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May 19, 1998

Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

1751

Dear Florene:

Enclosed are an original and two copies of an application for lease commingling, together with a proposed advertisement, filed on behalf of Devon Energy Corporation (Nevada). Please set this matter for the June 11, 1998 Examiner hearing. Thank you.

Very truly yours,

James Bruce

PROPOSED ADVERTISEMENT

CASE 1142: Application of Devon Energy Corporation (Nevada) for lease commingling, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 309 to permit lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from 32 wells drilled or to be drilled on its Federal Leases LC 069274, LC 026874-B, LC 060894, LC 0026874-F, and LC 049648-B, covering parts of Section 31, Township 17 South, Range 27 East, and Sections 5 and 6, Township 18 South, Range 27 East, without separately metering production from each well or lease. Said leases are located approximately 6.5 miles southeast of Artesia, New Mexico.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 11981

APPLICATION

Devon Energy Corporation (Nevada) 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 LC 069274, LC 026874-B, LC 060894, LC 026874-F, and LC 049648-B, which collectively cover: The $W\frac{1}{2}SE\frac{1}{4}$ of Section 31, Township 17 South, Range 27 East, NMPM; the $SW\frac{1}{4}NW\frac{1}{4}$ and $NW\frac{1}{4}SW\frac{1}{4}$ of Section 5, Township 18 South, Range 27 East, NMPM; and the $NE\frac{1}{4}$, $SE\frac{1}{4}NW\frac{1}{4}$, $E\frac{1}{2}SW\frac{1}{4}$, $N\frac{1}{2}SE\frac{1}{4}$ and $SW\frac{1}{4}SE\frac{1}{4}$ of Section 6, Township 18 South, Range 27 East, NMPM.

2. Applicant proposes to commingle Red Lake Queen-Grayburg-San Andres Pool production from 32 wells drilled or to be drilled on the subject leases and lands in a common tank battery to be located in the $SW\frac{1}{4}NE\frac{1}{4}$ of Section 6, Township 18 South, Range 27 East, NMPM (Lease LC 026874-B), 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 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,

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

Attorney for Devon Energy Corporation
(Nevada)