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¢	DATE IN 8,31,11 SUPER	22/55 ENGINEER W/J LOGGED IN 8,31,1/ TYPE DHC APP NO. 1174357977	
	<u> </u>	ABOVE THIS LINE FOR DIVISION USE ONLY	
		NEW MEXICO OIL CONSERVATION DIVISION	
		ABOVE THIS LINE FOR DIVISION USE ONLY (1109) NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505 NBU [#] 329	>
		ADMINISTRATIVE APPLICATION CHECKLIST 30-045-322	48
		ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE	
	Application Acronym INSL-Non-Sta	s: ndard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]	
	[DHC-Dow	nhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] ool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]	(
	[EOR-Qua	lified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]	
	[1] TYPE OF A [A]	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication	
		NSL NSP SD	
	Check	One Only for [B] or [C]	
	[B]	Commingling - Storage - Measurement	
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery	
	[D]	Other: Specify	
	[2] NOTIFICAT	ION REQUIRED TO: - Check Those Which Apply, or Does Not Apply	
	[A]	Working, Royalty or Overriding Royalty Interest Owners	
	[B]	Offset Operators, Leaseholders or Surface Owner O	
	. [C]	Application is One Which Requires Published Legal Notice	
	[D]	Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office	
	[E]	For all of the above, Proof of Notification or Publication is Attached, and/or,	
	[F]	Waivers are Attached	

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

<u>Norvella Adams</u>	Signature	Sr. Staff Engineering Technician	Augu 22,11
Print or Type Name		Title	Date
		Norvella adams@dvn.com	

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e-mail Address

Devon Energy Corporation 20 North Broadway Oklahoma City, OK 73102-8260 405 235 3611 Phone www.devonenergy.com

August 24, 2011

NM Oil Conservation Division Energy, Minerals, & Natural Res Dept. Attn: Will Jones 1220 South St. Francis Dr. Santa Fe, NM 87505

Re: Application for Downhole Commingling – C-107A NEBU # 329 API # 30-045-32248 Unit Letter A, Section 24 T31N R07W San Juan County, New Mexico

Mr. Jones:

Devon Energy Production Company, L.P. requests approval to commingle the existing Basin Dakota interval with the existing Los Pinos Pictured Cliffs interval in the referenced well. Both the Dakota and Pictured Cliffs sides of this gas well were completed on 8/26/04. The Dakota was delivered on 9/02/04 and the Pictured Cliffs was delivered on 9/05/04. Attached is the C-107A along with supporting data.

The allocation of production will be calculated as follows. The two zones will be produced separately for a minimum of 90 days. The attached unit type curve constructed for each zone will then be fitted to the 90 day production test data for each zone. The resulting curve will be used to forecast future monthly production rates for the life of each zone. The zones will then be commingled. Monthly production will then be allocated to each zone based on the ratio of the forecast production rates for each zone for that month.

For example, if in any given future month, the MV was forecast from its type curve to make 750 Mcf/D, and the PC was forecast from its type curve to make 250 Mcf/D, then the actual commingled production for that month would be allocated 75% to the MV and 25% to the PC. Allocations will change monthly (although the month-to-month changes will be relatively small).

This allocation method is required because production from the two zones declines differently as evidenced by their type curves. A constant percentage allocation would not be adequate because the ownership differs between the two zones.

I appreciate your assistance in this matter. If you have any questions, please do not hesitate to contact me at (405) 552-8198.

Sincerely,

Norvella Adams Sr. Staff Engineering Technician

Enclosure



District I 1625 N. French Drive, Hobbs, NM 88240

District II 811 S. First St., Artesia, NM 88210

District III 1000 Rio Brazos Road, Aztec, NM 87410

District IV

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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy, Minerals and Natural Resources Department Form C-107A Revised August 1, 2011

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, New Mexico 87505 APPLICATION TYPE Single Well Establish Pre-Approved Pools EXISTING WELLBORE ____Yes ____No

