OCD-ARTESIA

AT5-07-154

210

Form 3160-3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: **NMNM-101598**

6. If Indian, Allotee or Tribe Name:

7. If Unit or CA Agreement, Name and No.:

1a. Type of work: [✓] DRILL [ ] REENTER

1b. Type of Well: [ ] Oil Well [✓] Gas Well [ ] Other [✓] Single Zone [ ] Multiple Zone

8. Lease Name and Well No.: **Acme 10 Fed Com 2** 35974

2. Name of Operator: **Devon Energy Production Company, LP** 6137

9. API Well No.: 30-015-35390

3a. Address: **20 North Broadway, Oklahoma City, Oklahoma City 73102-8260**

3b. Phone No. *(include area code)*: **405-552-7802**

10. Field and Pool, or Exploratory: **Lusk; Morrow (Gas)** West

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface: **SESW 990' FSL & 1980' FWL**

At proposed prod. zone: **SESW 990' FSL & 1980' FWL**

11. Sec., T. R. M. or Blk. and Survey or Area: **Lot N Sec 10 T19S R31E**

14. Distance in miles and direction from nearest town or post office*: **Approximately 35 miles northeast of Carlsbad, NM**

12. County or Parish: **Eddy County**

13. State: **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

16. No. of acres in lease: **120**

17. Spacing Unit dedicated to this well: **320**

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

19. Proposed Depth: **12,500'**

20. BLM/BIA Bond No. on file: **C-1104**

21. Elevations (Show whether DF, KDB, RT, GL, etc.): **3554'**

22. Approximate date work will start*: **01/01/2007**

23. Estimated duration: **45 days**

24. Attachments

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

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

25. Signature: /s/ Stephanie A. Ysasaga — Name *(Printed/Typed)*: **Stephanie A. Ysasaga** — Date: **12/06/2006**

Title: **Sr. Staff Engineering Technician**

Approved by *(Signature)*: /s/ James Stovall — Name *(Printed/Typed)*: /s/ James Stovall — Date: JAN 18 2007

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 1 YEAR**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

CAPITAN CONTROLLED WATER BASIN

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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OCD-ARTESIA

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	8084C	LUSK; MORROW (GAS) West

Property Code	Property Name	Well Number
	ACME 10 FED COM	2

OGRID No.	Operator Name	Elevation
6137	DEVON ENERGY PRODUCTION COMPANY LP	3554'

Surface Location

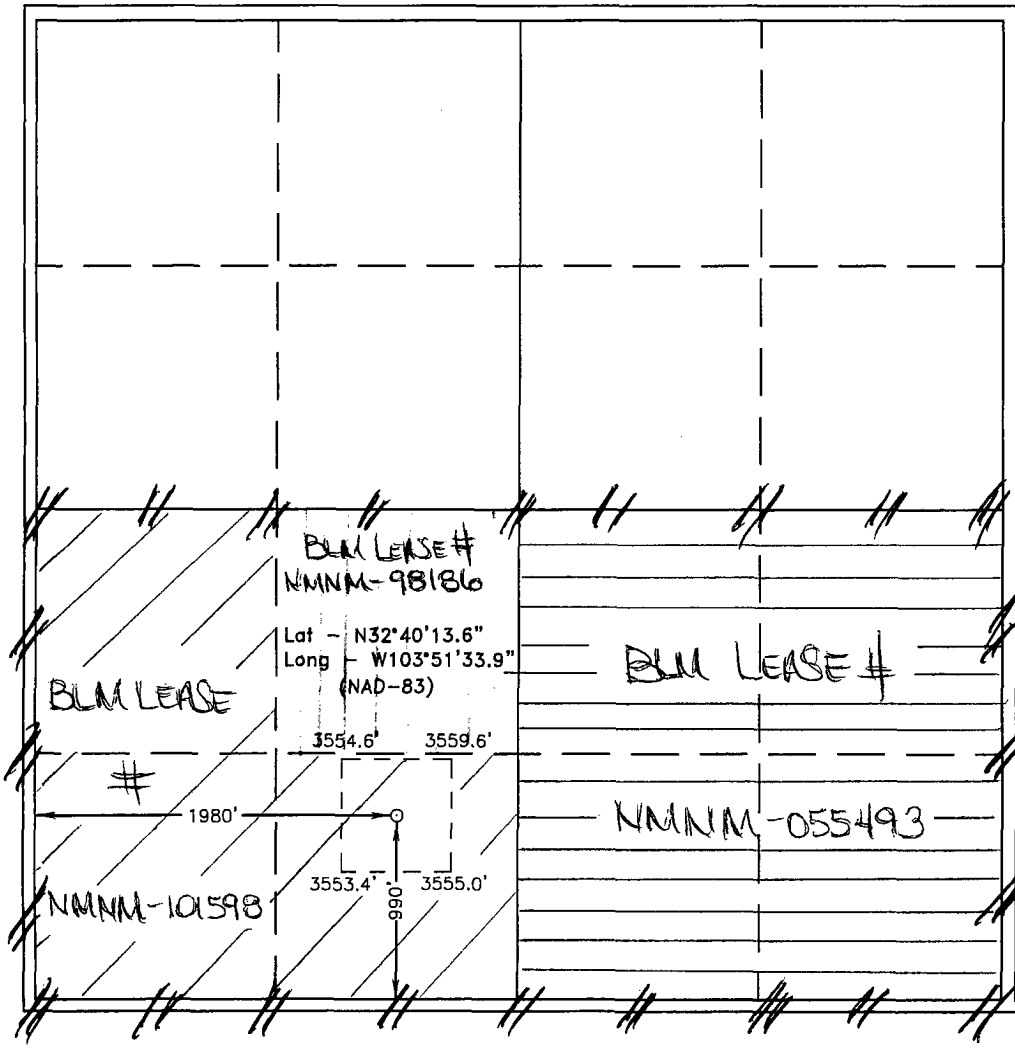
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	19 S	31 E		990	SOUTH	1980	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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 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.

