09-975
OCD-ARTESIA

ATS-09-609 RM

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 NMLC054205 NMLC070678-A
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2 Name of Operator Devon Energy Production Company, LP		7 If Unit or CA Agreement, Name and No.
3a Address 20 North Broadway Oklahoma City, Oklahoma City 73102-8260		8 Lease Name and Well No. Condor 8 Federal Com 2 H
3b. Phone No. (include area code) 405-552-8198		9. API Well No. 30-015-37389
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 330 FNL & 330 FEL, Unit A At proposed prod zone 360 FNL & 330 FWL, Unit C D		10. Field and Pool, or Exploratory Red Lake; Glorieta-Yeso, X
14. Distance in miles and direction from nearest town or post office* Approximately 6 miles southeast of Artesia, NM		11 Sec., T. R. M. or Blk and Survey or Area Sec 8, T18S R27E, Unit A; Unit C
15 Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) SL: 330' BHL: 330'	16. No. of acres in lease 160 acres	17 Spacing Unit dedicated to this well 160 acres
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. SL: 200' BHL: 513'	19 Proposed Depth 7240' MD 2840' TVD Pilot Hole 3100' RGL 1/4/09	20 BLM/BIA Bond No. on file CO-1104
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3476' GL	22. Approximate date work will start* 01/01/2010	23. Estimated duration 30 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) Norvella Adams	Date 08/31/2009
Title Sr. Staff Eng. Tech		

Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed)	Date NOV 9 2009
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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

*(Instructions on page 2)

Roswell Controlled Water Basin

Approval Subject to General Requirements
& Special Stipulations Attached
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-37381	Pool Code 51120	Pool Name Bad Lake, GI-Yeso
Property Code 37912	Property Name CONDOR "8" FEDERAL COM	
OGRID No. 6137	Operator Name DEVON ENERGY PRODUCTION COMPANY LP	
		Well Number 2H
		Elevation 3476'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	8	18 S	27 E		330	NORTH	330	EAST	EDDY

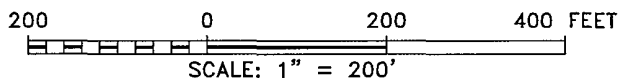
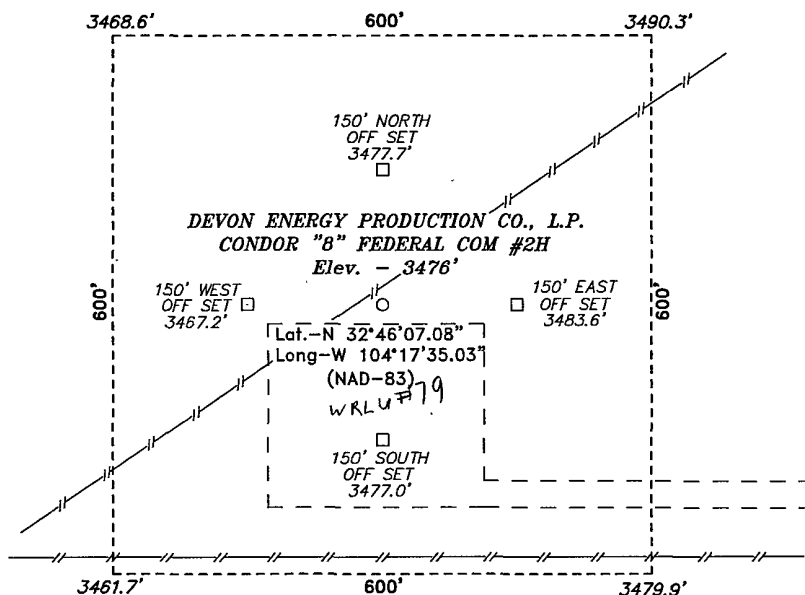
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
ED	8	18 S	27 E		360	NORTH	330	WEST	EDDY
Dedicated Acres 160	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>BOTTOM HOLE LOCATION Lat - N32°46'06.72" Long - W104°18'29.04" SPC- N.: 643325.367 E.: 549103.485 (NAD-83)</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><i>[Signature]</i> 8/31/09 Signature Date Norvella Adams Printed Name</p>
<p>SURFACE LOCATION Lat - N32°46'07.08" Long - W104°17'35.03" SPC- N.: 643352.342 E.: 553717.914 (NAD-83)</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 26, 2008 Date Surveyed Signature: <i>[Signature]</i> Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS</p>

SECTION 8, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DEVON ENERGY PROD. CO., L.P.

REF: CONDOR "8" FEDERAL COM #2H / WELL PAD TOPO

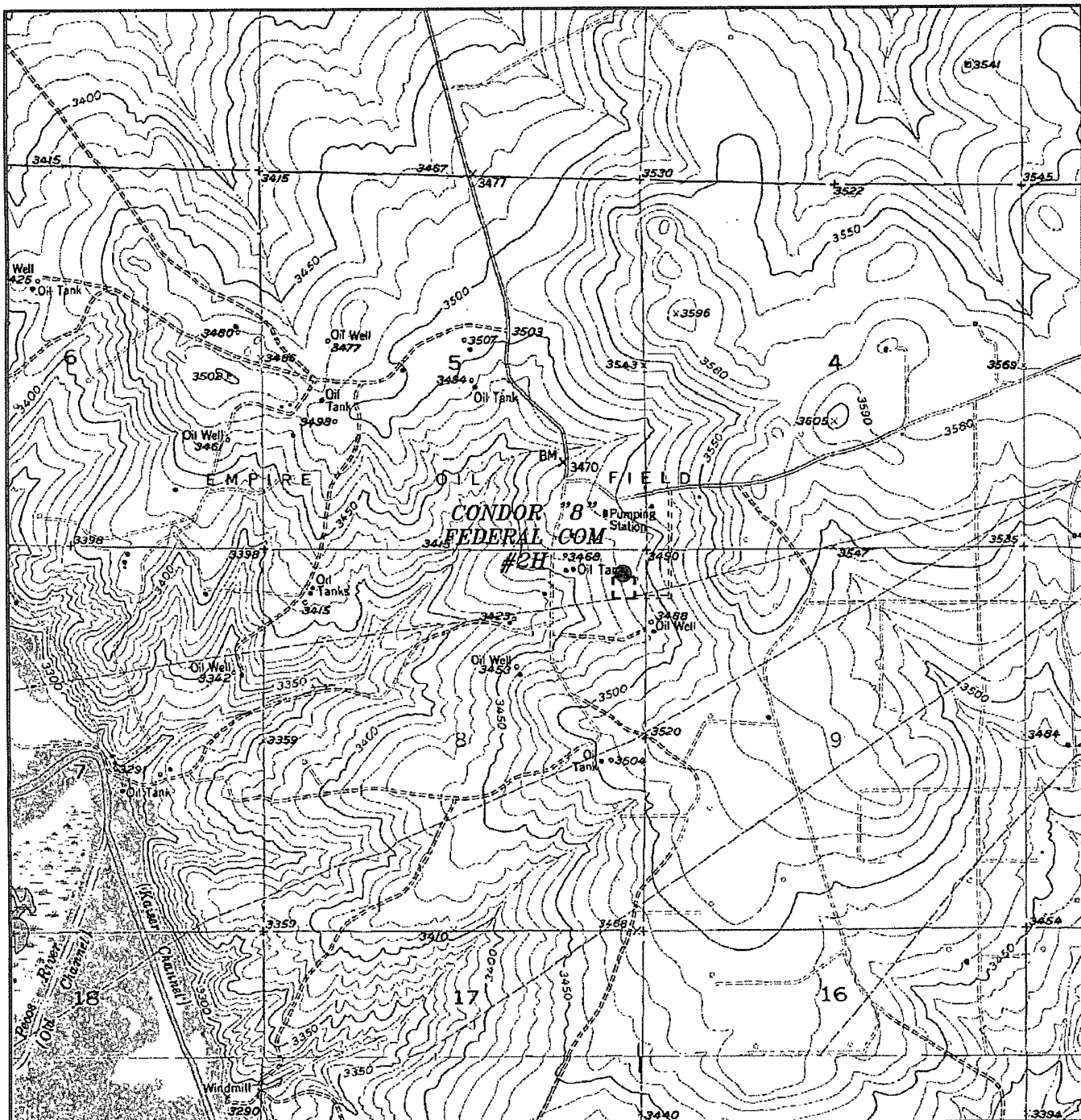
THE CONDOR "8" FEDERAL COM #2H LOCATED 330' FROM
THE NORTH LINE AND 330' FROM THE EAST LINE OF
SECTION 8, TOWNSHIP 18 SOUTH, RANGE 27 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 19919 Drawn By: J. M. SMALL

Date: 06-27-2008 Disk: 19919 JMS

Survey Date: 06-26-2008 Sheet 1 of 1 Sheets



CONDOR "8" FEDERAL COM #2H
 Located at 330' FNL AND 330' FEL
 Section 8, Township 18 South, Range 27 East,
 N.M.P.M., Eddy County, New Mexico.



