Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised June 10, 2003

WELL API NO.
30-045-33305

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
Northeast Blanco Unit

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

8. Well Number
49M

2. Name of Operator
Devon Energy Production Company, L.P.

9. OGRID Number
6137

3. Address of Operator
PO Box 6459, Navajo Dam, NM 87419

10. Pool name or Wildcat
Basin Dakota / Blanco Mesaverde

JAN 2006
RECEIVED
OIL CONS. DIV.
DIST. 3

4. Well Location
Unit Letter H : 2,450' feet from the North line and 2' feet from the East line

Section 30 Township 31N Range 7W NMPM County San Juan

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
GR 6,382'

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	PLUG AND ABANDONMENT ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPLETION ☐	CASING TEST AND CEMENT JOB ☐	
OTHER: Down-hole Commingle ☒		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Approval is requested to down-hole commingle production from the Blanco Mesaverde and Basin Dakota zones at an unspecified future date. Please refer to the attached exhibits.

DHC 2116AZ

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE M.S. Zimmerman TITLE Sr. Operations Tech DATE 1-16-06

Type or print name: Melisa Zimmerman E-mail address: Melisa.zimmerman@dvn.com Telephone No.: (405)552-7917

(This space for State use)

APPPROVED BY TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE JAN 23 2006

Conditions of approval, if any:

ATTACHMENTS TO APPLICATION TO DOWNHOLE COMMINGLE

The following information is being provided as supporting data for application to down hole commingle production from the following well:

Well: NEBU 49M
Location: NE SE, Sec. 30, T31N, R7W
San Juan County, New Mexico

1. Case # 12346, Order # R-11363 establishes the two subject pools as pre-approved for commingling.

2. The pools to be commingled are the Blanco-Mesaverde (72319) and the Basin Dakota (71599).

3. The subject well is presently completed in both zones flowing and measured separately. The open hole located in the Basin-Dakota pool is at 8,042'. The perforated interval in the Blanco-Mesaverde pool being 4,624'- 6,013'.

4. Commingling will not reduce the value of the total remaining production in this well. Produced waters from both the Basin-Dakota and the Blanco-Mesaverde have been found to be compatible, with no evidence of scaling problems on tubules, or of precipitate fill in the well bore. The increased volume of gas flowing up the tubing will facilitate the well's ability to unload itself, thus increasing production and reducing potential operational problems.

5. Notice has been sent to all interest owners in the spacing unit by certified mail (return receipt) of Devon Energy's intent to down hole commingle production. A copy of this notice and a list of all working interest owners are attached.

6. A copy of this notice of intent to down hole commingle has been sent to the Bureau of Land Management.

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107A
Revised June 10, 2003

APPLICATION TYPE
____Single Well
_X_Establish Pre-Approved Pools
EXISTING WELLBORE
____ Yes ____No

_Devon Energy Production Company, L.P._____PO Box 6459, Navajo Dam, NM 87419_____
Operator Address

_Northeast Blanco Unit_____49M_____H, Sec. 30, T31N, R7W_____San Juan_____
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No._6137___ Property Code__19641___ API No.__30-045-33305____ Lease Type: ____Federal _X_State ____Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name		Blanco Mesaverde	Basin Dakota
Pool Code		72319	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)		6,013' – 4,624'	Open Hole @ 8,042'
Method of Production (Flowing or Artificial Lift)		Natural Flow Casing	Natural Flow Tubing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone		Producing	Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil ____ % Gas ____ %	Oil ____ % Gas ____ %	Oil ____ % Gas ____ %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes_____ No__X___
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes___X___ No_____

Are all produced fluids from all commingled zones compatible with each other? Yes_____ No_____

Will commingling decrease the value of production? Yes_____ No__X___

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes___X___ No_____

NMOCD Reference Case No. applicable to this well: _____

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.

Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE M.S. Zimmerman TITLE Senior Operations Technician DATE 1-16-06

TYPE OR PRINT NAME Melisa Zimmerman TELEPHONE NO. (405) 552-7917

E-MAIL ADDRESS melisa.zimmerman@dvn.com

devon
ENERGY PRODUCTION COMPANY, L.P.

