DATE IN 8.31.11	SUSPENSE 9/20/11	ENGINEER WVJ	LOGGED IN 8.31.11	TYPE DHC 4469	APP NO. pTGW 1124353414

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

Devon
NBL = #334

ADMINISTRATIVE APPLICATION CHECKLIST 30-045-32897

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool 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-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

RECEIVED OCD
2011 AUG 30 P 12:22

[2] **NOTIFICATION 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

[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.

Norvella Adams		Sr. Staff Engineering Technician	Augu 22,11
Print or Type Name	Signature	Title	Date

Norvella.adams@dvn.com
e-mail Address

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
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

Form C-107A
Revised August 1, 2011

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 DHC-4469
Operator Address

Northeast Blanco Unit **334** **A Sec 26 T31N R07W** **San Juan**
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No._6137___ Property Code_19641____ API No._30-045-32297__ Lease Type: _X_Federal ____State ____Fee

DATA ELEMENT	UPPER ZONE ✓	INTERMEDIATE ZONE	LOWER ZONE ✓
Pool Name	Los Pinos S; FRT SND PC, South		Basin Dakota
Pool Code	80690		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3,325-3,414'		7,840-7,938'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
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)	665 psi		1019 psi
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: August 2011 Rates: 105 MCF/D	Date: Rates:	Date: August 2011 Rates: 149 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* % %

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__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.

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

SIGNATURE _____ TITLE_Sr. Staff Engineering Technician___DATE_August 22, 2011____

TYPE OR PRINT NAME__Norvella Adams_____TELEPHONE NO. (__405__)__552-8198_____

E-MAIL ADDRESS_norvella.adams@dvn.com___

devon

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 # 334 API # 30-045-32297
Unit Letter A, Section 26 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 7/15/04. The Dakota was delivered on 7/20/04 and the Pictured Cliffs was delivered on 7/25/04. 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
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, 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, Minerals & 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-32297	80690	S. Los Pinos FS Pictured Cliffs

4 Property Code	5 Property Name	6 Well Number
19641	NEBU	# 334

7 OGRID No.	8 Operator Name	9 Elevation
6137	Devon Energy Production Company, L.P.	6318

10 Surface Location

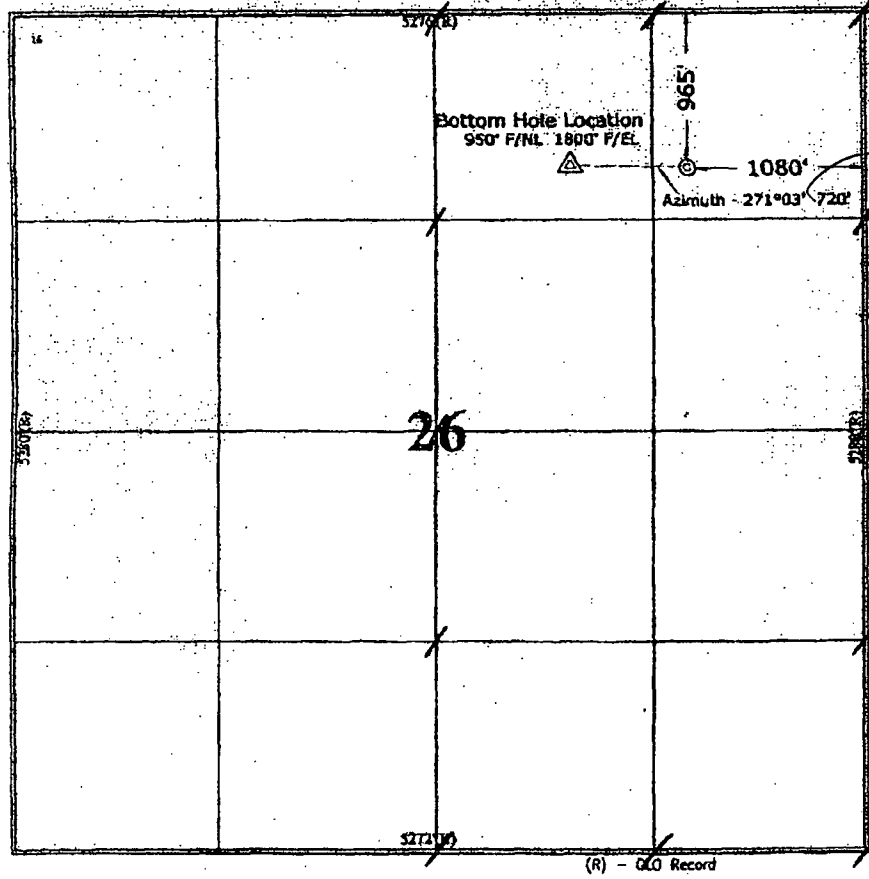
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	26	31 N	7 W		965	NORTH	1080	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	26	31 N	7 W		950	NORTH	1800	EAST	SAN JUAN

