

DATE IN <u>21. Feb. 07</u>	SUSPENSE	ENGINEER <u>D. Brooks</u>	LOGGED IN <u>21. Feb. 07</u>	TYPE <u>USL</u>	APP NO. <u>PLP 0705246830</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Devon
 NE Blener Unit #346
 5598*

ADMINISTRATIVE APPLICATION CHECKLIST

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 _____
- [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.

Print or Type Name _____	Signature _____	Title _____	Date _____
		e-mail Address _____	

District I
 PO Box 1980, Hobbs NM 88241-1980
 District II
 PO Drawer K.K. Artesia, NM 87211-0719
 District III
 1000 ElCibrazos 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

API Number 30-045-33212		Pool Code 71599	Pool Name Basin Dakota	71599
Property Code 19441	Property Name NEBU		Well Number # 340	
OURID No. 6137	Operator Name Devon Energy Production Company, L.P.		Elevation 6429	

10 Surface Location

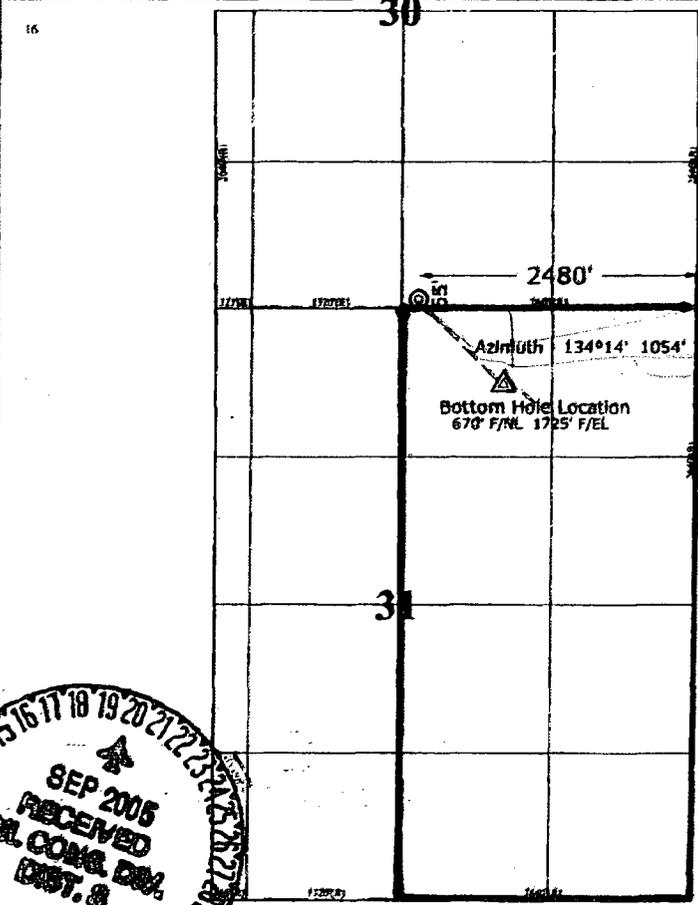
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	30	31 N	7 W		65	SOUTH	2480	EAST	SAN JUAN

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	31	31 N	7 W		670	NORTH	1725	EAST	SAN JUAN

Dedicated Acres 3.00	Join or Infill	Consolidation Code	Order No.
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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: *M.S. Glick*
 Printed Name: **Melba Zimmerman**
 Title: **Sr. Operations Technician**
 Date: **6-29-05**

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.

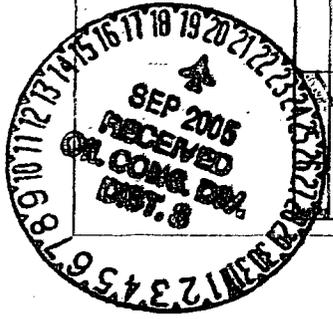
Revised: **March 1, 2005-July 27, 2005**
October 9, 2004

Date of Survey

Signature and Seal of Professional Surveyor

GARY D. VANN
 NEW MEXICO
 REGISTERED PROFESSIONAL LAND SURVEYOR
 7016

7016
 Certificate Number





Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Landman
405-552-4626
405-552-7843 (Fax)
jan.wooldridge@devon.com

2007 FEB 21 AM 8 26

February 20, 2007

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Attention: Engineering

Re: Request for Administrative Exception to
Unorthodox Location
Northeast Blanco Unit No. 340
Section 31-T31N-R7W
San Juan County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon") as Operator, drilled the referenced Basin Dakota well to a measured depth ("MD") of 8,134' and a true vertical depth ("TVD") of 7,988'. Devon drilled this directional well from a surface location at 65' from the south line and 2480' from the east line of Section 30-31N-R7W. The bottom hole location was intended to be 670' from the north line and 1725' from the east line of Section 31-31N-7W as shown on the well location and acreage dedication plat attached hereto which was filed along with the APD. Unfortunately, while drilling with directional tools in the hole, a loss of circulation was experienced and the well started pumping lost circulation material which then caused the directional equipment to be ineffective. Devon ended up drilling the bottom portion of this hole blind and was short of the permitted bottom hole location. The final bottom hole location was 615' from the north line and 1775' from the east line of Section 31-31N-7W which places this well 45' closer to the north line than rules permit.

This well was completed January 14, 2006 in a spacing unit comprised of the East Half (E/2) of Section 31, Township 31 North, Range 7 West containing 316.12 acres as specifically defined on the attached Unit Communitization Agreement, approved by the Bureau of Land Management. Leasehold for this spacing unit is 155.84 acres of Federal land in lease NMSF-079043, 11.04 acres of Federal land in lease NMSF-079082, and 149.24 acres of Fee land.

On July 27, 2006 the Bureau of Land Management issued a Paying Well Determination for the NEBU No. 340 well covering the East Half (E/2) of Section 31, Township 31 North, Range 7 West. In addition, in the same approval letter, the Bureau of Land Management also issued a

NMOCD
February 20, 2007
Request for Administrative Exception to
Unorthodox Location
NEBU 340, E/2 Sec.31-31N-7W
San Juan County, New Mexico
Page Two

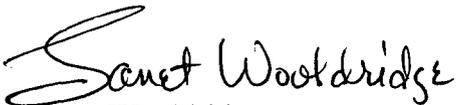
Paying Well Determination for NEBU 49M which is located in the East Half (E/2) of Section 30, Township 31 North, Range 7 West directly north of the spacing unit for the NEBU 340. The NEBU 49M well was completed October 22, 2005. Schedules are being prepared to file for the 23rd Dakota Participating Area Expansion to include the East Half (E/2) of Section 30, Township 31 North, Range 7 West effective October 1, 2005 by virtue of the Paying Well Determination for the 49M as well as the 24th Dakota Participating Area Expansion which will include the East Half (E/2) of Section 31, Township 31 North, Range 7 West effective January 1, 2006 by virtue of the Paying Well Determination for the NEBU 340.

Attached for your review you will find (a) Well Location and Acreage Dedication Plat which was filed along with the APD; (b) Gyro Survey establishing as drilled bottom hole location; (c) Unit Communitization Agreement for NEBU 340; (d) Paying Well Determination approval letter dated July 27, 2006 from the Bureau of Land Management; (e) Unit map depicting the current Dakota Participating Area and the locations of the NEBU 340 and NEBU 49M spacing units which are pending Dakota Participating Area Expansions; (f) a list of affected persons as defined in Rule 1207.A(2); (g) copies of notice letters to affected persons; and (h) Affidavit regarding notification concerning the interests of BN Co and BN Non-Coal, LLC.

Devon respectfully requests that the Commission administratively approve this application for an unorthodox location in accordance with Division Rule 104(F)(3). Your approval will allow this well to successfully produce as a part of the NEBU Dakota Participating Area. If you have any questions or concerns regarding this application, please contact me at 405-552-4626 or jan.wooldridge@dvn.com.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L.P.