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Telephone: (405) 235-3611
Facsimile: (405) 552-4667

January 16, 2006

IN RE: Permit to Down-hole Commingle
NEBU #49M, API # 30-045-33305
SE NE 2,450'FNL & 2' FEL
Sec. 30, T31N, R7W
San Juan County, New Mexico

VIA CERTIFIED MAIL
To all Working Interest Owners:

In accordance with the New Mexico Oil Conservation Division Rule 303.C governing down hole commingling, you are hereby notified that Devon Energy Production Company, L.P., as operator of the above-captioned well, intends to down-hole commingle production from the Blanco-Mesaverde and Basin Dakota pools. These pools are pre-approved for commingling by the State of New Mexico Oil Conservation Division of the Energy, Minerals and Natural Resources Department. As such Devon Energy is required to submit application to the OCD on form C-103 (Sundry Notice) of our intent to commingle the two zones.

The Blanco-Mesaverde and Basin-Dakota will be completed and tested simultaneously to establish a production potential. The production from the Blanco-Mesaverde and the Basin-Dakota will be allocated on a production trend based formula which has been approved by the NMOCD. A "Method of Allocation" explanation has been enclosed with this notice.

Please direct inquiries regarding this matter to the undersigned at (405) 552-7917

Sincerely,
DEVON ENERGY PRODUCTION COMPANY, L.P.

M.S.

Melisa Zimmerman
Senior Operations Technician

Method of Allocation

Devon Energy recommends the following procedure to allocate downhole commingled production between the Basin-Dakota and the Blanco-Mesaverde pools within the Northeast Blanco Unit:

- The Mesaverde and Basin-Dakota formations will be completed simultaneously.
- A single 2-3/8" tubing string will be run in the well, with a packer isolating the two horizons.
- The Dakota completion will be produced up the tubing string.
- The Mesaverde completion will be produced up the 2-3/8" x 4-1/2" annulus.
- Production from each zone will be measured separately using a 3 phase metering device prior to flowing through a mutual production separator. Total well stream gas will be measured using a conventional orifice plate meter tube located downstream of the production separator.
- The completions will be flow tested separately for approximately 90 days to establish a stabilized rate and trend.
- Following the testing period the packer will be removed and the two pools will be downhole commingled. Total well production will flow through common surface facilities and total produced gas will be measured using a conventional orifice plate meter tube.
- Production will be allocated between the Mesa Verde and Dakota intervals by applying the variable percentage schedule to the daily total well production.

The Variable Percentage Schedule was derived using Mesa Verde and Dakota production type curves. These type curves were generated by normalizing production data from surrounding wells. The variable percentage schedule is required due to the dissimilar decline trends exhibited by the Mesa Verde and Dakota. Figure 1 depicts a typical Mesa Verde – Dakota production allocation. The actual percentages will vary from well to well, depending on well productivity.

