

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2004 DEC 20 AM 11:14

RECEIVED

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|---|--|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. SF 079010 |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator Devon Energy Production Company, L.P. | | 7. If Unit or CA Agreement, Name and No. Northeast Blanco Unit |
| 3a. Address PO Box 6459 Farmington, NM 87419 | | 8. Lease Name and Well No. NEBU 235 |
| 3b. Phone No. (include area code) 505-632-0244 | | 9. API Well No. 3004532784 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements) At surface NE SE, 1915' FSL & 665' FEL At proposed prod. zone Same | | 10. Field and Pool, or Exploratory Pictured Cliffs S. Los Pinos FS/PC |
| 11. Sec., T. R. M. or Blk. and Survey or Area I Sec. 24, T31N, R7W | | 12. County or Parish San Juan |
| 13. State NM | | 14. Distance in miles and direction from nearest town or post office* Approximately 12.7 miles |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 665' | | 16. No. of acres in lease 2,560 |
| 17. Spacing Unit dedicated to this well 320 Acres 160 SE | | 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3,620' |
| 19. Proposed Depth 3,620' | | 20. BLM/BIA Bond No. on file |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) GR 6,470' | | 22. Approximate date work will start* 02/09/2004 |
| 23. Estimated duration Unknown | | |

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.

25. Signature *M.S. Zimmerman* Name (Printed/Typed) Melisa Zimmerman Date 12-10-04

Title Senior Operations Technician

Approved by (Signature) *[Signature]* Name (Printed/Typed) Date 4-16-05
Title AFM Office PFS

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 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)

District I
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, NM 87211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2004 DEC 20 AM 11:44 ☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|---|--|
| ¹ API Number 30-045-32784 | ² Pool Code 80690 | ³ Pool Name Santa Las Pin 05010 FS / Pictured Cliffs |
| ⁴ Property Code 19641 | ⁵ Property Name NEBU | ⁶ Well Number # 235 |
| ⁷ OGRID No. 4137 | ⁸ Operator Name Devon Energy Production Company, L.P. | ⁹ Elevation 6470 |

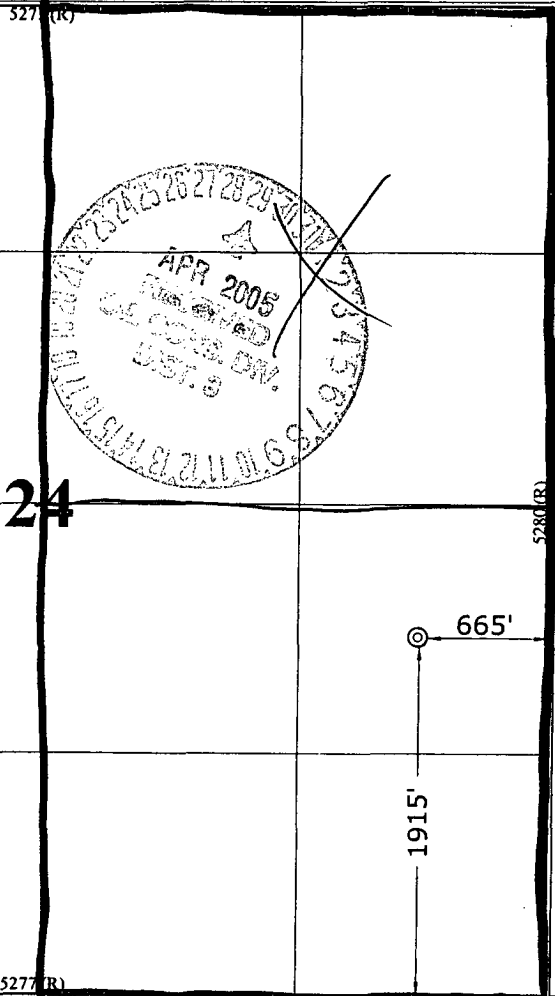
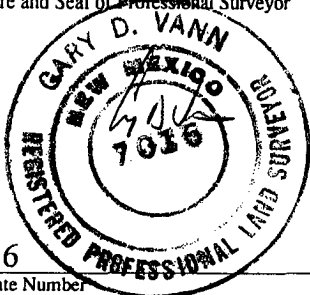
¹⁰ Surface Location

