

RECEIVED

Form 3160-3
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAR 22 2010

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

Bureau of Land Management
Albuquerque Field Office
APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Designation and Serial No
SF 078988

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6. If Indian, Allottee or Tribe Name	
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		7. If Unit or CA, Agreement, Name and No. Northeast Blanco Unit	
2. Name of Operator DEVON ENERGY PRODUCTION COMPANY, L.P. NM OGRID # 6137		8. Lease Name and Well No. Northeast Blanco Unit #261H	
3a. Address 20 N. Broadway, Oklahoma City, OK 73102		9. API Well No. 3004535127	
3b. Phone Number (405) 552-7802		10. Field and Pool, or Exploratory Rosa Pictured Cliffs	
4. Location of Well (Footage, Sec, T. R., M, or Survey Description) At surface: Unit A, 75' FNL, 810' FEL Sec. 7, T31N R6W At proposed prod. Zone: Unit J, 2211' FSL, 1930' FEL Sec. 6, T31N R6W		11. Sec., T., R., M., or Bk. and Survey or Area A Sec 7, T-31-N, R-6-W	
14. Distance in miles and direction from nearest town or post office* 15 Miles from Allison Colorado		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) 75'		13 State New Mexico	
16. No of Acres in lease 2560 -960 P&P		17. Spacing Unit dedicated to this well Lots 9, 8, 11, 14 SE 1/4 SEC. 6 115.21 acres	
18. Distance from proposed* location to nearest well 812'		19. Proposed Depth MD5461'	
20. BLM/BIA Bond No. on file		21. Elevation (Show whether DF, KDB, RT, GL, etc.) 6363' Ground Level	
22. Approximate date work will start* 6/1/11		23. Estimated duration 15 days	

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

RCVD MAY 5 '10
OIL CONS. DIV.
DIST 3

On site BLM inspection with Mike Flanigen 4/1/09
Archy by LaPlata Arch. Consultants
EA & TE by Ecosphere

SEE ATTACHED APD INFORMATION

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

25. Signature <i>Mike Pippin</i>	Name (Printed/Typed) Mike Pippin	Date 3/20/2010
Title Petroleum Engineer		
Approved by (Signature) <i>D. Mankiewicz</i>	Name (Printed/Typed) AFM	Date 5/3/2010
Title AFM	Office FFO	

Application approval does not warrant or certify 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 reverse)

NOTIFY AZTEC OCD 24-HRS.
PRIOR TO CASING & CEMENT

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

Hold C104
for Directional Survey
and "As Drilled" plat

Hold C104
for Directional Survey
and "As Drilled" plat

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

BLM'S APPROVAL OR ACCEPTANCE OF THIS
ACTION DOES NOT RELIEVE THE LESSEE AND
OPERATOR FROM OBTAINING ANY OTHER
AUTHORIZATION REQUIRED FOR OPERATIONS
ON FEDERAL AND INDIAN LANDS

MAY 13 2010

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
Revised October 12, 2005

MAR 22 2010

Bureau of Land Management
FARM LEASE UNIT

Form C-102

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-35127		2 Pool Code 96175		3 Pool Name ROSA; PICTURED CLIFFS	
4 Property Code 19641		5 Property Name NEBU			6 Well Number # 261H
7 OGRID No. 6137		8 Operator Name Devon Energy Production Company, L.P.			9 Elevation 6363

10 Surface Location

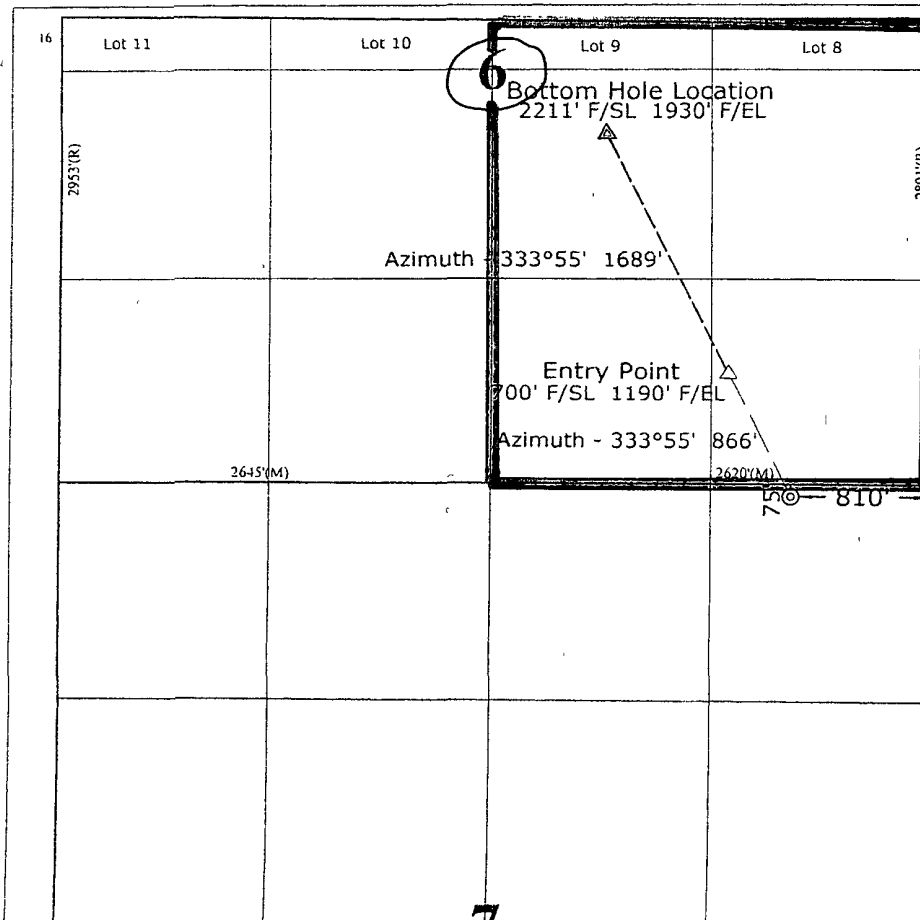
UL or Lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	7	31 N	6 W		75	NORTH	810	EAST	SAN JUAN

