ALL						15-23
March 2012) UNORTHODOX	OC	D Hobk)s	• OMB	APPROVE No. 1004-012 October 31, 2	37
DEPARTMENT OF THE	S INTERIOR	HOBB	SOCD	5. Lease Serial No. BHL:NMLC06187	3 SHL:NN	/LC061863A
BUREAU OF LAND MAI APPLICATION FOR PERMIT TO				6. If Indian, Alloted		
		<u>MAY 2</u>	6 2015	7. If Unit or CA Ag	reement. Na	me and No.
a. Type of work: \checkmark DRILL REENT	ER	nεĉ	EIVED	Cotton Draw L	Init NM70	
b. Type of Well: Oil Well Gas Well Other	√ Si		ple Zone	 Lease Name and Cotton Draw L 		< 700E
2. Name of Operator Devon Energy Production Company, L	P. <u>(6</u> 1	37)		9. API Well No. 30-025-	42.	590
a. Address 333 W. Sheridan Oklahoma City, OK 73102-5010	3b. Phone No 405.228	D. (include area code) 3.7203		10. Field and Pool, or Paduca; Delaw	•	NUMIU
Location of Well (Report location clearly and in accordance with a	ny State requiren	nents.*)		11. Sec., T. R. M. or		vey or Area
	00' FNL & 19	980' FWL		Sec. 7 T25S I	R32E	
At proposed prod. zone 330' FSL & 1980' FWL, Unit N Distance in miles and direction from nearest town or post office* Approximately 25 miles SE of Malaga, NM		- Million		12. County or Parish Lea County		13. State NM
5. Distance from proposed [*] location to nearest property or lease line, ft. (Also to nearest drig, unit line, if any)	NMLC061	acres in lease 1873 - 319.73 1863A - 1882.6	17. Spacin 160 a	g Unit dedicated to this	well	
8. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Propose TVD: 8,19 MD: 12,82	95'	1	BIA Bond No. on file 4; NBM-000801		
 Elevations (Show whether DF, KDB, RT, GL, etc.) 3444.6' GL 	22. Approxi 05/20/201	imate date work will sta 14	urt*	23. Estimated duration 45 Days	on	
	24. Atta					
e following, completed in accordance with the requirements of Onshe	ore Oil and Gas	Order No.1, must be a	ittached to thi	is form:		
Well plat certified by a registered surveyor. A Drilling Plan. A Surface Use Plan (if the location is on National Forest System SUPO must be filed with the appropriate Forest Service Office).	Lands, the	Item 20 above). 5. Operator certifi	cation	ns unless covered by a	Ū	,
5. Signative. Fime: Court		(Printed/Typed) C. Couch	***********	••••••••••••••••••••••••••••••••••••••	Date 12/11/2	2014
ft.					•	
Regulatory Analyst	Name	(Printed/Typed)			ИАҮ	1 5 2015
FIELD MANAGER	Office	CARI	SRAD	FIELD OF	EIOF	-
plication approval does not warrant or certify that the applicant hole		itable title to those right	its in the sub	ject lease which would	entitle the a	pplicant to
nditions of approval, if any, are attached. APPRUVA		WO YEARS				
le 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a c tes any false, fictitious or fraudulent statements or representations as	to any matter v	erson knowingly and within its jurisdiction.	willfully to m	ake to any department	or agency	of the United
Continued on page 2)			4°	× *(Ins	tructions	on page 2)
	KE	zb/15 Carls	sbad Coi	ntrolled Water	Basin	
	191	- y • >				
AL SUBJECT TO			1	SFF ATTA		

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

•...

SEE ATTACHED FOR CONDITIONS OF APPROVAL

MAY 2 6 2015

HOBBS OCD

MAY 2 6 2015

Devon Energy, Cotton Draw Unit 251H

RECEIVED

1. Geologic Formations

TVD of target	8,195'	Pilot hole depth	N/A
MD at TD:	12,822'	Deepest expected fresh water:	

Basin

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Formation	Depth (TVD)	Water/Mineral Bearing/	Hazards*
	from KB	Target Zone?	
Rustler	724	Barren	· · · · · · · · · · · · · · · · · · ·
Top of Salt	1,139	Barren	
Base of Salt	4,219	Baren	
Lamar	4,250	Oil	
Delaware	4,437	Oil	
Bell Canyon	4,458	Oil	
Cherry Canyon	5,400	Oil	
Bushy Canyon	6,696	Oil	
Bone Spring	8,359	Oil	
			<u> </u>

*H2S, water flows, loss of circulation, abnormal pressures, etc.