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

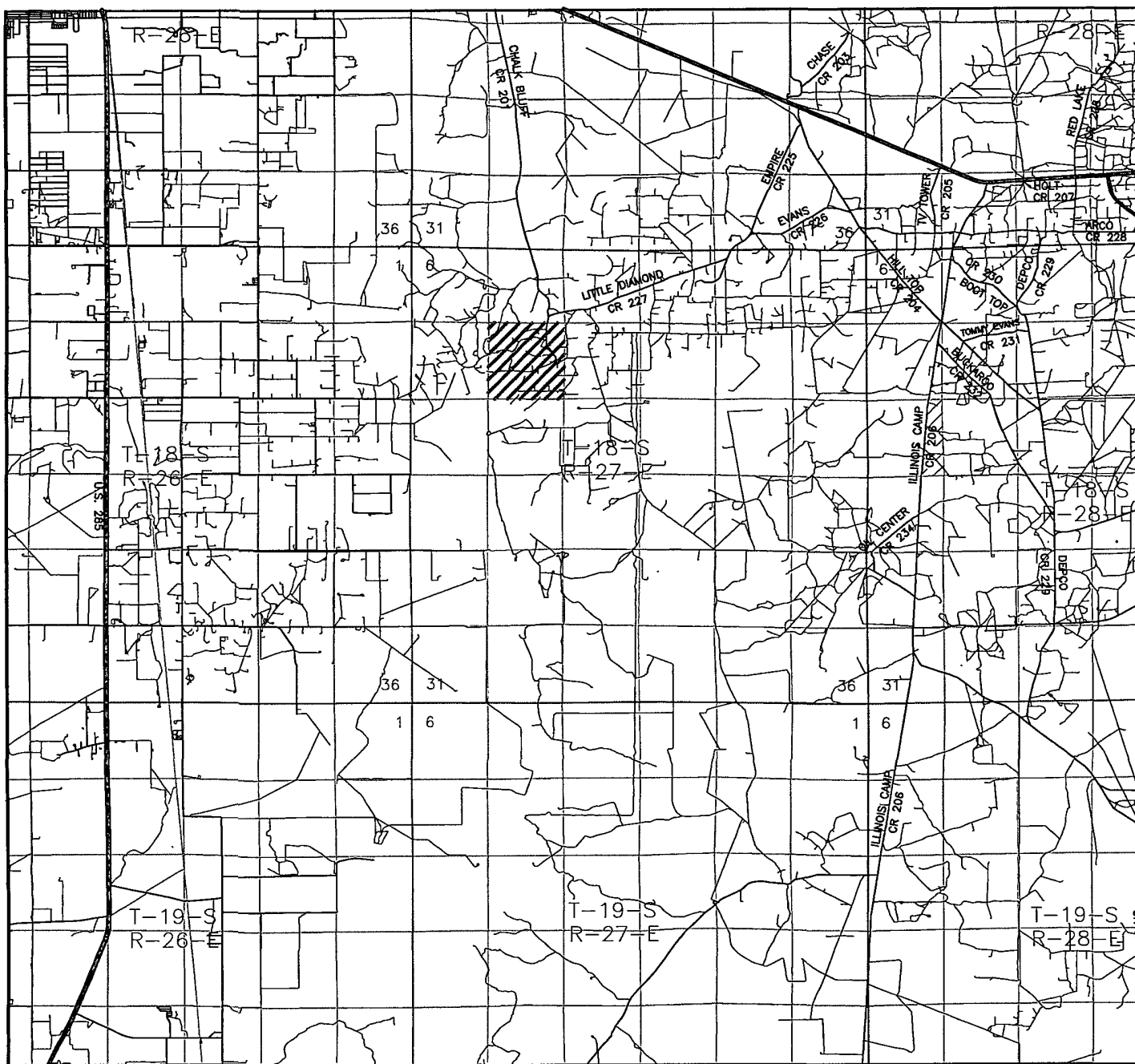
W.O. Number: JMS 19919

Survey Date: 06-26-2008

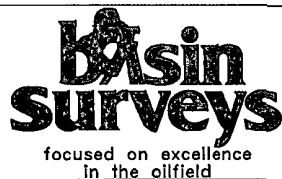
Scale: 1" = 2000'

Date: 06-27-2008

DEVON ENERGY
 PROD. CO., L.P.



CONDOR "8" FEDERAL COM #2H
 Located at 330' FNL AND 330' FEL
 Section 8, Township 18 South, Range 27 East,
 N.M.P.M., Eddy County, New Mexico.



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

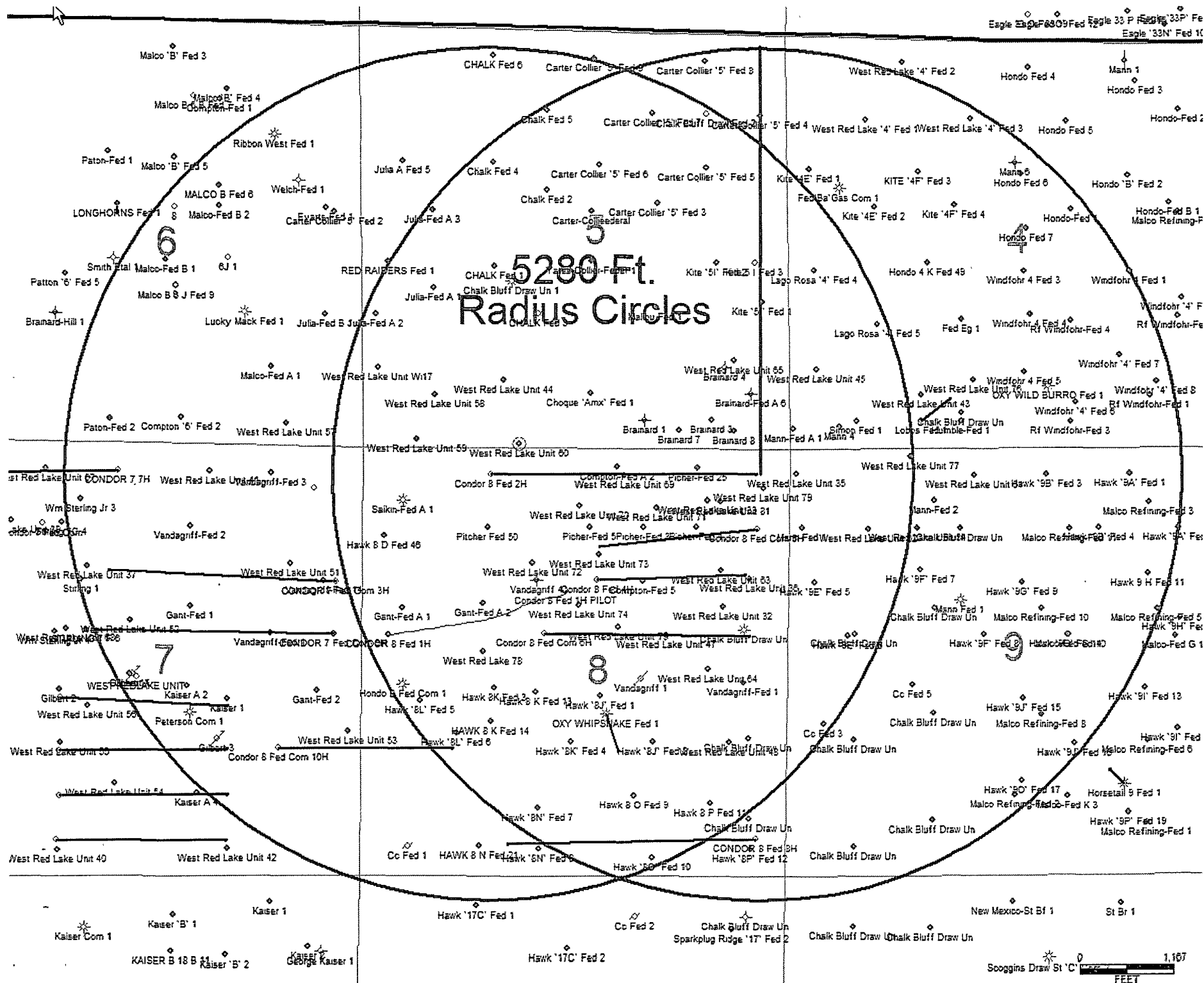
W.O. Number: JMS 19919

Survey Date: 06-26-2008

Scale: 1" = 2 MILES

Date: 06-27-2008

DEVON ENERGY
 PROD. CO., L.P.



