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JUN 16 2008

Bureau of Land Management
Farmington Field Office

RCVD AUG 19 '08
OIL CONS. DIV.
DIST. 3

Form 3160-3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No.
SF 079042

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.
Northeast Blanco Unit

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
NEBU 350E

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

9. API Well No.
30-045-34746

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

4. Location of Well *(Report location clearly and in accordance with any State requirements *)*

At surface **1,875' FSL & 395' FEL, NE SE, Unit I**

At proposed prod. zone **1,400' FSL & 3,460' FEL, NE SE, Unit K, Sec. 6, 30N, 7W**

11. Sec., T. R. M or Blk. and Survey or Area
I Sec. 1, 30N, 8W

14. Distance in miles and direction from nearest town or post office*
Approximately 27.3 miles

12 County or Parish
San Juan

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) **395'**	16. No. of acres in lease **1779.91 Acres**	17. Spacing Unit dedicated to this well **296.02 Acres**
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **920'**	19. Proposed Depth **8,301' TMD**	20. BLM/BIA Bond No. on file **CO 1104**
21. Elevations (Show whether DF, KDB, RT, GL, etc.) **GR 6,362'**	22. Approximate date work will start* **08/09/2008**	23. Estimated duration **Unknown**

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

24. Attachments

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

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.
2. A Drilling Plan
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name *(Printed/Typed)*	Date
	Melisa Castro	6-11-08

Title
Senior Staff Operations Technician

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Monica Kuehling		8/15/08
Title **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)*

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

NOTIFY AZTEC OCD 24 HRS. PRIOR TO CASING & CEMENT

NMOCD

By

Hold C104 for Directional Survey and "As Drilled" plat and Bottom hole deviation at T.D.

AUG 21 2008

District I
1625 N French Dr , Hobbs NM 88240
District II
1301 W Grand Avenue, Artesia, NM 87210
District III
1000 Rio Brazos Rd , Aztec, NM 87410
District IV
1220 St Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87504-2088

RECEIVED
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Bureau of Land Management
Farmington Field Office

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-34746	71599	Basin Dakota

4 Property Code	5 Property Name	6 Well Number
19641	NEBU	# 350E

7 OGRID No	8 Operator Name	9 Elevation
6137	Devon Energy Production Company, L.P.	6362

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
I	1	30 N	8 W		1875	SOUTH	395	EAST	SAN JUAN

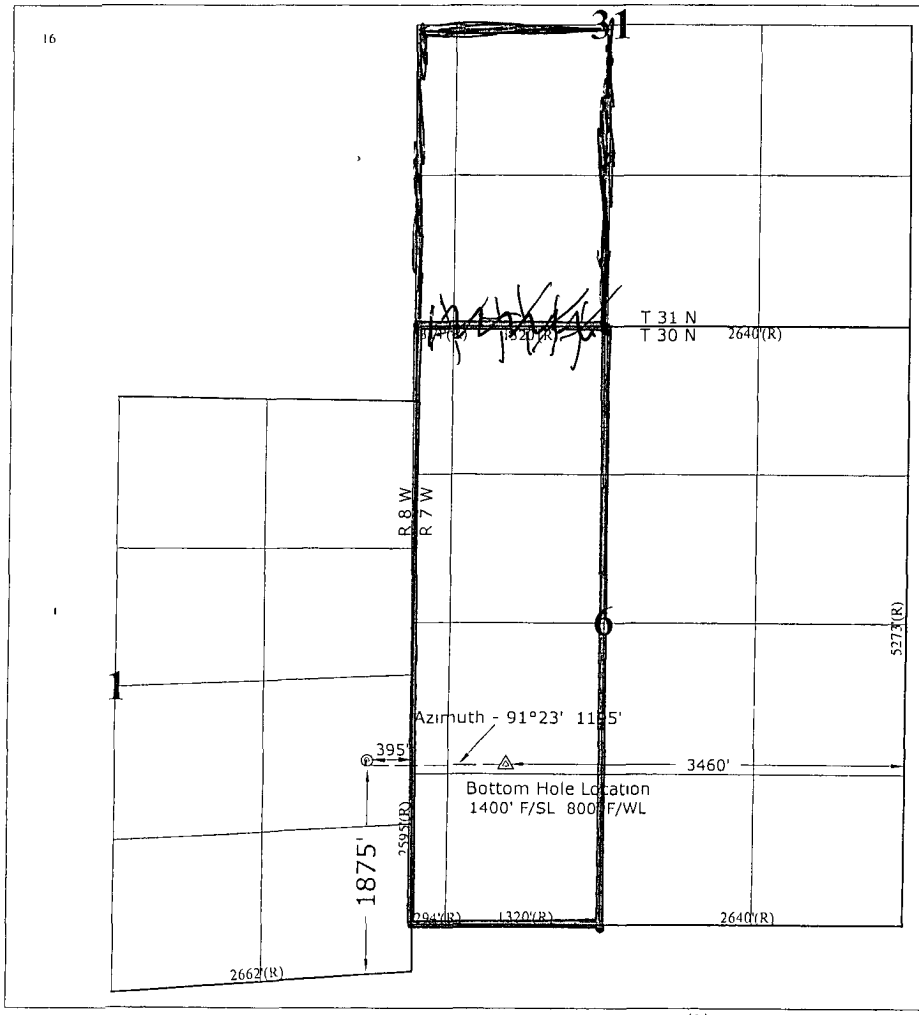
11 Bottom Hole Location If Different From Surface

