

OPERATOR'S COPY

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

Form 3160-3
(April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

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	3b Phone No. (include area code) 405-228-8699	8 Lease Name and Well No North Pure Gold 5 Federal 3H
4 Location of Well (Report location clearly and in accordance with any State requirements *) At surface SE/4 NW/4 & E/2 SW/4 150' FNL & 2630' FEL At proposed prod zone BHL: LOT N 660' FSL & 1980' FWL PP: 650' FNL & 1980' FWL		9 API Well No. 30-015-35892
14 Distance in miles and direction from nearest town or post office* Approximately 17 miles east of Loving, NM.		10 Field and Pool, or Exploratory Los Medanos; Delaware
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg unit line, if any) 150'	16 No of acres in lease 1716.94	11 Sec, T R M or Blk and Survey or Area LOT B SEC 5 T23S R31E
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1925'	19 Proposed Depth TD-14,000' 12,505'	12 County or Parish Eddy County
21 Elevations (Show whether DF, KDB, RT, GL, etc) 3330' GL	22 Approximate date work will start per operator 9/23/07	13 State NM
17 Spacing Unit dedicated to this well 120 ACRES		
20 BLM/BIA Bond No. on file CO-1104		
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 | 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 08/16/2007
Title Regulatory Analyst		

Approved by (Signature) 	Name (Printed/Typed) San Quintero	Date 10/23/07
Title NM 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 USC Section 1001 and Title 43 USC 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)

Carlsbad Controlled Water Basin

OCT 26 2007
OCD-ARTESIA

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

NSL Required To Produce
Drill Only

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

OPERATOR'S COPY

FORM APPROVED
OMB NO 1004-0135
EXPIRES: March 31, 2007

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 _____

2 Name of Operator
DEVON ENERGY PRODUCTION COMPANY, LP

3. Address and Telephone No
20 N Broadway, Oklahoma City, Ok 73102-8260 405-235-3611

4. Location of Well (Report location clearly and in accordance with Federal requirements)*
150' FNL 2630' FEL Unit D B SEC 5 T23S R31E
BHL 330' FNL 1980' FWL PP: 1700' FNL 1980' FWL

5 Lease Serial No	NM-81953
6. If Indian, Allottee or Tribe Name	
7. Unit or CA Agreement Name and No	
8 Well Name and No	North Pure Gold 5 Federal 3H
9 API Well No	
10 Field and Pool, or Exploratory	
11. County or Parish State	Eddy NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Change APD
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 deepens directionally or recompletes 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)

Devon Energy Production Company L.P. respectfully request to change the PP and the BHL of the survey plat for the North Pure Gold 5 Federal 3H to read: PP: 1700' FNL 1980' FWL instead of 650' FNL 1980' FWL and BHL to read 330' FSL 1980' FWL instead of 660' FSL 1980' FWL. The dedicated acres to read 120 instead of 40.

(Attached is the revised plat)

14 I hereby certify that the foregoing is true and correct

Signed Judy A. Barnett Name Judy A. Barnett X8699 Title Regulatory Analyst Date 8/30/2007

(This space for Federal or State Office use)

Approved by [Signature] Title ACTING STATE DIRECTOR Date 10-23-07
Conditions of approval, if any.

Under 18 U.S.C. Section 1001, it is 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

DISTRICT I
1825 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

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 40297	Pool Name Les Medanes DELAWARE
Property Code	Property Name NORTH PURE GOLD "5"	Well Number 3H
OGRID No. 6137	Operator Name DEVON ENERGY PRODUCTION COMPANY LP	Elevation 3330'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	5	23 S	31 E		150	NORTH	2630	EAST	EDDY

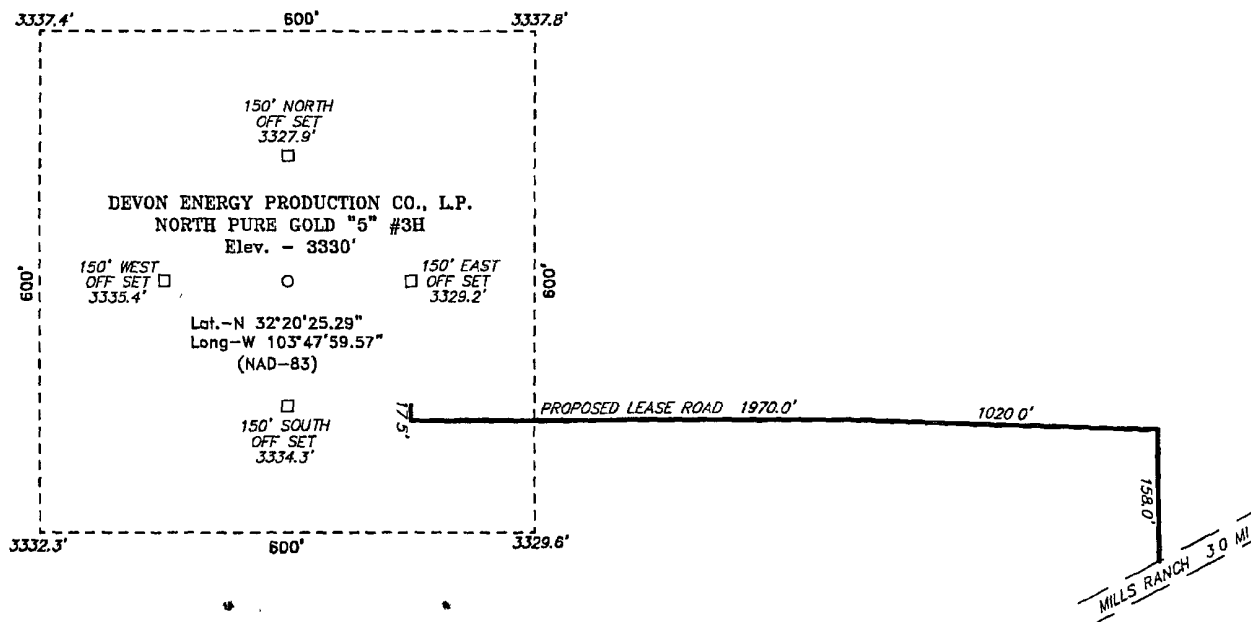
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	5	23 S	31 E		330	SOUTH	1980	WEST	EDDY
Dedicated Acres 120	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

