

RCVD MAY18'07

OIL CONS. DIV.

DIST. 3

Form 3160-3
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

2007 MAY -4

AM 9:18

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

RECEIVED

5. Lease Serial No.
NM 03358

6. If Indian, Allottee or Tribe Name

BLM 210 FARMINGTON NM

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. Northeast Blanco Unit
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		8. Lease Name and Well No. NEBU 3240 N
2. Name of Operator Devon Energy Production Company, L.P.		9. API Well No. 30-045-34301
3a. Address 20 N. Broadway Oklahoma City, OK 73102	3b. Phone No. (include area code) 405-552-7917	10. Field and Pool, or Exploratory Basin Dakota / Blanco Mesaverde
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1,560' FSL & 1,005' FWL, NW SW, Unit L At proposed prod. zone 75' FSL & 2,100' FWL, SE SW, Unit N		11. Sec., T. R. M. or Blk. and Survey or Area L Sec. 14-31N-7W
14. Distance in miles and direction from nearest town or post office* Approximately 13.1 miles		12. County or Parish San Juan
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,005'		13. State NM
16. No. of acres in lease 2396.77 Acres	17. Spacing Unit dedicated to this well 320 Acres W2	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 270'	19. Proposed Depth 8,704' TMD	20. BLM/BIA Bond No. on file CO 1104
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GR 6,489'	22. Approximate date work will start* 08/01/2007	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:

- | | |
|---|--|
| 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) Melisa Castro	Date 5-1-07
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Title
Senior Staff Operations Technician

Approved by (Signature)	Name (Printed/Typed) AEM	Date 5/17/07
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Title
Office
FFCApplication 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 G104 FOR directional
Survey to
BTLNOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

NMOCD

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

8 5/18/07

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
2007 MAY -4 AM 9:18
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-34301	2 Pool Code 7599/72319	3 Well Name Basin Dakota / Blanco Mesaverde
4 Property Code 19641	5 Property Name NEBU	6 Well Number # 324 N
7 OGRID No. 6137	8 Operator Name Devon Energy Production Company, L.P.	9 Elevation 6489

10 Surface Location

UL or Lot No. L	Section 14	Township 31 N	Range 7 W	Lot Idn	Feet from the 1560	North/South line SOUTH	Feet from the 1005	East/West line WEST	County SAN JUAN
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11 Bottom Hole Location If Different From Surface

UL or lot no. N	Section 14	Township 31 N	Range 7 W	Lot Idn	Feet from the 75	North/South line SOUTH	Feet from the 2100	East/West line WEST	County SAN JUAN
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12 Dedicated Acres 320 1/2	13 Joint or Infill	14 Consolidation Code	15 Order No.
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RCVD MAY 18 '07
OIL CONS. DIV.
DIST. 3

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	5279 (R)	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>[Signature]</i> Printed Name Melissa Castro Title Sr. Staff Operations Tech Date May 1, 2007
5280 (R)	14	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. Date of Survey August 4, 2006 Signature and Seal of Professional Surveyor GARY D. VANN NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 7016 Certificate Number 7016

1005'

1560'

Azimuth - 143°35' 1845'

Bottom Hole Location
75' F/SL 2100' F/WL

5283 (R)

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

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

Form C-103
May 27, 2004

WELL API NO. 30-045-34301
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 9-17
7. Lease Name or Unit Agreement Name Northeast Blanco Unit
8. Well Number 3240N
9. OGRID Number 6137
10. Pool name or Wildcat Basin Dakota / Blanco Mesaverde
11. Elevation (Show whether DR, RKB, RT, GR, etc.) GR 6,489'
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>
Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >200'
Pit Liner Thickness: 12 mil Below-Grade Tank: Volume _____ bbls; Construction Material Synthetic Liner

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 COMPL ☐

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: **Construction Drilling Pit** ☒

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.

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  TITLE Senior Staff Operations Technician DATE 5-1-07