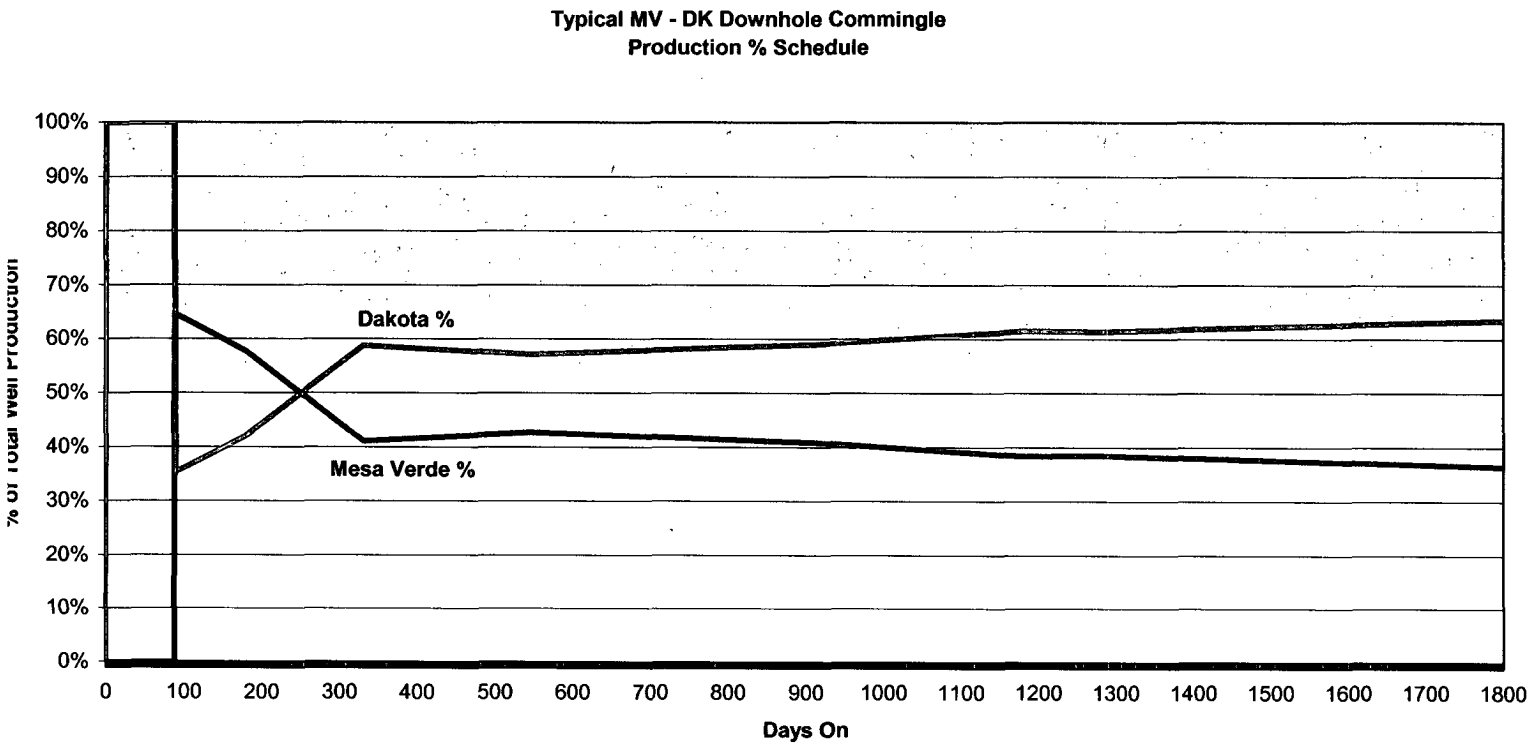

Figure 1

The Basin-Dakota type curve was generated from normalized production of 40 offsetting Basin-Dakota producers. The Basin-Dakota type curve clearly defines the decline rate for the life of a well. Comparison of this type curve with the production schedule obtained by using flow test data demonstrates the reliability of this method for projecting production. (See Figure 2) The curve covers a three and one half year period with a variance in cumulative normalized production of only 165 MCF.

