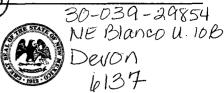
- Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505



NORT	HEAST BLANCO U	NIT #10B PC/MV		4,0,
		ADMINISTRATIVE APP	lication checklis	Ť.
,	THIS CHECKLIST IS	MANDATORY FOR ALL ADMINISTRATIVE APPLIC WHICH REQUIRE PROCESSING AT		ES AND REGULATIONS
App!	[DHC-Do	tandard Location] [NSP-Non-Standard wnhole Commingling] [CTB-Lease C Pool Commingling] [OLS - Off-Lease	ommingling] [PLC-Pool/Lease Co Storage] [OLM-Off-Lease Measu X-Pressure Maintenance Expansion PI-Injection Pressure Increase]	ommingling] rement]]
[1]	TYPE OF	APPLICATION - Check Those Which	Apply for [A]	
	[A]	Location - Spacing Unit - Simultane NSL NSP SD	ous Dedication	
	Che [B]	ck One Only for [B] or [C] Commingling - Storage - Measurem DHC CTB PLC		
	[C]	Injection - Disposal - Pressure Incre WFX PMX SWD	ase - Enhanced Oil Recovery	
	[D]	Other: Specify		
[2]	NOTIFICA [A]	TION REQUIRED TO: - Check Thos Working, Royalty or Overridin		y
	[B]	Offset Operators, Leaseholders	or Surface Owner	
	[C]	Application is One Which Req	uires Published Legal Notice	
	[D]	Notification and/or Concurrent U.S. Bureau of Land Management - Commission	Approval by BLM or SLO ner of Public Lands, State Land Office	
	[E]	For all of the above, Proof of N	otification or Publication is Attached	l, and/or,
	[F]	Waivers are Attached		
[3]		CCURATE AND COMPLETE INFO CATION INDICATED ABOVE.	RMATION REQUIRED TO PRO	CESS THE TYPE
[4] appro appli	oval is <mark>accurat</mark> e	ATION: I hereby certify that the informer and complete to the best of my knowle required information and notifications are	dge. I also understand that no action	n for administrative will be taken on this
	No	te: Statement must be completed by an individ	lual with managerial and/or supervisory ca	pacity.
	Pippin	Mylotispin	Petroleum Engineer	March 19, 2009
rrint	or Type Name	Signature	Title	Date
			mike@pippinllc.com e-mail Address	

DEVON ENERGY PRODUCTION COMPANY, L.P.

Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) mike@pippinllc.com

March 19, 2009

NMOCD c/o Will Jones 1220 South St. Francis Drive Santa Fe, NM 87505

RE:

Application for Downhole Commingling - C-107A Northeast Blanco Unit #10B – API#: 30-039-29854

Surface: Unit Letter "K" Section 16 T30N R07W
Bottom Hole: Unit Letter "F" Section 16 T30N R07W

Rio Arriba County, New Mexico

Dear Mr. Jones:

Devon Energy Production Company, L.P. would like to commingle the Blanco Mesaverde interval with the La Jara Pictured Cliffs interval in the referenced new well. The MV side was completed on 10/5/06 and was 1st delivered in November 2006 making about 500 MCF/D. We plan to recomplete to the PC following the approval of this application. Attached is the C-107A along with the necessary supporting data.

The allocation of production will be calculated as follows. The two zones will be produced separately for a minimum of 90 days. The attached unit type curve constructed for each zone will then be fitted to the 90-day production test data for each zone. The resulting curve will be used to forecast future monthly production rates for the life of each zone. The zones will then be commingled. Monthly production will then be allocated to each zone based on the ratio of the forecast production rates for each zone for that month.

For example, if in any given future month, the MV was forecast from its type curve to make 750 MCF/D, and the PC was forecast from its type curve to make 250 MCF/D, then the actual commingled production for that month would be allocated 75% to the MV and 25% to the PC. 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.

Please contact me at 505-327-4573 should you have any questions.