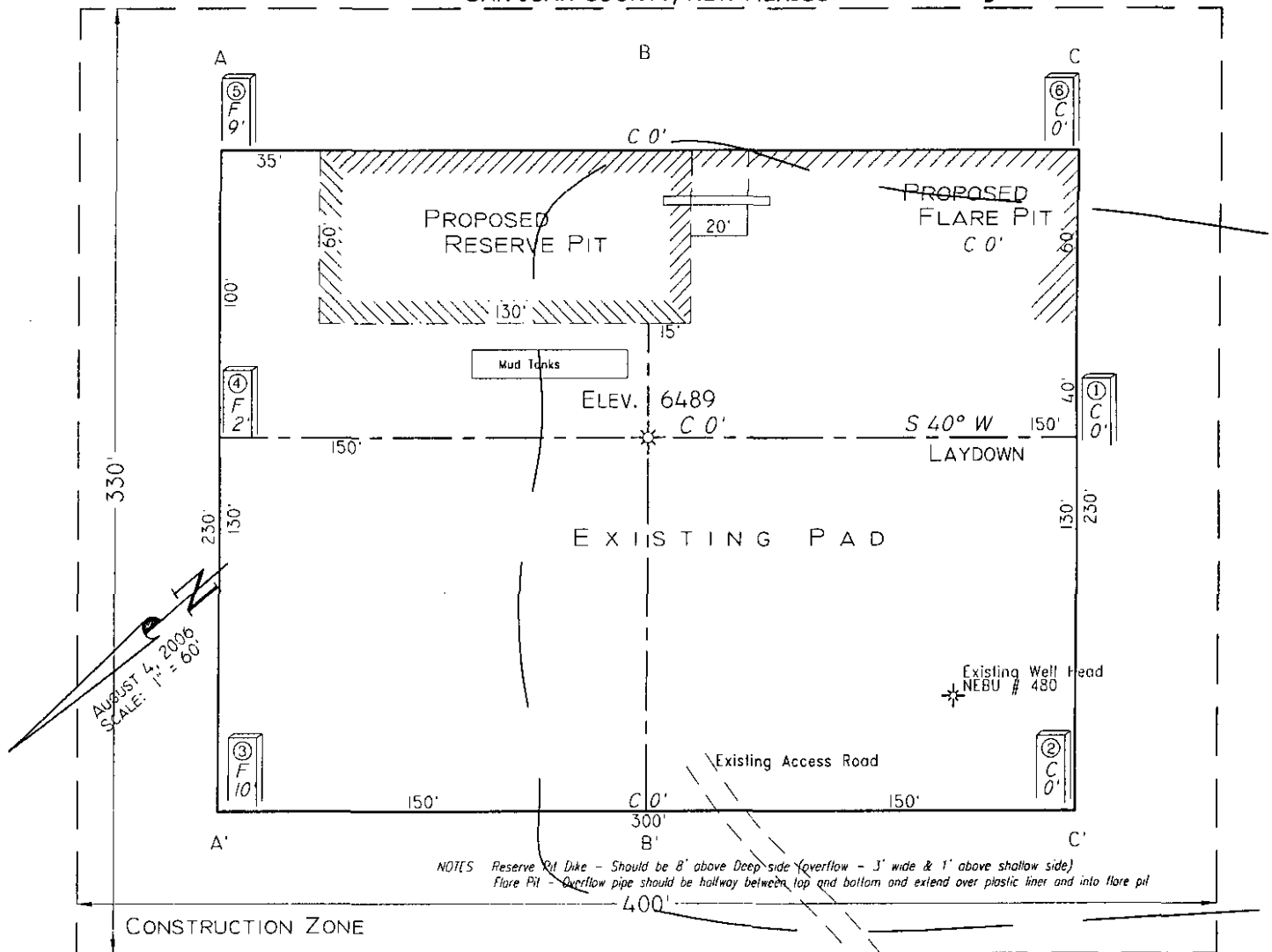
Type or print name Melisa Castro E-mail address: Melisa.castro@dmn.com Telephone No. (405) 552-7917
For State Use Only

APPROVED BY:  TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 71 DATE MAY 18 2007
Conditions of Approval (if any):