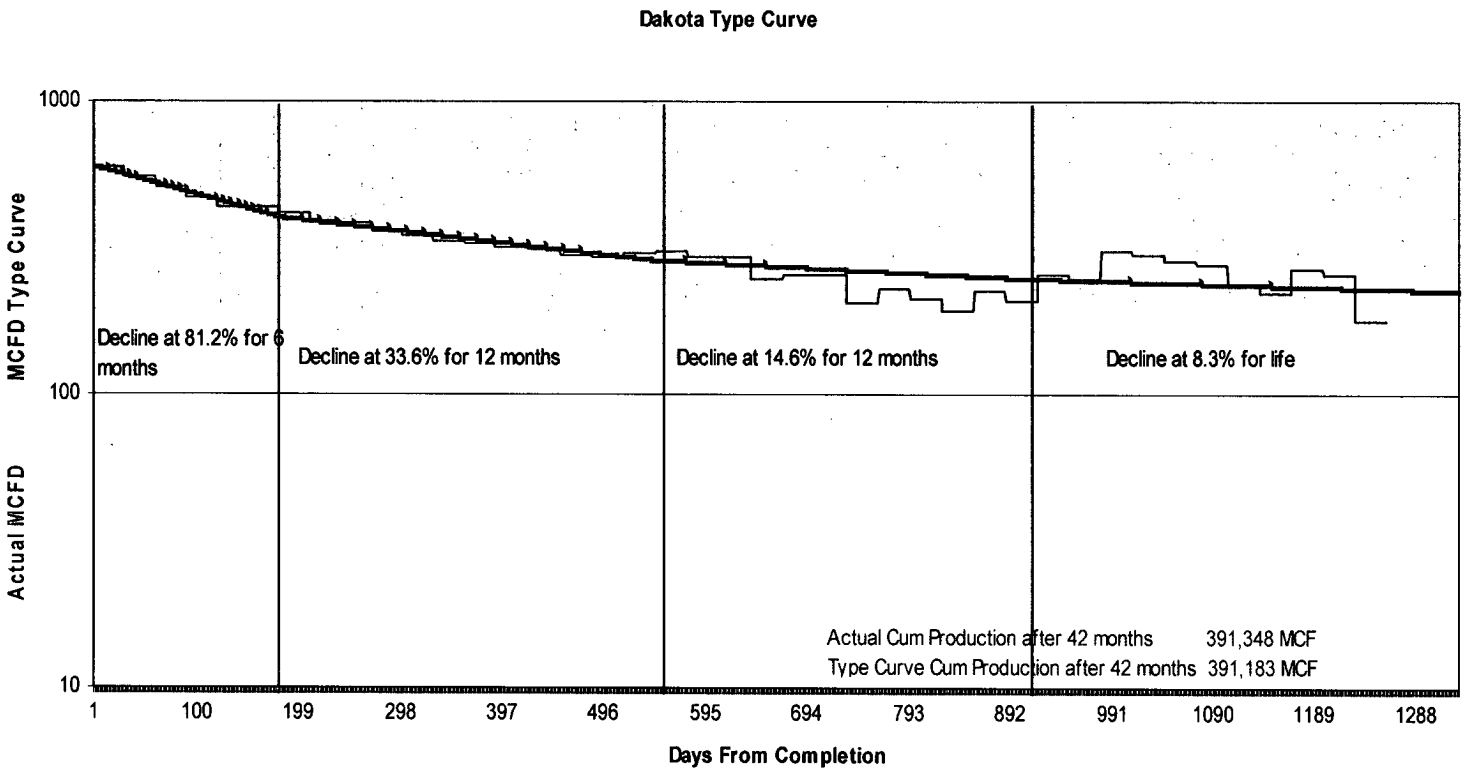

Figure 2

The Blanco – Mesa Verde type curve was generated from normalized production of 12 offsetting Blanco-Mesa Verde producers. Comparison of this type curve with the production schedule obtained by using flow test data demonstrates the reliability of this method for projecting production. (See Figure 3) The curve covers a four year period with a variance in cumulative normalized production of only 3,382 MCF.

