

13-560

Form 3160-3
(March 2012)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OGD-Artesia
RECEIVED
JAN 21 2014
NMOCD ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. Burton Flat Deep Unit, NM 70798X
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other SWD <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Burton Flat Deep Unit SWD #2 <40340>
2. Name of Operator Devon Energy Production Company, L.P. <6137>		9. API Well No. 30-015-41982
3a. Address 333 W. Sheridan Ave. Oklahoma City, OK 73102	3b. Phone No. (include area code) 405-228-4248	10. Field and Pool, or Exploratory SWD; Devonian <96101>
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 330' FSL & 2360' FEL, Sec 27, T20S-R28E, Unit O At proposed prod. zone same		11. Sec., T. R. M. or Blk. and Survey or Area Sec 27, T20S-R28E
14. Distance in miles and direction from nearest town or post office* Approximately 6 miles north of Carlsbad, NM		12. County or Parish Eddy
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'		13. State NM
16. No. of acres in lease 240 520	17. Spacing Unit dedicated to this well 40	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. See attached map	19. Proposed Depth 13,500' TVD	20. BLM/BIA Bond No. on file CO-1104 & NMB-000801
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3221.3' GL	22. Approximate date work will start*	23. Estimated duration 45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature <i>Patti Riechers</i>	Name (Printed/Typed) Patti Riechers	Date 04/08/2013
Title Regulatory Specialist		
Approved by (Signature) <i>/S/ STEPHEN J. CAFFEY</i>	Name (Printed/Typed)	Date JAN 15 2014
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval 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.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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.

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin

**Approval Subject to General Requirements
& Special Stipulations Attached**

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Operators Representative:

The Devon Energy Production Company, L.P. representatives responsible for ensuring compliance of the surface use plan are listed below.

Trevor Klaassen - Operations Engineer
Devon Energy Production Company, L.P.
333 W. Sheridan
Oklahoma City, OK 73102-5010
(405) 552-5069 (office)
(405) 761-5074 (Cellular)

Don Mayberry - Superintendent
Devon Energy Production Company, L.P.
Post Office Box 250
Artesia, NM 88211-0250
(575) 748-3371 (office)
(575) 746-4945 (home)

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or Devon Energy Production Company, L.P. am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

I hereby also certify that I, or Devon Energy Production Company, L.P. have made a good faith effort to provide the surface owner with a copy of the Surface Use Plan of Operations and any Conditions of Approval that are attached to the APD.

Executed this 12th day of March, 2013.

Printed Name: Patti Riechers

Signed Name: Patti Riechers

Position Title: Regulatory Specialist

Address: 333 W. Sheridan, OKC OK 73102

Telephone: (405)-228-4248

S89°44'43"W 2648.05 FT	S89°44'18"W 2648.35 FT	17 OPERATOR CERTIFICATION
NW CORNER SEC. 27 LAT. = 32.5517890°N LONG. = 104.1741945°W NMSP EAST (FT) N = 564508.14 E = 590370.94	N Q CORNER SEC. 27 LAT. = 32.5518101°N LONG. = 104.1658003°W NMSP EAST (FT) N = 564519.91 E = 593018.96	NE CORNER SEC. 27 LAT. = 32.5518316°N LONG. = 104.1570035°W NMSP EAST (FT) N = 564532.01 E = 595667.78
<div style="display: flex; justify-content: space-between; padding: 0 10px;"> S00°24'43"W 2646.92 FT N00°23'22"E 2651.65 FT </div>		
W Q CORNER SEC. 27 LAT. = 32.5445135°N LONG. = 104.1742691°W NMSP EAST (FT) N = 561861.29 E = 590351.91	E Q CORNER SEC. 27 LAT. = 32.5445432°N LONG. = 104.1570762°W NMSP EAST (FT) N = 561880.42 E = 595649.76	
BURTON FLAT DEEP UNIT SWD #2 ELEV. = 3221.3' LAT. = 32.5381541°N (NAD83) LONG. = 104.1647951°W NMSP EAST (FT) N = 559552.23 E = 593274.93		
SW CORNER SEC. 27 LAT. = 32.5372383°N LONG. = 104.1743422°W NMSP EAST (FT) N = 559214.54 E = 590333.33	S Q CORNER SEC. 27 LAT. = 32.5372462°N LONG. = 104.1657431°W NMSP EAST (FT) N = 559221.47 E = 592982.69	SE CORNER SEC. 27 LAT. = 32.5372550°N LONG. = 104.1571470°W NMSP EAST (FT) N = 559228.96 E = 595632.32
<div style="display: flex; justify-content: space-between; padding: 0 10px;"> S00°24'08"W 2646.82 FT N00°22'37"E 2651.52 FT </div>		

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Patti Riechers 02/01/2012

Signature _____ Date _____

Patti Riechers, Regulatory Specialist

Printed Name _____

patti.riechers@dvn.com

E-mail Address _____

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 15, 2012

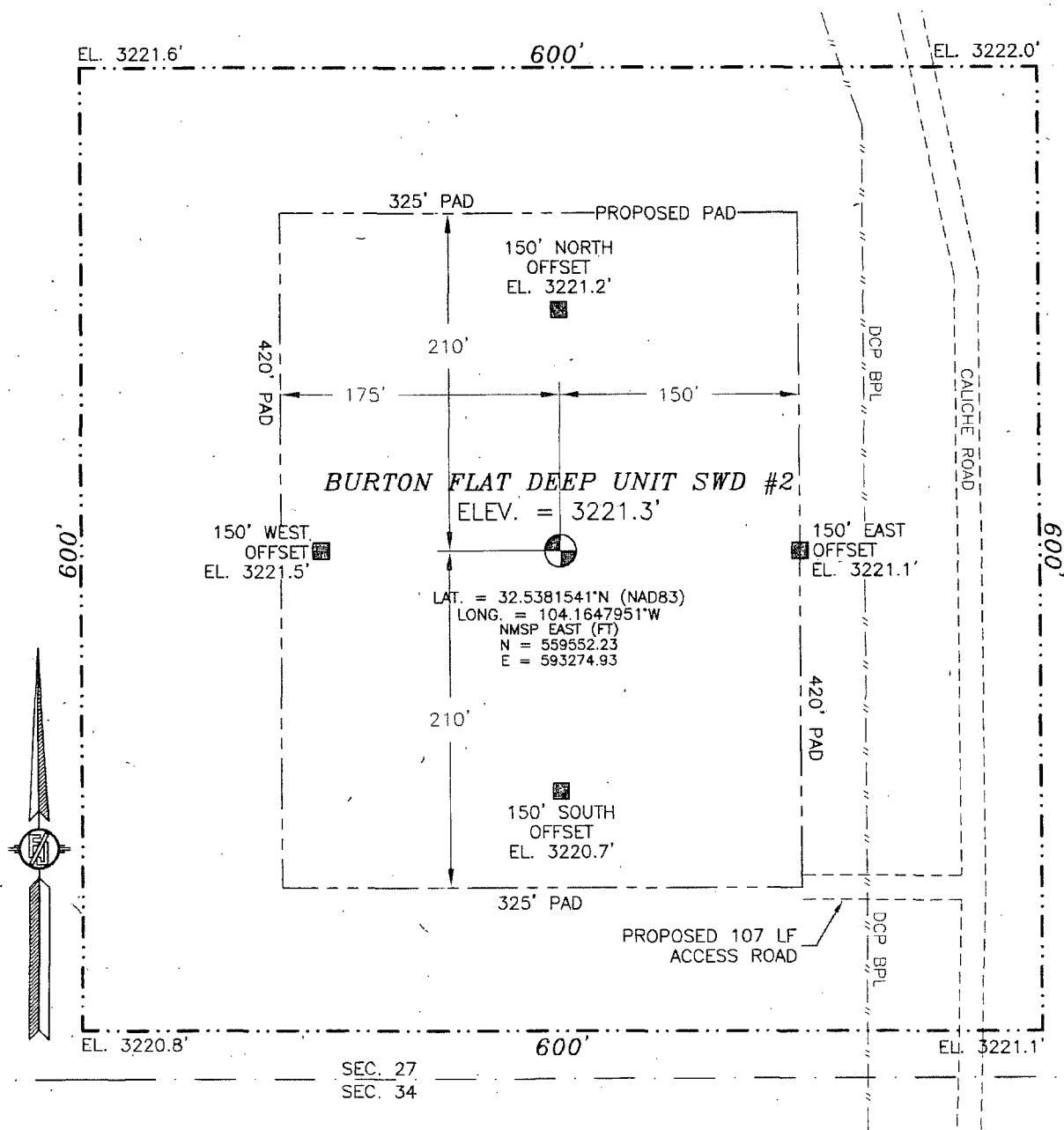
Date of Survey _____

Signature and Seal of Professional Surveyor _____

Certificate Number: FILIMON F. JARAMILLO, PLS 12797

SURVEY NO. 1318

SECTION 27, TOWNSHIP 20 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO



010 50 100 200

SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM CR 238 (BURTON FLAT ROAD) AND CR 237 (ANGEL RANCH ROAD) GO EAST-NORTHEAST ON CR 238 1.6 MILES. TURN RIGHT ON CALICHE LEASE ROAD AND GO SOUTH 2.1 MILES AND LOCATION IS ON THE RIGHT (WEST) 255 FT.

DEVON ENERGY PRODUCTION COMPANY, L.P.
BURTON FLAT DEEP UNIT SWD #2
LOCATED 330 FT. FROM THE SOUTH LINE
AND 2360 FT. FROM THE EAST LINE OF
SECTION 27, TOWNSHIP 20 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

OCTOBER 15, 2012

SURVEY NO. 1318

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

BURTON FLAT DEEP
UNIT SWD #2

PROPOSED 107 LF
ACCESS RD.

