OCD ARTESIA

MAR 03 2009

ATS-09-202

Form 3160 -3 (April 2004)

UNITED STATES

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

5	Lease Serial No	6
	SL: NM54856	BHL: NM10387

DEPARTMENT OF THE IN BUREAU OF LAND MANA			5 Lease Serial No SL: NM54856	BHL: NM103873
APPLICATION FOR PERMIT TO D			6 If Indian, Allotee	or Tribe Name
Ia Type of work ✓ DRILL REENTER			7 If Unit or CA Agre	ement, Name and No.
lb Type of Well	✓ Single Zone Multip	ole Zone	 	Vell No. 0 Federal Com 2H
Name of Operator Devon Energy Production Company, LP			9 API Well No	5-36983
3a Address 20 North Broadway Oklahoma City, Oklahoma City 73102-8260	b. Phone No (include area code) 405-552-8198		10 Field and Pool, or I	Exploratory 17 970 Dog Canyon
4. Location of Well (Report location cleans and a accordance with any			11 Sec, T.R.M. or B	lk and Survey or Area
At surface 1720 FSL 230 FEL, NE/SE. At proposed prod zone 1720 FSL 230 FWL, NW/SW	er attached SN 2/	14/09	Sec 20, T16S F	228E
14 Distance in miles and direction from nearest town or post office*	· · · · · · · · · · · · · · · · · · ·		12 County or Parish	13. State
Approximately 13 miles east of Artesia, NM			Eddy County	NM
location to nearest property or lease line, ft. (Also to nearest drig unit line, if any) Surf: 100' BHL: 330'	16 No. of acres in lease SL: 320 BHL: 160	17. Spacing	g Unit dedicated to this v	vell
18 Distance from proposed location* to nearest well, drilling, completed,	19. Proposed Depth	20. BLM/B	IA Bond No on file	
applied for, on this lease, ft Surf: 1320' BHL: 980'	TVD 6560' TMD 10,935'	CO-11	.04	
21 Elevations (Show whether DF, KDB, RT, GL, etc) 3539' GL	22 Approximate date work will star 32/01/2009	rt* 	23. Estimated duration 55-days	1
	24 Attachments			
The following, completed in accordance with the requirements of Onshore	Oil and Gas Order No 1, shall be a	ttached to this	s form.	*****
Well plat certified by a registered surveyor A Drilling Plan	4 Bond to cover the Item 20 above).	he operation	s unless covered by an	existing bond on file (see
3 A Surface Use Plan (if the location is on National Forest System L SUPO shall be filed with the appropriate Forest Service Office).		specific info	rmation and/or plans as	may be required by the
25 Signature	Name (Printed/Typed) Norvella Adams			Date 12/22/2008
Title Sr. Staff Eng. Tech	Norvena Adams			12/22/2008
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed)	on Pete	erson	Date FEB 2 4 2009
Title FOR FIELD MANAGER	Office CA	RLSBA	AD FIELD O	FFICE
Application approval does not warrant or certify that the applicant holds conduct operations thereon. Conditions of approval, if any, are attached			ect lease which would e	
Title 19 II S.C. Section 1001 and Title 42 II S.C. Section 1212 make it a gray	ne for any person knowingly and y	willfully to m	ake to any department o	r agency of the United

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

*(Instructions on page 2)

ROSWELL CONTROLLED WATER BASIN

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED



160-5 ust 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OCD-ARTESIA EXPIRES: NOVEMBER 30, 2000

FORM APROVED

SUNDRY NOTICES AND REPORTS ON WELLS	5. Lease Serial No.
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals	NM54856 6. It Indian, Allottee or Tribe Name
SUBMIT IN TRIPLICATE	

				7 Linit as CA Assessment Name and Na
1a. Type of Well Oil Well Gas	Well Other			7. Unit or CA Agreement Name and No.
a. Type of Well Oil Well Gas	Well Other			8 Well Name and No.
2. Name of Operator				Shakespeare 20 Federal Com 2H
DEVON ENERGY PRODUCTI	ON COMPANY, LP			9. API Well No.
3 Address and Telephone No.				30-015-36983
20 North Broadway, Oklahor	na City, OK 73102	405-552-8198		10. Field and Pool, or Exploratory
Location of Well (Report location clearly	y and in accordance with Feder	ral requirements)*		Wolfcamp
1720' FSL 330' FEL Se	c 20 16S 28E			12. County or Parish 13. State
BHL: 1720' FSL 330' FWL L Se	ec 20 16S 28E			Eddy NM
	PPROPRIATE BOX(s) TO IND			
TYPE OS SUBMISSION		IYPEC	F ACTION	
✓ Notice of Intent	Acidize	☐ Deepen ☐	_	on (Start/Resume) Water Shut-Off
Subsequent Report	☐ Alter Casing ☐ Casing Repair	Fracture Treat New Construction	_ Reclamati _ Recomple	
	Change Plans	Plug and Abandon		rily Abandon .
Final Abandonment Notice	Convert to Injection	Plug Back] Water Dis	·
leepen directionally or recomplete horizontally, give sub he Bond No on file with BLM/BIA Required subsequei	surface location and measured and true nt reports shall be filed within 30 days foll	vertical depths of all pertinent marker owing completion of the involved oper	s and zones A ations If the or	ny proposed work and approximate duration thereof If the proposal ttach the Bond under which the work will be performed or provide peration results in a multiple completion or recompletion in a new reclamation, have been completed, and the operator has
Old Surface Location: 1720' FSL & 330' F				
14. Thereby certify that the foregoing is tr	Lie and correct Name Title	Norvella Adams Sr. Staff Eng. Tec		Date 16-Feb-09
This space for Federal or State Office use Approved by Conditions of approval, if any:	EOR	IELD MANAGI	ER	Date FEB 2 4 2009

THE TO SO Section 1001, makes to a cline for any person knowingly and williamy to make any department or agency of the Onlied States any laste, inclineds a nadocient statements of representations to any matter within