Very truly yours

Mike Pippin PE Petroleum Engineer

Enclosures

<u>District I</u> 1625 N. French Drive, Hobbs, NM 88240

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-107A Revised June 10, 2003

District II

District III
1000 Rio Brazos Road,

E-MAIL ADDRESS

mike@pippinllc.com

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

APPLICATION TYPE X_Single Well Establish Pre-Approved Pools
EXISTING WELLBORE

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505	APPLICATION FOR DOV	WNHOLE COMMINGLING	X Yes No	
DEVON ENERGY PRODUCT	ION COMPANY I P	a/a Miles Pinnin I I C (and) 2104 N S	ullivan, Farmington, NM 87401	
Operator Operator		c/o Mike Pippin LLC (agent), 3104 N. S. ddress	ullivan, Farmington, NM 87401	
Northeast Blanco Unit #10B	K SEC. 16	T30N R07W (1/#)	Rio Arriba	
Lease	Well No. Unit Lette	r-Section-Township Range	County	
OGRID No. <u>06137</u> Property Code	19641 API No. 30-039-2985	64 Lease Type: Federal X	StateFee	
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE	
Pool Name	La Jara Pictured Cliffs	:	Blanco Mesaverde	
Pool Code	96199		72319	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	~3400',~3500'		5268'-5996'	
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)	~412		110	
Oil Gravity or Gas BTU (Degree API or Gas BTU)				
Producing, Shut-In or New Zone	New Zone		Producing	
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production	Date:	Date:	Date: November 2008	
estimates and supporting data.)	Rates:	Rates:	Rates: 300 MCF/D	
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas & E	Oil Orge DEC	Oil Gas	
<u> </u>	ADDITIÓ	NAL DATA PR	DUCTION)	1
Are all working, royalty and overriding If not, have all working, royalty and over			Yes No X Yes X No	
Are all produced fluids from all commit	ngled zones compatible with each of	other?	Yes X No	/
Will commingling decrease the value of	production?		Yes No_ <u>X</u>	
If this well is on, or communitized with or the United States Bureau of Land Ma			Yes_XNo	;
NMOCD Reference Case No. applicable	e to this well:		_	
Attachments: C-102 for each zone to be comming Production curve for each zone for For zones with no production histor Data to support allocation method o Notification list of working, royalty Any additional statements, data or described to the statements of the statements.	at least one year. (If not available, a y, estimated production rates and so r formula. and overriding royalty interests for	attach explanation.) upporting data. uncommon interest cases.		
List of other orders approving downhole List of all operators within the proposed Proof that all operators within the propo- Bottomhole pressure data.	to establish Pre-Approved Pools, the commingling within the proposed Pre-Approved Pools sed Pre-Approved Pools were prov	rided notice of this application.		
I hereby certify that the information	/ /	ne best of my knowledge and belief.		
SIGNATURE MAN	tippin TITLE	Petroleum Engineer - Agent DA	TE <u>March 19, 2009</u>	
TYPE OR PRINT NAME M	ike Pippin	TELEPHONE NO. (50	5) 327-4573	

NORTHEAST BLANCO UNIT #10B

Current - 3/19/09

Mesaverde / Pictured Cliffs / API#: 30-039-29854

Surface: (K), Section 16, T-30-N, R-7-W, Rio Arriba County, NM Bottom Hole: (F), Section 16, T-30-N, R-7-W, Rio Arriba County, NM

Today's Date: 3/19/09 TOC behind 7" @ 72' Calc 75% Spud: 7/24/06 12-1/4" Hole Comp: : 10/5/06 Elevation: 6242' GL 9-5/8" 32.3# H-40 @ 292' 235 cf cmt (Circ.15 bbls cmt to Surf.) Ojo Alamo @ 2360' Kirtland @ 2472' TOC behind 4-1/2" @ MD2704' - CBL Pictured Cliffs @ 3416' Proposed PC Perfs @ ~MD3400'-~3500'. 8-3/4" Hole 7" 23# J-55 @ MD3620' Cmted with 711 cf -2-3/8" 4.7# tbg @ MD6103' Lewis Perfs @ MD4494'-5177'. Cliffhouse @ 5277' Cliffhouse Perfs @ MD5268'-5599'. Fraced w/98,656# sand in slickwater Menefee @ 5315' Point Lookout @ 5616' Point Lookout Perfs @ MD5644'-5599'. Fraced w/98,824# sand in 30Q N2 PBTD @ MD6089' Mancos @ 5993' 4-1/2" 11.6# J-55 @ MD6143' Cmted with 493 cf 6-1/4" Hole to TD TD MD6143'