| | | | | | | | | | |
|--------------------|---------------|------------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|--------------------|
| UL or Lot No. I | Section 24 | Township 31 N | Range 7 W | Lot Idn | Feet from the 1915 | North/South line SOUTH | Feet from the 665 | East/West line EAST | County SAN JUAN |
|--------------------|---------------|------------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|--------------------|

¹¹ Bottom Hole Location If Different From Surface

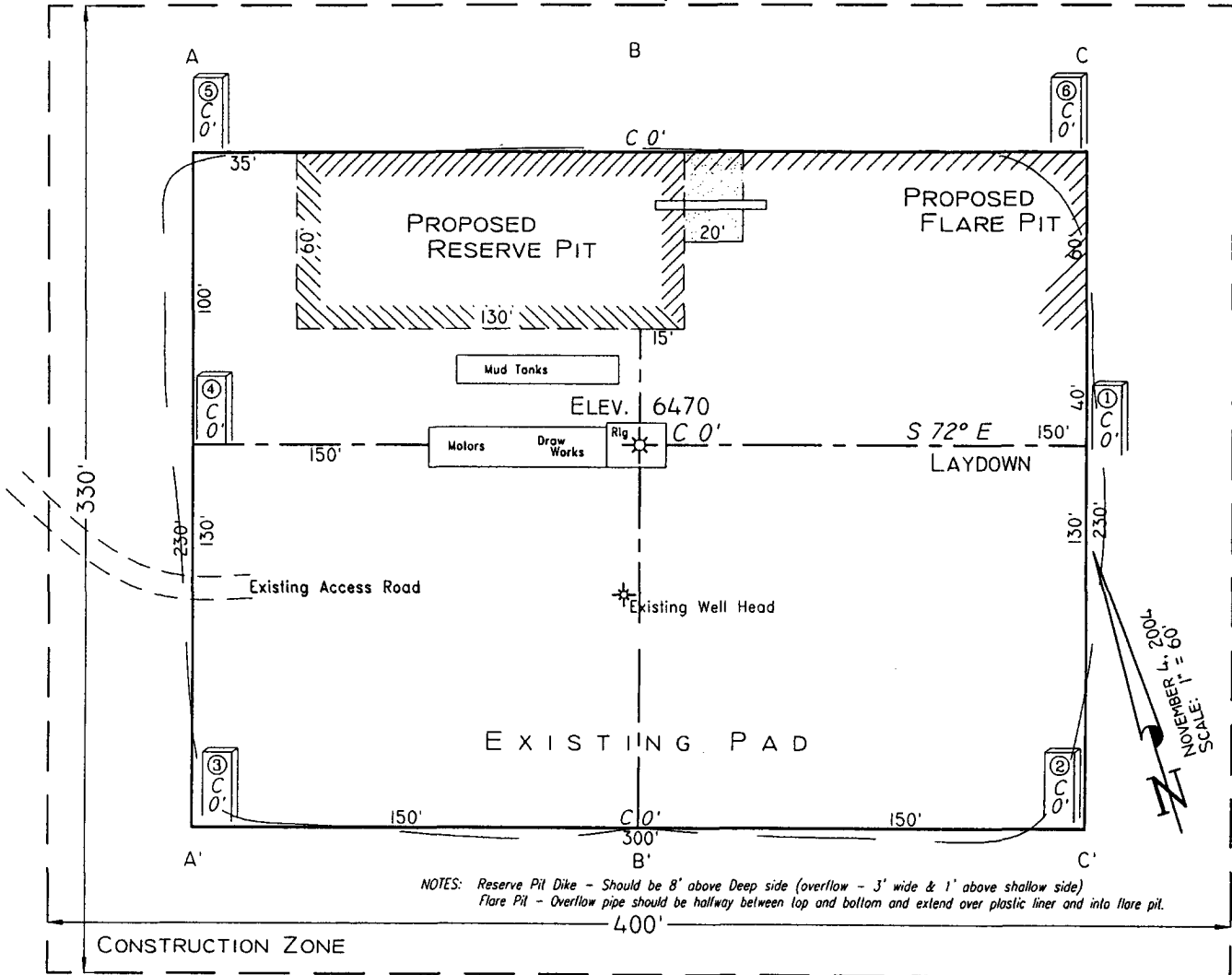
| | | | | | | | | | |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|---------|---------------|------------------|---------------|----------------|--------|
| ⁷ UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| ¹² Dedicated Acres 160 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ 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

