

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

**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, Farmington, NM 87419**

3b. Phone No. (include area code)  
**505-632-0244**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**925' FNL & 990' FEL, Unit A, NE NE, Sec. 13, T31N, R7W**

5. Lease Serial No.

**NM-03358**

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.  
**NEBU 58**

9. API Well No.  
**30-045-10810**

10. Field and Pool, or Exploratory Area  
**Basin Dakota/Blanco Mesaverde**

11. County or Parish, State  
**San Juan, NM**

**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 <b>Down Hole</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<b>Commingle</b>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (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 recompleat 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 recompleat 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.)

Approval is requested to down-hole commingle production from the Blanco Mesaverde and Basin Dakota zones at an unspecified future date. Please refer to the attached exhibits.

**CONDITIONS OF APPROVAL**

Adhere to previously issued stipulations.



*No order yet 5-10-06*

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

**Melisa Zimmerman**

Title **Senior Operations Technician**

Signature

*M.S.Z.*

Date

**4-11-06**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

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.

Title

**PET ENG**

Date

**4-24-06**

Office

**BLM-FFO**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Instructions on page 2)

**NMOCD**



ENERGY PRODUCTION COMPANY, L.P.

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

Telephone: (405) 235-3611  
Facsimile: (405) 552-4667

April 11, 2006

IN RE: Permit to Down hole Commingle  
NEBU #58, API # 30-045-10810  
NE NE 925' FNL & 990' FEL  
Sec. 13, T31N, R7W  
San Juan County, New Mexico

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

Attn: Steve Henke

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 Basin-Dakota and Blanco-Mesaverde 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 Zimmerman  
Senior Operations Technician

## **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 58  
Location: NE NE, Sec. 13, 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 Blanco-Mesaverde (72319) and the Basin Dakota (71599).
3. The subject well is presently completed in both zones flowing and measured separately. The perforated interval in the Basin-Dakota pool being 7,987'-8,102'. The perforated interval in the Blanco-Mesaverde pool being 5,421'-5,864'.
4. Commingling will not reduce the value of the total remaining production in this well. Produced waters from both the Basin-Dakota and the Blanco-Mesaverde 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) 552-4667

April 11, 2006

IN RE: Permit to Down-hole Commingle  
NEBU #58, API # 30-045-10810  
NE NE 925' FNL & 990' FEL  
Sec. 13, T31N, R7W  
San Juan 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 Blanco-Mesaverde and Basin Dakota 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 Blanco-Mesaverde and Basin-Dakota will be completed and tested simultaneously to establish a production potential. The production from the Blanco-Mesaverde and the Basin-Dakota 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.

Melisa Zimmerman  
Senior Operations Technician

## Method of Allocation

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

- The Mesaverde and Basin-Dakota 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 Mesaverde 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 using a conventional orifice plate meter tube.
- Production will be allocated between the Mesa Verde and Dakota intervals by applying the variable percentage schedule to the daily total well production.

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

Typical MV - DK Downhole Commingle  
Production % Schedule

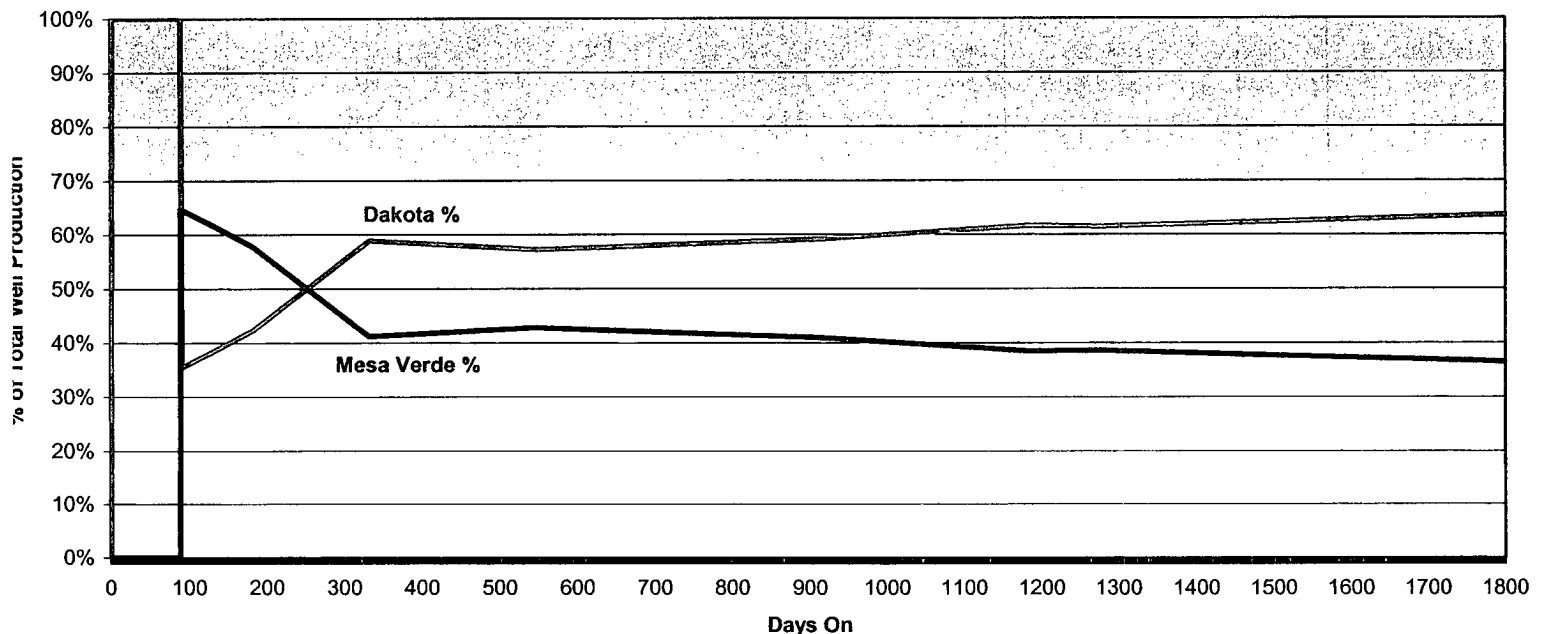


Figure 1

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 three and one half year period with a variance in cumulative normalized production of only 165 MCF.

Dakota Type Curve

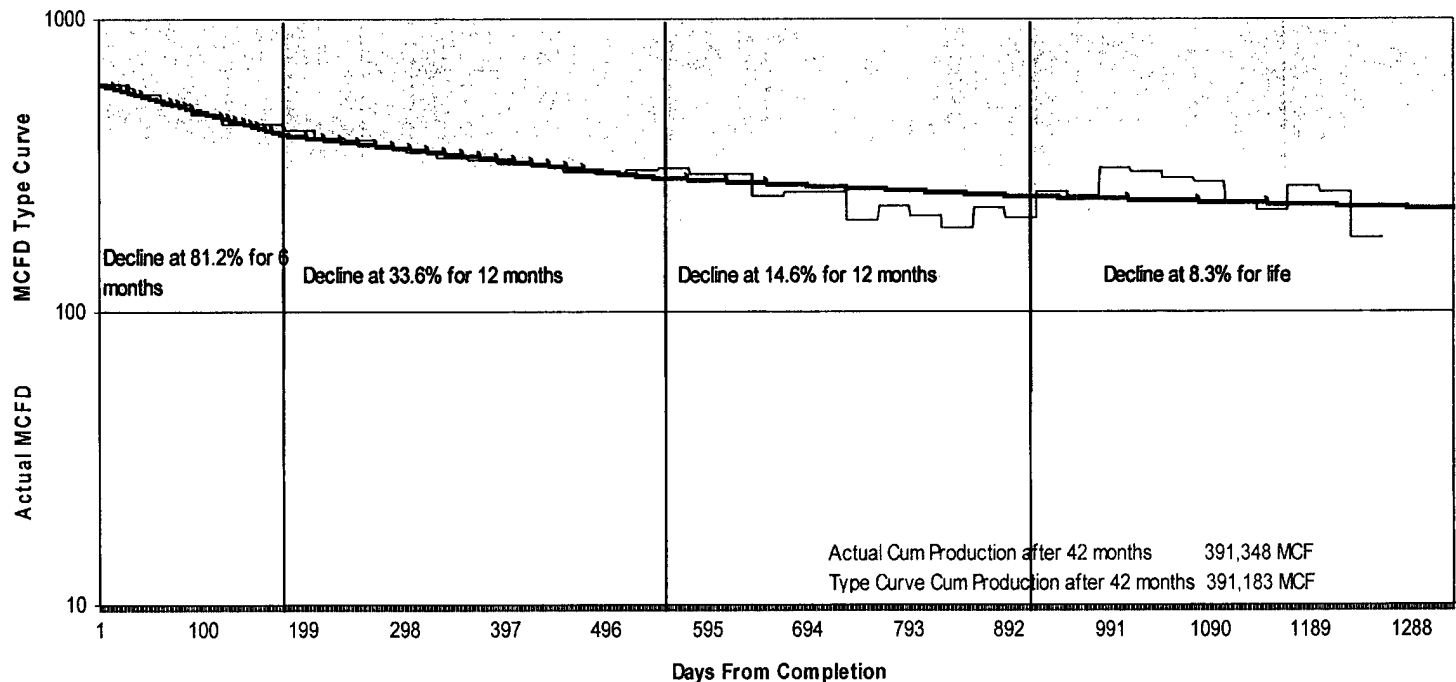
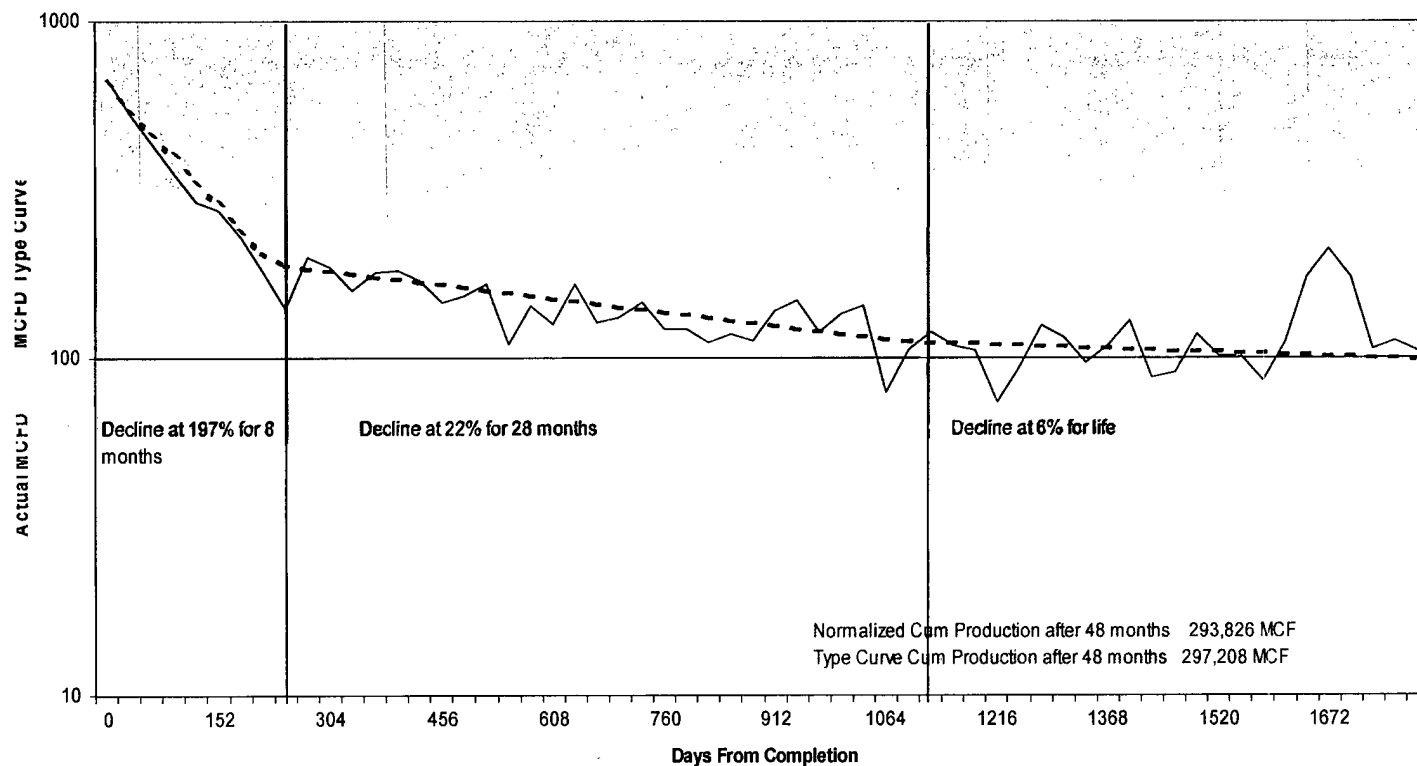