<p>3337.4' 3337.8'</p> <p>3332.3' 3332.6'</p> <p>SL</p> <p>2630'</p> <p>3332.3' 3332.6'</p> <p>Lat - N32°20'25.29"</p> <p>Long - W103°47'59.57"</p> <p>SPC N.: 487972.0</p> <p>E.: 706095.4</p> <p>(NAD-83)</p> <p>PP 1700' FNL 1980' FWL</p> <p>1980'</p> <p>B.H.</p> <p>330'</p> <p>Lat - N32°19'37.9"</p> <p>Long - W103°48'07.5"</p> <p>SPC N.: 483173.08</p> <p>E.: 705432.93</p> <p>(NAD-83)</p> <p>Project Area</p> <p>Producing Area</p>	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p>Signature: <i>Judy A. Barnett</i> Date: 9/7/07</p> <p>Printed Name: Judy A. Barnett</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JUNE 18 2007</p> <p>Date Surveyed: Gary L. Jones</p> <p>Signature: <i>Gary L. Jones</i></p> <p>Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
--	--

SECTION 5, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



200 0 200 400 FEET
SCALE: 1" = 200'

Directions to Location:

FROM THE JUNCTION OF CO. RD. 799 (RED) AND
CO. RD. MILLS RANCH, GO SOUTHWEST ON MILLS
RANCH 3.0 MILES TO THE PROPOSED LEASE ROAD.

DEVON ENERGY PROD. CO., L.P.

REF: NORTH PURE GOLD "5" #3H / WELL PAD TOPO

THE NORTH PURE GOLD "5" #3H LOCATED 150'
FROM THE NORTH LINE AND 2630' FROM THE EAST LINE OF
SECTION 5, TOWNSHIP 23 SOUTH, RANGE 31 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 18216	Drawn By: J. M. SMALL
Date: 06-20-2007	Disk: 18216W JMS
Survey Date: 06-19-2007	Sheet 1 of 1 Sheets

DRILLING PROGRAM

2630'

Devon Energy Production Company, LP

~~North Pure Gold 5 Federal 2H~~

Surface Location: 150' FNL & ~~1980'~~ FEL, Unit B, Sec 5 T23S R31E, Eddy, NM

Bottom Hole Location: ~~660'~~ FSL & 1980 FEL, Unit O, Sec 5 T23S R31E, Eddy, NM

330' FSL

1. Geologic Name of Surface Formation

a. Delaware

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

a. Rustler	420'	Water
b. Salado	715'	
c. Salt	850'	
d. Base of Salt	3840'	
e. Delaware	4080'	Oil
f. Cherry Canyon	5100'	Oil
g. Brushy Canyon	6650'	Oil
h. Total Depth	12,505'	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 750' and circulating cement back to surface. Potash / fresh water sands will be protected by setting 9 5/8" casing at 4150' and circulating cement to surface. The Delaware intervals will be isolated by setting 7" casing and circulating cement above the base of the 9 5/8" casing. There will be a 4 1/2" production liner set from 7750' to total depth with cement above top of liner

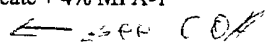
3. Casing Program:

<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>
17-1/2"	0'-750'	13-3/8"	0'- 750'	48 #/ft	ST&C	H-40
12-1/4"	750'-4150'	9-5/8"	0' 4150'	40 #/ft	LT&C	J-55
8-3/4"	4150'-8175'	7"	0'- 8175'	26#/ft	LT&C	J-55
6-1/8"	Horizontal Section	4-1/2"	7750'- 12,505'	11.60 #/ft	BT&C	N-80

Design Parameter Factors:

<u>Casing Size</u>	<u>Collapse Design Factor</u>	<u>Burst Design Factor</u>	<u>Tension Design Factor</u>
13 3/8"	2.02	2.62	8.94
9 5/8"	1.19	1.57	3.13
7"	1.25	3.67	1.79
4 1/2"	1.72	29.92	99.99

4. Cement Program:

13 3/8" Surface	Lead Slurry: 520 sacks (35:65) Poz (Fly Ash): Class C Cement + 2% Calcium Chloride + 0.25 lbs/sack Cello Flake + 6% Bentonite Yield: 1.83 cf/sack. TOC @ surface. Tail Slurry: 250 sacks Class C Cement + 2% Calcium Chloride + 0.25 lbs/sack Cello Flake Yield: 1.35 cf/sack. TOC @ surface.
9 5/8" Intermediate	Lead Slurry: 1145 sacks (35:65) Poz (Fly Ash): Class C Cement + 5% Sodium Chloride + 0.25 lbs/sack Cello Flake + 6% Bentonite Yield: 2.04 cf/sack. TOC @ surface. Tail Slurry: 300 sacks (60:40) Poz (Fly Ash): Class C Cement + 5% Sodium Chloride + 0.25 lbs/sack Cello Flake + 0.4% Sodium Metasilicate + 4% MPA-1 Yield: 1.37 cf/sack TOC @ surface.
7" Intermediate	2 Stage with DV tool @ 4,650' STAGE 1 Spacer: 10.0 bbls Fresh Water @ 8.34 ppg; 1,500 gals Mud Clean II @ 8.45 ppg; 10 bbls Fresh Water @ 8.34 ppg Lead Slurry: 130 sacks (35:65) Poz (Fly Ash): Class C Cement + 3% Sodium Chloride + 0.25% R-3 + 0.25 lbs/sack Cello Flake + 3 lbs/sack LCM-1 + 6% Bentonite + 0.3% FL-52A Yield: 2.01 cf/sack Tail Slurry: 600 sacks (60:40) Poz (Fly Ash): Class C Cement + 1% Sodium Chloride + 1.0% BA-10 + 0.75% EC-1 + 0.25 lbs/sack Cello Flake + 2 lbs/sack Kol Seal + 4% bwoc MPA-1 Yield: 1.36 cf/sack STAGE 2 Spacer: 30 bbls Fresh Water @ 8.34 ppg Slurry: 184 sacks (60:40) Poz (Fly Ash): Class C Cement + 5% Sodium Chloride + 0.25 lbs/sack Cello Flake + 0.4% Sodium Metasilicate + 4% MPA-1 Yield: 1.37 cf/sack. TOC @ 3650' 
4 1/2" Liner	Liner f/ 7,750'-12,505' Spacer: 10.0 bbls Fresh Water @ 8.34 ppg; 1500 gals Mud Clean II @ 8.45 ppg; 10 bbls Fresh water @ 8.34 ppg Slurry: 495 sacks Class H Cement + 0.35% R-3 + 0.4% CD-32 + 1.4% FL-62 + 0.1% ASA-301 + 0.2% Sodium Metasilicate + 20 lbs/sack ASCA-1 Yield: 1.42 cf/sack

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 9 5/8" casing shoe. All casing is new and API approved.