Lease Name: NORTHEAST BLANCO UNIT County, State: RIO ARBA, NM Operator: DEVON ENERGY CORPORATION Field: BLANCO Reservoir: MESAVERDE Location: 16 30N 7W SW NE SW

NORTHEAST BLANCO UNIT - 10B 16 30N 7W SW NE SW MESAVERDE 11/2006 30039298540000



Daily Rates

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, 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 & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

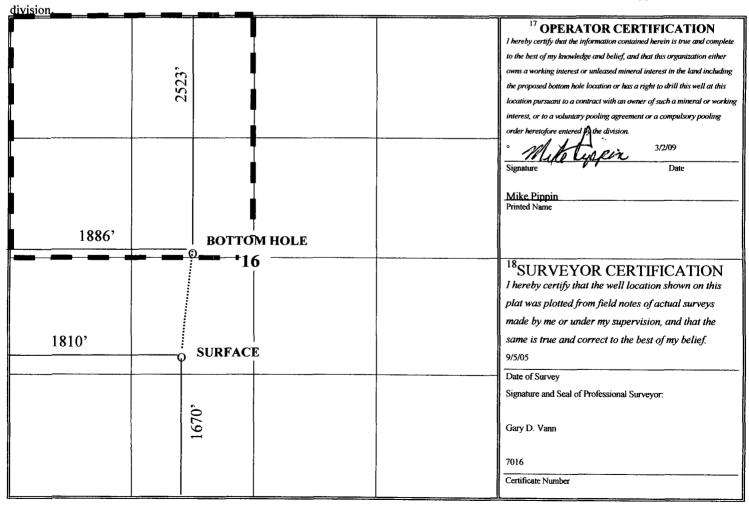
State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

¹ API Number			T	² Pool Code	•	³ Pool Name					
30-039-29854				96199		La Jara Pictured Cliffs					
⁴ Property Code		⁵ Property Name							⁶ Well Number		
19641		Northeast Blanco Unit						10B			
OGRID No.		_	⁸ Operator Name						⁹ Elevation		
6137		Devon Energy Production Company, L.P.						ŀ	6242' GL		
					¹⁰ Surface	Location					
UL or lot no. Section Township		Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West	line County			
K	16	30-N	7-W		1670'	SOUTH	1810'	WEST	Γ Rio Arriba		
			11 Bo	ottom Ho	le Location I	f Different From	m Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West	line County		
F 16 30-N		7-W		2523'	NORTH	1886'	WEST	Γ Rio Arriba			
12 Dedicated Acres 160-NW 1/4	¹³ Joint o	r Infill	¹⁴ Consolidation	Code 15 Oi	rder No						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the



District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410

1220 S. St. Francis Dr., Santa Fe, NM 87505

District IV

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102 Revised October 12, 2005 Submit to Appropriate District Office

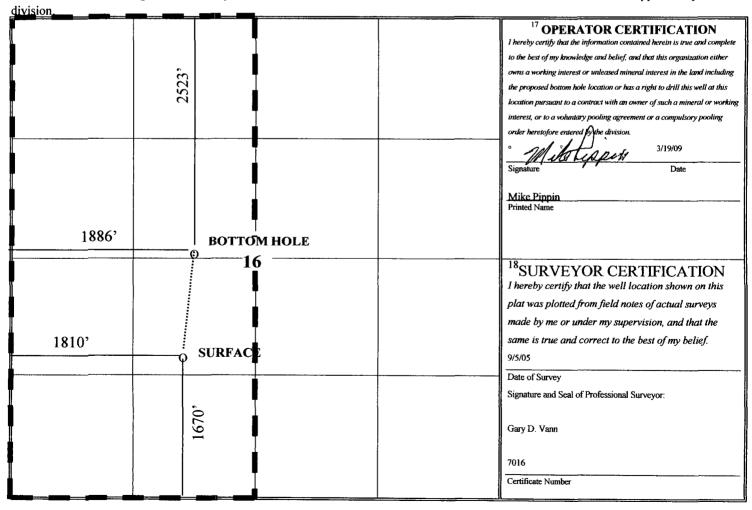
> State Lease - 4 Copies Fee Lease - 3 Copies