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
J	6	31 N	6 W		2211	SOUTH	1930	EAST	SAN JUAN

12 Dedicated Acres 178 SE/4	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 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

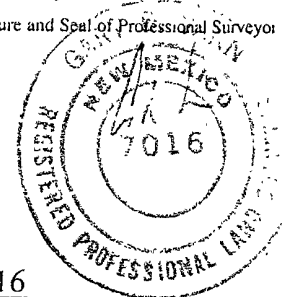
Signature Mike Pippin Date 3/20/10
Printed Name MIKE PIPPIN

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: March 16, 2009
Date of Survey

Signature and Seal of Professional Surveyor



7016
Certificate Number

NEBU #261H

From the town of Arboles, CO, take State HWY 151 to CR 330 and go south to CR 4020 for a total of 3.9 miles. Travel south 3.5 miles to then turn left (east) onto location road well site.

- 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 300 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
0-3114	8-3/4"	7"	J-55	23#	LTC	New
0- TD	6-1/4"	5-1/2**	J-55	15.5 #	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
5 1/2"	4040 psi	4810 psi	248K 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)

7" Casing: 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).

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.

Production String: 7" Production casing cemented in an 8-3/4" hole
23# 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 ft³/sx. *
Cement designed to circulate to surface.
Pending hole conditions, cement baskets may be installed above
TD

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

Liner: 5-1/2" liner*
15.5# J-55 LT&C 8 Rnd
Shoe
Not Cemented

* May not be run pending hole conditions.
If well does not respond to proposed to completion, the 5 1/2 "
liner will be cemented using class B 50/50 POZ, 3% gel, 5#
gilsonite, 1/4" # Flocele, .1% CFR 3, .2% Halad 344, yield 1.47
ft³/sx. **

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

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,
285-3114	LSND	8.4-9.0	29-70	8.0	10-12	LCM as needed
2871 - TD	Air					Foam as needed

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:

Wireline Logs: None

Mud Logs: mud logging in Fruitland Coal & PC.

Survey: Deviation surveys will be taken every 500' from 0-TD of 8 3/4" hole or first succeeding bit change.

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.