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

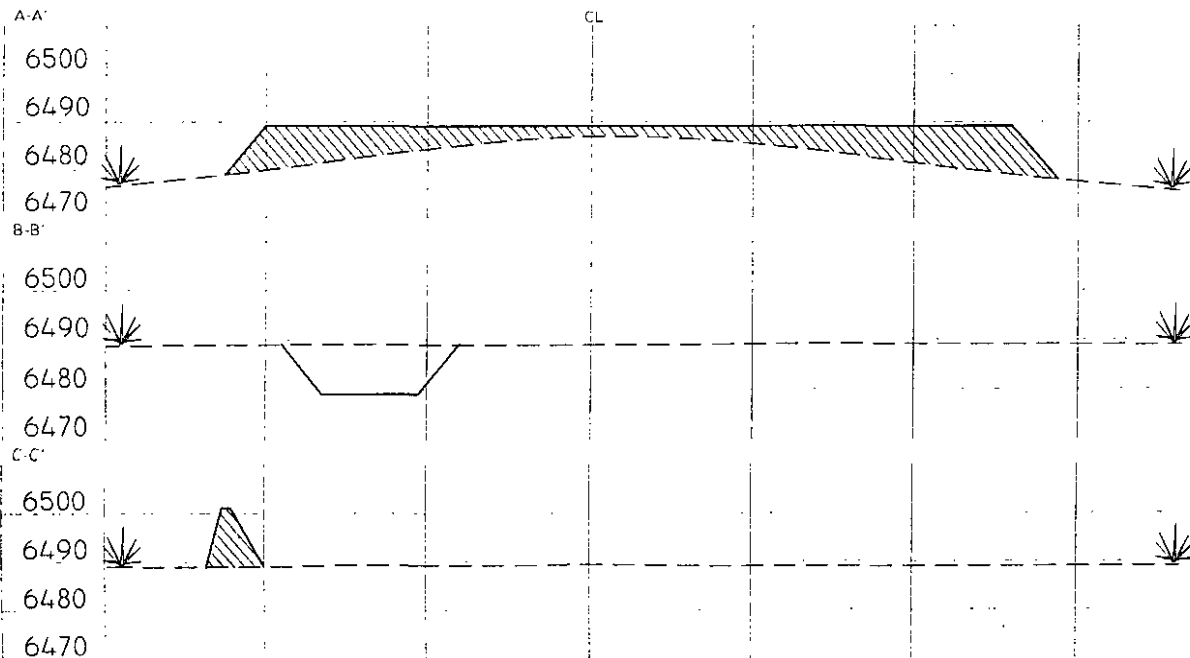
Nebu # 324 O
1560' F/SL 1005' F/WL
SEC. 14, T31N, R7W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO

Lat: 36.89661°
Long: 107.54590° (83)



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 3240
Unit L 14-31N-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	2867	2349	Aquifer
Kirtland	3023	2471	
Fruitland	3540	2924	Gas
Fruitland 1 st Coal	3717	3092	Gas
Pictured Cliffs Tongue	3921	3291	Gas
Pictured Cliffs Main	4037	3406	Gas
Lewis	4159	3528	Gas
Intermediate TD	4259	3628	
Huefanito Bentonite	4822	4191	Gas
Chacra / Otera	5217	4586	Gas
Cliff House	6019	5388	Gas
Menefee	6065	5434	Gas
Point Lookout	6331	5700	Gas
Mancos	6787	6156	Gas
Gallup	7687	7056	Gas
Greenhorn	8377	7746	
Graneros	8431	7800	Gas
Paguate	8543	7912	
Cubero	8556	7925	
Oak Canyon	8638	8007	
Encinal Canyon	8666	8035	

Lower Encinal Canyon	8694	8063	
TD	8704	8073	

*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, with a size of 2", 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.
- *Safety Valve & Seal to fit all drill strings in use*

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
0-4259	0-3628	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 ft³/sx foamed to 9 ppg, 2.18 ft³/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'-4,259'	285'-3,628'	Water Air Mud	8.4-9.0	29-70	8.0	NC	
4,259' - TD	3,628' - 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.