2. Casing Program

Hole.	Casing	Interval	Csg.	Weight.	Grade	Conn.	SF	SF	SF
Size	From	То	Size	(lþs)			Collapse	Burst	Tension
17.5"	0	760 800'	13.375"	48	H-40	STC	2.27	5.09	14.83
12.25"	0	4,390'	9.625"	40	J-55	LTC	1.126	1.73	2.96
8.75"	0	12,822'	5.5"	17	P-110	BTC	2.19	2.71	4.08
		L	L	BLM Min	imum Safet	y Factor	1.125	1.00	1.6 Dry 1.8 Wet

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

Must have table for contingency casing

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	N
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2 nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
	NI
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

3. Cementing Program

Casing	# Skš	Wt. lb/ gal	H ₂ 0 . gal/sk	Yld ft3/ sack	500# Comp. Strength (hours)	Slurry Description
Surf.	830	14.8	6.32	1.33	7	Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
Inter.	940	12.9	9.81	1.85	17	Lead: (65:35) Class C Cement: Poz (Fly Ash): 6% BWOC Bentonite + 5% BWOW Sodium Chloride + 0.125 Ibs/sack Poly-E-Flake
	430	14.8	6.32	1.33	6	Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
Prod.	520	12.5	10.86	1.96	30	1 st Lead: (65:35) Class H Cement: Poz (Fly Ash) + 6% BWOC Bentonite + 0.25% BWOC HR-601 + 0.125 Ibs/sack Poly-E-Flake
	1350	14.5	5.31	1.2	25	1 st Tail: (50:50) Class H Cement: Poz (Fly Ash) + 0.5% bwoc HALAD-344 + 0.4% bwoc CFR-3 + 0.2% BWOC HR-601 + 2% bwoc Bentonite
					DV/	'ECP Tool 4500'
	80	11	14.81	2.55	22	2 nd stage Lead: Tuned Light [®] Cement + 0.125 lb/sk Pol-E-Flake
	110	14.8	6.32	1.33	6	2 nd stage Tail: Class C Cement + 0.125 lbs/sack Poly-E- Flake

DV tool depth(s) will be adjusted based on hole conditions and cement volumes will be adjusted proportionally. DV tool will be set a minimum of 50 feet below previous casing and a minimum of 200 feet above current shoe. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.

Casing String	TOC	% Excess
Surface	0'	100%
Intermediate	0'	75%
Production	1 st Stage = 4500' / 2 nd Stage = 3390'	25%

500' tie back

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4. Pressure Control Equipment

A variance is requested for the use of a diverter on the surface casing. See attached for schematic.

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Туј	De -	 Image: A second s	Tested to:						
			Annu	ılar	x	50% of working pressure						
			Blind	Ram								
12-1/4"	13-5/8"	3M	Pipe F	Ram		3M						
			Double Ram		x	5101						
			Other*									
			Annu	ılar	x	50% testing pressure						
	13-5/8"	3M	Blind Ram									
8-3/4"			Pipe Ram									
0-5/4	15-576		5111	5101	5.01	5141	5 5141	15 5/0 5/4	15 5/0 5/0	Double	Ram	x
			Other *									
			Annular									
			Blind Ram									
			Pipe Ram									
			Double Ram									
			Other									
			*									

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

Y	Formation integrity test will be performed per Onshore Order #2.
	On Exploratory wells or on that portion of any well approved for a 5M BOPE system or
	greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.