DISTRICT I 1825 N. French Dr., Hobbs, NM 88240 DISTRICT II

DISTRICT IV

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies Fee Lease - 3 Copies

1301 W. Grand Avenue, Artesia, NM 88210 DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

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

OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

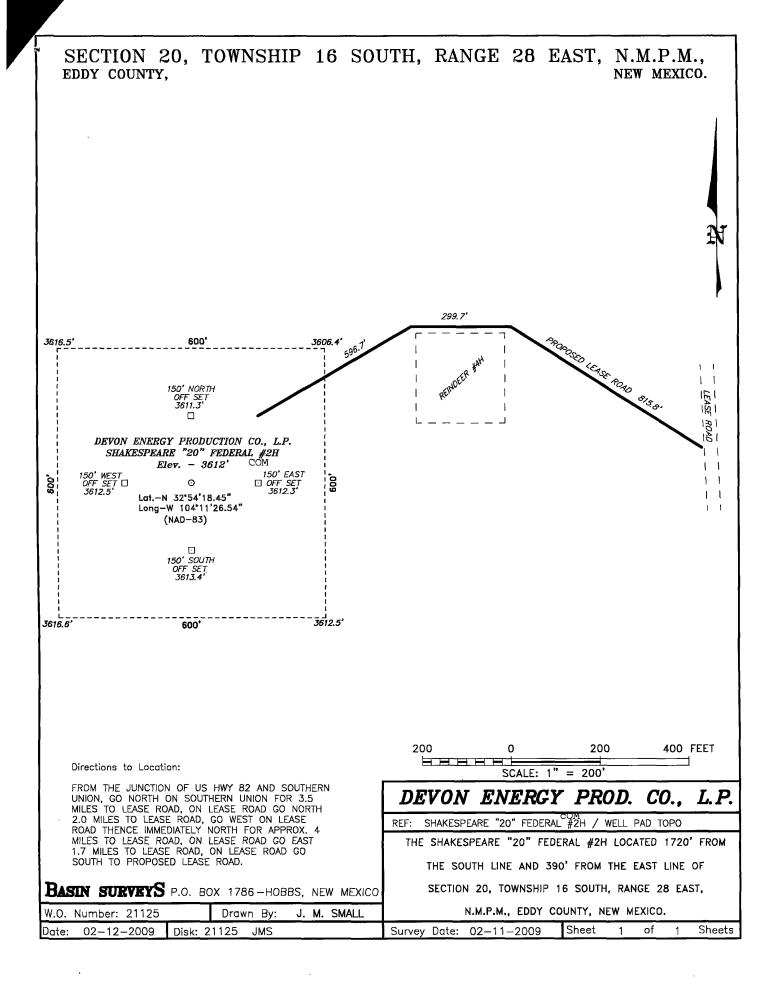
Santa Fe, New Mexico 87505

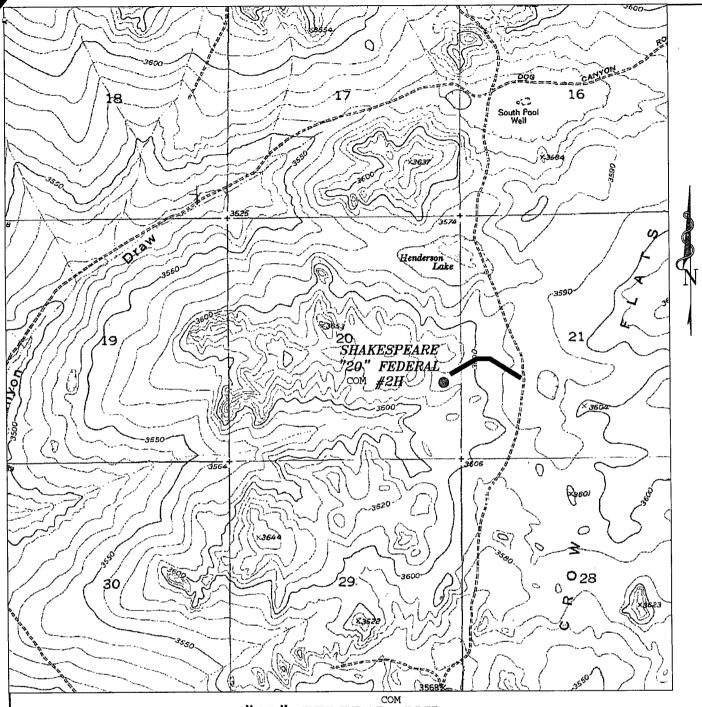
☐ AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT

30-015-36983				970 Pool Code		Oog Canyon	Pool Name Wolfcamp			
Property (Code				Property Nam	• 0	7	Well Number		
372	7°C		S	HAKESP	EARE "20" F	EDERAL COM		2H	2H	
OGRID N					Operator Nam	e			Elevation	
6137			DEVON	I ENERG	SY PRODUCT	ON COMPANY	LP	361	2'	
					Surface Loca	ation				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
1	20	16 S	28 E		1720	SOUTH	390	EAST	EDDY	
			Bottom	Hole Loc	eation If Diffe	rent From Sur	face		***	
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
L	20	16 S	28 E 1720 SOUTH 330				WEST	EDDY		
Dedicated Acre	s Joint o	r Infill Co	nsolidation (Code Or	der No.				_	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED

	OR A NON-STANI	DARD UNIT HAS BE	EN APPROVED BY THE	E DIVISION
BOTTOM HOLE LOCATION Lat - N32*54*18.31" Long - W104*12*19.36" SPC - N.: 693026.712 E.: 580609.708 (NAD-83)		4502.1'	SURFACE LOCATION Lat = N32'54'18.45" Long = W104'11'26.54" SPC = N.: 693048.1 E.: 585110.6 (NAD-83)	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 hale 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. Adams





SHAKESPEARE "20" FEDERAL #2H Located at 1720' FSL AND 390' FEL Section 20, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

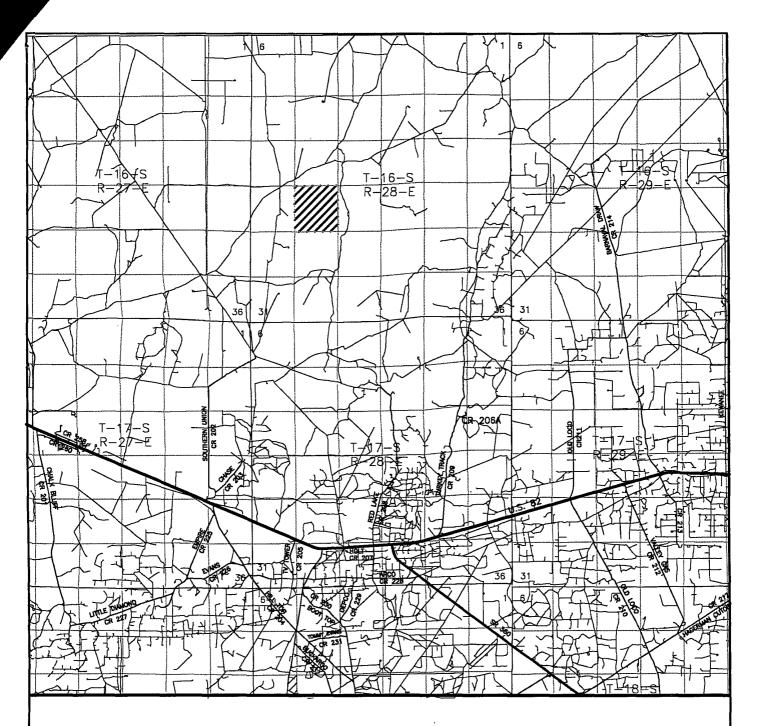


P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax

basinsurveys.com

W.O. Number: JMS 21125
Survey Date: 02-11-2009
Scale: 1" = 2000'
Date: 02-12-2009

DEVON ENERGY PROD. CO., L.P.



SHAKESPEARE "20" FEDERAL #2H Located at 1720' FSL AND 390' FEL Section 20, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.



