	an bil við þýsið. Þar það minnsku har þan að þ) The second concernment			n Beda ^{nan Martin (} 1997) (1997) - Nama Serie a sa marena
	DATE	23/06	SUSPE	ENSE WITLL 2/23/06 DHC APP NO. DTDS0/602	5459315
				ABOVE THIS LINE FOR DIMISION USE ONLY 500	
		•		NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau -	
				1220 South St. Francis Drive, Santa Fe, NM 87505	
				ADMINISTRATIVE APPLICATION CHECKLIST	
		THIS CHEC	KLIST IS N	MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGUL WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE	LATIONS
	Appii	[NSL- [D	HC-Dow [PC-Po	ns: andard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] vnhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] ooi Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Sait Water Disposal] [IPI-Injection Pressure Increase] allified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]	
	[1]	TYPI	E OF AI [A]	PPLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD	
•	•		Check [B]	k One Only for [B] or [C] Commingling - Storage - Measurement M DHC CTB PLC PC OLS OLM	
			[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR	
		÷ • • •	[D]	Other: Specify	· .
	[2]	NOTI	[A]	ION REQUIRED TO: - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners	
÷.			[B]	Offset Operators, Leaseholders or Surface Owner	<i>.</i> .
te v	•. • * .		[C]	Application is One Which Requires Published Legal Notice	e di sta Mari
•		national Alexandra	[D]	Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office	
•		8 - 2 T	[E]	For all of the above, Proof of Notification or Publication is Attached, and/or,	
	, 24. j. – 1. j.		[F]	Waivers are Attached	· · · · ·
	[3]	SUBM OF AF	IIT ACC PPLICA	CURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE ATION INDICATED ABOVE.	TYPE
	approv	al is acc	urate an	FION: I hereby certify that the information submitted with this application for administ ad complete to the best of my knowledge. I also understand that no action will be taken quired information and notifications are submitted to the Division.	rative n on this
* * • .	na _{di} a ni Na		Note:	Statement must be completed by an Individual with managerial and/or supervisory capacity.	n Alastan _{alastan} e
•	· ·				

Print or Type Name

~ . .

Title

Date

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools List of all operators within the proposed Pre-Approved Pools Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application. Bottomhole pressure data.

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

SIGNATURE M.S.	TITLI	ESenior Operations Technician_	DATE	2-13-06
	,			
TYPE OR PRINT NAMEMelisa Zimi	merman	TELEPHONE NO. (_40:	5)	_552-7917

E-MAIL ADDRESS __melisa.zimmerman@dvn.com___

			E 0.1074	
District I 1625 N. French Drive, Hobbs, NM 88240	State of N Energy, Minerals and Nat	Form C-107A Revised June 10, 2003		
District II	Energy, winterals and wat	ular Resources Department	Revised Jule 10, 2005	
1301 W. Grand Avenue, Artesia, NM 88210	Oil Conser	vation Division	APPLICATION TYPE	
District III		th St. Francis Dr.	Single Well	
1000 Rio Brazos Road, Aztec, NM 87410	Santa Fe, N	ew Mexico 87505	X_Establish Pre-Approved Pools	
District IV	ADDI ICATION FOD DOV	VNHOLE COMMINCLINC	EXISTING WELLBORE Yes No	
1220 S. St. Francis Dr., Sanua Fe. NM 82006 FEB 23	PH 1 41	WAIIOLE COMMININGENER		
		(Drin ar		
Devon Energy Production Co., L.P		127-368	0/	
Operator	Add	ress		
Northeast Blanco Unit	Unit I, Sec.	30, T31N, R6W	Rio Arriba	
Lease	Well No. Unit Letter-S	Section-Township-Range	County	
OGRID No6137 Property Code	e_19641_ API No30-039-2	29597 Lease Type:	_Federal _X_StateFee	
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE	
	UNDES_			
Pool Name	Rosa Pictured Cliffs		Blanco Mesaverde	
Pool Code	96175		72319	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3706'-3799'		4709'-5832'	
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing	
Bottomhole Pressure				
(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the				
depth of the top perforation in the upper zone)				
Oil Gravity or Gas BTU (Degree API or Gas BTU)				
Producing, Shut-In or New Zone	Producing		Producing	
Date and Oil/Gas/Water Rates of				
Last Production. (Note: For new zones with no production history.	Date: 12-19-05	Date:	Date: 11-14-05	
applicant shall be required to attach production				
estimates and supporting data.)	Rates: 0 bbo, 430 MCF, 0 bbw	Rates:	Rates: 0 bbo, 1.4 Mcf, 0 bbw	
Fixed Allocation Percentage (Note: If allocation is based upon something other	Oil Gas	Oil Gas	Oil Gas	
than current or past production, supporting data or	% %	% %	% %	
explanation will be required.)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?	Yes YesX	No_X No
Are all produced fluids from all commingled zones compatible with each other?	Yes	No
Will commingling decrease the value of production?	Yes	No_X
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?	Yes_X	No
NMOCD Reference Case No. applicable to this well:		
 Attachments: C-102 for each zone to be commingled showing its spacing unit and acreage dedication. Production curve for each zone for at least one year. (If not available, attach explanation.) For zones with no production history, estimated production rates and supporting data. Data to support allocation method or formula. Notification list of working, royalty and overriding royalty interests for uncommon interest cases. Any additional statements, data or documents required to support commingling. 		

Jones, William V., EMNRD

From: Zimmerman, Melisa [Melisa.Zimmerman@dvn.com]

Sent: Friday, March 17, 2006 7:46 AM

To: Jones, William V., EMNRD

Subject: RE: DHC application: NEBU #219M

Good morning Mr. Jones,

Please see the following response to your earlier email, should you still have any questions please feel free to contact me and I will get them answered as quickly as possible.

- 1.) The initial production from the Mesaverde in the #219M was reported as 1,400 MCFD rather than 1.4 MCFD. Therefore, this zone is economic.
- 2.) We will most likely have few, if any, additional commingled applications in the Rosa-Pictured Cliffs field. Therefore, we will not request a hearing for pre-approval commingles in this field.
- 3.) The allocation of production will be done as follows:

The two zones will be produced separately for a minimum of 90 days. The Mesaverde will produce up the tubing and the Pictured Cliffs will produce up the tubing-casing annulus. The type curve constructed for each zone will then be fitted to the 90-day production test data for each zone. Once fitted, the type curves will then be used to forecast future monthly production rates for the life of each zone. **The zones will then be commingled.** Monthly commingled production will then be allocated to each zone based the ratio of the forecast production rates for each zone for that month.

For example, if in any given future month the Mesaverde was forecast from its type curve to make 750 MCFD and the Pictured Cliffs was forecast from its type curve to make 250 MCFD, then the actual commingled production for that month would be allocated 75% to the Mesaverde and 25% to the Pictured Cliffs. Allocations will change monthly (although the month-to-month changes will be relatively small).

This allocation method is required because production from the two zones decline differently as evidenced by their type curves. A constant percentage allocation would not be adequate because ownership differs in the two zones.

Sincerely,

Melisa Zimmerman

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Tuesday, February 28, 2006 9:08 PM
To: Zimmerman, Melisa
Cc: jamesbruc@aol.com; Ezeanyim, Richard, EMNRD; Hayden, Steven, EMNRD
Subject: DHC application: NEBU #219M

Hello Ms. Zimmerman: The Division in Santa Fe Your production shown for this well in the Mesaverde is only 1.4 Mcf per day. Is this economical or will the much higher PC (430 Mcf/Day) production overpower this Mesaverde and actually lose reserves? It seems the 1.4 Mcf lower interval should be plugged off with a cast iron bridge plug.

Is this the first of many applications to come? If so, please note that the rules say that all revenue interest owners must be notified. Your cover letter says "working interest" owners. Let me know if all revenue interest owners were notified.

Your notice should also be easy for them to understand. Please explain in layman's terms how you intend to accurately allocate production between pools. Your method of allocation seems well thought out, but please let me know in layman's terms how this well will be allocated. Is the 90 day testing to be done with every well to be DHCed in this NEBU? How is the 90 day test results to be applied to the type curves?

Your letter to the "working interest" owners says these are pre-approved pools, but I could not find evidence of any pre-approval of these two pools. The approval of Downhole commingling must be by way of form C-107A and not form C-103. It looks like your notice letter to the owners is incorrect and misleading in that regard. Please correct these items in any future correspondence to your owners concerning commingling. You do NOT have to re-notice all these owners for this particular commingle.

Is there a Division order already governing any Downhole Commingling within this NEBU?

If notice to all interest owners is too onerous in the case of multiple downhole commingles, then Devon should present its case at a Division hearing to pre-approve commingling of any well in the NEBU in these two pools. Please talk to your attorney about this and let me know what you have decided. This would ensure that you can use your nice type curves and a simplified individual well testing method and you - as the regulatory person - would NOT have to notify all revenue interest owners for every single commingle application.

I am copying your attorney, Mr. James Bruce concerning this issue. Please contact him and reply to these questions.

Regards,

 William V. Jones PE
 Engineering Bureau
 Oil Conservation Division
 Santa Fe

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20 North Broadway, Suite 1500 Oklahoma City, Oklahoma 73102-8260 Telephone: (405) 235-3611 Facsimile: (405) 552-4667

January 20, 2006

IN RE: Permit to Down-hole Commingle NEBU #219M, API # 30-045-29597 NE SE 2,215'FSL & 830' FEL Sec. 30, T31N, R6W Rio Arriba County, New Mexico

VIA CERTIFIED MAIL To all Working Interest Owners:

In accordance with the New Mexico Oil Conservation Division Rule 303.C governing down hole commingling, you are hereby notified that Devon Energy Production Company, L.P., as operator of the above-captioned well, intends to down-hole commingle production from the Pictured Cliffs and Blanco Mesaverde pools. These pools are pre-approved for commingling by the State of New Mexico Oil Conservation Division of the Energy, Minerals and Natural Resources Department. As such Devon Energy is required to submit application to the OCD on form C-103 (Sundry Notice) of our intent to commingle the two zones.

The Pictured Cliffs and Blanco-Mesaverde will be completed and tested simultaneously to establish a production potential. The production from the Pictured Cliffs and the Blanco-Mesaverde will be allocated on a production trend based formula which has been approved by the NMOCD. A "Method of Allocation" explanation has been enclosed with this notice.

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

Sincerely, DEVON ENERGY PRODUCTION COMPANY, L.P.

M.S.&

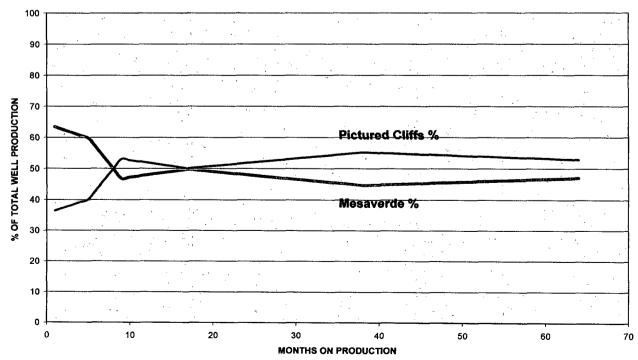
Melisa Zimmerman Senior Operations Technician

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:

- 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.

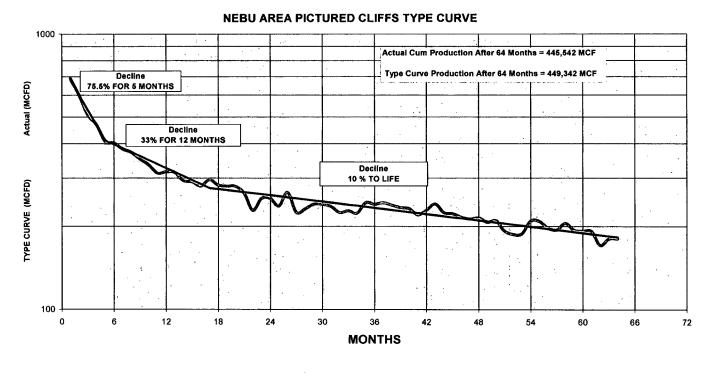
The Variable Percentage Schedule was derived using Mesa Verde and Fruitland Pictured Cliffs production type curves. These type curves were generated by normalizing production data from surrounding wells. The variable percentage schedule is required due to the dissimilar decline trends exhibited by the 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.



Typical MV-PC Downhole Commingle Production % Schedule

Figure 1

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%.



