

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 162007

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 30-025-40999
4. Property Code 39700	5. Property Name DIVIDE 3 STATE COM	6. Well No. 001H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	3	22S	32E	N	660	S	2440	W	LEA

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	4	22S	32E	O	660	S	2310	E	Lea

9. Pool Information

BILBREY BASIN;BONE SPRING	5695
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3803
16. Multiple N	17. Proposed Depth 15300	18. Formation 2nd Bone Spring Sand	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	800	1015	0
Int1	12.25	9.625	36	4700	1310	0
Prod	8.75	5.5	17	15300	350	4200
Prod	8.75	5.5	17	10200	1965	0

Casing/Cement Program: Additional Comments

13-3/8" Surface Lead: 500 sx Cl C Cmt + 2% bwoc CaCl2 + 0.125 #/sx Poly-E-Flake + 4% bwoc Bent + 70.1% FW, 13.5 ppg, Yld: 1.75 cf/sk. TOC @ surface. Tail: 515 sx Cl C Cmt + 2% bwoc CaCl2 + 0.125 #/sx Poly-E-Flake + 63.1% FW, 14.8 ppg, Yld: 1.35 cf/sk. 9-5/8" Intermediate Lead: 950 sxa(65:35) Cl C Cmt:Poz(Fly Ash): + 5% bwow CaCL + 0.125 #/sx Poly-E-Flake + 6% bwoc Bent + 70.9% FW, 12.9 ppg, Yld: 1.85 cf/sk. TOC @ surface. Tail: 360 sx Cl C Cmt + 0.125 #/sx Poly-E-Flake + 63.5% W, 14.8 ppg, Yld: 1.33 cf/sk. 5-1/2" Production 1st Stage Lead:540 sx(65:35) Cl H Cmt:Poz (Fly Ash)+6% bwoc Bent + 0.2% bwoc HR-601 + 74.1% FW,12.5 ppg, Yld: 1.95 cf/sk. Tail: 1425 sx(50:50)Cl H Cmt:Poz (Fly Ash)+1 #/sx CaCL + 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/sx, DV TOOL at 6500ft. See Comments for the 2nd Stage Production Cement Details. CFR-3 + 0.1%HR-800 2nd Stage 26

22. Proposed Blowout Prevention Program

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

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: 2/6/2013	OIL CONSERVATION DIVISION Approved By: Paul Kautz Title: Geologist Approved Date: 2/14/2013 Expiration Date: 2/14/2015 Conditions of Approval Attached
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Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 162007

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-40999	2. Pool Code 5695	3. Pool Name BILBREY BASIN;BONE SPRING
4. Property Code 39700	5. Property Name DIVIDE 3 STATE COM	6. Well No. 001H
7. OGRID No. 6137	8. Operator Name DEVON ENERGY PRODUCTION COMPANY, LP	9. Elevation 3803

10. Surface Location

UL - Lot N	Section 3	Township 22S	Range 32E	Lot Idn	Feet From 660	N/S Line S	Feet From 2440	E/W Line W	County LEA
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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 160.00	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

<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: 2/6/2013</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: Filimon Jaramillo Date of Survey: 1/28/2013 Certificate Number: 12797</p>	
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Permit Comments

Operator: DEVON ENERGY PRODUCTION COMPANY, LP , 6137

Well: DIVIDE 3 STATE COM #001H

API: 30-025-40999

Created By	Comment	Comment Date
dcook	2nd Stage Lead:200 sx CI C Cmt + 3% bwoc Econolite + 0.125 #/sx Poly-E-Flake + 82.4% FW, 11.4 ppg, Yld: 2.87 cf/sx; Tail:150 sx CI C Cmt + 0.125 #/sx Poly-E-Flake + 63.5% FW, 14.8 ppg, Yld: 1.33cf/sx. TOC @ 4200 ft	2/6/2013
dcook	An 8-3/4" pilot hole will be drilled to 10,950-ft, and plugged back to KOP with 2 cement plugs (475-ft) each comprised of approx. 250 sks 16.4 ppg , 1.06 cf/sx cmt. MAXIMUM LATERAL TVD 10,797-ft	2/6/2013
dcook	The BOP system used to drill the intermediate hole will consist of a 13-5/8" Double Ram and Annular preventer. The BOP system will be tested as per BLM Onshore Oil and Gas Order No. 2, a 3M system will be installed and tested prior to drilling out the surface casing shoe. The BOP system used to drill the production hole will consist of a 13-5/8" Double Ram and Annular preventer. The BOP system will be tested as per BLM Onshore Oil and Gas Order No. 2 a 3M system will be installed prior to drilling out the intermediate casing shoe.	2/6/2013
dcook	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 5,000 psi WP.	2/6/2013
pkautz	Land s/S	2/7/2013

Permit Conditions of Approval

Operator: DEVON ENERGY PRODUCTION COMPANY, LP , 6137

Well: DIVIDE 3 STATE COM #001H

API: 30-025-40999

OCD Reviewer	Condition
pkautz	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