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
DK-320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

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

Signature
Norvella Adams
Printed Name
Sr. Staff Engineering Tech
Title
August 22, 2011
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Bottom Hole Footage - February 9, 2004
October 20, 2003
Date of Survey

Signature and Seal of Professional Surveyor

GARY D. VANN
NEW MEXICO
7016
REGISTERED PROFESSIONAL LAND SURVEYOR

7016
Certificate Number

District I
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, 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, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
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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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-32297	71599	Basin Dakota

4 Property Code	5 Property Name	6 Well Number
19641	NEBU	# 334

7 OGRID No.	8 Operator Name	9 Elevation
6137	Devon Energy Production Company, L.P.	6318

10 Surface Location

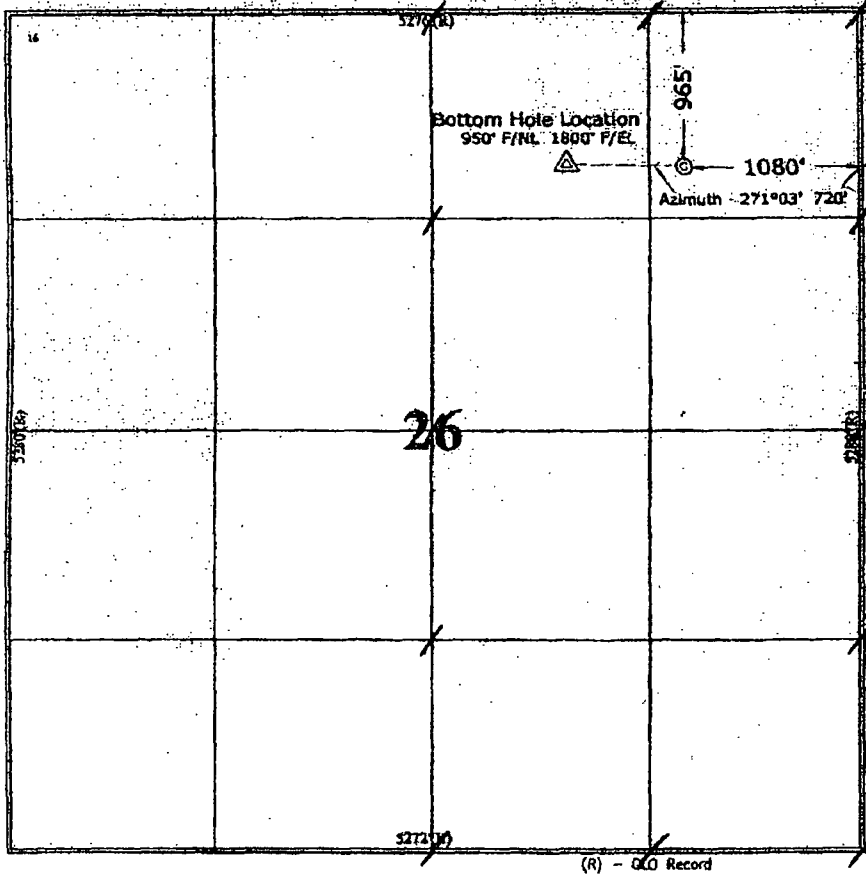
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	26	31 N	7 W		965	NORTH	1080	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

1 UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	26	31 N	7 W		950	NORTH	1800	EAST	SAN JUAN

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
DK-320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