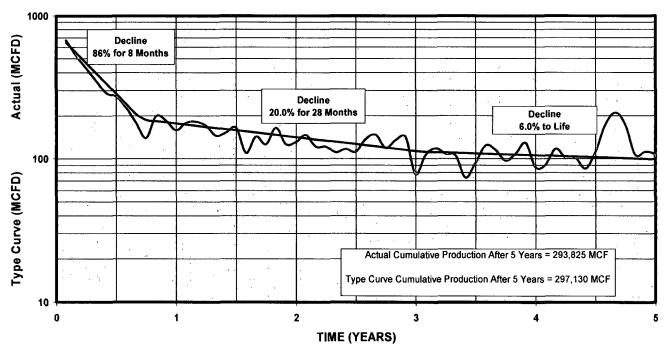


The Blanco – Mesa Verde type curve was generated from normalized production of 12 offsetting Blanco-Mesaverde producers. Comparisons of this type curve with the production schedule obtained by using flow test data flow test data demonstrates the reliability of this method for projecting production. (See Figure 3) The curve covers a five year period with a variance in cumulative vs normalized production of only 1.1%.

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NEBU AREA MESAVERDE TYPE CURVE

Figure 3

NORTHEAST BLANCO UNIT – PC 219M WORKING INTEREST OWNERS

Burlington Resources Oil & Gas Co. P. O. Box 4289 Farmington, New Mexico 87499-4289 Attn: Cheryl

ConocoPhillips Company WL3-5058 P. O. Box 2197 Houston, Texas 77252-2197 Attn: Todd L. Thornburgh

• * •

NOTE: Devon Energy, B&N Co., and BN Non-Coal REQUIRES NO NOTIFICATION; THEREFORE NOT LISTED ABOVE

NORTHEAST BLANCO UNIT - MESAVERDE WORKING INTEREST OWNERS

Cheryl Burlington Resources Oil & Gas Co. P. O. Box 4289 Farmington, NM 87499-4289

• • •

John Larson BP America Production Company PO Box 3092 Room 19.158 WL1 Houston, TX 77253-3092

Todd L. Thornburgh ConocoPhillips Company 600 North Dairy Ashford (77079-6651) WL3-5058 P. O. Box 2197 Houston, TX 77252-2197

Castle, Inc. 502 Keystone Drive Warrendale, PA 15086

T. H. McElvain Oil & Gas Ltd. Partnership McElvain Oil & Gas Properties, Inc., GP 1050 17th Street, Suite 1800 Denver, CO 80265

NOJV Manager – John Temple Four Star Oil & Gas Company c/o Chevron Texaco P. O. Box 36366 Houston, TX 77236

Jane P. Ladouceur 109 Longsford San Antonio, TX 78209

Charles E. Kelly, Ph.D. 895 Technology Blvd., Suite 201 Bozeman, MT 59718-6855

Robert E. Zimmerman, Jr. 1616 S. Voss, Suite 875 Houston, TX 77057

Charles W. Gay c/o James M. Raymond, AIF P. O. Box 291445 Kerrville, TX 78029-1445 Lorrayn Gay Hacker c/o James M. Raymond, AIF P. O. Box 291445 Kerrville, TX 78029-1445

James M. Raymond, Trustee Maydell Miller Mast Trust P. O. Box 291445 Kerrville, TX 78029-1445

James M. Raymond J & M Raymond, Ltd. Raymond & Sons I, LLC, GP P. O. Box 291445 Kerrville, TX 78029-1445

Susanna Phillips Kelly P. O. Box 147 Cameron, MT 59720

Susanna P. Kelly Jr 8383 Chapman Road Bozeman, MT 59715

Andrew B. Kelly, Jr. 2575 Sunset Drive Atlanta, GA 30345

Ken McPhee Wiser Oil Company c/o Forest Oil Corporation 1600 Broadway, Suite 2200 Denver, CO 80202

George Cox XTO Energy Corp. 810 Houston Street Fort Worth, TX 76102

McAfee Oil and Gas LLC P.O. Box 1087 Norman, OK 73070-1087

Kona, LTD 16800 Imperial Valley Dr., Suite 270 Houston, TX 77060

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

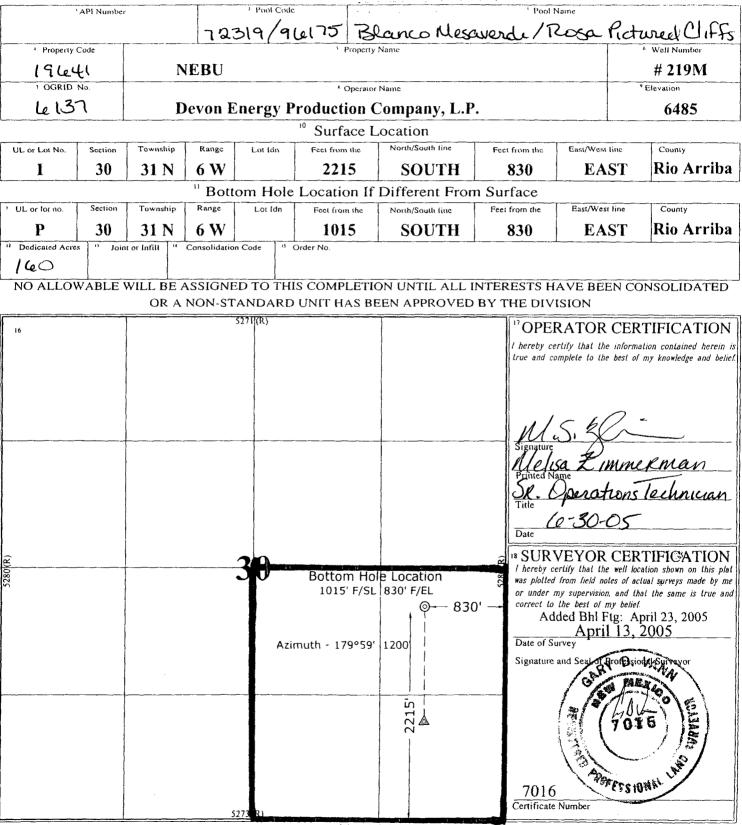
		· ·			100
Submit 3 Copies To Appropriate District Office	State of New Minerals and No.			Form C- Revised June 10,	
<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240	Energy, Minerals and Natural Resources		WELL API NO. 30-039-29597		
District II 1301 W. Grand Ave., Artesia, NM 88210		OIL CONSERVATION DIVISION		ofLease	
<u>District III</u> 1000 Rio Brazos Rd., Aztec, NM 87410	I220 South St. Francis Dr.			5. Indicate Type of Lease STATE STATE	
District IV 1220 S. St. Francis Dr., Santa Fe, NM	istrict IV Santa Fe, INVI 87303				
87505 SUNDRY NOTICES	S	7 Lesse Name o	r Unit Agreement Nar	ne	
(DO NOT USE THIS FORM FOR PROPOSALS	S TO DRILL OR TO DEEPEN OR P	LUG BACK TO A			
DIFFERENT RESERVOIR. USE "APPLICATI PROPOSALS.)	ON FOR PERMIT" (FORM C-101)	FOR SUCH	Northeast Blanco Unit 8. Well Number		
1. Type of Well: Oil Well Gas Well 🛛 Ot	her		219M		
2. Name of Operator			9. OGRID Numb	ber	
Devon Energy Production Company, L	"P		6137 10. Pool name or	Wildoot	
3. Address of Operator PO Box 6459, Navajo Dam, NM 8741	9		Blanco Mesaverd		
4. Well Location					
Unit LetterI:2,215'	feet from theSouth li	ne and830'feet	from theEast	line	
Section 30 Township	31N Range 6W NM				
	1. Elevation (Show whether D R 6,485'	R, RKB, RT, GR, etc.,			
	ropriate Box to Indicate	Nature of Notice,	Report or Other	Data	
NOTICE OF INTE	NTION TO:	SUB	SEQUENT RE	PORT OF:	
PERFORM REMEDIAL WORK	LUG AND ABANDON	REMEDIAL WOR	K 🗋	ALTERING CASING	
TEMPORARILY ABANDON	HANGE PLANS	COMMENCE DRI	LLING OPNS.	PLUG AND ABANDONMENT	
		CASING TEST AN CEMENT JOB	ND 🗌		
OTHER: Down-hole Commingle		OTHER:			
 Describe proposed or complete of starting any proposed work). or recompletion. 					
Approval is requested to down hole.					
Approval is requested to down-hole ounspecified future date. Please refe	r to the attached exhibits.	the Pictured Clims	and Bianco Mesa "ດີດໃຊ້??"	verde zones at an	
			A B COLLER	14333	
			JAN 2		
			E On c.	106 22	
			E Dist		
I hereby certify that the information abo	ve is true and complete to the	best of my knowledg	e and belief.	- W	
SIGNATURE_M.S.	•	Sr. Operations Tech	10°0 / n	FE 1-20-04	
Type or print name: Melisa Zimmerman	n E-mail address: Melisa.zi	nmerman@dvn.com	Telephone No.:	(405)552-7917	
(This space for State use)		· · · · · · · · · · · · · · · · · · ·			
APPPROVED BY	TITLE			DATE	
Conditions of approval, if any:					

District I PO Box 1980, Hobbs NM &8241-1980 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 Form C-102 Revised February 21, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

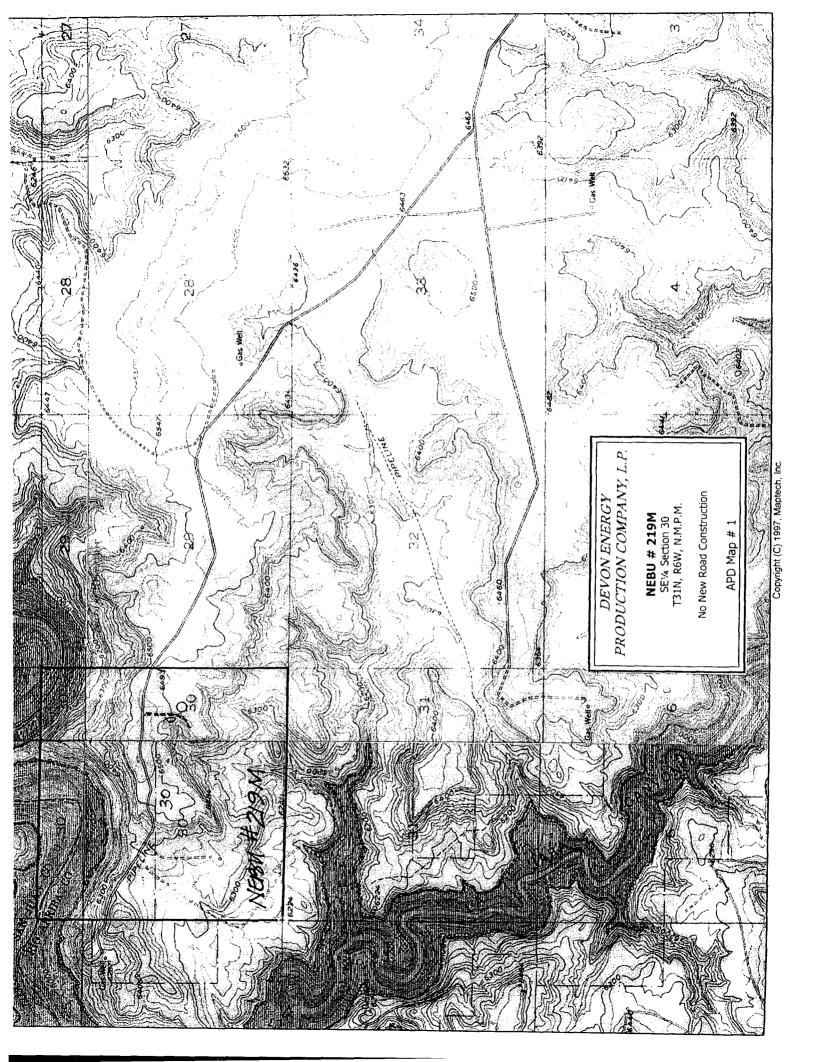
AMENDED REPORT

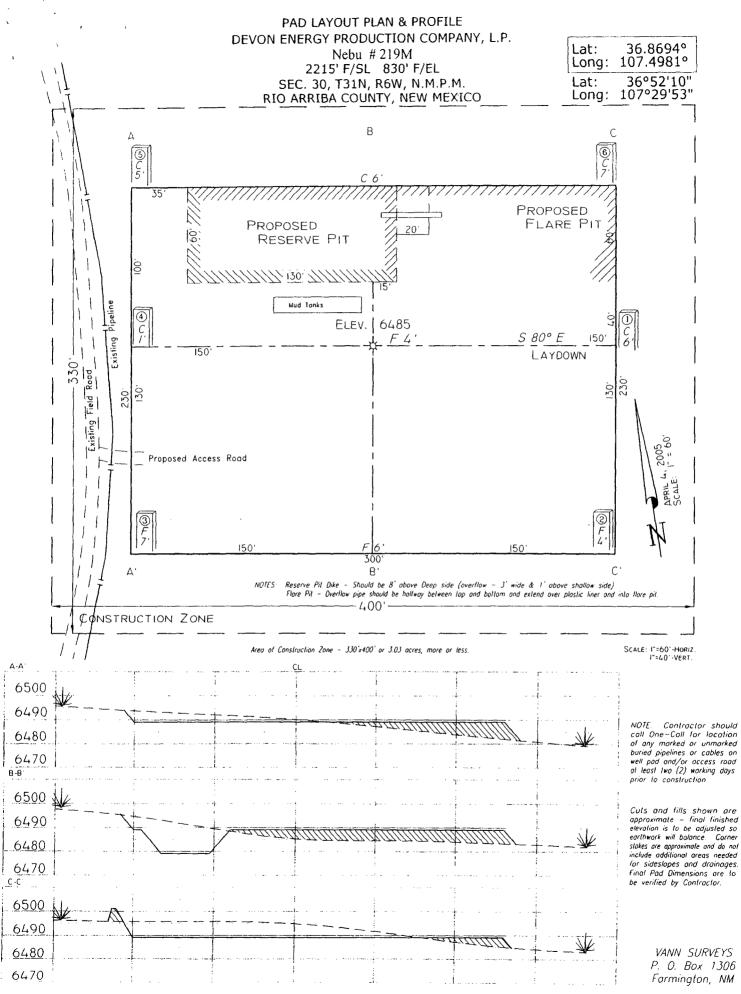
OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

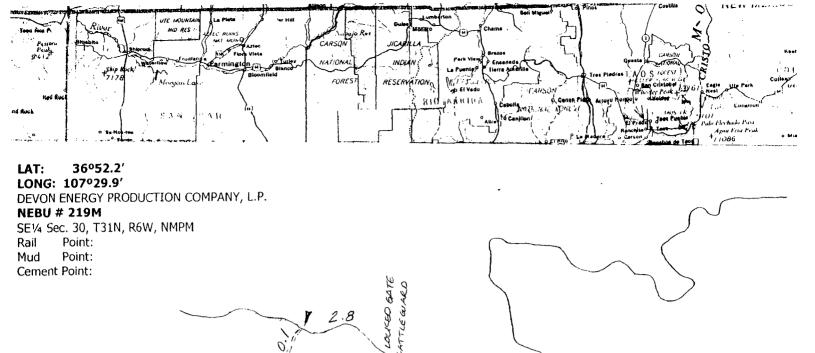


(R) - GLO Record

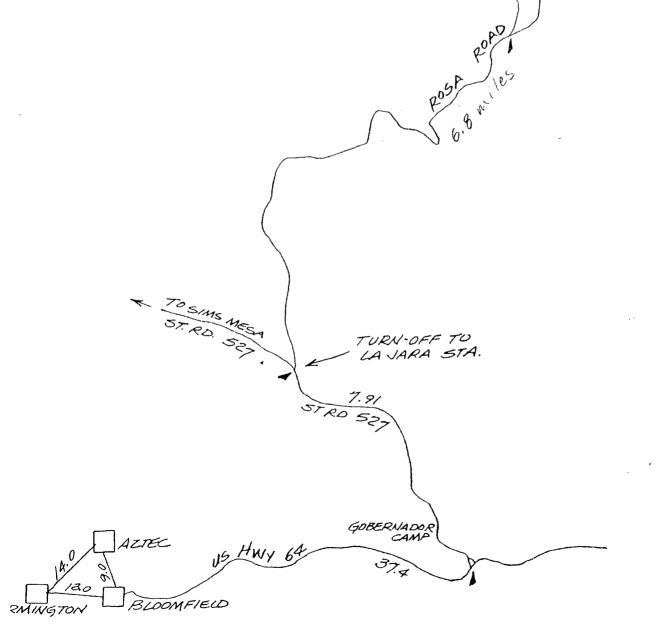




P. O. Box 1306 Farmington, NM



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