

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 Company, LP
OPERATOR ADDRESS: 20 North Broadway, Oklahoma City, Oklahoma 73102-8260
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 (Fee Lease)

(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)

RECEIVED

FEB 16 2006

OCU-ARTESIA

(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: Chris Singletary TITLE: Operations Engineer DATE: 2/15/06

TYPE OR PRINT NAME Chris Singletary TELEPHONE NO.: (405) 228-8552

E-MAIL ADDRESS: christopher.singletary@dvn.com



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

February 15, 2006

New Mexico Oil Conservation Division
1220 S St. Francis Drive
Santa Fe, New Mexico 87505

Attn: David Catanach

Re: Application for Off-Lease Storage and Measurement (Form C-107-B)
Brainard Gas Com # 2
Section 11 Township 18 South, Range 26 East
Eddy County, New Mexico
API # 30-015-21582

RECEIVED
FEB 16 2006
OCU-ARTS

Mr. Catanach:

Devon Energy Production Company, LP requests approval for off lease storage and measurement of hydrocarbon production from the Brainard #2 well located on the Brainard Lease at 1180' FNL 1505' FEL 11-18S-26E. The battery for storage and measurement is located on a 200 foot by 250 foot site located in the southwest quarter of Fairchild Farm Land Tract Number 305, located in the Northeast quarter of the Northeast quarter of Section 11, Township 18 South, Range 26 East.

Exhibit I is a schematic, which shows the equipment that will be utilized to determine well production. A map (Exhibit II) is enclosed that shows the location of the well, battery, and the boundaries of both leases.

Devon Energy Production Company, LP has 100% WI in the referenced well.

The reason for the proposed off lease storage and measurement is that no surface location agreement for the battery could be reached with the surface owner on the Brainard lease. We have attached a copy of the agreement with the land owner on the Higgins Trust lease granting permission for off lease storage and measurement.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Please contact me at 405-228-8552 should you have any questions.

Sincerely,

Devon Energy Production Company, LP

Chris Singletary
Operations Engineer

Enclosure

Brainard 2 Batt A-11-18S-26E EDDY COUNTY, NM	
Production System: <u>Open</u>	
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.	<input checked="" type="checkbox"/>
(2) Valve 3 sealed closed.	<input checked="" type="checkbox"/>
(3) Valve 4 sealed closed.	<input checked="" type="checkbox"/>
(4) Valve 5 sealed closed.	<input checked="" type="checkbox"/>
(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.	
Ledger for Site Diagram	
Valve #1: <u>Production Line</u>	<input checked="" type="checkbox"/>
Valve #2: <u>Test or Roll line</u>	<input checked="" type="checkbox"/>
Valve #3: <u>Equalizer Line</u>	<input checked="" type="checkbox"/>
Valve #4: <u>Circ./Drain Line</u>	<input checked="" type="checkbox"/>
Valve #5: <u>Sales Line</u>	<input checked="" type="checkbox"/>
Valve #6: <u>BS&W Load Line</u>	<input checked="" type="checkbox"/>
Valve #7: <u>Vent Line</u>	<input checked="" type="checkbox"/>
Buried Lines:	
Firewall:	<input checked="" type="checkbox"/>
Wellhead:	<input checked="" type="checkbox"/>
Stak-pak:	<input checked="" type="checkbox"/>
Production line:	
Water line:	
Gas Meter	<input checked="" type="checkbox"/>