Signature 12/06/06 Date

STEPHANIE A. YSASAGA
Printed Name

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 supervison, and that the same is true and correct to the best of my belief.

NOVEMBER 27, 2006
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL SURVEYOR

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

Additional Operator Remarks:

Devon Energy Production Company, LP proposes to drill a Morrow well to 12,500' for commercial quantities of oil and gas. If the well is deemed noncommercial, the wellbore will be plugged and abandoned per Federal regulations. Devon Energy Production Co., LP plans to drill the well per the attached Drilling and Surface Use Plan.

Directions To Location:

From the Junction of Co. Rd 222 (Shugart) and Co. Rd. 248 (Lusk Plant), proceed northwest on Co. Rd. 222 for 0.2 mile to proposed lease road.

Access Road:

Approximately 800' of access road will be required. Archeological survey's will be requested for the pad and access road.

H2S:

No H2S is anticipated to be encountered.

Additional Comments:

The well is located on Devon lease NMNM-101598, the other federal acreage leases in the spacing unit are

- NMNM-98186
- NMNM-055493

UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name:	Devon Energy Production Company, LP
Street or Box:	20 North Broadway, Suite 1500
City, State:	Oklahoma City, Oklahoma
Zip Code:	73102-8260

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease Name:	Acme 10 Federal 2
Lease No.:	NMNM-101598
Legal Description of Land:	SESW 320 acres 10-T19S-R31E 990' FSL & 1980' FWL
Formation(s):	Lusk; Morrow (Gas)
Bond Coverage:	Nationwide
BLM Bond File No.:	CO-1104
Authorized Signature:	Stephanie A. Ysasaga
Title:	Sr. Staff Engineering Technician
Date:	12/12/06

OCD-ARTESIA

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APROVED
OMB NO. 1004-0135
EXPIRES: NOVEMBER 30, 2000

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SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1a. Type of Well ☐ Oil Well ☑ Gas Well ☐ Other	5. Lease Serial No. **NMNM-101598**
	6. If Indian, Allottee or Tribe Name
	7. Unit or CA Agreement Name and No.
	8. Well Name and No. **Acme 10 Fed Com 2**
2. Name of Operator **DEVON ENERGY PRODUCTION COMPANY, LP**	9. API Well No. ~~30-015-34432~~
3. Address and Telephone No. **20 North Broadway, Ste 1500, Oklahoma City, OK 73102** **405-552-7802**	10. Field and Pool, or Exploratory **Lusk; Morrow (Gas)**
4. Location of Well (Report location clearly and in accordance with Federal requirements)* Lot N Sec 10 - T19S R31E SESW 990' FSL & 1980' FWL	12. County or Parish **Eddy** 13. State **NM**

CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OS SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☒ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other Change to Original APD
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work and approximate duration thereof. If the proposal deepen directionally or recomplete horizontally, give subsurface location and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirement, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection)

BOP, BOPE, & 13 3/8" surf csg. 15/W4E ZNE

Devon Energy Production Company, L.P. respectfully requests a variance to test the ~~stack~~ to 1200 psi (70 % of the burst rating of the 13-3/8" 48# H-40) when NU on the 13-3/8" surface casing. BOPE will be tested per onshore order #2 when NU on the 8-5/8" intermediate casing.