(R) – GLO Record

17 OPERATOR CERTIFICATION

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

Signature

Norvella Adams
Printed Name

Sr. Staff Engineering Tech
Title

August 22, 2011
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

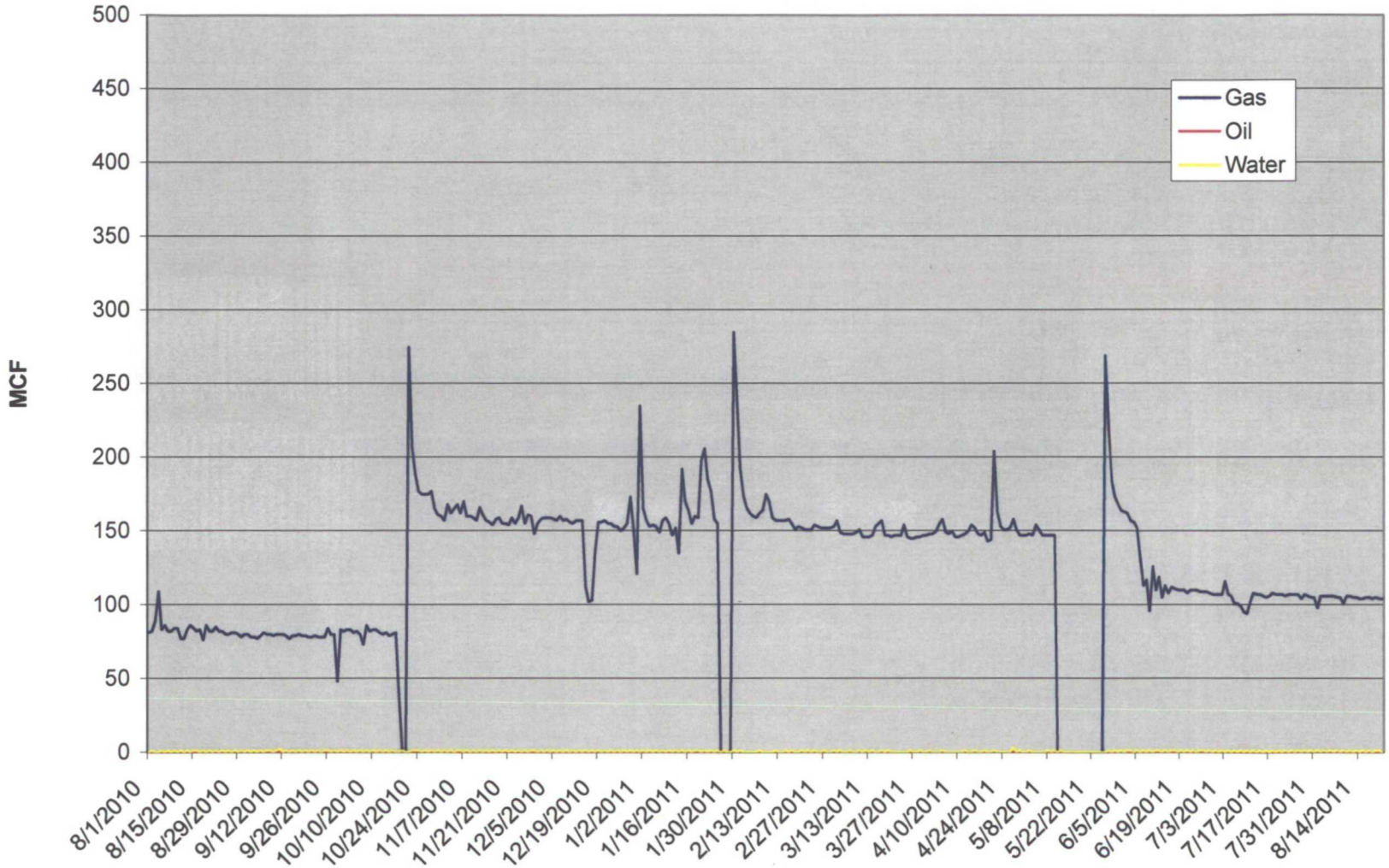
Bottom Hole Footage - February 9, 2004
October 20, 2003
Date of Survey