APPLICATION FOR DOWNHOLE COMMINGLING

DEVON ENERGY PRODUCTION COMPANY, LP 20 North Broadway, Oklahoma City, Oklahoma 73102-8260 Operator Address Northeast Blanco Unit 329 A Sec 24 T31N R07W San Juan Well No. Unit Letter-Section-Township-Range County Lease OGRID No._6137_ Property Code_19641 API No._30-045-32248_ Lease Type: _X_Federal State Fee DATA ELEMENT **UPPER ZONE INTERMEDIATE ZONE** LOWER ZONE ィノ Los Pinos S; FRT SND PC, South Basin Dakota Pool Name Pool Code 80690 71599 7,962-8,081' 3,438-3,569 Top and Bottom of Pay Section (Perforated or Open-Hole Interval) Method of Production Flowing Flowing (Flowing or Artificial Lift) Bottomhole Pressure (Note: Pressure data will not be required if the bott 686 psi 888 psi 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,	Date: August 2011	Date:	Date: August 2011
applicant shall be required to attach production			
estimates and supporting data.)	Rates: 111 MCF/D	Rates:	Rates: 118 MCF/D
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 Allocation based on Type Curves	Oil Gas %	Oil Gas Allocation based on Type Curves
explanation will be required.)	% %		% %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?	Yes Yes_X	NoX No
Are all produced fluids from all commingled zones compatible with each other?	Yes_X	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.

Dottominore pressure data

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

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SIGNATUR	$\frac{1}{2}$		 Engineering Technician	DATE August 22, 2011
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 TYPE OR PRINT NAME__Norvella Adams____TELEPHONE NO. (__405__)__552-8198_

E-MAIL ADDRESS norvella.adams@dvn.com

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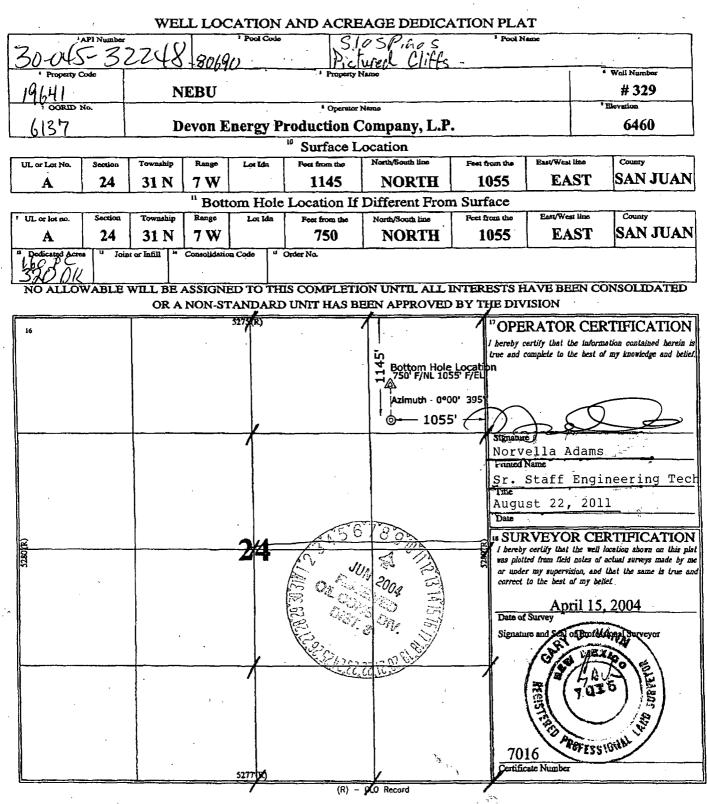
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District I + PO Box 1980, Hobbs NM 88241-1980 District II 5'O Drawer KK, Artonia, NM 87211-0719 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV PO Box 2088, Santa Fe, NM 87504-2088 State of New Mexico Energy, Minorals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-102 Revised February 21, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