DRILLING PROGRAM

Devon Energy Production Company, LP

Condor 8 Federal Com 2H

Surface Location: 330' FNL & 330' FEL, Unit A, Sec 8 T18S R27E, Eddy, NM

Bottom Hole Location: 360' FNL & 330' FWL, Unit C, Sec 8 T18S R27E, Eddy, NM

1. Geologic Name of Surface Formation

a. Permian

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

a. Queen	661'	Oil/Gas
b. San Andres	1055'	Oil/Gas
c. Glorieta	2670'	Oil/Gas
d. Yeso	2840'	Oil/Gas

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 9 5/8" casing at 700' and circulating cement back to surface. The Yeso intervals will be isolated by setting 4 1/2" casing to total depth which will overlap 100' into the 7" casing but will not be cemented. A 7 stage open hole isolation tool (Peak) will be used. A pilot hole will be drilled from 2,200' TVD to 3,100' TVD. Once logged, the hole will be plugged back with a kick off plug and directional drilling will commence.

3. Casing Program: See COA

<u>Hole Size</u>	<u>Hole Interval</u>	<u>OD Csg</u>	<u>Casing Interval</u>	<u>Weight</u>	<u>Collar</u>	<u>Grade</u>
30"	0' - 40'	20"	0'-40'	N/A	N/A	Conductor
12 1/4"	40 - 700	9 5/8"	0' - 700 1030	36#	ST&C	H-40
8 3/4"	700 -3425'	7"	0-2000'	26#	LT&C	L-80
8 3/4"	700 -3425'	7"	2000-3425'	26#	BT&C	L-80
6 1/8"	3425'-7240'	4 1/2"	3325'-7240'	11.6#	BT&C	L-80

*4.5" casing will overlap 100' into 7" casing

Design Parameter Factors:

<u>Casing Size</u>	<u>Collapse Design Factor</u>	<u>Burst Design Factor</u>	<u>Tension Design Factor</u>
9 5/8"	4.69	2.50	2.57
7"	4.19	1.50	2.20
4 1/2"	4.09	1.63	1.98

*4 1/2" and 7" string safety factors are shown with the injection pressure used during fracturing

Kick Off Point:

The pilot hole will be drilled to ~3100' with a 8 3/4" bit. The hole will be logged and plugged back to ~2200'. The kick off point will be ~2300'.

The well will be directionally drilled in 8 3/4" hole to 7" casing point at +/- 3,425' (90 degrees at +/- 10/100) (expected to be in the Yeso marker). The 7", 26#, L-80, BT&C casing will be cemented to surface. The lateral will be finished in a 6 1/8" open hole to a TD of 7,238' (2,870' TVD).

4. Cement Program: (Note yields; and dv tool depths if multiple stages)

- See COA — a. 9 5/8" Surface Lead with 140 sx (35:65) Poz Class C cement + 6% Bentonite + 1/4 lbs/sx Celloflake + 2% CaCl₂; Yields 1.87 cf/sx. Tail with 150 sx Class C cement + 2% CaCl₂ + 1/4 lbs/sx Celloflake; Yields 1.35 cf/sx. TOC = 0.
- b. 7" Intermediate Lead with 185 sx (35:65) Poz Class C cement + 5% NaCl + 1/4 lbs/sx Celloflake + 6% Bentonite; Yields 1.94 cf/sx. Tail with 425 sx (60:40) Poz Class C cement + 5% NaCl + 1/4 lbs/sx Celloflake + 0.4% Sodium Metasilicate + 0.75% BA-10A + 4% MPA-5; Yields 1.38 cf/sx. TOC = 0'.
- See COA — 8 3/4" Pilot Hole Plug from 2200' - 3100'; 640 sx Class H cement + 10% NaCl; Yields 1.10 cf/sx. KOP 2300'.
2297
- c. 4 1/2" Production No cement. An open hole 7 stage isolation tool (Peak) will be used

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

5. Pressure Control Equipment:

The blow out preventors will consist of a double ram type preventor (3000 psi WP) and a bag-type (Hydril) preventor (3000 psi WP). Both units will be hydraulically operated. The system will use Blind rams on top and 4 1/2" drill pipe rams on bottom. The hydril will be installed on the 9 5/8" surface casing and used until reaching TD. Before drilling out of the 9 5/8" casing shoe, the BOPs and associated equipment will be tested to 1200 psi. Prior to drilling out the 7" casing shoe, the BOPs and Hydril will be tested per the BLM Drilling Operations Order #2.

See COA

The rams 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 valve will be incorporated into the drilling spool below the ram BOP. In addition to the rams and Hydril, other BOP accessories include a rotating head, kelly cock, floor safety valve, choke lines, and choke manifold rated at 3000 psi WP.

6. **Proposed Mud Circulation System**

<u>Depth</u>	<u>Mud</u> <u>Wt.</u>	<u>Visc</u>	<u>Fluid Loss</u>	<u>Type System</u>
0' - 700' 1030'	8.4 - 9.4	32-34	NC	Fresh Water
700' - 3425'	10.0	28	NC	Brine
3425' - 7240'	8.4-10.0	28	NC	Brine

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

7. **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 7" casing shoe until the 4 1/2" casing is set. Breathing equipment will be on location upon drilling the 7" shoe until total depth is reached.

8. **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 4 1/2"
 - Additional testing will be initiated subsequent to setting the 5 1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

9. **Potential Hazards:**

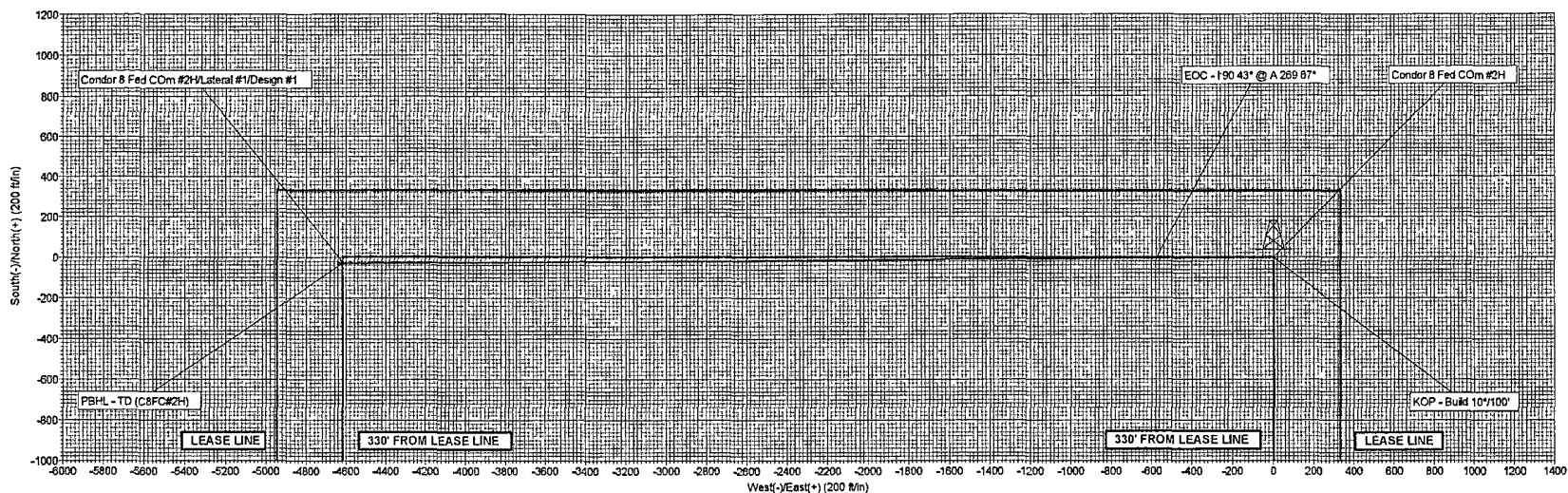
- No abnormal pressures or temperatures are expected. A H2S contingency plan will be provided. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 800 psi and Estimated BHT 90°.

10. **Anticipated Starting Date and Duration of Operations:**

- 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 30 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.