Janet Wooldridge, CPL
Senior Landman

enc.

cc: NMOCD, Aztec, NM, Attn: Charlie Perrin

Gyro of 340 05243.TXT

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/100
296.00	.00	82.60	295.99	.23	.23	1.79	.00	.00	.00
357.00	.70	119.40	356.98	-.19	-.19	3.00	1.81	82.60	.24
449.00	1.80	131.10	448.78	-3.75	-3.75	7.52	3.00	93.62	2.15
538.00	5.40	135.90	537.15	-11.06	-11.06	15.09	8.40	116.48	3.97
631.00	8.20	135.80	628.71	-22.70	-22.70	26.40	18.71	126.23	3.21
727.00	11.90	134.30	722.10	-38.36	-38.36	42.08	34.82	130.69	3.98
821.00	14.80	135.70	812.48	-56.64	-56.64	60.32	56.94	132.36	3.04
915.00	17.10	134.20	901.98	-76.93	-76.93	80.67	82.75	133.20	2.48
1009.00	18.50	134.60	991.17	-97.69	-97.69	101.87	111.47	133.64	1.57
1101.00	18.30	134.10	1078.39	-118.15	-118.15	122.80	141.14	133.80	.25
1195.00	18.80	133.50	1167.21	-139.43	-139.43	145.00	170.41	133.89	.57
1290.00	19.40	135.50	1257.15	-160.88	-160.88	166.84	201.16	133.88	.67
1384.00	18.20	134.90	1346.42	-181.76	-181.76	187.59	231.77	133.96	1.43
1477.00	18.30	134.10	1434.74	-202.18	-202.18	208.36	261.20	134.10	.23
1570.00	18.20	133.60	1523.11	-222.25	-222.25	229.25	290.33	134.14	.29
1663.00	18.10	133.00	1611.48	-242.12	-242.12	250.33	319.30	134.11	.20
1757.00	18.00	134.80	1700.83	-262.36	-262.36	271.38	348.26	134.04	.23
1851.00	18.10	134.60	1790.21	-282.85	-282.85	292.08	377.46	134.03	.63
1945.00	19.00	134.20	1879.32	-303.77	-303.77	313.45	406.59	134.08	.13
2038.00	17.80	134.30	1967.57	-324.25	-324.25	334.47	436.49	134.10	.97
2130.00	17.50	133.30	2055.24	-343.56	-343.56	354.60	465.84	134.11	1.29
2223.00	17.00	134.70	2144.05	-362.71	-362.71	374.44	493.74	134.09	.46
2316.00	17.50	134.30	2232.87	-382.04	-382.04	394.12	521.31	134.09	.70
2408.00	18.90	134.20	2320.27	-402.09	-402.09	414.70	548.89	134.11	.55
2503.00	19.20	133.80	2410.06	-424.59	-424.59	437.00	577.63	134.12	1.52
2595.00	19.50	133.10	2496.87	-444.63	-444.63	459.13	608.63	134.11	.34
2689.00	18.70	134.30	2585.69	-465.84	-465.84	481.37	639.11	134.08	.41
2781.00	18.60	134.80	2672.86	-486.48	-486.48	502.34	669.87	134.06	.95
2874.00	18.60	135.00	2761.00	-507.41	-507.41	523.35	699.29	134.08	.20
2969.00	18.10	135.60	2851.17	-528.67	-528.67	544.39	728.95	134.11	.07
3063.00	17.20	133.10	2940.75	-548.60	-548.60	564.76	758.85	134.16	.56
3156.00	17.00	134.00	3029.64	-567.44	-567.44	584.58	787.34	134.17	1.25
3248.00	16.70	135.90	3117.69	-586.27	-586.27	603.45	814.69	134.15	.36
3343.00	15.30	135.20	3209.00	-604.97	-604.97	621.78	841.35	134.17	.68
3400.00	15.04	130.27	3264.02	-615.09	-615.09	632.72	867.53	134.21	1.49
3500.00	14.06	130.99	3360.81	-631.44	-631.44	651.79	882.42	134.19	2.31
3600.00	12.52	131.20	3458.13	-646.55	-646.55	669.12	907.50	134.09	1.00
3653.00	11.34	132.70	3509.99	-653.87	-653.87	677.27	930.46	134.02	1.54
3753.00	8.34	132.83	3608.50	-665.47	-665.47	689.82	941.40	133.99	2.30
							958.49	133.97	3.00

Account Number	Amount	Balance	Description	Amount	Balance	Account Number	Amount	Balance
3853.00	5.34	132.83	3707.78	-673.57	698.55	970.39	133.96	3.00
3953.00	2.34	132.83	3807.54	-678.12	703.46	977.09	133.96	3.00
4053.00	.00	132.83	3907.52	-679.51	704.96	979.13	133.95	2.34
4153.00	.00	132.83	4007.52	-679.51	704.96	979.13	133.95	.00
4253.00	.00	132.83	4107.52	-679.51	704.96	979.13	133.95	.00
4353.00	.00	132.83	4207.52	-679.51	704.96	979.13	133.95	.00
4453.00	.00	132.83	4307.52	-679.51	704.96	979.13	133.95	.00
4553.00	.00	132.83	4407.52	-679.51	704.96	979.13	133.95	.00
4653.00	.00	132.83	4507.52	-679.51	704.96	979.13	133.95	.00
4753.00	.00	132.83	4607.52	-679.51	704.96	979.13	133.95	.00
4853.00	.00	132.83	4707.52	-679.51	704.96	979.13	133.95	.00
4953.00	.00	132.83	4807.52	-679.51	704.96	979.13	133.95	.00
5053.00	.00	132.83	4907.52	-679.51	704.96	979.13	133.95	.00
5153.00	.00	132.83	5007.52	-679.51	704.96	979.13	133.95	.00
5253.00	.00	132.83	5107.52	-679.51	704.96	979.13	133.95	.00
5353.00	.00	132.83	5207.52	-679.51	704.96	979.13	133.95	.00
5453.00	.00	132.83	5307.52	-679.51	704.96	979.13	133.95	.00
5553.00	.00	132.83	5407.52	-679.51	704.96	979.13	133.95	.00
5653.00	.00	132.83	5507.52	-679.51	704.96	979.13	133.95	.00
5753.00	.00	132.83	5607.52	-679.51	704.96	979.13	133.95	.00
5853.00	.00	132.83	5707.52	-679.51	704.96	979.13	133.95	.00
5953.00	.00	132.83	5807.52	-679.51	704.96	979.13	133.95	.00
6053.00	.00	132.83	5907.52	-679.51	704.96	979.13	133.95	.00
6153.00	.00	132.83	6007.52	-679.51	704.96	979.13	133.95	.00
6253.00	.00	132.83	6107.52	-679.51	704.96	979.13	133.95	.00
6353.00	.00	132.83	6207.52	-679.51	704.96	979.13	133.95	.00
6453.00	.00	132.83	6307.52	-679.51	704.96	979.13	133.95	.00
6553.00	.00	132.83	6407.52	-679.51	704.96	979.13	133.95	.00
6653.00	.00	132.83	6507.52	-679.51	704.96	979.13	133.95	.00
6753.00	.00	132.83	6607.52	-679.51	704.96	979.13	133.95	.00
6853.00	.00	132.83	6707.52	-679.51	704.96	979.13	133.95	.00
6953.00	.00	132.83	6807.52	-679.51	704.96	979.13	133.95	.00
7053.00	.00	132.83	6907.52	-679.51	704.96	979.13	133.95	.00
7153.00	.00	132.83	7007.52	-679.51	704.96	979.13	133.95	.00
7253.00	.00	132.83	7107.52	-679.51	704.96	979.13	133.95	.00
7353.00	.00	132.83	7207.52	-679.51	704.96	979.13	133.95	.00
7453.00	.00	132.83	7307.52	-679.51	704.96	979.13	133.95	.00
7553.00	.00	132.83	7407.52	-679.51	704.96	979.13	133.95	.00
7653.00	.00	132.83	7507.52	-679.51	704.96	979.13	133.95	.00
7753.00	.00	132.83	7607.52	-679.51	704.96	979.13	133.95	.00
7853.00	.00	132.83	7707.52	-679.51	704.96	979.13	133.95	.00
7953.00	.00	132.83	7807.52	-679.51	704.96	979.13	133.95	.00
8053.00	.00	132.83	7907.52	-679.51	704.96	979.13	133.95	.00
8153.00	.00	132.83	8007.52	-679.51	704.96	979.13	133.95	.00

Gyro of 340.05243.TXT

8254.50	.00	132.83	8109.02	GYRO of 340 05243.TXT -679.51	-679.51	704.96	979.13	133.95	.00
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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

NMNM 115893(CA)

3105 (21110)

March 24, 2006

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Dear Ms. Koehn:

Enclosed is one approved copy of Unit Communitization Agreement (CA) NMNM 115893, involving 155.84 acres of Federal land in lease NMSF-079043, 11.04 acres of Federal land in lease NMSF-079082, and 149.24 acres of Fee land in San Juan County, New Mexico. This acreage comprises a 316.12 acre spacing unit for the NEBU No. 340 well on Federal land.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons producible from the Dakota Formation in Lots 5,6,9,10,13,14, and parts of Tracts 49,50,51,52 (E½) of Section 31, T. 31 N., R. 7 W., NMPM, and is effective January 14, 2006. This CA shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities, and subject lands are not included in a participating area. You are requested to furnish all interested principals with appropriate evidence of this approval.

