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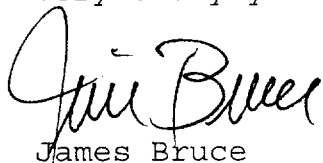
Hand Delivered

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

Dear Florene:

Enclosed are an original and two copies of an application for surface and lease commingling, together with a proposed advertisement, filed on behalf of Devon Energy Corporation (Nevada). Please set this matter for the March 18, 1999 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Devon Energy
Corporation (Nevada)

12146

OIL CONSERVATION DIV.
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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12146

APPLICATION

Devon Energy Corporation (Nevada) applies for an exception to Division Rules 303.B and 309-B to permit surface commingling and lease commingling, as described further below:

1. Applicant is the operator and sole working interest owner of the $W\frac{1}{2}NE\frac{1}{4}$ and $SE\frac{1}{4}NW\frac{1}{4}$ of Section 18, Township 18 South, Range 27 East, NMPM. Although the described acreage comprises applicant's Kaiser "B" Lease, royalty interest ownership under the $NW\frac{1}{4}NE\frac{1}{4}$ is different than that under the $SW\frac{1}{4}NE\frac{1}{4}$ and $SE\frac{1}{4}NW\frac{1}{4}$. (There are no overriding royalty interests in the described lands.) Interest ownership in each separate tract is uniform throughout the formations for which production will be commingled.

2. Applicant proposes to commingle production from the Red Lake Queen-Grayburg-San Andres Pool, Glorieta formation, and Yeso (Paddock, Blinebry, Drinkard, and Tubb) formation¹ from 6 wells drilled on the subject lease and lands in a common tank battery to be located in the $SE\frac{1}{4}NW\frac{1}{4}$ of Section 18, without separately metering production, by allocating production to each well and to each tract on the basis of monthly well tests. Downhole commingling approval, if necessary, will be applied for administratively on a well-by-well basis.

¹Undesignated Red Lake Glorieta-Yeso Pool.

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3. Notice of this application has been given to all royalty interest owners in the two tracts, by certified mail.

4. 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 surface commingling and lease commingling from the above-described lease and lands.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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

Attorney for Devon Energy Corporation
(Nevada)

PROPOSED ADVERTISEMENT

CASE 12146:

Application of Devon Energy Corporation (Nevada) for surface commingling and lease commingling, Eddy County, New Mexico. Applicant seeks an exception to Division Rules 303.B and 309-B to permit surface and lease commingling of Red Lake Queen-Grayburg-San Andres Pool, Glorieta formation, and Yeso formation production from 6 wells drilled on the W $\frac{1}{4}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 18, Township 18 South, Range 27 East, NMPM, without separately metering production from each well. Said lands are located approximately 8 miles southeast of Artesia, New Mexico. IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

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