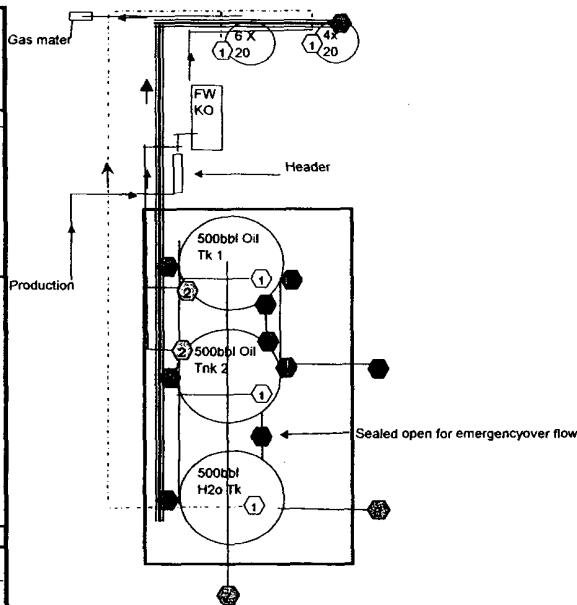
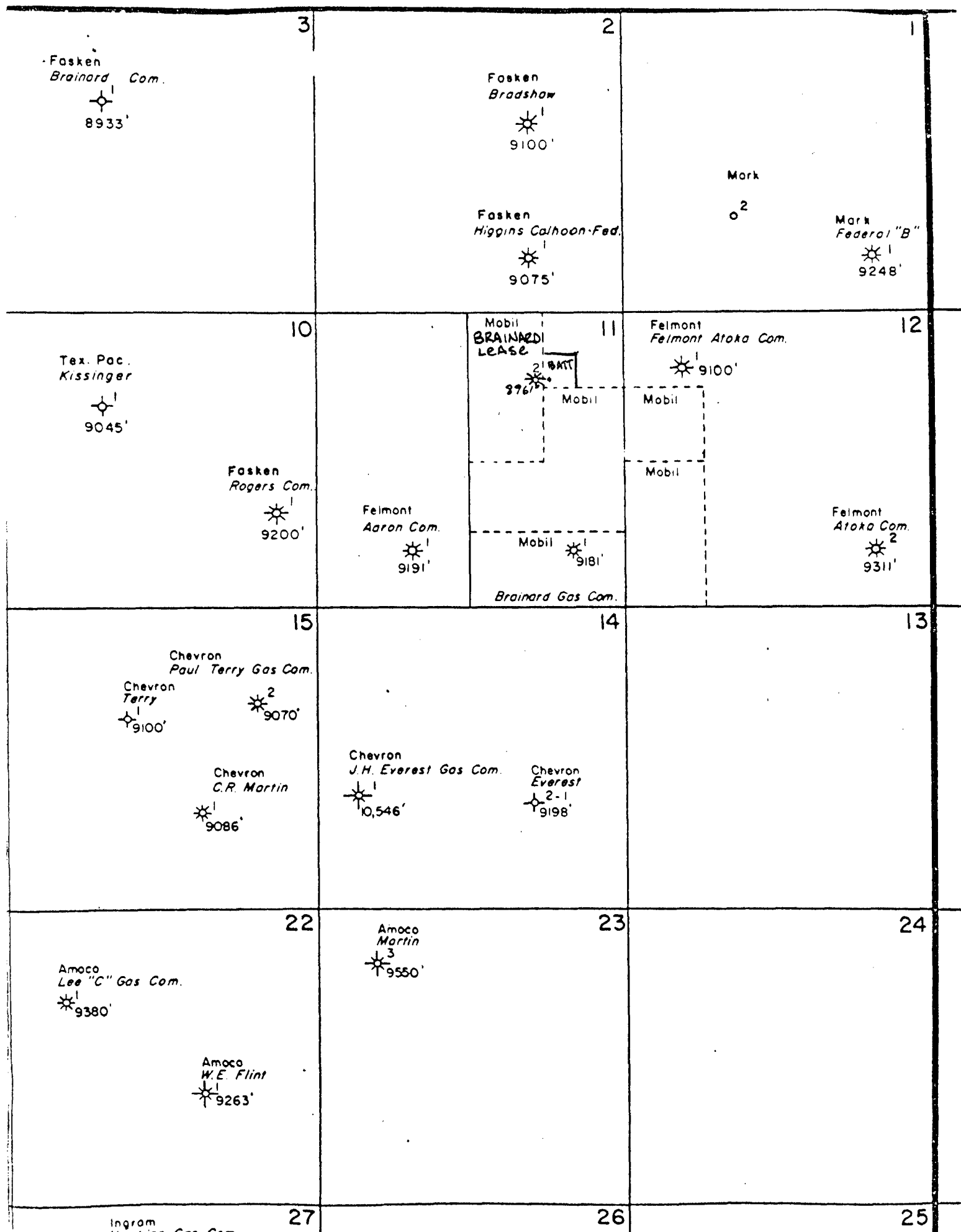


Exhibit II



SURFACE LEASE

State: New Mexico
County: Eddy

Lessor: Higgins Trust, Inc.
Lessee: Devon Energy Production Company, LP

Effective Date: December 1, 2005

For adequate consideration, Lessor, named above, grants, leases, and lets to Lessee, named above, the following lands located in the county and state named above (the "Lands"), for the purposes and subject to the terms and conditions provided in this Lease:

A 200 foot by 250 foot tank battery site located in the southwest corner of Fairchild Farm Land Tract Number 305, located in the Northeast quarter of the Northeast quarter (NE/4NE/4) of Section 11, Township 18 South, Range 26 East, Eddy County, New Mexico.