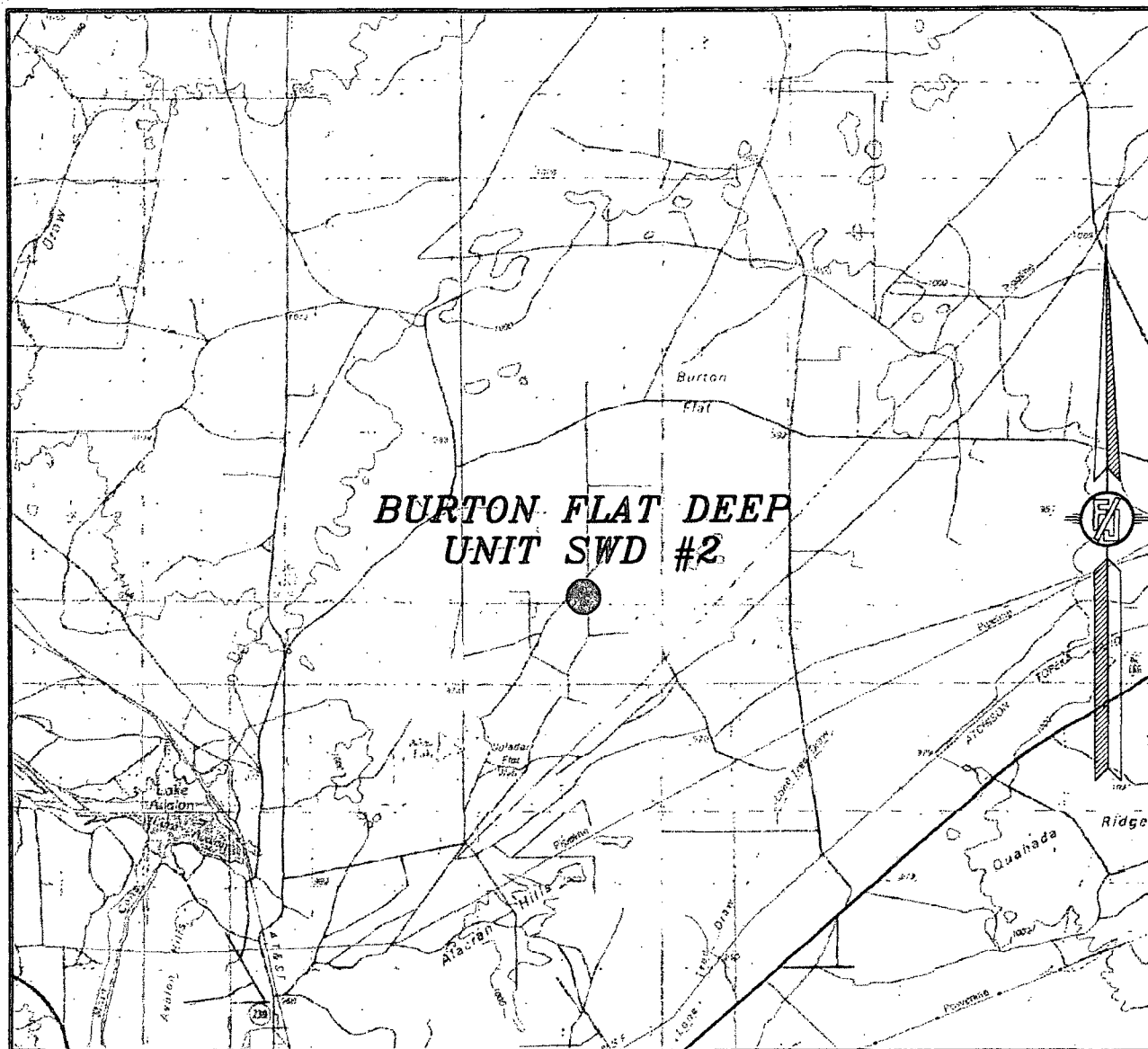
The map displays a topographic representation of the Burton Flat Deep Unit SWD #2. It features a grid of survey points labeled with numbers and letters (e.g., 3212T, 3229T, 3226T, 3219T, 3217T, 3218T, 3215, 3213, 3210, 3208T, 3204T, 3198, 3195T, 3193T, 3200T, 3202, 3204, 3205, 3206T, 3209T, 3212T, 3217T, 3223T, 3225T, 3226T, 3228T, 3232T, 3234T, 3235, 3237, 3239T, 3240T, 3241T, 3242T, 3243T, 3244T, 3245T, 3246T, 3247T, 3248T, 3249T, 3250T, 3251T, 3252T, 3253T, 3254T, 3255T, 3256T, 3257T, 3258T, 3259T, 3260T, 3261T, 3262T, 3263T, 3264T, 3265T, 3266T, 3267T, 3268T, 3269T, 3270T, 3271T, 3272T, 3273T, 3274T, 3275T, 3276T, 3277T, 3278T, 3279T, 3280T, 3281T, 3282T, 3283T, 3284T, 3285T, 3286T, 3287T, 3288T, 3289T, 3290T, 3291T, 3292T, 3293T, 3294T, 3295T, 3296T, 3297T, 3298T, 3299T, 3300T, 3301T, 3302T, 3303T, 3304T, 3305T, 3306T, 3307T, 3308T, 3309T, 3310T, 3311T, 3312T, 3313T, 3314T, 3315T, 3316T, 3317T, 3318T, 3319T, 3320T, 3321T, 3322T, 3323T, 3324T, 3325T, 3326T, 3327T, 3328T, 3329T, 3330T, 3331T, 3332T, 3333T, 3334T, 3335T, 3336T, 3337T, 3338T, 3339T, 3340T, 3341T, 3342T, 3343T, 3344T, 3345T, 3346T, 3347T, 3348T, 3349T, 3350T, 3351T, 3352T, 3353T, 3354T, 3355T, 3356T, 3357T, 3358T, 3359T, 3360T, 3361T, 3362T, 3363T, 3364T, 3365T, 3366T, 3367T, 3368T, 3369T, 3370T, 3371T, 3372T, 3373T, 3374T, 3375T, 3376T, 3377T, 3378T, 3379T, 3380T, 3381T, 3382T, 3383T, 3384T, 3385T, 3386T, 3387T, 3388T, 3389T, 3390T, 3391T, 3392T, 3393T, 3394T, 3395T, 3396T, 3397T, 3398T, 3399T, 3400T, 3401T, 3402T, 3403T, 3404T, 3405T, 3406T, 3407T, 3408T, 3409T, 3410T, 3411T, 3412T, 3413T, 3414T, 3415T, 3416T, 3417T, 3418T, 3419T, 3420T, 3421T, 3422T, 3423T, 3424T, 3425T, 3426T, 3427T, 3428T, 3429T, 3430T, 3431T, 3432T, 3433T, 3434T, 3435T, 3436T, 3437T, 3438T, 3439T, 3440T, 3441T, 3442T, 3443T, 3444T, 3445T, 3446T, 3447T, 3448T, 3449T, 3450T, 3451T, 3452T, 3453T, 3454T, 3455T, 3456T, 3457T, 3458T, 3459T, 3460T, 3461T, 3462T, 3463T, 3464T, 3465T, 3466T, 3467T, 3468T, 3469T, 3470T, 3471T, 3472T, 3473T, 3474T, 3475T, 3476T, 3477T, 3478T, 3479T, 3480T, 3481T, 3482T, 3483T, 3484T, 3485T, 3486T, 3487T, 3488T, 3489T, 3490T, 3491T, 3492T, 3493T, 3494T, 3495T, 3496T, 3497T, 3498T, 3499T, 3500T, 3501T, 3502T, 3503T, 3504T, 3505T, 3506T, 3507T, 3508T, 3509T, 3510T, 3511T, 3512T, 3513T, 3514T, 3515T, 3516T, 3517T, 3518T, 3519T, 3520T, 3521T, 3522T, 3523T, 3524T, 3525T, 3526T, 3527T, 3528T, 3529T, 3530T, 3531T, 3532T, 3533T, 3534T, 3535T, 3536T, 3537T, 3538T, 3539T, 3540T, 3541T, 3542T, 3543T, 3544T, 3545T, 3546T, 3547T, 3548T, 3549T, 3550T, 3551T, 3552T, 3553T, 3554T, 3555T, 3556T, 3557T, 3558T, 3559T, 3560T, 3561T, 3562T, 3563T, 3564T, 3565T, 3566T, 3567T, 3568T, 3569T, 3570T, 3571T, 3572T, 3573T, 3574T, 3575T, 3576T, 3577T, 3578T, 3579T, 3580T, 3581T, 3582T, 3583T, 3584T, 3585T, 3586T, 3587T, 3588T, 3589T, 3590T, 3591T, 3592T, 3593T, 3594T, 3595T, 3596T, 3597T, 3598T, 3599T, 3600T, 3601T, 3602T, 3603T, 3604T, 3605T, 3606T, 3607T, 3608T, 3609T, 3610T, 3611T, 3612T, 3613T, 3614T, 3615T, 3616T, 3617T, 3618T, 3619T, 3620T, 3621T, 3622T, 3623T, 3624T, 3625T, 3626T, 3627T, 3628T, 3629T, 3630T, 3631T, 3632T, 3633T, 3634T, 3635T, 3636T, 3637T, 3638T, 3639T, 3640T, 3641T, 3642T, 3643T, 3644T, 3645T, 3646T, 3647T, 3648T, 3649T, 3650T, 3651T, 3652T, 3653T, 3654T, 3655T, 3656T, 3657T, 3658T, 3659T, 3660T, 3661T, 3662T, 3663T, 3664T, 3665T, 3666T, 3667T, 3668T, 3669T, 3670T, 3671T, 3672T, 3673T, 3674T, 3675T, 3676T, 3677T, 3678T, 3679T, 3680T, 3681T, 3682T, 3683T, 3684T, 3685T, 3686T, 3687T, 3688T, 3689T, 3690T, 3691T, 3692T, 3693T, 3694T, 3695T, 3696T, 3697T, 3698T, 3699T, 3700T, 3701T, 3702T, 3703T, 3704T, 3705T, 3706T, 3707T, 3708T, 3709T, 3710T, 3711T, 3712T, 3713T, 3714T, 3715T, 3716T, 3717T, 3718T, 3719T, 3720T, 3721T, 3722T, 3723T, 3724T, 3725T, 3726T, 3727T, 3728T, 3729T, 3730T, 3731T, 3732T, 3733T, 3734T, 3735T, 3736T, 3737T, 3738T, 3739T, 3740T, 3741T, 3742T, 3743T, 3744T, 3745T, 3746T, 3747T, 3748T, 3749T, 3750T, 3751T, 3752T, 3753T, 3754T, 3755T, 3756T, 3757T, 3758T, 3759T, 3760T, 3761T, 3762T, 3763T, 3764T, 3765T, 3766T, 3767T, 3768T, 3769T, 3770T, 3771T, 3772T, 3773T, 3774T, 3775T, 3776T, 3777T, 3778T

NOT TO SCALE

OCTOBER 15, 2012

MADRON SURVEYING, INC. 301 SOUTH CANAL
(575) 234-3341 **CARLSBAD, NEW MEXICO**

SECTION 27, TOWNSHIP 20 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
VICINITY MAP



NOT TO SCALE

DEVON ENERGY PRODUCTION COMPANY, L.P.
BURTON FLAT DEEP UNIT SWD #2
LOCATED 330 FT. FROM THE SOUTH LINE
AND 2360 FT. FROM THE EAST LINE OF
SECTION 27, TOWNSHIP 20 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

OCTOBER 15, 2012

SURVEY NO. 1318

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
(575) 234-3341

SECTION 27, TOWNSHIP 20 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
AERIAL PHOTO