5. Pressure Control Equipment:

The blowout preventor equipment (BOP) shown in Exhibit #1 will consist of a (5M system) double ram type (5000 psi WP) preventor and a bag-type (Hydril) preventor (5000 psi WP) and rotating

head. 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 BOP 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 9 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.

Proposed Mud Circulation System

<u>Depth</u>	<u>Mud Wt.</u>	<u>Visc</u>	<u>Fluid Loss</u>	<u>Type System</u>
0' - 750'	8.4 - 9.4	32 - 34	NC	Gel/Lime
750' - 4150'	10	28	NC	Brine
4150' - 8175'	8.3 - 8.4	28	NC	Fresh Water
8175' - 12,505'	8.6 - 9.0	34 - 40	8 - 12 cc	Fresh Water/Polymer

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

6. Auxiliary Well Control and Monitoring Equipment:

- A Kelly cock will be in the drill string at all times.
- A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
- Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 4 1/2" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

7. Logging, Coring, and Testing Program:

- Drill stem tests will be based on geological sample shows.
- 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.
- The open hole electrical logging program will be:
 - Total Depth to Intermediate Casing Dual Laterolog-Micro Laterolog with SP and Gamma Ray. Compensated Neutron - Z Density log with Gamma Ray and Caliper.
 - Total Depth to Surface Compensated Neutron with Gamma Ray
 - No coring program is planned
 - Additional testing will be initiated subsequent to setting the 4 1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

8. 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 120°. No H₂S is anticipated to be encountered.

9. 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.

Nov 10 05 02:10p

Aug 23 04 08:10a

505 7485211

p.2

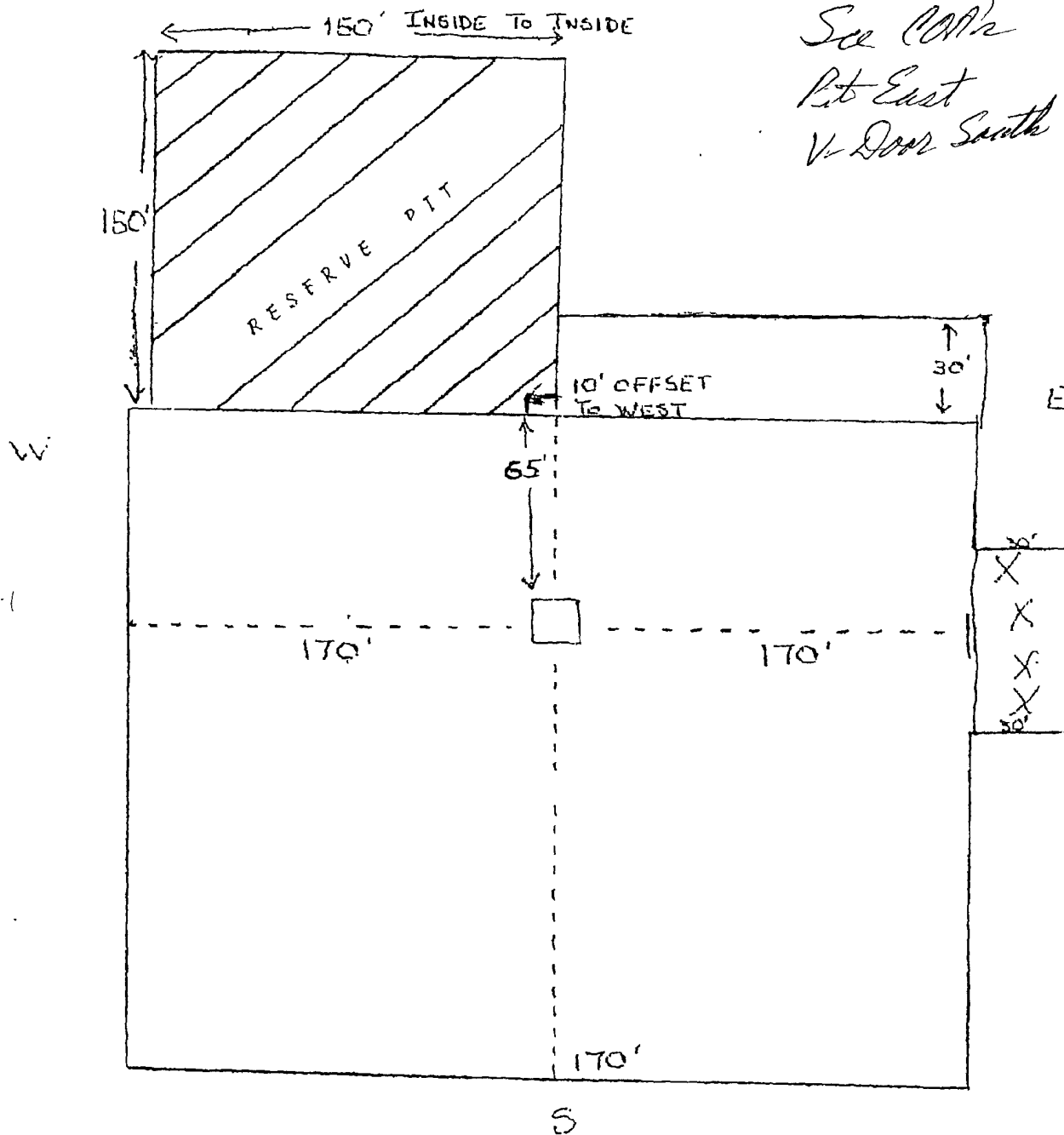


McVAY DRILLING COMPANY
Post Office Box 924
Hobbs, New Mexico 88241
(505) 397-3311
(505) 393-3744

