

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2005 DEC 12 AM 8 39

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 079003 |
| 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 68M |
| 3b. Phone No. (include area code) 505-632-0244 | | 9. API Well No. 30-045-33474 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface NE NE, Unit A, 500' FNL & 1,205' FEL At proposed prod. zone NW NE, Unit B, 900' FNL & 1,800' FEL | | 10. Field and Pool, or Exploratory Blanco Mesaverte Picture Cliffs / Dakota |
| 11. Sec., T. R. M. or Blk. and Survey or Area A Sec. 35, T31N, R7W | | 12. County or Parish San Juan |
| 13. State NM | | 14. Distance in miles and direction from nearest town or post office* Approximately 14 miles |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 500' | 16. No. of acres in lease 2,560 | 17. Spacing Unit dedicated to this well 320 Acres E/2 |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. | 19. Proposed Depth 8,110' MD / 8,000' VD | 20. BLM/BIA Bond No. on file |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) GR 6,333' | 22. Approximate date work will start* 04/01/2005 | 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 <i>M.S. Zimmerman</i> | Name (Printed/Typed) Melisa Zimmerman | Date 12-8-05 |
| Title Senior Operations Technician | | |
| Approved by (Signature) <i>Wayne Townsend</i> | Name (Printed/Typed) Wayne Townsend | Date 2/10/06 |
| Title Acting AFM | | |
| Office FFO | | |

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.

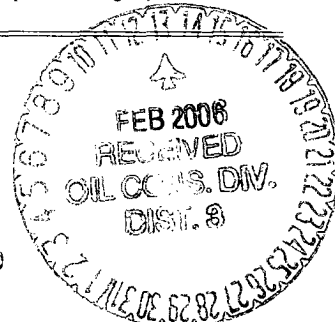
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

FIELD OFFICE FOR Directional Survey

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".



NMOCD
R

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

RECEIVED

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | | |
|-------------------------------------|--|---|--|---|-------------------------------|--|
| 1 API Number 30-045-33474 | | 2 Pool Code 71599/80690 | | 3 Pool Name Basin Dakota / S. Las Pinos Fm / sd Pictured Cliffs | | |
| 4 Property Code 19641 | | 5 Property Name NEBU Northeast Blanco Unit | | | 6 Well Number # 68M | |
| 7 OGRID No. 6137 | | 8 Operator Name Devon Energy Production Company, L.P. | | | 9 Elevation 6333 | |