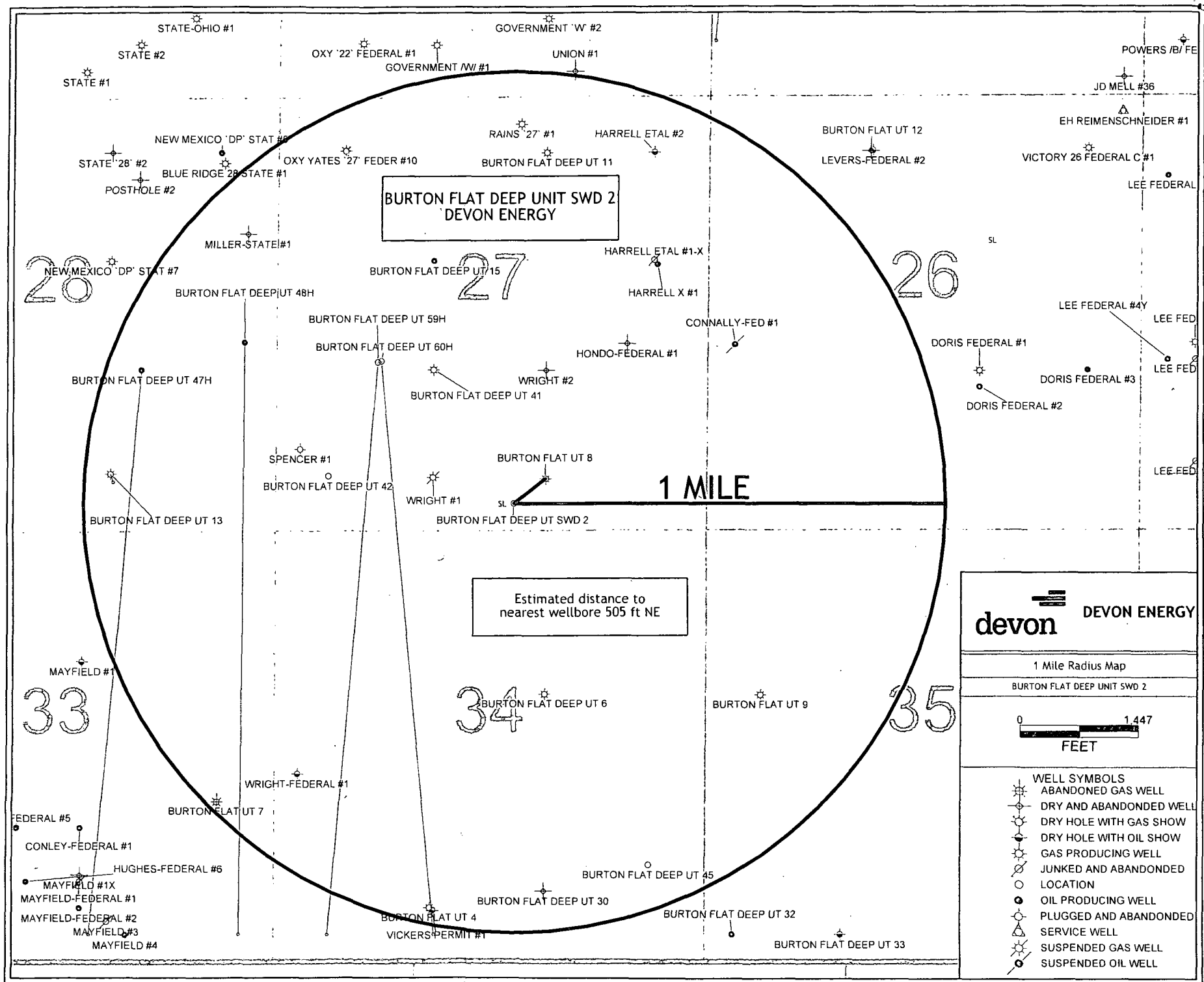
NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
JUNE 2011

DEVON ENERGY PRODUCTION COMPANY, L.P.
BURTON FLAT DEEP UNIT SWD #2
LOCATED 330 FT. FROM THE SOUTH LINE
AND 2360 FT. FROM THE EAST LINE OF
SECTION 27, TOWNSHIP 20 SOUTH,
RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

OCTOBER 15, 2012

SURVEY NO. 1318

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO
(575) 234-3341



DRILLING PROGRAM

Devon Energy Production Company, LP
Burton Flat Deep Unit SWD #2

Surface Location: 330' FSL & 2360' FEL, Unit O, Sec 27 T20S R28E, Eddy, NM

1. **Geologic Name of Surface Formation**

a. Quaternary

2. **Estimated Tops of Geological Markers & Depths of Anticipated Fresh Water, Oil or Gas:**

a. Rustler	Surface	
b. Fresh Water	50'	
c. Top of Salt	282'	barren
d. Base of Salt	446'	barren
e. Tansil	567'	barren
f. *Yates	698'	oil
g. Seven Rivers	810'	oil
h. Capitan	966'	barren
i. Capitan Base	2486'	barren
j. Delaware	2992'	oil
k. Lower Brushy Canyon	5270'	oil
l. 1 st Bone Spring Lime	5276'	oil
m. Wolfcamp	8831'	gas
n. Strawn	10024'	gas
o. Atoka	10468'	gas
p. Morrow	10935'	gas
q. Lower Morrow	11183'	gas
r. Mississippian	11373'	barren
s. Woodford	11614'	barren
t. Devonian/Silurian/Ordovician	11700'	barren

Total Depth (Ellenburger) 13,500' MD 13,500' TVD

***Note: There is Yates production in the Saladar Field 1.4 miles southwest of the planned Burton Flat Deep Unit SWD #2 surface hole location.**

Burton Flat Deep SWD #2-APD DRILLING PLAN

01-02-2013 KKS

02-06-2013 Revised TD & updated design factor

3-13-2013 Revised open hole diameter to 6-1/8"

6-25-13 Revised BOP rating 3M to 5M. Added casing string diameters in Pressure Control Equipment for drilling out shoe.

12-03-13 revised 1st intermediate casing point from 500' to 972' and related cement volume

1-9-2014 Revised 7" liner to 7" casing, design factors, & cement volumes

Casing Program

See COA

<u>Hole Size</u>	<u>Hole Interval</u>	<u>OD Csg</u>	<u>Casing Interval</u>	<u>Weight</u>	<u>Collar</u>	<u>Grade</u>
26"	0 - 250'	20"	0 - 250'	94#	STC	J-55
17-1/2"	250 - 972'	13-3/8"	0 - 972'	48#	STC	H-40
12-1/4"	972 - 2,500'	9-5/8"	0 - 2,500'	40#	LTC	J-55
8-3/4"	2,500 - 11,700'	7"	0 - 11,700'	29#	LTC	P-110
6-1/8"	11,700-13,500'	OH	OH	OH	OH	OH

Note: This will be an open hole completion, thus the hole interval is deeper than the 7" production casing depth.

<u>Casing Size</u>	<u>Collapse Design Factor</u>	<u>Burst Design Factor</u>	<u>Tension Design Factor</u>
20" 94# J-55 STC	4.44	18.03	6.30
13-3/8" 40# HCK-55 LTC	1.56	1.30	3.03
9-5/8" 40# J-55 LTC	1.80	2.76	4.73
7" 29# P-110 LTC	1.39	1.84	2.66

All casing is new and API approved.

Mud Program:

See COA

<u>Depth</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>Fluid Loss</u>	<u>Type System</u>
0 - 250'	8.4 - 9.0	30 - 34	N/C	FW
250 - 972'	9.8 - 10.0	28 - 32	N/C	Brine
972 - 2,500'	8.4 - 9.0	28 - 30	N/C	FW
2,500 - 13,500'	9.8 - 10.0	28 - 32	N/C-12	Brine

Pressure Control Equipment:

The BOP system used to drill the 17-1/2" hole will consist of a 20" 2M Annular preventer. The BOP system will be tested as per BLM Onshore Oil and Gas Order No. 2 as a 2M system prior to drilling out the 20" surface casing shoe.

The BOP system used to drill the 12-1/4", 8-3/4", and 6-1/8" holes will consist of a 13-5/8" 5M Double Ram and 5M Annular preventer. The BOP system will be tested as per BLM Onshore Oil and Gas Order No. 2 as a 5M system prior to drilling out 1st intermediate 13-3/8" casing shoe.

The pipe rams will be operated and checked as per Onshore Order No 2. A 2" kill line and 3" choke line will be incorporated into the drilling spool below the ram BOP. In addition to the rams and annular preventer, additional BOP accessories include a kelly cock, floor safety valve, choke lines, and choke manifold rated at 5,000 psi WP.

Devon requests a variance to use a flexible line with flanged ends between the BOP and the choke manifold (choke line). The line will be kept as straight as possible with minimal turns.

See COA

Cementing Program (cement volumes based on at least 150% Surface, 50% for Intermediates and 25% excess 7" Production.)

20" Surface	Tail: 760 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.125 #/sk Poly-E-Flake @ 14.8ppg. Yield: 1.35 cf/sk TOC @ surface
13-3/8" 1 st intermediate	Lead: 340 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.125 lbs/sack Poly-E-Flake + 4% bwoc Bentonite + 70.1% Fresh Water, 13.5 ppg Yield: 1.75 cf/sk TOC @ surface Tail: 350 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.125 lbs/sack Poly-E-Flake + 63.1% Fresh Water, 14.8 ppg Yield: 1.35 cf/sk
9-5/8" 2 nd Intermediate	Lead: 340 sacks (65:35) Class C Cement: Poz (Fly Ash): + 5% bwoc Sodium Chloride + 0.125 lbs/sack Poly-E-Flake + 6% bwoc Bentonite + 70.9% Fresh Water, 12.9 ppg Yield: 1.85 cf/sk TOC @ surface Tail: 370 sacks Class C Cement + 0.125 lbs/sack Poly-E-Flake + 63.5% Water, 14.8 ppg Yield: 1.33 cf/sk
7" Production	Lead: 780 sacks (65:35) Class H Cement: Poz (Fly Ash) + 6% bwoc Bentonite + 0.2% bwoc HR-601 + 74.1% Fresh Water, 12.5 ppg Yield: 1.96 cf/sk TOC @ 2200 ft — <i>min. 50' above Cap, tan Reef top</i> Tail: 240 sacks (50:50) Class H Cement: Poz (Fly Ash) + 1 lb/sk Sodium Chloride + 0.5% bwoc HALAD-344 + 0.4% bwoc CFR-3 + 0.1% bwoc HR-601 + 2% bwoc Bentonite + 58.8% Fresh Water, 14.5 ppg Yield: 1.22 cf/sk

TOC for All Strings:

20" Surface:	0ft (250ft of Tail Cement)
13-3/8" 1 st Intermediate:	0ft (572ft of Lead & 400ft of Tail Cement)
9-5/8" 2 nd Intermediate:	0ft (1500ft of Lead & 1000ft of Tail Cement)
7" Production:	2000 ft (8200ft of Lead & 1500ft of Tail Cement)

ACTUAL CEMENT VOLUMES WILL BE ADJUSTED BASED ON FLUID CALIPER AND CALIPER LOG DATA.