14. I hereby certify that the foregoing is true and correct

Signed _____ Name **Stephanie A. Ysasaga** Title Sr. Staff Engineering Technician Date 12/12/2006

(This space for Federal or State Office use)

Approved by **/s/ James Stovall** Title FIELD MANAGER Date JAN 18 2007

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations to any matter within its jurisdiction.

***See Instruction on Reverse Side**

DRILLING PROGRAM

Devon Energy Production Company, LP
Acme 10 Federal 2
Surface Location: 990' FSL & 1980' FWL, Unit N, Sec 10 T19S R31E, Eddy, NM
Bottom hole Location: 990' FSL & 1980' FWL, Unit N, Sec 10 T19S R31E, Eddy, NM

1. Geologic Name of Surface Formation

a. Quaternary

2. Estimated tops of geological markers:

a. Rustler Dol	549'
b. Tansil	2163'
c. Yates	2361'
d. Capitan	2748'
e. Cherry Canyon	4260'
f. Brushy Canyon	5073'
g. Bone Spring	6795'
h. Wolfcamp	10054'
i. Penn Shale	10430'
j. Strawn	11006'
k. Atoka	11394'
l. M. Morrow	11972'
m. L. Morrow	12343'
n. Barnett	12399'
o. Total Depth	12500'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas

a. Rustler	675'	Water
b. M. Morrow	11972'	Gas
c. Lower Morrow	12343'	Gas

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 13 3/8" casing at 600' and circulating cement back to surface. Fresh water will be protected by setting 8 5/8" casing at 4600' and circulating cement to surface. The Morrow intervals will be isolated by setting 5 ½" casing to total depth and circulating to surface.

4. Casing Program:

Hole Size	Interval	OD Csg	Weight	Collar	Grade
17 ½"	0' –675'	WITNESS 3/8"	48#	ST&C	H-40
12 1/4"	0'- 4400'	8 5/8"	32#	LT&C	J-55
7 7/8"	0' – 12500'	5 ½"	17#	LT&C	HP-110

5. Cement Program:

a. 13 3/8" Surface — Cement **Lead Slurry:** 350 sacks (36:65) Poz (Fly Ash): Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 6% bwoc Bentonite. **Tail Slurry:** 250 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake to surface.

b. 8 5/8" Intermediate — Cement **Lead Slurry:** 1500 sacks (35:65) Poz (Fly Ash): Class C Cement + 3% bwow Sodium Chloride + 0.25 lbs/sack Cello Flake + 5 lbs/sack LCM-1 + 6% bwoc Bentonite + 0.005 gps FP-13L. **Tail Slurry:** 300 sacks (60:40) Poz (Fly Ash): Class C Cement + 4% bwoc MPA-1 + 5% bwow Sodium Chloride + 0.4% bwoc Sodium Metasilicate to surface.

c. 5 ½" Production — 2 Stage Long String Circulated to Surface

STAGE 1

Cement Slurry: 585 sacks (15:61:11) Poz (Fly Ash): Class C Cement: CSE-2 + 0.5% bwoc BA-10 + 0.15% bwoc R-3 + 2% bwow Potassium Chloride + 0.75% bwoc EC-1 + 0.25 lbs/sack Cello Flake + 0.7% bwoc CD-32 + 5 bls/sack LCM-1 + 0.6% bwoc FL-25 + 0.6% bwoc FL-52A

STAGE 2

Cement Slurry: 1075 sacks (60:40) Poz (Fly Ash): Premium Plus H Cement + 1% bwow Sodium Chloride + 0.75% bwoc BA-10 + 0.1% bwoc R-3 + 0.25 lbs/sack Cello Flake + 2 lbs/sack Kol Seal + 4% bwoc MPA-1. TOC @ 3900' (500' above ICP).

6. Pressure Control Equipment:

The blowout preventor equipment (BOP) shown in Exhibit #1 will consist of a (3M system) double ram type (5000 psi WP) preventor and a bag-type (Hydril) preventor (5000 psi WP). Both units will be hydraulically operated and the ram type preventor will be equipped with blind rams on top and 4 ½" drill pipe rams on bottom. The drilling head will be installed on the 13 3/8" surface casing and utilized continuously until total depth is reached. All BOP's and associated equipment will be tested to **1200 psi with the rig pump before drilling out the 13 3/8" casing shoe (70% of 48#, H-40 casing).** Prior to drilling out the 8 5/8" casing shoe, the BOP's and Hydril will be tested as per BLM Drilling Operations Order #2.

Pipe rams will be operated and checked each 24-hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drillers log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram-type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having 5000 psi WP rating.

