

DATE IN <u>12.6.10</u>	SUSPENSE	ENGINEER <u>RF</u>	LOGGED IN <u>12.6.10</u>	TYPE <u>OLM</u>	APP NO. <u>1028557977</u>
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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



*Devon*  
*6137*

*Sheep Dip 20 Fed Com #1*

**ADMINISTRATIVE APPLICATION CHECKLIST** *30-015-26530*

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]**

*Fed.*  
*Eddy*

- [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 Off Lease Gas Sales

- [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.**

<u>Melanie Crawford</u> Print or Type Name	<u><i>Melanie Crawford</i></u> Signature	<u>Regulatory Analyst</u> Title	<u>October 4, 2010</u> Date
		<u>Melanie.Crawford@dvn.com</u> e-mail Address	

*OLM - 27*



Devon Energy Production Company  
20 North Broadway – CT 3.058  
Oklahoma City, Oklahoma 73102-8260  
Phone: (405)-552-4524  
Fax (405)-552-1358  
[Melanie.Crawford@dvn.com](mailto:Melanie.Crawford@dvn.com)

November 29, 2010

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

**Re: Off-Lease Gas Sales Approval  
Sheep Dip 20 Federal Com 1  
API # 30-015-26530  
Sec 20-T23S-R26E  
Lease NM-69578  
Carlsbad; Morrow, South - Pool Code: 73960  
Eddy County, New Mexico**

RECEIVED OCD  
2010 NOV 31 AM 10:58

Dear Mr. Ezeanyim:

Please find attached the OCD Form C-107B, OCD Form C-103 Sundry Notice of Intent for Off-Lease Gas Measurement and Sales. The working interest, royalty interest and overriding royalty interest owners are not identical; parties have been notified via certified mail.

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



November 30, 2010

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Interest Owners

Re: Off-Lease Gas Sales Application  
Sheep Dip 20 Federal Com 1  
Sec 20-T23S R26E  
API # 30-015-26530  
Pool 73960 - Carlsbad; Morrow, South  
Eddy County, New Mexico

2010 NOV 31 A 10:53  
RECEIVED OGD

To Whom It May Concern:

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 for Off-Lease Gas Sales.

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) 552-4524 should you have any questions or need anything further.

Sincerely,

Devon Energy Production Company, L.P.

Melanie Crawford  
Regulatory Analyst

Enclosure

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: 20 North Broadway, Ste 1500  
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

(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  Other (Specify)  
(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: Melanie Crawford TITLE: Regulatory Analyst DATE: 11/30/10  
TYPE OR PRINT NAME Melanie Crawford TELEPHONE NO.: (405)- 552-4524  
E-MAIL ADDRESS: Melanie.Crawford@dvn.com

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. 30-015-26530
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-69578
7. Lease Name or Unit Agreement Name Sheep Dip 20 Fed Com
8. Well Number 1
9. OGRID Number 6137
10. Pool name or Wildcat Carlsbad; Morrow, South (73960)

**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 I : 1980 feet from the South line and 660 feet from the East line  
 Section 20 Township 23S Range 26E 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> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: Off-Lease Gas Sales <input checked="" type="checkbox"/>	<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input 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., LLP respectfully requests permission for Off Lease Gas Sales for the Sheep Dip 20 Fed 1. Produced gas flows through a check meter on location before metering at a DCP sales meter located approximately 1.5 miles east in the NE SW of section 22 T23S R26E, Eddy County, New Mexico. No other wells are connected to the gas line and reported gas volumes are the CDP sales meter volumes. These volumes are compared against the check meter volumes.

The Off-Lease Measurement & Sales is due to the Operator installed gathering systems. Waste is not induced and no correlative rights are impaired.