10 Surface Location

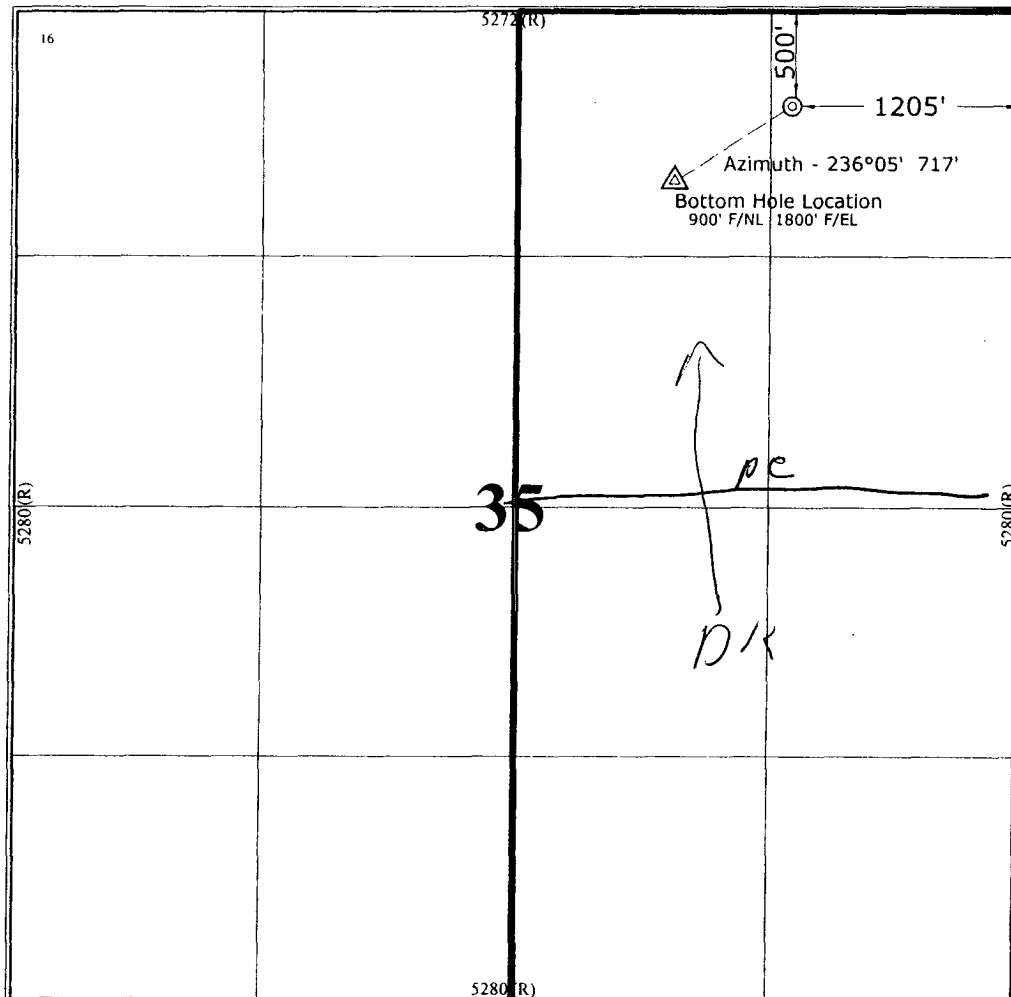
| | | | | | | | | | |
|---------------|-----------|-------------|------------|---------|---------------|------------------|---------------|----------------|-----------------|
| UL or Lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| A | 35 | 31 N | 7 W | | 500 | NORTH | 1205 | EAST | SAN JUAN |

11 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 |
| B | 35 | 31 N | 7 W | | 900 | NORTH | 1800 | EAST | SAN JUAN |

| | | | |
|------------------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 3200K | 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



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. Zimmerman
Signature
Melisa Zimmerman
Printed Name
SR. Operations Tech.
Title
December 8, 2005
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.

September 29, 2005
Date of Survey

Signature and Seal of Professional Surveyor

GARY D. VANN
NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
7016
Certificate Number

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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

Form C-103
March 4, 2004

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

| |
|--|
| WELL API NO. 30-045-33474 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. SF 079003 |
| 7. Lease Name or Unit Agreement Name NORTHEAST BLANCO UNIT |
| 8. Well Number 68M |
| 9. OGRID Number 6137 |
| 10. Pool name or Wildcat Basin Dakota / Pictured Cliffs |

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS.)

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Devon Energy Production Company, L.P.

3. Address of Operator
PO Box 6459, Navajo Dam, NM 87419

4. Well Location
Unit Letter A : 500' feet from the North line and 1,205' feet from the East line
Section 35 Township 31N Range 7W NMPM County - SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
GR 6,333'

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)

Pit Location: UL A Sect 35 Twp 31N Rng 7W Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >1000'
Distance from nearest surface water >1000' Below-grade Tank Location UL Sect Twp Rng ;
feet from the line and feet from the line

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: **CONSTRUCT DRILLING PIT** ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

14.
Devon Energy will be constructing a lined drilling pit. The closure of said pit will be in accordance with the NMOCD regulations with the cutting of the liner applying to the BLM rules.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE M.S. Zimmerman TITLE Sr. Operations Technician DATE 12-8-05

Type or print name Melisa Zimmerman E-mail address: Melisa.zimmerman@dvn.com Telephone No. 405-552-7917

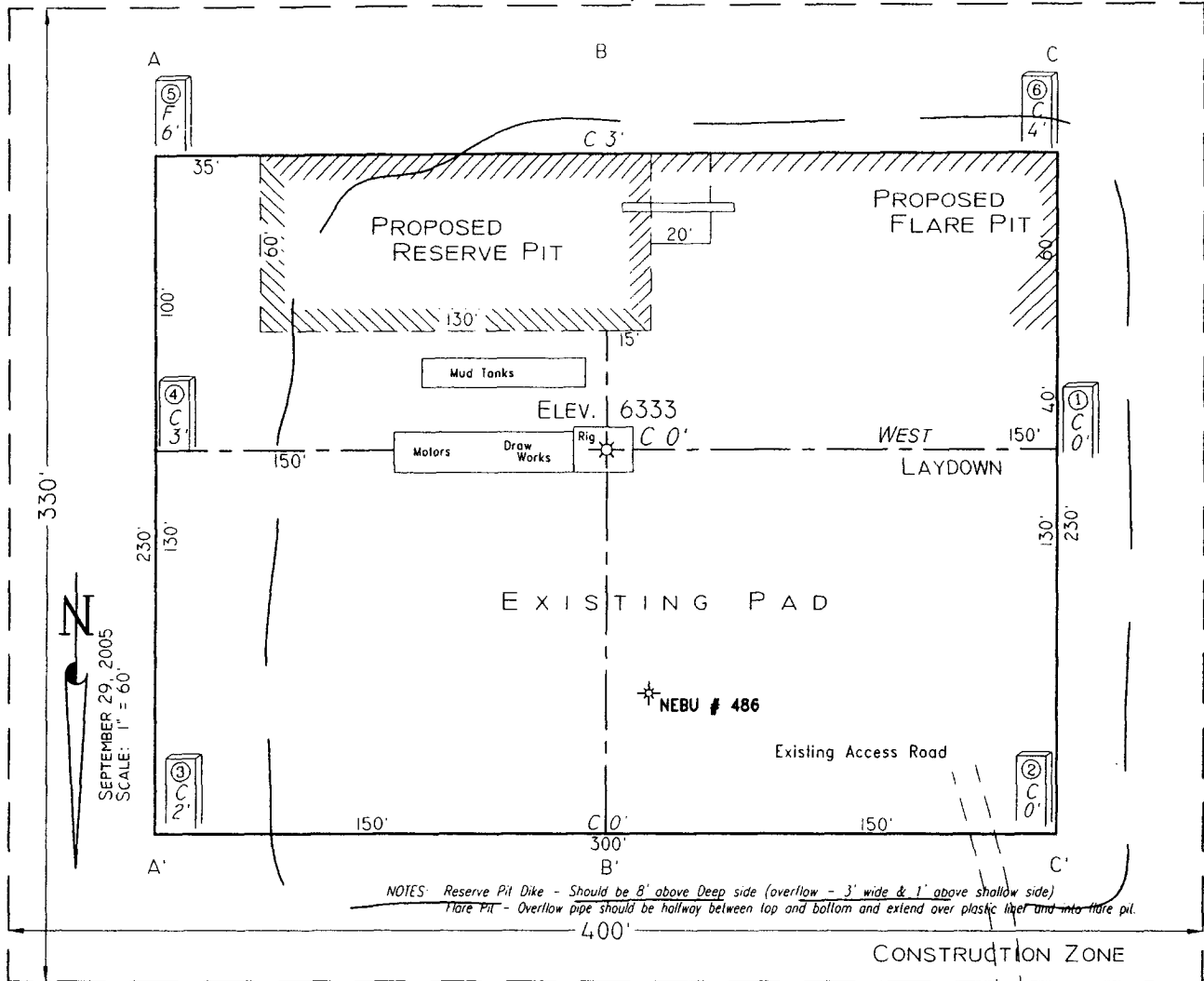
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APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE FEB 13 2006
Conditions of approval, if any:

PAD LAYOUT PLAN & PROFILE
DEVON ENERGY PRODUCTION COMPANY, L.P.
 Nebu # 68M
 500' F/NL 1205' F/EL
 SEC. 35, T31N, R7W, N.M.P.M.
 SAN JUAN COUNTY, NEW MEXICO