If this well is producing, this approval requires the submission of a Payor Information Form MMS-4025 to the Minerals Management Service (MMS) within 30 days (30 CFR 210.51). Please notify the designated payor or payors (purchasers, working interest owners, or others) as soon as possible regarding this requirement. Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504.

If you have any questions, please contact me at the above address or telephone (505) 599-8918.

Sincerely,

Margie Dupre
Legal Instruments Examiner
Petroleum Management Branch

Enclosure

1 - Approved Unit Communitization Agreement

cc: MMS, MS-357 B1, Denver, CO
NMOCD, Santa Fe (w/o encl.)
NM Tax & Rev. Dept

DETERMINATION - APPROVAL - CERTIFICATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer, of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- B. Approve the attached communitization agreement covering: Lots 5,6,9,10,13,14,Prts Tr. 49,50,51,52 (E½) of Section 31, T. 31 N., R. 7 W., San Juan County, New Mexico, as to natural gas and associated liquid hydrocarbons producible from the Dakota formation. This approval will become invalid *ab initio* by the Authorized Officer should then public interest requirements under Section 3105.2-3(e) not be met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.
- D. Approval of this agreement does not warrant or certify that the applicant and other working interest owners thereof hold legal or equitable title to the leases, which are committed hereto.

Approved: March 24, 2006


Margie Dupre
Legal Instruments Examiner
Petroleum Management Branch

Effective: January 14, 2006

Contract No.: Unit Com. Agr. NMNM 115893

ASSIGNED NO.: ~~MMMA~~ 115893
 EFFECTIVE DATE: JAN 14 2006

UNIT COMMUNITIZATION AGREEMENT

Unit Name	Unit Operator				
Northeast Blanco Unit	Devon Energy Production Company, LP				
Well Name/ No.	Dedication	Section	T	R	Formation
NEBU #340 DK	E/2	31	31N	7W	Dakota
Number of Acres Dedicated	316.12	County	San Juan		New Mexico

The lands described below are committed to the referenced unit agreement under tract assignments. The Unit Agreement divides the area into specified drilling blocks.

The referenced unit agreement provides for purposes of settlement, among royalty interest owners, that all production from a well be allocated to the drilling block on which the well is located so long as the lands are not included in a participating area. To satisfy Federal Regulations, production and royalties will be reported under the number assigned above.

Whereas, the referenced well currently has not yet been determined for inclusion into the participating area or has been deemed non-commercial for unit purposes. This agreement shall remain in force and effect for a period of two years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities, and subject lands are not included in a participating area.

Now therefore, for purposes of royalty settlement, the operator affirms that production from the subject well should be allocated as stated below:

LEASE TYPE	SERIAL NO.	UNIT TR #	ACRES	DESCRIPTION	% ALLOCATION
Federal	SF-079043	10Y	155.84	Lts 6, 9, 10, 13	49.30%
Federal	SF-079082	16A	11.04	Lts 5 & 14 & E/2 W/2 T31N R8W	3.49%
Fee	None	53	80.00	W80 ACRES OF TRACT 51	25.31%
Fee	None	54	20.00	E20 ACRES of TRACT 51 in SECTION 31	6.33%
Fee	None	56	49.24	S16.12 ACRES of TRACT 49, W10 ACRES of TRACT 50 & N23.12 ACRES of TRACT 52	15.58%

(SEE ATTACHED EXHIBIT "A" FOR AFFECTED LEASES)

Submitted this 19 Day of January 2006

DEVON ENERGY PRODUCTION COMPANY, L.P.

BY: [Signature]
 Name: D. D. DeCarlo
 Title: Vice President

BUREAU OF LAND MANAGEMENT
 APPROVED

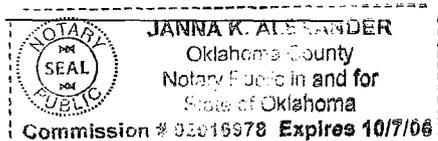
BY: [Signature]
 Date: MAR 24 2006

ACKNOWLEDGEMENT

STATE OF OKLAHOMA }
 } SS:
 COUNTY OF OKLAHOMA }

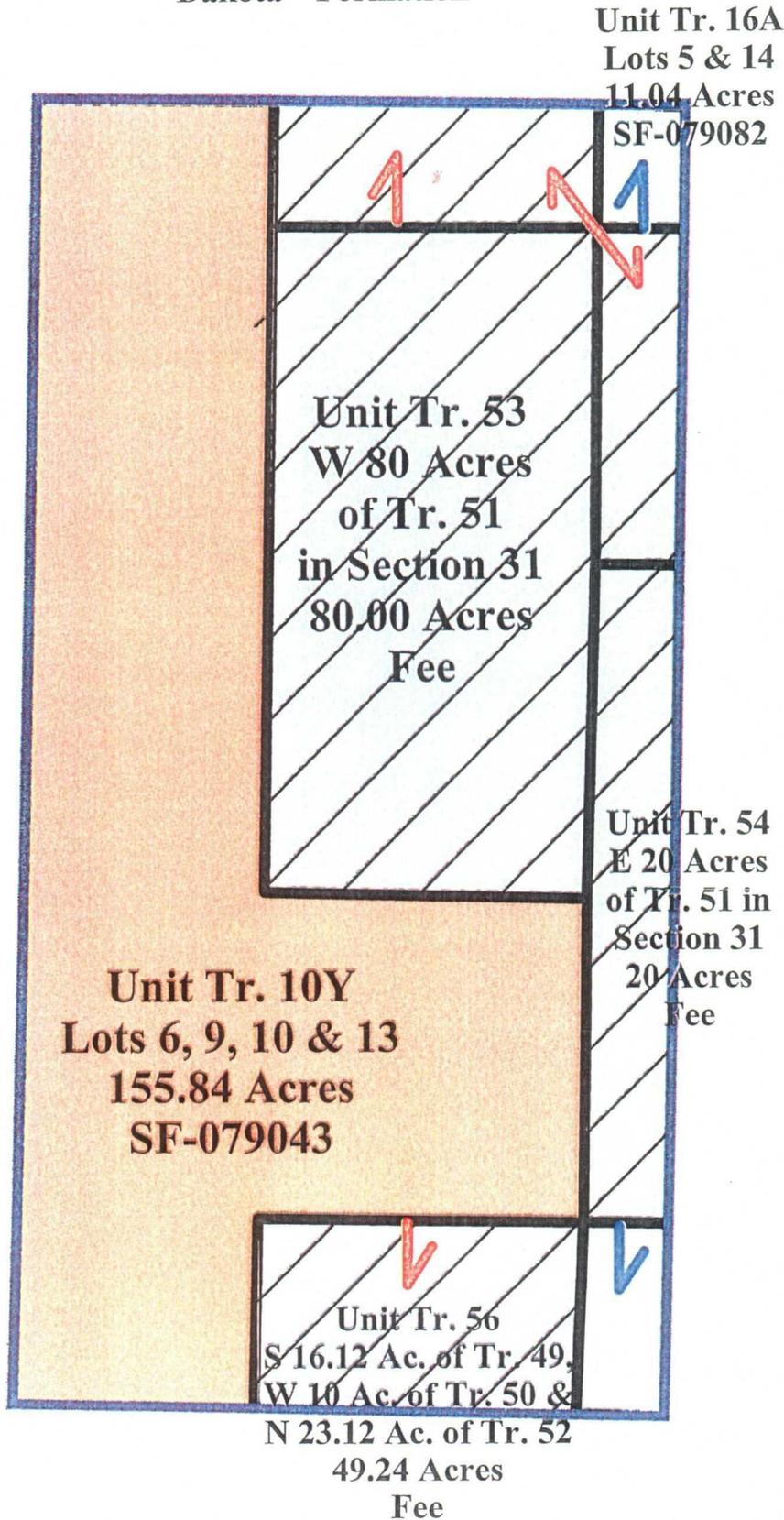
The foregoing instrument was acknowledged before me this 19 day of January 2006, by D.D. DeCarlo, Vice President of Devon Energy Management Company, L.L.C., an Oklahoma limited liability company, General Partner of Devon Energy Production Company, L.P., an Oklahoma limited partnership, on behalf of the company and partnership.

My Commission Expires:



[Signature]
 Notary Public

EXHIBIT "A"
Plat of Unitized Area Covering:
E/2 Sec. 31 T. 31 N., R. 7 W., N.M.P.M.
San Juan County, New Mexico
Northeast Blanco Unit #340 Well Name/No.
Dakota Formation





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
NEBU Dakota PA
3162.7 (21110)

July 27, 2006

Ms. Janna Koehn
Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102-8260

RE: Northeast Blanco Unit (NEBU)
Commerciality Determinations
Dakota Formation
San Juan County, NM

Dear Ms. Koehn:

In response to your letter dated July 5, 2006, the Farmington Field Office has reviewed the data you submitted for a commerciality determination for the following wells completed in the Dakota formation.

