

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF DEVON ENERGY
CORPORATION (NEVADA) FOR LEASE
COMMINGLING, EDDY COUNTY, NEW MEXICO.

RECEIVED
AUG 1 8 1997
Oil Conservation Division
No. 11845

APPLICATION

Devon Energy Corporation (Nevada) hereby applies for an exception to Division Rule 309 to permit lease commingling, as described further below:

1. Applicant is the operator of United States Oil and Gas Leases NM 89156, LC 070678-A, NM 29273, and NM 0758, which collectively cover the N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, and SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 8, and the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 17, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

2. Applicant proposes to commingle Red Lake Queen-Grayburg-San Andres Pool production from 14 wells drilled or to be drilled on the subject leases and lands in a common tank battery to be located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 8, without separately metering production, by allocating production to each well and to each lease on the basis of monthly well tests.

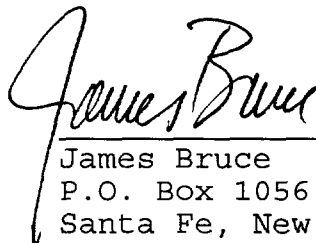
3. Royalty interest ownership under the subject leases is common, but working interest and/or overriding royalty interest ownership differs.

4. Notice of this application has been given to all interest owners in the affected leases, by certified mail.

5. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that the Division approve lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from the above-described leases and lands.

Respectfully submitted,

A handwritten signature in cursive script, reading "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Devon Energy Corporation
(Nevada)