

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Form approved
OMB No. 1004-0136
Expires November 30, 2001
DPT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. TYPE OF WORK: DRILL REENTER

b. TYPE OF WELL: OIL WELL GAS WELL Other _____ SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
DEVON SFS OPERATING, INC. 20305

3a. ADDRESS AND TELEPHONE NO.
20 NORTH BROADWAY, SUITE 1500, OKC, OK 73102

3b. TELEPHONE (Include area code).
(405) 235-3611

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface (D) 1250' FNL & 660' FWL

At top proposed prod. zone
Central Artesia Water Basin

5. LEASE DESIGNATION AND SERIAL NO.
LC-065680

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
Shugart 25 Federal Com #2

9. API WELL NO.
30-015-31758

10. FIELD AND POOL, OR WILDCAT
Shugart; Morrow

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Section 25, T-18-S, R-31-E

12. COUNTY OR PARISH
Eddy County

13. STATE
New Mexico

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 42 miles West of Hobbs, New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest dtg. unit line if any)
660'

16. NO. OF ACRES IN LEASE
1160.00

17. Spacing Unit dedicated to this well
320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
12,500'

19. PROPOSED DEPTH
12,500'

20. BLM/BIA Bond No. on file
UT-1195

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3678' GL

22. APPROX. DATE WORK WILL START*
May 15, 2001

23. Estimated duration

24. Attachments

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

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

Devon SFS Operating, Inc. proposes to drill a Morrow well to TD 12,500'± for commercial quantities of gas. If the well is deemed noncommercial, the well bore will be plugged and abandoned per Federal regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

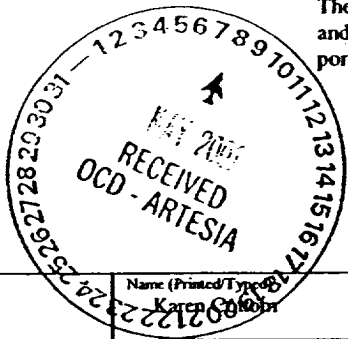
Drilling Program

Surface Use and Operating Plan

- Exhibit #1 = Blowout Prevention Equipment
- Exhibit #2 = Location and Elevation Plat
- Exhibit #3 = Road Map and Topo Map
- Exhibit #4 = Wells Within 1 Mile Radius
- Exhibit #5 = Rotary Rig Layout
- Exhibit #6 = H₂S Operating Plan
- Exhibit #7 = Archeological clearance report

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

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**



25. Signature: *Karen Colton* Name (Printed/Typed): Karen Colton Date: March 20, 2001
Title: Engineering Tech

Approved by (signature): *Joe D. Lamm* Name (Printed/Typed): Joe D. Lamm Date: 5/12/2001
Title: Acting 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.

Title 18 U.S.C. Section 1001, makes 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 reverse)