

12/15/03
DHC
LR 7170335147752
WVJ

devon

ENERGY CORPORATION

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

Telephone 405/228-7512
FAX 405/552-4667

December 11, 2003

Certified Mail No. 7002 2030 0001 3840 7414

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Dept.
Attn Michael Stogner
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

RECEIVED

DEC 15 2003

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: Downhole Commingling
Chase 2 State Com #2
Section 2-22S-27E SWNW
API #30-015-32766
Carlsbad; Wolfcamp East Gas and
Carlsbad; Morrow East Gas, fields
Eddy County, NM

Mr. Stogner:

Concerning the referenced, enclosed please find the Form C-103 Sundry Notice of Intent to downhole commingle and attachments (and five copies).

Please direct inquiries concerning this notice to Karen Cottom at (405) 228-7512.

Yours truly,



Karen Cottom
Engineering Tech.
DEVON ENERGY PRODUCTION COMPANY, L.P.

/kac
Enclosures

c: State Land Office w/C103 Sundry Notice of Intent & attachments.

Chase 2 State Com #2

Allocation Formula

| Well Name | Producing Formation | *Daily Production Test | % of Total Oil |
|----------------------|------------------------------------|------------------------|----------------|
| | | 3-4 month average | |
| Chase 2 State Com #2 | (74160)Carlsbad; Wolfcamp East Gas | 20 BO/ 573 MCF/ 3 BW | 100 % |
| Chase 2 State Com #2 | (73920) Carlsbad; Morrow East Gas | 0 BO/ 385 MCF/ 36 BW | 0 % |

* From attached production plots

The above production test represents stable production from a Wolfcamp producer and a Morrow producer. We believe these rates of production represent an acceptable means to allocate production. **We have previously received approval for downhole commingling in these fields utilizing a similar allocation method.**

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Artec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

Oil Conservation Division

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

APPLICATION TYPE

X Single Well

Establish Pre-Approved Pools

EXISTING WELLBORE

XYes No

APPLICATION FOR DOWNHOLE COMMINGLING

Devon Energy Production Company, L.P.
Operator

20 N. Broadway, Suite 1500, Oklahoma City, OK 73102
Address

Chase 2 State
Lease

2

Well No.

E Sec 2 T22S R27E

Unit Letter-Section-Township-Range

Eddy

County

OGRID No. 6137 Property Code 32278 API No. 30-015-32766 Lease Type: ☐ Federal ☒ State ☐ Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|---|---|-------------------|--|
| Pool Name | Carlsbad; Wolfcamp East (Gas) | | Carlsbad Morrow East (Gas) |
| Pool Code | 74160 | | 73920 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 9586' - 9842' | | 11,494' - 11,629' |
| 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) | | | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 56.0 | | 54.6 |
| Producing, Shut-In or New Zone | Producing | | SI |
| Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: 11/18/03 Rates: 20 BO 573 MCF 3 BW | Date: Rates: | Date: 9/12/03 Rates: 0 BO 385 MCF 36 BW |
| 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 100% % 59 % | Oil Gas % % | Oil Gas 0% 41 % |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

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

SIGNATURE Karen Cottom TITLE Operations Technician DATE December 11, 2003

TYPE OR PRINT NAME Karen Cottom TELEPHONE NO. (405) 228-7512

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM
87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL API NO.
30-015-32766

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
Chase 2 State Com

8. Well No.

2

9. Pool name or Wildcat
Carlsbad; Morrow & Wolfcamp
East Gas

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.)

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

2. Name of Operator
DEVON ENERGY PRODUCTION COMPANY, L. P.

3. Address of Operator
20 NORTH BROADWAY, SUITE 1500, OKLAHOMA CITY, OKLAHOMA 73102 (405) 2287512

4 Well Location
Unit Letter E 1980 Feet From The North Line and 1310 Feet From The West Line

Section 2 Township 22S Range 27E NMPM EDDY County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

3117 GR

Check Appropriate Box To Indicate Nature Of Notice, Report, Or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐
OTHER: DOWNHOLE COMMINGLE ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
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.

Devon Energy Production Company, L.P. is applying with the New Mexico Oil Conservation Division to downhole commingle the existing 73920 Carlsbad Morrow East (Gas)perf's (11,494' - 11,629') with the existing 74160 Carlsbad; Wolfcamp East (Gas) (9586' - 9842). The commingling will not reduce the value of the total remaining production. Ownership in the zones is identical.

