

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

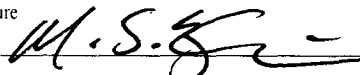
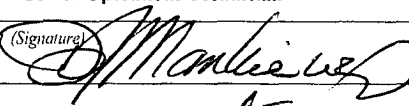
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>SF 079010</b>
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 <b>Devon Energy Production Company, L.P.</b>		7. If Unit or CA Agreement, Name and No. <b>Northeast Blanco Unit</b>
3a. Address <b>PO Box 6459 Farmington, NM 87419</b>		8. Lease Name and Well No. <b>NEBU 339M</b>
3b. Phone No. (include area code) <b>505-632-0244</b>		9. API Well No. <b>30-039-29828</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface <b>1,810' FSL &amp; 1,370' FEL, Unit J, NW SE</b> At proposed prod. zone <b>2,440' FNL &amp; 2,440' FWL, Unit F, SE NW</b>		10. Field and Pool, or Exploratory <b>Blanco Mesa Verde/SLP F/S PC</b>
14. Distance in miles and direction from nearest town or post office* <b>Approximately 59.26 miles</b>		11. Sec., T. R. M. or Blk. and Survey or Area <b>Sec 25, T31N, R7W</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>1,370'</b>	16. No. of acres in lease <b>2,560</b>	12. County or Parish <b>Rio Arriba</b>
17. Spacing Unit dedicated to this well <b>320 Acres W/2, 160 Acres NW</b>	13. State <b>NM</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth <b>6,585'</b>	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>GR 6,279'</b>	22. Approximate date work will start* <b>05/01/2006</b>	23. Estimated duration* <b>Unknown</b>

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) <b>Melisa Zimmerman</b>	Date <b>3-6-06</b>
Title <b>Senior Operations Technician</b>		
Approved by (Signature) 	Name (Printed/Typed)	Date <b>5/23/06</b>
Title <b>AFM</b>	Office <b>FTO</b>	

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)

HOLD CTR FOR **directional survey**  
**NSL for PC**

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

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

NMOC

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

2006 MAR 8 AM 10 37 ☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
	72319/80690	Blanco Mesavende / Las Pinos Fmt / Sd Pictured Cliffs
4 Property Code	5 Property Name	6 Well Number
19641	NEBU	# 339M
7 OGRID No.	8 Operator Name	9 Elevation
4137	Devon Energy Production Company, L.P.	6279

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
J	25	31 N	7 W		1810	SOUTH	1370	EAST	Rio Arriba

11 Bottom Hole Location If Different From Surface

12 UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	25	31 N	7 W		2440	NORTH	2440	WEST	Rio Arriba

13 Dedicated Acres	14 Joint or Infill	15 Consolidation Code	16 Order No.
320-w/2 160-nw			

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>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>M. S. Zimmerman</i></p> <p>Printed Name: <i>Melissa Zimmerman</i></p> <p>Title: <i>SE Operations Technician</i></p> <p>Date: <i>March 6, 2006</i></p>
	<p>18 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>Date of Survey: <i>January 9, 2006</i></p> <p>Signature and Seal of Professional Surveyor: <i>[Signature]</i></p> <p>7016</p> <p>Certificate Number</p>

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.

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.  
SF 079010

7. Lease Name or Unit Agreement Name

NORTHEAST BLANCO UNIT

8. Well Number  
339M

9. OGRID Number  
6137

10. Pool name or Wildcat  
Mesaverde/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 J: 1,810' feet from the South line and 1,370' feet from the East line

Section 25 Township 31N Range 7W NMPM County - Rio Arriba

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
GR 6,279'

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

Pit Location: UL J Sect 25 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 3-6-06

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

(This space for State use)