Project: Eddy Co., New Mexico (Nad 83)
Site: Condor 8 Fed Com #2H
Well: Condor 8 Fed Com #2H
Wellbore: Lateral #1
Design: Design #1



WELLBORE TARGET DETAILS (MAP CO-ORDINATES AND LAT/LONG)								
Name	TVD	+N/S	+E/W	Northing	Easting	Latitude	Longitude	Shape
PBHL - TD (C8FC#2H)	2840.00	-26.98	-4614.44	643325.37	549103.48	32° 46' 6.720 N	104° 16' 29.044 W	Point

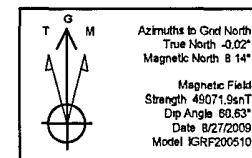
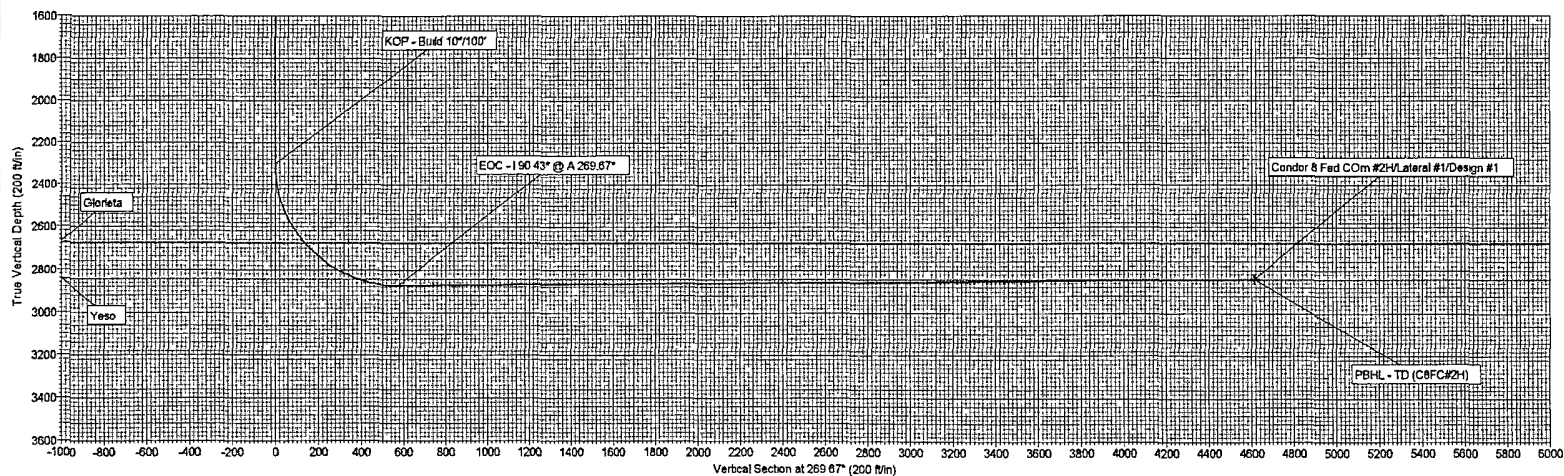
SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N/S	+E/W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	2297.00	0.00	0.00	2297.00	0.00	0.00	0.00	0.00	0.00	
3	3201.34	90.43	269.67	2870.00	-3.37	-577.26	10.00	269.67	577.27	
4	7238.70	90.43	269.67	2840.00	-26.98	-4614.44	0.00	0.00	4614.52	PBHL - TD (C8FC#2H)

WELL DETAILS Condor 8 Fed Com #2H						
Ground Level 3478.00						
WELL @ 3491.00ft (Original Well Elev)						
+N/S	+E/W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	643352.34	553717.91	32° 46' 6.973 N	104° 17' 34.999 W	

PROJECT DETAILS Eddy Co., New Mexico (Nad 83)	
Geodetic System	US State Plane 1983
Datum	North American Datum 1983
Ellipsoid	GRS 1980
Zone	New Mexico Eastern Zone
System Datum	Mean Sea Level

ANNOTATIONS			
TVD	MD	Annotation	
2297.00	2297.00	KOP - Build 10°/100°	
2870.00	3201.34	EOC - 190.43° @ A 269.67°	

Plan Design #1 (Condor 8 Fed Com #2H/Lateral #1)		
Created By	Mike Starkey	Date: 16.03, August 27 2009
Checked		Date
Reviewed		Date
Approved		Date





Devon Energy

Eddy Co., New Mexico (Nad 83)

Condor 8 Fed Com #2H

Condor 8 Fed COM #2H

Lateral #1

Plan: Design #1

Standard Planning Report

27 August, 2009





CUDD Drilling & Measurement Services
Planning Report



Database:	EDM 2003.21 Single User Db	Local Co-ordinate Reference:	Well Condor 8 Fed COM #2H
Company:	Devon Energy	TVD Reference:	WELL @ 3491.00ft (Original Well Elev)
Project:	Eddy Co., New Mexico (Nad 83)	MD Reference:	WELL @ 3491.00ft (Original Well Elev)
Site:	Condor 8 Fed Com #2H	North Reference:	Grid
Well:	Condor 8 Fed COM #2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Lateral #1		
Design:	Design #1		

Project	Eddy Co., New Mexico (Nad 83)		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site	Condor 8 Fed Com #2H, Sec 8, T-18S, R-27E		
Site Position:		Northing:	643,352.34 ft
From:	Map	Easting:	553,717.91 ft
Position Uncertainty:	0.00 ft	Slot Radius:	"
		Latitude:	32° 46' 6.973 N
		Longitude:	104° 17' 34.999 W
		Grid Convergence:	0.02 °

Well	Condor 8 Fed COM #2H		
Well Position	+N/-S	0.00 ft	Northing:
	+E/-W	0.00 ft	Easting:
Position Uncertainty	0.00 ft	Wellhead Elevation:	3,491.00 ft
		Latitude:	32° 46' 6.973 N
		Longitude:	104° 17' 34.999 W
		Ground Level:	3,476.00 ft

Wellbore	Lateral #1		
Magnetics	Model Name	Sample Date	Declination
	IGRF200510	8/27/2009	8.16
			Dip Angle
			60.63
			Field Strength
			49,072

Design	Design #1		
Audit Notes:			
Version:	Phase:	PLAN	Tie On Depth:
			0.00
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(ft)	(ft)	(ft)
	0.00	0.00	0.00
			Direction
			269.67

Plan Sections										
Measured Depth	Inclination	Azimuth	Vertical Depth	+N/-S	+E/-W	Dogleg Rate	Build Rate	Turn Rate	TFO	Target
(ft)	(°)	(°)	(ft)	(ft)	(ft)	(°/100ft)	(°/100ft)	(°/100ft)	(°)	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2,297.00	0.00	0.00	2,297.00	0.00	0.00	0.00	0.00	0.00	0.00	
3,201.34	90.43	269.67	2,870.00	-3.37	-577.26	10.00	10.00	0.00	269.67	
7,238.70	90.43	269.67	2,840.00	-26.98	-4,614.44	0.00	0.00	0.00	0.00	PBHL - TD (C8FC#2H)



CUDD Drilling & Measurement Services
Planning Report



Database:	EDM 2003.21 Single User Db	Local Co-ordinate Reference:	Well Condor 8 Fed COM #2H
Company:	Devon Energy	TVD Reference:	WELL @ 3491.00ft (Original Well Elev)
Project:	Eddy Co., New Mexico (Nad 83)	MD Reference:	WELL @ 3491.00ft (Original Well Elev)
Site:	Condor 8 Fed Com #2H	North Reference:	Grd
Well:	Condor 8 Fed COM #2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Lateral #1		
Design:	Design #1		

Planned Survey

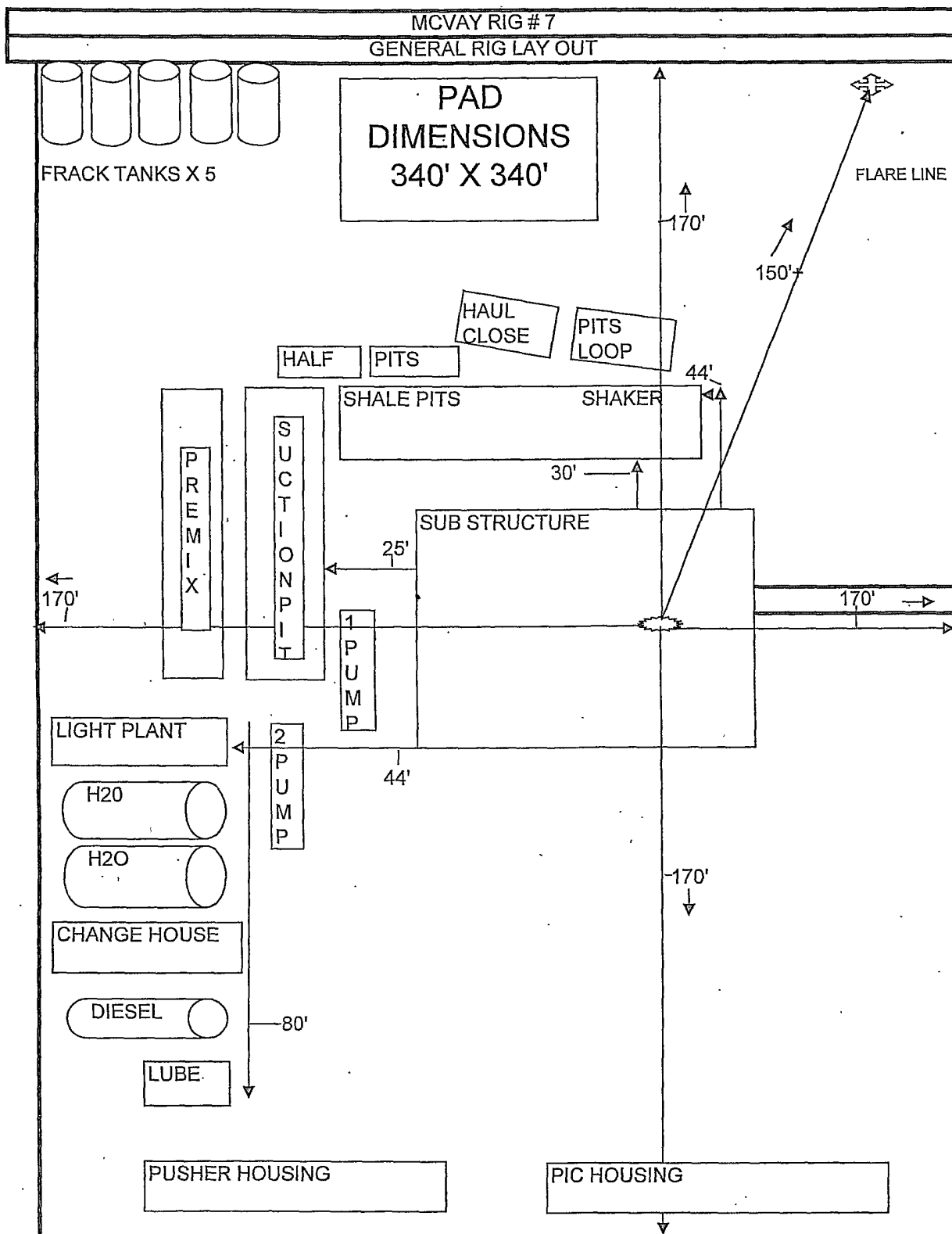
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
661.00	0.00	0.00	661.00	0.00	0.00	0.00	0.00	0.00	0.00
Queen									
1,055.00	0.00	0.00	1,055.00	0.00	0.00	0.00	0.00	0.00	0.00
San Andres									
2,297.00	0.00	0.00	2,297.00	0.00	0.00	0.00	0.00	0.00	0.00
KOP - Build 10°/100'									
2,703.17	40.61	269.67	2,670.00	-0.81	-138.02	138.02	10.00	10.00	0.00
Glorieta									
3,010.81	71.37	269.67	2,840.00	-2.28	-389.99	390.00	10.00	10.00	0.00
Yeso									
3,201.34	90.43	269.67	2,870.00	-3.37	-577.26	577.27	10.00	10.00	0.00
EOC - I:90.43° @ A:269.67°									
7,238.70	90.43	269.67	2,840.00	-26.98	-4,614.44	4,614.52	0.00	0.00	0.00
PBHL - TD (C8FC#2H)									

