Form 3160-5
(November 1994)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

RECEIVED
MAR 25 2009
Bureau of Land Management
Farmington Field Office

5. Lease Serial No.: NM,-03356

6 If Indian, Allottee or Tribe Name:

7. If Unit or CA/Agreement, Name and/or No.: Northeast Blanco Unit

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

8. Well Name and No.: **Northeast Blanco Unit #77**

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

9. API Well No.: 30-045-25374

3a Address: PO Box 6459, Navajo Dam, NM 87419

3b. Phone No. *(include area code)*: 505-327-4573

10 Field and Pool, or Exploratory Area: Blanco Mesaverde
Proposed. So. Los Pinos Frt/Sand PC (80690)
AND
San Juan County, New Mexico

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
1070' FSL & 990' FWL Unit M
Sec. 15, T31N, R07W
OGRID#: 06137

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Commingle PC/MV
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13 Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA Required subsequent reports shall be filed within 30 days Following completion of the involved operations If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection)

Devon requests administrative approval to downhole commingle the South Los Pinos Fruitland Sand Pictured Cliffs (80690) & Blanco Mesaverde (72319). These intervals produce essentially dry gas & we have not experienced any significant cross flows between these two intervals, & all the fluids are compatible. Downhole commingling will improve recovery of liquids & gas, eliminate redundant surface equipment, & maximize productivity. Notice has been filed concurrently on form C-107A with the State. Since the two intervals do not have common ownership, Devon plans a test period described in the attached method of allocation. All of the interest owners of both intervals have been notified.

DHC pending

RCVD MAR 24 '09
OIL CONS. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)*	Title
Mike Pippin	Petroleum Engineer (Agent)
Signature: Mike Pippin	Date: March 21, 2009

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
Joe Hewitt	Geo	3-24-09

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office: FFO

Title 18 U S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOCD

Notice of Intent to Downhole Commingle

Method of Allocation

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

- The Mesaverde and Fruitland Pictured Cliffs 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 Mesaverde completion will be produced up the tubing string.
- The Fruitland Pictured Cliffs 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.
- Production will be allocated between the Mesa Verde and Fruitland Pictured Cliffs intervals by applying the variable percentage schedule to the daily total well production.

The Variable Percentage Schedule was derived using Mesa Verde and Fruitland Pictured Cliffs 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 Fruitland Pictured Cliffs. Figure 1 depicts a typical Mesa Verde – Fruitland Pictured Cliffs production allocation. The actual percentages will vary from well to well, depending on well productivity.