The Lands are leased to the Lessee for the purpose of allowing Lessee to erect, maintain, and operate storage tanks for handling, storing, measuring, transporting, and treating crude oil and/or distillate; to erect, maintain, and operate a pump station or stations with all necessary tanks, pipes, machinery, fixtures, and structures; to lay, maintain, and operate, all necessary pipelines for water, gas, and oil in, over, on, or across the Lands in connection with the maintenance and operation of the storage tanks and pump stations to be constructed by Lessee; and, for the laying, maintaining and operating pipelines in, over, on, and across the Lands, all in connection with or as desired by Lessee as an incident to Lessee's oil and gas operations on the following lands (the "Producing Lands"):

East half (E/2) of Section 11, Township 18 South, Range 26 East, Eddy County, New Mexico

Lessee is granted the full right of ingress and egress from the Lands and the right, at any time and from time to time, to remove from the Lands all buildings, tanks, machinery, pipe and pipelines, fixtures, or any other structures or property placed on the Lands by Lessee.

Lessee covenants and agrees that it will comply with all applicable laws, ordinances, orders, rules and regulations of any state, federal, municipal or local agency of appropriate jurisdiction that are now in force and effect or which may be passed, enacted, issued, revised or later promulgated insofar as such laws, ordinances, orders, rules and regulations govern the activities of Lessee on the Lands. Lessee agrees to indemnify and hold Lessor harmless from and against all claims, demands, suits, losses, damages and costs incurred by Lessor which may be asserted against Lessor by reason of or which may arise out of or be related to Lessee's failure to comply with the terms of this Lease.

Lessee shall, within six months after the termination of this Surface Lease, remove all of its equipment, fixtures and other personal property from the Lands, including, but not limited to, tanks, separators, heater treaters, valves, surface and buried pipelines (but excepting pipelines buried three feet or more below the surface, which need not be removed), and caliche, and will restore the surface of the Lands as reasonably as practicable to its original condition.

This Lease shall remain in force and effect for a period of three (3) years from the Effective Date, and as long thereafter as oil or gas is being produced by Lessee or Lessee's successors or assigns from the Producing Lands and stored on or transported over the Lands.

This is a surface lease only and is granted by Lessor and accepted by Lessee subject to (i) the terms of all existing oil and gas leases on the Lands and (ii) the terms of any leases which may later be entered into on the Lands that do not conflict with the activities of Lessee authorized hereunder.

The terms of this Lease shall be binding on the successors and assigns of Lessor and Lessee.

This Surface Lease is signed by Lessor and Lessee as of the date of the acknowledgment of their respective signatures below, but is deemed effective for all purposes as of the Effective Date stated above.

HIGGINS TRUST, INC.

By: William P. Edwards

Title: President

DEVON ENERGY PRODUCTION COMPANY, L.P.

By: D.D. DeCarlo
D.D. DeCarlo, Vice-President

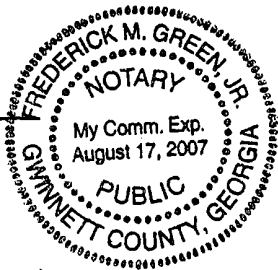
STATE OF GEORGIA)
)§
COUNTY OF WINNETT)

The foregoing instrument was acknowledged before me this 12th day of December, 2005, by William P. Edwards of **HIGGINS TRUST, INC.**, a New Mexico corporation.

[Signature]
Notary Public

My commission expires:

8-17-07



STATE OF OKLAHOMA)
)§
COUNTY OF OKLAHOMA)

The foregoing instrument was acknowledged before me this 9th day of January, 2006, by D.D. DeCarlo, Vice President of **DEVON ENERGY PRODUCTION COMPANY, L.P.**, an Oklahoma limited partnership, on behalf of said partnership.

[Signature]
Notary Public

My commission expires:

9-23-06



NE/4 of NE/4 Sec 11, T18S, R.26E