AS DRILLED

☐ AMENDED REPORT

			WELL LO	OCATI	ON AND ACR	EAGE DEDIC	CATION PLA	T		
¹ API Number				² Pool Code		³ Pool Name				
30-039-29854			7231	9	Blanco Mesaverde					
⁴ Property Code				⁵ Property Name ⁶ Well Number						Well Number
19641				Northeast Blanco Unit 10B						
OGRID No.					⁸ Operator I	Name		⁹ Elevation		
6137		·	Devon Energy Production Company, L.P.					6242' GL		
					¹⁰ Surface	Location				
UL or lot no.	Section	Township	Range	Lot Idn		North/South line	Feet from the	East/We	est line	County
K	16	30-N	7-W		1670'	SOUTH	1810'	WE	ST	Rio Arriba
			11 Be	ottom I	Hole Location It	f Different From	m Surface			
UL or let no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	est line	County
F	16	30-N	7-W	Ì	2523'	NORTH	1886'	WE	ST	Rio Arriba
Dedicated Acres 320-W/2	13 Joint o	r Infill	¹⁴ Consolidation	Code 15	⁵ Order No					

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the



NORTHEAST BLANCO UNIT - MESAVERDE WORKING INTEREST OWNERS

BP America Production Company ATTN: John Larson 501 Westlake Park Blvd. WL1 19.158 Houston, TX 77079

B&N Company, A Limited Partnership ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, OK 73102

BN Non-Coal, LLC ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, OK 73102

Burlington Resources Oil & Gas Company ATTN: Ben Malone 3401 E. 30th Street Farmington, NM 87402-8807

Canaan Resources, LLC One Leadership Square 211 N. Robinson Avenue, Suite N1000 Oklahoma City, OK 73102

Castle, Inc. 502 Keystone Drive Warrendale, PA 15086

ConocoPhillips Company ATTN: Ben Malone 3401 E. 30th Street Farmington, NM 87402-8807

Devon Energy Production Company, L.P. ATTN: Janet Wooldridge 20 North Broadway Oklahoma City, OK 73102

Diverse Energy Investments Two Galeria Tower 13455 Noel Rd. Suite 2000 Dallas, TX 75240

Forest Oil Corporation ATTN: Ken McPhee 707 17th St., Suite 3600 Denver, CO 80202

Four Star Oil & Gas Company c/o Chevron North America P.O. Box 36366 Houston, TX 77236 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

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

Charles E. Kelly, Ph.D. 4585 Jordan Spurks Bozeman, MT 59715

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

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

Jane P. Ladouceur 109 Longsford San Antonio, TX 78209

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

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

Tamacam, LLC c/o James M. Raymond, AIF P.O. Box 291445 Kerrville, TX 78029-1445

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

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

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

NORTHEAST BLANCO UNIT #10B PC WORKING INTEREST OWNERS

BP America Production Company 501 Westlake Park Blvd. (Room 19.108 WL1) Houston TX, 77079

Conoco Phillips Company P.O. Box 4289 Farmington, NM 87499-4289

Note: Devon Energy, B&N Co., and BN Non-Coal Requires no notification; therefore not listed above

Devon Energy Production Company, L.P.
Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) mike@pippinllc.com

March 19, 2009

RE: Permit to Down-Hole Commingle

Northeast Blanco Unit #10B— API#: 30-039-29854 Surface: Unit Letter "K" Section 16 T30N R07W Bottom Hole: Unit Letter "F" Section 16 T30N R07W 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 La Jara Pictured Cliffs and Blanco Mesaverde pools.

The Pictured Cliffs will soon be completed dual with the existing Mesaverde and tested simultaneously to establish a production potential. The production from the Pictured Cliffs and the Mesaverde will be allocated on a production trend based formula. A "Method of Allocation" explanation has been enclosed with this notice.