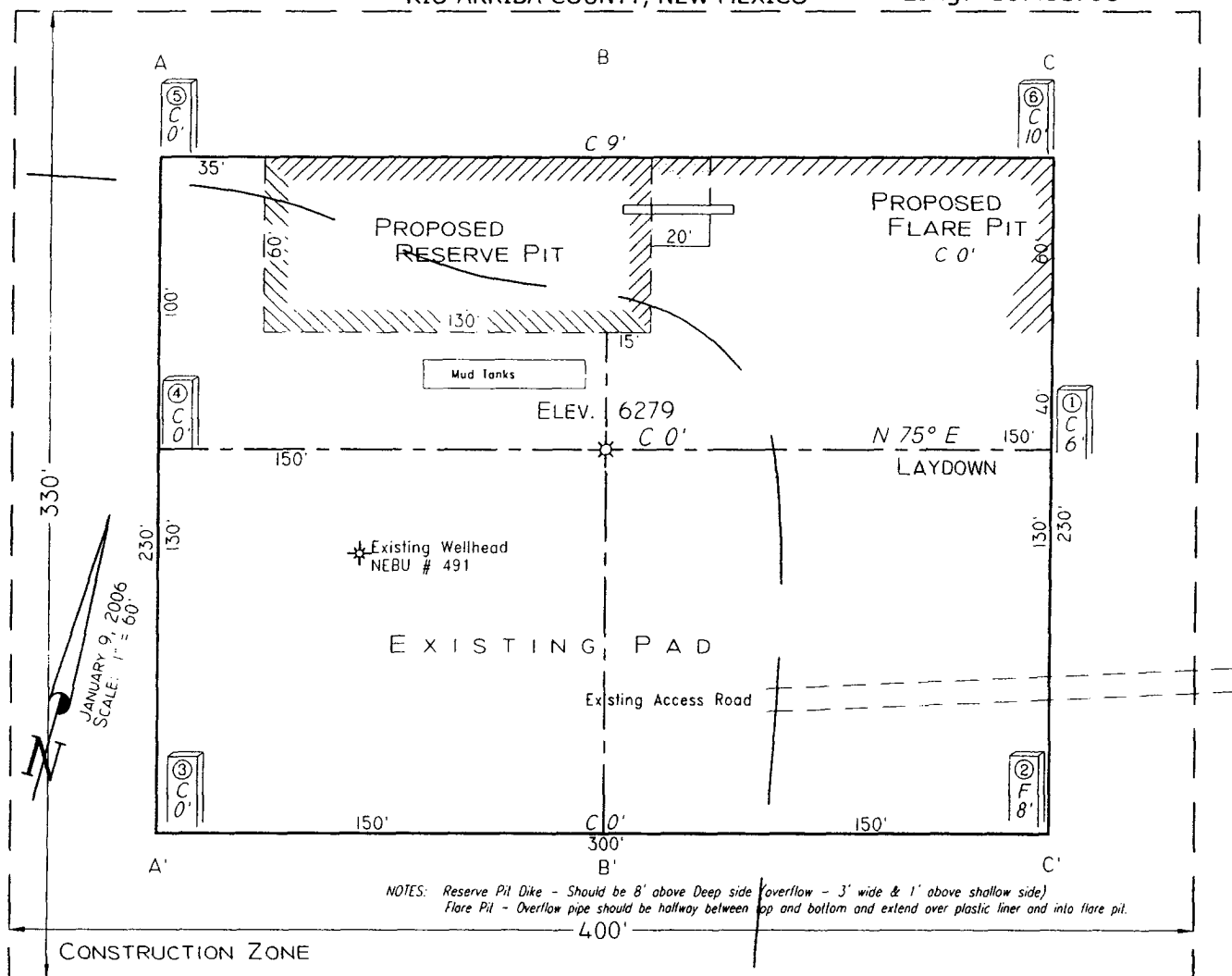
APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 2 DATE MAY 30 2006

Conditions of approval, if any:

