

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order CTB-653
August 27, 2012

Devon Energy Production Company, LP
Attention: Melanie Crawford
333 W. Sheridan Ave
Oklahoma City, OK 73102

RE: Surface Commingling

It is our understanding that you propose to commingle production from diversely owned lands, limited to one common source of supply through facilities operated by the above named operator ("Applicant"). By this application you are seeking commingling approval pursuant to Division Rule 12.10.C(4) [19.15.12.10.C.(4) NMAC]. It is further understood that you have provided notice to all interest owners in accordance with Rule 12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to [surface] commingle oil and casing head gas production from the Mescalero Escarpe; Bone Spring Pool (45793) from the following wells and completions located within Lea County, New Mexico:

Lea XA State Well No. 1 (API No. 30-025-28730), 1980 FSL, 660 FWL
Unit letter L, Section 7, T18S, R34E, NMPM, (40-Acre Oil Spacing Unit)

Lea XA State Well No. 2 (API No. 30-025-28773), 660 FSL, 330 FWL
Unit letter M, Section 7, T18S, R34E, NMPM, (40-Acre Oil Spacing Unit)

Lea XA State Well No. 3 (API No. 30-025-28779), 1980 FSL, 1980 FWL
Unit letter K, Section 7, T18S, R34E, NMPM, (40-Acre Oil Spacing Unit)

Lea XA State Well No. 4 (API No. 30-025-28780), 990 FSL, 1650 FWL
Unit letter N, Section 7, T18S, R34E, NMPM, (40-Acre Oil Spacing Unit)

It is our understanding that Well No.'s 2, 3, and 4 have identical ownership which differs from ownership in Well No. 1. The production from each set of identically owned wells shall be continuously metered prior to commingling for sales. Within each set of identically owned wells, well testing is approved for allocation of production.

Off lease metering and sales is approved. The oil and casing head gas from these wells will be measured and sold near Well No. 4 in Unit letter N of Section 7.

This installation shall be constructed and operated in accordance with applicable Division Rules. The gas allocation meters shall be calibrated on a schedule based on throughput as per Rule 12.10.C(2) NMAC.

The operator shall notify the District office of the Division prior to implementation of commingling operations. It is the also responsibility of the operator to notify the transporter of this commingling authority.

As per Division Rule 19.15.12.10.C.(4)(h) NMAC, the operator shall not commence commingling prior to approval from the State Land Office if state lands are involved or the US BLM if tribal or federal lands are involved.

Applicant has not provided notice that it is requesting addition of future wells or additional leases or pools to this commingle as per Rule 12.10.C.(4)(g)(i) NMAC. Therefore, additional wells or pools shall not be included in this surface commingle without the operator again making application and providing notice to all owners.

Sincerely,



JAMI BAILEY
Division Director

JB/wvjj

cc: Oil Conservation Division – Hobbs
State Land Office – Oil, Gas, and Minerals Division