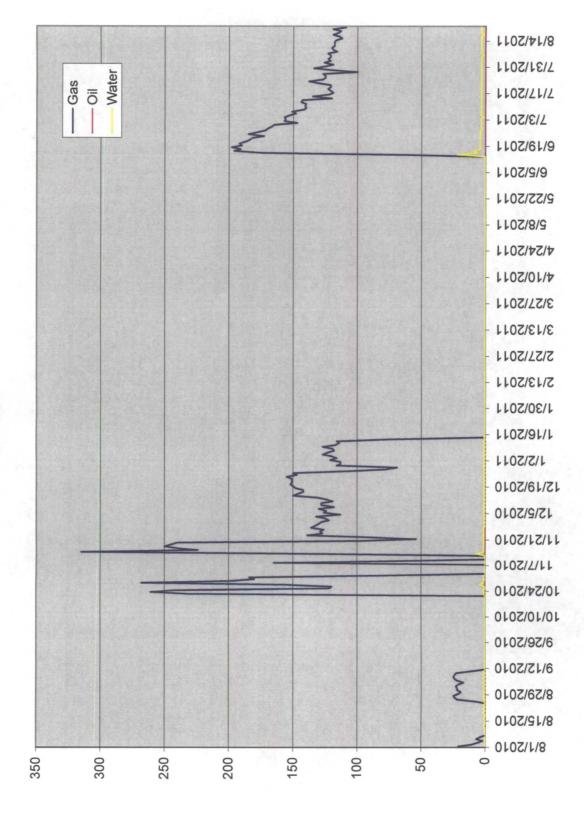


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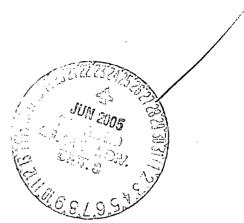
NEBU 329 Pictured Cliffs

MCF

NEBU 329 Dakota



MCF



LE G	8195	
Devinu		
ENERGY PRODUCTION COMPANY, L.P. Northeast Blanco Unit		Casing Capacity
329 COUNTY: San Juan	Casing Setting De	epih BBL/FI Ft ³ /Ft
STATE: New Mexico	9-5/8 270	
Surface location: Sec 24 T31N R7W	7 3520 4-1/2 8060	
1145' FNL x 1055' FEL 3		
GL Elevation: 6460 KB Elevation: 6477 KB Elevation: 6477		
Spud date: .16-Jul-04	Capacity	BBL/Ft Ft ³ /Ft
AP1 30-045-32248	9-5/8	0.0787 0.4418
	7	0.0393 0.221
	4-1/2	0.0155 0.0872
Directional Well		
PC AFE # 110504 Prop # 15569	Vol & Hght Csg - Csg	BBL/Ft Ft ³ /Ft
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htermediate B-3/4" Hole 3653' MD KB	Vol & Hght Csg - Hole	BBL/Ft Ft ³ /Fl
Main and the second sec	12-1/4 * 9-5/8 8-3/4 * 7	0.0558 0.3132 0.0268 0.1503
	6-1/4 * 4-1/2	0.0183 0.1026
	TMD	
	0 350	
Build (2) 3 degrees to 7.4 degrees 535 Hold 7.4 deg inc, 0.00 deg Azm 556		
Drop @ 3 degrees/100' to ~ vertical 340		
8-344 TD 7 Csp Point 365 Vertical Air hole 365		•
Production Hole is written up as a Lower DK. Worki	ng on Changing to Upper DK only.	
6-1/4" Hole at 8090" TD in Lower Encinal, drill out with compi 6-1/4" Hole at 8090" Marker Joint @ 4000		
Open hole Lower Dakota 8090' - 8175'		

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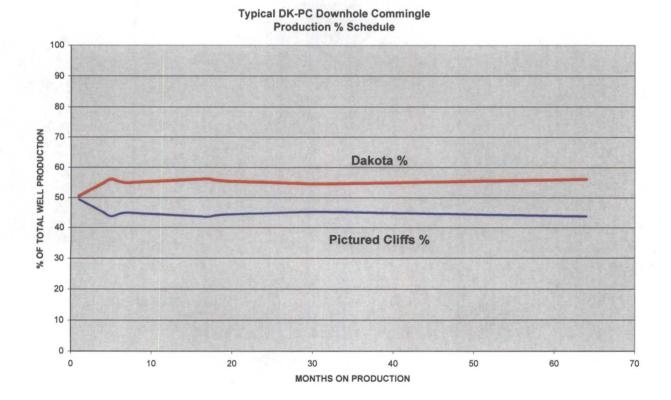
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Method of Allocation

