

7032

ATS-07-317

676



OCD-ARTESIA

w/n 1 mile Wipp buffer zone

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

R-111-POTASH

APPLICATION FOR PERMIT TO DRILL OR REENTER

NOS Rec'd 2/20/07

JUL - 5 2007

OCD-ARTESIA

1a Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No. NM-81953
1b Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6 If Indian, Allottee or Tribe Name
2 Name of Operator Devon Energy Production Company, LP		7 If Unit or CA Agreement, Name and No
3a Address 20 North Broadway Oklahoma City, Oklahoma City 73102-8260		8 Lease Name and Well No North Pure Gold 4 Federal 3
3b Phone No. (include area code) 405-228-8699		9 API Well No. 30-015-35702
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface NW/4 180' FNL & NW/4 660' FWL At proposed prod zone NW/4 180' FNL & NW/4 660' FWL		10 Field and Pool, or Exploratory Los Medanos; Delaware
11 Sec, T R M or Blk and Survey or Area SEC 4 T23S R31E		12 County or Parish Eddy County
13 State NM		14 Distance in miles and direction from nearest town or post office* Approximately 18 miles east of Loving, NM.
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg unit line, if any)		16 No of acres in lease 1716.94
17 Spacing Unit dedicated to this well 40		18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
19 Proposed Depth TD 8200		20 BLM/BIA Bond No. on file CO-1104
21 Elevations (Show whether DF, KDB, RT, GL, etc) 3344' GL		22 Approximate date work will start*
23 Estimated duration 45 days		24. Attachments

UNORTHODOX
LOCATION

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 | 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 shall be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Judy A. Barnett	Date 04/11/2007
Title Regulatory Analyst		

Approved by (Signature) Linda S.C. Rundell	Name (Printed/Typed) Linda S.C. Rundell	Date JUN 25 2007
Title STATE DIRECTOR		
Office NM STATE 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

*(Instructions on page 2)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

NSC-5602

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 DepartmentOIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505Form C-102
Revised October 12, 2005Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 40297	Pool Name LOS MEDANOS, DELAWARE
Property Code 35566	Property Name NORTH PURE GOLD "4" FEDERAL	Well Number 3
OGRID No. 6137	Operator Name DEVON ENERGY PRODUCTION COMPANY LP	Elevation 3344'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	4	23 S	31 E		180	NORTH	660	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 40	Joint or Infill	Consolidation Code	Order No.						

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 <u>Judy A. Barnett</u> Date <u>4/11/07</u>	
	Printed Name <u>Regulatory Analyst</u>	
	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.	
Date Surveyed <u>MARCH 05 2007</u>		
Signature & Seal of Professional Surveyor <u>GARY L. JONES</u>		
Certificate No. <u>Gary L. Jones 7977</u>		
BASIN SURVEYS		

North Pure Gold 4 Fed 3

Harold: WRES has received a copy of the Application for Permit to Drill (APD) prepared by the Bureau of Land Management (BLM) for a well proposed by Devon Energy Production Company, L.P. (Devon). The proposed well is:

North Pure Gold 4 Federal # 3; located 180' FNL, 660' FWL in Section 4 of T.23S., R.31E.

Discussion with Mr. Duncan Whitlock of the BLM Carlsbad Field Office indicates that the well will be completed vertically. The well location was field verified on 19APR07 and was found to be located as stated on the APD.

The proposed well is located within 330' of the WIPP Land Withdrawal Area boundary. As a result, Devon is required to submit daily logs and deviation surveys to the Department of Energy per requirements of the Joint Powers Agreement. Information from this well will be included in the Quarterly Drilling Report after drilling activities have been completed. Any future entry into the well for the purposes of directional drilling will require additional information.

Devon can email the required information to me at gene.valett@wipp.ws or fax to my attention at 505-234-6003.

Please contact me at one of the numbers listed below if this matter requires further discussion. Thanks. GLV

Gene L. Valett
WIPP Land Management Coordinator
Office 505-234-8261
Cell 505-302-9568

Additional Operator Remarks:

Devon Energy Production Company, LP proposes to drill a Delaware well to 8200' 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.