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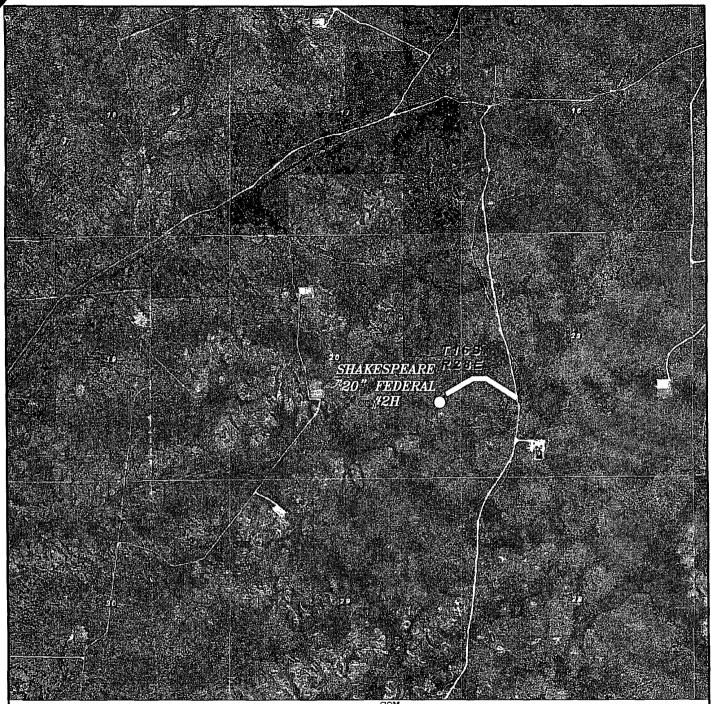
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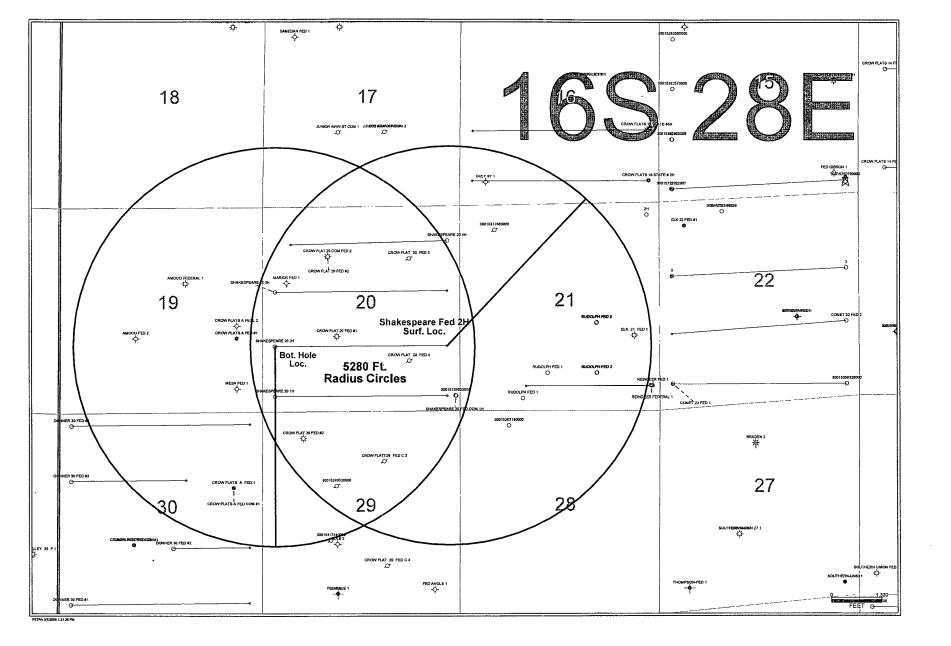
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Scale: 1" = 2000'

YELLOW TINT - USA LAND BLUE TINT - STATE LAND NATURAL COLOR - FEE LAND DEVON ENERGY PROD. CO., L.P.



DRILLING PROGRAM

Devon Energy Production Company, LP
Shakespeare 20 Federal Com 2H

Surface Location: 1720' FSL & 330' FEL, Unit I, Sec 20 T16S R28E, Eddy, NM Bottom Hole Location: 1720' FSL & 330' FWL, Unit L, Sec 20 T16S R28E, Eddy, NM

1. Geologic Name of Surface Formation

a. Quaternary

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

a.	Queen	1,000'	
b.	San Andres	1,795'	
c.	Glorieta	3,265'	
d.	Abo	5,270'	
e.	Wolfcamp	6,320'	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 9 5/8" casing at 1900' and circulating cement back to surface. Potash / fresh water sands will be protected by setting 7" casing at 6990' and cemented to 1400'. The Wolfcamp intervals will be isolated by setting a 4 ½" production liner from 100' into the 2nd intermediate string to total measured depth. The 4 ½" production liner will not be cemented.

Casing Program:

Hole Size	<u>Hole</u>	OD Csg	Casing	Weight	<u>Collar</u>	<u>Grade</u>
	Interval	•	<u>Interval</u>			
17 1/2"	0'-300'	13 3/8"	0-300'	48#	ST&C	H-40
12 1/4"	300'- 1,900'	9 5/8	0'- 1900'	36#	LT&C	J-55
•	1900'-6990'	7"	0-6990'	26#	BT&C	P-110
6 1/8"	6990'-10,935'	4 1/2"	6890'-10,935'	11.6#	BT&C	P-110

Person 1-21-09 Roll

The liner will be comprised of 4 $\frac{1}{2}$ " P-110, 11.6#, BT&C casing to be hung off $\frac{+}{-100}$ ' inside the 7" at $\frac{+}{-6,890}$ '. The liner will consist of a 5 stage open hole isolation tool (Peak) and will not be cemented. It will be TD'd at 10,935' (6560' TVD). The length of the liner will be $\frac{+}{-4,045}$ '. This liner will be run in a 6 $\frac{1}{8}$ " hole.

Design Parameter Factors:

Casing Size	Collapse Design	Burst Design	Tension Design
	Factor	Factor	Factor
13 3/8"	11.33	1.68	2.47
9 5/8"	2.34	2.97	2.83
7"	2.06	1.88	2.40
4 1/2"	2.49	2.07	2.50

Note: 4 ½" and 7" casing strings use injection pressure for burst.

3. Cement Program: Su COA

a.	13 3/8"	Surface	Cement to surface. Lead with 100 sx 35:65 Poz: Premium Plus C Cement + 5% NaCl + .0125 lbs/sx Cello Flake + 4% Bentonite + 5% MPA-5 + 0.8% Sodium Metasilicate + 101.1% Fresh Water. Yield: 1.96 cf/sx. Tail with 250 sacks Premium Plus C Cement + .0125 lbs/sx Cello Flake + 2% CaCl ₂ + 56.3% Fresh Water. Yield: 1.35 cf/sx
b.	9 5/8"	1 st Intermediate	Cement to surface. Lead with 405 sx 35:65 Poz: Premium Plus C Cement + 5% NaCl + 0.125 lbs/sx Celloflake + 3 #/sx LCM-1 + 4% Bentonite + 0.8% Sodium Metasilicate + 5% MPA-5 + 98.2% Fresh Water. Yield: 1.97 cf/sx. Tail with 250 sx Premium Plus C Cement + 2% CaCl ₂ + 56.4% Fresh Water. Yield: 1.34 cf/sx
c.	7"	2 nd Intermediate	Cement to 500' into 1st Intermediate. Lead with 560 sx 35:65 Poz: Premium Plus C Cement + 1% NaCl + 0.125 lbs/sx Celloflake + 6% Bentonite + 0.4 % FL-52A + 103.2% Fresh Water. Yield: 1.96 cf/sx. Tail with 200 sx 60:40 Premium Plus C Cement + 1% NaCl + 0.125 lbs/sx Celloflake + 0.75% BA-10A + 0.2% FL-52A + 4% MPA-5 + 63.1% Fresh Water. Yield: 1.34 cf/sx. TOC = 1400'

The above cement volumes could be revised pending the caliper measurement from the open hole logs. The top of cement is designed to reach surface. All casing is new and API approved.

4. Pressure Control Equipment:

The blow out prevention system will consist of a bag type (hydril) preventor, a double ram preventer stack, and a rotating head. Both the hydril and ram stack will be hydraulically operated. Before drilling out the 9 5/8" shoe a 3000 psi hydril will be NU and tested to 1000 psi with the rig pumps. Prior to drilling out the 7" shoe the 5000 psi stack and 3000 psi hydril will be installed and tested. While drilling the 6 1/8" hole, 3.5" pipe rams will be used in the BOP. The 3000 psi hydril will be tested to 1000 psi (high) and 250 psi (low). Tests on the 5000 psi BOPE will be conducted per the BLM Drilling Operations Order #2.

The ram system will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These tests will be logged in the daily driller's log. A 2" kill line and 3" choke line will be incorporated into the drilling spool below the ram BOP. In addition to the rams and hydril, other BOP accessories will include a Kelly cock, floor safety valve, choke lines, and choke manifold rated at 5000 psi WP.