| | | |
|--|--|---|
| ¹⁶ 5280(R) 5277(R) 5277(R) |  | ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. M.S. Ziri Signature Melisa Zimmekman Printed Name Sr. Operations Technician Title 12-10-04 Date |
| | | ¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. November 4, 2004 Date of Survey Signature and Seal of Professional Surveyor  7016 Certificate Number |

PAD LAYOUT PLAN & PROFILE
DEVON ENERGY PRODUCTION COMPANY, L.P.
Nebu # 235
1915' F/SL 665' F/EL
SEC. 24 T31N, R7W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO

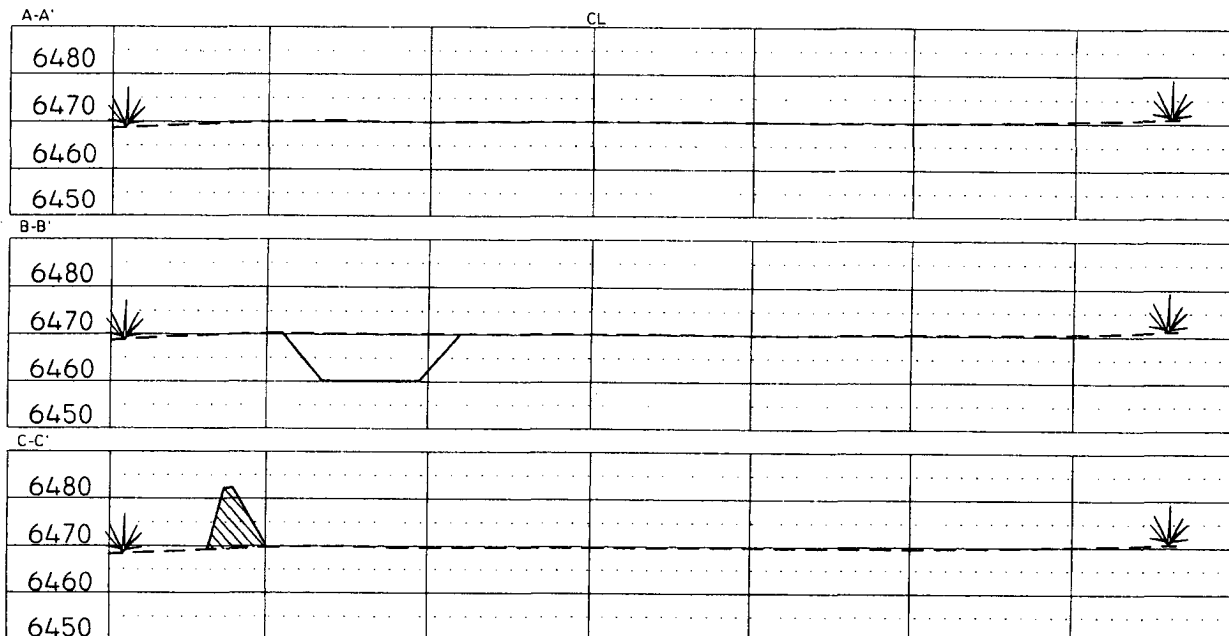
Lat: 36°52'59"
Long: 107°30'56"



NOTES: Reserve Pit Dike - Should be 8' above Deep side (overflow - 3' wide & 1' above shallow side)
Flare Pit - Overflow pipe should be halfway between top and bottom and extend over plastic liner and into flare pit.