7. Auxiliary Well Control and Monitoring Equipment:

- Self*
Cost
- a. A Kelly cock will be in the drill string at all times.
 - b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
 - c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 1/2" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

8. Logging, Coring, and Testing Program:

- a. Drill stem tests will be based on geological sample shows.
- b. If a drill stem test is anticipated; a procedure, equipment to be used and safety measures will be provided via sundry notice to the BLM.
- c. The open hole electrical logging program will be:
 - i. Total Depth to Intermediate Casing Dual Laterolog-Micro Laterolog with SP and Gamma Ray. Compensated Neutron – Z Density log with Gamma Ray and Caliper.
 - ii. Total Depth to Surface Compensated Neutron with Gamma Ray
 - iii. No coring program is planned
 - iv. Additional testing will be initiated subsequent to setting the 5 1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

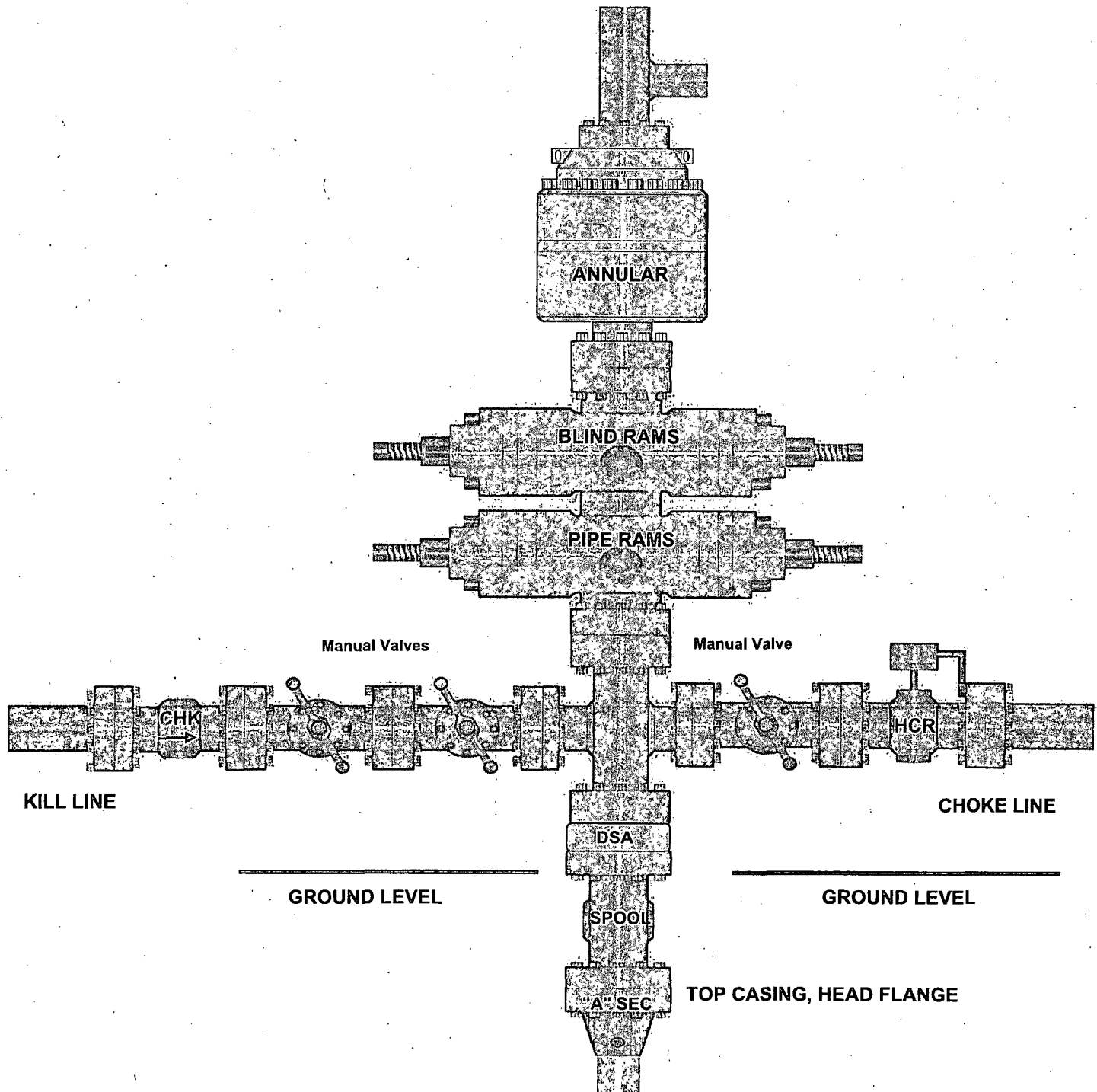
9. Potential Hazards:

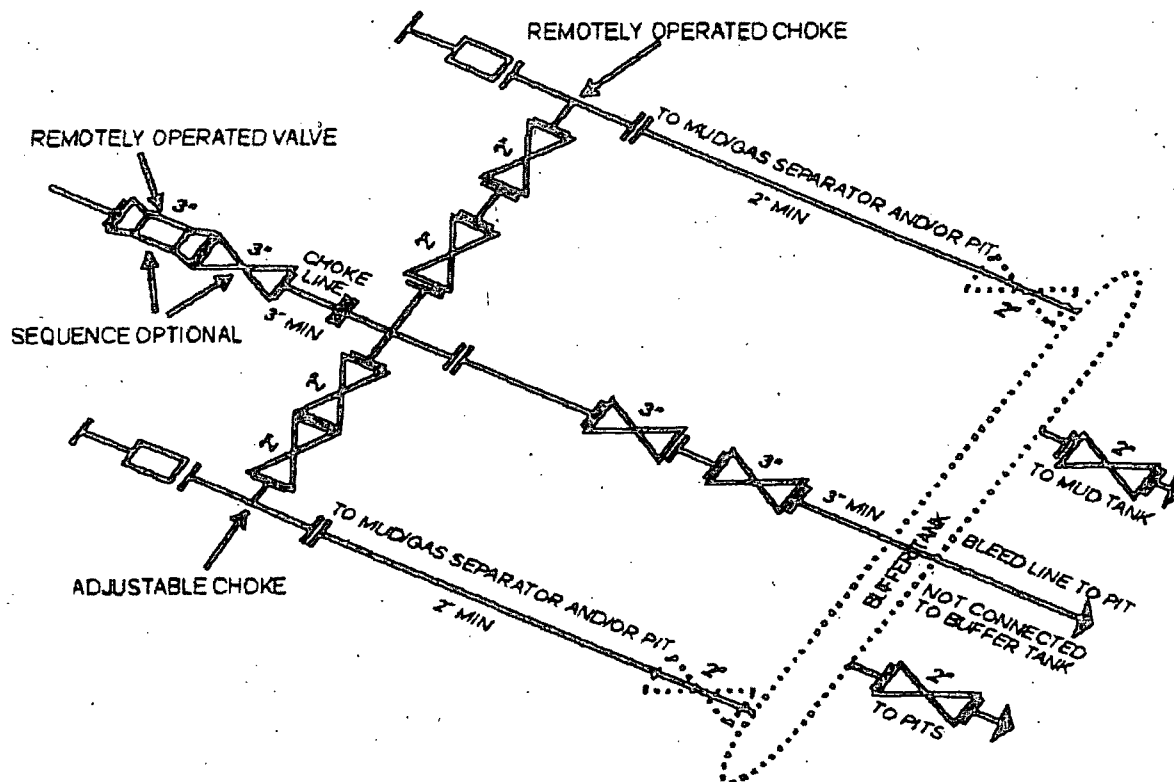
- a. No abnormal pressures or temperatures are expected. There is no known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6 No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 6,200 psi and Estimated BHT 185°. No H₂S is anticipated to be encountered.

10. Anticipated Starting Date and Duration of Operations:

- a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 32 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

13-5/8" x 5,000 psi BOP Stack





5M CHOKE MANIFOLD EQUIPMENT - CONFIGURATION OF CHOKES MAY VARY

Although not required for any of the choke manifold systems, buffer tanks are sometimes installed downstream of the choke assemblies for the purpose of manifolding the bleed lines together. When buffer tanks are employed, valves shall be installed upstream to isolate a failure or malfunction without interrupting flow control. Though not shown on 2M, 3M, 10M, OR 15M drawings, it would also be applicable to those situations.

[54 FR 39528, Sept. 27, 1989]

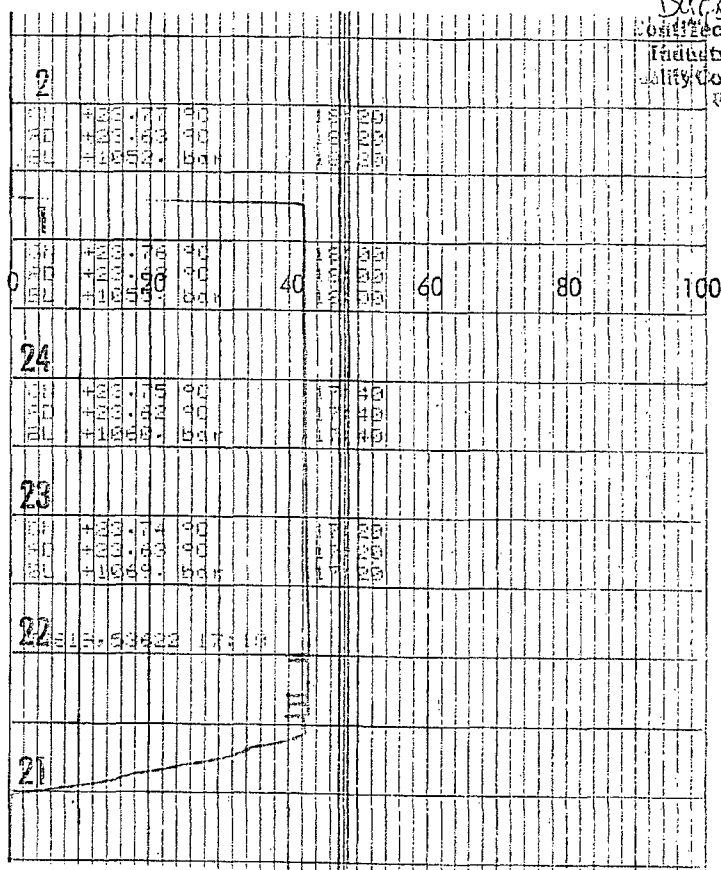
Burton Flat Deep Unit SWD #2

Surface Location: 330' FSL & 2360' FEL, Unit O, Sec 27 T20S R28E, Eddy, NM

1. Drilling nipple will be constructed so it can be removed mechanically without the aid of a welder. The minimum internal diameter will equal BOP bore.
2. Wear ring will be properly installed in head.
3. Blowout preventer and all associated fittings will be in operable condition to withstand a minimum 5000 psi working pressure.
4. All fittings will be flanged.
5. A full bore safety valve tested to a minimum 5000 psi WP with proper thread connections will be available on the rotary rig floor at all times.
6. All choke lines will be anchored to prevent movement.
7. All BOP equipment will be equal to or larger in bore than the internal diameter of the last casing string.
8. Will maintain a kelly cock attached to the kelly.
9. Hand wheels and wrenches will be properly installed and tested for safe operation.
10. Hydraulic floor control for blowout preventer will be located as near in proximity to driller's controls as possible.
11. All BOP equipment will meet API standards and include a minimum 40 gallon accumulator having two independent means of power to initiate closing operation.