Formations

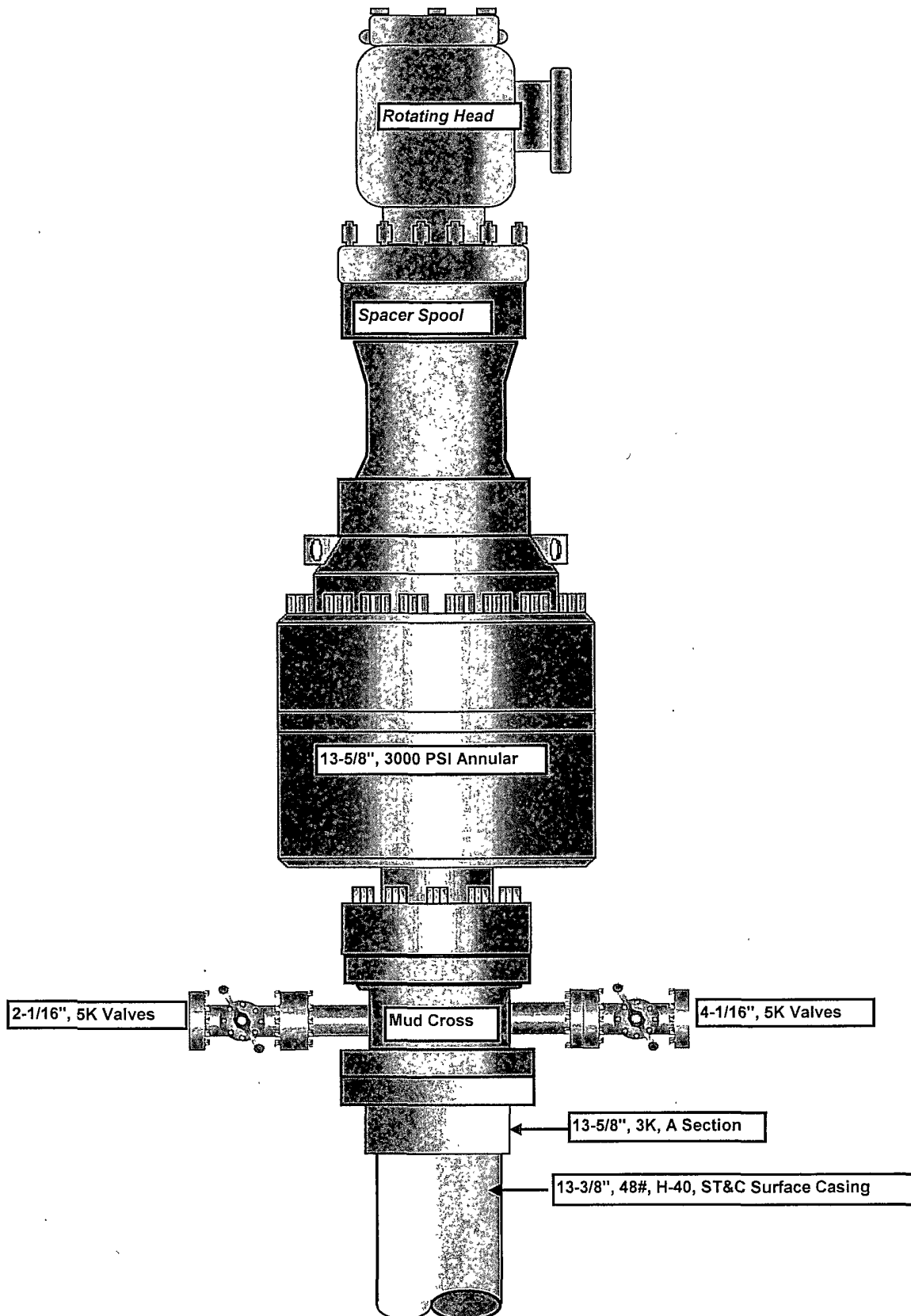
Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
661.00	661.00	Queen		0.00	
1,055.00	1,055.00	San Andres		0.00	
2,703.17	2,670.00	Glorieta		0.00	
3,010.81	2,840.00	Yeso		0.00	

Plan Annotations

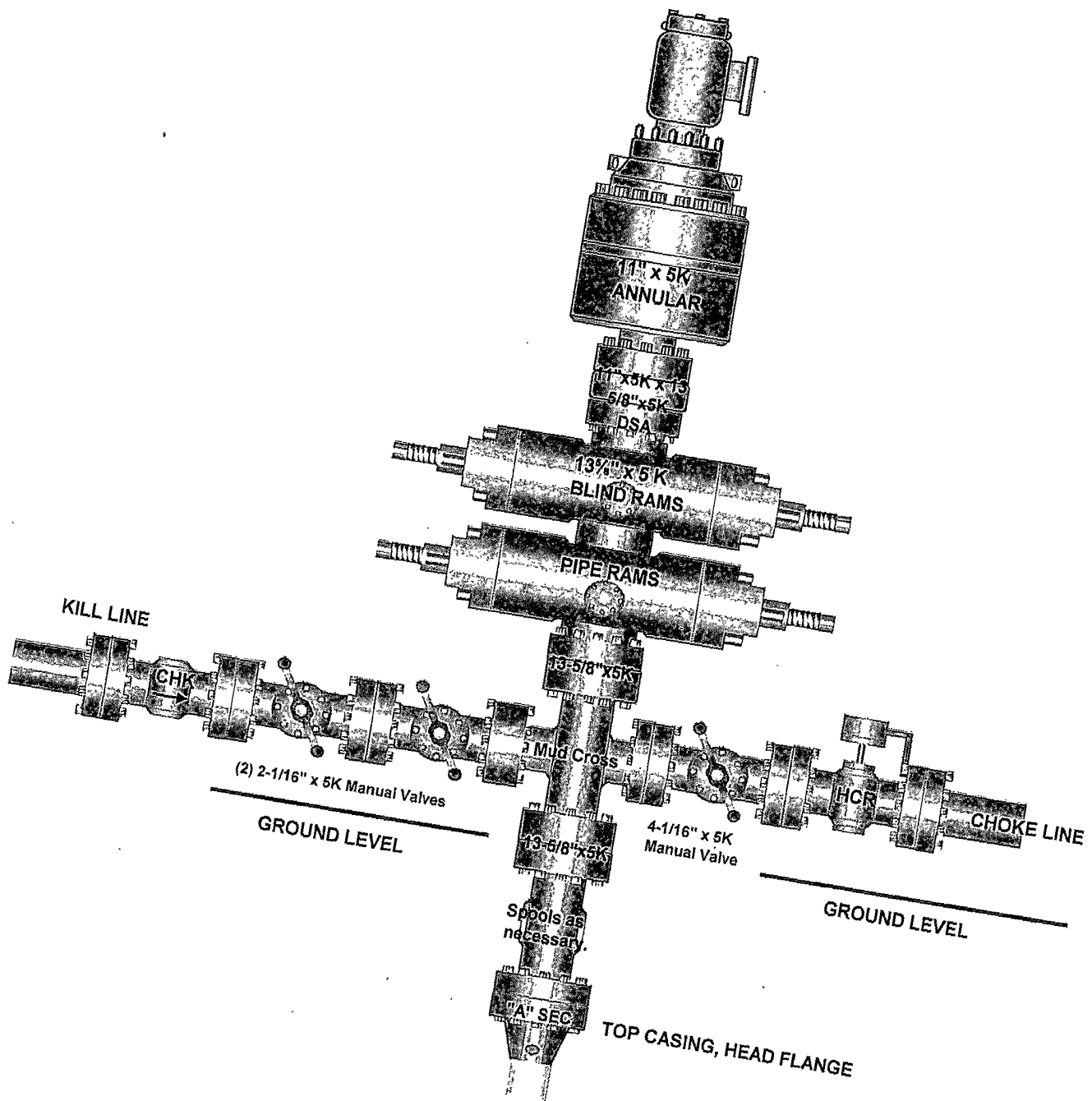
Measured Depth (ft)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Comment
2,297.00	2,297.00	0.00	0.00	KOP - Build 10°/100'
3,201.34	2,870.00	-3.37	-577.26	EOC - I:90.43° @ A:269.67°



