

Submit 3 Copies To Appropriate District  
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1625 N. French Dr., Hobbs, NM 88240  
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1301 W. Grand Ave., Artesia, NM 88210  
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District IV  
1220 S. St. Francis Dr., Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
Revised June 10, 2003

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO. 30-045-34297
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. E-3150-1
7. Lease Name or Unit Agreement Name Northeast Blanco Unit
8. Well Number 338M
9. OGRID Number 6137
10. Pool name or Wildcat Basin Dakota / Blanco Mesaverde

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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) 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator <b>Devon Energy Production Company, L.P.</b>	
3. Address of Operator <b>20 N. Broadway, Oklahoma City, OK 73102</b>	
4. Well Location  Unit Letter <u>K</u> : <u>1,490</u> feet from the <u>South</u> line and <u>1,630</u> feet from the <u>West</u> line  Section <u>16</u> Township <u>31N</u> Range <u>7W</u> NMPM County <u>San Juan</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) GR 6,502'	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: Down-hole Commingle <input checked="" type="checkbox"/>	<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

13. 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 recompletion.

Approval is requested to down-hole commingle production from the Blanco Mesaverde and Basin Dakota zones at an unspecified future date. Please refer to the attached exhibits.

RCVD AUG 10 '07  
OIL CONS. DIV.

DIST. 3

DHC 2673 AZ

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

SIGNATURE [Signature] TITLE Sr. Staff Operations Tech DATE 8-8-07

Type or print name: Melisa Castro E-mail address: Melisa.castro@dmn.com Telephone No.: (405)552-7917

(This space for State use)  
APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE SEP 05 2007  
Conditions of approval, if any:

8 9/5

## 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.

Typical MV - DK Downhole Commingle  
Production % Schedule

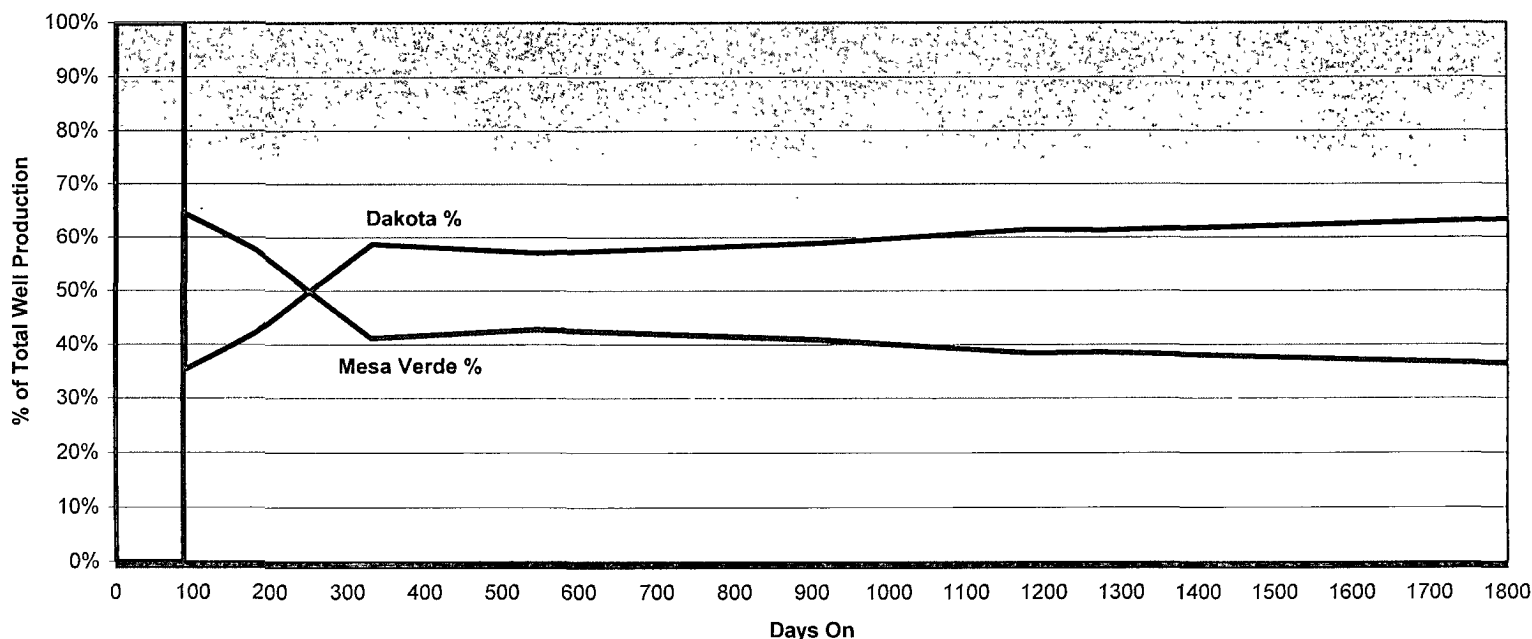


Figure 1