5.	Proposed Mud Circulation System & See EOA							
	Depth	<u>Mud</u>	<u>Visc</u>	Fluid Loss	Type System			
		Wt.						
	0' - 300'	8.5-8.9	32-34	N/C	Fresh Water			

0'-300'	8.5-8.9	32-34	N/C	Fresh Water
300'-1900'	10.0	28	N/C	Brine
1900'- 6990'	8.5-8.7	29-30	N/C	FW / Cut Brine
6990' – 10935'	8.7-8.9	29-34	N/C - 12cc	FW / Cut Brine

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. 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 9 5/8" casing shoe until the 7" casing is cemented. Breathing equipment will be on location upon drilling the 9 5/8" shoe until total depth is reached.

7. Logging, Coring, and Testing Program:

- a. Drill stem tests will be based on geological sample shows.
- b. If a drill stem test is anticipated; a procedure, equipment to be used and safety measures will be provided via sundry notice to the BLM.
- c. The open hole electrical logging program will be:
 - i. Total Depth to Intermediate Casing Dual Laterolog-Micro Laterolog with SP and Gamma Ray. Compensated Neutron Z Density log with Gamma Ray and Caliper.
 - ii. Total Depth to Surface Compensated Neutron with Gamma Ray
 - iii. No coring program is planned
 - iv. Additional testing will be initiated subsequent to setting the 4 ½" liner. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

v.

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 2800 psi and Estimated BHT 111°. 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 30 days. If production casing is run then an additional 45 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

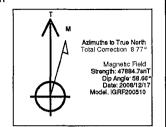


Devon Energy

Project: Eddy County (NM27E) Site' Sec 20-T16S-R28E Well: Shakespeare 20 Fed Com #2 Wellbore' Wellbore #1 Design: Plan #1 Plan Version

REFERENCE INFORMATION

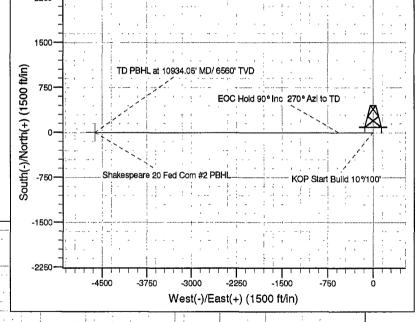
Co-ordinate (N/E) Reference: Well Shakespeare 20 Fed Com #2, True North Vertical (TVD) Reference: WELL @ 0.00ft (Original Well Elev) Section (VS) Reference: Slot - (0.00N, -0.02E) Measured Depth Reference: WELL @ 0.00ft (Original Well Elev) Calculation Method: Minimum Curvature

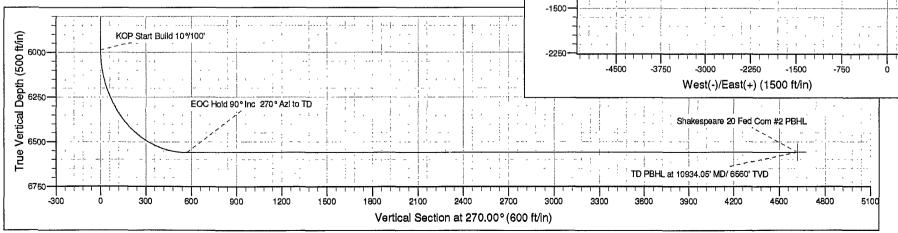


	PLAN DETAILS											
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target		
1	0.00	0.00	0.00	0.00	0.00	-0.02	0.0Ŏ	0.00	0.00			
2	5987.00	0.00	270.00	5987.00	0.00	-0.02	0.00	270.00	0.00			
3	6886.9	5 90.00	270.00	6559.90	0.00	-572.90	10.00	270.0572	2.88			
4	10934.05	5 90.00	270.00	6560.00	0.00	-4620.00	0.00	0.00	4619.98	Shakespeare 20 Fed Com #2 PBHL		

WELLBORE TARGET DETAILS									
Name TVD	+N/-S	+E/-W	Northing	Easting	Shape				
Shakespeare 20 Fed Com #2 PBHL6560.00	0.00	-4620.00	3621.137	-4238.500	Point				

		WELL	DETAILS: S	Shakespeare 20 Fed	Com #2	
+N/-S 0.00	+E/-W -0.02	Northing 3554.903	Ground Easting 381.006	Latittude	Longitude 105°55' 40.347 W	Slot





Devon Energy

Eddy County (NM27E)
Sec 20-T16S-R28E
Shakespeare 20 Fed Com #2
Wellbore #1

Plan: Plan #1

Standard Planning Report

17 December, 2008



Planning Report



Database: EDM 2003,16 Single User Db

Company: Devon Energy Eddy County (NM27E) Project: Sec 20-T16S-R28E Site: Well:

Shakespeare 20 Fed Com #2

Wellbore #1 Wellbore Design: Plan #1

Local Co-ordinate Reference:

TVD Reference: MD Reference:

North Reference: Survey Calculation Method:

Well Shakespeare 20 Fed Com #2 WELL @ 0.00ft (Original Well Elev)

WELL @ 0.00ft (Original Well Elev)

True 🐬 Minimum Curvature.

Project * Eddy County (NM27E)

Map System: Geo Datum:

US State Plane 1927 (Exact solution) NAD 1927 (NADCON CONUS)

0.00 ft

New Mexico East 3001 Map Zone:

System Datum:

Mean Sea Level

Sec 20-T16S-R28E

Site Position: From:

Position Uncertainty:

None

Northing: Easting: Slot Radius:

Latitude: ft Longitude:

Grid Convergence:

0.00°

Well Shakespeare 20 Fed Com #2 Northing: Well Position 3,554.903 ft Latitude: 30° 59' 59.740 N 381.006 ft 105° 55' 40.347 W +E/-W -0.02 ft Easting: Longitude: **Position Uncertainty** 0.00 ft Wellhead Elevation: **Ground Level:** 0.00ft

Wellbore #1		and and a control of the control of		
Magnetics Model Name	Sample Date	Declination Di	p Angle Fi	eld Strength
IGRF200510	2008/12/17	8.77	58.66	- (nT), 47,885

Design Plan #1	erenomente e la companya de la comp		and the second companies and a second companies. The second companies are second companies and the second companies are second companies and the second companies are second comp		
Audit Notes:			•		
Version:	Phase:	PROTOTYPE	Tie On Depth:	0.00	
Vertical Section: Depti	n From (TVD)	+N/-S	#E/-W	Direction	
	(ft)	(ft)	(ft)	(°)	
	0.00	0.00	-0.02	270.00	

Plan Sections	1777		and the second s	train second according and talent a second base	and the second	Stanford Company of the Company	Cambridge Color of the Anna Cambridge Color of the Cambridge Color o	order to the state of the state	-	The state of the s
			Vertical			Dogleg	Build	Turn		e e e e e e e e e e e e
Measured Depth in	nclination A	Nzimuth	vertical Depth	+N/-S	+E/-W	Rate	Rate	Rate	TFO	
(ft)	(°)	(°)	(ft)	(ft)	(ft)	(°/100ft)	had the area in the second the table falls.	(°/100ft)	(°)	Target
0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.00	0.00	0.00	
5,987.00	0.00	270.00	5,987.00	0.00	-0.02	0.00	0.00	0.00	270.00	
6,886.95	90.00	270.00	6,559.90	0.00	-572.90	10.00	10.00	0.00	270.00	
10,934.05	90.00	270.00	6.560.00	0.00	-4,620.00	0.00	0.00	0.00	0.00	Shakespeare 20 Fe

Planning Report



Database: Company: Project:

Site:

Well:

EDM 2003.16 Single User Db

Devon Energy Eddy County (NM27E) Sec 20-T16S-R28E

Shakespeare 20 Fed Com #2

Wellbore: Wellbore #1
Design: Plan #1

Local Co-ordinate Reference:

TVD Reference: MD Reference:

North Reference: Survey Calculation Method: Well Shakespeare 20 Fed Com #2 WELL @ 0.00ft (Original Well Elev) WELL @ 0.00ft (Original Well Elev)

True Minimum Curvature

Planned Survey	Egg State Mark and a	Company and American Company of		acordii mark etnem kum		The second se	***************************************		
Measured			Vertical **			Vertical	Dogleg	Build	Tum
Depth (ft)	Inclination (°)	Azimuth (°)	Dëpth (ft)	+N/-S (ft)	+E/-W (ft)	Section (ft)	Rate (°/100ft) (Rate °/100ft)	Rate (°/100ft)
0.00	0.00	0.00	0.00	0.00	-0.02	0.00	0.00	0.00	0.00
100.00 200.00	0.00 0.00	270.00 270.00	100.00 200.00	0.00 0.00	-0.02 -0.02	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
300.00	0.00	270.00	300.00	0.00	-0.02	0.00	0.00	0.00	0.00
400.00	0.00	270.00	400.00	0.00	-0.02	0.00	0.00	0.00	0.00
500.00 600.00	0.00 0.00	270.00 270.00	500.00 600.00	0.00 0.00	-0.02 -0.02	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
700.00	0.00	270.00	700.00	0.00	-0.02 -0.02	0.00	0.00	0.00	0.00
800.00	0.00	270.00	800.00	0.00	-0.02	0.00	0.00	0.00	0.00
900.00	0.00	270.00	900.00	0.00	-0.02	0.00	0.00	0.00	0.00
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1,200.00	0.00	270.00	1,200.00	0.00	-0.02	0.00	0.00	0.00	0.00
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1,500.00	0.00	270.00	1,500.00	0.00	-0.02	0.00	0.00	0.00	0.00
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3,700.00	0.00	270.00	3,700.00	0.00	-0.02	0.00	0.00	0.00	0.00
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4,600.00	0.00	270.00	4,600.00 4,700.00	0.00 0.00	-0.02 -0.02	0.00	0.00	0.00	0.00
4,800.00	0.00	270.00	4,800.00	0.00	-0.02	0.00	0.00	0.00	0.00
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5,100.00	0.00	270.00	5,100.00	0.00 0.00	-0.02	0.00	0.00	0.00	0.00
5,200.00	0.00	270.00	5,200.00	0.00	-0.02	0.00	0.00	0.00	0.00
5,300.00	0.00	270.00	5,300.00	0.00	-0.02	0.00	0.00	0.00	0.00

Planning Report



Datābase: Company: Project:

Site: Well:

Wellbore:

Design:

EDM 2003.16 Single User Db

Devon Energy Eddy County (NM27E) Sec 20-T16S-R28E Shakespeare 20 Fed Com #2

Wellbore #1 Plan #1

Local Co-ordinate Reference:

TVD Reference: MD Reference:

North Reference: Survey Calculation Method:

Well Shakespeare 20 Fed Com #2 WELL @ 0.00ft (Original Well Elev) WELL @ 0.00ft (Original Well Elev)

True

Minimum Curvature

Planned Survey							The second secon	AND THE PERSON OF THE PERSON O	
Measured		1,585.41	Vertical	4.74.2		Vertical	Dogleg	Build	Tum
Depth Inc. (ft).	clination / (°)	Azimuth (°)	Depth (ft)	+N/-S:	+E/-W (ft)	Section (ft)	Rate (°/100ft)	Rate (°/100ft)	Rate (°/100ft)
5,400.00	0.00	270.00	5,400.00	0.00	-0.02	0.00	0.00	0.00	0.00
5,500.00	0.00	270.00	5,500.00	0.00	-0.02	0.00	0.00	0.00	0.00
5,600.00 5,700.00	0.00 0.00	270.00 270.00	5,600.00 5,700.00	0.00 0.00	-0.02 -0.02	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
5,800.00	0.00	270.00	5,800.00	0.00	-0.02	0.00	0.00	0.00	0.00
5,900.00 5.987.00	0.00	270.00	5,900.00	0.00	-0.02	0.00	0.00	0.00	0.00
KOP Start Buil	0.00 ld 10°/100'	270.00	5,987.00	0.00	-0.02	0.00	0.00	0.00	0.00
6,000.00	1.30	270.00	6,000.00	0.00	-0.17	0.15	10.00	10.00	0.00
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6,150.00	16.30	270.00	6,147.81	0.00	-23.05	23.03	10.00	10.00	0.00
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6,300.00	26.30 31.30	270.00 270.00	6,240.86 6,284.66	0.00	-59.55 -83.41	83.39	10.00	10.00	0.00
6,350.00	36.30	270.00	6,326.20	0.00	-111.22	111.20	10.00	10.00	0.00
6,400.00	41.30	270.00	6,365.15	0.00	-142.54	142.52	10.00	10.00	0.00
6,450.00 6,500.00	46.30 51.30	270.00 270.00	6,401.23 6,434.15	0.00 0.00	-177.14 -214.75	177,12 214.73	10.00 10.00	10.00 10.00	0.00 0.00
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6.700.00	71.30	270.00	6,529.70	0.00	-389.29	389.27	10.00	10.00	0.00
6,750.00	76.30	270.00	6,543.64	0.00	-437.29	437.27	10.00	10.00	0.00
6,800.00 6,850.00	81.30 86.30	270.00 270.00	6,553.35 6,558.74	0.00 0.00	-486.32 -536.02	486.30 536.00	10.00 10.00	10.00 10.00	0.00 0.00
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7,100.00	90.00	270.00	6,559.90	0.00	-785.95	785.93	0.00	0.00	0.00
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7,400.00	90.00	270.00	6,559.91	0.00	-1,085.95	1,085.93	0.00	0.00	0.00
7,500.00	90.00	270.00	6,559.91	0.00	-1,185.95	1,185.93	0.00	0.00	0.00
7,600.00 7,700.00	90.00 90.00	270.00 270.00	6,559.91 6,559.92	0.00 0.00	-1,285.95 -1,385.95	1,285.93 1,385.93	0.00 0.00	0.00 0.00	0.00 0.00
7,800.00	90.00	270.00	6,559.92	0.00	-1,485.95	1,485.93	0.00	0.00	0.00
7,900.00	90.00	270.00	6,559.92	0.00	-1,585.95	1,585.93	0.00	0.00	0.00
8,000.00 8,100.00	90.00 90.00	270.00 270.00	6,559.93 6,559.93	0.00 0.00	-1,685.95 -1.785.95	1,685.93 1,785.93	0.00 0.00	0.00 0.00	0.00 0.00
8,200.00	90.00	270.00	6,559.93	0.00	-1,885.95	1,885.93	0.00	0.00	0.00
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8,500.00	90.00	270.00	6,559.94 6,559.94	0.00	-2,085.95 -2,185.95	2,085.93 2,185.93	0.00	0.00	0.00
8,600.00	90.00	270.00	6,559.94	0.00	-2,285.95	2,285.93	0.00	0.00	0.00
8,700.00 8,800.00	90.00 90.00	270.00 270.00	6,559.94 6,559.95	0.00 0.00	-2,385.95 -2,485.95	2,385.93 2,485.93	0.00 0.00	0.00 0.00	0.00 0.00
. 8,900.00	90.00	270.00	6,559.95	0.00	-2,585.95	2,585.93	0.00	0.00	0.00
9,000.00 9.100.00	90.00 90.00	270.00 270.00	6,559.95 6,559.95	0.00 0.00	-2,685.95 -2,785.95	2,685.93 2,785.93	0.00 0.00	0.00 0.00	0.00 0.00
9,200.00	90.00	270.00	6,559.96	0.00	-2,885.95	2,885.93	0.00	0.00	0.00
9,300.00	90.00	270.00	6,559.96	0.00	-2,985.95	2,985.93	0.00	0.00	0.00