Area of Construction Zone - 330'x400' or 3.03 acres, more or less.

SCALE: 1"=60'-HORIZ.
1"=40'-VERT.



NOTE: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction.

Cuts and fills shown are approximate - final finished elevation is to be adjusted so earthwork will balance. Corner stakes are approximate and do not include additional areas needed for sideslopes and drainages. Final Pad Dimensions are to be verified by Contractor.

VANN SURVEYS
P. O. Box 1306
Farmington, NM

**NEBU 235
Unit I 24-T31N-R7W
San Juan Co., NM**

DRILLING PLAN

1. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS & ANTICIPATED WATER, OIL, GAS OR MINERAL FORMATIONS:

| Formation | TVD (ft) | Hydrocarbon/Water Bearing Zones |
|------------------------|---------------------|--|
| San Jose | Surface | |
| Ojo Alamo | 2375 | Aquifer |
| Kirtland | 2501 | |
| Fruitland | 2962 | Gas |
| Pictured Cliffs Tongue | 3299 | Gas |
| Pictured Cliffs | 3383 | Gas |
| Lewis | 3520 | |
| TD | 3620 | |

All shows of fresh water and minerals will be adequately protected and reported.

2. PRESSURE CONTROL EQUIPMENT:

All well control equipment shall be in accordance with Onshore Order #2 for 2M systems.

The minimum specifications for pressure control equipment that will be provided are included on the attached schematic diagram, which shows the size, and pressure ratings.

2000# BOP With Pipe Rams and 2000# BOP With Blind Rams

Auxiliary equipment to be used:

- Upper kelly cock with handle available.

The manifold includes appropriate valves and adjustable chokes. The kill line will have one check valve. Ram type preventers will be pressure tested to full working pressure (utilizing a test plug) or 70% of the internal yield pressure (without a test plug) at:

- Initial installation
- Whenever any seal subject to test pressure is broken
- Following related repairs
- At 30 day intervals

- Initial installation
- Whenever any seal subject to test pressure is broken
- Following related repairs
- At 30 day intervals

Pipe and blind rams shall be activated each trip.

A BOPE pit level drill will be conducted weekly for each drilling crew.
All tests and drills will be recorded in the drilling log.

The accumulator will have sufficient capacity to close all rams and retain 200 psi above pre-charge pressure without the use of closing unit pumps.

Master controls will be at the accumulator. Anticipated bottom hole pressure is 1500 psi.

3. **CASING & CEMENTING PROGRAM:**

A. The proposed casing program will be as follows:

| TVD | Hole Size | Size | Grade | Weight | Thread | Condition |
|--------|-----------|--------|-------|--------|--------|-----------|
| 0-285 | 12-1/4" | 9-5/8" | H-40 | 32# | STC | New |
| 0-3669 | 6-1/4" | 4-1/2" | J-55 | 11.6# | LTC | New |

The 9-5/8" surface pipe will be tested to 750 psi. All casing strings below the surface shoe shall be pressure tested to 0.22 psi/ft. of casing string length or 1500 psi, whichever is greater, but not to exceed 70% minimum internal yield.

Surface: The bottom three joints of the surface casing will have a minimum of one centralizer per joint and one centralizer every joint thereafter (Total 5 centralizers estimated)

4-1/2" Casing: The bottom three joints of the casing will have a minimum of one centralizer per joint and one centralizer every fifth joint thereafter to above Ojo Alamo with turbolizers below and throughout the Ojo Alamo. (Total 12 centralizers, 3 turbolizers estimated).

B. The proposed cementing program will be as follows:

Surface String: 9-5/8" Surface cemented in a 12-1/4" hole at 285'.
32.3# H-40 ST&C 8 Rnd
Saw tooth guide shoe
Cemented with 200 sacks Class B mixed at 15.6 ppg w/.25 pps
Celloflake, 2% calcium chloride. Yield 1.19 ft³/sx ,cement
Designed to circulate to surface.

