

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

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

Farmington Field Office
Bureau of Land Management

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Devon Energy Production Company, L.P.

3a. Address

PO Box 6459, Navajo Dam, NM 87419

3b. Phone No. (include area code)

505-327-4573

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

500' FNL & 1205' FEL Unit A

Sec. 35, T31N, R07W

5. Lease Serial No.

SF 079003

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

Northeast Blanco Unit

8. Well Name and No.

Northeast Blanco Unit #68M

9. API Well No.

30-045-33474

10. Field and Pool, or Exploratory Area

So. Los Pinos Fr/Sd PC & Basin DK

San Juan County, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other Surface Commingle
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations 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 requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Devon requests administrative approval to surface commingle the South Los Pinos Fruitland Sand Pictured Cliffs (80690) & Basin Dakota (71599) in this dually completed gas well. Surface commingling will eliminate redundant surface equipment & maximize productivity while not hindering the recovery of liquids & gas. Notice has been filed concurrently on form C-103 with the State. 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.

RCVD OCT 13 '10

OIL CONS. DIV.

DIST. 3

order in process

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

Name (Printed/Typed)

Mike Pippin

Title

Petroleum Engineer (Agent)

Signature

Mike Pippin

Date

September 16, 2010

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

[Signature]

Title

Petr. Eng.

Date

10/7/10

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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

NMOCD [Signature]

Method of Allocation

Devon Energy recommends the following procedure to allocate surface 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 two pools will be surface 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.

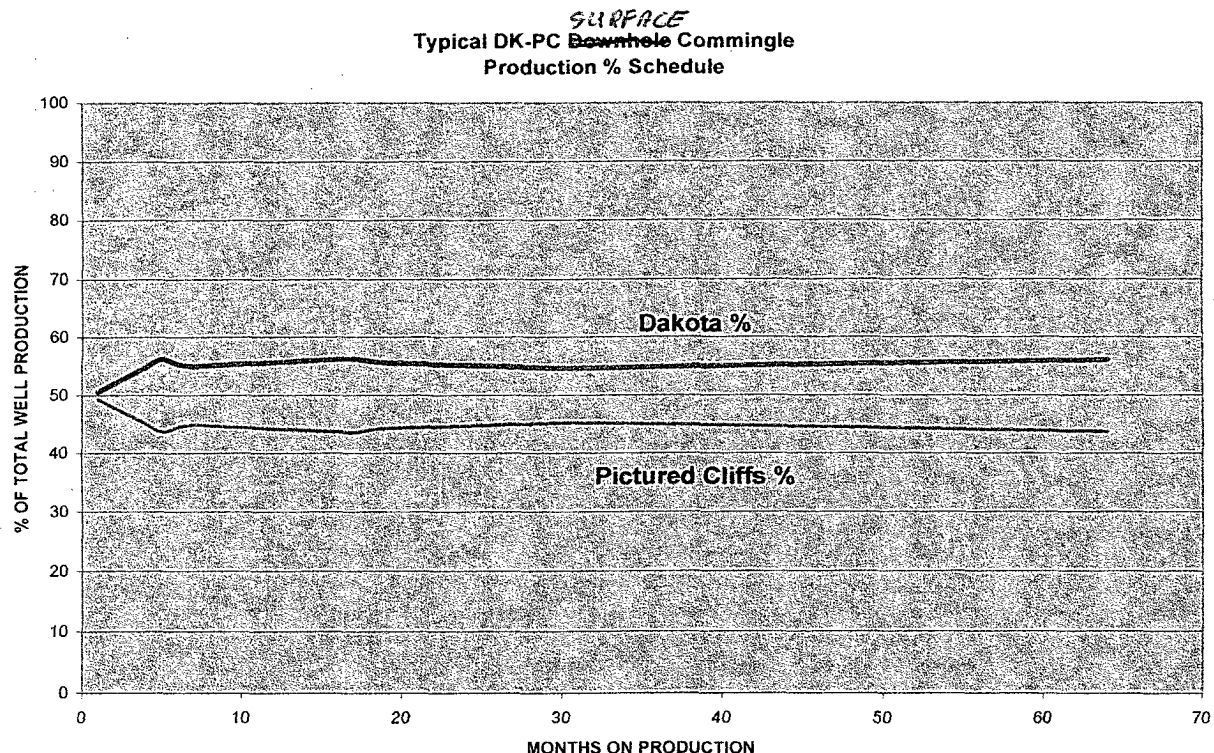


Figure 1

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%.