7 UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	6	30 N	7 W		1400	SOUTH	800 3460	WEST EAST	SAN JUAN

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No
W/2-296.02			R-2046 Tract N 31N 7W

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



(R) - GLO Record

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division

Signature — June 11, 2008 — Date

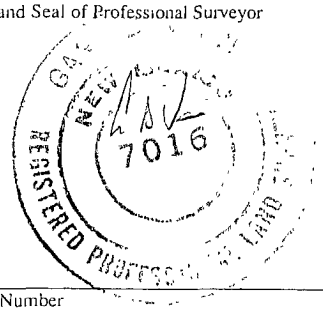
Melisa Castro
Printed Name

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

Restaked May 14, 2008
Date of Survey

Signature and Seal of Professional Surveyor



7016
Certificate Number

NMOCD

NEBU 350E

From the town of Aztec, NM, take State HWY 173 for 18.1 miles to State HWY 511. Turn left on State HWY 511 and travel 8.4 miles to location turn off. Take a right onto side road and go 0.6 miles to location road. Turn left (only way to go) and travel 0.2 miles to well site.

NEBU 350E
SL: 1,875' FSL & 395' FEL, Unit I 1-30N-8W
BHL: 1,400' FSL & 3,460' FEL, Unit K 6-30N-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	2433	2180	Aquifer
Kirtland	2555	2286	
Fruitland	3096	2794	Gas
Fruitland 1st Coal	3301	2996	Gas
Pictured Cliffs Main	3562	3257	Gas
Lewis	3697	3392	Gas
Intermediate TD	3833	3528	
Huefanito Bentonite	4336	4031	Gas
Chacra / Otera	4709	4404	Gas
Cliff House	5485	5180	Gas
Menefee	5565	5260	Gas
Point Lookout	5821	5516	Gas
Mancos	6194	5889	Gas
Gallup	7159	6854	Gas
Greenhorn	7856	7551	
Graneros	7906	7601	Gas
Cubero	8061	7756	
Oak Canyon	8134	7829	
Encinal Canyon	8145	7840	
Lower Encinal Canyon	8198	7892	

Burro Canyon	8221	7916	
Morrison	8241	7936	
TD	8301	7996	

*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 & subs to fit all drill string connections 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
0-3833	0-3528'	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

Casing Size	Collapse Resistance	Internal Yield	Body Yield
9 5/8"	1400 psi	2270 psi	254K psi
7"	3270 psi	4360 psi	366K psi
4 ½"	4960 psi	5350 psi	184K psi

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). In some situations an ACP and DV tool may be run.

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. In some situations an ACP and DV tool may be run.

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'-3,833'	285'-3,528'	Water/ Mud	8.4-9.0	29-70	8.0	NC	
3,833' - TD	3,528' - 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 therefore 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.