Lat: 36.8619°
 Long: 107.5356°

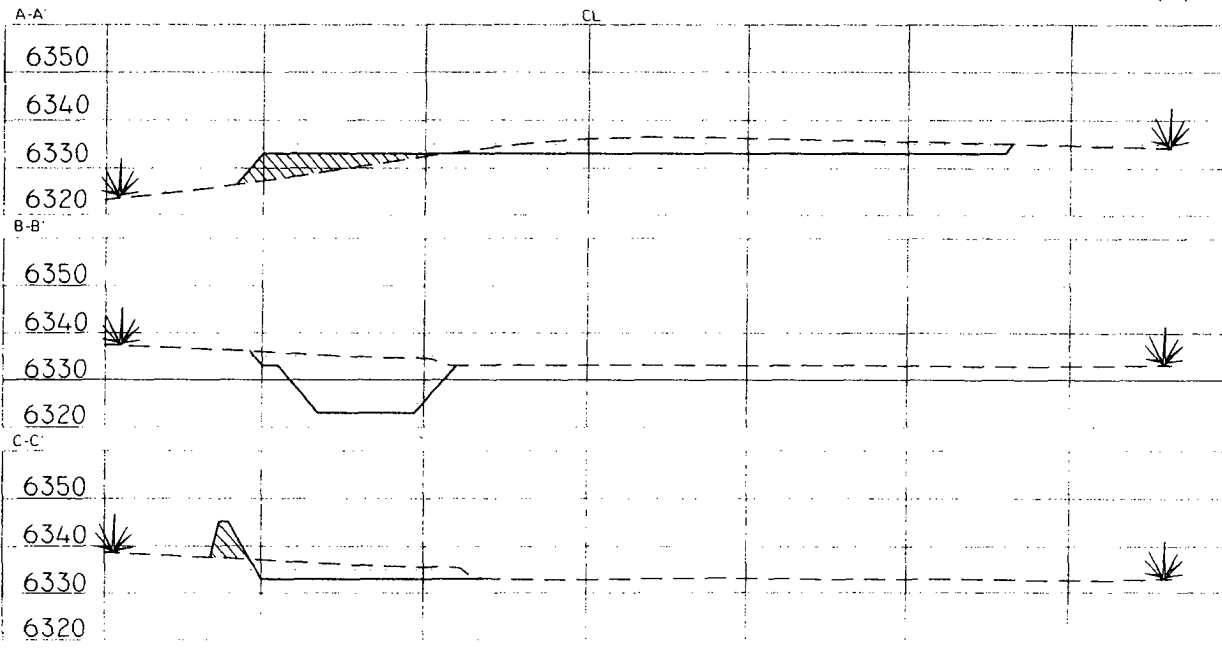
Lat: 36°51'43"
 Long: 107°32'07"



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 68M
Unit A 35-31N-7W
San Juan Co., NM

DRILLING PLAN

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

| Formation | TMD (ft) | TVD (ft) | Hydrocarbon/Water Bearing Zones |
|------------------------|---------------------|---------------------|--|
| San Jose | Surface | Surface | |
| Ojo Alamo | 2316 | 2225 | Aquifer |
| Kirtland | 2429 | 2333 | |
| Fruitland | 2878 | 2771 | Gas |
| Pictured Cliffs Tongue | 3263 | 3153 | Gas |
| Pictured Cliffs Main | 3385 | 3275 | Gas |
| Lewis | 3495 | 3385 | Gas |
| Intermediate TD | 3595 | 3485 | |
| Huefanito Bentonite | 4114 | 4004 | Gas |
| Chacra / Otera | 4506 | 4396 | Gas |
| Cliff House | 5307 | 5197 | Gas |
| Menefee | 5347 | 5237 | Gas |
| Point Lookout | 5645 | 5535 | Gas |
| Mancos | 5959 | 5849 | Gas |
| Gallup | 6970 | 6860 | Gas |
| Greenhorn | 7666 | 7556 | |
| Graneros | 7722 | 7612 | Gas |
| Dakota | 7842 | 7732 | Gas |
| Paguate | 7852 | 7742 | |
| Cubero | 7888 | 7778 | |
| Oak Canyon | 7936 | 7826 | |
| Encinal Canyon | 7962 | 7852 | |

| | | | |
|----------------------|------|------|--|
| Lower Encinal Canyon | 7986 | 7876 | |
| Burro Canyon | 8019 | 7909 | |
| Morrison | 8060 | 7950 | |
| TD | 8110 | 8000 | |

*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

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 3400 psi.