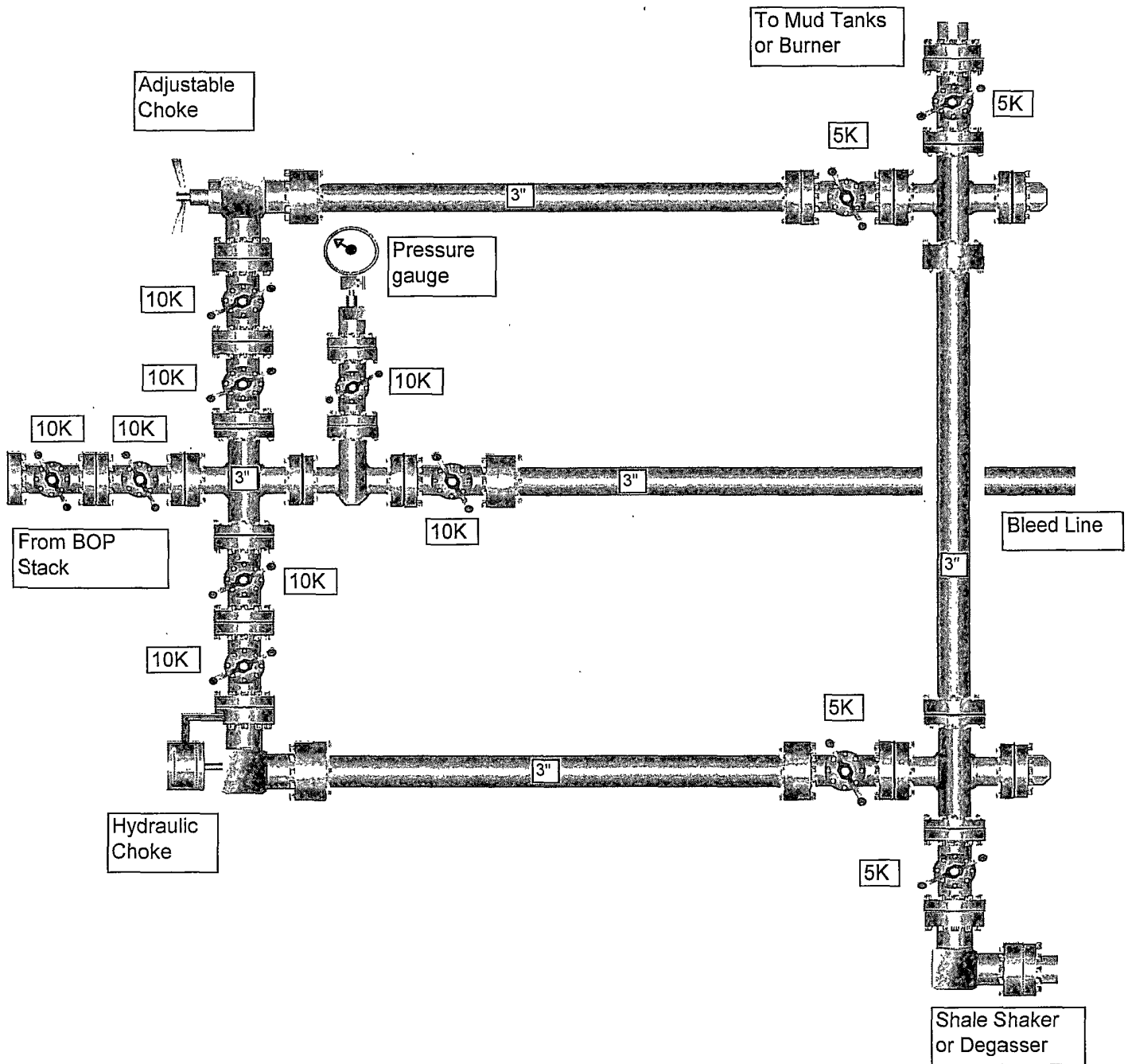
13-5/8" 3K Annular



11" x 5,000 psi BOP Stack



10,000 PSI CHOKE MANIFOLD





**Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260**

Hydrogen Sulfide (H₂S) Contingency Plan

For

Condor 8 Federal Com # 2H

**330'FNL & 330' FEL,
Sec-8, T-18S R-27E**

Eddy County NM

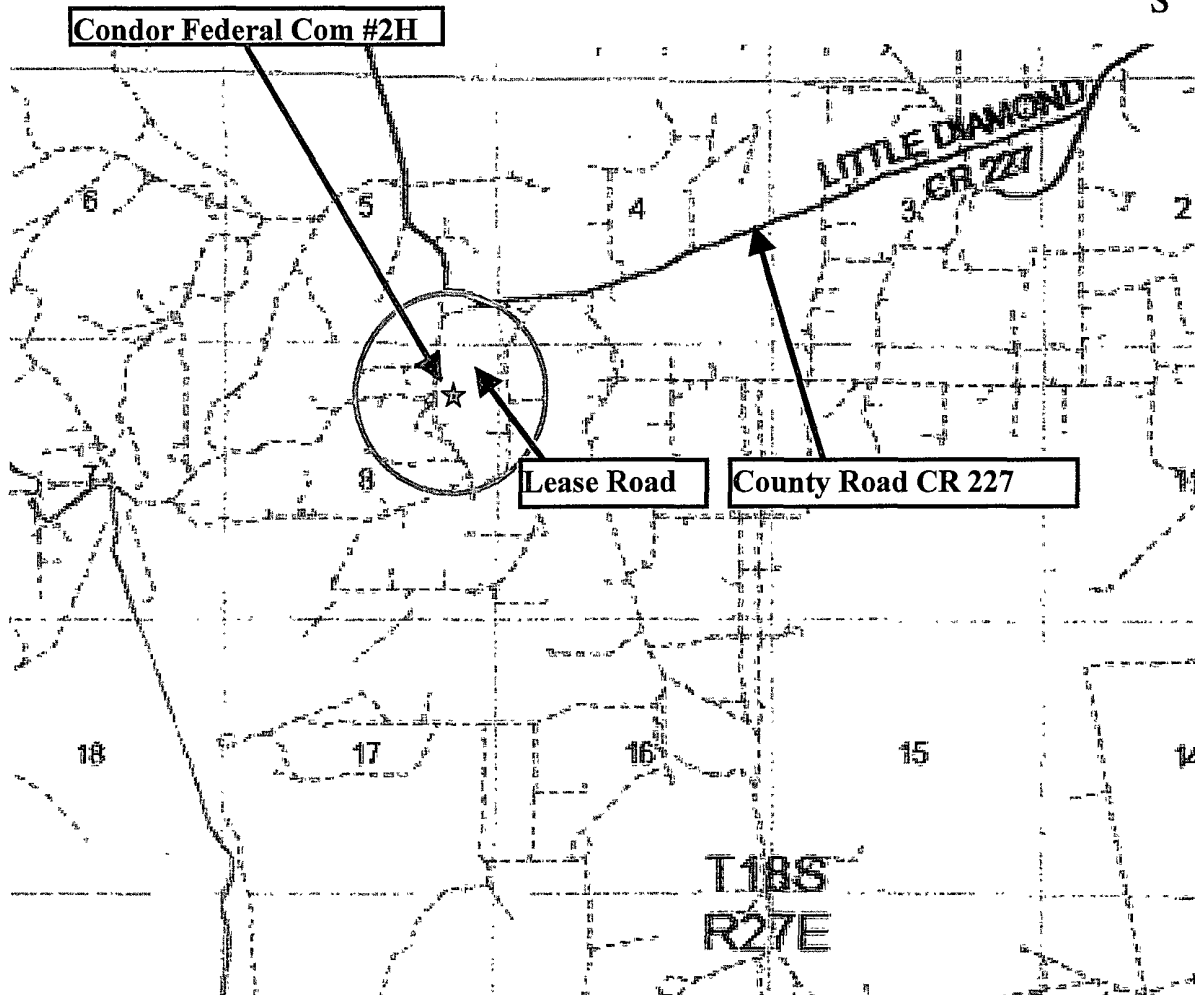
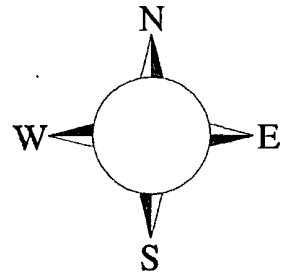
**Bureau of Land Management
RECEIVED**

OCT 16 2009

**Carlsbad Field Office
Carlsbad, N.M.**

Condor 8 Federal Com # 2H

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



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

Escape

Crews shall escape upwind of escaping gas in the event of an emergency release of gas. Escape can be facilitated North on lease road to Little Diamond CR227. Crews should then block entrance to the location from the lease road so as not to allow anyone traversing into a hazardous area. The blockade should be at a safe distance outside of the ROE. There are no homes or buildings in or near the ROE.