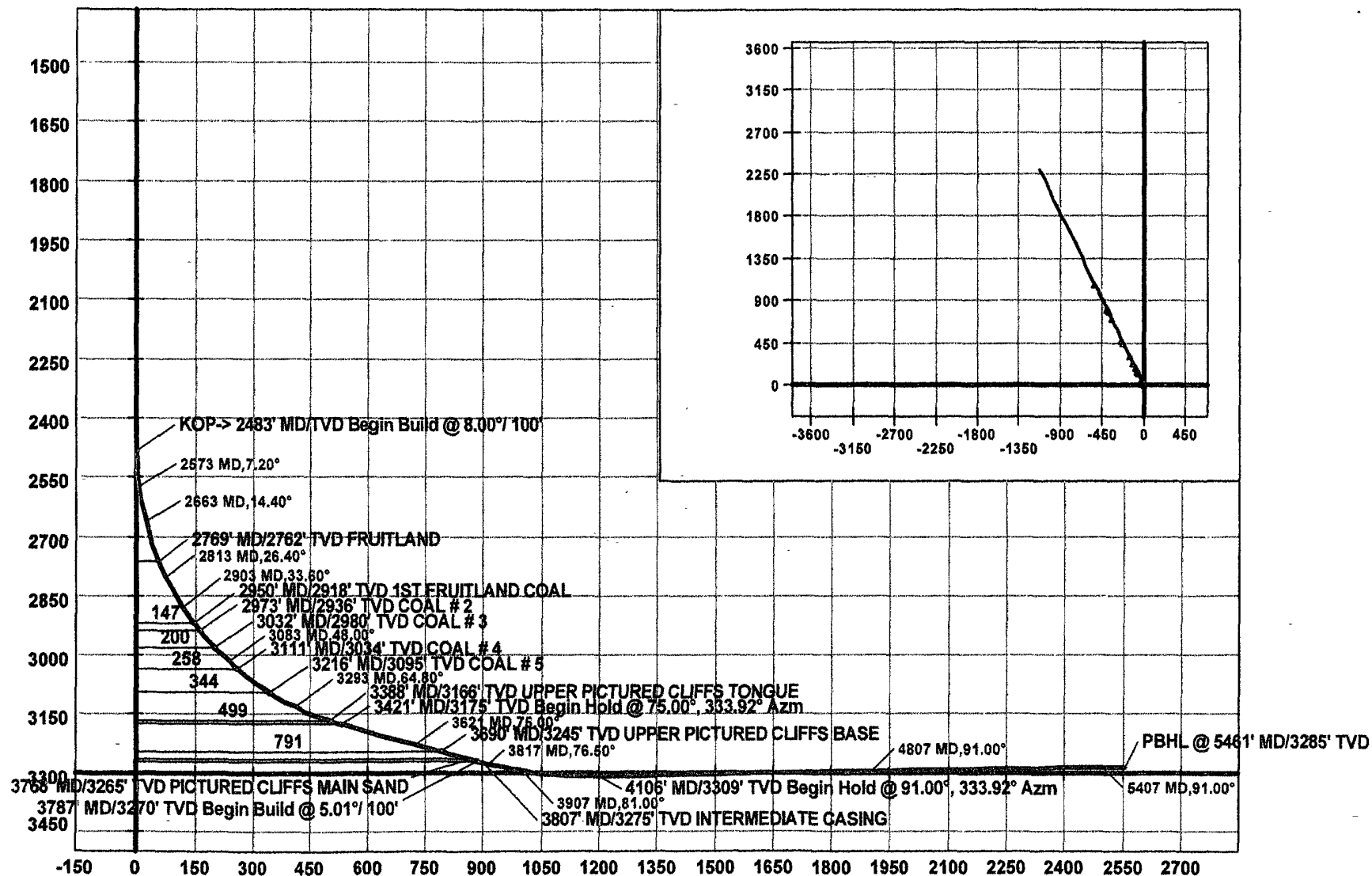
7. OTHER INFORMATION:

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.

INWELL



DRILLING CONDITIONS OF APPROVAL

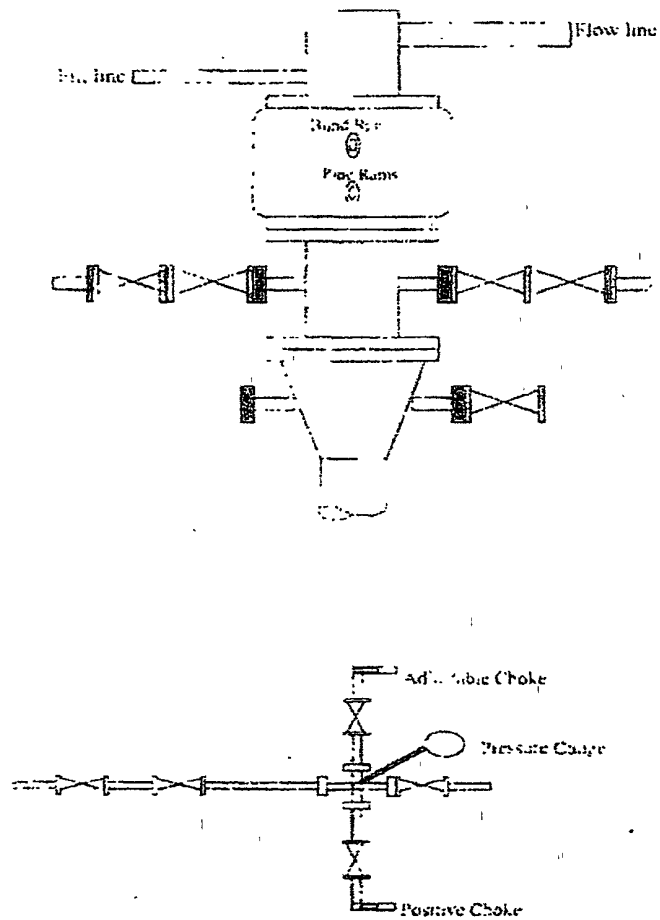
Operator: Devon Energy
Lease No.: NMSF-078988
Well Name: Northeast Blanco Unit #261H
Well Location: Sec.7, T31N, R6W; 75' FNL & 810' FEL

2) Pressure test each casing string to a minimum of 30 minutes with no more than a 10% pressure decline.



After hour contact: Troy Salyers 505-360-9815

Well Control Equipment 2,000 psi Configuration



All well control equipment designed to meet or exceed the Onshore Oil and Gas Order No. 2, 29 CFR 3.60 requirement for 2M systems.