Devon Energy, Cotton Draw Unit 251H

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	A variance is requested for the use of a flexible choke line from the BOP to Choke
Y	Manifold. See attached for specs and hydrostatic test chart.
	N Are anchors required by manufacturer?
Y	A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested.
	 Devon proposes using a multi-bowl wellhead assembly (FMC Uni-head). This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi. Wellhead will be installed by FMC's representatives. If the welding is performed by a third party, the FMC's representative will monitor the temperature to verify that it does not exceed the maximum temperature of the
	 seal. FMC representative will install the test plug for the initial BOP test. FMC will install a solid steel body pack-off to completely isolate the lower head after cementing intermediate casing. After installation of the pack-off, the pack-off and the lower flange will be tested to 5M, as shown on the attached schematic. Everything above the pack-off will not have been altered whatsoever from the initial nipple up. Therefore the BOP components will not be retested at that time. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head will be cut and top out operations will be conducted. Devon will pressure test all seals above and below the mandrel (but still above the packed).
	 casing) to full working pressure rating. Devon will test the casing to 0.22 psi/ft or 1500 psi, whichever is greater, as per Onshore Order #2.
	After running the 13-3/8" surface casing, a 13-5/8" BOP/BOPE system with a minimum rating of 3M will be installed on the FMC Uni-head wellhead system and will undergo a 250 psi low pressure test followed by a 3,000 psi high pressure test. The 3,000 psi high and 250 psi low test will cover testing requirements a maximum of 30 days, as per Onshore Order #2. If the well is not complete within 30 days of this BOP test, another full BOP test will be conducted, as per Onshore Order #2. After running the 9-5/8' intermediate casing with a mandrel hanger, the 13-5/8" BOP/BOPE system with a minimum rating of 3M will already be installed on the FMC Uni-head.
	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.

see (OA

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.

See attached schematic.

Spe COA

5. Mud Program

The second s	Depth	Туре	Weight (ppg)	Viscosity	Water Loss
From 0	10 	FW Gel	8.6-8.8	28-34	N/C
7.60	4,390'	Saturated Brine	10.0-10.2	28-34	N/C
4,390'	12,822'	Cut Brine	8.5-9.3	28-34	N/C

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times.

What will be used to monitor the loss or gain	PVT/Pason/Visual Monitoring
of fluid?	

6. Logging and Testing Procedures

Logg	ing, Coring and Testing.
	Will run GR/CNL fromTD to surface (horizontal well – vertical portion of hole). Stated
	logs run will be in the Completion Report and submitted to the BLM.
	No Logs are planned based on well control or offset log information.
	Drill stem test? If yes, explain
	Coring? If yes, explain

Add	litional logs planned	d Interval
	Resistivity	Int. shoe to KOP
	Density	Int. shoe to KOP
X	CBL	Production casing
X	Mud log	Intermediate shoe to TD
	PEX	

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	3688 psi
Abnormal Temperature	No

Mitigation measure for abnormal conditions. Describe. Lost circulation material/sweeps/mud scavengers.

Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.