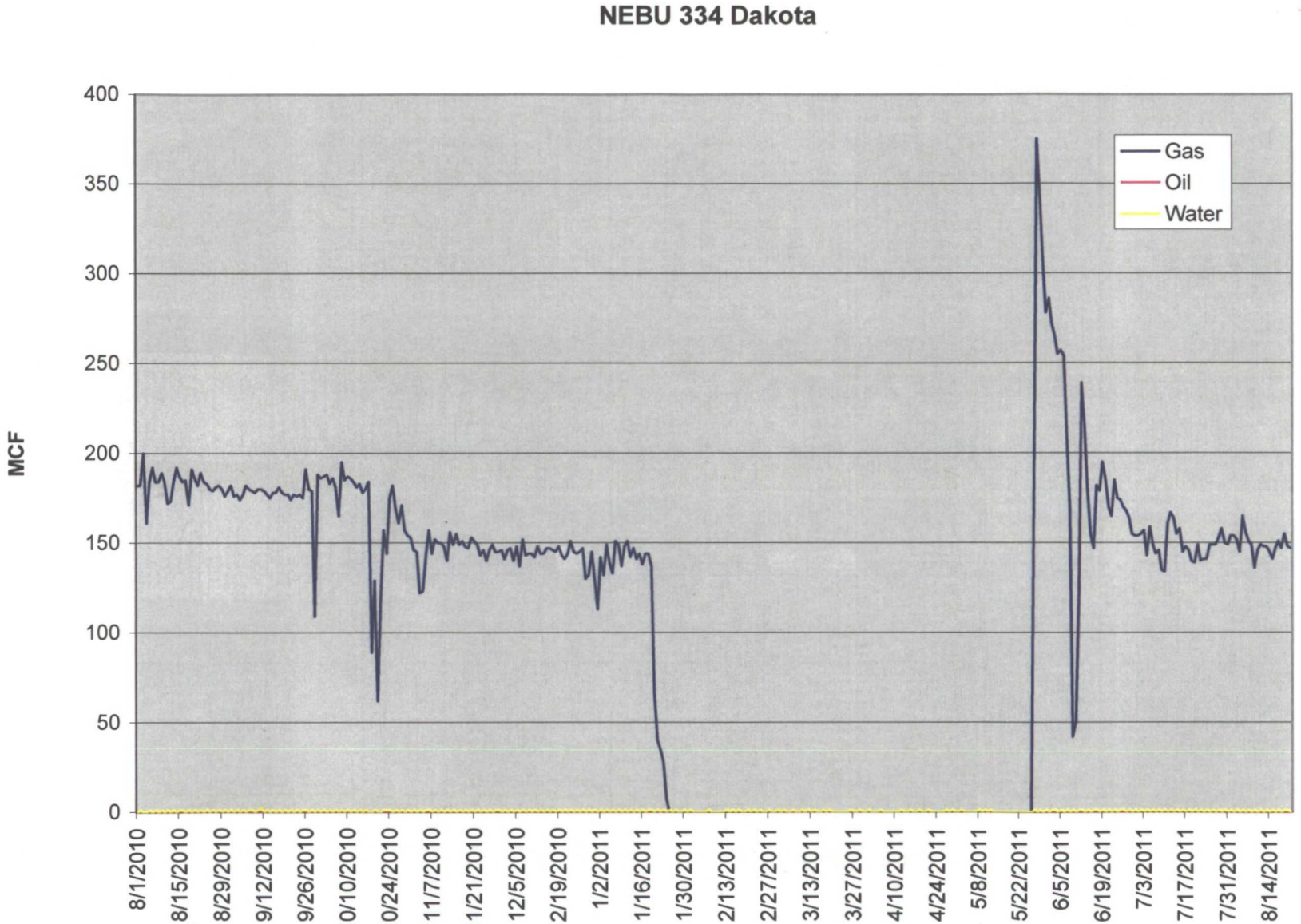
Signature and Seal of Professional Surveyor

GARY D. VANN
NEW MEXICO
7016
REGISTERED PROFESSIONAL LAND SURVEYOR

7016
Certificate Number

NEBU 334 Pictured Cliffs




NEBU 334 Dakota
MCF
400
350
300
250
200
150
100
50
0
Gas
Oil
Water
8/1/2010
8/15/2010
8/29/2010
9/12/2010
9/26/2010
10/10/2010
10/24/2010
11/7/2010
11/21/2010
12/5/2010
12/19/2010
1/2/2011
1/16/2011
1/30/2011
2/13/2011
2/27/2011
3/13/2011
3/27/2011
4/10/2011
4/24/2011
5/8/2011
5/22/2011
6/5/2011
6/19/2011
7/3/2011
7/17/2011
7/31/2011
8/14/2011

	OPERATOR:	LEASE / WELL:	SURFACE LOCATION:	BOTTOM HOLE LOCATION:
devon	Devon Energy Prod. Co.	**NEBU 334**	965' FNL & 1,080' FEL	950' FNL & 1,800' FEL
		FORMATION: Dakota / Picture Cliffs	Sec. 26 - T31N - R7W	Sec. 26 - T31N - R7W
	DRILLING RIG: D-J 1	COUNTY / STATE: San Juan County, NM	AFE #: DK 110513	API#: 30-045-32297
	COMPLETION RIG:		PROPERTY #: 015575-010-S01	SPUD DATE: 5/29/2004

WELL DATA

DIRECTIONAL ☑ STRAIGHT ☐

KOP:	350'	TVD		
BEGIN BUILD	3.00	deg @	100'	MD
BEGIN HOLD	15.57	deg @	868'	MD
BEGIN DROP	(3.00)	deg @	3030'	MD
BEGIN VERTICAL		deg @	3549'	MD