QUALITY CONTROL INSPECTION AND TEST CERTIFICATE				CERT. N°: 1713	
PURCHASER: ContiTech Beattie Co.			P.O. N°: 002808		
CONTITECH ORDER N°: 426127		HOSE TYPE: 3" ID Choke and Kill Hose			
HOSE SERIAL N°: 53622		NOMINAL / ACTUAL LENGTH: 10,67 m			
W.P. 68,96 MPa	10000 psi	T.P. 103,4 MPa	15000 psi	Duration: 60 min.	
<p>Pressure test with water at ambient temperature</p> <p style="text-align: center;">See attachment. (1 page)</p> <p>↑ 10 mm = 10 Min. → 10 mm = 25 MPa</p>					
COUPLINGS Type		Serial N°		Quality	
3" coupling with		5503 2029		AISI 4130	
4 1/16" Flange end				AISI 4130	
				Heat N°	
				N1590P	
				27566	
INFOCHIP INSTALLED				API Spec 16 C Temperature rate: "B"	
All metal parts are flawless				Hose conform to NACE MR 01-75	
WE CERTIFY THAT THE ABOVE HOSE HAS BEEN MANUFACTURED IN ACCORDANCE WITH THE TERMS OF THE ORDER INSPECTED AND PRESSURE TESTED AS ABOVE WITH SATISFACTORY RESULT.					
STATEMENT OF CONFORMITY: We hereby certify that the above items/equipment supplied by us are in conformity with the terms, conditions and specifications of the above Purchaser Order and that these items/equipment were fabricated inspected and tested in accordance with the referenced standards, codes and specifications and meet the relevant acceptance criteria and design requirements.					
COUNTRY OF ORIGIN HUNGARY/EU					
Date:		Inspector		Quality Control	
25. August. 2008				ContiTech Rubber Industrial Kft. Quality Control Dept. (U)	

HARTMANN &



Back
ConTech Rubber
Industrial Kft.
Quality Control Dept.
20



Fluid Technology

ContiTech Beattie Corp.
Website: www.contitechbeattie.com

Monday, June 14, 2010

RE: Drilling & Production Hoses
Lifting & Safety Equipment

To Helmerich & Payne,

A Continental ContiTech hose assembly can perform as intended and suitable for the application regardless of whether the hose is secured or unsecured in its configuration. As a manufacturer of High Pressure Hose Assemblies for use in Drilling & Production, we do offer the corresponding lifting and safety equipment, this has the added benefit of easing the lifting and handling of each hose assembly whilst affording hose longevity by ensuring correct handling methods and procedures as well as securing the hose in the unlikely event of a failure; but in no way does the lifting and safety equipment affect the performance of the hoses providing the hoses have been handled and installed correctly. It is good practice to use lifting & safety equipment but not mandatory.

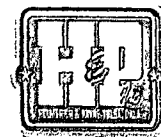
Should you have any questions or require any additional information/clarifications then please do not hesitate to contact us.

ContiTech Beattie is part of the Continental AG Corporation and can offer the full support resources associated with a global organization.

Best regards,

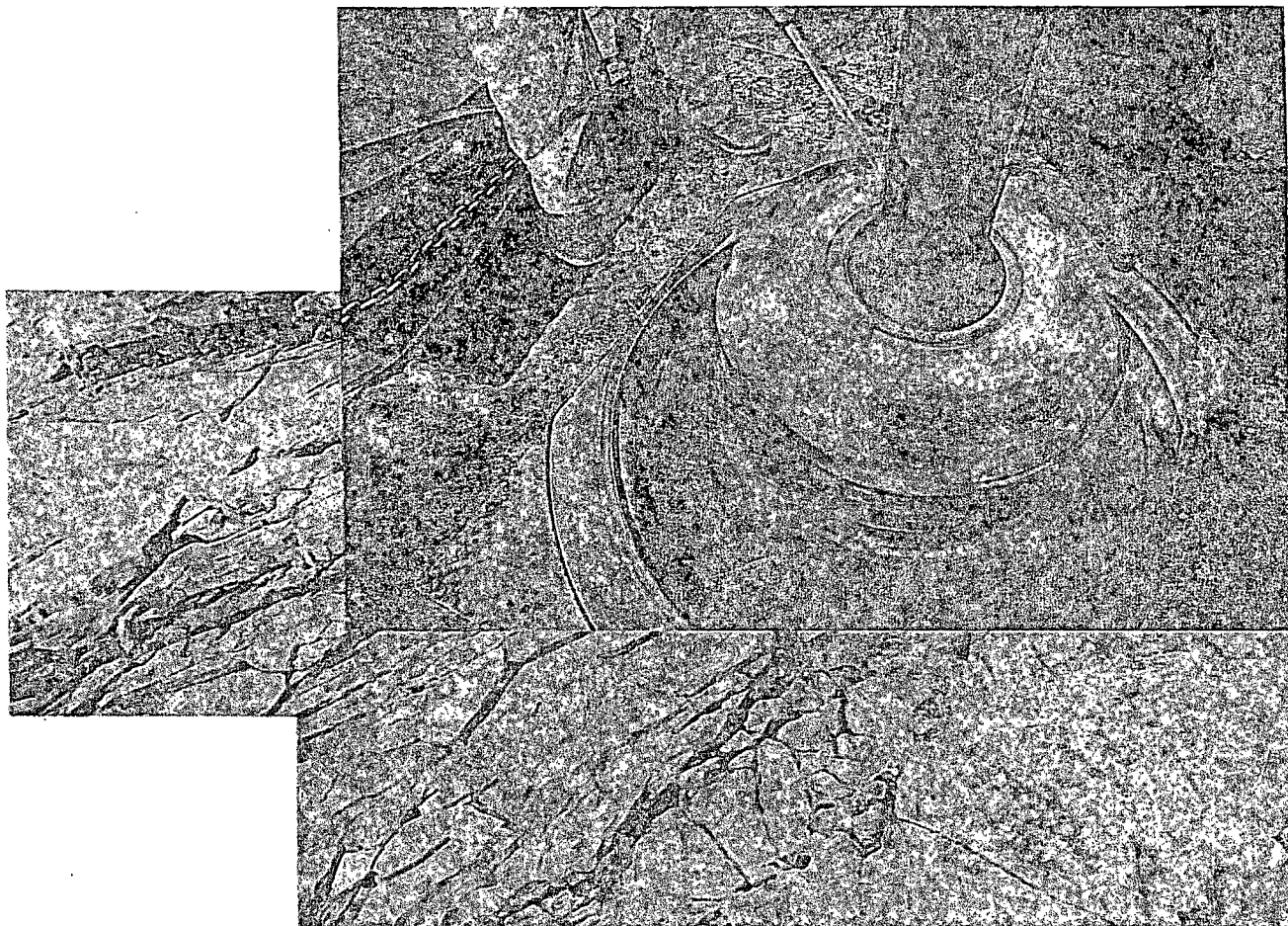
Robin Hodgson
Sales Manager
ContiTech Beattie Corp

ContiTech Beattie Corp,
11535 Brittmoore Park Drive,
Houston, TX 77041
Phone: +1 (832) 327-0141
Fax: +1 (832) 327-0148
www.contitechbeattie.com





Commitment Runs Deep



Design Plan
Operation and Maintenance Plan
Closure Plan

SENM - Closed Loop Systems
June 2010

I. Design Plan

Devon uses MI SWACO closed loop system (CLS). The MI SWACO CLS is designed to maintain drill solids at or below 5%. The equipment is arranged to progressively remove solids from the largest to the smallest size. Drilling fluids can thus be reused and savings is realized on mud and disposal costs. Dewatering may be required with the centrifuges to insure removal of ultra fine solids.

The drilling location is constructed to allow storm water to flow to a central sump normally the cellar. This insures no contamination leaves the drilling pad in the event of a spill. Storm water is reused in the mud system or stored in a reserve fluid tank farm until it can be reused. All lubricants, oils, or chemicals are removed immediately from the ground to prevent the contamination of storm water. An oil trap is normally installed on the sump if an oil spill occurs during a storm.

A tank farm is utilized to store drilling fluids including fresh water and brine fluids. The tank farm is constructed on a 20 ml plastic lined, bermed pad to prevent the contamination of the drilling site during a spill. Fluids from other sites may be stored in these tanks for processing by the solids control equipment and reused in the mud system. At the end of the well the fluids are transported from the tank farm to an adjoining well or to the next well for the rig.

Prior to installing a closed-loop system on site, the topsoil, if present, will be stripped and stockpiled for use as the final cover or fill at the time of closure.

Signs will be posted on the fence surrounding the closed-loop system unless the closed-loop system is located on a site where there is an existing well, that is operated by Devon.

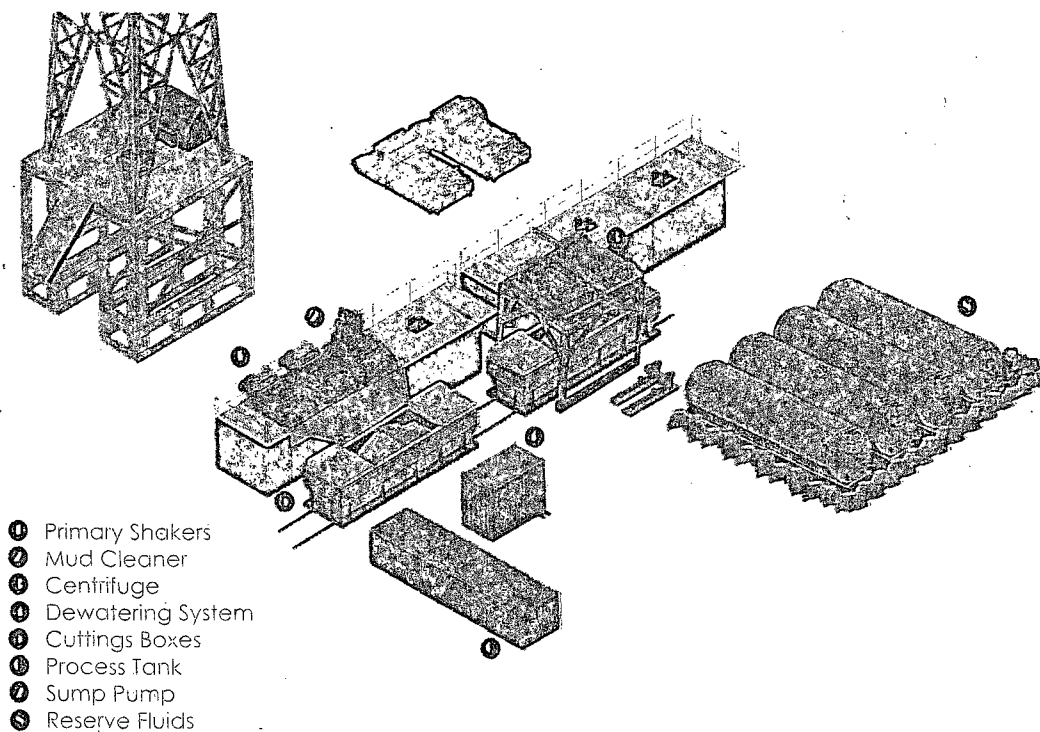
II. Operations and Maintenance Plan

Primary Shakers: The primary shakers make the first removal of drill solids from the drilling mud as it leaves the well bore. The shakers are sized to handle maximum drilling rate at optimal screen size. The shakers normally remove solids down to 74 microns.

Mud Cleaner: The Mud Cleaner cleans the fluid after it leaves the shakers. A set of hydrocyclones are sized to handle 1.25 to 1.5 times the maximum circulating rate. This ensures all the fluid is being processed to an average cut point of 25 microns. The wet discharged is dewatered on a shaker equipped with ultra fine mesh screens and generally cut at 40 microns.

devon

Closed Loop Schematic



MI SWACO

Centrifuges: The centrifuges can be one or two in number depending on the well geometry or depth of well. The centrifuges are sized to maintain low gravity solids at 5% or below. They may or may not need a dewatering system to enhance the removal rates. The centrifuges can make a cut point of 8-10 microns depending on bowl speed, feed rate, solids loading and other factors.

