Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

WELL API NO.
3004531288

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.
SF-078970

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

7. Lease Name or Unit Agreement Name:
NORTHEAST BLANCO UNIT

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

2. Name of Operator: Devon Energy Production Co. L.P.

8. Well No.
321M

Address of Operator:
Attn: Dwane Oliver
PO Box 6459 Navajo Dam , NM 87419

Pool name or Wildcat:
Mesaverde-Dakota

3. Well Location

Unit Letter M: 1105 feet from the North line and 2050 feet from the East line.

Section: 18 Township 31N Range 6W NMPM County San Juan, NM

10. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
6418' GL

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

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

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

Approval is requested to isolate the Basin-Dakota pool, perforate, frac, and test the Blanco-Mesaverde pool, then downhole commingle production from both zones. Please refer to attached exhibits.

DHC1313AZ

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

SIGNATURE Dwane W. Li TITLE Devon Represenative DATE 9/23/03

Type or print name Dwane Oliver Telephone No. (505) 632-0244

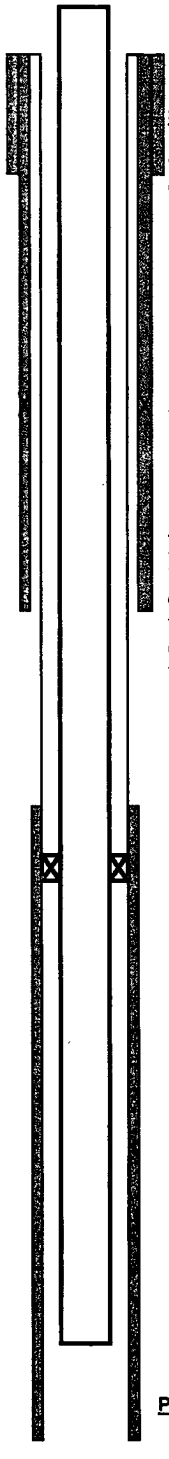
(This space for State use)

APPPROVED BY TITLE DEPUTY OIL & GAS INSPECTOR, DIST. DATE SEP 25 2003

Conditions of approval, if any:

NEBU 321M

API # 30-045-31288
S- 18 T- 31N R- 6W
1105' FNL 2050' FEL
SAN JUAN COUNTY



Surface
12-1/4" Hole TO 305'
9-5/8", 32#, H-40 at 298'
CMT 200 SX (42 BBLS), B W/ 2% CACL2, 1/4 P/SX
FLOCELE. 15.6#, YD=1.18. CIRC 15 BBLS

ACP AT 2994' AND DV TOOL AT 2991'

Intermediate
8-3/4" Hole @3640'
7", 23#, J-55 at 3630' ACP @ 2994' AND DV TOOL @ 2991'
Cemented 1st stage w/ 80 sx (21 bbls) 50/50 Poz w/ 3% gel, 0.6% Halad-9, 0.1% CFR-3, 5#/sx Gilsc
Tail in w/ 50 sx (11 bbls) "B" w/ 0.4% Halad 344.
Cement 2nd stage w/ 550 sx (144 bbls) 50/50 Poz w/ 3% gel, 0.6% Halad-9, 0.1% CFR-3, 5#/sx Gils
Tail in w/ 50 sx (11 bbls) "B" w/ 0.4% Halad 344. Circulated 20 bbls cement to surface.

Perf Lewis w/ 1 SPF 22 0.33" holes
4415',16', 4432',33', 4439',40', 4596',97', 4609',10', 4652'
4668',69', 4717',18', 4733',34', 4751',52', 4766', 4776', 4784'
Frac w/ 1300 gals 15% HCL, 160,618 # 20/40 Brady sand,
33,541 gals gelled water, and 1,086,885 SCF Nitrogen

Model "R" packer at 5995'

Perf Cliffhouse w/ 1 SPF 20 0.33" holes
5373', 5402',03',04', 5429',30', 5440', 5465',66', 5484',85',
5492',93', 5502',03', 5539', 5548', 5605', 5615', 5626'
Frac w/ 1300 gals 15% HCL, 123,515 # 20/40 Brady sand,
and 98,053 gals slickwater

Perf Point Lookout w/ 1 SPF 26 0.33" holes
5706',07', 5717',18', 5734',35', 5764',65', 5782',83', 5806',
5816', 5825', 5846', 5869', 5890', 5907', 5917', 5948', 5964'
Frac w/ 149,149 # 20/40 Brady sand, 1300 gals 15% HCL,
125,143 gals slickwater

2-3/8" 4.7# J-55 tubing at 7969'
exp check, 2' pup, 1.78" SN/LC, 62 jts, packer, 189 jts
SN/LC at 7967 packer at 5995'

Perf DK w/ 1 spf 22 0.33" holes
7887', 7896',97',98', 7927',28',29', 7936',37',38'
7947',48',49', 7966',67', 7995',96', 8035',36',37', 8041',42'
Frac w/ 54151 # 20/40 Ottowa sand, 49,812 gals gelled
water, and 1000 gals 15% HCL

Production
6-1/4" Hole at 8100'
4 1/2", 11.6, J-55 CSG @ 8097', 10' MKR JT @ 4485'
Cemented w/ 525 sx (137 bbls)
50/50 Poz w/ 3% gel, 0.9% Halad 9, 0.2% CFR-3, 5#/sx Gilsonite, and 1/4#/sx Flocele. Cement locked up afte
TOC @ 2820' by CBL

PBTD at 8087'

Swab lwr DK after perf'ing and swab test- will produce but not frac

ATTACHMENTS TO APPLICATION TO DOWNHOLE COMMINGLE

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

Well:	NEBU #321M
Location:	NW NE, Sec. 18, T31N, R6W San Juan County, New Mexico

1. The Division order that establishes the two subject pools as pre-approved pools for commingling is Case No. 12346, Order No. R-11363.

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

3. The subject well is presently completed in the Basin-Dakota pool, the perforated interval being 7887' – 8042'. Proposed perforations in the Blanco-Mesaverde are 4415' – 5964'.

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

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

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

Method of Allocation

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

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

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

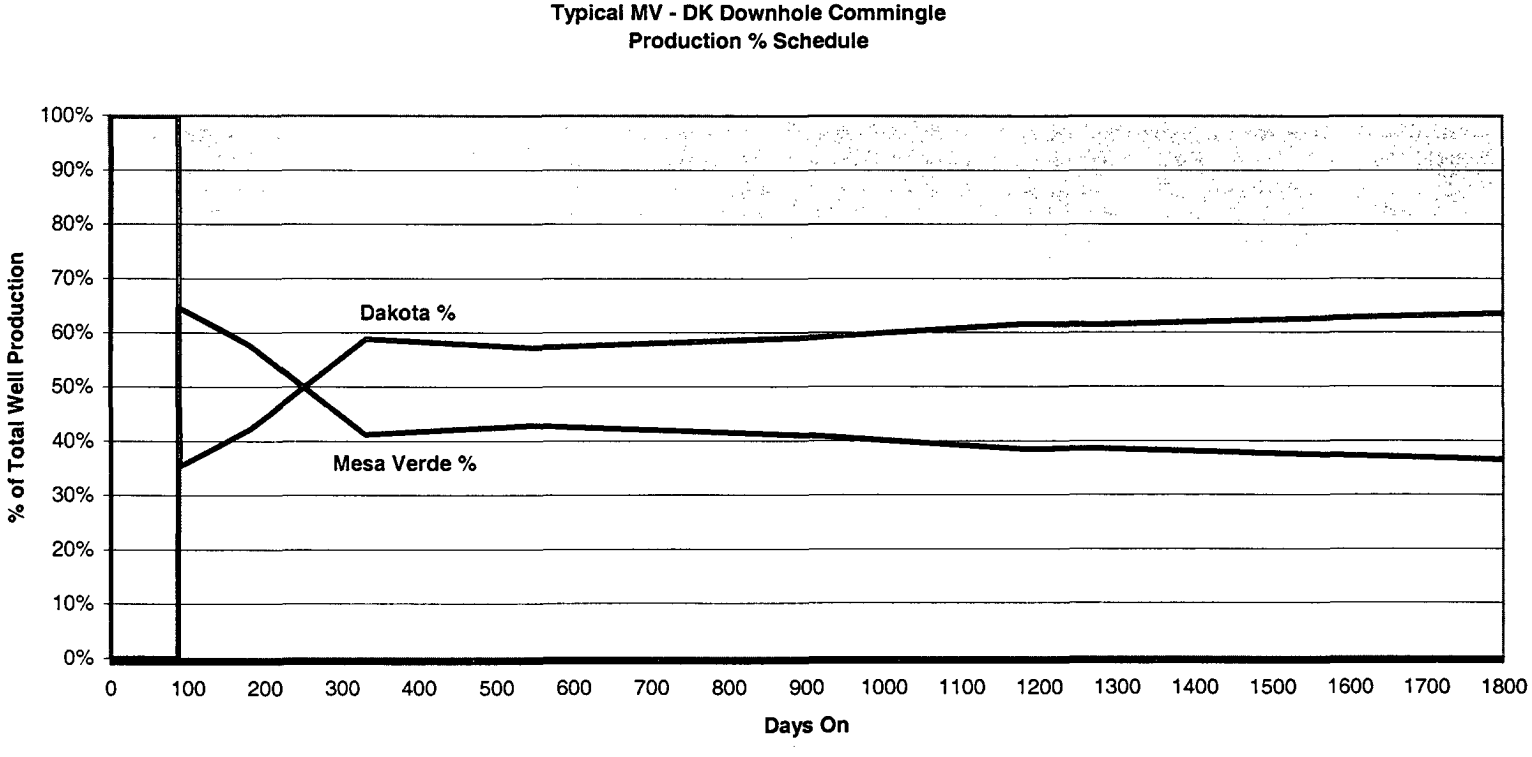


Figure 1