TUBULAR DATA

Tubulars	Size	Weight	Grade	Thread	MD	TVD	TOL
CONDUCTOR							
SURFACE	9 5/8"	32.3#	H-40	ST&C	310'		
INTERMEDIATE	7"	23#	J-55	LT&C	3,561'		
PRODUCTION	4 1/2"	11.6#	J-55	LT&C	7,970'		
PROD TIEBACK							
PROD LINER							
TUBING (Long String)							

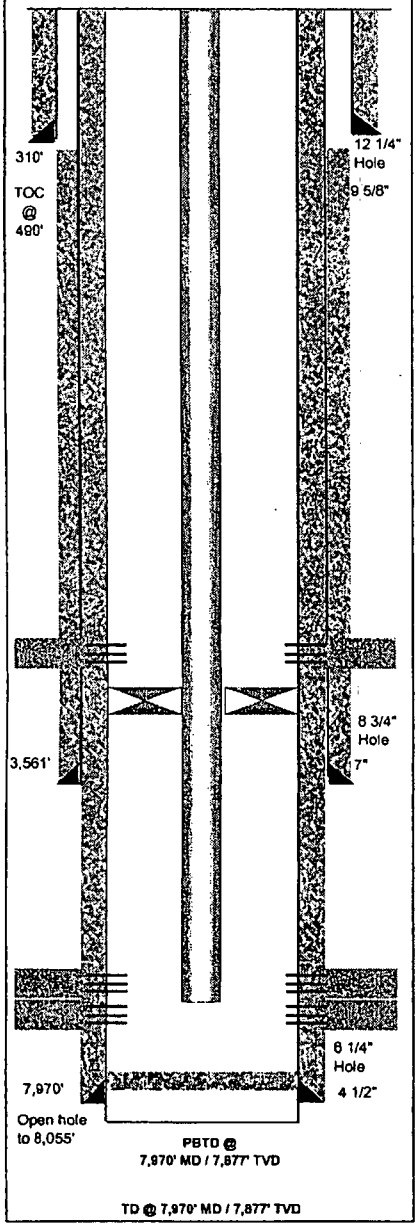
WELLHEAD DATA

ELEVATIONS:	GROUND ELEVATION
RKB-THF:	
RKB-ELEV:	6,318'

FIELD: San Juan

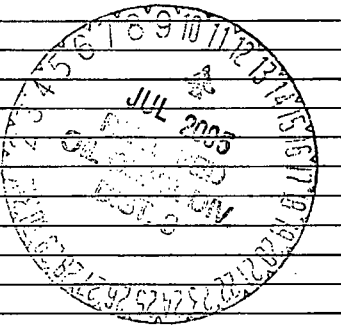
WELLBORE SKETCH

DRAWING NOT TO SCALE



CURRENT

EQUIPMENT DESCRIPTION	DEPTH TVD	DEPTH MD
CEMENT DETAILS:		
(5/30/04) 9 5/8" csg to 310', cmt w/175 sx (37 bbls) Class "B". Circ 10 bbls to surface		
(6/4/04) 7" csg to 3,561', cmt Lead w/475 sx (122 bbls) 50/50 POZ & tail w/75 sx (19 bbls)		
50/50 POZ. No returns to surface.		
(6/3/04) 4 1/2" csg to 7,840', cmt Lead w/235 sx 50/50 POZ & tail w/450 sx 50/50 POZ. Circ		
25 bbls cmt to surface.		
Tubing Details:		
Saw Tooth Collar		
2 3/8"x2' Pup jt		
2 3/8" x 1.78" F-Profile Nipple		
137 jts 2 3/8" tbg		
4 1/2" x 2 3/8" Model R Dual Grip Pkr		3,456'
106 jts 2 3/8" tbg		
EOT		7,919'
Packer and tubing were run into hole on 8/19/04 between 7:30 am and 10:00 am.		
(6/20/04) **Perforate Pictured Cliffs:**		
3325', 3326', 3327', 3333', 3340', 3341', 3349', 3350', 3351', 3352', 3388', 3397', 3398', 3412', 3413', 3414'		
16 Holes.		
(6/20/04) Frac'd w/ 41,112 gals 70Q 20# Linear gel w/69,500# 20/40 Brady. **Screen out** of 23.7 BPM @ 4500 psi		
Avg rate 24.3. Avg pressure 2679 psi (max 4599 psi). F. G. = 1.24 psi/ft.		
(6/19/04) **Perforate Dakota:**		
7938', 7937', 7923', 7922', 7914', 7913', 7898', 7897', 7882', 7881', 7880', 7879', 7878', 7844', 7843', 7842'		
7840', 18 Holes.		
(6/19/04) Frac'd w/72,459 gals 25# & 20# Delta 200 w/55,000# Ottowa. V-12 overheated could not		
get 30-35 BPM. F. G. = 0.79 psi/ft.		
(6/19/04) Cmt retainer set @ 7,965'.		