The centrifuge system is designed to work on the active system and be flexible to process incoming fluids from other locations. This set-up is also dependant on well factors.

Dewatering System: The dewatering system is a chemical mixing and dosing system designed to enhance the solids removal of the centrifuge. Not commonly used in shallow wells. It may contain pH adjustment, coagulant mixing and dosing, and polymer mixing and dosing. Chemical flocculation binds ultra fine solids into a mass that is within the centrifuge operating design. The

dewatering system improves the centrifuge cut point to infinity or allows for the return of clear water or brine fluid. This ability allows for the ultimate control of low gravity solids.

Cuttings Boxes: Cuttings boxes are utilized to capture drill solids that are discarded from the solids control equipment. These boxes are set upon a rail system that allows for the removal and replacement of a full box of cuttings with an empty one. They are equipped with a cover that insures no product is spilled into the environment during the transportation phase.

Process Tank: (Optional) The process tank allows for the holding and process of fluids that are being transferred into the mud system. Additionally, during times of lost circulation the process tank may hold active fluids that are removed for additional treatment. It can further be used as a mixing tank during well control conditions.

Sump and Sump Pump: The sump is used to collect storm water and the pump is used to transfer this fluid to the active system or to the tank for to hold in reserve. It can also be used to collect fluids that may escape during spills. The location contains drainage ditches that allow the location fluids to drain to the sump.

Reserve Fluids (Tank Farm): A series of frac tanks are used to replace the reserve pit. These are steel tanks that are equipped with a manifold system and a transfer pump. These tanks can contain any number of fluids used during the drilling process. These can include fresh water, cut brine, and saturated salt fluid. The fluid can be from the active well or reclaimed fluid from other locations. A 20 ml liner and berm system is employed to ensure the fluids do not migrate to the environment during a spill.

If a leak develops, the appropriate division district office will be notified within 48 hours of the discovery and the leak will be addressed. Spill prevention is accomplished by maintaining pump packing, hoses, and pipe fittings to insure no leaks are occurring. During an upset condition the source of the spill is isolated and repaired as soon as it is discovered. Free liquid is removed by a diaphragm pump and returned to the mud system. Loose topsoil may be used to stabilize the spill and the contaminated soil is excavated and placed in the cuttings boxes. After the well is finished and the rig has moved, the entire location is scrapped and testing will be performed to determine if a release has occurred.

All trash is kept in a wire mesh enclosure and removed to an approved landfill when full. All spent motor oils are kept in separate containers and they are removed and sent to an approved recycling center. Any spilled lubricants, pipe

dope, or regulated chemicals are removed from soil and sent to landfills approved for these products.

These operations are monitored by Mi Swaco service technicians. Daily logs are maintained to ensure optimal equipment operation and maintenance. Screen and chemical use is logged to maintain inventory control. Fluid properties are monitored and recorded and drilling mud volumes are accounted for in the mud storage farm. This data is kept for end of well review to insure performance goals are met. Lessons learned are logged and used to help with continuous improvement.

A MI SWACO field supervisor manages from 3-5 wells. They are responsible for training personnel, supervising installations, and inspecting sites for compliance of MI SWACO safety and operational policy.

III. Closure Plan

A maximum 340' X 340' caliche pad is built per well. All of the trucks and steel tanks fit on this pad. All fluid cuttings go to the steel tanks to be hauled by various trucking companies to an agency approved disposal.



**Devon Energy Center
333 West Sheridan Avenue
Oklahoma City, Oklahoma 73102-5010**

Hydrogen Sulfide (H₂S) Contingency Plan

For

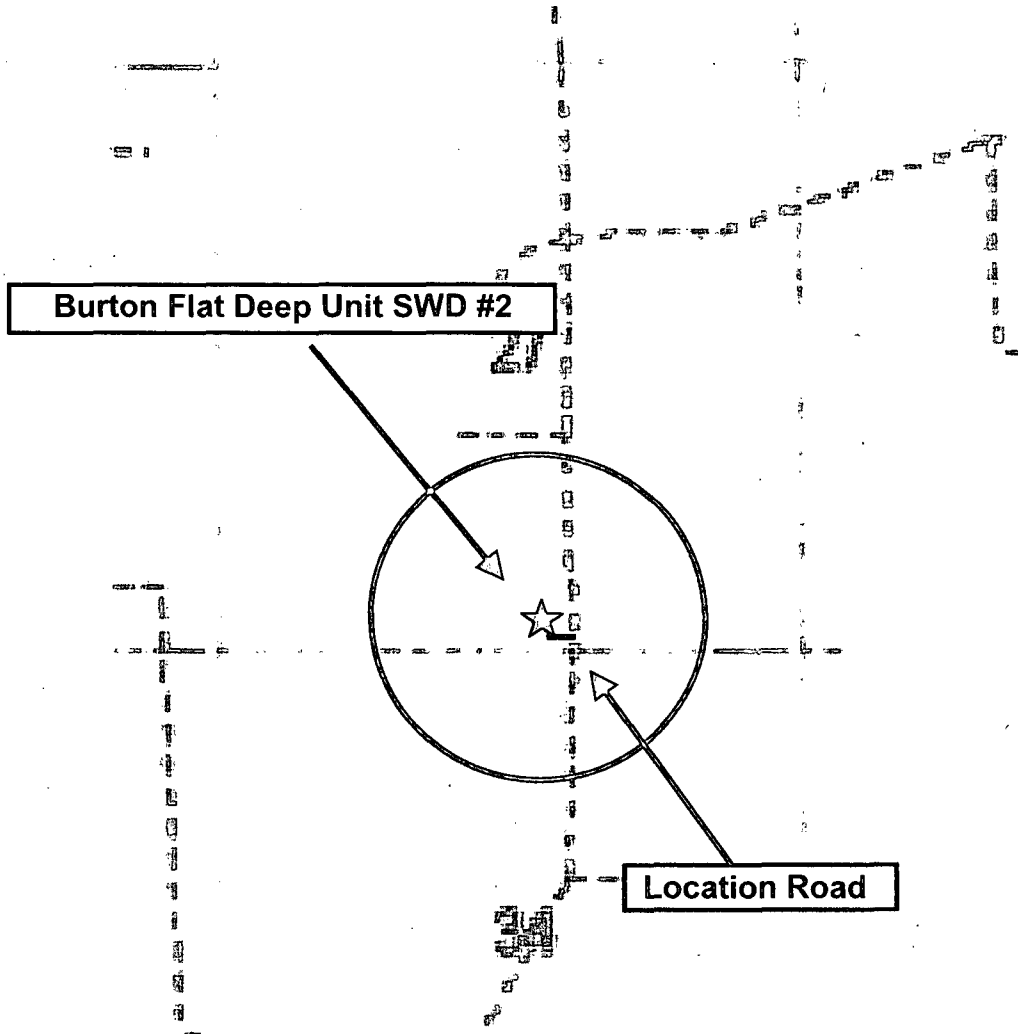
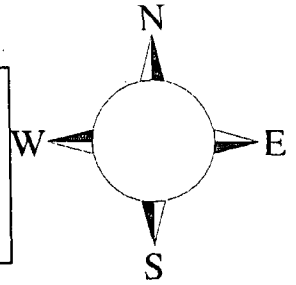
Burton Flat Deep Unit SWD #2

**Sec-27, T-20S R-28E
330' FSL & 2360' FEL,
LAT. = 32.5381541°N (NAD83)
LONG = 104.1647951°W**

Eddy County NM

Burton Flat Deep Unit SWD #2

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed 100 ppm H₂S - 3000' (Radius of Exposure)
100 ppm H₂S concentration shall trigger activation of this plan.

Escape

Crews shall escape upwind of escaping gas in the event of an emergency release of gas. Escape can be facilitated from the location entrance road, West then Northwest on lease road. Crews should then block entrance to the location from the lease road so as not to allow anyone traversing into a hazardous area. The blockade should be at a safe distance outside of the ROE. There are no homes or buildings in or near the ROE.

Assumed 100 ppm ROE = 3000'

100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

In the event of a release of gas containing H₂S, the first responder(s) must

- **Isolate the area and prevent entry by other persons into the 100 ppm ROE.**
- **Evacuate any public places encompassed by the 100 ppm ROE.**
- **Be equipped with H₂S monitors and air packs in order to control the release.**
- **Use the "buddy system" to ensure no injuries occur during the response**
- **Take precautions to avoid personal injury during this operation.**
- **Contact operator and/or local officials to aid in operation. See list of phone numbers attached.**
- **Have received training in the**
 - **Detection of H₂S, and**
 - **Measures for protection against the gas,**
 - **Equipment used for protection and emergency response.**

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H₂S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Devon Energy Corp. personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Devon Energy Corp. Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE (H₂S) TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H₂S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H₂S metal components. If high tensile tubular are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H₂S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan.

II. HYDROGEN SULFIDE TRAINING

Note: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonable expected to contain H₂S.

1. Well Control Equipment

- A. Flare line
- B. Choke manifold (w/remotely operated choke)
- C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
- D. Auxiliary equipment may include if applicable: annular preventer and rotating head.
- E. (Mud/Gas Separator)

2. Protective equipment for essential personnel:

- A. 30-minute SCBA units located in the doghouse and at briefing areas, as indicated on well site diagram. As it may be difficult to communicate audibly while wearing these units, hand signals shall be utilized.

3. H₂S detection and monitoring equipment:

- A. Portable H₂S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 PPM are reached. These units are usually capable of detecting SO₂, which is a byproduct of burning H₂S.

4. Visual warning systems:

- A. Wind direction indicators as shown on well site diagram

- B. Caution/ Danger signs shall be posted on roads providing direct access to locations. Signs will be painted a high visibility yellow with black lettering of sufficient size to be reasonable distance from the immediate location. Bilingual signs will be used when appropriate.

5. Mud program:

- A. The mud program has been designed to minimize the volume of H₂S circulated to surface. Proper mud weight, safe drilling practices and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.

6. Metallurgy:

- A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold lines, and valves shall be H₂S trim.
- B. All elastomers used for packing and seals shall be H₂S trim.

7. Communication:

- A. Radio communications in company vehicles including cellular telephones and 2-way radio
- B. Land line (telephone) communications at Office

8. Well testing:

- A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safety and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H₂S environment will use the closed chamber method of testing.
- B. There will be no drill stem testing.