The working interest, royalty interest and overriding royalty interest owners 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 Melanie Crawford TITLE Regulatory Analyst DATE October 4, 2010

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

17

16

NM-70200

**23S 26E**



20

21

NM-69578



Sheep Dip 20 Fed Com #1

C.A. NM-085333

29

28

**Exhibit B (S)**

Richard H Coats  
PO Box 2412  
Midland, TX 79702

Certified Mail Number: 7008 1830 0003 1984 6161

Gary J Lamb  
PO Box 3383  
Midland, TX 79702

Certified Mail Number: 7008 1830 0003 1984 6062

Charles R Wiggins  
PO Box 10862  
Midland, TX 79702

Certified Mail Number: 7008 1830 0003 1984 6055

First Roswell Company  
PO Box 1797  
Roswell, NM 88202-1797

Certified Mail Number: 7008 1830 0003 1984 6048

Minerals Management Service  
Royalty Management Program  
PO Box 5180  
Denver, CO 80217-5810

Certified Mail Number: 7008 1830 0003 1984 6031

Philip L White  
PO Box 25968  
Albuquerque, NM 87125

Certified Mail Number: 7008 1830 0003 1984 6024

Exxon Corporation  
PO Box 951027  
Dallas, TX 75395-1027

Certified Mail Number: 7008 1830 0003 1984 6017

Jon M Morgan  
PO Box 1015  
Midland, TX 79702

Certified Mail Number: 7008 1830 0003 1984 6000

Thomas E Jennings  
PO Box 1797  
Roswell, NM 88202-1797

Certified Mail Number: 7008 1830 0003 1984 5997

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NMOCD

FORM APPROVED  
OMB No 1004-0137  
Expires March 31, 2007

**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. NM-26530  
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

RECEIVED

1 Type of Well  
 Oil Well  Gas Well  Other

OCT 26 2009

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

2 Name of Operator  
Devon Energy Production Co., LP

NMOCD ARTESIA

8. Well Name and No  
Sheep Dip 20 Fed Com 1

3a. Address  
20 North Broadway  
OKC, OK 73102

3b Phone No. (include area code)  
(405)-552-7802

9 API Well No  
30-015-26530

4 Location of Well (Footage, Sec., T, R, M, or Survey Description)  
Sec 20-T23S-R26E  
1980' FEL & 660' FEL

10 Field and Pool or Exploratory Area  
Carlsbad; Morrow, South (73960)

11. Country or Parish, State  
Eddy County, NM

12 CHECK THE 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 <u>Off-Lease Gas Sales</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

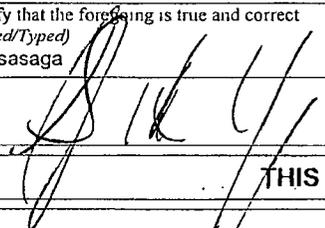
13. Describe Proposed or Completed Operation. Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must 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 respectfully requests permission for off-lease gas sales for the Sheep Dip 20 Fed 1. Produced gas flows through a check meter on location before metering at a DCP sales meter located approximately 1.5 miles east in the NE SW of section 22 T23S R26E, Eddy County, New Mexico. No other wells are connected to the gas line and reported gas volumes are the DCP sales meter volumes. These volumes are compared against the check meter volumes.

**SUBJECT TO LIKE  
APPROVAL BY STATE**

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

**APPROVED**  
OCT 22 2009  
/s/ JD Whitlock Jr  
BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

14 I hereby certify that the foregoing is true and correct  
Name (Printed/Typed) Stephanie A. Ysasaga  
Signature   
Title Sr. Staff Engineering Technician  
Date 09/14/2009

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

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Office \_\_\_\_\_  
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

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

MRI

Sheep Dip 20 Fed Com # 1

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: Sles Line 

Valve #6: BS&W Load Line 

Buried Lines: 

Firewall: 