Planning Report



Database: Company: Project: Site: Well:

EDM 2003.16 Single User Db

Devon Energy Eddy County (NM27E) Sec 20-T16S-R28E

Shakespeare 20 Fed Com #2

Wellbore: Design: Wellbore #1 Plan #1

Local Co-ordinate Reference:

TVD Reference: MD Reference:

North Reference: Survey Calculation Method:

Well Shakespeare 20 Fed Com #2 WELL @ 0.00ft (Original Well Elev) WELL @ 0.00ft (Original Well Elev)

True

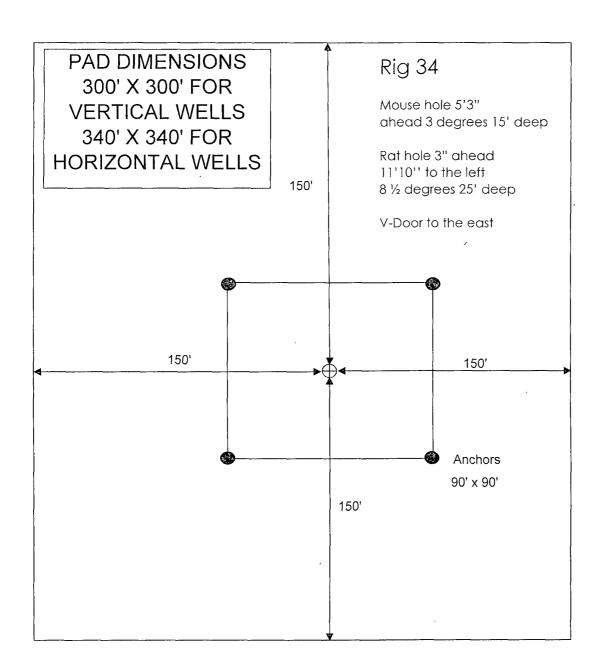
Minimum Curvature

nned Survey									
Measured			Vertical			Vertical	Dogleg	Build	Tum
Depth	Inclination	Azimuth	Depth	+N/-S	+E/-W	Section	Rate	Rate	Rate
(ft)	(°)	(°).	(ft)	* (ft)	(ft)	(ft)	(°/100ft)	(°/100ft)	(°/100ft)
9,400.00	90.00	270.00	6,559.96	0.00	-3,085.95	3,085.93	0.00	0.00	0.00
9,500.00	90.00	270.00	6,559.96	0.00	-3,185.95	3,185.93	0.00	0.00	0.00
9,600.00	90.00	270.00	6,559.97	0.00	-3,285.95	3,285.93	0.00	0.00	0.00
9,700.00	90.00	270.00	6,559.97	0.00	-3,385.95	3,385.93	0.00	0.00	0.00
9,800.00	90.00	270.00	6,559.97	0.00	-3,485.95	3,485.93	0.00	0.00	0.00
9,900.00	90.00	270.00	6.559.97	0.00	-3,585.95	3,585.93	0.00	0.00	0.00
10,000.00	90.00	270.00	6,559.98	0.00	-3,685.95	3,685.93	0.00	0.00	0.00
10,100.00	90.00	270.00	6,559.98	0.00	-3,785.95	3,785.93	0.00	0.00	0.00
10,200.00	90.00	270.00	6,559.98	0.00	-3,885.95	3,885.93	0.00	0.00	0.00
10,300.00	90.00	270.00	6,559.98	0.00	-3,985.95	3,985.93	0.00	0.00	0.00
10,400.00	90.00	270.00	6,559.99	0.00	-4,085.95	4,085.93	0.00	0.00	0.00
10,500.00	90.00	270.00	6,559.99	0.00	-4,185.95	4,185.93	0.00	0.00	0.00
10,600.00	90.00	270.00	6,559.99	0.00	-4,285.95	4,285.93	0.00	0.00	0.00
10,700.00	90.00	270.00	6,559.99	0.00	-4,385.95	4,385.93	0.00	0.00	0.00
10,800.00	90.00	270.00	6,560.00	0.00	-4,485.95	4,485.93	0.00	0.00	0.00
10,900.00	90.00	270.00	6,560.00	0.00	-4,585.95	4,585.93	0.00	0.00	0.00
10,934.05	90.00	270.00	6,560.00	0.00	-4,620.00	4,619.98	0.00	0.00	0.00

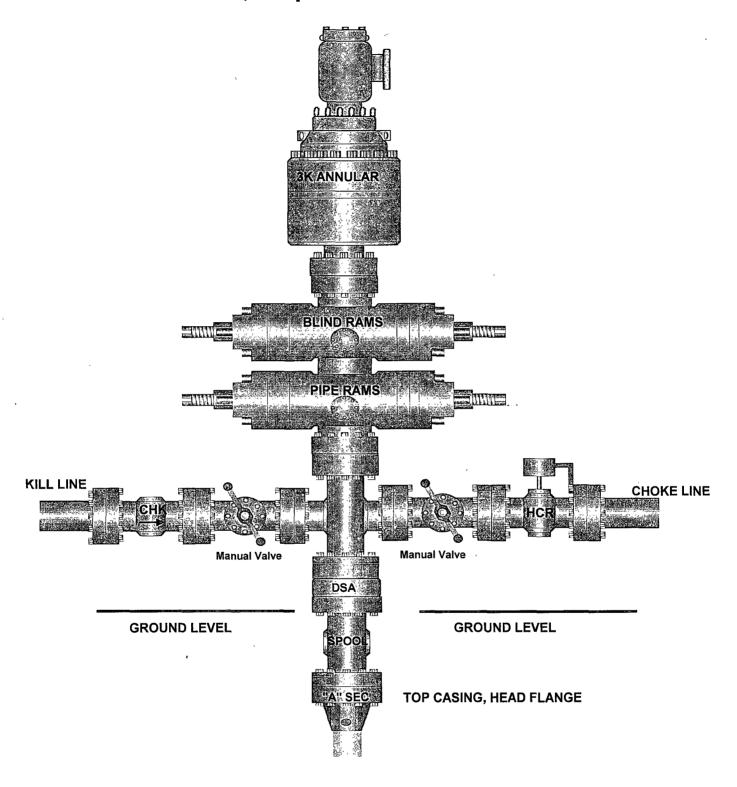
) Dir. (°)		+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latituce	Longitude
Shakespeare 20 Fed - plan hits target - Point	0.00	0.00	6,560.00	0.00	-4,620.00	3,621.137	-4,238.500	30° 59' 59.737 N	105° 56' 33.416 W

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5.987.00	5.987.00	0.00	-0.02	KOP Start Build 10°/1	100'		
6,886.95	6,559.90	0.00	-572.90	EOC Hold 90° Inc 27	'0° Azi to TD		
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10,554.05	0,500.00	5.00	,020.00	101 Dile at 10934.0	, IVID, 0000 1 VD		