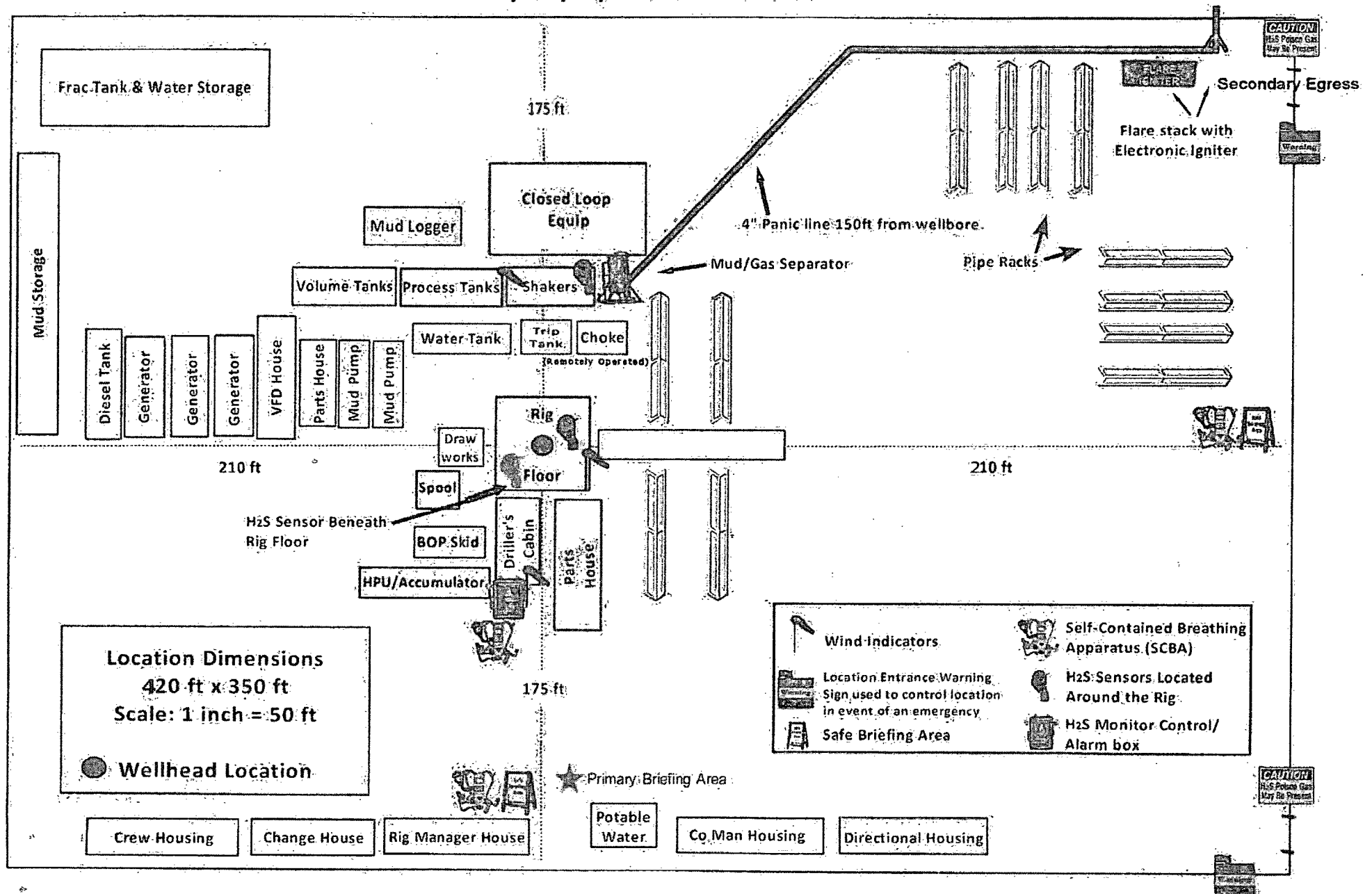
Devon Energy - Well Pad

Rig Location Layout

Safety Equipment Location



Prevailing Wind
Direction S, SW



Devon Energy Corp. Company Call List

<u>Artesia (575)</u>	<u>Cellular</u>	<u>Office</u>	<u>Home</u>
Foreman – Robert Bell.....	748-7448	748-0178	746-2991
Asst. Foreman –Tommy Polly.....	748-5290.....	748-0165.....	748-2846
Don Mayberry.....	748-5235	748-0164	746-4945
Montral Walker	390-5182	748-0193	(936) 414-6246
Engineer – Marcos Ortiz.....	(405) 317-0666...	(405) 552-8152.....	(405) 381-4350

Agency Call List

<u>Lea</u>	Hobbs	
<u>County</u>	State Police	392-5588
<u>(575)</u>	City Police	397-9265
	Sheriff's Office	393-2515
	Ambulance	911
	Fire Department	397-9308
	LEPC (Local Emergency Planning Committee).....	393-2870
	NMOCD.....	393-6161
	US Bureau of Land Management	393-3612

<u>Eddy</u>	Carlsbad	
<u>County</u>	State Police	885-3137
<u>(575)</u>	City Police	885-2111
	Sheriff's Office	887-7551
	Ambulance	911
	Fire Department	885-2111
	LEPC (Local Emergency Planning Committee).....	887-3798
	US Bureau of Land Management	887-6544
	NM Emergency Response Commission (Santa Fe)	(505) 476-9600
	24 HR	(505) 827-9126
	National Emergency Response Center (Washington, DC)	(800) 424-8802

Emergency Services

	Boots & Coots IWC	(800)-256-9688 or (281) 931-8884
	Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
	Halliburton	(575) 746-2757
	B. J. Services.....	(575) 746-3569
<i>Give</i>	Flight For Life - Lubbock, TX	(806) 743-9911
<i>GPS</i>	Aerocare - Lubbock, TX	(806) 747-8923
<i>position:</i>	Med Flight Air Amb - Albuquerque, NM	(575) 842-4433
	Lifeguard Air Med Svc. Albuquerque, NM	(575) 272-3115

Prepared in conjunction with
Dave Small





Proposed Interim Site Reclamation

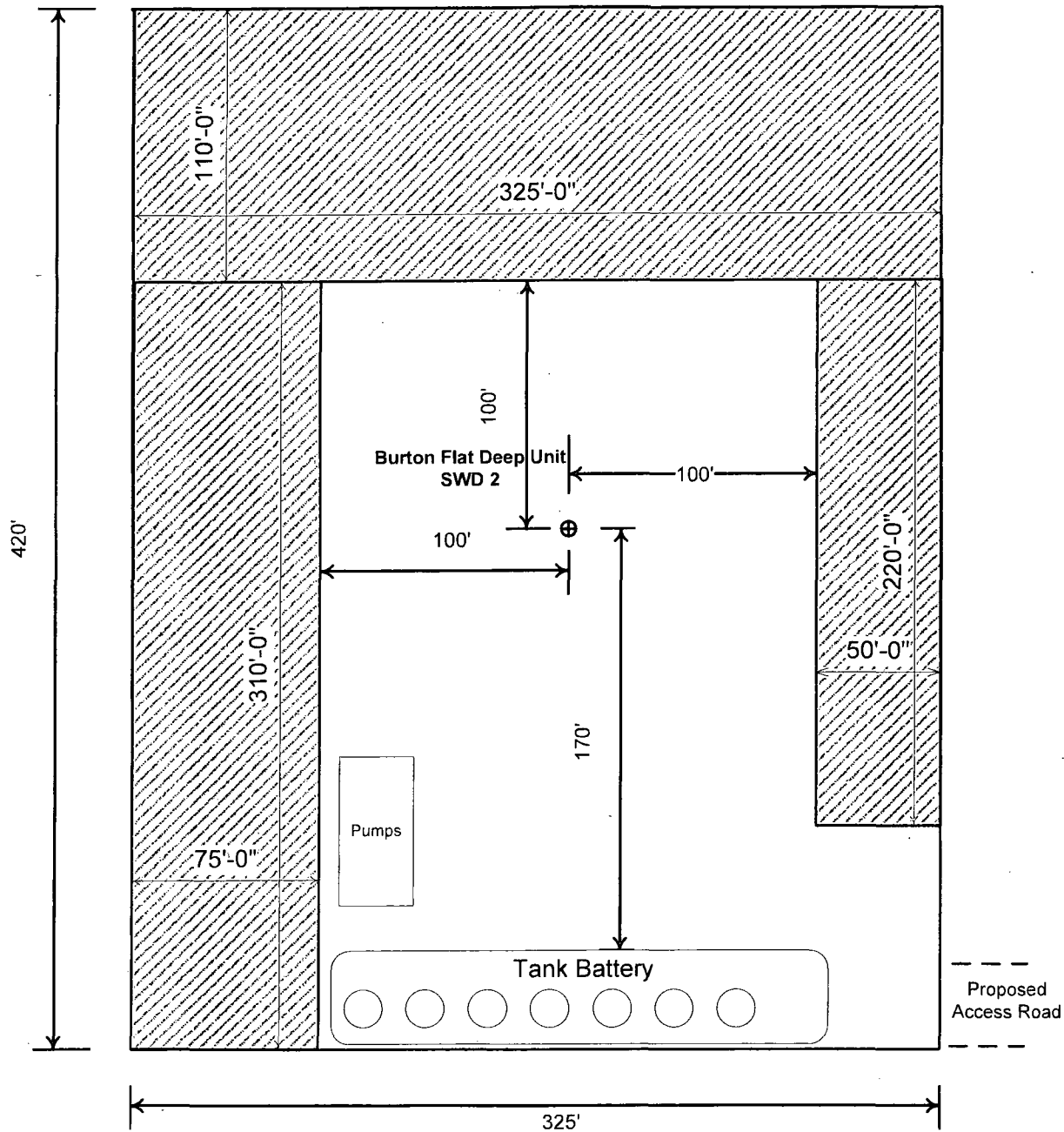
Devon Energy Production Co.
Burton Flat Deep Unit SWD 2
330' FSL & 2360' FEL
Sec. 27-T20S-R28E
Eddy County, NM



Proposed
Reclamation
Area



Scale: 1in = 60ft.



SURFACE USE PLAN
Devon Energy Production Company, LP
Burton Flat Deep Unit SWD #2

Surface Location: 330' FSL & 2360' FEL, Unit O, Sec 27 T20S R28E, Eddy, NM

1. Existing Roads:

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by Madron Surveying, Inc.
- b. All roads into the location are depicted on page two of the Form C-102 packet. Existing roads will be maintained and kept in the same or better condition than before operations began.
- c. Directions to Location: From CR 238 (Burton Flat Road) and CR 237 (Angel Ranch Road) Go East-Northeast on CR 238 1.6 miles, turn right on Caliche Lease Road and go south 2.1 miles and location is on the right (west) 255 ft.

2. New or Reconstructed Access Roads:

- a. The well site layout, page 2 of Form C-102 packet, shows new constructed access road, which will be approximately 107 LF from the existing Lease road.
- b. No cattle guards, grates or fence cuts will be required. No turnouts are planned.

3. Location of Existing Wells:

One Mile Radius Plat shows all existing and proposed wells within a one-mile radius of the proposed location. See attached plat.

4. Location of Existing and/or Proposed Production Facilities:

- a. The well will be a disposal injection well for produced water. It is not expected to be productive. All surface facilities will be used for the gathering and injection of produced water.
- b. See interim reclamation diagram.
- c. If necessary, the well will be operated by means of an electric prime mover. Electric power poles will be set alongside of the access road, where applicable. If said power poles are needed, a plat and a sundry notice will be filed with your office.
- d. All flow lines will adhere to API standards.
- e. If the well is productive, rehabilitation plans are as follows:
 - i. A closed loop system will be utilized.
 - ii. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

5. Location and Types of Water Supply:

This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in the C-102. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, proper authorizations will be secured. If a poly pipeline is used, the size, distance, and map showing route will be provided to the BLM via sundry notice.

6. Construction Materials:

The caliche utilized for the drilling pad and proposed access road will be from minerals that are located onsite or will be used onsite. If minerals are not available onsite, then an established mineral pit will be used to build the location and stem road.