Well Name & Number	Dedication	Lease	Completion Date	Determination
NEBU #49M	E/2 Sec. 30, T31N, R7W	STATE	10/22/2005	Commercial*
NEBU #340	E/2 Sec. 31, T31N, R7W	NMSF079043	1/14/2006	Commercial

*Commerciality determination made using well costs for a stand alone Dakota formation well.

After completing our economic evaluations, we are in concurrence with the above determinations.

The wells were determined to be commercial in the Dakota formation and are to be included in the Dakota participating area. It is required that revisions be submitted to include these wells in the Northeast Blanco Unit Dakota Participating Area.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-92000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions concerning this matter, please contact Wayne Townsend at the above address or telephone (505) 599-6359.

Sincerely,

Wayne Townsend
Petroleum Engineer
Branch of Petroleum Management



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Landman
405-552-4626
405-552-7843 (Fax)
jan.wooldridge@dvn.com

EXHIBIT

NEBU 340

SECTION 31, TOWNSHIP 31 NORTH, RANGE 7 WEST
REQUEST FOR ADMINISTRATIVE EXCEPTION TO
UNORTHODOX LOCATION

Affected Persons

BP America Production Company
501 Westlake Park Blvd.
Room 19.158 WL1
Houston, Texas 77253-3092
Attention: John Larson

B&N Co
c/o Devon Energy Production Co., LP
20 North Broadway, Room 1500
Oklahoma City, Oklahoma 73102
Attention: Janet Wooldridge, Landman

ConocoPhillips Company
P.O. Box 4289
Farmington, New Mexico 87499-4289
Attention: Linda Dean

BN Non-Coal, LLC
c/o Devon Energy Production Co., LP
20 North Broadway, Room 1500
Oklahoma City, Oklahoma 73102
Attention: Janet Wooldridge, Landman

Diverse Energy Investments
1001 McKinney, Suite 520
Houston, Texas 77002
Attention: Bryan Basham

Canaan Resources, LLC
One Leadership Square
211 North Robinson Avenue, Suite N1000
Oklahoma City, Oklahoma 73102
Attention: Marsha Gore, Landman

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



Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Division Landman
(405) 552-4626; Fax (405) 552-7843
jan.wooldridge@dvn.com

Certified Mail - Return Receipt Requested

February 20, 2007

BP America Production Company
ATTN: John Larson
501 Westlake Park Blvd.
Room 19.158 WL1
Houston, Texas 77253-3092

RE: NEBU Well No. 340
Section 31-31N-7W
San Juan County, New Mexico

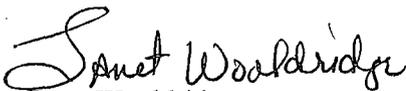
Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Dakota well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objections to this application, please so indicate by signing and returning one copy of this letter to me at the address shown above.

If there are any questions or if additional information is required, feel free to call me at (450) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.


Janet Wooldridge
Senior Division Landman

Enclosures

BP America Production Company has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____

Title: _____



Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Division Landman
(405) 552-4626; Fax (405) 552-7843
jan.wooldridge@dvn.com

Certified Mail - Return Receipt Requested

February 20, 2007

ConocoPhillips Company
ATTN: Linda Dean
P. O. Box 4289
Farmington, New Mexico 87499-4289

RE: NEBU Well No. 340
Section 31-31N-7W
San Juan County, New Mexico

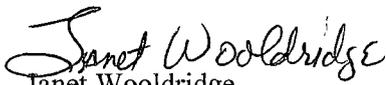
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If there are any questions or if additional information is required, feel free to call me at (450) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.


Janet Wooldridge
Senior Division Landman

Enclosures

ConocoPhillips Company has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____

Title: _____



Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Division Landman
(405) 552-4626; Fax (405) 552-7843
jan.wooldridge@dvn.com

Certified Mail - Return Receipt Requested

February 20, 2007

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

RE: NEBU Well No. 340
Section 31-31N-7W
San Juan County, New Mexico

Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Dakota well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objections to this application, please so indicate by signing and returning one copy of this letter to me at the address shown above.

If there are any questions or if additional information is required, feel free to call me at (450) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

Janet Wooldridge
Senior Division Landman

Enclosures

Frank C. Davis, III has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____



Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Division Landman
(405) 552-4626; Fax (405) 552-7843
jan.wooldridge@dvn.com

Certified Mail - Return Receipt Requested

February 20, 2007

Canaan Resources, LLC
ATTN: Marsha Gore, Landman
One Leadership Square
211 North Robinson Avenue, Suite N1000
Oklahoma City, Oklahoma 73102

RE: NEBU Well No. 340
Section 31-31N-7W
San Juan County, New Mexico

Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Dakota well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objections to this application, please so indicate by signing and returning one copy of this letter to me at the address shown above.

If there are any questions or if additional information is required, feel free to call me at (450) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.


Janet Wooldridge
Senior Division Landman

Enclosures

Canaan Resources, LLC has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____

Title: _____



Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Division Landman
(405) 552-4626; Fax (405) 552-7843
jan.wooldridge@dvn.com

Certified Mail - Return Receipt Requested

February 20, 2007

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

RE: NEBU Well No. 340
Section 31-31N-7W
San Juan County, New Mexico

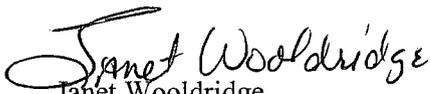
Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Dakota well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objections to this application, please so indicate by signing and returning one copy of this letter to me at the address shown above.

If there are any questions or if additional information is required, feel free to call me at (450) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.


Janet Wooldridge
Senior Division Landman

Enclosures

Diverse Energy Investments has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____

Title: _____



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Landman
405-552-4626
405-552-7843 (Fax)
jan.wooldridge@devon.com

2007 FEB 21 AM 8 35

February 20, 2007

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Attention: Engineering

Re: Request for Administrative Exception to
Unorthodox Location
Northeast Blanco Unit No. 340
Section 31-T31N-R7W
San Juan County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon") as Operator, drilled the referenced Basin Dakota well to a measured depth ("MD") of 8,134' and a true vertical depth ("TVD") of 7,988'. Devon drilled this directional well from a surface location at 65' from the south line and 2480' from the east line of Section 30-31N-R7W. The bottom hole location was intended to be 670' from the north line and 1725' from the east line of Section 31-31N-7W as shown on the well location and acreage dedication plat attached hereto which was filed along with the APD. Unfortunately, while drilling with directional tools in the hole, a loss of circulation was experienced and the well started pumping lost circulation material which then caused the directional equipment to be ineffective. Devon ended up drilling the bottom portion of this hole blind and was short of the permitted bottom hole location. The final bottom hole location was 615' from the north line and 1775' from the east line of Section 31-31N-7W which places this well 45' closer to the north line than rules permit.

This well was completed January 14, 2006 in a spacing unit comprised of the East Half (E/2) of Section 31, Township 31 North, Range 7 West containing 316.12 acres as specifically defined on the attached Unit Communitization Agreement, approved by the Bureau of Land Management. Leasehold for this spacing unit is 155.84 acres of Federal land in lease NMSF-079043, 11.04 acres of Federal land in lease NMSF-079082, and 149.24 acres of Fee land.

On July 27, 2006 the Bureau of Land Management issued a Paying Well Determination for the NEBU No. 340 well covering the East Half (E/2) of Section 31, Township 31 North, Range 7 West. In addition, in the same approval letter, the Bureau of Land Management also issued a

NMOCD
February 20, 2007
Request for Administrative Exception to
Unorthodox Location
NEBU 340, E/2 Sec.31-31N-7W
San Juan County, New Mexico
Page Two

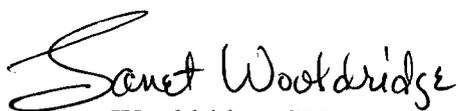
Paying Well Determination for NEBU 49M which is located in the East Half (E/2) of Section 30, Township 31 North, Range 7 West directly north of the spacing unit for the NEBU 340. The NEBU 49M well was completed October 22, 2005. Schedules are being prepared to file for the 23rd Dakota Participating Area Expansion to include the East Half (E/2) of Section 30, Township 31 North, Range 7 West effective October 1, 2005 by virtue of the Paying Well Determination for the 49M as well as the 24th Dakota Participating Area Expansion which will include the East Half (E/2) of Section 31, Township 31 North, Range 7 West effective January 1, 2006 by virtue of the Paying Well Determination for the NEBU 340.