The proposed allocations are as follows:

73920 - Carlsbad Morrow East (Gas) 0% Oil 41% MCF

74160 - Carlsbad Morrow East (Gas) 100% Oil 59% MCF

Current and proposed wellbore schematics are attached along with the allocation method and supporting data

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

SIGNATURE Karen Cottom

TITLE ENGINEERING TECHNICIAN

DATE December 11, 2003

TYPE OR PRINT NAME Karen Cottom

TELEPHONE NO. (405) 228-7512

(This space for State use)

Approved by _____ TITLE _____ DATE _____
Conditions of approval, if any:



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

December 1, 2003

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

Re: Downhole Commingling Application
Chase 2 State Com #2
Section 2-T22S-R27E
Eddy County, New Mexico

Gentlemen:

In connection with the Downhole Commingling Application submitted on behalf of Devon Energy Production Company, L.P. as operator of the referenced well, I have reviewed Devon's files and title information and find that the working interests, overriding royalty interests and royalty interests are common for each of the formations to be commingled.

If there are any questions or if additional information is required, feel to call me at (405) 552-4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

A handwritten signature in black ink, appearing to read "Ken Gray", written over the printed name and title.

Ken Gray
Senior Land Advisor

KG:
Enclosures



ENERGY CORPORATION

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

Telephone 405/228-7512
FAX 405/552-4667

December 11, 2003

Certified Mail No. 7001 1140 0000 7487 0921

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Dept.
Attn Bryan Arrant
Oil Conservation Division
1301 W Grand Ave
Artesia, NM 88210-1729

RE: Downhole Commingling
Chase 2 State Com #2
Section 2-22S-27E SWNW
API #30-015-32766
Carlsbad; Wolfcamp East Gas and
Carlsbad; Morrow East Gas, fields
Eddy County, NM

Dear Bryan;

Concerning the referenced, enclosed please find the Form C-103 Sundry Notice of Intent to downhole commingle and attachments (and five copies).

Please direct inquiries concerning this notice to Karen Cottom at (405) 228-7512.

Yours truly,

Karen Cottom
Engineering Tech.
DEVON ENERGY PRODUCTION COMPANY, L.P.

/kac
Enclosures

c: State Land Office w/C103 Sundry Notice of Intent & attachments.

Chase 2 State Com #2

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ENERGY PRODUCTION COMPANY, L.P.

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

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

December 11, 2003

Pete Martinez
State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87504-1148

Re: Chase 2 State Com #2
API #30-015-32766

Dear Mr. Martinez:

Pursuant to the State Land Office Rule Nos. 1.053, 1.054 and 1.055, you will find enclosed the \$30.00 filing fee and a copy of the commingling application for the Chase 2 State Com #2.

Should you require any additional information or assistance, please do not hesitate to contact me at (405) 228-7512.

Sincerely,

A handwritten signature in cursive script that reads "Karen Cottom".

Karen Cottom
Engineering Technician
Devon Energy Production Company, L.P.

kc
Enclosure

DEVON ENERGY PRODUCTION COMPANY, L.P. 20 N. BROADWAY
DATE 12/03/03 OKLAHOMA CITY, OK 73102-8260 PH: 405-228-4800

053657 NO. 0001322192

| YOUR REFERENCE | OUR REFERENCE | | NET AMOUNT |
|----------------|---------------|----------------------------|------------|
| CHASE2STCOM2 | 03/12/241118 | CHASE 2ST COM2 COMMINGLING | 30.00 |
| TOTAL AMOUNT | | | 30.00 |

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT. CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.

devon

DEVON ENERGY PRODUCTION COMPANY, L.P.
20 N. BROADWAY
OKLAHOMA CITY, OK 73102-8260

Bank of America
Bank of America Customer Connection
Bank of America, N.A.
Atlanta, Dekalb County, Georgia

64-1278
611

12/03/03

VENDOR NO. 053657 NO. 0001322192

Original Payee: STATE OF NEW MEXICO

PAY TO THE ORDER OF
ONLY THREE ZERO CTSCTS

PAY THIS AMOUNT
*****\$30.00

PAY
TO THE
ORDER
OF

STATE OF NEW MEXICO
COMMISSIONER OF PUBLIC LANDS
P O BOX 1148
SANTA FE NM 87504 1148

VOID AFTER 90 DAYS

VOID OVER \$30.00

Offey A. Ato
AUTHORIZED SIGNATURE

THE ORIGINAL DOCUMENT HAS A WHITE REFLECTIVE WATERMARK ON THE BACK. HOLD AT AN ANGLE TO SEE THE MARK WHEN CHECKING THE ENDORSEMENTS.

0001322192 061112788 329 995 9892

053657

devon

DEVON ENERGY PRODUCTION COMPANY, L.P.
20 N. BROADWAY
OKLAHOMA CITY, OK 73102-8260

STATE OF NEW MEXICO
COMMISSIONER OF PUBLIC LANDS
P O BOX 1148
SANTA FE NM 87504 1148

Devon Energy Production Co. L.P.
Chase 2 State Com #2
API: 30-015-32766

Morrow Interval Test
Vented to Atmosphere

| Date | OIL BPD | GAS MCFD | WATER BPD | COMMENTS |
|---------|------------|-------------|--------------|----------------------|
| 8/30/03 | | | 148 | Clean up. Load water |
| 8/31/03 | | | 51 | Clean up. Load water |
| 9/1/03 | | 375 | 27 | Clean up. Load water |
| 9/2/03 | | 375 | 26 | Clean up. Load water |
| 9/3/03 | | | | SI BHP TEST |
| 9/4/03 | | | | SI BHP TEST |
| 9/5/03 | | | | SI BHP TEST |
| 9/6/03 | | | | SI BHP TEST |
| 9/9/03 | 0 | 230 | 4 | |
| 9/12/03 | 0 | 385 | 36 | |
| Average | 0 | 308 | 20 | |

Wolfcamp Interval Test
Production to Sales

| Date | OIL BPD | GAS MCFD | WATER BPD | COMMENTS |
|----------|------------|-------------|--------------|----------|
| 11/11/03 | 11 | 237 | 0 | |
| 11/12/03 | 11 | 368 | 0 | |
| 11/13/03 | 11 | 269 | 0 | |
| 11/14/03 | 6 | 455 | 11 | |
| 11/15/03 | 17 | 362 | 2 | |
| 11/16/03 | 14 | 351 | 0 | |
| 11/17/03 | 11 | 669 | 19 | |
| 11/18/03 | 20 | 573 | 3 | |
| 11/19/03 | 17 | 535 | 3 | |
| 11/20/03 | 22 | 516 | 3 | |
| 11/21/03 | 28 | 486 | 5 | |
| 11/22/03 | 17 | 473 | 1 | |
| Average | 15 | 441 | 4 | |

| | OIL BPD | GAS MCFD | WATER BPD |
|---------------------|------------|-------------|--------------|
| Combined Production | 15 | 749 | 24 |

| | | | |
|-------------------|------|-----|-----|
| Morrow Interval | 0% | 41% | 84% |
| Wolfcamp Interval | 100% | 59% | 16% |

Operator: **Devon Energy Production Co. L.P.**
Location: **Eddy County, NM**
Sec 2, T22S, R27E

WELL: **Chase 2 State Com 2**
API #: **30-015-32766**

CURRENT ☒
PROPOSED ☐

Elevation: 3117' GR

Spud Date: 6/17/2003

13-3/8", 48#, H40, ST&C @ 457'

17-1/2" hole

Cemented w/ 400 sks

9-5/8", 36#, J55, ST&C @ 2025'

12-1/4" hole

Cmt'd w/ 710 sks

DV Tool @ 8504'

2-3/8" Production Tubing

Packer @ 9526'

WOLFCAMP Perf'd_11/7/03

9586' - 91'; 9632' - 34';

9646' - 48'; 9652'-54'; 9657'-59'

9675'-77'; 9683'-84'; 9732'-34'

2 sx sand on top

RBP @ 9775' (11/7/03)

Short String Production

WOLFCAMP Perf'd_10/23/03

9802' - 9814'

9836' - 9842'

Arrow Set Packer @ 11475' (Set 10/23/03)

1.80" F Nipple

Long String Production

MORROW Perf'd_10/22/03

11494' - 11500'

DB Packer @ 11,550' (Set 8/16/03)

1.81" F Nipple

1.78" F Nipple

Long String Production

MORROW Cmpl_9/8/03

11608' - 11610'

11624' - 11628' 422 Mcf, 0 bo, 22 bw, 500 TP

PBTD @ 11645' (8/30/03)

2 Sx Class H on top 20/40 sand

20/40 sand F/11703' - 12003'

MORROW

11724' - 11734'

7", 26#, P110, & 23# L80, ST&C @ 12100'

8-3/4" hole

Cmt'd w/ 2140 sks

TD @ 12,100' (7/22/03)

R. Slack 11/25/03

Operator: **Devon Energy Production Co. L.P.**
Location: **Eddy County, NM**
Sec 2, T22S, R27E

WELL: **Chase 2 State Com 2**
API #: **30-015-32766**

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MORROW Cmpl_9/8/03

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MORROW

11724' - 11734'

7", 26#, P110, & 23# L80, ST&C @ 12100'

8-3/4" hole

Cmt'd w/ 2140 sks

Proposed: 2-3/8" Production Tubing
(Open ended to +/- 11,425')

Arrow Set Packer @ 11475' (Set 10/23/03)

1.80" F Nipple

DB Packer @ 11,550' (Set 8/16/03)

1.81" F Nipple

1.78" F Nipple

PBTD @ 11645' (8/30/03)

2 Sx Class H on top 20/40 sand

20/40 sand F/11703' - 12003'

TD @ 12,100' (7/22/03)

R. Slack 11/25/03