Please contact me at 505-327-4573 should you have any questions.

Very truly yours,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Mike Pippin

Petroleum Engineer

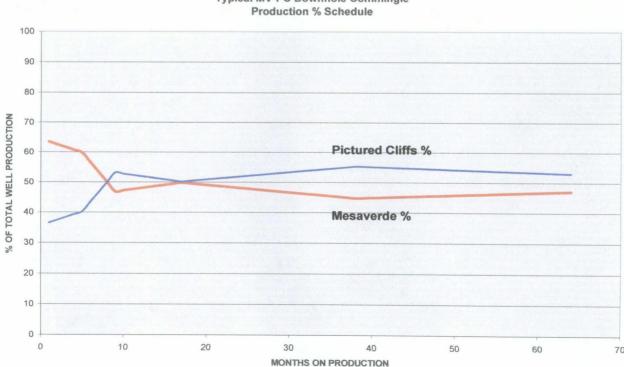
Enclosures

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

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%.

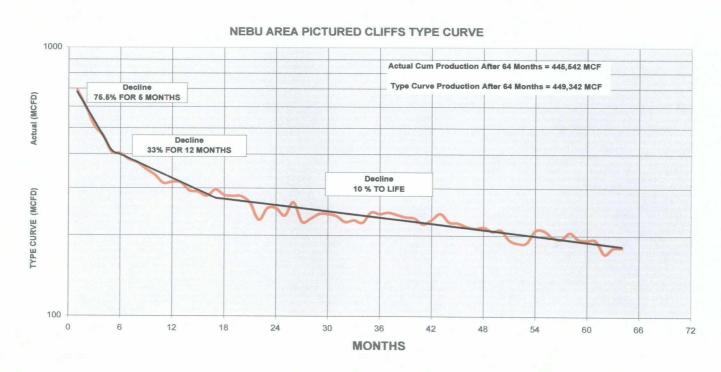


Figure 2

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%.

