



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401



IN REPLY REFER TO:
NEBU PC Pilot Infill Project

August 31, 2010

Mark Fesmire
New Mexico Oil Conservation Division
1220 S. St. Frances Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Reference is made to Case No. 14546, whereby Devon Energy Production Company, L.P. (Devon) is seeking approval for a pilot infill project in selected areas of the Northeast Blanco Unit (NEBU) in San Juan and Rio Arriba counties. The purpose of the pilot is to determine maximum ultimate recovery, optimal well density and the commercial feasibility for the Pictured Cliffs Formation the NEBU area. The Pictured Cliffs in the NEBU is currently being developed on a 160 acre spacing with no infill provision.

This office reviewed the technical merits of this case with representatives of Devon in July. Preliminary results from the NEBU 321, located in O, section 18-31N-6W suggest that additional wells will be necessary to further delineate PC infill opportunities. This pilot study will help Devon and our respective agencies determine optimal well density for the Pictured Cliffs in the NEBU area. In addition, this pilot project is consistent with Plan of Development requirements under Section 9 of the NEBU Unit Agreement. Devon has expressed to the Bureau of Land Management (BLM) that the proposed Pictured Cliff infill development will be accomplished by recompleting existing Mesaverde and Dakota wellbores which are currently being developed on 80 acre effective spacing. As such, no incremental surface disturbing activities are expected with this pilot proposal.

Pursuant to the Memorandum of Understanding between the BLM and the NMOCD, we support Devon's application for an increased well density pilot project contingent upon the following:

- Devon will be expected to gather sufficient geologic and reservoir engineering data to determine wellbore interference, drainage area and orientation, incremental recovery and rate acceleration factors.
- Devon will be expected to annually present to the BLM and the NMOCD their geologic and engineering data and findings for the wells recompleted in the previous calendar year. Within six (6) months of completion of the pilot project, Devon will be required to provide their overall findings and well density recommendations for the balance of the NEBU area.

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If you have any questions regarding the above, contact me at (505) 599-6387.

Dayo Mankiewicz

A handwritten signature in black ink, appearing to read 'D. Mankiewicz', written over the printed name.

Assistant Field Office Manager, Minerals
Farmington Field Office,
BLM

CC: James Bruce
PO Box 1056
Santa Fe, NM 87504