Assumed 100 ppm ROE = 3000'
100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

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

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

Ignition of Gas Source

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

Characteristics of H₂S and SO₂

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

Contacting Authorities

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

Devon Energy Corp. Company Call List

<u>Artesia (575)</u>	<u>Cellular</u>	<u>Office</u>	<u>Home</u>
Foreman – Robert Bell.....	748-7448	748-0178	746-2991
Asst. Foreman –Tommy Polly.....	748-5290	748-0165	748-2846
Don Mayberry	748-5235	748-0164	746-4945
Montral Walker.....	390-5182	748-0193	936-414-6246
Engineer – Steven Jones.....	(405) 596-8041....	(405) 552-7994....	(405) 248-7942

Agency Call List

<u>Lea</u>	<u>Hobbs</u>
<u>County</u>	State Police
<u>(575)</u>	City Police
	Sheriff's Office.....
	Ambulance.....
	Fire Department.....
	LEPC (Local Emergency Planning Committee)
	NMOCD
	US Bureau of Land Management.....

<u>Eddy</u>	<u>Carlsbad</u>
<u>County</u>	State Police
<u>(575)</u>	City Police
	Sheriff's Office.....
	Ambulance.....
	Fire Department.....
	LEPC (Local Emergency Planning Committee).....
	US Bureau of Land Management
	New Mexico Emergency Response Commission (Santa Fe) ...
	24 HR
	National Emergency Response Center (Washington, DC) ..

Emergency Services

	Boots & Coots IWC
	Cudd Pressure Control.....
	Halliburton
	B. J. Services.....
<i>Give</i>	Flight For Life - Lubbock, TX
<i>GPS</i>	Aerocare - Lubbock, TX
<i>position:</i>	Med Flight Air Amb - Albuquerque, NM
	Lifeguard Air Med Svc. Albuquerque, NM

Prepared in conjunction with
Wade Rohloff of;



SURFACE USE PLAN

Devon Energy Production Company, LP

Condor 8 Federal Com 2H

Surface Location: 330' FNL & 330' FEL, Unit A, Sec 8 T18S R27E, Eddy, NM

Bottom Hole Location: 360' FNL & 330' FWL, Unit C, Sec 8 T18S R27E, 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 Chalk Bluff and Little Diamond, go east on Little Diamond for 0.2 miles to lease road, on lease road go south 0.2 miles and west to location and proposed location.

2. New or Reconstructed Access Roads:

- a. The well site layout, Form C-102 shows the existing trail road.
- 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 Condor 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. 1H 825 9-30-09
- c. We intend to lay flowlines from the Condor 8 Federal Com ~~2H~~ to the Condor tank battery. All flow lines will adhere to API standards.
- d. If the well is productive, rehabilitation plans are as follows:
 - i. A closed loop system will be utilized.
 - ii. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

5. Location and Types of Water Supply:

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

6. Construction Materials:

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. Remaining drilling fluids will sent to a closed loop system. Water produced during completion will be put in a 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 a closed loop system and living facilities.
- c. A closed loop system will be used.

10. Plans for Surface Reclamation:

- a. After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM.

The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography. We will use a closed loop system.

- b. The location and road will be rehabilitated as recommended by the BLM.
- c. If the well is deemed commercially productive, caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography.

11. Surface Ownership (Use the appropriate A-C option; delete other two)


- 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.

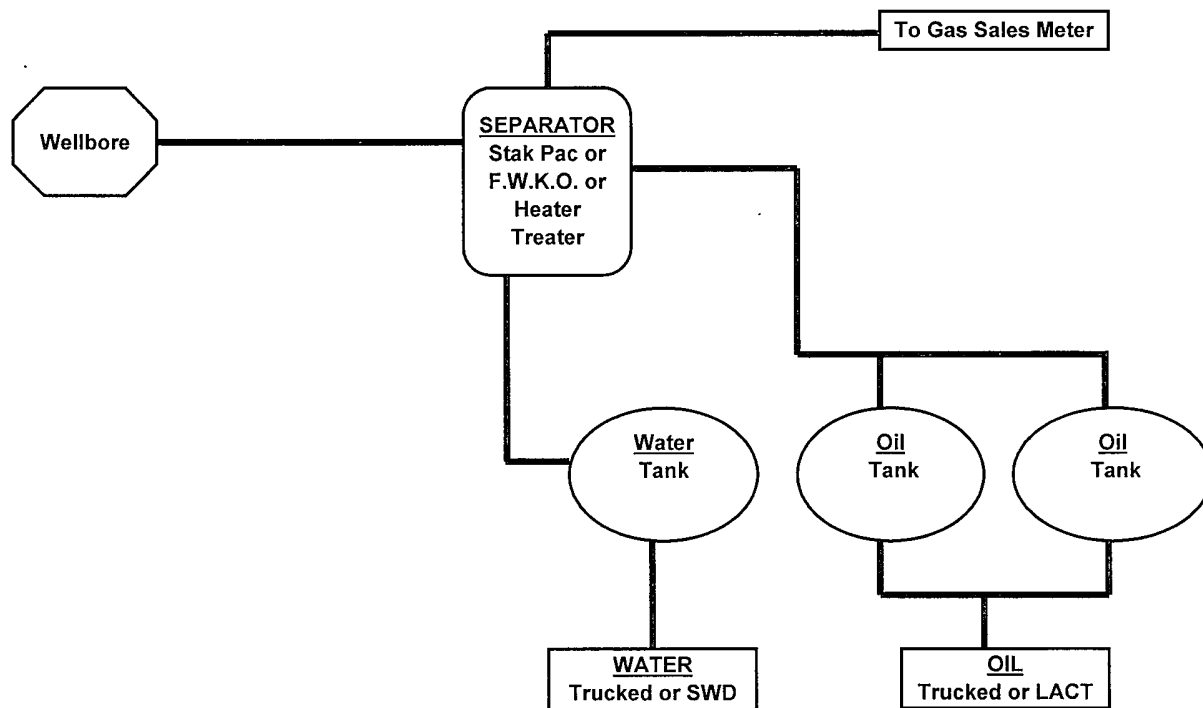
13. Bond Coverage:

Bond Coverage is Nationwide; Bond # is CO-1104



DEVON ENERGY PRODUCTION COMPANY LP

General Production Facilities Diagram



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)

(505) 748-3371 (office)
(505) 746-4945 (home)

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road 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 31st day of August, 2009.

Printed Name: Norvella Adams

Signed Name: 

Position Title: Sr. Staff Engineering Technician

Address: 20 North Broadway, OKC OK 73102

Telephone: (405) 552-8198

Field Representative: Robert Bell

Address: 6488 Seven Rivers Hwy, Artesia, NM

Telephone: (575)748-0169

E-mail: norvella.adams@dvn.com

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Devon Energy Prod. Co.
LEASE NO.:	LC 070678A
WELL NAME & NO.:	2H Condor 8 Fed Com
SURFACE HOLE FOOTAGE:	330' FNL & 330' FEL
BOTTOM HOLE FOOTAGE:	360' FNL & 330' FWL
LOCATION:	Section 8, T. 18 S., R 27 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

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

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Berming of the well pad
 - Communitization agreement
- ☒ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
 - H2S – Onshore Order 6 requirements
 - High cave/karst
 - Logging requirements
- ☒ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- ☒ **Reseeding Procedure/Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

I. GENERAL PROVISIONS

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

II. PERMIT EXPIRATION

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

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

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

IV. NOXIOUS WEEDS

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

V. SPECIAL REQUIREMENT(S)

1. The east side of the pad will be bermed in order to divert water around the well pad.

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. Operator to supply NMOCD order, which details the vertical and horizontal extent of pool to verify that requested communitization is within an approved and established pool. NMOCD form C-123 – pool designation request.