COMMENTS:	Working Interest:	PLUG BACK DEPTH:	7877' 7,970'
AFE # 110514 = PC	Net Revenue Interest:	TOTAL WELL DEPTH:	7877' 7,970'
Property # 015576-010-S01 = PC		PREPARED OR REVISED BY:	DATE:
Completed in Dakota & Pictured Cliffs		Melisa Zimmerman	November 22, 2004

DIRECTIONS TO LOCATION:

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.

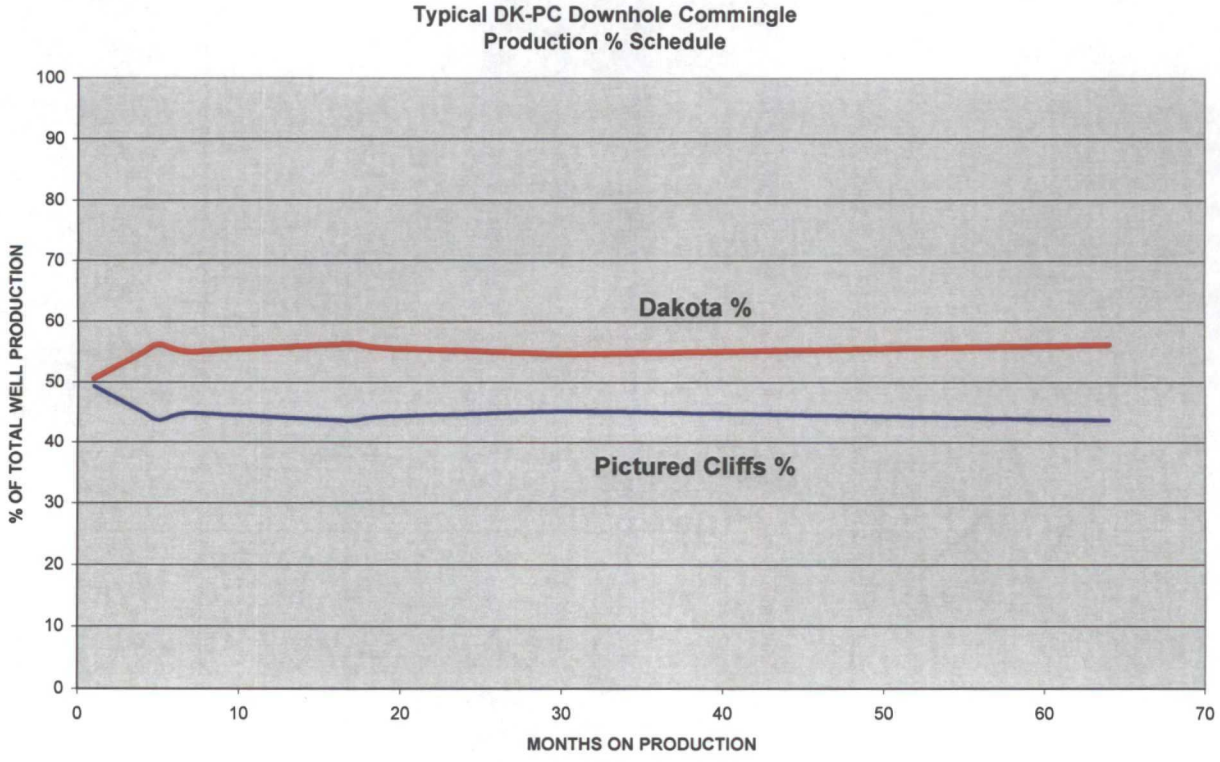


Figure 1

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 thirty two month period with a variance in cumulative normalized production of less than 0.1%.