7. Methods of Handling Waste Material:

- a. Drill cuttings will be disposed.
- b. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary landfill.
- c. The supplier, including broken sacks, will pick up salts remaining after completion of well.
- d. A Porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- e. Remaining drilling fluids will be sent to a closed loop system. Water produced during completion will be put into a closed loop system. Oil and condensate produced will be put into a storage tank and sold.
- f. Disposal of fluids to be transported by the following companies:
 - i. American Production Service Inc, Odessa TX
 - ii. Gandy Corporation, Lovington NM
 - iii. I & W Inc, Loco Hill NM
 - iv. Jims Water Service of Co Inc, Denver CO

8. Ancillary Facilities: No campsite or other facilities will be constructed as a result of this well.

9. Well Site Layout

- a. Exhibit D shows the proposed well site layout with dimensions of the pad layout.
- b. This exhibit indicated proposed location of sump pits and living facilities.
- c. Mud pits in the active circulating system will be steel pits.
- d. A closed loop system will be utilized.
- e. If a pit or closed loop system is utilized, Devon will comply with the NMOCD requirements 19.15.17 and submit form C-144 to the appropriate NMOCD District Office. A copy to be provided to the BLM.

10. Plans for Surface Reclamation:

- a. After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography.
- b. The location and road will be rehabilitated as recommended by the BLM.
- c. If the well is deemed commercially productive, caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography.
- d. All disturbed areas not needed for active support of production operations will undergo interim reclamation. The portions of the cleared well site not needed for operational and safety purposes will be recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Topsoil will be respread over areas not needed for all-weather operations.

11. Surface Ownership

- a. The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.
- b. The proposed road routes and the surface location will be restored as directed by the BLM.

12. Other Information:

- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, sage bush, yucca and miscellaneous weeds. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 miles of location.
- d. A Cultural Resources Examination will be completed by the Permian Basin Cultural Resource Fund in lieu of being required to conduct a Class III Survey for cultural resources associated with their project within the BLM office in Carlsbad, New Mexico.

13. Bond Coverage:

Bond Coverage is Nationwide; Bond # is CO-1104 & NMB-000801.

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Devon Energy Production Company, L.P.
LEASE NO.:	NMNM-0428854
WELL NAME & NO.:	Burton Flat Deep Unit SWD 2
SURFACE HOLE FOOTAGE:	0330' FSL & 2360' FEL
LOCATION:	Section 27, T. 20 S., R 28 E., NMPM
COUNTY:	Eddy County, New Mexico

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Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Unit Well Sign Specs
- ☐ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
 - Cement Requirements
 - H2S Requirements
 - High Cave/Karst
 - Capitan Reef
 - Logging Requirements
 - Waste Material and Fluids
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Cave and Karst

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:

The pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the pad. All sides will be bermed.

Tank Battery Liners and Berms:

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, siting valves and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:

Automatic shut off, check valves, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

Unit Wells

The well sign for a unit well shall include the unit number in addition to the surface and bottom hole lease numbers. This also applies to participating area numbers. If a participating area has not been established, the operator can use the general unit designation, but will replace the unit number with the participating area number when the sign is replaced.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be used for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

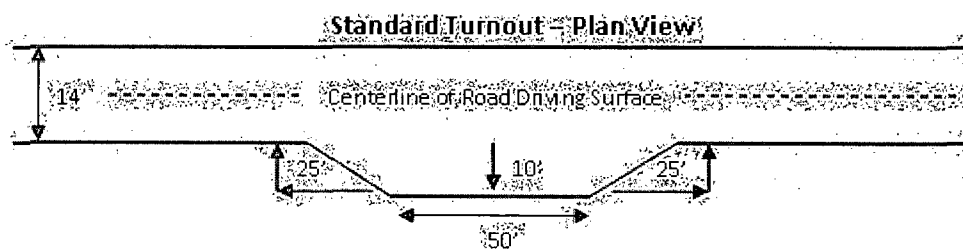
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

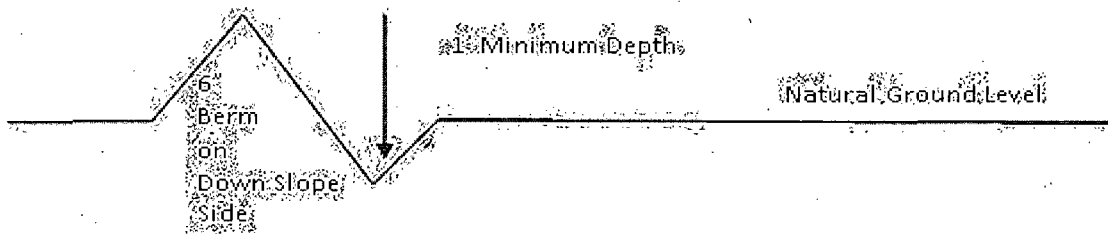


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

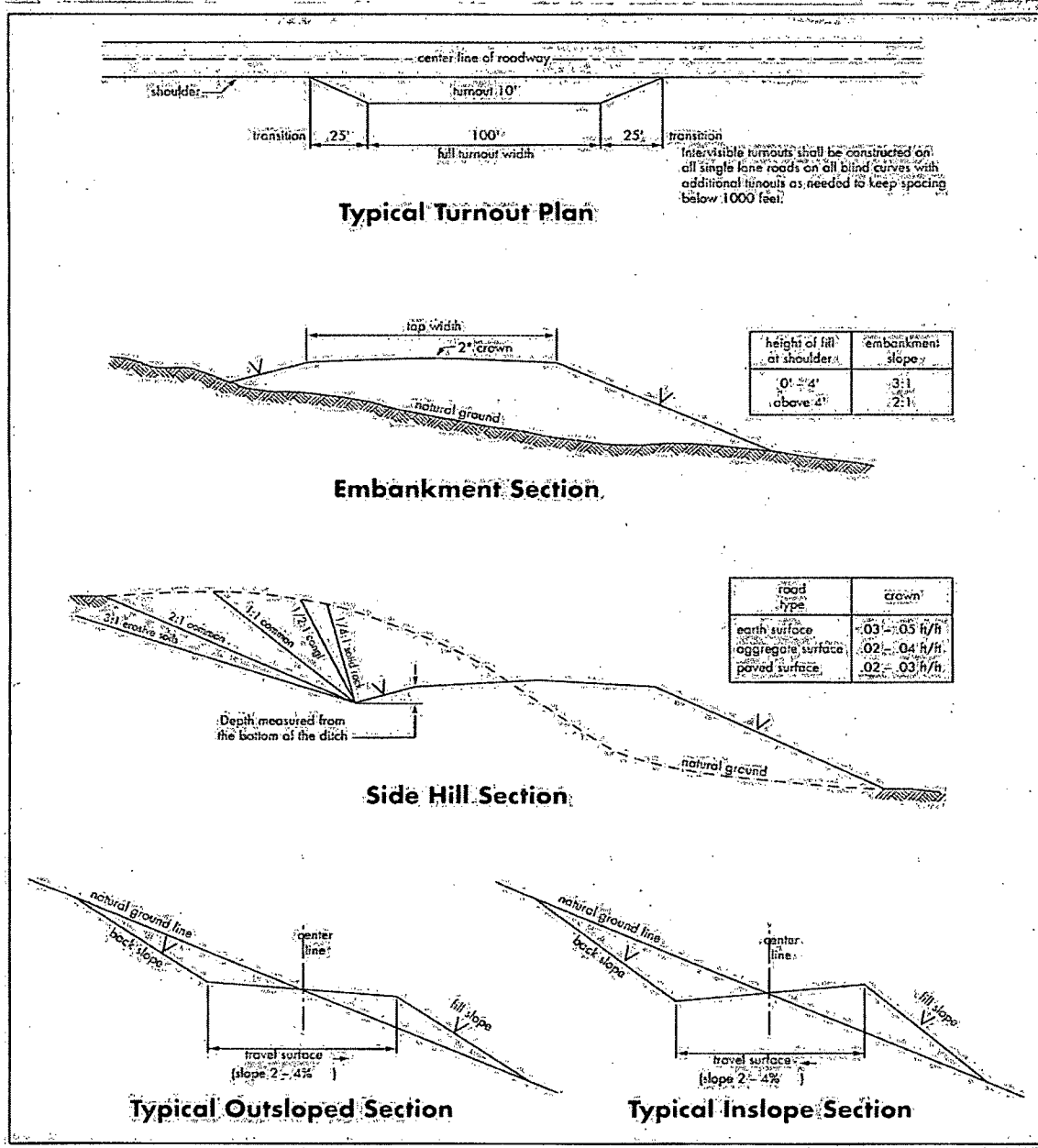
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. A Hydrogen Sulfide (H₂S) Drilling Plan shall be activated 500 feet prior to drilling into the Yates formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM. Operator has stated that they will have monitoring equipment in place prior to drilling out of the surface shoe.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report. BLM has specifically requested that Devon submit their mud log for research purposes on the entire Bone Spring Section. Trevor Klassen was contacted and he gave permission for the BLM to receive these logs.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

High Cave/Karst Capitan Reef

Possibility of water flows in the Capitan Reef, Delaware, and Wolfcamp.

Possibility of lost circulation in the Red Beds, Artesia Group, Capitan Reef, and Delaware.

Abnormal pressures may be encountered when penetrating the Wolfcamp and subsequent formations.

- 1. The 20 inch surface casing shall be set at approximately 250 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. If salt is encountered, set casing at least 25 feet above the salt.**
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.**
 - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**

- c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **13-3/8** inch intermediate casing, which shall be set at approximately **1100** feet, is:
- ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst. Excess calculates to 21% - Additional cement may be required.**

Formation below the 13-3/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

3. The minimum required fill of cement behind the **9-5/8** inch intermediate casing, which shall be set at approximately **2700** feet, is:
- ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst and Capitan Reef. Excess calculates to 20% - Additional cement may be required.**

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.

Centralizers required through the curve and a minimum of one every other joint.

Production casing shall be kept fluid filled while running into hole to meet BLM minimum collapse requirements.

4. The minimum required fill of cement behind the **7** inch production casing is:
- ☒ Cement should tie-back at least **50 feet above the top of the Capitan Reef. Operator shall provide method of verification. Additional cement will be required.**

5. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M) psi.**
 - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** intermediate casing shoe shall be **5000 (5M) psi. 5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin

after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
- d. The results of the test shall be reported to the appropriate BLM office.
- e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
- f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.
- g. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

F. WELL COMPLETION

A NOI sundry with the completion procedure for this well shall be submitted and approved prior to commencing completion work. The procedure will be reviewed to verify that the completion proposal will allow the operator to:

1. Properly evaluate the injection zone utilizing open hole logs, swab testing and/or any other method to confirm that hydrocarbons cannot be produced in paying quantities. This evaluation shall be reviewed by the BLM prior to injection commencing.
2. Restrict the injection fluid to the approved formation.

If off-lease water will be disposed in this well, the operator shall provide proof of right-of-way approval.

G. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

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VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, Shale Green from the BLM Standard Environmental Color Chart (CC-001: June 2008).

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Seed Mixture 4, for Gypsum Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Alkali Sacaton (<i>Sporobolus airoides</i>)	1.0
DWS Four-wing saltbush (<i>Atriplex canescens</i>)	5.0

DWS: DeWinged Seed

*Pounds of pure live seed: Pounds of seed x percent purity x percent germination = pounds pure live seed