**PAD LAYOUT PLAN & PROFILE**  
**DEVON ENERGY PRODUCTION COMPANY, L.P.**

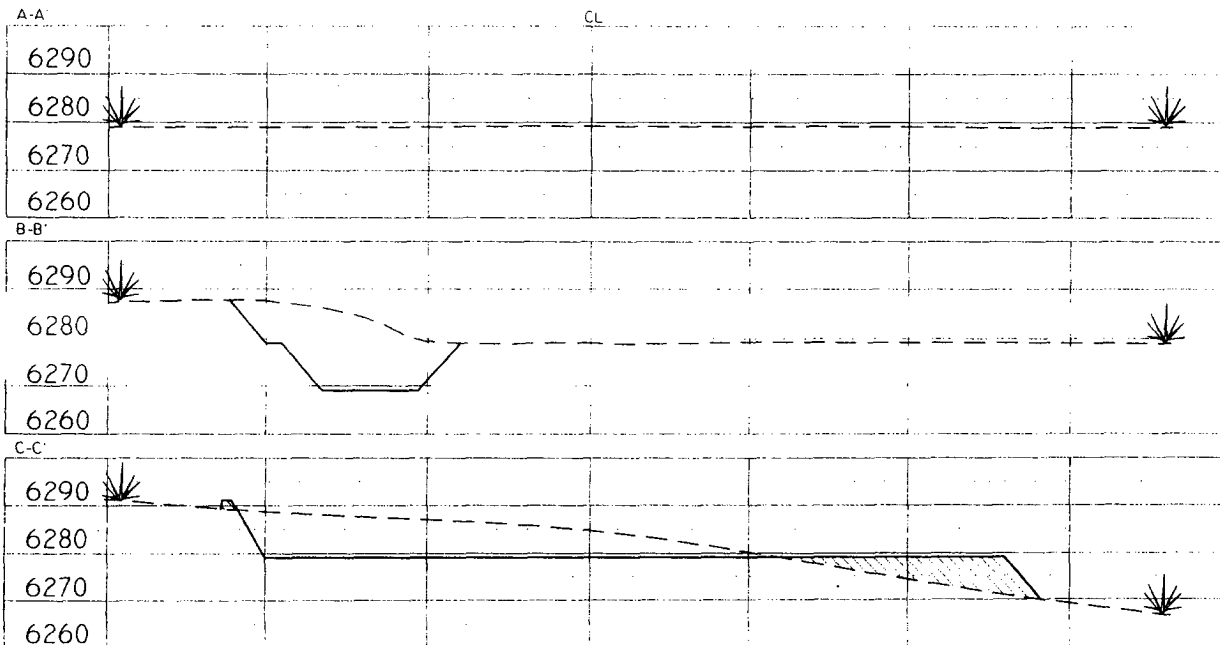
Nebu # 339M  
 1810' F/SL 1370' F/EL  
 SEC. 25, T31N, R7W, N.M.P.M.  
 RIO ARRIBA COUNTY, NEW MEXICO

Lat: 36.86824°  
 Long: 107.51798° (83)



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

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



NOTE: Lat & Long are for mapping purposes only and are not to be relied upon for re-establishment of well location.