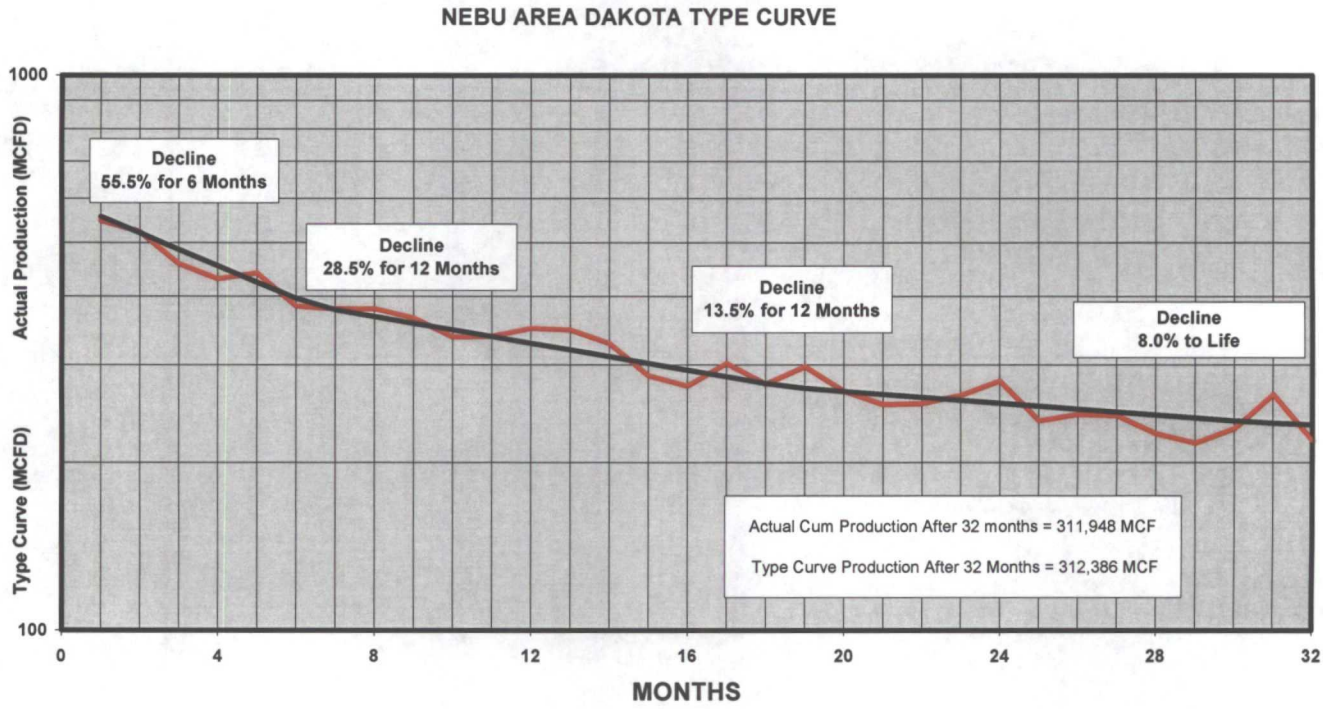


Figure 2

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%.