NEBU AREA MESAVERDE TYPE CURVE

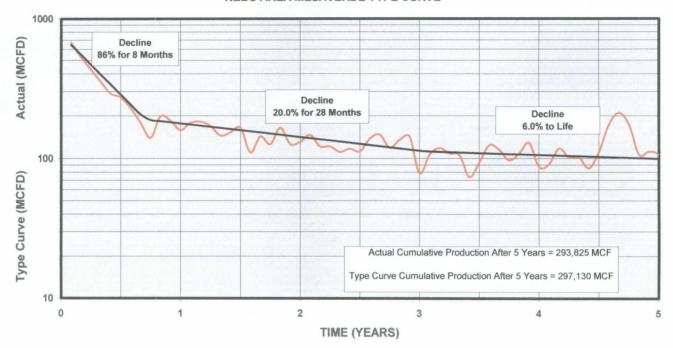
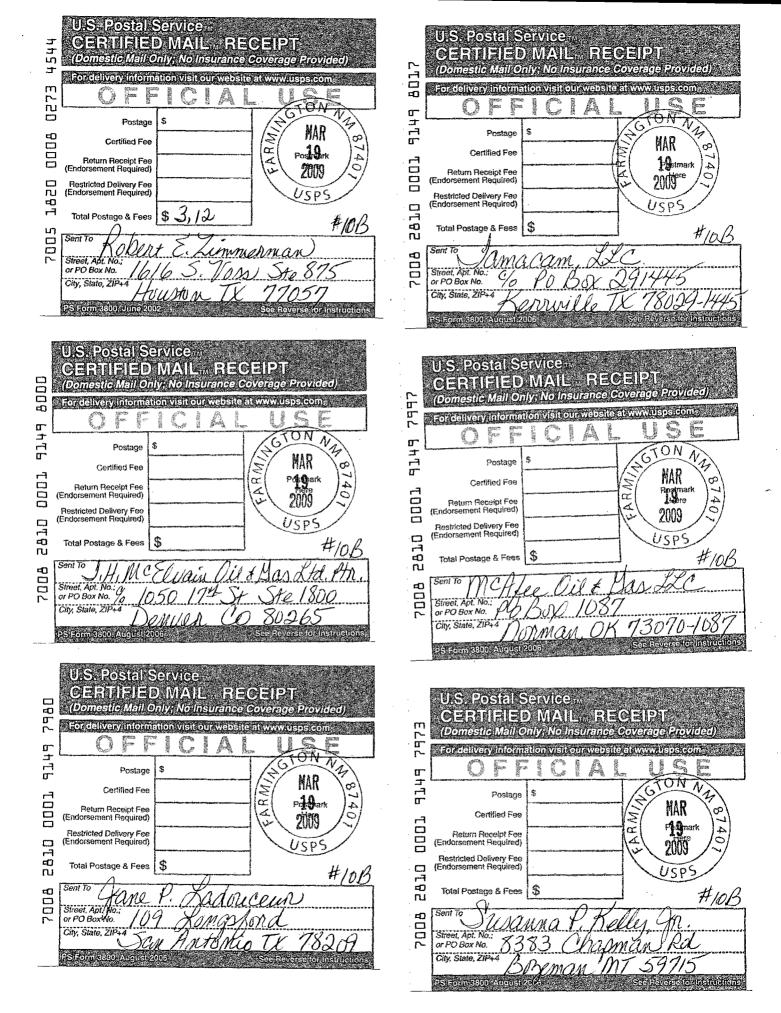
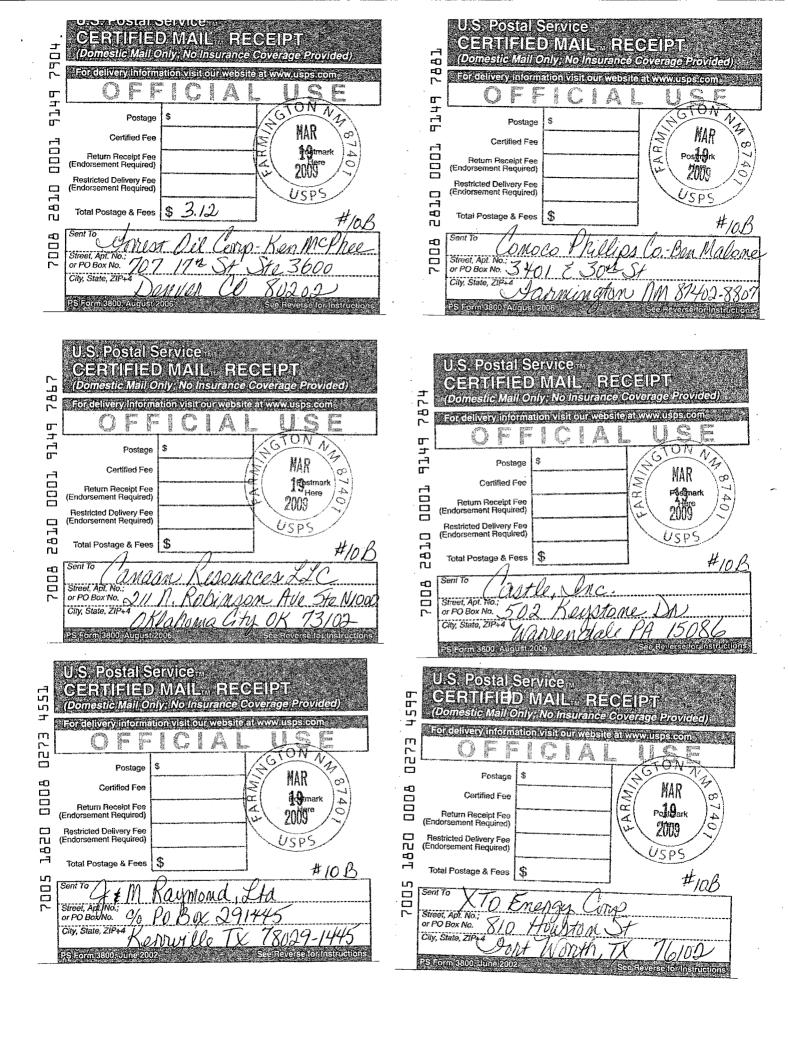


Figure 3





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