Figure 2

The Blanco – Mesa Verde type curve was generated from normalized production of 12 offsetting Blanco-Mesa Verde producers. 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 3) The curve covers a four year period with a variance in cumulative normalized production of only 3,382 MCF.

**Mesa Verde Type Curve**



**Figure 3**

**NORTHEAST BLANCO UNIT – DK 58  
WORKING INTEREST OWNERS**

BP America Production Company  
John Larson  
P.O. Box 3092  
Houston, TX 77253-3092

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

Elizabeth J. Turner Calloway  
4801 St. Johns Drive  
Dallas, TX 75205

Castle, Inc.  
502 Keystone Drive  
Warrendale, PA 15086

ConocoPhillips Company  
Todd L. Thornburgh  
P.O. Box 2197  
Houston, TX 77252-2197

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

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

Frank C. Davis, III  
3219 Bryn Mawr  
Dallas, TX 75225

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

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



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

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 & Gas LLC  
P.O. Drawer 1087  
Norman, OK 73070-1087

James Glenn Turner, Jr.  
Two Turtle Creek Village  
3838 Oak Lawn, Suite 1450  
Dallas, TX 75219

Mary F. Turner, Jr. Rev Trust, Agmt. 6743  
JPMorgan Chase Bank, N.A., Trustee  
P. O. Box 660197  
Dallas, TX 75266-0197

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

**NOTE:**

Devon Energy, BN, and B&N Co  
REQUIRE NO NOTIFICATION; THEREFORE NOT LISTED ABOVE

**NORTHEAST BLANCO UNIT – MV 58  
WORKING INTEREST OWNERS**

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

John Larson  
BP America Production Company  
P.O. Box 3092  
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 17<sup>th</sup> Street, Suite 1800  
Denver, CO 80265

NOJV Manager  
Four Star Oil & Gas Company  
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

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2575 Sunset Drive  
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Ken McPhee  
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1600 Broadway, Suite 220  
Denver, CO 80202

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

McAfee Oil & Gas LLC  
103 W. Boyd, Suite A  
Norman, OK 73069

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

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

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