3. CASING & CEMENTING PROGRAM:

A. The proposed casing program will be as follows:

| TMD | TVD | Hole Size | Size | Grade | Weight | Thread | Condition |
|--------|--------|-----------|--------|-------|--------|--------|-----------|
| 0-285' | 0-285' | 12-1/4" | 9-5/8" | H-40 | 32# | STC | New |

| | | | | | | | |
|--------|--------|--------|--------|------|--------|-----|-----|
| 0-3595 | 0-3485 | 8-3/4" | 7" | K-55 | 23# | LTC | New |
| 0- TD | 0- TD | 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)

Intermediate: The bottom three joints of the 7" 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).

Production: The bottom three joints will have a minimum of one centralizer per joint and one centralizer every fifth joint to 3500' (estimated 25 centralizers used). Centralizers will be open bow spring or basket bow spring type.

B. The proposed cementing program will be as follows:

Surface String: Cement will be circulated to surface.

Lead: 200 sx Class "B" with 100% Standard Cement, 2.00% CaCl₂, .25 #/sx Flocele. Density: 15.6 lb/gal; Yield: 1.18 cuft/sx; Water: 5.24 gal/sx

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

Intermediate String: Cement will be circulated to surface.

Lead: 500 sx 50/50 Poz, Yd-1.45, Water Gal/sx 6.8, Mixed @ 13ppg Foamed W/ N₂ Down To 9.0# Additives 2% Gel, 0.2% Versaset, 0.1% Diacel Lwl.

Tail: 75 sx 50/50 Poz, Yd-1.45, Water Gal/Sk 6.8, Additives 2% Gel, 0.2% Versaset, 0.1% Diacel Lwl.

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

If hole conditions dictate, an alternate, cement design will be used:

Lead: 575 sx 50/50 Poz with 50% Class B Cement, 50% San Juan Poz, .4% Halad-344, .1% CFR-3, 3% Bentonite, 5#/sx Gilsonite, .25#/sx Flocele. Density: 13.0 lb/gal; Yield: 1.46 cuft/sx; Water: 6.42 gal/sx

Tail: 75 sx 50/50 Poz with 94#/sx Standard Cement, 0.3% Halad-344, .25 #/sx Flocele. Density: 15.6 lb/gal; Yield: 1.18 cuft/sx; Water: 5.23 gal/sx

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

Production String: TOC designed to circulate 1000' into intermediate string, cement will tie into the intermediate casing as a minimum. Volumes may vary with actual well characteristics.

Lead: 250 sx 50/50 Poz with 2% Gel, 0.2% Halad, 0.1% CFR-3, 5 #/sx Gilsonite, 0.25 #/sx Flocele. Mixed at 13 ppg, 1.47 ft 3/sx foamed to 9 ppg, 2.18 ft 3/sx.

Tail: 450 sx 50/50 Poz with 50% Standard Cement, 50% San Juan Poz, 3% Bentonite, 1.40% Halad-9, .10% CFR-3, .10% HR-5, 5 #/sx Gilsonite, 0.25 #/sx Flocele. Density: 13.0 lb/gal; Yield: 1.47 cuft/sx; Water: 6.35 gal/sx *

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

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

4. DRILLING FLUIDS PROGRAM:

| TMD Interval | TVD Interval | Type | Weight (ppg) | Viscosity | pH | Water Loss | Remarks |
|---------------------|---------------------|---------------|---------------------|------------------|-----------|-------------------|--|
| 0-285' | 0-285' | Spud-foam | 8.4-9.0 | 29-70 | 8.0 | NC | FW gel, LSND or stiff foam |
| 285'-3,595' | 285'-3,485' | Air | | | | NC | |
| 3,595' - TD | 3,485' - TD | Air/N2 or Mud | 8.5-9.0* | 30-50 | 8.0-10.0 | 8-810cc @ TD | Low solids-non-dispersed. * min Wt. to control formation pressure |

NC = no control

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:

Logs: Density
Neutron
Induction

In the event open hole logs are not run in the well, a cased hole evaluation log will Be run.