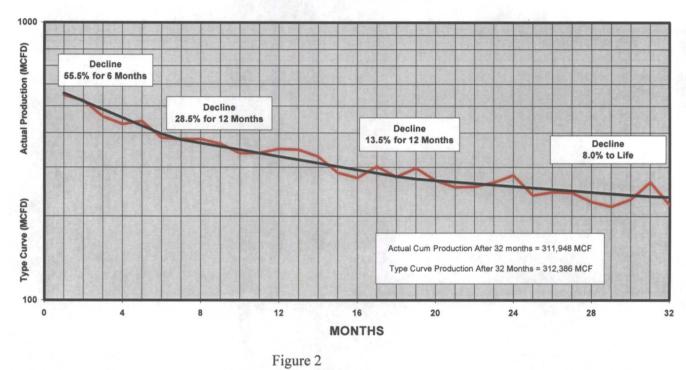
Devon Energy recommends the following procedure to allocate downhole commingled production between the Basin-Dakota and the Fruitland Pictured Cliffs pools within the Northeast Blanco Unit:

- The Basin-Dakota 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 Dakota 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 Dakota and Fruitland Pictured Cliffs intervals by applying the variable percentage schedule to the daily total well production.

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

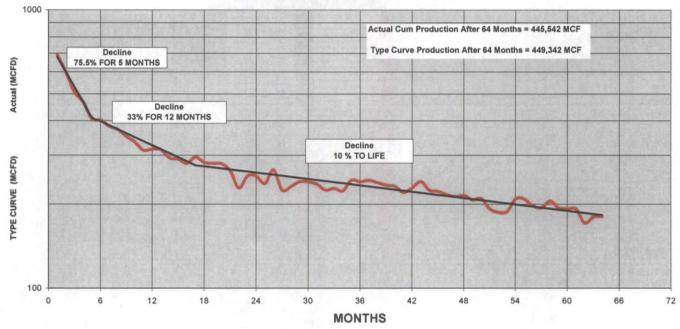


The Basin-Dakota type curve was generated from normalized production of 40 offsetting Basin-Dakota producers. The Basin-Dakota type curve clearly defines the decline rate for the life of a well. Comparison of this type curve with the production schedule obtained by using flow test data demonstrates the reliability of this method for projecting production. (See Figure 2) The curve covers a thirty two month period with a variance in cumulative normalized production of less than 0.1%.



NEBU AREA DAKOTA TYPE CURVE

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%.



NEBU AREA PICTURED CLIFFS TYPE CURVE

Figure 3

BEPRATIENT OF THE INTERIOR OMB NO. 100-0135 BURGEN AND GENON WELLS SUMDRY NOTICES AND REPORTS ON WELLS BURGEN NOTICES AND REPORTS ON WELLS S. Lease Serial No. Do not use his files from for proposals of all or to re-ember an abardoned well. Use horm \$100-3 (APU) for such proposals S. Lease Serial No. S. Type of Well Go IW Well Gas Well Other wells a. Type of Well Go IW Well Gas Well Other B. The data Manual of the such proposals B. API Well No. S. Lease Serial No. Address and Telephone No. DO Not wells and the such and the s	×. · ·						
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Name of Operator B. Well Name and No. Address and Telephone No. 30-045-32248 2.01 North Readway. Oklahoma City, OK 73102-8280 405-552-8198 Location of Well (Report location clearly and in accordance with Faderal requirements)* 11-Field and Pool or Exploratory Location of Well (Report location clearly and in accordance with Faderal requirements)* 11-County or Parish State 1145 FNL & 1055 FEL NE NE Unit A Soc 24 T3IN R7W San Juan NM 12. CHECK APROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION Image: Plant Abandonment Moloce Acidize Pretured Citifs/Resume) Well Name and No. Molice of Intent Acidize Preture Critifs/Resume) Well Integrity Subsequent Report Change Repair Preture Tist Abandonn Address report Hole proceed to the Social Plant Result on the particular State St	la. Type of Well Oil Well Ga	as Well Other					
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Devon Energy Corporation 20 North Broadway Oklahoma City, OK 73102-8260 405 235 3611 Phone www.devonenergy.com

August 24, 2011

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Re: Application for Downhole Commingling – C-107A NEBU # 329 API # 30-045-32248 Unit Letter A, Section 24 T31N R07W San Juan County, New Mexico

Interest Owner:

Devon Energy Production Company, L.P., as operator of the referenced well wishes to inform you that Devon has applied to the New Mexico Oil Conservation Division for approval to downhole commingle the existing Basin Dakota interval with the existing Los Pinos Pictured Cliffs interval in the referenced well.