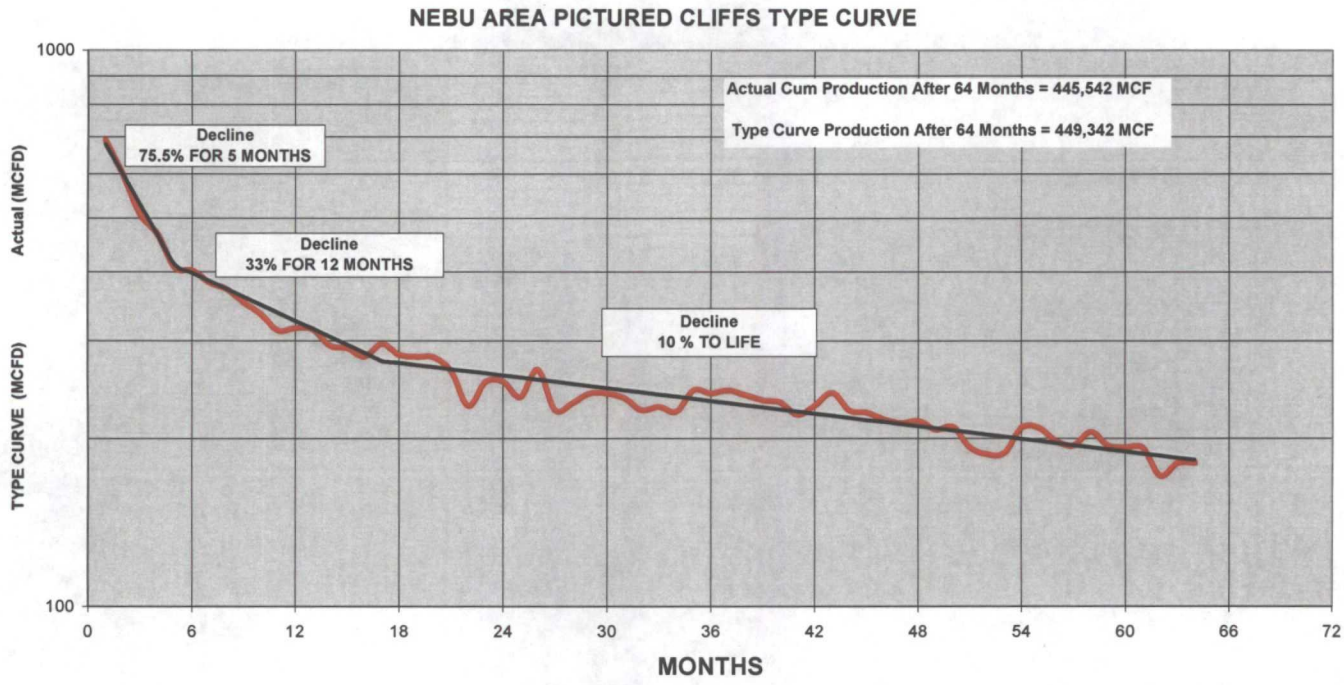

NEBU AREA PICTURED CLIFFS TYPE CURVE
Actual Cum Production After 64 Months = 445,542 MCF
Type Curve Production After 64 Months = 449,342 MCF
Decline
75.5% FOR 5 MONTHS
Decline
33% FOR 12 MONTHS
Decline
10 % TO LIFE
Actual (MCFD)
TYPE CURVE (MCFD)
1000
100
0
6
12
18
24
30
36
42
48
54
60
66
72
MONTHS

Figure 3

Form 3160-5
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APROVED
OMB NO. 1004-0135
EXPIRES: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1a. Type of Well ☑ Oil Well ☐ Gas Well ☐ Other	5. Lease Serial No. **SF 079010**
	6. If Indian, Allottee or Tribe Name
	7. Unit or CA Agreement Name and No. **Northeast Blanco Unit**
2. Name of Operator **DEVON ENERGY PRODUCTION COMPANY, LP**	8. Well Name and No. **NEBU 334**
3. Address and Telephone No. 20 North Broadway, Oklahoma City, OK 73102-8260 405-552-8198	9. API Well No. **30-045-32297**
4. Location of Well (Report location clearly and in accordance with Federal requirements)* 965' FNL & 1080' FEL, Unit A Sec 26 T31N R07W	10. Field and Pool, or Exploratory **Pictured Cliffs/Basin Dakota**
	11. County or Parish State **San Juan NM**

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

TYPE OS 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 Application
	☐ 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, and give pertinent dates, including estimated date of starting any proposed work and approximate duration thereof. If the proposal deepen directionally or recomplete horizontally, give subsurface location 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 requirement, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection)

Devon Energy Production Company, LP respectfully requests administrative approval to pull the packer and downhole commingle the Los Pinos Pictured Cliffs (80690) & Basin Dakota (71599). These intervals produce essentially dry gas and we have not experienced any significant cross flows between these two intervals and all the fluids are compatible. Downhole commingling will improve recovery of liquids and gas, eliminate redundant surface equipment, and maximize productivity. Notice has been filed concurrently on form C-107A with NM OCD. Since the two intervals do not have common ownership; Devon will utilize the test period described in the attached method of allocation. All of the interest owners of both intervals have been notified.

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

Signed _____ Name Norvella Adams
Title Sr. Staff Engineering Technician Date 8/22/2011

(This space for Federal or State Office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

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

***See Instruction on Reverse Side**

devon

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

405 235 3611 Phone
www.devonenergy.com

August 24, 2011

Re: Application for Downhole Commingling – C-107A
NEBU # 334 API # 30-045-32297
Unit Letter A, Section 26 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 334

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 334

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 334

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 334

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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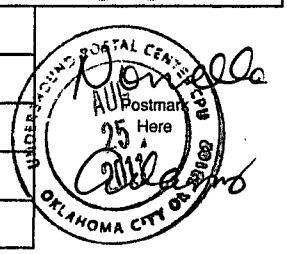

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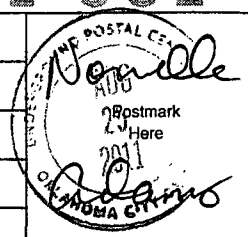

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