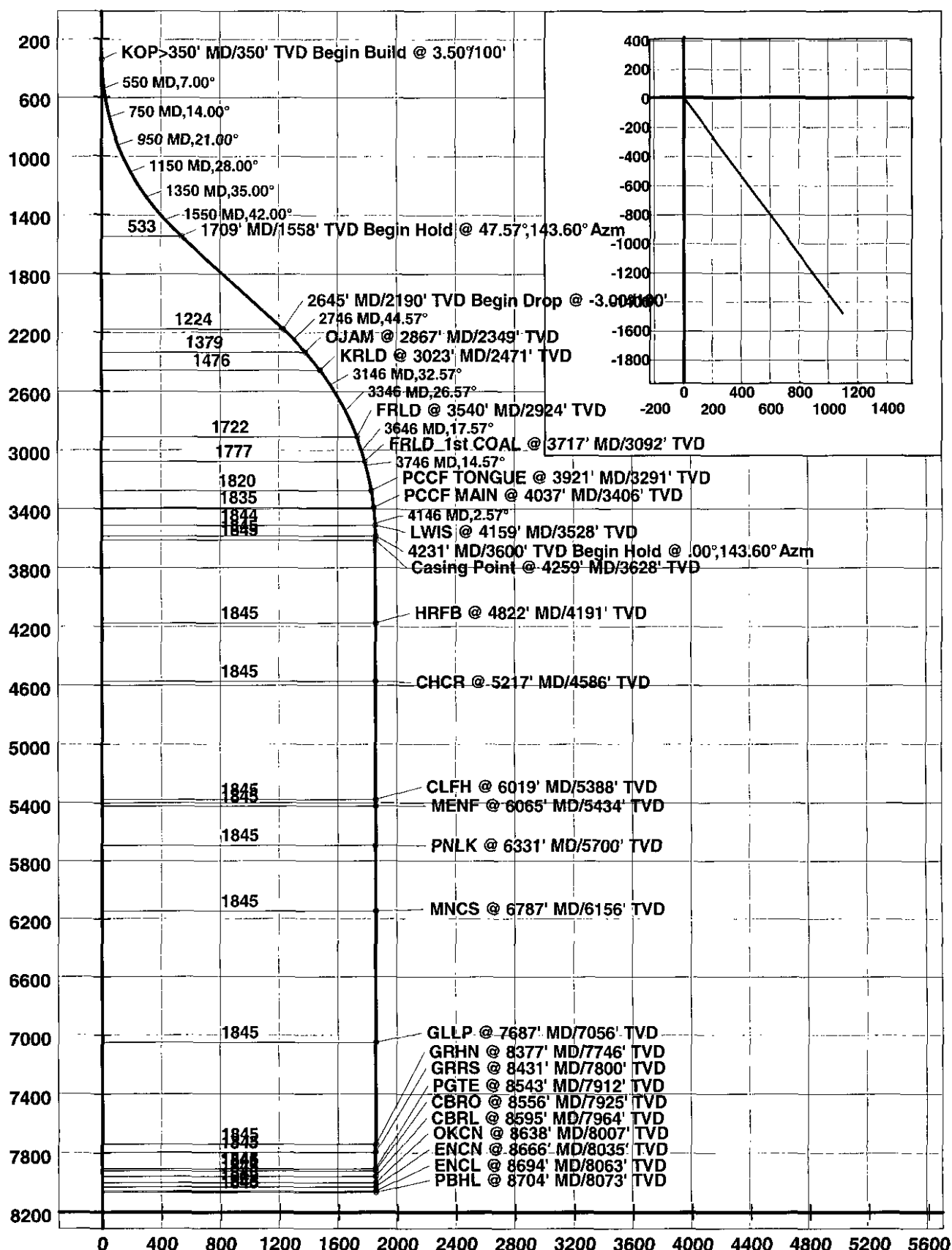
DST's: None anticipated.

6. ABNORMAL CONDITIONS:

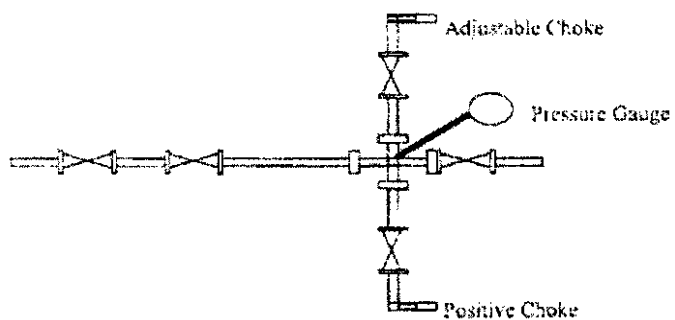
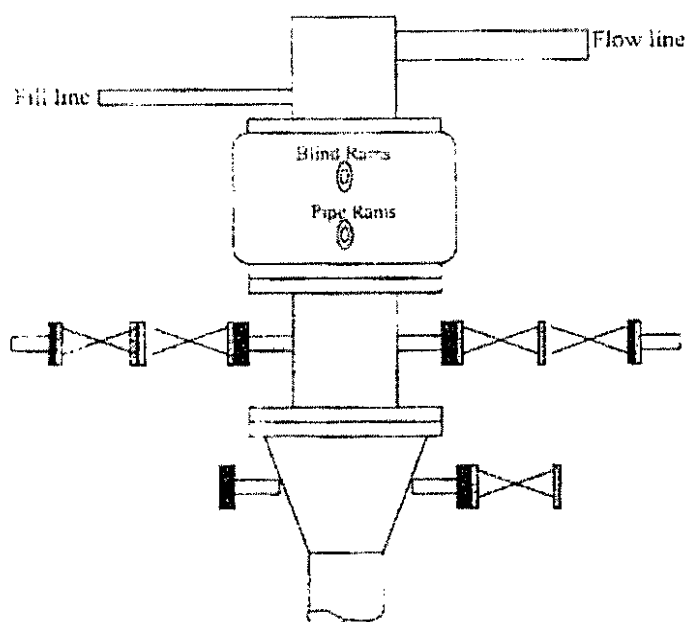
The Fruitland Coal will be encountered in the 8-3/4" hole. Estimated formation pressure is 300 psi. No other abnormal pressures and/or temperatures are expected. No hydrogen sulfide should be present.

7. OTHER INFORMATION:

Company: Devon Energy
 Lease/Well: NEBU 324 O
 Location: San Juan County
 State/Country: NM



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 3160 requirements for 2M systems.