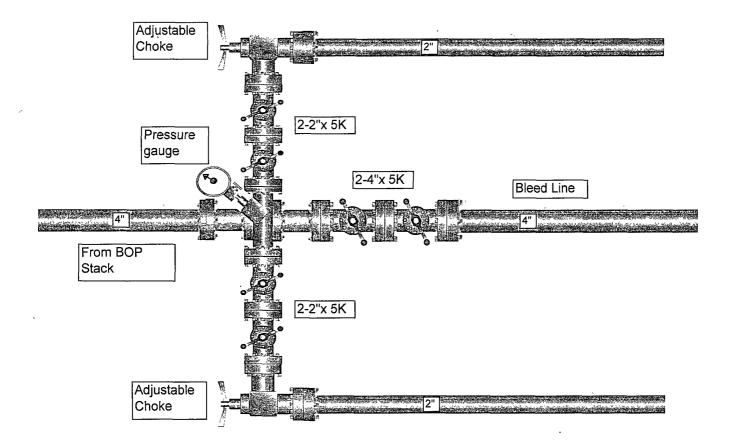
BASIC ENERGY SERVICES - RIGS 31, 32 & 34



11" x 5,000 psi BOP Stack



5,000 PSI CHOKE MANIFOLD



SURFACE USE PLAN

Devon Energy Production Company, LP

Shakespeare 20 Federal Com 2H

Surface Location: 1720' FSL & 330' FEL, Unit I, Sec 20 T16S R28E, Eddy, NM Bottom Hole Location: 1720' FSL & 330' FWL, Unit L, Sec 20 T16S R28E, Eddy, NM

1. Existing Roads:

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by Basin Surveys.
- b. All roads into the location are depicted on Exhibit 3.
- c. Directions to Location: From the junction of US Hwy 82 and Southern Union, go north on Southern Union for 3.5 miles to lease road, on lease road go north 2.0 miles to lease road, go west on lease road then immediately north for approximately 4 miles to lease road, on lease road go east 1.7 miles to lease road, on lease road go south to proposed lease road.

2. New or Reconstructed Access Roads:

- a. The well site layout, Form C-102 shows the existing County Road. The proposed access road, 1646.7', comes in from the east off an existing lease road to the northwest corner of the proposed well pad. Attached is a plat of the proposed lease.
- 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, a new battery will be constructed on location 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 original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

5. Location and Types of Water Supply:

This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in the C-102. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In

these cases where a poly pipeline is used to transport water for drilling purposes, proper authorizations will be secured. If a poly pipeline is used, the size, distance, and map showing route will be provided to the BLM via sundry notice.

6. Construction Materials:

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 a closed loop system.
- 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. We will use a closed loop system and haul contents off by transports to a state approved disposal site. Water produced during completion will be put in the closed loop system. 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. We will use a closed loop system.

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.
- b. The location and road will be rehabilitated as recommended by the BLM.
- c. 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

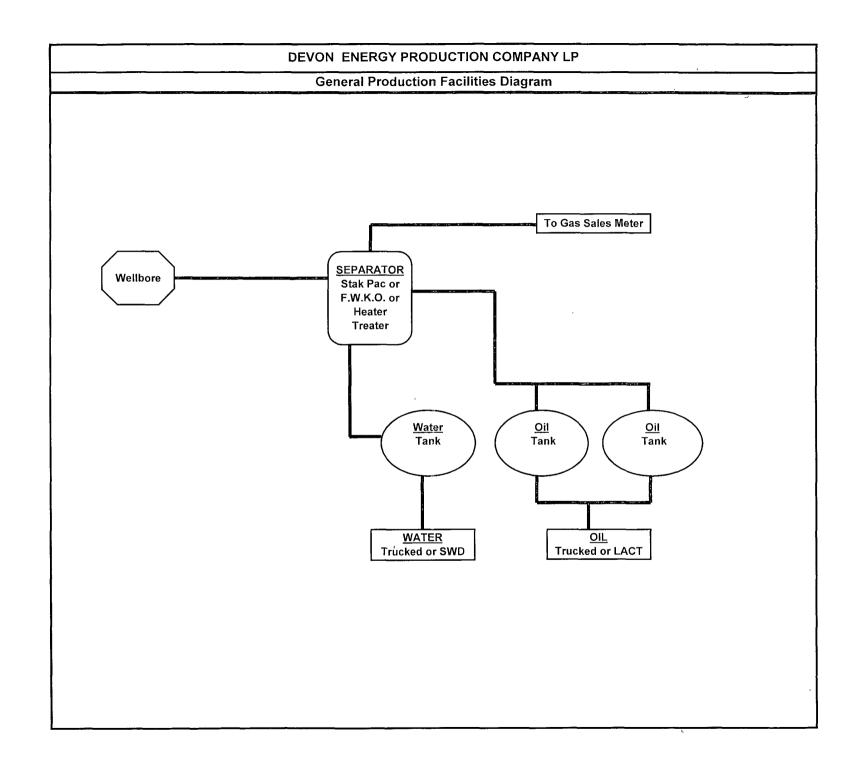
- a. The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.
- b. The proposed road routes and the surface location will be restored 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 no 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.

Marcos Ortiz Operations Engineer Don Mayberry Superintendent

Devon Energy Production Company, L.P. 20 North Broadway, Suite 1500 Oklahoma City, OK 73102-8260

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

(405) 552-8152 (office) (405) 317-0666 (cellular) (575) 748-0164 (office) (575) 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 22th day of December , 2008.

Printed Name: Norvella Adams

Signed Name: Position Title: Senior Staff Engineering Technician Address: 20 North Broadway, OKC OK 73102

Telephone: (405)-552-8198

Field Representative (if not above signatory): Robert Bell

Address (if different from above): Artesia, NM Telephone (if different from above): 575-748-0178

E-mail: norvella.adams@dvn.com

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:
LEASE NO.:
WELL NAME & NO.:
SURFACE HOLE FOOTAGE:
BOTTOM HOLE FOOTAGE
LOCATION:
COUNTY:
Devon Energy Prod Co
NM103873
2H Shakespeare 20 Fed Com
1720' FSL & 390' FEL
1720' FSL & 330' FWL
Section 20, T. 16 S., R 28 E., NMPM
Eddy County, New Mexico

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

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Permit Expiration
Archaeology, Paleontology, and Historical Sites
Noxious Weeds
Special Requirements
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Communitization agreement
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□ Drilling
☐ Production (Post Drilling)
Well Structures & Facilities
☐ Interim Reclamation
Final Abandonment/Paglamation

I. GENERAL PROVISIONS

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

II. PERMIT EXPIRATION

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

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

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

IV. NOXIOUS WEEDS

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

V. SPECIAL REQUIREMENT(S)

Communitization Agreement

A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

Cave and Karst

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

Cave/Karst Surface Mitigation

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

Construction:

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

No Blasting:

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

Pad Berming:

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

Tank Battery Liners and Berms:

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain $1\frac{1}{2}$ times the content of the largest tank.

Leak Detection System:

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

Automatic Shut-off Systems:

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

Cave/Karst Subsurface Mitigation

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

Rotary Drilling with Fresh Water:

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

Directional Drilling:

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

Lost Circulation:

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

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

Abandonment Cementing:

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

Pressure Testing:

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



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Date of Issue: 2/23/2009

Bureau of Land Management, Carlsbad Field Office

620 E. Greene Street Carlsbad, NM 88220

Cultural and Archaeological Resources

BLM Report No. 09-NM-523-201

NOTICE OF STIPULATIONS

<u>Historic properties</u> in the vicinity of this project are protected by federal law. In order to ensure that they are not damaged or destroyed by construction activities, the project proponent and construction supervisors shall ensure that the following stipulations are implemented.