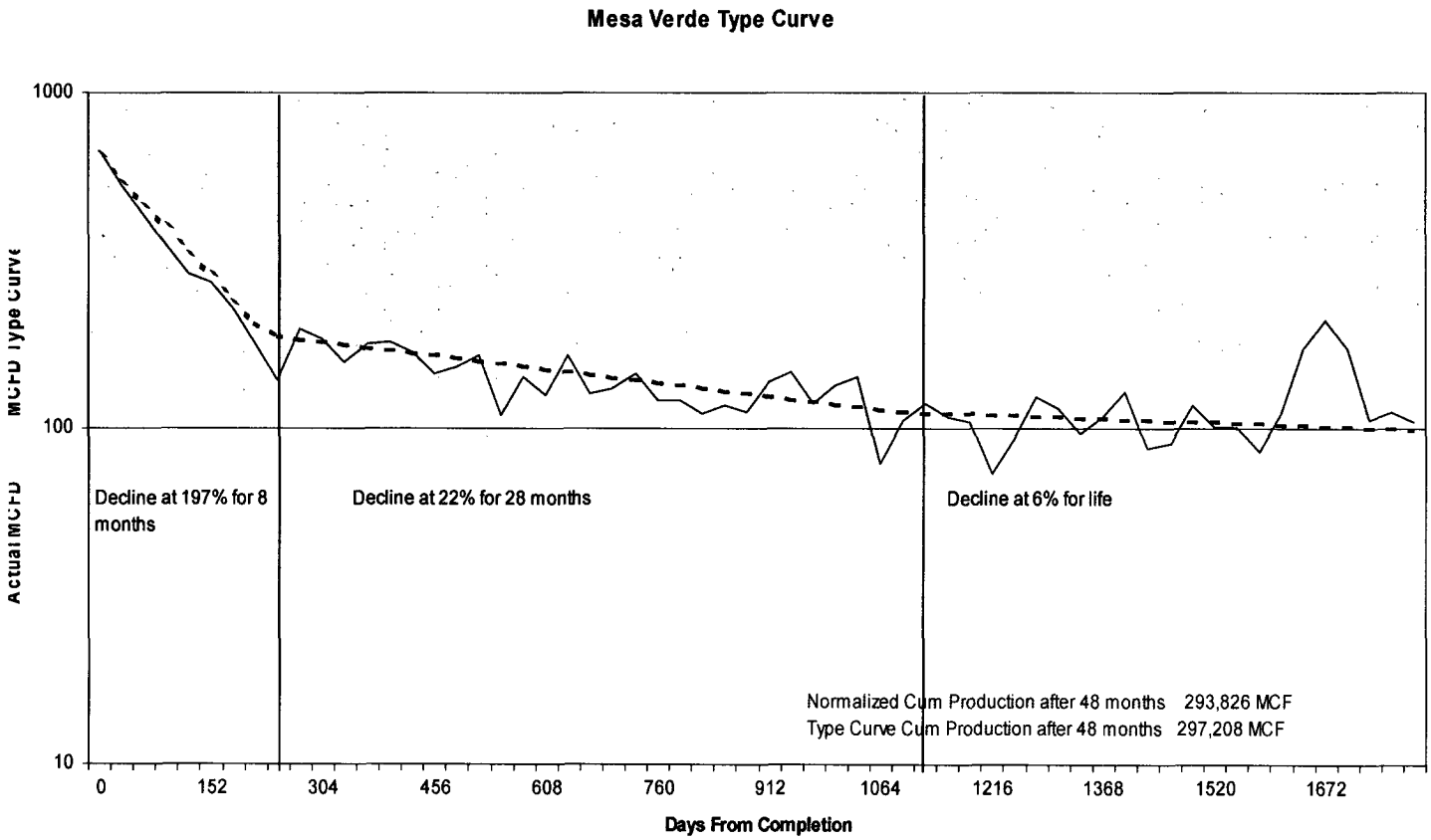

Figure 3

NORTHEAST BLANCO UNIT – DK 49M
WORKING INTEREST OWNERS

Dawn Howell
Burlington Resources Oil & Gas Co.
P.O. Box 4289
Farmington, NM 87499-4289

John Larson
BP America Production Company
P.O. Box 3092
Houston, TX 77253-3092

Todd L. Thornburgh
ConocoPhillips Company
600 North Dairy Ashford (77079-6651)
WL3-5058
P.O. Box 2197
Houston, TX 77252-2197

Kona, Ltd
16800 Imperial Valley Dr., Suite 270
Houston, TX 77060

Bryan Basham
Diverse Energy Investments
1001 McKinney, Suite 520
Houston, TX 77002

Frank C. Davis, III
3219 Bryn Mawr
Dallas, TX 75225

NOTE:
Devon Energy, BN, and B&N Co
REQUIRE NO NOTIFICATION; THEREFORE NOT LISTED ABOVE

NORTHEAST BLANCO UNIT – MV 49M
WORKING INTEREST OWNERS

Dawn Howell
Burlington Resources Oil & Gas Co.
P.O. Box 4289
Farmington, NM 87499-4289

John Larson
BP America Production Company
P.O. Box 3092
Houston, TX 77253-3092

Todd L. Thornburgh
ConocoPhillips Company
600 North Dairy Ashford (77079-6651)
WL3-5058
P.O. Box 2197
Houston, TX 77252-2197

Castle, Inc.
502 Keystone Drive
Warrendale, PA 15086

T.H. McElvain Oil & Gas Ltd. Partnership
McElvain Oil & Gas Properties, Inc., GP
1050 17th Street, Suite 1800
Denver, CO 80265

NOJV Manager
Four Star Oil & Gas Company
P.O. Box 36366
Houston, TX 77236

Jane P. Ladouceur
109 Longsford
San Antonio, TX 78209

Charles E. Kelly, PH.D.
895 Technology Blvd., Suite 201
Bozeman, MT 59718-6855

Robert E. Zimmerman, Jr.
1616 S. Voss, Suite 875
Houston, TX 77057

Charles W. Gay
c/o James M. Raymond, AIF
P.O. Box 291445
Kerrville, TX 78029-1445

Bryan Basham
Diverse Energy Investments
1001 McKinney, Suite 520
Houston, TX 77002

Lorrayn Gay Hacker
c/o James M. Raymond, AIF
P.O. Box 291445
Kerrville, TX 78029-1445

James M. Raymond, Trustee
Maydell Miller Mast Trust
P.O. Box 291445
Kerrville, TX 78029-1445

James M. Raymond
J & M Raymond, Ltd.
Raymond & Sons I, LLC, GP
P.O. Box 291445
Kerrville, TX 78029-1445

Susanna Phillips Kelly
P.O. Box 147
Cameron, MT 59720

Susanna P. Kelly, Jr.
8383 Chapman Road
Bozeman, MT 59715

Andrew B. Kelly, Jr.
2575 Sunset Drive
Atlanta, GA 30345

Ken McPhee
Wiser Oil Company
c/o Forest Oil Corp.
1600 Broadway, Suite 220
Denver, CO 80202

George Cox
XTO Energy Corp.
810 Houston Street
Fort Worth, TX 76102

McAfee Oil & Gas LLC
103 W. Boyd, Suite A
Norman, OK 73069

Kona, Ltd
16800 Imperial Valley Dr., Suite 270
Houston, TX 77060

NOTE:

Devon Energy, BN, and B&N Co
REQUIRE NO NOTIFICATION;
THEREFORE NOT LISTED ABOVE