* **Minor variations possible due to existing conditions**

Float Shoe

Lead: 500 Sx Of 50/50/ Poz, Yield-1.45 ft³/sx, Mixed @ 13ppg Foamed W/ N2 Down To 9.0# Additives 2% Gel, 0.2% Versaset, 0.1% Diacel Lwl.

Tail: 75 Sx50/50/ Poz, Yield-1.45 ft³/sx, 13 lb/gal, Additives 2% Gel, 0.2% Versaset, 0.1% Diacel Lwl.

* **Minor variations possible due to existing conditions**

Circulate Cement

Actual volumes will be calculated and adjusted with caliper log prior to cementing.

4. DRILLING FLUIDS PROGRAM:

| TVD | Type | Weight (ppg) | Viscosity | pH | Water Loss | Remarks |
|--------|----------|--------------|-----------|-----|------------|---------------|
| 0-285' | Spud | 8.4-9.0 | 29-70 | 8.0 | NC | FW gel, |
| 285-TD | LSND/Air | 8.4-9.0 | 29-70 | 8.0 | 10-12 | LCM as needed |

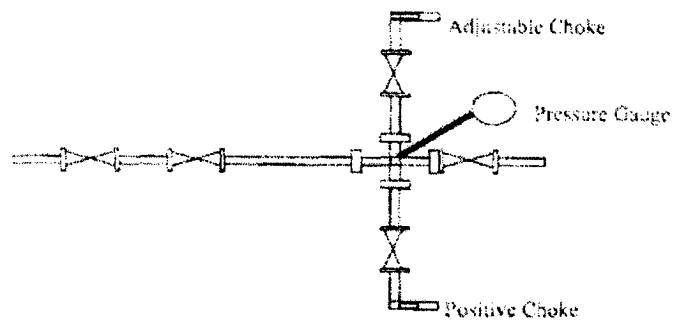
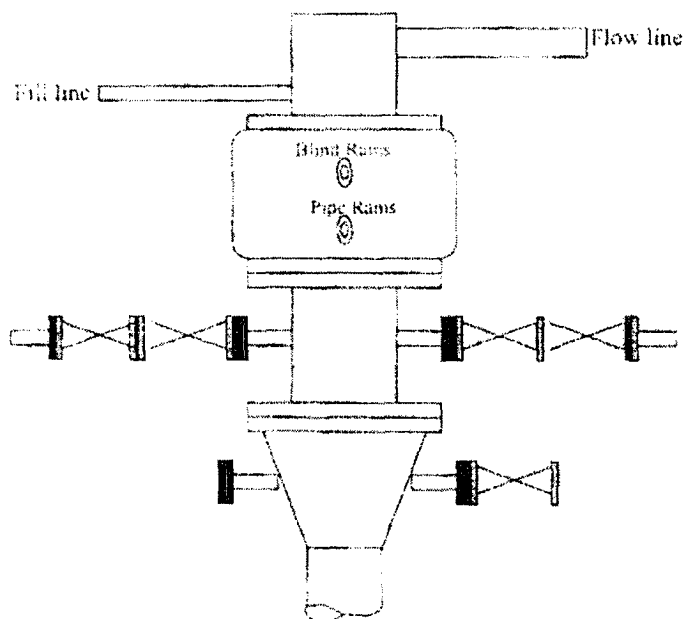
NC = no control *will use mud, but may need to "lighten" with air to avoid lost circulation problems. per m2 1/2/05*

Sufficient quantities of mud material will be maintained on site or be readily accessible for the purpose of assuring well control. SPR will be recorded on daily drilling report after mudding up. Visual mud monitoring will be conducted during operations.

5. EVALUATION PROGRAM:

Wireline Logs: None

Well Control Equipment 2,000 psi Configuration



All well control equipment designed to meet or exceed the Onshore Oil and Gas Order No. 2, BLM 43 CFR 3150 requirements for 2M systems.