

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 156907

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|--------------------------------------|--|
| 1. Operator Name and Address DEVON ENERGY PRODUCTION COMPANY, LP 333 W. Sheridan Avenue Oklahoma City, OK 73102 | | 2. OGRID Number 6137 3. API Number 30-015-40850 |
| 4. Property Code 300635 | 5. Property Name COTTON DRAW UNIT | 6. Well No. 168H |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| B | 2 | 25S | 31E | 2 | 330 | N | 1345 | E | EDDY |

8. Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| A | 2 | 25S | 31E | O | 330 | S | 1980 | E | Eddy |

9. Pool Information

| | |
|-------------------------|-------|
| PADUCA; BONE SPRING (O) | 96641 |
|-------------------------|-------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3477 |
| 16. Multiple N | 17. Proposed Depth 12813 | 18. Formation Brushy Canyon | 19. Contractor | 20. Spud Date |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 48 | 750 | 800 | 0 |
| Int1 | 12.25 | 9.625 | 40 | 4350 | 1340 | 0 |
| Prod | 8.75 | 5.5 | 17 | 12813 | 1385 | 3850 |
| Prod | 8.75 | 5.5 | 17 | 7400 | 615 | 0 |

Casing/Cement Program: Additional Comments

13-3/8" Surf: 800 sx C1 C Cmt + 2% bwoc CalcChlor+0.125 lbs/sk Poly-E-Flake+63.1% FW, 14.8 ppg, Yld: 1.35 cf/sk, TOC @ surf. 9-5/8" Inter: Lead:965 sx(65:35)C1 C Cmt:Poz(Fly Ash)+5% bwoc SodiumChlor+0.125 lbs/sk Poly-E-Flake+6% bwoc Bent + 70.9% FW, 12.9 ppg, Yld: 1.85 cf/sk, TOC @ surf. Tail: 375 sx C1 C Cmt+0.125 lbs/sk Poly-E-Flake+63.5% Wtr, 14.8 ppg, Yld: 1.33 cf/sk, TOC @ surf. 5-1/2" Prod:1st Lead: 225 sx(50:50)C1 H Cmt:Poz(Fly Ash)+10% bwoc Bent+8 lb/sk SodiumChlor+0.125 lbs/sk Poly-E-Flake+0.3% bwoc HR-601 + 0.3% bwoc Econ+77.2% FW, 11.8 ppg, Yld: 2.52 cf/sk, 2nd Lead: 390 sx(65:35)Class H Cmt:Poz(Fly Ash)+6% bwoc Bent + 0.125 lbs/sk Poly-E-Flake+0.1% bwoc HR-601+74.1% FW, 12.5 ppg, Yld: 1.95 cf/sk. Tail: 1385 sx(50:50)C1 H Cmt:Poz(Fly Ash)+1 lb/sk SodiumChlor+0.5% bwoc HALAD-344+0.4% bwoc CFR-3+0.1% bwoc HR-601+2% bwoc Bent+58.8% FW, 14.5 ppg, Yld: 1.22 cf/sk, TOC @ 3850'.

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| Annular | 3000 | 3000 | |
| DoubleRam | 3000 | 3000 | |

| | |
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| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: _____ Printed Name: Electronically filed by Randy Bolles Title: Manager, Regulatory Affairs Email Address: randy.bolles@dmv.com Date: 11/1/2012 | OIL CONSERVATION DIVISION Approved By: Randy Dade Title: District Supervisor Approved Date: 11/27/2012 Expiration Date: 11/27/2014 Conditions of Approval Attached |
|--|--|

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 156907

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|---|
| 1. API Number 30-015-40850 | 2. Pool Code 96641 | 3. Pool Name PADUCA; BONE SPRING (O) |
| 4. Property Code 300635 | 5. Property Name COTTON DRAW UNIT | 6. Well No. 168H |
| 7. OGRID No. 6137 | 8. Operator Name DEVON ENERGY PRODUCTION COMPANY, LP | 9. Elevation 3477 |

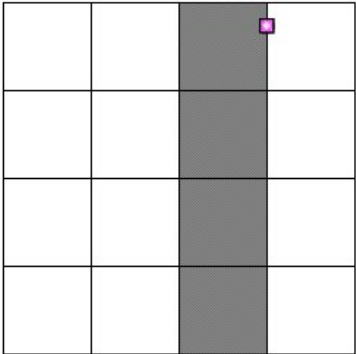
10. Surface Location

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|--------------|------------------|---------------|-------------------|---------------|----------------|
| UL - Lot B | Section 2 | Township 25S | Range 31E | Lot Idn 2 | Feet From 330 | N/S Line N | Feet From 1345 | E/W Line E | County EDDY |
|---------------|--------------|-----------------|--------------|--------------|------------------|---------------|-------------------|---------------|----------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|---------------------------------------|---------------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| 12. Dedicated Acres 160.08 | 13. Joint or Infill | 14. Consolidation Code Unitization | 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

| | |
|--|---|
|  | <p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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(s) 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.</i></p> <p>E-Signed By: Randy Bolles Title: Manager, Regulatory Affairs Date: 11/1/2012</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: James Tompkins Date of Survey: 9/30/2012 Certificate Number: 14729</p> |
|--|---|

Permit Comments

Operator: DEVON ENERGY PRODUCTION COMPANY, LP , 6137

Well: COTTON DRAW UNIT #168H

API: 30-015-40850

| Created By | Comment | Comment Date |
|------------|--|--------------|
| priechers | will be pad drilled with CDU 169H | 10/26/2012 |
| priechers | BOP DESIGN: The BOP system used to drill the intermediate and production holes will consist of a 13-5/8" 3M Double Ram and Annular preventer. The BOP system will be tested as per BLM Onshore Oil and Gas Order No. 2 as a 3M system prior to drilling out the prior casing shoe. | 11/1/2012 |
| priechers | The pipe rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These tests will be logged in the daily driller's log. A 2" kill line and 3" choke line will be incorporated into the drilling spool below the ram BOP. In addition to the rams and annular preventer, additional BOP accessories include a kelly cock, floor safety valve, choke lines, and choke manifold rated at 3,000 psi WP. | 11/1/2012 |
| priechers | Devon requests a variance to use a flexible line with flanged ends between the BOP and the choke manifold (choke line). The line will be kept as straight as possible with minimal turns. | 11/1/2012 |
| CSHAPARD | Land t/S | 11/27/2012 |

Permit Conditions of Approval

Operator: DEVON ENERGY PRODUCTION COMPANY, LP , 6137

Well: COTTON DRAW UNIT #168H

API: 30-015-40850

| OCD Reviewer | Condition |
|-----------------|--|
| CSHAPARD | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |