

STATE OF NEW MEXICO *OIL CONSERVATION DIV.*  
 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
*APR 15 AM 6:31*  
 OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY )  
 THE OIL CONSERVATION DIVISION FOR THE )  
 PURPOSE OF CONSIDERING: )

CASE NO. 12,155

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

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MARK ASHLEY, Hearing Examiner

April 1st, 1999

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MARK ASHLEY, Hearing Examiner, on Thursday, April 1st, 1999, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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## I N D E X

April 1st, 1999  
 Examiner Hearing  
 CASE NO. 12,155

## PAGE

REPORTER'S CERTIFICATE

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## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	4	5
Exhibit 2	4	5
Exhibit 3	4	5

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## A P P E A R A N C E S

## FOR THE DIVISION:

RAND L. CARROLL  
 Attorney at Law  
 Legal Counsel to the Division  
 2040 South Pacheco  
 Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

JAMES G. BRUCE, Attorney at Law  
 612 Old Santa Fe Trail, Suite B  
 Santa Fe, New Mexico 87501  
 P.O. Box 1056  
 Santa Fe, New Mexico 87504

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   11:10 a.m.:

3           EXAMINER ASHLEY: At this time the Division calls  
4   Case 12,155.

5           MR. CARROLL: Application of Devon Energy  
6   Corporation (Nevada) for surface commingling and lease  
7   commingling, Eddy County, New Mexico.

8           EXAMINER ASHLEY: Call for appearances.

9           MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,  
10   representing the Applicant. I have no witnesses.

11          I do have a brief presentation.

12          Mr. Examiner, this is similar to the case that  
13   Mr. Kellahin just did for Falcon Creek. In this case Devon  
14   Energy seeks surface and lease commingling from two federal  
15   leases in Eddy County, and thus seeks exceptions to  
16   Division Rules 303.B and 309.B for production from the Red  
17   Lake-Queen-Grayburg-San Andres Pool and the Northeast Red  
18   Lake-Glorieta-Yeso Pool.

19          Devon Energy has done six or seven of these cases  
20   in this area. It has had witnesses before who have  
21   described the procedure involved. One of those is Case  
22   11,845. Another one of those is Case 12,061, in which  
23   Devon brought witnesses and responded to the Examiner's  
24   questions.

25          What I have submitted to you is the exact same

1 type of exhibits they submitted in those previous cases.

2 Exhibit 1 is a sundry notice submitted to the BLM  
3 describing the procedure and with a schematic of the  
4 facilities.

5 Exhibit 2 is simply an amendment to that sundry  
6 notice, adding a number of wells. The last page of that  
7 exhibit also outlines two leases involved in this  
8 situation.

9 And finally, Exhibit 3 is an affidavit of notice  
10 to all the interest owners. Devon Energy is the only  
11 working interest owner, the federal government is the only  
12 royalty interest owner. The remaining parties are  
13 overriding royalty interest owners, which vary from lease  
14 to lease.

15 As I said, if you could review the testimony from  
16 one of those prior cases I mentioned, you would see the  
17 procedure whereby Applicant measures production at least  
18 once monthly, several times a month during the early stages  
19 of production from these wells.

20 There are two pools involved in this case. If  
21 Applicant seeks -- or if they are going to downhole  
22 commingle production, they will do that administratively by  
23 the filing of Form C-107-A's. So we're not asking that at  
24 this time.

25 But I would ask that Exhibits 1 through 3 be

1 admitted into evidence and that the case be taken under  
2 advisement.

3 EXAMINER ASHLEY: Exhibits 1 through 3 will be  
4 admitted as evidence at this time.

5 And there being nothing further in Case 12,155,  
6 this case will be taken under advisement.

7 (Thereupon, these proceedings were concluded at  
8 11:15 a.m.)

9 \* \* \*

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15  
16 I do hereby certify that the foregoing is  
17 a complete record of the proceedings in  
the Examiner hearing of Case No. 12155,  
18 heard by me on 4-1-1999.  
19 Mark Bailey, Examiner  
Off Conservation Division  
20  
21  
22  
23  
24  
25

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
                                   )   ss.  
 COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL April 4th, 1999.




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STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 2002