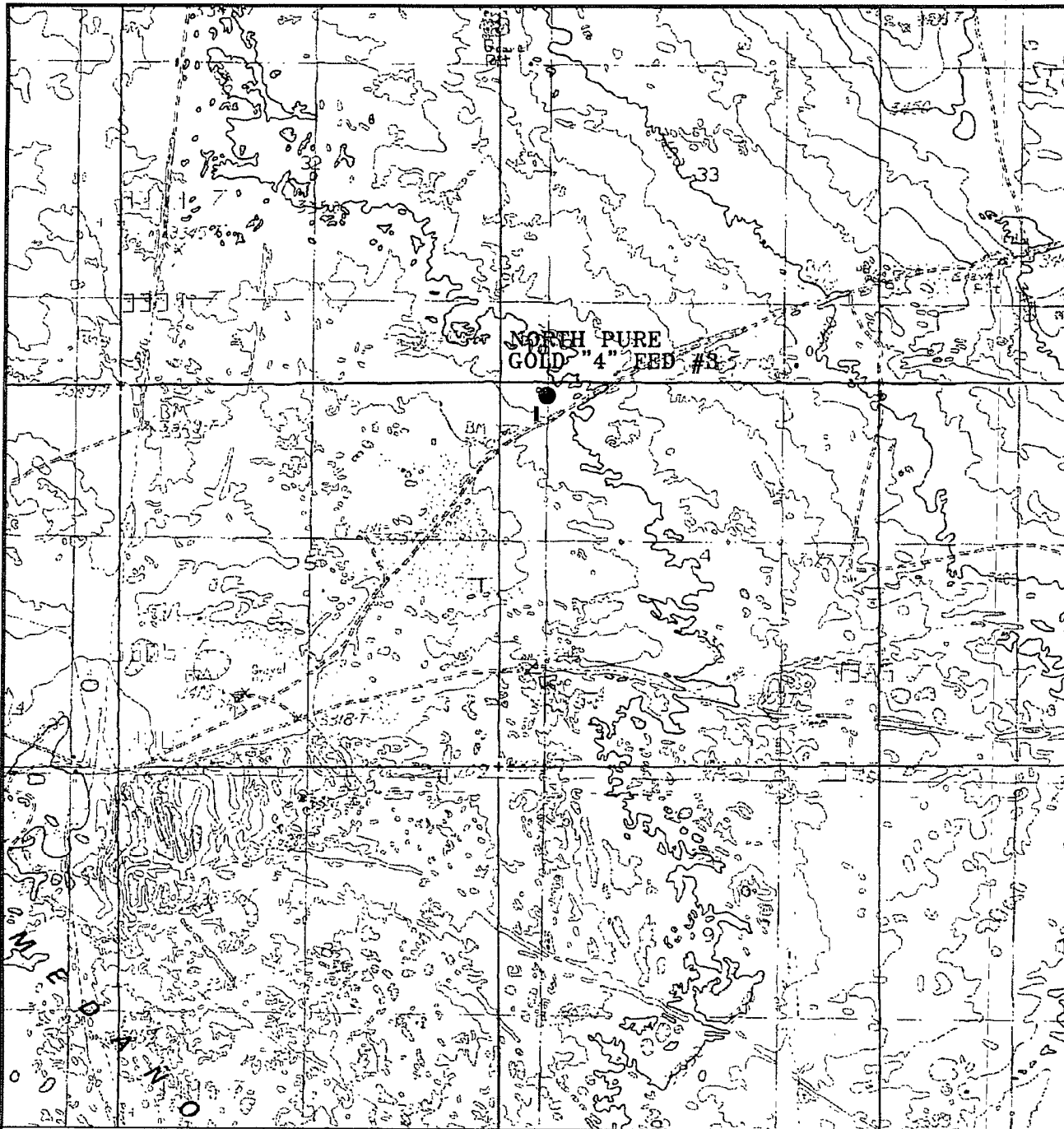
Directions To Location: From the junction of State Hwy 128 and County Rd. 802 (WIPP Rd), go north on County Rd.802 approximately 100 feet to a lease road; then proceed on lease road easterly 2.6 miles to proposed lease road.

Access Road:

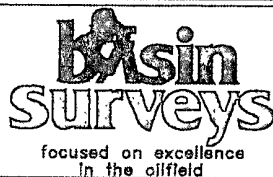
Approximately 202.8' of access road will be required. Archeological survey's will be requested for the pad and access road.

H2S:

No H2S is anticipated to be encountered.