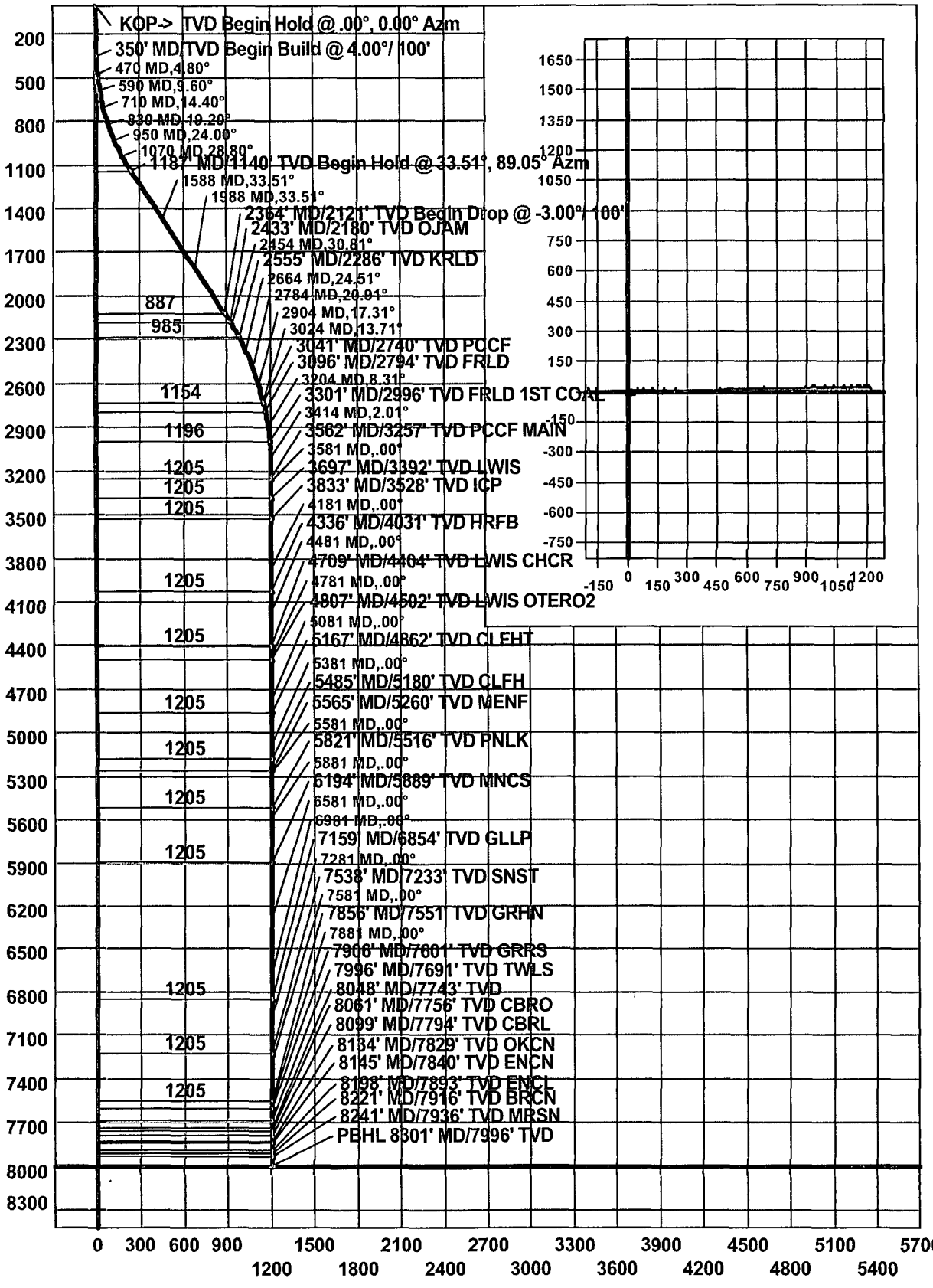
7. OTHER INFORMATION:

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

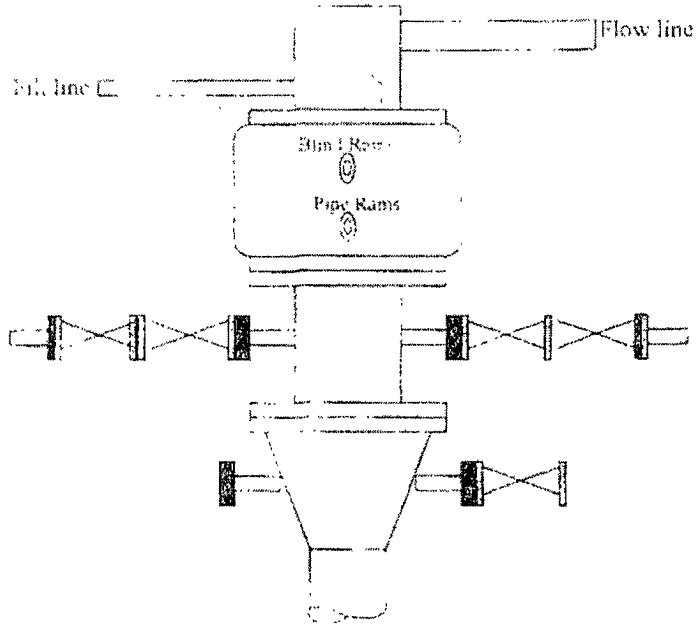
Starting Date:	Upon Approval
Duration:	20 days

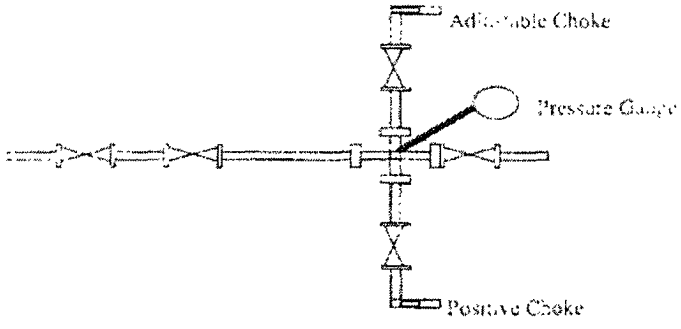
If the well is completed as a dry hole or as a producer, Well Completion or Recompletion Report and Log (Form 3160-4) will be submitted within 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3160. Copies of all logs, core descriptions, 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.

Company: Devon Energy
Lease/Well: NEBU 350 E
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