

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr , Hobbs, NM 88240
District II
1301 W Grand Ave , Artesia, NM 88210
District III
1000 Rio Brazos Rd , Aztec, NM 87410
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. 30-045-33476
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Northeast Blanco Unit
8. Well Number 63M
9. OGRID Number 6137
10. Pool name or Wildcat Blanco Mesaverde / Pictured Cliffs

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.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Devon Energy Production Company, L.P.

3. Address of Operator

20 N. Broadway, Oklahoma City, OK 73102

4. Well Location

Unit Letter O : 890 feet from the South line and 1,515 feet from the East line

Section 1 Township 31N Range 7W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
GR 6,511'

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Down-hole Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

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.

Devon Energy Production Company, L.P. would like to request approval to down-hole commingle production from the Pictured Cliffs and Blanco Mesaverde zones at an unspecified future date. Please refer to the attached exhibits.

RCVD OCT 19 '07
OIL CONS. DIV.
DIST. 3

DWC 2713AZ

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 10-16-07

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

(This space for State use)

Deputy Oil & Gas Inspector,
District #3

APPROVED BY [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE NOV 16 2007

Conditions of approval, if any:

ATTACHMENTS TO APPLICATION TO DOWNHOLE COMMINGLE

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

Well: NEBU 63M
Location: SW SE, Sec. 1, T31N, R7W
San Juan County, New Mexico

1. Case # 12346, Order # R-11363 establishes the two subject pools as pre-approved for commingling.
2. The pools to be commingled are the ^{South Los Pinos F.S.} Pictured Cliffs (71599) and the Blanco Mesaverde (72319).
3. The subject well is presently completed in both zones flowing and measured separately. The perforated interval in the Pictured Cliffs pool being 3,354' – 3,468'. The perforated interval in the Blanco-Mesaverde pool being 5,272' – 6,163'.
4. Commingling will not reduce the value of the total remaining production in this well. Produced waters from both the Blanco-Mesaverde and the Pictured Cliffs have been found to be compatible, with no evidence of scaling problems on tubules, or of precipitate fill in the well bore. 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 down hole commingle production. A copy of this notice and a list of all working interest owners are attached.
6. A copy of this notice of intent to down hole commingle has been sent to the Bureau of Land Management.



ENERGY PRODUCTION COMPANY, L.P.

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Telephone: (405) 235-3611
Facsimile: (405) 552-1357

October 16, 2007

IN RE: Permit to Down hole Commingle
NEBU #63M, API # 30-045-33476
SW SE 890' FSL & 1,515' FEL
Sec. 1, T31N, R7W
San Juan County, New Mexico

VIA CERTIFIED MAIL
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Attn: Steve Henke

RCVD OCT 19 '07
OIL CONS. DIV.

DIST. 3

Dear Mr. Henke:

Devon Energy Production Company, L.P., in accordance with the New Mexico Oil Conservation Division Rule 303.C governing down hole commingling, wishes to notify your office of our intent to down hole commingle the Blanco-Mesaverde and Pictured Cliffs pools in the above captioned well.

To this end, please refer to the following attachments:

- Copy of NMOCD form C-103, with all attachments
- Copy of notification to working interest owners
- List of names and addresses of working interest owners in each pool

Please direct any inquiries regarding this matter to the undersigned at (405) 552-7917.

Sincerely,
DEVON ENERGY PRODUCTION COMPANY, L.P.

Melisa Castro
Senior Staff Operations Technician

Method of Allocation

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

- S. L. P. M. 05 sand/*
- The Mesaverde 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 Mesaverde 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 Mesa Verde and Fruitland Pictured Cliffs intervals by applying the variable percentage schedule to the daily total well production.

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

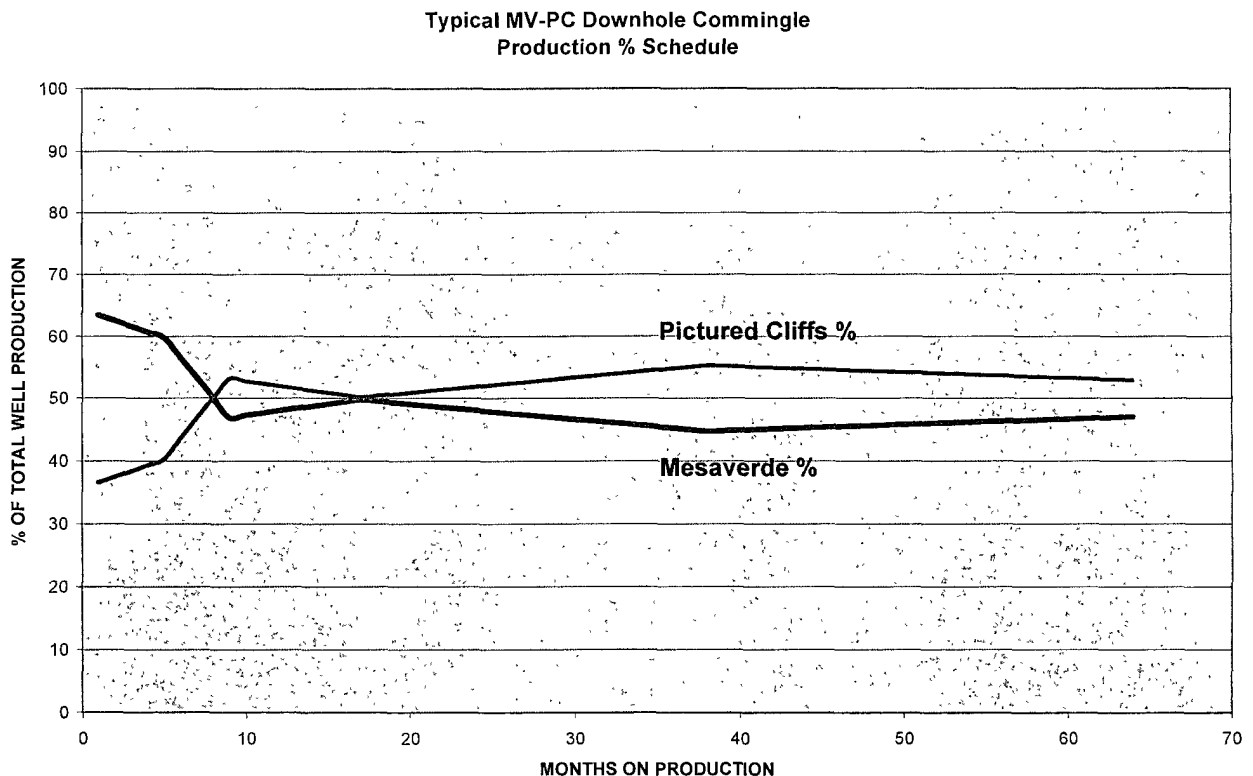


Figure 1