THE NORTH PURE GOLD "4" FEDERAL #3
Located at 180' FNL AND 660' FWL
Section 4, Township 23 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: JMS 17835T

Survey Date: 03-05-2007

Scale: 1" = 2000'

Date: 03-08-2007

DEVON ENERGY
PROD. CO., L.P.

DRILLING PROGRAM

Devon Energy Production Company, LP

North Pure Gold 4 Federal 3

Surface Location: 180' FNL & 660' FWL, Unit D, Sec 4 T23S R31E, Eddy, NM

Bottom hole Location: 180' FNL & 660' FWL, Unit D, Sec 4 T23S R31E, Eddy, NM

1. Geologic Name of Surface Formation:

- a. Delaware

2. Estimated tops of geological markers:

a. Rustler	500'
b. Salado	815'
c. Salt	950'
d. Base of Salt	3940'
e. Delaware	4185'
f. Cherry Canyon	5100'
g. Brushy Canyon	6725'
h. Bone Springs	8085'
i. Total Depth	8200'

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

- a. Rustler 500' Water
- b. Delaware 4185' Oil

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 525' and circulating cement back to surface. Potash and salt will be protected by setting 8 5/8" casing at 4180' and circulating cement to surface. The Delaware intervals will be isolated by setting 5 1/2" casing to total depth and circulating cement above the base of the 8 5/8" casing. ← See COA

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD Csg</u>	<u>Weight</u>	<u>Collar</u>	<u>Grade</u>
17 1/2"	0' - 525'	13 3/8"	48#	ST&C	H-40
11"	0' - 4180'	8 5/8"	32#	LT&C	K55
7 7/8"	0' - 8200'	5 1/2"	15.5# & 17#	LT&C	J55

5. Cement Program:

- a. 13 3/8" Surface Cement to surface w/260 sx 35:65 Cl C +2% CaCl + 0.25lbs sx CelloFlake + 6% Bentonite. Slurry: 12.8 ppg 1.83ft3/sx, 9, 76 gps
Tail w/250 sx Cl C cmt + 2% CaCl + 0.25lbs sx CelloFlake.
Slurry:14.8 ppg 1.35 ft3/sx, 6.35 gps

- b. 8 5/8" Intermediate Cement to surface w/964 sx 35:65 POZ Cl C cmt + 5% NaCl + 0.25lb sx CelloFlake + 6% Bentonite. Slurry: 12.5 ppg, 2.04 ft3/sx, 11.24 gps Tail w/300 sx 60:40 POZ Cl C cmt + 5% NaCl + 0.25 lb/sx CelloFlake + 4% MPA-1, 0.4% Sodium Metasilicate. Slurry: 13.8 ppg, 1.37 ft3/sx, 6.36 gps.
- c. 5 1/2" Production **Single Stage Option:** Spacer Option: 35 bbls FW + 10010 scf N2 @ 8.34 ppg 1500 gals Mud Clean II @ 8.45 ppg 10 bbls FW @ 8.34 ppg. Lead w/453 sx 35:65 POZ Cl C cmt + 3% NaCl + .25% R-3 + .25lb/sx CelloFlake + 3lb/sx LCM-1 + 0.3% FL-52A + 6% Bentonite. Slurry: 12.5 ppg, 2.01 cf/sx, 10.69 gps. Tail w/447 sx 60:40 POZ Cl C cmt + 1% NaCl + 0.5% BA-10 + 0.25lb/ sx CelloFlake + 2lb/sx Kol Seal + 4% MPA-1. Slurry: 13.8 ppg, 1.34 cf/sx, 6.03 gps.
- Two Stage Option-Stage 1:** Lead w/339 sx 35:65 POZ Cl C cmt + 3% NaCl + 0.25% R-3 + 0.25 lb/sx CelloFlake + 3 lb/sx LCM-1 + 0.3% FL-52A + 6% Bentonite. Slurry: 12.5 ppg, 2.01 ft3/sx, 10.69 gps. Tail w/446 sx 60:40 POZ Cl C cmt + 1% NaCl + 0.5% BA-10 + 0.25lb/sx CelloFlake + 2 lb/sx Kol Seal + 4% MPA-1. Slurry: 13.8 ppg, 1.34 ft3/sx, 6.03 gps.
- Stage 2:** (DV Tool @ 4540') Lead w/601 sx 60:40 POZ Cl C cmt + 5% NaCl + 0.25 lb/sx CelloFlake + 0.4% Sodium Metasilicate + 4% MPA-1. Slurry: 13.8, 1.37 ft3/sx, 6.36 gps.

The above cement volumes could be revised pending the caliper measurement from the open hole logs. The top of cement is designed to reach approximately 500' above the 8 5/8" casing shoe.

6. Pressure Control Equipment:

The blowout preventor equipment (BOP) shown in Exhibit #1 will consist of a (3M system) double ram type (3000 psi WP) preventor and a bag-type (Hydril) preventor (3000 psi WP). Both units will be hydraulically operated and the ram type preventor will be equipped with blind rams on top and 4 1/2" 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 3000 psi WP rating.

7. Proposed Mud Circulation System

<u>Depth</u>	<u>Mud Wt.</u>	<u>Visc</u>	<u>Fluid Loss</u>	<u>Type System</u>
0' – 525'	8.8-9.0	35-40	NC	Fresh Water
525' – 4180'	9.7-10.0	28-30	NC	Brine
4180' – TD	8.3 – 9.0	28-30	NC	Cut Brine

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 1/2" 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 2900 psi and Estimated BHT 130°.

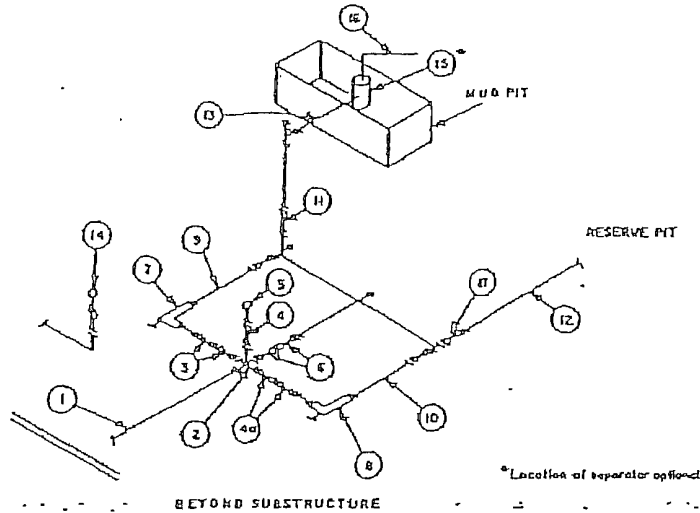
11. Anticipated Starting Date and Duration of Operations:

- 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 17 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.

MINIMUM CHOKE MANIFOLD
3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP

Exhibit E



MINIMUM REQUIREMENTS										
No.		3,000 MWP		5,000 MWP		10,000 MWP		LD.	NOMINAL	RATING
		LD.	NOMINAL	LD.	NOMINAL	LD.	NOMINAL			
1	Line from drilling spool		3"	3,000	3"	5,000			3"	10,000
2	Cross 3"x3"x2"			3,000		5,000				
	Cross 3"x3"x3"									10,000
3	Valves (1) Gate □ Plug □ (2)	3-1/8"		3,000	3-1/8"	5,000	3-1/8"			10,000
4	Valve Gate □ Plug □ (2)	1-13/16"		3,000	1-13/16"	5,000	1-13/16"			10,000
4a	Valves (1)	2-1/16"		3,000	2-1/16"	5,000	3-1/8"			10,000
5	Pressure Gauge			3,000		5,000				10,000
6	Valves Gate □ Plug □ (2)	3-1/8"		3,000	3-1/8"	5,000	3-1/8"			10,000
7	Adjustable Choke (3)	2"		3,000	2"	5,000	2"			10,000
8	Adjustable Choke	1"		3,000	1"	5,000	2"			10,000
9	Line		3"	3,000		5,000		3"		10,000
10	Line		2"	3,000		5,000		3"		10,000
11	Valves Gate □ Plug □ (2)	3-1/8"		3,000	3-1/8"	5,000	3-1/8"			10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000		5,000				10,000
15	Gas Separator		2"x5"			2"x5"			2"x5"	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate □ Plug □ (2)	3-1/8"		3,000	3-1/8"	5,000	3-1/8"			10,000

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

1. All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
2. All flanges shall be API 6B or 6BX and ring gaskets shall be API BX or BX. Use only BX for 10 MWP.
3. All lines shall be securely anchored.
4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
5. Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
6. Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using bull plugged tees.
7. Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well.

MINIMUM BLOWOUT PREVENTER REQUIREMENTS

3,000 psi Working Pressure

3 MWP

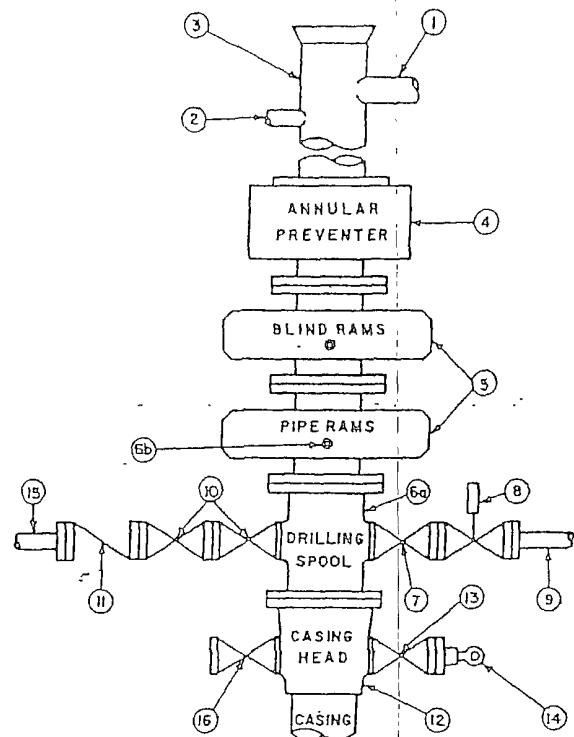
STACK REQUIREMENTS

No.	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above.)		
7	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	3-1/8"	
8	Gate valve—power operated	3-1/8"	
9	Line to choke manifold		3"
10	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/>	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	1-13/16"	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL

16	Flanged valve	1-13/16"	
----	---------------	----------	--

CONFIGURATION A



CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 3,000 psi, minimum.
2. Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near drillers position.
4. Kelly equipped with Kelly cock.
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9. Type RX ring gaskets in place of Type R.

MEC TO FURNISH:

1. Bradenhead or casinghead and side valves.
2. Wear bushing, if required.

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke. Valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, other bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. All valves to be equipped with handwheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.

7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Do not use kill line for routine fill-up operations.

Attachment to Exhibit #1
NOTES REGARDING BLOWOUT PREVENTERS
Devon Energy Production Company, LP
North Pure Gold 4 Federal 3

Surface Location: 180' FNL & 660' FWL, Unit D, Sec 4 T23S R31E, Eddy, NM
Bottom Hole Location: 180' FNL & 660' FWL, Unit D, Sec 4 T23S R31E, 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 3000 psi working pressure.
4. All fittings will be flanged.
5. A full bore safety valve tested to a minimum 3000 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.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - a. Characteristics of H₂S
 - b. Physical effects and hazards
 - c. Proper use of safety equipment and life support systems.
 - d. Principle and operation of H₂S detectors, warning system and briefing areas
 - e. Evacuation procedures, routes and first aid.
 - f. Proper use of 30-minute pressure demand air pack.
2. H₂S Detection and Alarm System
 - a. H₂S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
3. Windsock and/or wind streamers
 - a. Windsock at mud pit area should be high enough to be visible
 - b. Windsock at briefing area should be high enough to be visible
 - c. There should be a windsock at entrance to location
4. Condition Flags and Signs
 - a. Warning Sign on access road to location
 - b. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H₂S present in dangerous concentration. Only emergency personnel admitted to location.
5. Well Control Equipment
 - a. See Exhibit "E" & "E-1"
6. Communication
 - a. While working under masks chalkboards will be used for communication.
 - b. Hand signals will be used where chalk board is inappropriate
 - c. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at most drilling foreman's trailer or living quarters.
7. Drill stem Testing
 - a. Exhausts will be watered
 - b. Flare line will be equipped with an electric igniter or a propane pilot light in case gas reaches the surface.
 - c. If the location is near to a dwelling a closed DST will be performed.
8. Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.

If H₂S is encountered, mud system will be altered if necessary to maintain control or formation. A mud gas separator will be brought into service along with H₂S scavengers if necessary.