Survey: Deviation surveys will be taken every 500' from 0-TD or first succeeding bit change. The hole will be air drilled from intermediate casing point to TD. The equipment used in this type of operation will not allow for single shot surveys without considerable operational delays. A survey will be taken at TD. Similar wells in this area have not shown significant deviation in this section of the hole.

Cores: None anticipated.

DST's: None anticipated.

6. ABNORMAL CONDITIONS:

The Fruitland Coal will be encountered in the 8-3/4" hole. Estimated formation pressure is 300 psi. No other abnormal pressures and/or temperatures are expected. No hydrogen sulfide should be present.

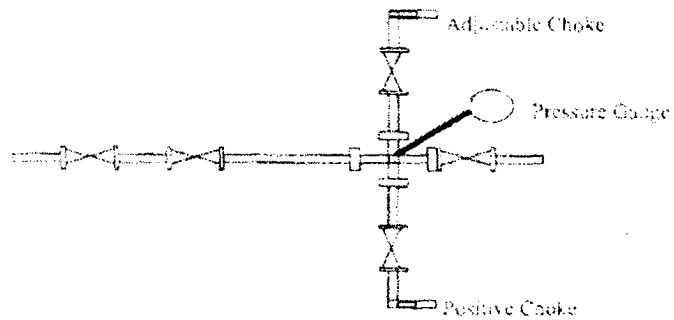
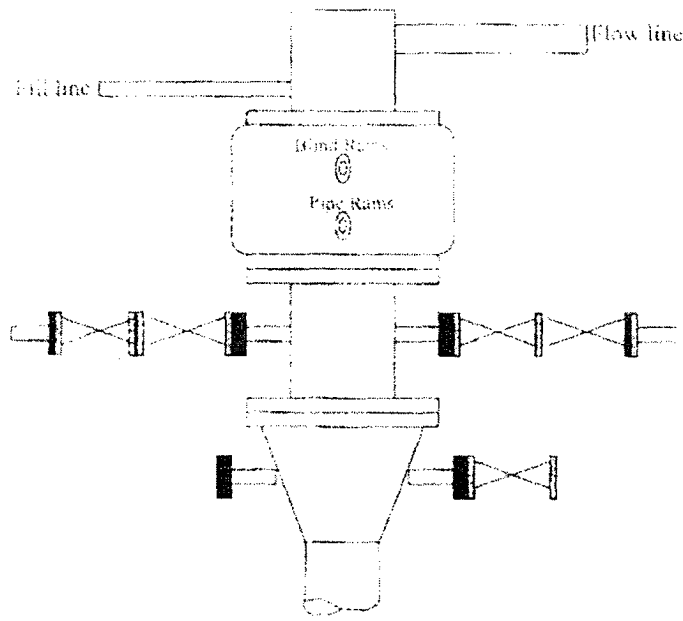
7. OTHER INFORMATION:

The anticipated starting date and duration of the operation will be as follows:

| | |
|----------------|---------------|
| Starting Date: | Upon Approval |
| Duration: | 20 days |

If the well is completed as a dry hole or as a producer, Well Completion or Recompletion Report and Log (Form 3160-4) will be submitted within 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3160. Copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample descriptions, daily drilling reports, daily completion reports, and all other surveys or data obtained and compiled during the drilling, completion, and/or workover operations, will be submitted directly to the Authorized Officer or filed with Form 3160-4.

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.

Company: Devon Energy
 Lease/Well: NEBU 68 M
 Location: San Juan County
 State/Country: NM