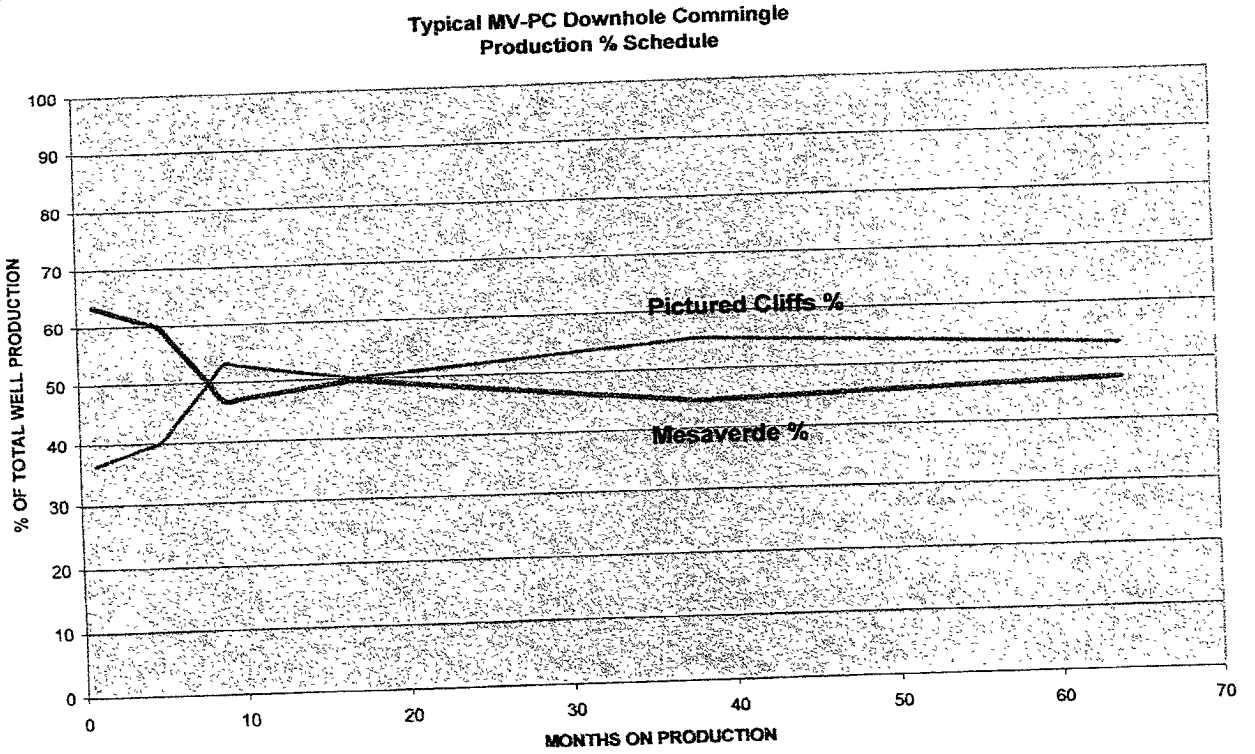

Figure 1

The Fruitland Pictured Cliffs type curve was generated from normalized production of 15 offsetting Fruitland Pictured Cliffs producers. The Fruitland Pictured Cliffs 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 five year period with a variance in cumulative normalized production of only 0.8%.