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 shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Closed Loop System: v-door south

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

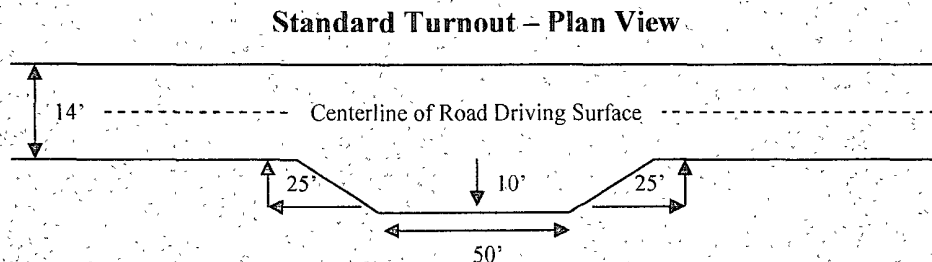
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

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:

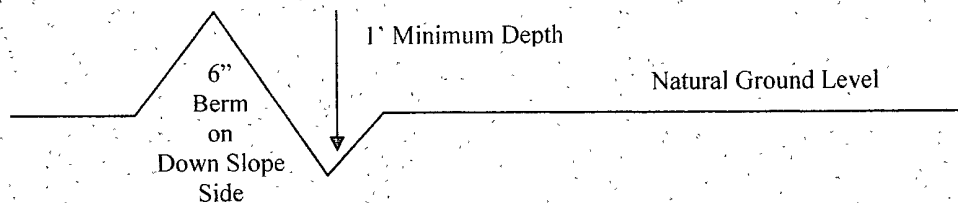


Drainage

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

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

Cross Section of a Typical Lead-off Ditch



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

Formula for Spacing Interval of Lead-off Ditches

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

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

Culvert Installations

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

Cattleguards

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

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for

the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

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

Fence Requirement

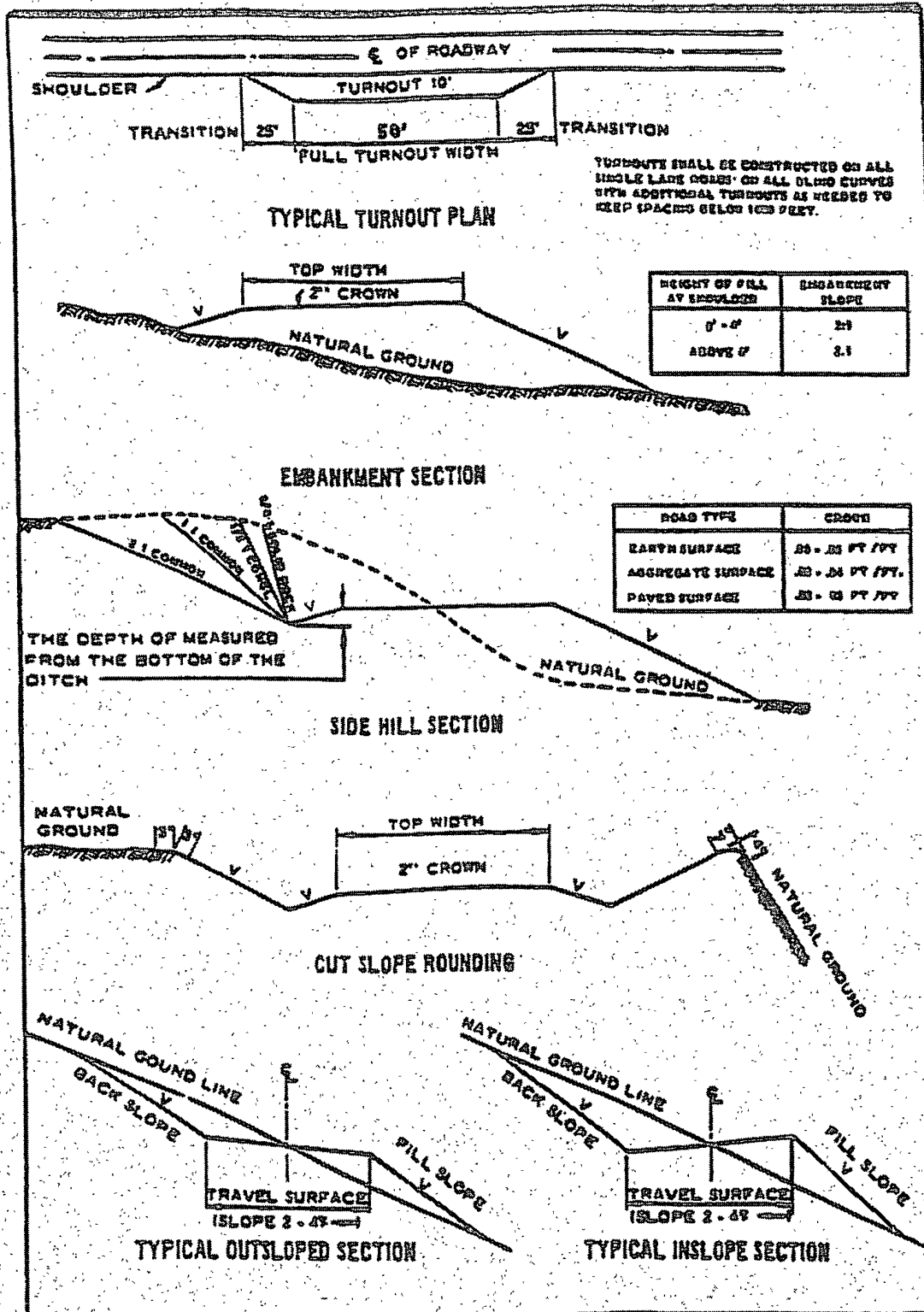
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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

Public Access

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

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified 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. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated 500 feet prior to drilling into the **Grayburg** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
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 is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the CAL/GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies.**

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 – CONTINGENCY CASING WILL BE REQUIRED IF LOST CIRCULATION OCCURS WHILE DRILLING THE SURFACE HOLE. THE SURFACE HOLE WILL HAVE TO BE REAMED AND A LARGER CASING INSTALLED. IF LOST CIRCULATION OCCURS WHILE DRILLING THE 8-3/4" HOLE, THE CEMENT PROGRAM FOR THE 7" CASING WILL NEED TO BE MODIFIED AND THE BLM IS TO BE CONTACTED PRIOR TO RUNNING THE CASING. A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH THEREFORE, ONE INCH OPERATIONS WILL NOT BE PERMITTED. A DV TOOL WILL BE REQUIRED.

Possible lost circulation in the Grayburg and San Andres formations.

1. The 9-5/8 inch surface casing shall be set at **approximately 1030 feet in the Grayburg formation** and cemented to the surface. **Freshwater mud to be used to setting depth. Additional cement will be required due to additional casing length.**
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the 7 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 cave/karst concerns.

Pilot plug as noted is to go from bottom of hole to kick off point.

3. The minimum required fill of cement behind the 4-1/2 inch production casing/liner is:

☒ Not required as operator is using the Peak Systems Iso-Pack liner completion assembly.

4. 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 **7 inch** intermediate casing shoe shall be **3000 (3M) psi. The operator is using a 5M, but testing as a 3M.**
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. **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. DRILL STEM TEST

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

RGH 110409

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

B. PIPELINES

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 a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

- (1) Land clearing.
- (2) Earth-disturbing and earth-moving work.
- (3) Blasting.
- (4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder

of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 25 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder 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 will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

(March 1989)

C. ELECTRIC LINES

IX. INTERIM RECLAMATION & RESEEDING PROCEDURE

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.

B. RESEEDING PROCEDURE

Once the well is drilled, all completion procedures accomplished, and all trash removed, reseed the location and all surrounding disturbed areas as follows:

Seed Mixture 4, for Gypsum Sites

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

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

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

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

DWS: DeWinged Seed

*Pounds of pure live seed:

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

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.



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

405 235 3611 Phone
www.devonenergy.com

September 23, 2009

Wesley Ingram
Bureau of Land Management
620 E. Greene Street
Carlsbad, New Mexico 88221-1778

Re: Condor 8 Federal 2H_Flowline route map

Dear Mr. Ingram:

Attached is a map, depicting the route we intend to take in laying our flowlines from the Condor 8 Federal 2H well to the Condor 8 Federal 2H Tank Battery. The flowlines will follow the road outlined in the attached map. Our Application for Permit to Drill (APD) stated that we intended to take the production, should the well be successful, to the Condor Tank Battery. That tank battery is the Condor 8 Federal 2H Tank Battery.

This should fulfill the deficiency that was noted in our "10 day letter". If you have any questions or concerns, please do not hesitate to contact me at (405) 552-8198. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Norvella Adams". The signature is fluid and cursive, with a large initial "N" and "A".

Norvella Adams
Sr. Staff Engineering Technician
Devon Energy Production Company, L.P.

Enclosure

