0000
methane	88.473	0.0000
propane	1.932	0.5306
i-butane	0.415	0.1356
carbon dioxide	0.157	0.0000
n-butane	0.507	0.1596
i-pentane	0.179	0.0652
n-pentane	0.124	0.0448
ethane	7.484	1.9957
hexane+	0.205	0.0000
<b>Totals</b>	<b>100.0000</b>	<b>2.9316</b>

*DL*  
*507*  
*3-2-11*

Relative Density from Composition	0.6336
Lab Density Test Value	
BTUs @ 14.73 Saturated	1,101
BTUs @ 14.73 Dry	1,120
Compressibility	0.99737

Habanero 17 Federal 1H & Serrano 29 Federal 1H

Devon Energy Production Co., LP

September 19, 2011

Condition of Approval  
Commingle 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 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 ONOR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONOR. 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. Upon completion of the Habanero 17 Federal com 1H submit MCFPD and BTU. Also need to submit allocation meter number for this well when installed.