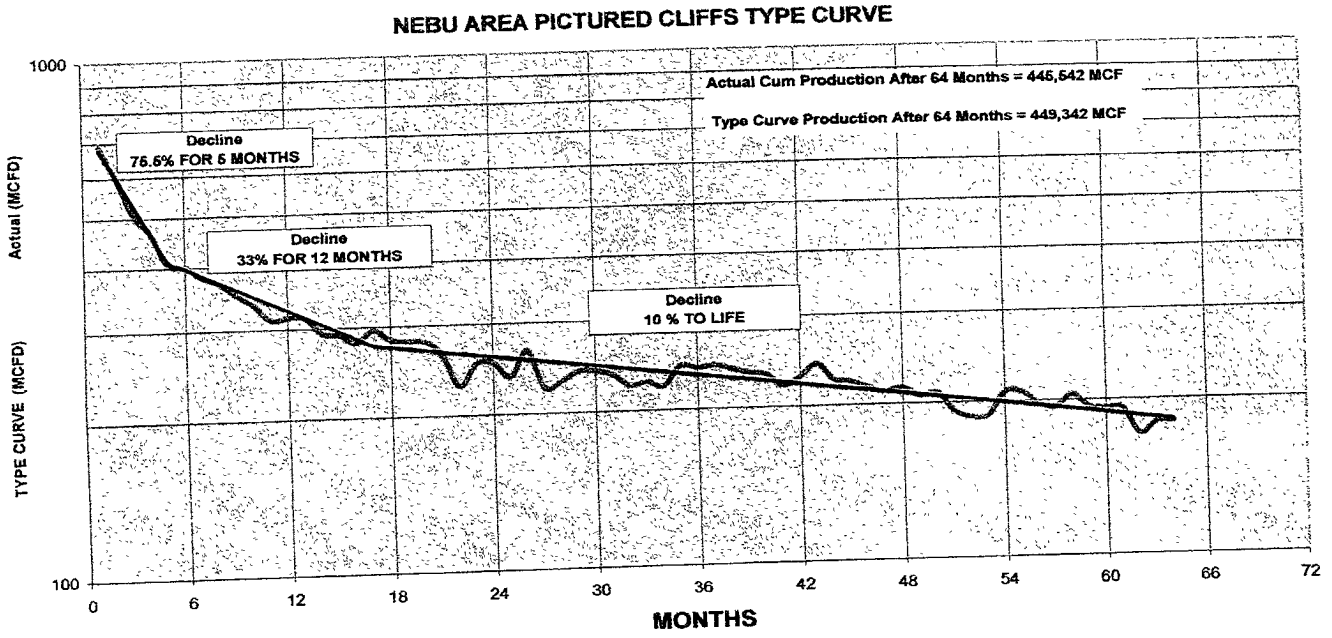

Figure 2

The Blanco – Mesa Verde type curve was generated from normalized production of 12 offsetting Blanco-Mesaverde producers. Comparisons of this type curve with the production schedule obtained by using flow test data flow test data demonstrates the reliability of this method for projecting production. (See Figure 3) The curve covers a five year period with a variance in cumulative vs normalized production of only 1.1%.

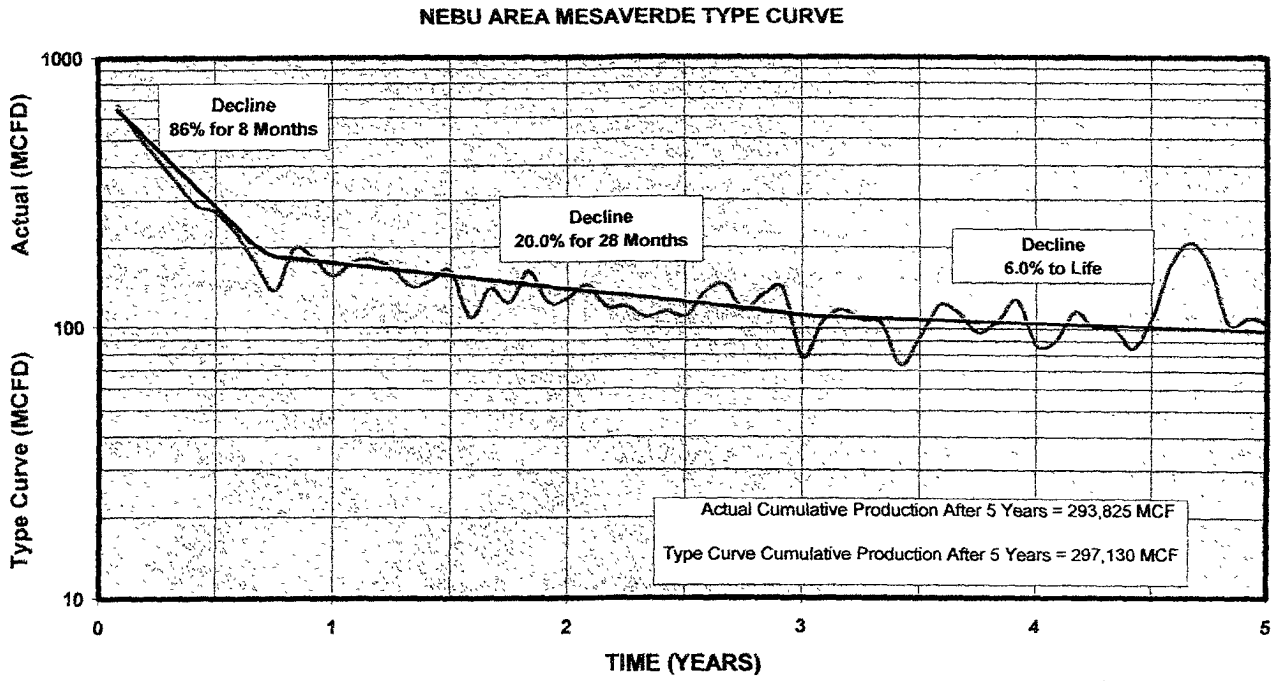
NEBU AREA MESAVERDE TYPE CURVE
Actual (MCFD)
Type Curve (MCFD)
1000
100
10
Decline
86% for 8 Months
Decline
20.0% for 28 Months
Decline
6.0% to Life
Actual Cumulative Production After 5 Years = 293,825 MCF
Type Curve Cumulative Production After 5 Years = 297,130 MCF
0
1
2
3
4
5
TIME (YEARS)

Figure 3