Attached for your review you will find (a) Well Location and Acreage Dedication Plat which was filed along with the APD; (b) Gyro Survey establishing as drilled bottom hole location; (c) Unit Communitization Agreement for NEBU 340; (d) Paying Well Determination approval letter dated July 27, 2006 from the Bureau of Land Management; (e) Unit map depicting the current Dakota Participating Area and the locations of the NEBU 340 and NEBU 49M spacing units which are pending Dakota Participating Area Expansions; (f) a list of affected persons as defined in Rule 1207.A(2); (g) copies of notice letters to affected persons; and (h) Affidavit regarding notification concerning the interests of BN Co and BN Non-Coal, LLC.

Devon respectfully requests that the Commission administratively approve this application for an unorthodox location in accordance with Division Rule 104(F)(3). Your approval will allow this well to successfully produce as a part of the NEBU Dakota Participating Area. If you have any questions or concerns regarding this application, please contact me at 405-552-4626 or jan.wooldridge@dvn.com.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L.P.


Janet Wooldridge, CPL
Senior Landman

enc.

cc: NMOCD, Aztec, NM, Attn: Charlie Perrin

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 30-045-33212		1 Pool Code 71599		1 Pool Name Basin Dakota	
4 Property Code 19441		5 Property Name NEBU			6 Well Number # 340
7 OGRID No. 6137		8 Operator Name Devon Energy Production Company, L.P.			9 Elevation 6429

10 Surface Location

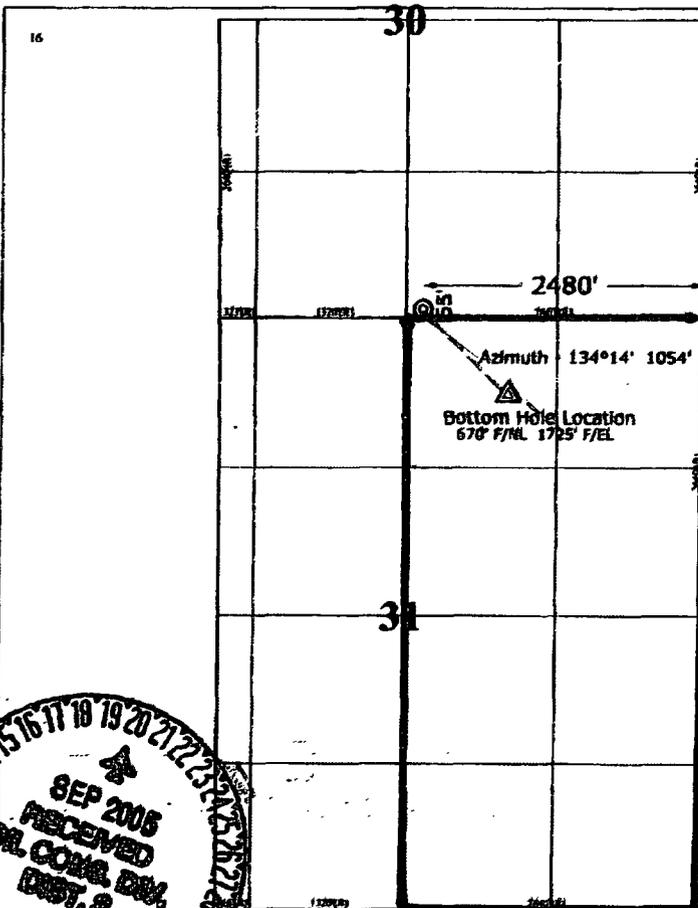
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	30	31 N	7 W		65	SOUTH	2480	EAST	SAN JUAN

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	31	31 N	7 W		670	NORTH	1725	EAST	SAN JUAN

12 Dedicated Acres 3.00	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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.

M.S. Gji
 Signature
Melva Zimmerman
 Printed Name
Sr. Operations Technician
 Title
6-29-05
 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.

Revised: March 1, 2005-July 27, 2005
 October 9, 2004

Date of Survey
 Signature and Seal of Professional Surveyor
GARY D. VANN
 REGISTERED PROFESSIONAL LAND SURVEYOR
 NEW MEXICO
 7016
 Certificate Number



Gyro of 340 05243.TXT

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	CLOSURE Distance FT	CLOSURE Direction Deg	Dogleg Severity Deg/100
2038.00	17.80	134.30	1967.57	-324.25	-324.25	334.47	465.84	134.11	1.29
2130.00	17.50	133.30	2055.24	-343.56	-343.56	354.60	493.74	134.09	.46
2223.00	17.00	134.70	2144.05	-362.71	-362.71	374.44	521.31	134.09	.70
2316.00	17.50	134.30	2232.87	-382.04	-382.04	394.12	548.89	134.11	.55
2408.00	18.90	134.20	2320.27	-402.09	-402.09	414.70	577.63	134.12	1.52
2503.00	19.20	133.80	2410.06	-423.63	-423.63	437.00	608.63	134.11	.34
2595.00	19.50	133.10	2496.87	-444.59	-444.59	459.13	639.11	134.08	.41
2689.00	18.70	134.30	2585.69	-465.84	-465.84	481.37	669.87	134.06	.95
2781.00	18.60	134.80	2672.86	-486.48	-486.48	502.34	699.29	134.08	.20
2874.00	18.60	135.00	2761.00	-507.41	-507.41	523.35	728.95	134.11	.07
2969.00	18.10	135.60	2851.17	-528.67	-528.67	544.39	758.85	134.16	.56
3063.00	17.20	133.10	2940.75	-548.60	-548.60	564.76	787.34	134.17	1.25
3156.00	17.00	134.00	3029.64	-567.44	-567.44	584.58	814.69	134.15	1.25
3248.00	16.70	135.90	3117.69	-586.27	-586.27	603.45	841.35	134.17	.36
3343.00	15.30	135.20	3209.00	-604.97	-604.97	621.78	867.53	134.21	1.49
3400.00	15.04	130.27	3264.02	-615.09	-615.09	632.72	882.42	134.19	2.31
3500.00	14.06	130.99	3360.81	-631.44	-631.44	651.79	907.50	134.09	1.00
3600.00	12.52	131.20	3458.13	-646.55	-646.55	669.12	930.46	134.02	1.54
3653.00	11.34	132.70	3509.99	-653.87	-653.87	677.27	941.40	133.99	2.30
3753.00	8.34	132.83	3608.50	-665.47	-665.47	689.82	958.49	133.97	3.00

3853.00	5.34	132.83	3707.78	-673.57	-673.57	698.55	970.39	133.96	3.00
3953.00	2.34	132.83	3807.54	-678.12	-678.12	703.46	977.09	133.95	3.00
4053.00	.00	132.83	3907.52	-679.51	-679.51	704.96	979.13	133.95	2.34
4153.00	.00	132.83	4007.52	-679.51	-679.51	704.96	979.13	133.95	.00
4253.00	.00	132.83	4107.52	-679.51	-679.51	704.96	979.13	133.95	.00
4353.00	.00	132.83	4207.52	-679.51	-679.51	704.96	979.13	133.95	.00
4453.00	.00	132.83	4307.52	-679.51	-679.51	704.96	979.13	133.95	.00
4553.00	.00	132.83	4407.52	-679.51	-679.51	704.96	979.13	133.95	.00
4653.00	.00	132.83	4507.52	-679.51	-679.51	704.96	979.13	133.95	.00
4753.00	.00	132.83	4607.52	-679.51	-679.51	704.96	979.13	133.95	.00
4853.00	.00	132.83	4707.52	-679.51	-679.51	704.96	979.13	133.95	.00
4953.00	.00	132.83	4807.52	-679.51	-679.51	704.96	979.13	133.95	.00
5053.00	.00	132.83	4907.52	-679.51	-679.51	704.96	979.13	133.95	.00
5153.00	.00	132.83	5007.52	-679.51	-679.51	704.96	979.13	133.95	.00
5253.00	.00	132.83	5107.52	-679.51	-679.51	704.96	979.13	133.95	.00
5353.00	.00	132.83	5207.52	-679.51	-679.51	704.96	979.13	133.95	.00
5453.00	.00	132.83	5307.52	-679.51	-679.51	704.96	979.13	133.95	.00
5553.00	.00	132.83	5407.52	-679.51	-679.51	704.96	979.13	133.95	.00
5653.00	.00	132.83	5507.52	-679.51	-679.51	704.96	979.13	133.95	.00
5753.00	.00	132.83	5607.52	-679.51	-679.51	704.96	979.13	133.95	.00
5853.00	.00	132.83	5707.52	-679.51	-679.51	704.96	979.13	133.95	.00
5953.00	.00	132.83	5807.52	-679.51	-679.51	704.96	979.13	133.95	.00
6053.00	.00	132.83	5907.52	-679.51	-679.51	704.96	979.13	133.95	.00
6153.00	.00	132.83	6007.52	-679.51	-679.51	704.96	979.13	133.95	.00
6253.00	.00	132.83	6107.52	-679.51	-679.51	704.96	979.13	133.95	.00
6353.00	.00	132.83	6207.52	-679.51	-679.51	704.96	979.13	133.95	.00
6453.00	.00	132.83	6307.52	-679.51	-679.51	704.96	979.13	133.95	.00
6553.00	.00	132.83	6407.52	-679.51	-679.51	704.96	979.13	133.95	.00
6653.00	.00	132.83	6507.52	-679.51	-679.51	704.96	979.13	133.95	.00
6753.00	.00	132.83	6607.52	-679.51	-679.51	704.96	979.13	133.95	.00
6853.00	.00	132.83	6707.52	-679.51	-679.51	704.96	979.13	133.95	.00
6953.00	.00	132.83	6807.52	-679.51	-679.51	704.96	979.13	133.95	.00
7053.00	.00	132.83	6907.52	-679.51	-679.51	704.96	979.13	133.95	.00
7153.00	.00	132.83	7007.52	-679.51	-679.51	704.96	979.13	133.95	.00
7253.00	.00	132.83	7107.52	-679.51	-679.51	704.96	979.13	133.95	.00
7353.00	.00	132.83	7207.52	-679.51	-679.51	704.96	979.13	133.95	.00
7453.00	.00	132.83	7307.52	-679.51	-679.51	704.96	979.13	133.95	.00
7553.00	.00	132.83	7407.52	-679.51	-679.51	704.96	979.13	133.95	.00
7653.00	.00	132.83	7507.52	-679.51	-679.51	704.96	979.13	133.95	.00
7753.00	.00	132.83	7607.52	-679.51	-679.51	704.96	979.13	133.95	.00
7853.00	.00	132.83	7707.52	-679.51	-679.51	704.96	979.13	133.95	.00
7953.00	.00	132.83	7807.52	-679.51	-679.51	704.96	979.13	133.95	.00
8053.00	.00	132.83	7907.52	-679.51	-679.51	704.96	979.13	133.95	.00
8153.00	.00	132.83	8007.52	-679.51	-679.51	704.96	979.13	133.95	.00