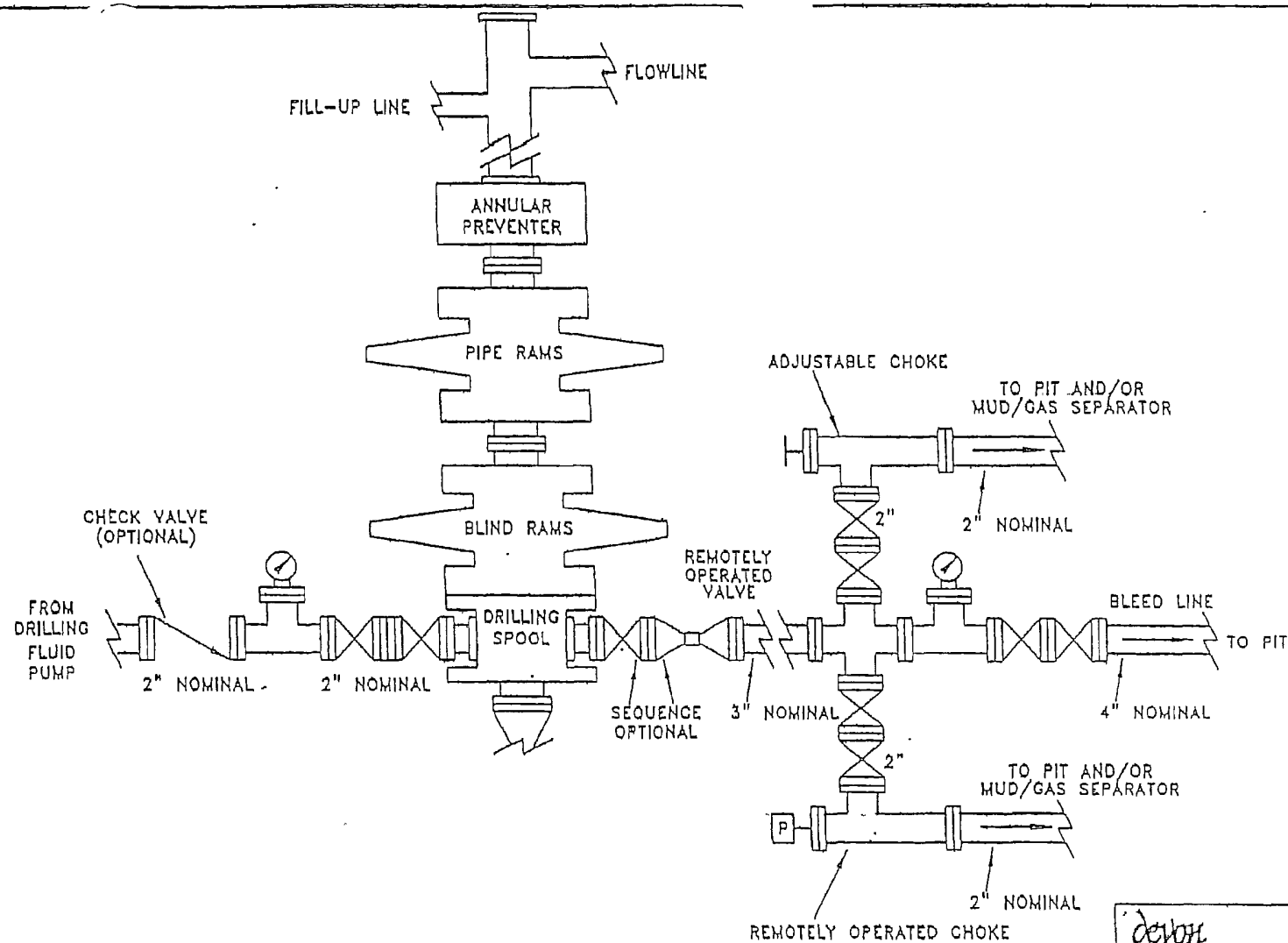
N

McVAY 17

See COA's
Pit East
V. Door South



Added for
 5mboos.dwg



devon

EXHIBIT 1

PROPOSED 5-M BOPE
AND CHOKE ARRANGEMENT

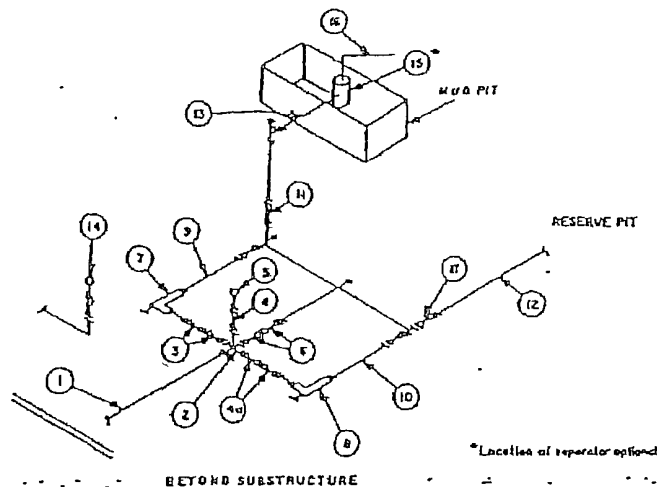
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sc

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	RATING	LD.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2" Cross 3"x3"x3"x3"			3,000			5,000			10,000
3	Valves (1) Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/> (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 <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		2,000	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		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (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 <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

(1) Only one required in Class 2M.

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

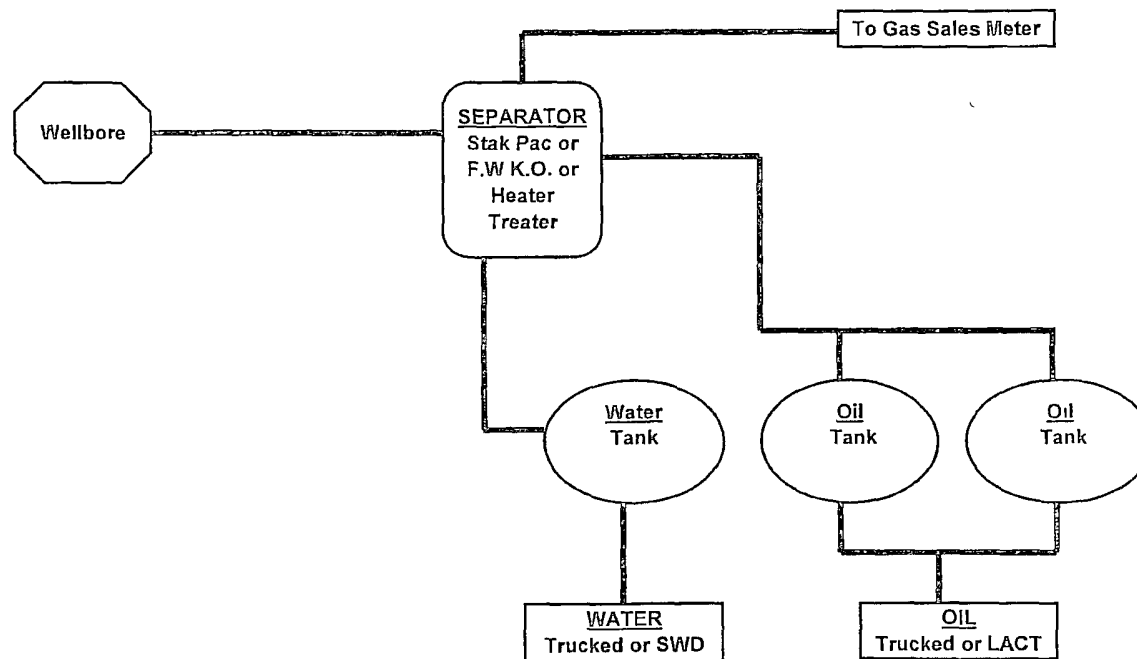
(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

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 RX 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.