SURFACE USE PLAN

Devon Energy Production Company, LP

North Pure Gold 4 Federal 3

Surface Location: 180' FNL & 660' FWL, Unit D, Sec 4 T23S R31E, Eddy, NM

Bottom Hole Location: 180' FNL & 660' FWL, Unit D, Sec 4 T23S R31E, Eddy, NM

1. Existing Roads:

- a. The well site and elevation plat for the proposed well are reflected on Exhibit 2. The well was staked by Basin Surveys.
- b. All roads into the location are depicted on Exhibit 3.
- c. Directions to Location: From the junction of State Hwy 128 and County Rd. 802 (WIPP Rd), go north on County Rd. 802 approximately 100 feet to a lease road; then proceed easterly 2.6 miles; to the proposed lease road.

2. Access Road

- a. Exhibit #3 shows the existing lease road. Approximately 202.8' of new access road will be constructed as follows:
- b. The maximum width of the road will be 15'. It will be crowned and made of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.
- c. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 1%.
- d. No cattle guards, grates or fence cuts will be required. No turnouts are planned.

3. Proposed Facilities:

- a. In the event the well is found productive, the North Pure Gold 4 Federal 3 tank battery would be utilized and the necessary production equipment will be installed at the well site.
- b. If necessary, the well will be operated by means of an electric prime mover. Electric power poles will be set along side of the access road.
- c. All flow lines will adhere to API standards.
- d. If the well is productive, rehabilitation plans are as follows:
 - i. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after completion, weather permitting).
 - 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.

4. Methods of Handling Waste Material:

- a. Drill cuttings will be disposed of in the reserve pits.
- 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. Wastewater from living quarters will be drained into hole with a minimum of 10'. These holes will be covered during drilling and will be back filled when the well is completed. 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 allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for further drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approved disposal site. Later pits will be broken out to speed dry. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in a storage tank and sold.

5. Well Site Layout

- a. Exhibit D Shows the proposed well site layout.
- b. This exhibit indicated proposed location of reserve and sump pits and living facilities.
- c. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be unlined unless subsurface conditions encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- d. If needed, the reserve pit is to be lined with polyethylene. The pit liner will be 6 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.
- e. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

6. 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, some mesquite bushes and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is of limited use except for the grazing of livestock and the production of oil and gas.
- c. A Cultural Resources Examination will be completed by Southern New Mexico Archaeological Services, Inc. and forwarded to the BLM office in Carlsbad, New Mexico.
- d. There are no dwellings within 2 miles of location.

Operators Representative:


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

Jim Cromer
Operations Engineer Advisor
Devon Energy Production Company, L.P.
20 North Broadway
Oklahoma City, OK 73102-8260
(405) 228-4464 (office)
(405) 694-7718 (Cellular)

Don Mayberry
Superintendent
Devon Energy Production Company, L.P.
Post Office Box 250
Artesia, NM 88211-0250
(505) 748-3371 (office)
(505) 746-4945 (home)

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road; that I am familiar with the conditions that presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Devon Energy Production Company, L.P. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Signed:  Date: April 11, 2007
Judy A. Barnett
Regulatory Analyst

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Devon Energy Prod. Co. LP
Well Name & No. 3-North Pure Gold 4 Federal
Location SHL: 0180 FNL, 0660 FWL, Section 4, T-23-S, R-31-E, Eddy County, NM
Lease: NM-81953

.....

I. DRILLING OPERATIONS REQUIREMENTS:

- A.** The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Spudding well
 2. Setting and/or Cementing of all casing strings
 3. BOPE tests
- Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822
- B.** Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard.
- C.** 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.
- D.** Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface. The logs shall be run at a speed which allows the logs to be legible and no faster than manufactures of the logging tools recommended speed. (R-111-P area only)

II. CASING:

A. The 13.375 inch surface casing shall be set at a minimum of 25 feet into the Rustler Anhydrite and above the salt at approximately 525 feet and cemented to the surface.

1. 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 a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
4. If cement falls back, remedial action will be done prior to drilling out that string.

Possible lost circulation in the Delaware and Bone Spring formations.

Possible water flows in the Salado, Castile, Delaware, and Bone Spring formations.

- B. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is **cement shall circulate to surface**. If cement does not circulate see A.1 thru 4.
- C. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall circulate to surface**. **If two stage option is used, cement is to circulate for both stages**. If cement does not circulate see A.1 thru 4.
- D. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.
- E. 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.