Gyro of 340.05243.TXT

8254.50

.00

132.83

8109.02

GYRO OF 340 05243.TXT
-679.51

-679.51

704.96

979.13

133.95

.00



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
NMNM 115893(CA)
3105 (21110)

March 24, 2006

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Dear Ms. Koehn:

Enclosed is one approved copy of Unit Communitization Agreement (CA) NMNM 115893, involving 155.84 acres of Federal land in lease NMSF-079043, 11.04 acres of Federal land in lease NMSF-079082, and 149.24 acres of Fee land in San Juan County, New Mexico. This acreage comprises a 316.12 acre spacing unit for the NEBU No. 340 well on Federal land.

The agreement communitizes all rights as to natural gas and associated liquid hydrocarbons producible from the Dakota Formation in Lots 5,6,9,10,13,14, and parts of Tracts 49,50,51,52 (E½) of Section 31, T. 31 N., R. 7 W., NMPM, and is effective January 14, 2006. This CA shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities, and subject lands are not included in a participating area. You are requested to furnish all interested principals with appropriate evidence of this approval.

If this well is producing, this approval requires the submission of a Payor Information Form MMS-4025 to the Minerals Management Service (MMS) within 30 days (30 CFR 210.51). Please notify the designated payor or payors (purchasers, working interest owners, or others) as soon as possible regarding this requirement. Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504.

If you have any questions, please contact me at the above address or telephone (505) 599-8918.

Sincerely,

Margie Dupre
Legal Instruments Examiner
Petroleum Management Branch

Enclosure

1 - Approved Unit Communitization Agreement

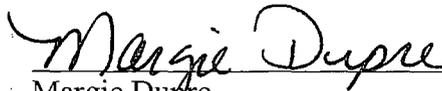
cc: MMS, MS-357 B1, Denver, CO
NMOC, Santa Fe (w/o encl.)
NM Tax & Rev. Dept

DETERMINATION - APPROVAL - CERTIFICATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer, of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- B. Approve the attached communitization agreement covering: Lots 5,6,9,10,13,14,Prts Tr. 49,50,51,52 (E½) of Section 31, T. 31 N., R. 7 W., San Juan County, New Mexico, as to natural gas and associated liquid hydrocarbons producible from the Dakota formation. This approval will become invalid *ab initio* by the Authorized Officer should then public interest requirements under Section 3105.2-3(e) not be met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.
- D. Approval of this agreement does not warrant or certify that the applicant and other working interest owners thereof hold legal or equitable title to the leases, which are committed hereto.

Approved: March 24, 2006


Margie Dupre
Legal Instruments Examiner
Petroleum Management Branch

Effective: January 14, 2006

Contract No.: Unit Com. Agr. NMNM 115893

ASSIGNED NO.: ~~NMNM~~ 115893
 EFFECTIVE DATE: JAN 14 2006

UNIT COMMUNITIZATION AGREEMENT

Unit Name	Unit Operator				
Northeast Blanco Unit	Devon Energy Production Company, LP				
Well Name/ No.	Dedication	Section	T	R	Formation
NEBU #340 DK	E/2	31	31N	7W	Dakota
Number of Acres Dedicated	316.12	County	San Juan		New Mexico

The lands described below are committed to the referenced unit agreement under tract assignments. The Unit Agreement divides the area into specified drilling blocks.

The referenced unit agreement provides for purposes of settlement, among royalty interest owners, that all production from a well be allocated to the drilling block on which the well is located so long as the lands are not included in a participating area. To satisfy Federal Regulations, production and royalties will be reported under the number assigned above.

Whereas, the referenced well currently has not yet been determined for inclusion into the participating area or has been deemed non-commercial for unit purposes. This agreement shall remain in force and effect for a period of two years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities, and subject lands are not included in a participating area.

Now therefore, for purposes of royalty settlement, the operator affirms that production from the subject well should be allocated as stated below:

LEASE TYPE	SERIAL NO.	UNIT TR #	ACRES	DESCRIPTION	% ALLOCATION
Federal	SF-079043	10Y	155.84	Lts 6, 9, 10, 13	49.30%
Federal	SF-079082	16A	11.04	Lts 5 & 14 & E/2 W/2 T31N R8W	3.49%
Fee	None	53	80.00	W80 ACRES OF TRACT 51	25.31%
Fee	None	54	20.00	E20 ACRES of TRACT 51 in SECTION 31	6.33%
Fee	None	56	49.24	S16.12 ACRES of TRACT 49, W10 ACRES of TRACT 50 & N23.12 ACRES of TRACT 52	15.58%

(SEE ATTACHED EXHIBIT 'A' FOR AFFECTED LEASES)

Submitted this 19 Day of January 2006

DEVON ENERGY PRODUCTION COMPANY, L.P.

BY: [Signature]

Name: D. D. DeCarlo

Title: Vice President

BUREAU OF LAND MANAGEMENT APPROVED

BY: Margie Dupre

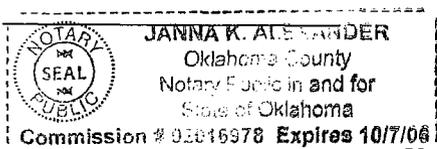
Date: MAR 24 2006

ACKNOWLEDGEMENT

STATE OF OKLAHOMA }
 } SS:
 COUNTY OF OKLAHOMA }

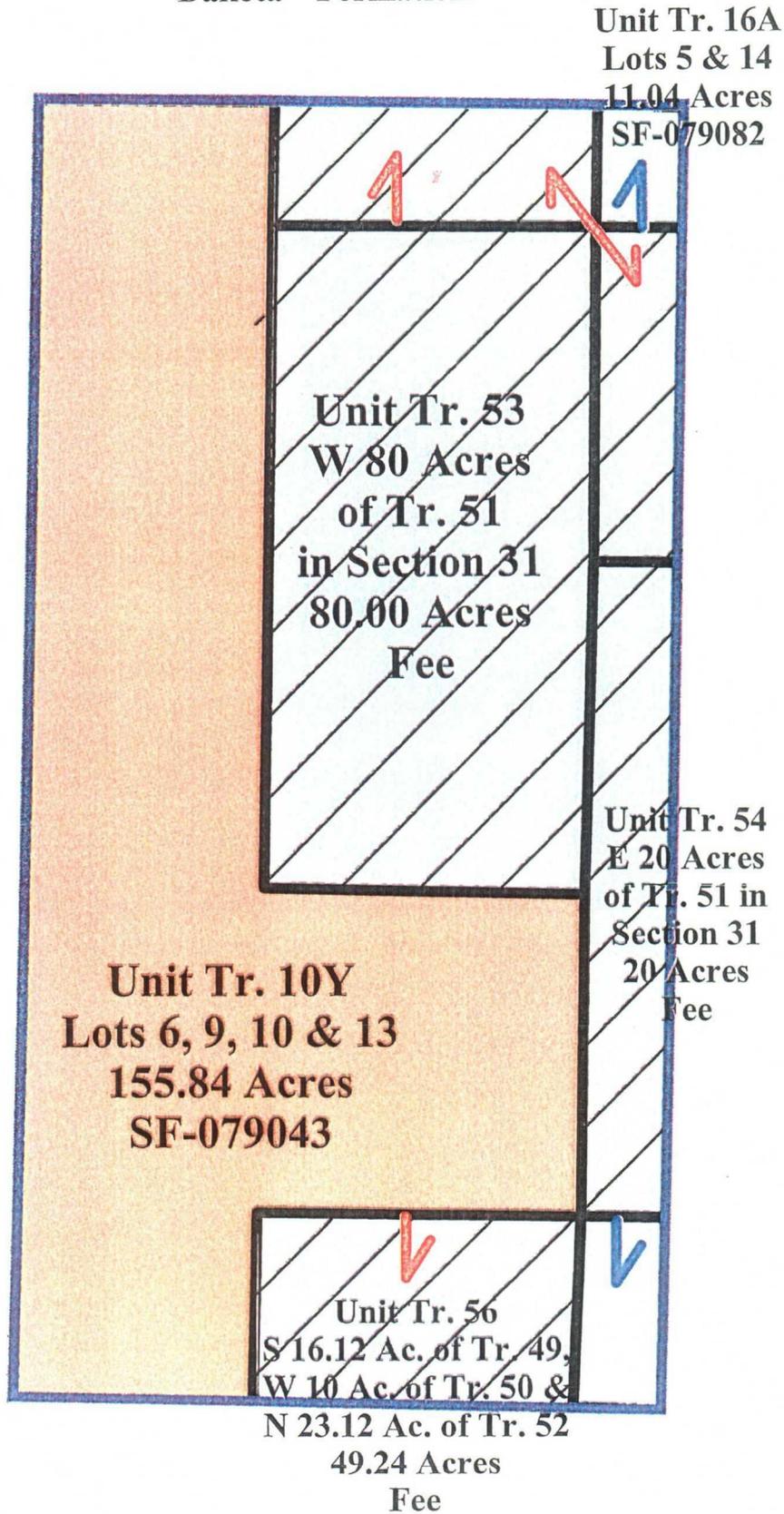
The foregoing instrument was acknowledged before me this 19 day of January 2006, by D.D. DeCarlo, Vice President of Devon Energy Management Company, L.L.C., an Oklahoma limited liability company, General Partner of Devon Energy Production Company, L.P., an Oklahoma limited partnership, on behalf of the company and partnership.

My Commission Expires:



Janna K. Alexander
 Notary Public

EXHIBIT "A"
Plat of Unitized Area Covering:
E/2 Sec. 31 T. 31 N., R. 7 W., N.M.P.M.
San Juan County, New Mexico
Northeast Blanco Unit #340 Well Name/No.
Dakota Formation





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
NEBU Dakota PA
3162.7 (21110)

July 27, 2006

Ms. Janna Koehn
Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102-8260

RE: Northeast Blanco Unit (NEBU)
Commerciality Determinations
Dakota Formation
San Juan County, NM

Dear Ms. Koehn:

In response to your letter dated July 5, 2006, the Farmington Field Office has reviewed the data you submitted for a commerciality determination for the following wells completed in the Dakota formation.

Well Name & Number	Dedication	Lease	Completion Date	Determination
NEBU #49M	E/2 Sec. 30, T31N, R7W	STATE	10/22/2005	Commercial*
NEBU #340	E/2 Sec. 31, T31N, R7W	NMSF079043	1/14/2006	Commercial

*Commerciality determination made using well costs for a stand alone Dakota formation well.

After completing our economic evaluations, we are in concurrence with the above determinations.

The wells were determined to be commercial in the Dakota formation and are to be included in the Dakota participating area. It is required that revisions be submitted to include these wells in the Northeast Blanco Unit Dakota Participating Area.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-92000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions concerning this matter, please contact Wayne Townsend at the above address or telephone (505) 599-6359.

Sincerely,

Wayne Townsend
Petroleum Engineer
Branch of Petroleum Management

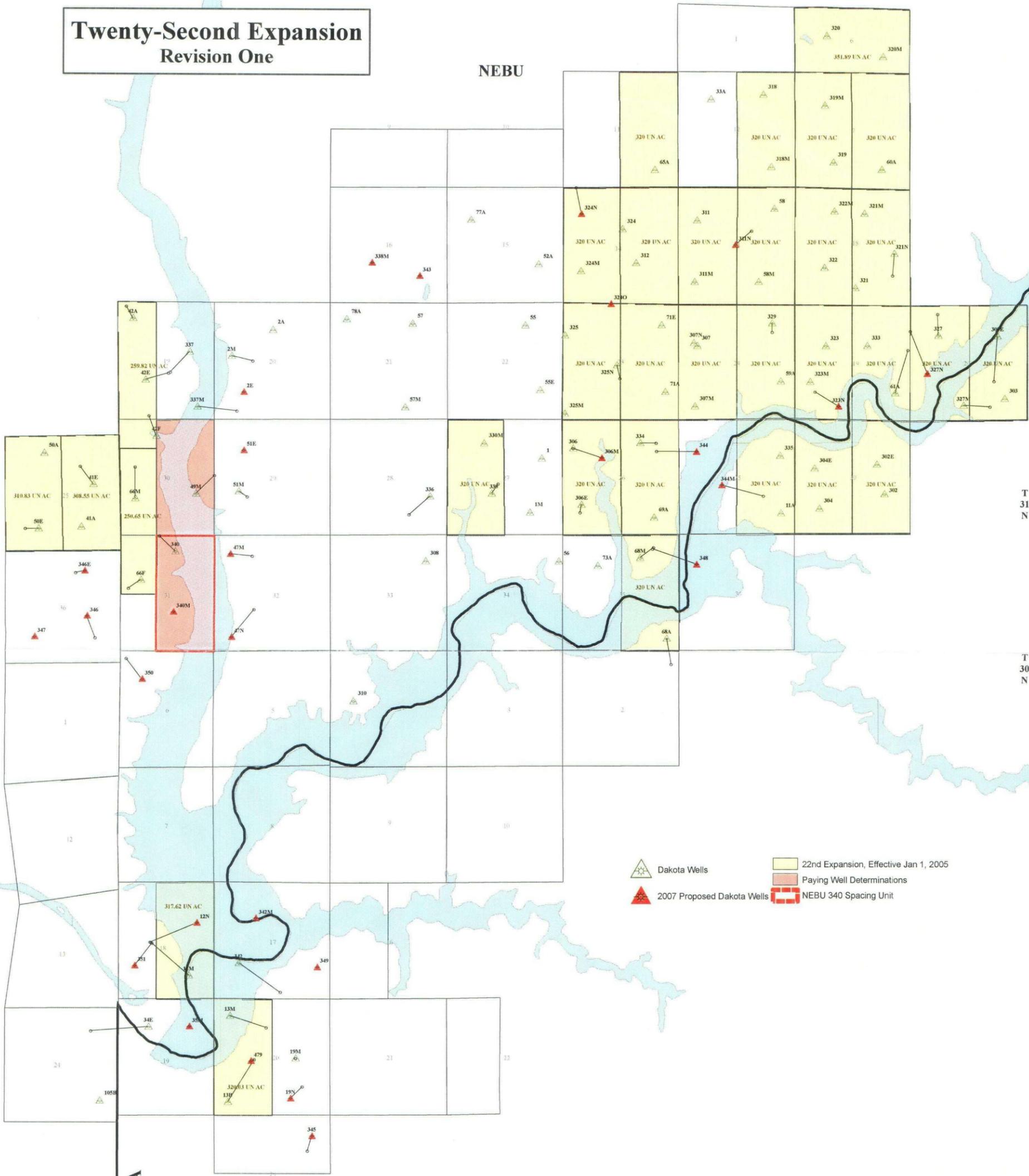
R 8 W

R 7 W

R 6 W

Twenty-Second Expansion Revision One

NEBU



T 31 N
T 30 N

- Dakota Wells
- 2007 Proposed Dakota Wells
- 22nd Expansion, Effective Jan 1, 2005
- Paying Well Determinations
- NEBU 340 Spacing Unit