DEVON ENERGY PRODUCTION COMPANY LP

General Production Facilities Diagram





Planned Wellpath Report

Plan #1
Page 1 of 4



INTEQ

REFERENCE WELLPATH IDENTIFICATION

Operator	Devon Energy	Slot	#3H_SHL
Area	Eddy County, NM	Well	#3H
Field	Sand Dunes West Field	Wellbore	#3H_PWB
Facility	North Pure Gold 5 Federal #3H		

REPORT SETUP INFORMATION

Projection System	NAD83 / TM New Mexico State Planes, Eastern Zone (3001), US feet	Software System	WellArchitect™ 1.2
North Reference	Grid	User	Gomeoscr
Scale	0.99994	Report Generated	07/09/07 at 14:21:35
Wellbore last revised	07/09/07	Database/Source file	WA_Midland/#3H_PWB.xls

WELLPATH LOCATION

	Local coordinates		Grid coordinates		Geographic coordinates	
	North [feet]	East [feet]	Easting [US feet]	Northing [US feet]	Latitude [°]	Longitude [°]
Slot Location	0.00	0.00	706088.74	487964.65	32 20 25.290N	103 47 59.570W
Facility Reference Pt			706088.74	487964.65	32 20 25.290N	103 47 59.570W
Field Reference Pt			0.00	0.00	30 59 18.404N	106 03 38.987W

WELLPATH DATUM

Calculation method	Minimum curvature	Rig on #3H_SHL (RT) to Facility Vertical Datum	0.00 feet
Horizontal Reference Pt	Slot	Rig on #3H_SHL (RT) to GRN. ELEV.	3330.00 feet
Vertical Reference Pt	Rig on #3H_SHL (RT)	Facility Vertical Datum to Mud Line (Facility)	0.00 feet
MD Reference Pt	Rig on #3H_SHL (RT)	Section Origin	N 0.00, E 0.00 ft
Field Vertical Reference	GRN. ELEV.	Section Azimuth	187.95°



Planned Wellpath Report

Plan #1
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INTEQ

REFERENCE WELLPATH IDENTIFICATION

Operator	Devon Energy	Slot	#3H_SHL
Area	Eddy County, NM	Well	#3H
Field	Sand Dunes West Field	Wellbore	#3H_PWB
Facility	North Pure Gold 5 Federal #3H		

WELLPATH DATA (61 stations) † = interpolated/extrapolated station

MD [feet]	Inclination [°]	Azimuth [°]	TVD [feet]	Vert Sect [feet]	North [feet]	East [feet]	DLS [°/100ft]	Design Comments	Path Comment
0.00	0.000	187.946	0.00	0.00	0.00	0.00	0.00	Tie On	
400.00†	0.000	0.000	400.00	0.00	0.00	0.00	0.00		Rustler
850.00†	0.000	187.946	850.00	0.00	0.00	0.00	0.00		Top of Salt
3830.00†	0.000	187.946	3830.00	0.00	0.00	0.00	0.00		Base of Salt
4100.00†	0.000	187.946	4100.00	0.00	0.00	0.00	0.00		Top Delaware/Lamar LS
4140.00†	0.000	187.946	4140.00	0.00	0.00	0.00	0.00		Bell Canyon
6650.00†	0.000	187.946	6650.00	0.00	0.00	0.00	0.00		Brushy Canyon
7420.00	0.000	187.946	7420.00	0.00	0.00	0.00	0.00	KOP	
7520.00†	11.930	187.946	7519.28	10.37	-10.27	-1.43	11.93		
7620.00†	23.860	187.946	7614.27	41.05	-40.65	-5.67	11.93		
7720.00†	35.790	187.946	7700.87	90.69	-89.82	-12.54	11.93		
7820.00†	47.720	187.946	7775.33	157.17	-155.66	-21.73	11.93		
7920.00†	59.650	187.946	7834.45	237.60	-235.32	-32.85	11.93		
8020.00†	71.580	187.946	7875.66	328.51	-325.36	-45.41	11.93		
8120.00†	83.510	187.946	7897.19	425.98	-421.89	-58.89	11.93		
8174.43	90.003	187.946	7900.27	480.30	-475.68	-66.40	11.93	EOC	
8220.00†	90.003	187.946	7900.26	525.87	-520.82	-72.70	0.00		
8320.00†	90.003	187.946	7900.26	625.87	-619.86	-86.52	0.00		
8420.00†	90.003	187.946	7900.25	725.87	-718.90	-100.35	0.00		
8520.00†	90.003	187.946	7900.25	825.87	-817.94	-114.17	0.00		
8620.00†	90.003	187.946	7900.24	925.87	-916.98	-127.99	0.00		
8720.00†	90.003	187.946	7900.23	1025.87	-1016.02	-141.82	0.00		
8820.00†	90.003	187.946	7900.23	1125.87	-1115.06	-155.64	0.00		
8920.00†	90.003	187.946	7900.22	1225.87	-1214.10	-169.47	0.00		
9020.00†	90.003	187.946	7900.21	1325.87	-1313.14	-183.29	0.00		



Planned Wellpath Report

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INTEQ

REFERENCE WELLPATH IDENTIFICATION			
Operator	Devon Energy	Slot	#3H_SHL
Area	Eddy County, NM	Well	#3H
Field	Sand Dunes West Field	Wellbore	#3H PWB
Facility	North Pure Gold 5 Federal #3H		