III. PRESSURE CONTROL:

- A. 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.
- B. 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**.
- D. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - 1. The tests shall be done by an independent service company.
 - 2. The results of the test shall be reported to the appropriate BLM office.
 - 3. 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.
 - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. 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.
 - 5. A variance to test the surface casing and BOP/BOPE to the reduced pressure of 1000 psi, but not more than 70% of internal yield pressure of the casing with the rig pumps is approved.

IV. Testing

If a drill stem test is performed, the conditions in Onshore Order 2.III.D are in effect.

Engineer on call phone: 505-706-2779

WWI 041607

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

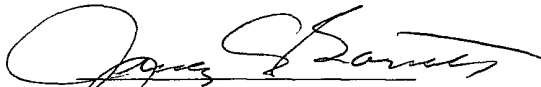
Statement Accepting Responsibility for Operations

Operator Name: Devon Energy Production Company, LP
Street or Box: 20 North Broadway
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: North Pure Gold 4 Federal 3
Lease No.: NM-81953
Legal Description of Land: 40 acres
NW/4 NW/4 SEC 4-T23S-R31E
Formation(s): Delaware
Bond Coverage: Nationwide
BLM Bond File No.: CO-1104

Authorized Signature:


Judy A. Barnett

Title: Regulatory Analyst

Date: 04/11/07

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

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-14
June 1, 2004

For drilling and production facilities, submit to
appropriate NMOCD District Office
For downstream facilities, submit to Santa Fe
office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator <u>Devon Energy Production Co LP</u> Telephone <u>405-228-8699</u> e-mail address <u>barnej2@dev.com</u>		
Address <u>P O Box 250, Artesia, New Mexico 88211</u>		
Facility or well name <u>North Pure Gold 4 Federal 3</u> API # _____ U/L or Qtr/Qtr <u>D</u> Sec <u>4</u> T <u>23S</u> R <u>31E</u>		
County <u>Eddy</u> Latitude _____ Longitude _____ NAD 1927 <input type="checkbox"/> 1983 <input type="checkbox"/>		
Surface Owner Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>		
Pit Type Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>20,000</u> bbl	Below-grade tank Volume _____ bbl Type of fluid _____ Construction material _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water)	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	100 feet or more	(0 points)
Wellhead protection area (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources)	Yes	(20 points)
	No	(0 points)
Distance to surface water (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	1000 feet or more	(0 points)
Ranking Score (Total Points)		

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end date (4) Groundwater encountered No ☐ Yes ☐ If yes, show depth below ground surface _____ ft and attach sample results (5) Attach soil sample results and a diagram of sample locations and excavations

Additional Comments

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date 03/20/07

Printed Name/Title Judy A Barnett/ Regulatory Analyst

Signature [Signature]

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval

Printed Name/Title _____

Signature _____

Date _____



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 14, 2007



Devon Energy Production Company, L.P.
c/o Mr. Ken Gray
20 North Broadway
Oklahoma City, OK 73102-8260

Administrative Order NSL-5602

Re: North Pure Gold 4 Fed. Well No. 3
Unit D, Section 4, Twsp 23S, Range 31E
Eddy County

Dear Mr. Gray:

Reference is made to the following:

(a) your application (**administrative application reference No. pCLP07-07825628**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 13, 2007, and

(b) the Division's records pertinent to your request.

Devon Energy Production Company, L.P. (Devon) has requested to drill its North Pure Gold 4 Federal Well No. 3 at an unorthodox Delaware oil well location, 180 feet from the North line and 660 feet from the West line (Unit D) of Section 4, Township 23 South, Range 31 East, N.M.P.M., in Eddy County, New Mexico. The NW/4 NW/4 of Section 4 will be dedicated to this well to form a standard 40-acre oil spacing unit in the undesignated Los Medanos-Delaware Pool (**40297**). Spacing in this pool is governed by statewide Rule 104.B, which requires that a well be located at least 330 feet from a unit boundary. The proposed location is less than 330 feet from the northern boundary of the proposed unit.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210 A(2).

It is our understanding that Devon is seeking this location exception in order to comply with surface location requirements of the United States Bureau of Land Management (BLM).

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe, New Mexico 87505
Phone (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>

It is also understood that the adjacent spacing unit to the north is unleased federal land, and that notice of the application has been given to the BLM.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad