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

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

Form C-103
Revised June 10, 2003

WELL API NO.
30-039-29795

5. Indicate Type of Lease
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
SF 079082-A

RECEIVED 2007 AUG 13 PM 1:13

SUNDRY NOTICES AND REPORTS ON WELLS
(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.)

7. Lease Name or Unit Agreement Name
Northeast Blanco Unit

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

8. Well Number
342

2. Name of Operator
Devon Energy Production Company, L.P.

9. OGRID Number
6137

3. Address of Operator
20 N. Broadway, Oklahoma City, OK 73102

10. Pool name or Wildcat
Basin Dakota / Blanco Mesaverde

4. Well Location

Unit Letter O : 365 feet from the South line and 2,330 feet from the East line

Section 17 Township 30N Range 7W NMPM County Rio Arriba

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
GR 6,294'

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	PLUG AND ABANDONMENT	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPLETION	☐	CASING TEST AND CEMENT JOB	☐		
OTHER: Down-hole Commingle			☒	OTHER:			☐

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.

RCVD AUG 14 '07
OIL CONS. DIV.
DIST. 3

DHC 2611 AZ

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

SIGNATURE _____ TITLE Sr. Staff Operations Tech DATE 8-8-07

Type or print name: Melisa Castro E-mail address: Melisa.castro@dvn.com Telephone No.: (405)552-7917

(This space for State use)

APPPROVED BY _____ TITLE Deputy Oil & Gas Inspector, District #3 DATE AUG 15 2007

Conditions of approval, if any:

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 342
Location: SW SE, Sec. 17, T30N, R7W
Rio Arriba 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 8,487'-8,664'. The perforated interval in the Blanco-Mesaverde pool being 6,197'-6,445'.

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.

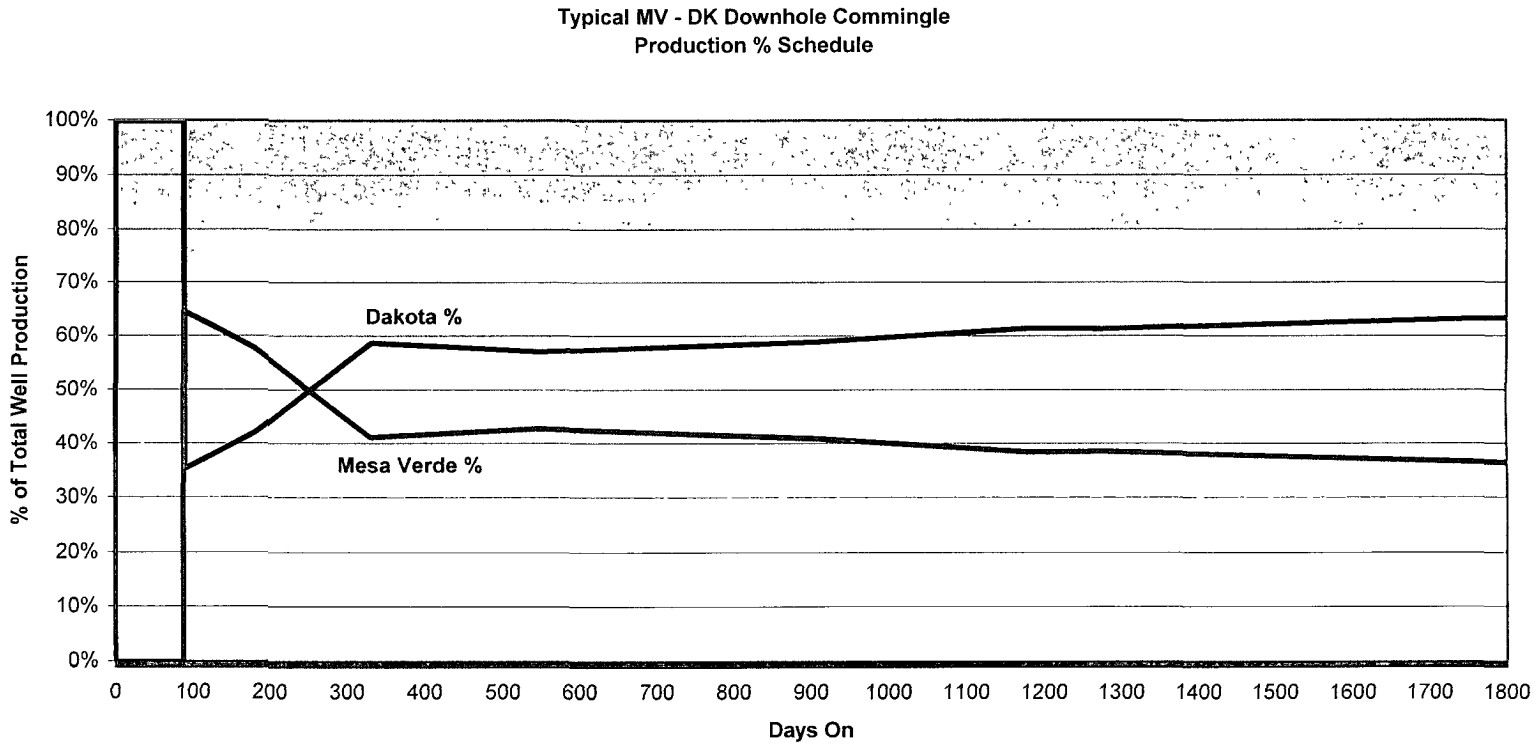

Figure 1