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

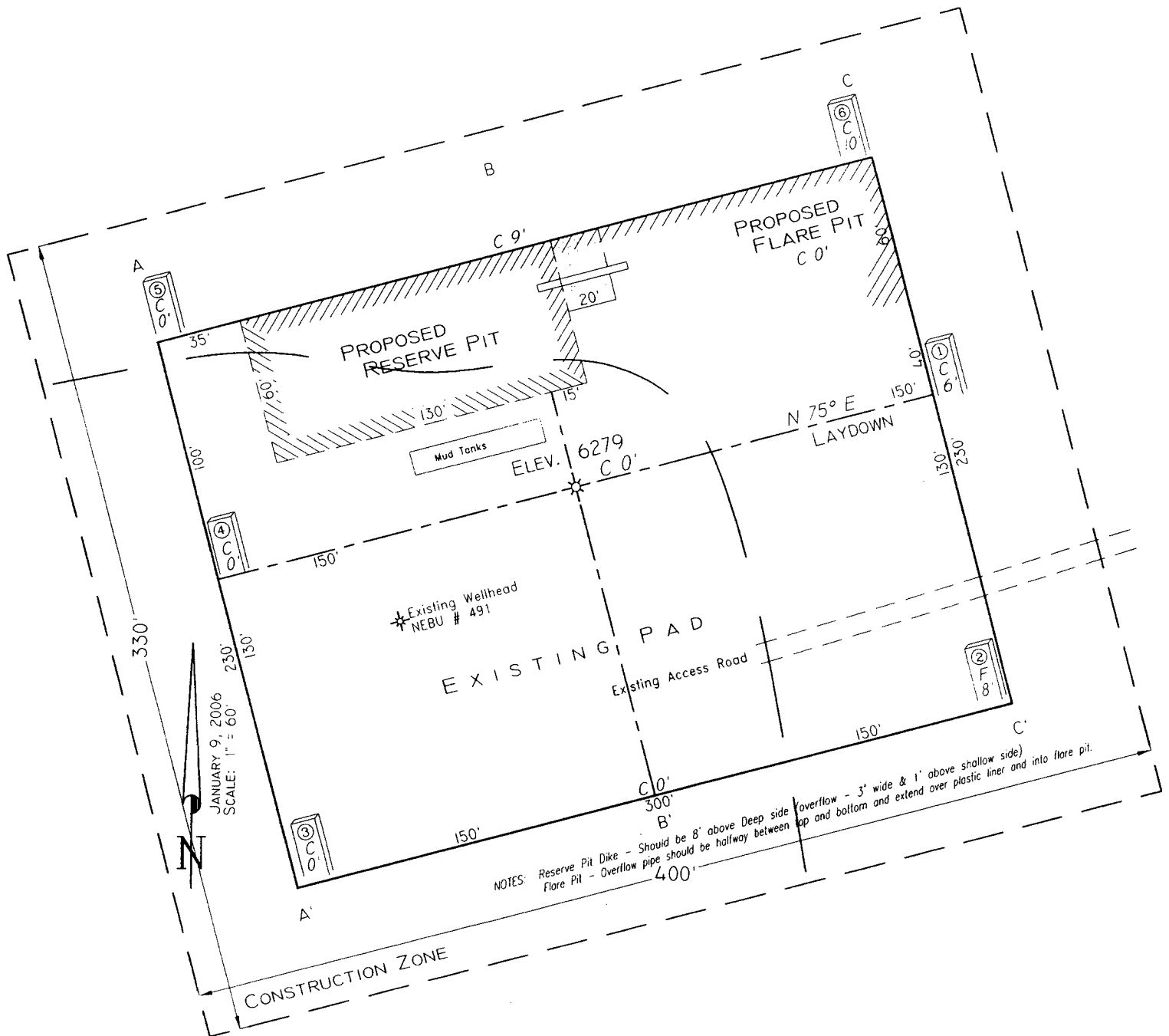
Cuts and fills shown are approximate - final finished elevation is to be adjusted so earthwork will balance. Corner stakes are approximate and do not include additional areas needed for sideslopes and drainages. Final Pad Dimensions are to be verified by Contractor.

VANN SURVEYS  
 P. O. Box 1306  
 Farmington, NM

**PAD LAYOUT PLAN & PROFILE**  
**DEVON ENERGY PRODUCTION COMPANY, L.P.**

Nebu # 339M  
 1810' F/SL 1370' F/EL  
 SEC. 25, T31N, R7W, N.M.P.M.  
 RIO ARriba COUNTY, NEW MEXICO

Lat: 36.86824°  
 Long: 107.51798° (83)



**NEBU 339M**  
**Unit J 25-T31N-R7W**  
**San Juan Co., NM**

**DRILLING PLAN**

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

<b>Formation</b>	<b>TVD (FT)</b>	<b>TMD (FT)</b>	<b>Hydrocarbon/Water Bearing Zones</b>
San Jose	Surface	Surface	
Ojo Alamo	2192	2804	Aquifer
Kirtland	2315	2954	
Fruitland	2732	3413	Gas
Pictured Cliffs Tongue	3079	3767	Gas
Pictured Cliffs	3193	3881	Gas
Lewis	3310	3998	Gas
<b>Intermediate TD</b>	3410	4098	
Huerfanito Bentonite	4961	4649	Gas
Chacra \ Otera	4344	5032	Gas
Cliff House	5159	5847	Gas
Menefee	5200	5888	Gas
Point Lookout	5454	6142	Gas
Mancos	5797	6485	Gas
<b>TD</b>	5897	6585	

\*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:

TVD	TMD	Hole Size	Size	Grade	Weight	Thread	Condition
0-285'	0-285'	12-1/4"	9-5/8"	H-40	32#	STC	New
0-3410	0-4098	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 3400' (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 sks Class "B" with 100% Standard Cement, 2.00% CaCl<sub>2</sub>, .25 #/sk Flocele. Density: 15.6 lb/gal; Yield: 1.18 cuft/sk; Water: 5.24 gal/sk \*

**\* 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/ N<sub>2</sub> 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:** 4-1/2" Production casing cemented in an 6-1/4" hole

11.6# J-55 LT&C 8 Rnd

Float collar

Joint

Float Shoe

Cement with 500 sacks Class B 50/50 POZ, 3% gel, 5# gilsonite, 1/4"# Flocele, .1% CFR 3, .2% Halad 344, yield 1.47 ft<sup>3</sup>/sx.