The Pictured Cliffs and Dakota are currently completed dual and being tested simultaneously to establish a production potential. The production from the Pictured Cliffs and the Dakota will be allocated on a production trend based formula. A Method of Allocation explanation has been enclosed with this notice along with a copy of the application.

I appreciate your assistance in this matter. If you have any questions, please do not hesitate to contact me at (405) 552-8198.

Sincerely,

Norvella Adams Sr. Staff Engineering Technician

Enclosure

WORKING INTEREST OWNERS NEBU PC 329

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

ConocoPhillips Company Burlington Resources Oil & Gas, LP P. O. Box 4289 Farmington, NM 87499-4289

B & N Company, LP BN Non-Coal, LLC c/o Devon Energy Production Company, L.P. 20 North Broadway Oklahoma City, OK 73102

Castle, Inc. 502 Keystone Drive Warrendale, PA 15086

Four Star Oil & Gas Company ATTN: NOJV GROUP P. O. Box 2100 Houston, TX 77252

Amelia C. Kelly 4585 Jordan Spur Road Bozeman, MT 59715

Andrew B. Kelly, Jr. 650 Glendalough Ct. Alpharetta, GA 30004

Susanna P. Kelly, II 8383 Chapman road Bozeman, MT 59715

Estate of Susanna Phillips Kelly Andrew B. Kelly, Executor 506 Pershing Avenue San Antonio, TX 78209-66

WORKING INTEREST OWNERS NEBU PC 329

Jane P. Ladouceur 109 Longsford San Antonio, TX 78209

McAfee Oil and Gas LLC P. O. Box 1087 Norman, OK 73070-1087

Omimex Petroleum, Inc. 7950 John T. White Road Fort Worth, TX 76120

Williams Production Company P. O. Box 3102 MS 25-1 Tulsa, OK 74101

WORKING INTEREST OWNERS NEBU DK 329

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

ConocoPhillips Company Burlington Resources Oil & Gas, LP P. O. Box 4289 Farmington, NM 87499-4289

B & N Company, LP BN Non-Coal, LLC c/o Devon Energy Production Company, L.P. 20 North Broadway Oklahoma City, OK 73102

Canaan Resources, LLC 211 North Robinson Ave., Suite N1000 Oklahoma City, OK 73102

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

Fortune Natural Resources Corporation Two Galeria Tower 13455 Noel road, Suite 2000 Dallas, TX 75240

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

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

WORKING INTEREST OWNERS NEBU DK 329

T. H. McElvain Oil & Gas Ltd. Partnership McElvain Oil & Gas Properties, Inc., GP 1050 17th Street, Suite 2500 Denver, CO 80265

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

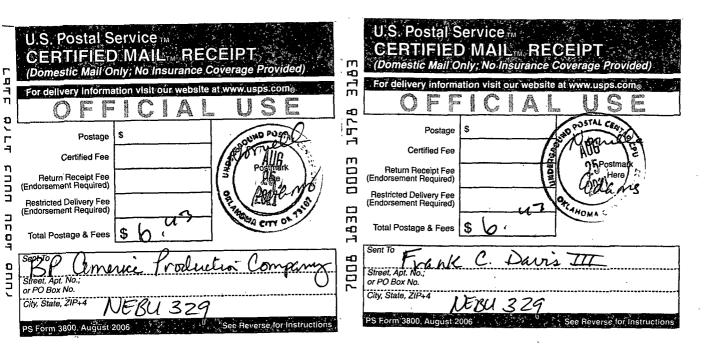
TAMACAM, LLC c/o James M. Raymond, AIF P. O. Box 291445 Kerrville, TX 78029-1445



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