Project* Name:	Shakespeare "20" Federal Number 2H Well
REQUIRED	1). A 3-day preconstruction call-in notification. Contact BLM Inspection and Enforcement at (505) 234-5909 to establish a construction start date.
REQUIRED	2. Professional archaeological monitoring. Contact your project archaeologist, or BLM's Cultural Resources Section at (505) 234-2228, 5917, 2236, or 5967, for assistance.
A. 🖂 .	These stipulations must be given to your monitor at least <u>5 days</u> prior to the start of construction.
В. 🖂	No construction, including vegetation removal or other site prep may begin prior to the arrival of the monitor.
	3. Cultural site barrier fencing. (Your monitor will assist you).
A. 🗌	<u>A temporary site protection barrier(s)</u> shall be erected prior to all ground-disturbing activities. The minimum barrier(s) shall consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging or blue paint. There shall be no construction activities or vehicular traffic past the barrier(s) at any time.
В. 🗌	<u>A permanent, 4-strand barbed wire fence</u> strung on standard "T-posts" shall be erected prior to all ground-disturbing activities. No construction activities or vehicle traffic are allowed past the fence.
	4. The archaeological monitor shall:
A. 🗌	Ensure that all site protection barriers are located as indicated on the attached map(s).
B. 🔯	Observe all ground-disturbing activities within 100 feet of cultural site no. (s) LA161579, as shown on the attached map(s).
C.	Ensure that all reroutes are adhered to avoid cultural site no.(s) LA
D.	Ensure the proposed is/are located as shown on the attached map(s).
E. 🛛	Submit a brief monitoring report within 30 days of completion of monitoring.
Other:	Monitor the construction of the well pad at the Shakespeare "20" Federal Number 2H.

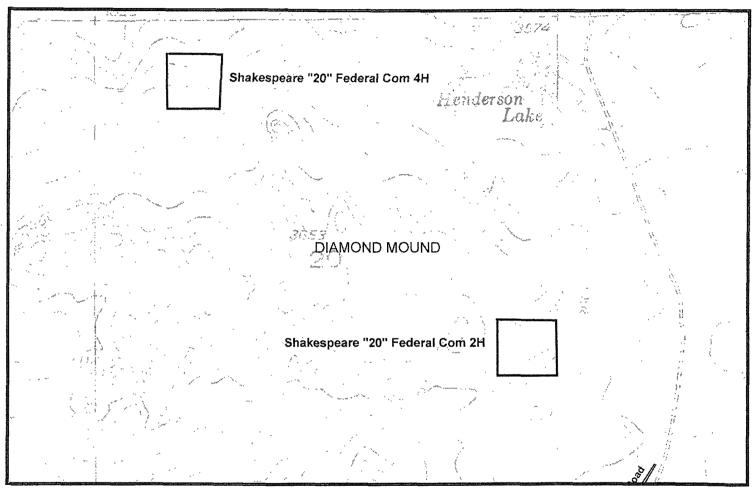
Site Protection and Employee Education: It is the responsibility of the project proponent and his construction supervisor to inform all employees and subcontractors that cultural and archaeological sites are to be avoided by all personnel, vehicles, and equipment; and that it is illegal to collect, damage, or disturb cultural resources on Public Lands.

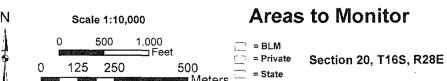
For assistance, contact
BLM Cultural Resources:

Martin Stein (575) 234-5967 George MacDonell (575) 234-2228

Bruce Boeke (575) 234-5917

Lynn Robinson (575) 234-2236





No warrenty is made by the Bureau of Land Management as to the accuracy reliability, or completeness of these data for moust of all use or august gate uses with other data, or for purposes not irrended by BH M Spat at information may be updated without nonfication. This information may be updated without nonfication May be updated without nonfication. May created 1.22.7908



VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

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

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

Tanks are required for drilling operations: No Pits.

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

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

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

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

F. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

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

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

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

Crowning

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

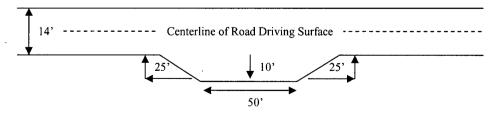
Ditching

Ditching shall be required on both sides of the road.

Turnouts

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

Standard Turnout - Plan View

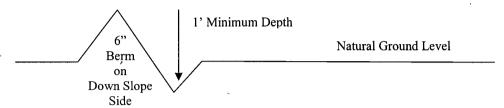


Drainage

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

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

Cross Section of a Typical Lead-off Ditch



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

Formula for Spacing Interval of Lead-off Ditches

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

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

Culvert Installations

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

Cattleguards

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

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

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

Fence Requirement

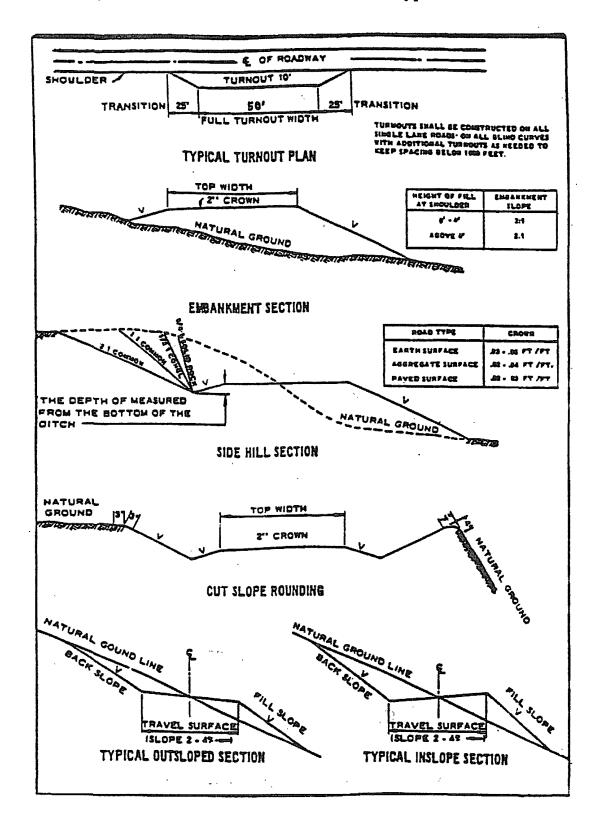
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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

Public Access

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

Figure 1 - Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 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, (575) 361-2822

- 1. Although there are no measured amounts of Hydrogen Sulfide reported, it is always a potential hazard. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.
- 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. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

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

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 for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

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

High cave/karst.

Possible lost circulation in the Grayburg and San Andres formations. Possible high pressure gas bursts in the Wolfcamp.

- 1. The 13-3/8 inch surface casing shall be set at approximately 300 feet and cemented to the surface. Onshore Order II requires casing to be set across a competent bed, which may be difficult to find in the Seven Rivers.
 - 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 is to include the lead cement slurry.
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial action will be done prior to drilling out that string.
- 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, c-d above.

 Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to high cave/karst.

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing must come to surface. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to high cave/karst.

3.	The minimum required fill of cement behind the 7 inch second intermediate casing is:
	Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.

- 4. The minimum required fill of cement behind the 4-1/2 inch production casing is:
 - ☐ Cement not required operator using Peak System Iso-pack liner.

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

C. PRESSURE CONTROL

- 1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
- 2. 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.
- 3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M)** psi.
- 4. The appropriate BLM office shall be notified a minimum of 4 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. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.
 - f. Effective November 1, 2008, no variances will be granted on reduced pressure tests on the surface casing and BOP/BOPE. Onshore Order 2 requirements will be in effect.

D. DRILLING MUD

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

E. DRILL STEM TESŢ

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

NOTE: All potential hydrocarbon zones are to be listed, not just the target.

RGH 012209

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

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

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

The operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

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

Seed Mixture 4, for Gypsum Sites

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

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

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

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

DWS: DeWinged Seed

Pounds of seed x percent purity x percent germination = pounds pure live seed (Insert Seed Mixture Here)

^{*}Pounds of pure live seed:

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well-pad shall be accomplished in accordance with the private surface land owner agreement.