7. **Proposed Mud Circulation System**

Depth	Mud Wt.	Visc	Fluid Loss	Type System
0' – 675'	8.5-9.2	35-45	NC	Fresh Water
675' – 4,400'	10	28-32	NC	Brine Water
4400' – 10,000'	8.8 – 9.2	28-30	NC	Cut Brine
10,000'-12,500'	9.2 - 10.2	36-48	6 – 8 cc	Brine/Polymer

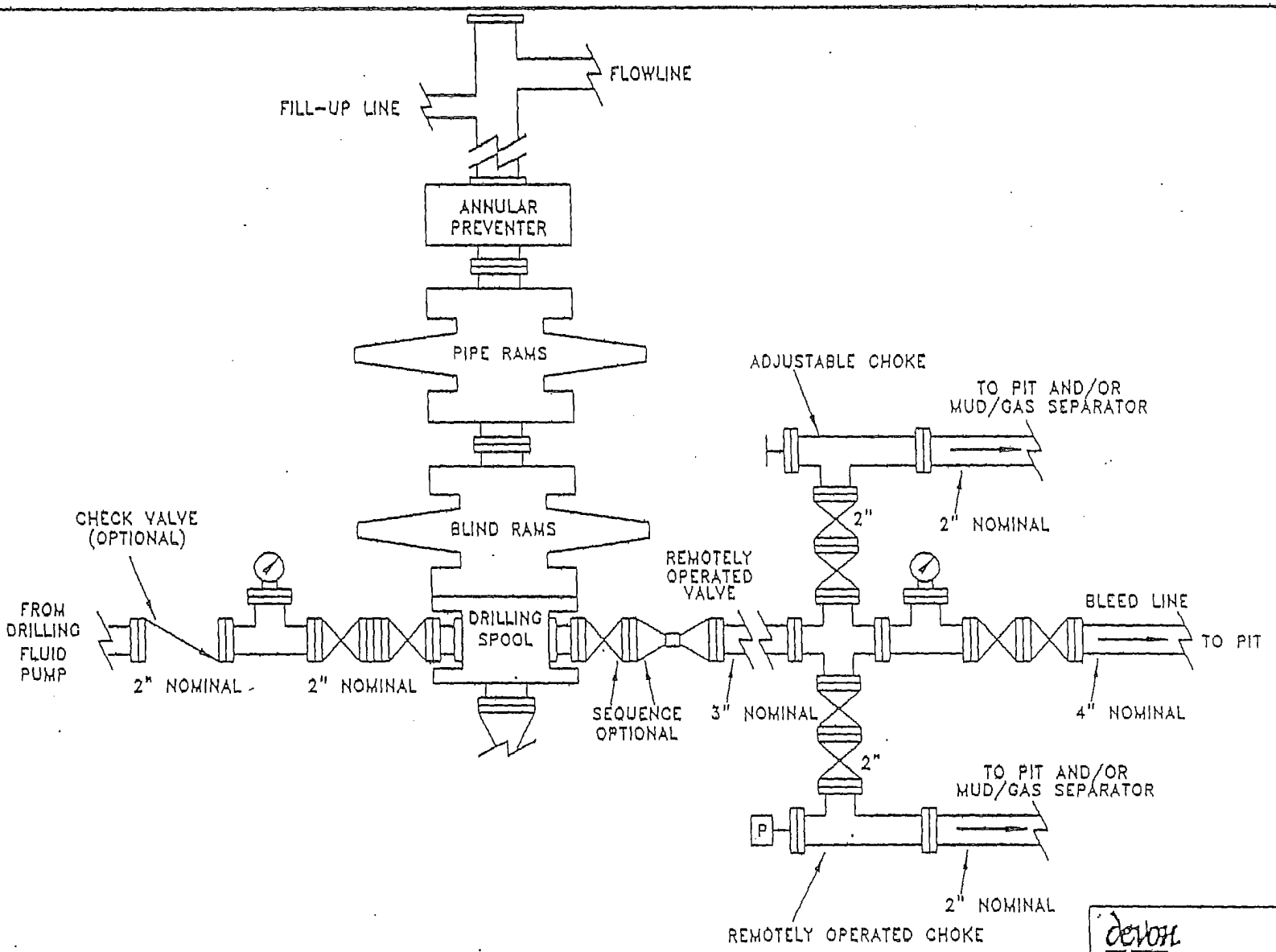
The necessary mud products for weight addition and fluid loss control will be on location at all times.

8. **Auxiliary Well Control and Monitoring Equipment:**
   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.

9. **Logging, Coring, and Testing Program:**
   a. Drill stem tests will be based on geological sample shows.
   b. 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 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

10. **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 5000 psi and Estimated BHT 180°. No H2S is expected to be encountered.

11. **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.



devon

EXHIBIT 1

PROPOSED 5-M BOPE AND CHOKE ARRANGEMENT

s:\..\nm\plots
5mbope.dwg

SC