SAN JUAN
RIO ARRIBA

February 19, 2007
 Project: State Plane New Mexico Central
 Datum: NAD 1927
 Units: Feet
 Data: Base Data - Devon Base Survey 2006
 All Tract Information Taken From N503914.dakota land.dwg
 Notes Included From N503914.dakota land.dwg
 1. Tract From 02/20/07 08:02:05 PM
 2. Total Area of Tract on Each Side of the
 County Line Calculated With AutoCAD and
 The Results Reported to Lots & Tracts



devon

Northeast Blanco Unit
 San Juan and Rio Arriba, New Mexico

**Dakota Formation
 Participating Area**

1:56,000

February 20, 2007



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Landman
405-552-4626
405-552-7843 (Fax)
jan.wooldridge@devon.com

EXHIBIT

NEBU 340

SECTION 31, TOWNSHIP 31 NORTH, RANGE 7 WEST REQUEST FOR ADMINISTRATIVE EXCEPTION TO UNORTHODOX LOCATION

Affected Persons

BP America Production Company
501 Westlake Park Blvd.
Room 19.158 WL1
Houston, Texas 77253-3092
Attention: John Larson

B&N Co
c/o Devon Energy Production Co., LP
20 North Broadway, Room 1500
Oklahoma City, Oklahoma 73102
Attention: Janet Wooldridge, Landman

ConocoPhillips Company
P.O. Box 4289
Farmington, New Mexico 87499-4289
Attention: Linda Dean

BN Non-Coal, LLC
c/o Devon Energy Production Co., LP
20 North Broadway, Room 1500
Oklahoma City, Oklahoma 73102
Attention: Janet Wooldridge, Landman

Diverse Energy Investments
1001 McKinney, Suite 520
Houston, Texas 77002
Attention: Bryan Basham

Canaan Resources, LLC
One Leadership Square
211 North Robinson Avenue, Suite N1000
Oklahoma City, Oklahoma 73102
Attention: Marsha Gore, Landman

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



Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Division Landman
(405) 552-4626; Fax (405) 552-7843
jan.wooldridge@dvn.com

Certified Mail - Return Receipt Requested

February 20, 2007

BP America Production Company
ATTN: John Larson
501 Westlake Park Blvd.
Room 19.158 WL1
Houston, Texas 77253-3092

RE: NEBU Well No. 340
Section 31-31N-7W
San Juan County, New Mexico

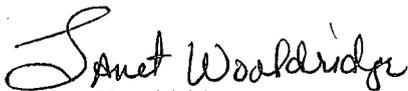
Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Dakota well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objections to this application, please so indicate by signing and returning one copy of this letter to me at the address shown above.

If there are any questions or if additional information is required, feel free to call me at (450) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.


Janet Wooldridge
Senior Division Landman

Enclosures

BP America Production Company has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____

Title: _____

devon

Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Division Landman
(405) 552-4626; Fax (405) 552-7843
jan.wooldridge@dvn.com

Certified Mail - Return Receipt Requested

February 20, 2007

ConocoPhillips Company
ATTN: Linda Dean
P. O. Box 4289
Farmington, New Mexico 87499-4289

RE: NEBU Well No. 340
Section 31-31N-7W
San Juan County, New Mexico

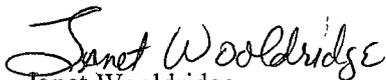
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If there are any questions or if additional information is required, feel free to call me at (450) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.


Janet Wooldridge
Senior Division Landman

Enclosures

ConocoPhillips Company has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____

Title: _____

devon

Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Division Landman
(405) 552-4626; Fax (405) 552-7843
jan.wooldridge@dvn.com

Certified Mail - Return Receipt Requested

February 20, 2007

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

RE: NEBU Well No. 340
Section 31-31N-7W
San Juan County, New Mexico

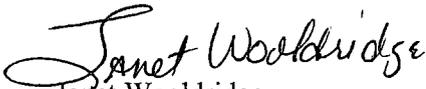
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If there are any questions or if additional information is required, feel free to call me at (450) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.



Janet Wooldridge
Senior Division Landman

Enclosures

Frank C. Davis, III has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____



Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Division Landman
(405) 552-4626; Fax (405) 552-7843
jan.wooldridge@dvn.com

Certified Mail - Return Receipt Requested

February 20, 2007

Canaan Resources, LLC
ATTN: Marsha Gore, Landman
One Leadership Square
211 North Robinson Avenue, Suite N1000
Oklahoma City, Oklahoma 73102

RE: NEBU Well No. 340
Section 31-31N-7W
San Juan County, New Mexico

Ladies and Gentlemen:

Attached you will find Devon Energy Production Company, L. P.'s ("Devon") administrative application for approval of an unorthodox well surface location covering the referenced Dakota well. Devon's records indicate that your company may be the owner of operating rights in an offset spacing unit and are entitled to notice of this application in accordance with Division Rule 104 (f). Objections to this application should be submitted to the NMOCD. If you have no objections to this application, please so indicate by signing and returning one copy of this letter to me at the address shown above.

If there are any questions or if additional information is required, feel free to call me at (450) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.


Janet Wooldridge
Senior Division Landman

Enclosures

Canaan Resources, LLC has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____

Title: _____

DEVON

Devon Energy Production Company, L. P.
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Janet Wooldridge, CPL
Senior Division Landman
(405) 552-4626; Fax (405) 552-7843
jan.wooldridge@dvn.com

Certified Mail - Return Receipt Requested

February 20, 2007

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

RE: NEBU Well No. 340
Section 31-31N-7W
San Juan County, New Mexico

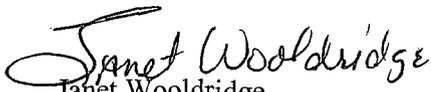
Ladies and Gentlemen:

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If there are any questions or if additional information is required, feel free to call me at (450) 552-4626.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.


Janet Wooldridge
Senior Division Landman

Enclosures

Diverse Energy Investments has no objection to this administrative application for unorthodox surface location.

By: _____

Date: _____

Title: _____

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, February 27, 2007 3:30 PM
To: 'jan.wooldridge@dvn.com'
Subject: NSL Application - Northeast Blanco Unit No. 340

Ms. Wooldridge

I have before me the referenced application.

Please specifically confirm that the "Affected Persons" listed on the list attached to your application in this case are all of the working interest owners in Section 30-Township 31N-Range 7W.

Alternatively please advise if the working interest participation under the terms of the Unit Operating Agreement for the Northeast Blanco Unit is allocated on the basis of Participating Area ownership. If so, working interest owners in the adjoining section would not be "affected" in view of the paying status determinations you have furnished.

Thanks

David Brooks
Assistant General Counsel
505-476-3450

Brooks, David K., EMNRD

From: Wooldridge, Jan [Jan.Wooldridge@dvn.com]
Sent: Tuesday, March 27, 2007 1:36 PM
To: Brooks, David K., EMNRD
Subject: RE: NSL Application - Northeast Blanco Unit No. 340

Mr. Brooks -

I was called out of the office yesterday morning with a family emergency and just returned. To answer your question, the "Affected Persons" listed on the list attached to my application for NEBU 340 ARE all of the working interest owners in Section 30-T31N-R7W.

In addition, the working interest participation under the Unit Operating Agreement for the Northeast Blanco Unit is allocated on the basis of Participating Area ownership.

Please advise if you have additional questions.

Janet Wooldridge, CPL
Senior Petroleum Landman
Devon Energy Production Company, L.P.
20 North Broadway
Oklahoma City, Oklahoma 73102
405-552-4626
Devon Energy

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Friday, March 23, 2007 4:43 PM
To: Wooldridge, Jan
Subject: FW: NSL Application - Northeast Blanco Unit No. 340

Ms. Wooldridge

I sent the below email to you on February 27, 2007. I am unable to find where I received any response.

If you have responded, kindly repeat your response, and accept my apologies. Otherwise, please furnish the requested information if Devon wished OCD to proceed with processing this application.

Thanks

David K. Brooks
Assistant General Counsel
505-476-3450

From: Brooks, David K., EMNRD
Sent: Tuesday, February 27, 2007 3:30 PM
To: 'jan.wooldridge@dvn.com'
Subject: NSL Application - Northeast Blanco Unit No. 340

Ms. Wooldridge

3/29/2007

I have before me the referenced application.

Please specifically confirm that the "Affected Persons" listed on the list attached to your application in this case are all of the working interest owners in Section 30-Township 31N-Range 7W.

Alternatively please advise if the working interest participation under the terms of the Unit Operating Agreement for the Northeast Blanco Unit is allocated on the basis of Participating Area ownership. If so, working interest owners in the adjoining section would not be "affected" in view of the paying status determinations you have furnished.

Thanks

David Brooks
Assistant General Counsel
505-476-3450

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