WELLPATH DATA (61 stations) † = interpolated/extrapolated station

MD [feet]	Inclination [°]	Azimuth [°]	TVD [feet]	Vert Sect [feet]	North [feet]	East [feet]	DLS [°/100ft]	Design Comments	Path Comment
9120.00†	90.003	187.946	7900.21	1425.87	-1412.18	-197.12	0.00		
9220.00†	90.003	187.946	7900.20	1525.87	-1511.21	-210.94	0.00		
9320.00†	90.003	187.946	7900.20	1625.87	-1610.25	-224.76	0.00		
9420.00†	90.003	187.946	7900.19	1725.87	-1709.29	-238.59	0.00		
9520.00†	90.003	187.946	7900.18	1825.87	-1808.33	-252.41	0.00		
9620.00†	90.003	187.946	7900.18	1925.87	-1907.37	-266.24	0.00		
9720.00†	90.003	187.946	7900.17	2025.87	-2006.41	-280.06	0.00		
9820.00†	90.003	187.946	7900.17	2125.87	-2105.45	-293.89	0.00		
9920.00†	90.003	187.946	7900.16	2225.87	-2204.49	-307.71	0.00		
10020.00†	90.003	187.946	7900.15	2325.87	-2303.53	-321.53	0.00		
10120.00†	90.003	187.946	7900.15	2425.87	-2402.57	-335.36	0.00		
10220.00†	90.003	187.946	7900.14	2525.87	-2501.61	-349.18	0.00		
10320.00†	90.003	187.946	7900.14	2625.87	-2600.65	-363.01	0.00		
10420.00†	90.003	187.946	7900.13	2725.87	-2699.69	-376.83	0.00		
10520.00†	90.003	187.946	7900.12	2825.87	-2798.73	-390.66	0.00		
10620.00†	90.003	187.946	7900.12	2925.87	-2897.77	-404.48	0.00		
10720.00†	90.003	187.946	7900.11	3025.87	-2996.81	-418.31	0.00		
10820.00†	90.003	187.946	7900.10	3125.87	-3095.85	-432.13	0.00		
10920.00†	90.003	187.946	7900.10	3225.87	-3194.89	-445.95	0.00		
11020.00†	90.003	187.946	7900.09	3325.87	-3293.93	-459.78	0.00		
11120.00†	90.003	187.946	7900.09	3425.87	-3392.97	-473.60	0.00		
11220.00†	90.003	187.946	7900.08	3525.87	-3492.01	-487.43	0.00		
11320.00†	90.003	187.946	7900.07	3625.87	-3591.05	-501.25	0.00		
11420.00†	90.003	187.946	7900.07	3725.87	-3690.09	-515.08	0.00		
11520.00†	90.003	187.946	7900.06	3825.87	-3789.13	-528.90	0.00		



Planned Wellpath Report

Plan #1
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INTEQ

REFERENCE WELLPATH IDENTIFICATION			
Operator	Devon Energy	Slot	#3H_SHL
Area	Eddy County, NM	Well	#3H
Field	Sand Dunes West Field	Wellbore	#3H_PWB
Facility	North Pure Gold 5 Federal #3H		

WELLPATH DATA (61 stations) † = interpolated/extrapolated station

MD [feet]	Inclination [°]	Azimuth [°]	TVD [feet]	Vert Sect [feet]	North [feet]	East [feet]	DLS [°/100ft]	Design Comments	Path Comment
11620.00†	90.003	187.946	7900.06	3925.87	-3888.17	-542.72	0.00		
11720.00†	90.003	187.946	7900.05	4025.87	-3987.21	-556.55	0.00		
11820.00†	90.003	187.946	7900.04	4125.87	-4086.25	-570.37	0.00		
11920.00†	90.003	187.946	7900.04	4225.87	-4185.29	-584.20	0.00		
12020.00†	90.003	187.946	7900.03	4325.87	-4284.33	-598.02	0.00		
12120.00†	90.003	187.946	7900.03	4425.87	-4383.37	-611.85	0.00		
12220.00†	90.003	187.946	7900.02	4525.87	-4482.41	-625.67	0.00		
12320.00†	90.003	187.946	7900.01	4625.87	-4581.45	-639.49	0.00		
12420.00†	90.003	187.946	7900.01	4725.87	-4680.49	-653.32	0.00		
12520.00†	90.003	187.946	7900.00	4825.87	-4779.53	-667.14	0.00		
12540.67	90.003	187.946	7900.00	4846.53	-4800.00	-670.00	0.00	#3H BHL	

TARGETS

Name	MD [feet]	TVD [feet]	North [feet]	East [feet]	Grid East [us survey feet]	Grid North [us survey feet]	Latitude [°]	Longitude [°]	Shape
1) #3H BHL	12540.67	7900.00	-4800.00	-670.00	705418.74	483164.66	32 19 37.825N	103 48 07.657W	point
330' FSL & 1980' FWL									

SURVEY PROGRAM Ref Wellbore: #3H_PWB Ref Wellpath: Plan #1

Start MD [feet]	End MD [feet]	Positional Uncertainty Model	Log Name/Comment	Wellbore
0.00	12540.67	NaviTrak (Standard)		#3H_PWB

devon

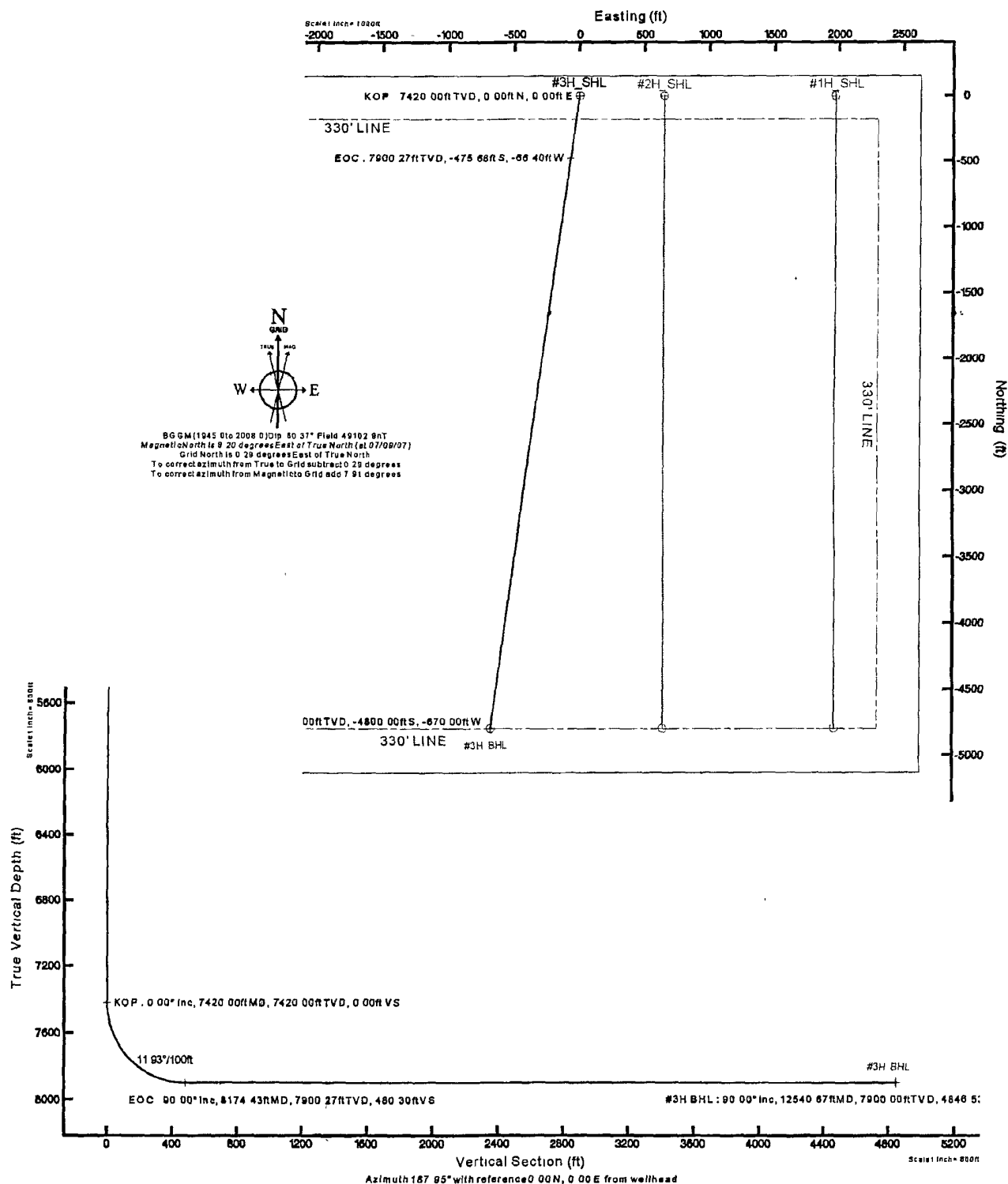
Devon Energy

Location Eddy County, NM Slot #3H_SHL
Field Sand Dunes West Field Well #3H
Facility North Pure Gold & Federal #3H Wellbore #3H_PWB

BAKER
HUGHES
INTEQ

Well Profile Data							
Design Comment	MD (ft)	Inc. (°)	AI (°)	TVD (ft)	Local E (ft)	Local S (ft)	VS (ft)
Trk On	0.00	0.00	127.945	0.00	0.00	0.00	0.00
KOP	7420.00	0.00	187.945	7420.00	0.00	0.00	0.00
EOC	8174.43	90.00	187.945	7900.27	475.96	66.40	11.50
#3H_BHL	12540.67	90.00	187.945	7900.00	476.00	66.40	11.50

True Vertical Depth (TVD) at KOP: 7420.00 ft	True Vertical Depth (TVD) at EOC: 7900.27 ft
True Vertical Depth (TVD) at #3H_BHL: 7900.00 ft	True Vertical Depth (TVD) at #3H_SHL: 7420.00 ft
True Vertical Depth (TVD) at #2H_SHL: 7420.00 ft	True Vertical Depth (TVD) at #1H_SHL: 7420.00 ft
True Vertical Depth (TVD) at #3H_SHL: 7420.00 ft	True Vertical Depth (TVD) at #3H_BHL: 7900.00 ft
True Vertical Depth (TVD) at #3H_SHL: 7420.00 ft	True Vertical Depth (TVD) at #3H_BHL: 7900.00 ft
True Vertical Depth (TVD) at #3H_SHL: 7420.00 ft	True Vertical Depth (TVD) at #3H_BHL: 7900.00 ft
True Vertical Depth (TVD) at #3H_SHL: 7420.00 ft	True Vertical Depth (TVD) at #3H_BHL: 7900.00 ft
True Vertical Depth (TVD) at #3H_SHL: 7420.00 ft	True Vertical Depth (TVD) at #3H_BHL: 7900.00 ft
True Vertical Depth (TVD) at #3H_SHL: 7420.00 ft	True Vertical Depth (TVD) at #3H_BHL: 7900.00 ft
True Vertical Depth (TVD) at #3H_SHL: 7420.00 ft	True Vertical Depth (TVD) at #3H_BHL: 7900.00 ft



SURFACE USE PLAN

Devon Energy Production Company, LP

North Pure Gold 5 Federal 3H

Surface Location: 150' FNL & 2630' FEL, Unit B, Sec 5 T23S R31E, Eddy, NM

Bottom hole Location: 660' FSL & 1980' FWL, Unit N, Sec 5 T23S R31E, 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 Basin Surveys.
- b. All roads into the location are depicted on Exhibit 3.
- c. Directions to Location: From the junction of Co. Rd. 799 (Red) and Co. Rd. Mills Ranch, go southwest on Mills Ranch 3.0 miles to proposed lease road.

2. New or Reconstructed Access Roads:

- a. Exhibit 3 shows the existing lease road. Approximately 3165' 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. 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. 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. See Production Facilities Layout diagram.
- 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 configured 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:

All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

7. 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. 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.
- 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 reserve and sump pits and living facilities.
- c. Mud pits in the active circulating system will be steel pits & the reserve pit will be lined.
- 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 to preclude endangering wildlife.

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 reserve pit area

will be broken out and leveled after drying to a condition where these efforts are feasible. The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography. Will close the pits per OCD compliance regulations.

- b. The pit lining will be buried or hauled away in order to return the location and road to their pristine nature. All pits will be filled and location leveled, weather permitting, within 120 days after abandonment.
- c. The location and road will be rehabilitated as recommended by the BLM.
- d. If the well is a producer, the reserve pit fence will be torn down after the pit contents have dried. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.
- e. If the well is deemed commercially productive, the reserve pit will be restored as described in 10(A) within 120 days subsequent to the completion date. 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.

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, sagebrush, 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 dwellings within 2 miles of location.
- d. A Cultural Resources Examination will be completed by Southern New Mexico Archaeological Services, Inc. and forwarded to the BLM office in Carlsbad, New Mexico.

13. Bond Coverage:

Bond Coverage is Nationwide; Bond # is CO-1104

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

Don Mayberry
Superintendent

Devon Energy Production Company, L.P.
20 North Broadway
Oklahoma City, OK 73102-8260

Devon Energy Production Company, L.P.
Post Office Box 250
Artesia, NM 88211-0250

(405) 228-4464 (Office)
(405) 694-7718 (Cellular)

(505) 748-0164 (Office)
(505) 748-5235 (Cellular)

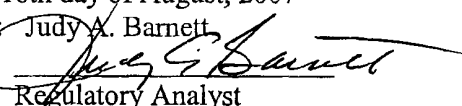
Certification

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 16th day of August, 2007

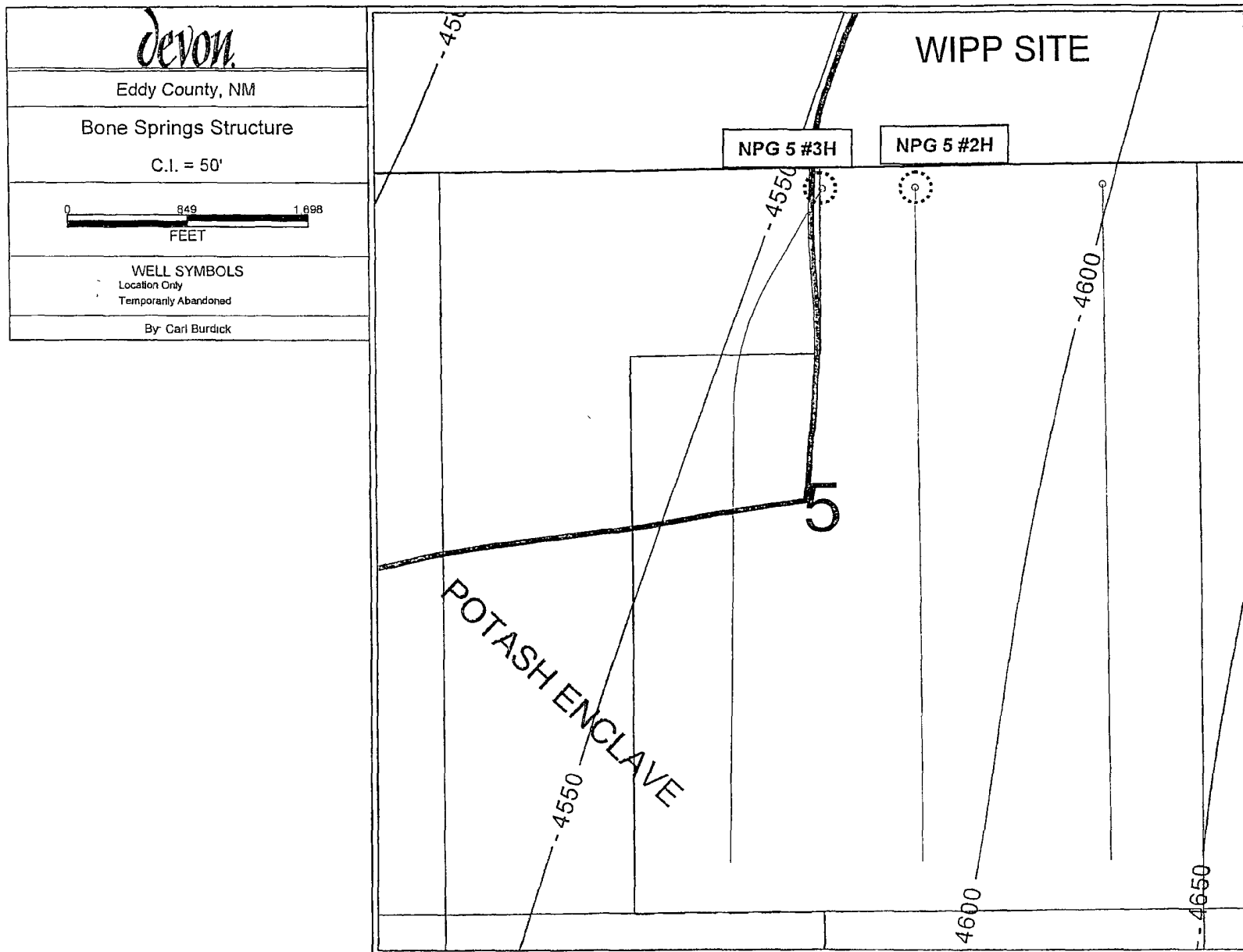
Printed Name: Judy A. Barnett

Signed Name: 

Position Title: Regulatory Analyst

Address: 20 North Broadway, OKC OK 73102

Telephone: (405)-228-8699



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 2 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(505) 361-2822

- 1 **Although Hydrogen Sulfide is not reported, it is always a potential hazard.**
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.
3. When floor controls are required, (3M or Greater) 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 are located, this does not include the dog house or stairway area.
4. 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)
5. **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. This information can be emailed to gene.valett@wipp.ws or faxed to 505-234-6003.**

B. CASING

1. The **13-3/8 inch** surface casing shall be set a **minimum of 25 feet into the Rustler Anhydrite and above the salt at approximately 750 feet** and cemented to the surface.
 - 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 a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time 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. (This is to include the lead cement).
 - 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 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.

2. The minimum required fill of cement behind the **9-5/8 inch** intermediate casing is:
☒ Cement to surface. If cement does not circulate see B.1.a-d above.
3. The minimum required fill of cement behind the **7 inch** production casing is:
☒ Cement to surface. If cement does not circulate see B.1.a-d above.
4. The minimum required fill of cement behind the **4-1/2 inch** production liner is:
☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.
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.
6. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

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. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. 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.
 - d. 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.
 - e. A variance to test the surface casing and BOP/BOPE to the reduced pressure of 1000 psi with the rig pumps is approved.

Engineer on call phone (after hours): Carlsbad: (505) 706-2779

WWI 082307

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, Munsell Soil Color Chart # 5Y 4/2

VRM Facility Requirement

B. PIPELINES

BLM Lease Number: NM-81953

Company Reference: Devon Energy Production Company, LP

Well # & Name: North Pure Gold 5 Federal # 3H

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as



IN REPLY REFER TO

NM-81953
3160 (52200)

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
New Mexico State Office
1474 Rodeo Rd.
P.O. Box 27115
Santa Fe, New Mexico 87502-0115
www.nm.blm.gov



October 23, 2007

CERTIFIED--RETURN RECEIPT REQUESTED
7007 0710 0004 3793 5939

Devon Energy Production Company
20 North Broadway
Oklahoma City, OK 73102-8260

Re: NM-81953
North Pure Gold 5 Federal #2H
SHL 150'/N. & 1980'/E., sec. 5, T. 23 S., R. 31 E.
BHL 330'/S. & 1980'/E., sec. 5, T. 23 S., R. 31 E.
Eddy County, New Mexico

Gentlemen:

I have approved your application at the well location requested. The Glow Worm Drill Island is along the Township line between 22 and 23 South. This Township line is also the southern boundary of the WIPP holdings. The Island's southern boundary is a line 330' to the south of, and parallel to, the WIPP boundary. The Drill Island extends east and west to the current measured ore boundaries. A copy of the approved application with stipulations is enclosed. Please contact our Carlsbad Field Office at (505) 234-5972, should you have any questions, or if we can be of any additional help

Sincerely,

for Linda S.C. Rundell
State Director

1 Enclosure