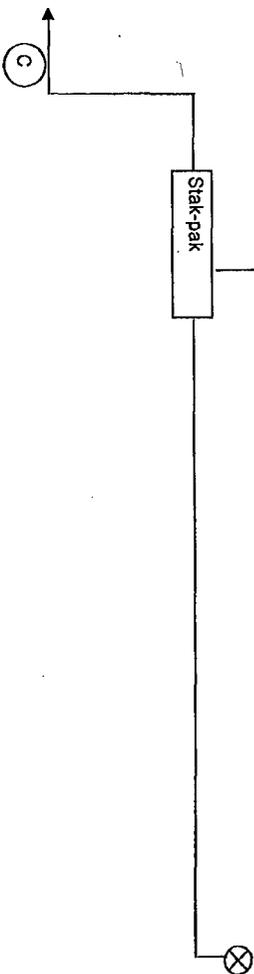
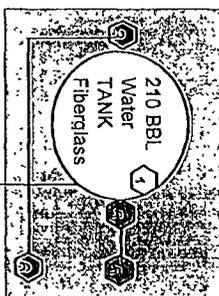
Wellhead: 

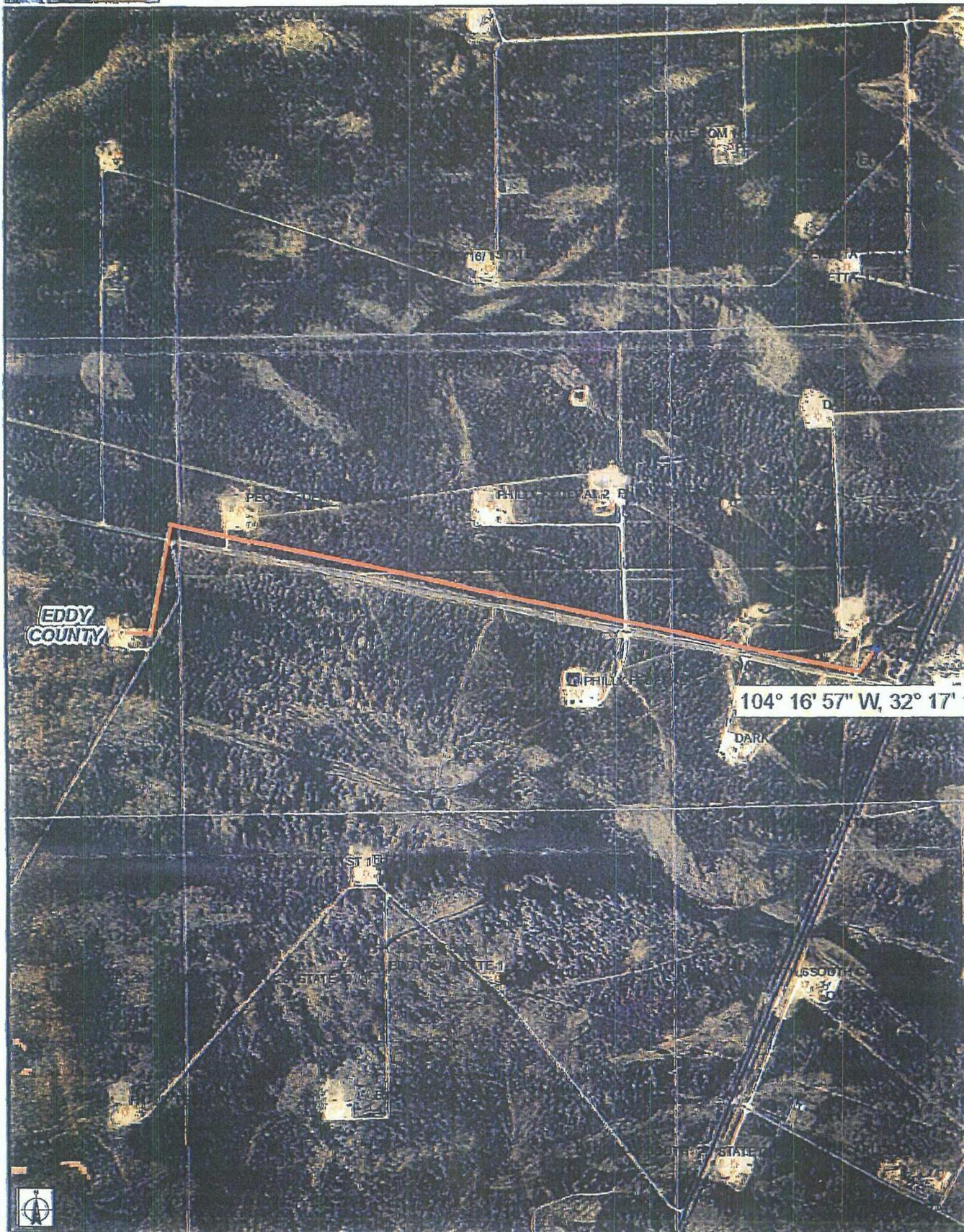
Stak-pak: 

