

Submit 3 Copies To Appropriate District Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., 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 and Natural Resources

Form C-103  
Revised June 10, 2003

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO. 30-045-30327
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Northeast Blanco Unit
8. Well Number 33A
9. OGRID Number 6137
10. Pool name or Wildcat Basin Dakota/Blanco Mesaverde

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator Devon Energy Production Company, L.P.	
3. Address of Operator PO Box 6459, Navajo Dam, NM 87419	
4. Well Location Unit Letter <u>C</u> : <u>1,190'</u> feet from the <u>North</u> line and <u>1,450'</u> feet from the <u>West</u> line Section <u>12</u> Township <u>31N</u> Range <u>7W</u> NMPM County <u>San Juan</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) GR 6,537'	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: Down-hole Commingle <input checked="" type="checkbox"/>	<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

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.

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

SIGNATURE M.S. Zimmerman TITLE Sr. Operations Tech DATE JUL 03 2006

Type or print name: Melisa Zimmerman E-mail address: Melisa.zimmerman@dmn.com Telephone No.: (405)552-7917

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APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE JUL 03 2006  
Conditions of approval, if any:

2

June 29, 2006

IN RE: Permit to Down hole Commingle  
NEBU #33A, API # 30-045-30327  
NE NW 1,190' FNL & 1,450' FWL  
Sec. 12, 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:

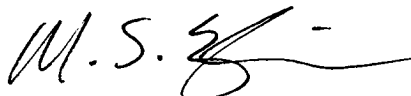
Devon Energy Production Company, L.P., in accordance with the New Mexico Oil Conservation Division Rule 303.C governing down hole commingling, wishes to notify your office of our intent to down hole commingle the Basin-Dakota and Blanco-Mesaverde pools in the above captioned well.

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 33A  
Location: NE NW, Sec. 12, 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 7,996'-8,130'. The perforated interval in the Blanco-Mesaverde pool being 4,528'-6,076'.
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.

## 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

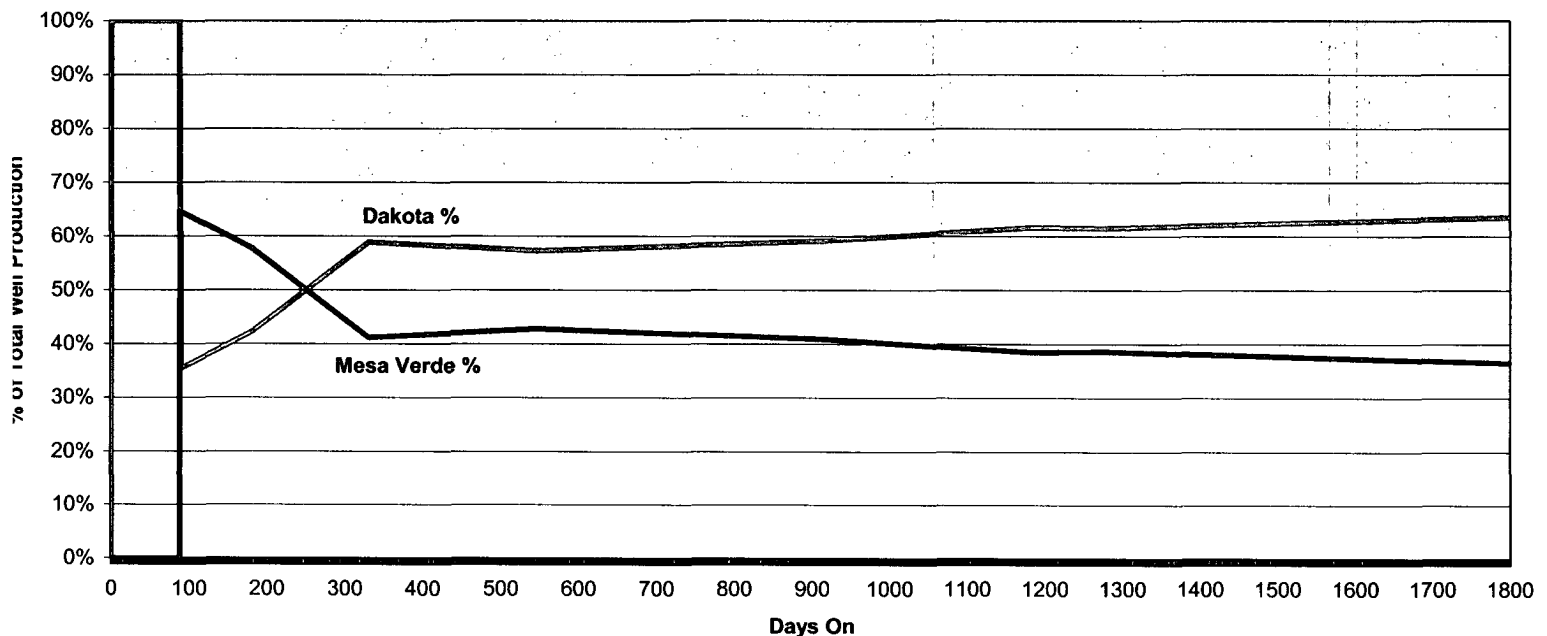


Figure 1