Cement designed to circulate to surface.

Pending hole conditions, cement baskets may be installed above TD

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

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

If hole conditions dictate an alternate cement design will be used.

**Lead:** 500 Sx Of 50/50/Std/ Poz, Yd-1.45, Water Gal/Sk 6.8, Mixed @ 13ppg Foamed W/ N<sub>2</sub> Down To 9.0# Additives 2% Gel, 0.2% Versaset, 0.1% Diacel Lwl.

**Tail:** 75 Sx50/50/Std/ 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**



#### 4. DRILLING FLUIDS PROGRAM:

TVD Interval	TMD 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'-3,410'	285'-4,098'	Air				NC	
3,410' - TD	4,098' - 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 from

**Survey:** Deviation surveys will be taken every 500' of the 8 3/4" hole, or first succeeding bit change. The hole will be air drilled from intermediate TD – well 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.

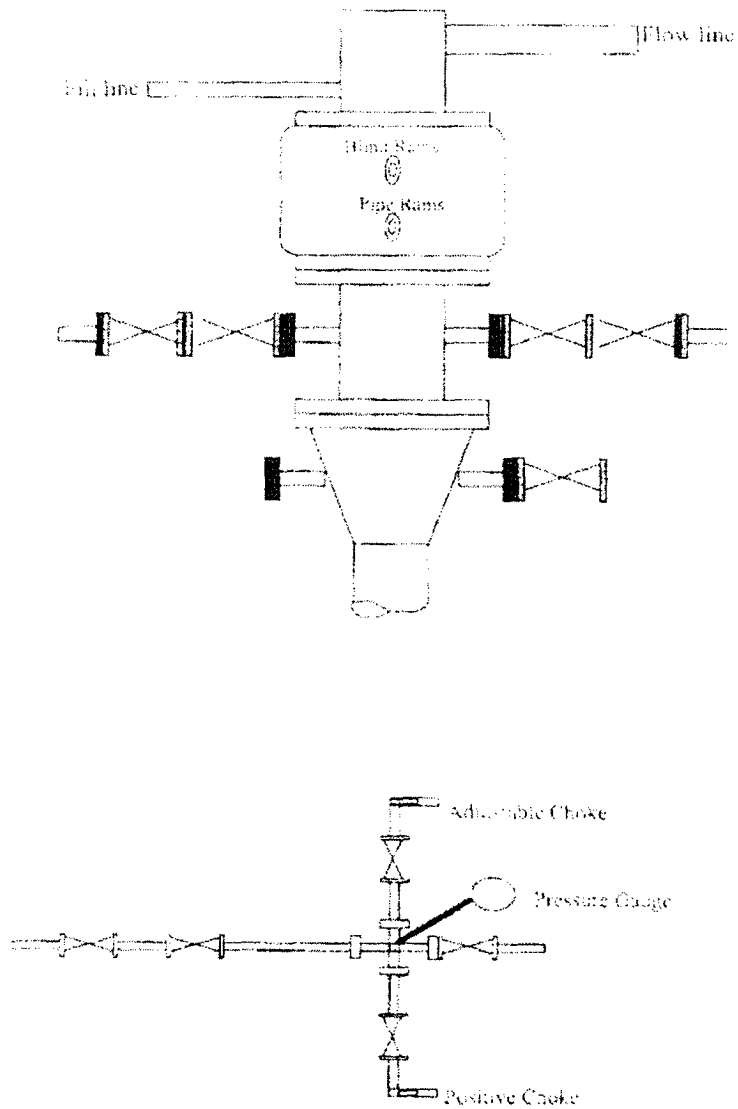
**Cores:** None anticipated.

**DST's:** None anticipated.

#### 6. ABNORMAL CONDITIONS:

The Fruitland Coal will be encountered within 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.

## 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 339 M  
 Location: Rio Arriba County  
 State/Country: NM