Production line: 

Water line: 

Gas Meter  





# OPERATOR'S COPY

Form 3160-9  
(December 1989)

Number 09CD1041

Page 1 of 2

## UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

### NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification	
IID	
Lease	NMNM69578
CA	NMNM85333
Unit	
PA	

<input checked="" type="checkbox"/> Certified Mail - Return Receipt Requested 70080150000188632326
<input type="checkbox"/> Hand Delivered Received by

Bureau of Land Management Office <b>CARLSBAD FIELD OFFICE</b>	Operator <b>DEVON ENERGY PRODUCTION CO L P</b>
Address <b>620 E GREENE STREET CARLSBAD NM 88220</b>	Address <b>20 NORTH BROADWAY STE 1500 OKLAHOMA CITY OK 73102</b>
Telephone <b>575-234-5911</b>	Attention
Inspector <b>DE MONTIGNY</b>	Attn Addr

Site Name <b>(FACILITY)</b>	Well or Facility <b>L</b>	1/4 1/4 Section <b>NESE 20</b>	Township <b>23S</b>	Range <b>26E</b>	Meridian <b>NMP</b>	County <b>EDDY</b>	State <b>NM</b>
Site Name <b>SHEEP DIP 20 FEDERAL COM</b>	Well or Facility <b>1</b>	1/4 1/4 Section <b>NESE 20</b>	Township <b>23S</b>	Range <b>26E</b>	Meridian <b>NMP</b>	County <b>EDDY</b>	State <b>NM</b>

**THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE**

Date	Time (24 - hour clock)	Violation	Gravity of Violation
<b>08/31/2009</b>	<b>08:23</b>	<b>43 CFR 3162 1(a), 43 CFR 3162 7-3, 00#5.III D 2 a.</b>	<b>MINOR</b>
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
<b>09/28/2009</b>			<b>43 CFR 3163.1()</b>

Remarks  
OFF LEASE MEASUREMENT AND SALES OF GAS IS NOT APPROVED. SUBMIT FORM 3160-5 FOR APPROVAL OF OFF LEASE MEASUREMENT AND SALES OF GAS.

FOR MONITORING AND TRACKING PURPOSES, PLEASE SUBMIT APPROPRIATE PAPERWORK TO THIS OFFICE (Remarks continued on following page(s).)

When violation is corrected, sign this notice and return to above address

Company Representative Title \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

Company Comments \_\_\_\_\_

### WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

### REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer <i>De Montigny</i>		Date <b>8/31/09</b>	Time <b>08:30</b>
<b>FOR OFFICE USE ONLY</b>			
Number <b>24</b>	Date	Assessment	Penalty
Type of Inspection <b>PI</b>			Termination

BLM Remarks, continued

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ATTENTION: CHERYL DE MONTIGNY

CONTACT CHERYL DE MONTIGNY AT (575) 234-5911 IF YOU HAVE ANY QUESTIONS.

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

**Off-Lease Measurement, Storage and Surface Commingling**

**Conditions of Approval**

Approval of surface commingling and off-lease storage and/or measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the facility.
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 is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional commingling approvals.
6. 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.
7. 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.
8. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "standard Environmental Colors" – Shale Green, Munsell Soil Color No. 5Y 4/2.