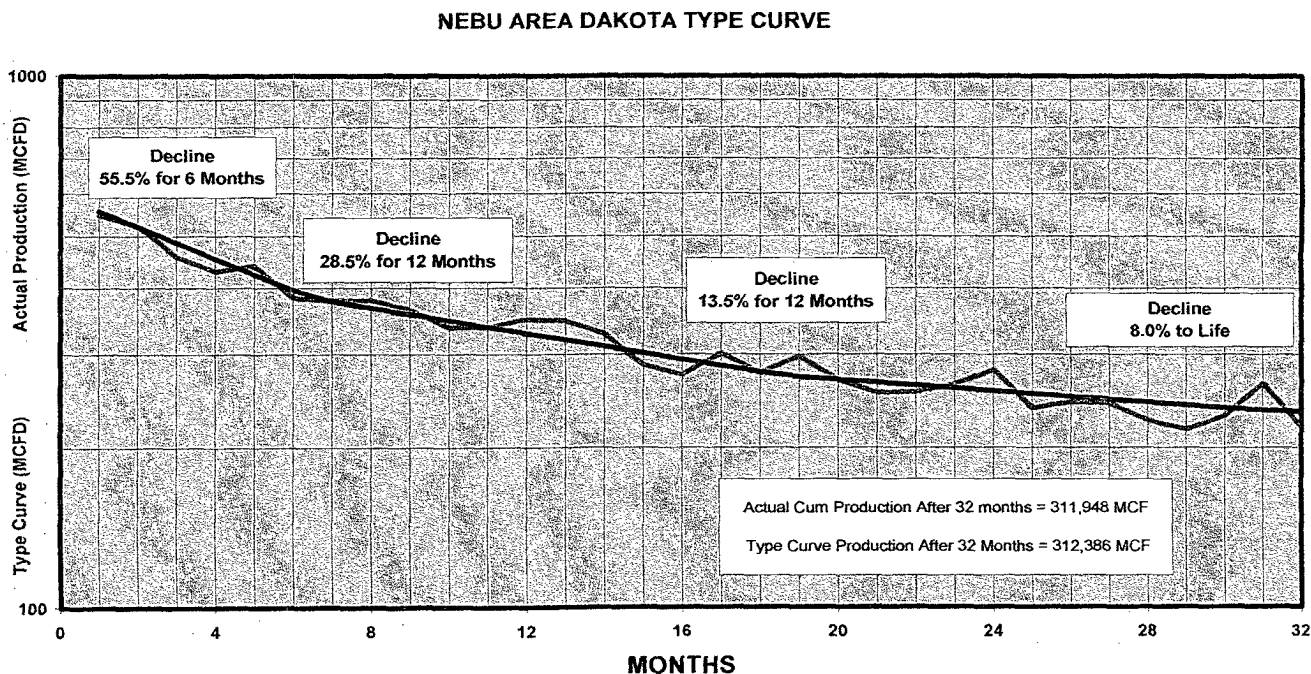


Figure 2

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%.

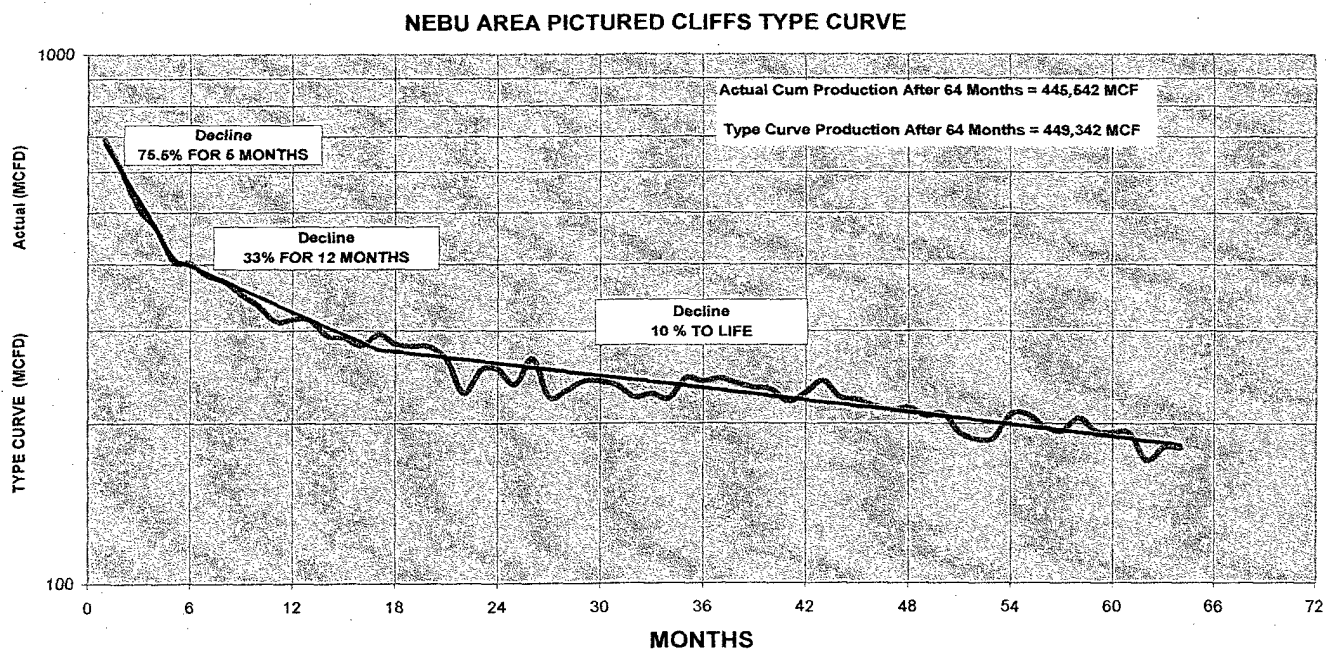


Figure 3