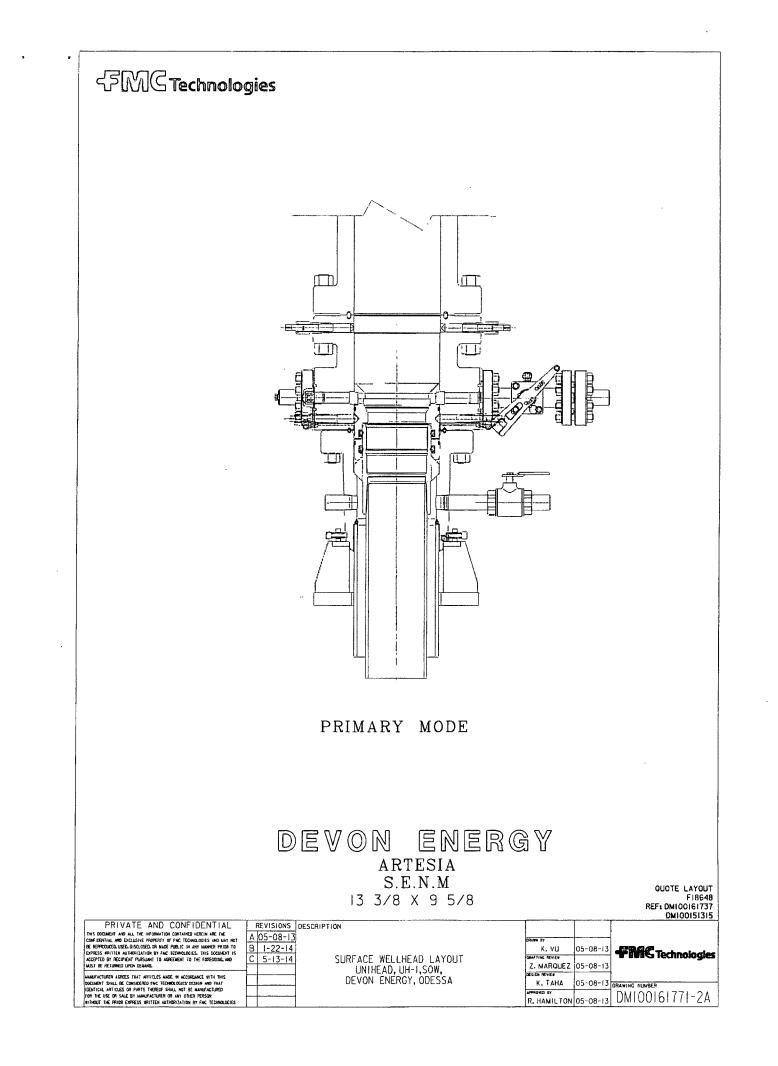
 N
 H2S is present

 Y
 H2S Plan attached

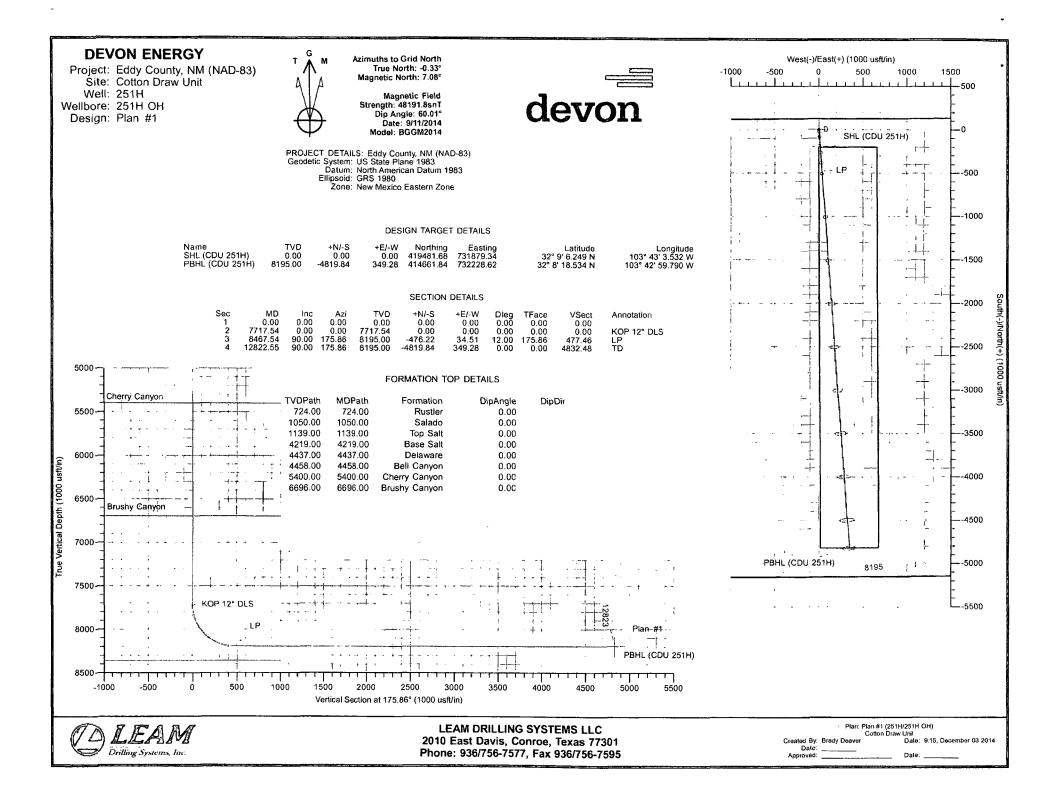
8. Other facets of operation

Is this a walking operation? No. Will be pre-setting casing? No.

Attachments <u>X</u> Directional Plan Other, describe



SMG Technologies		
	CONTINGENCY MO	DDE
	DEVON ENER Artesia S.E.N.M 13 3/8 x 9 5/8	QUOTE LAYOUT F18648 REF1 DMIODI61737 DMIODI51315
$\begin{array}{ c c c c c c c c c c c c c c c c c c c$		PRAME BY K. VU 05-08-13 SMACTEC REVIE 05-08-13 SMACTECTECHNOLOGIES GALICE REVIE 05-08-13 DRAWING MUMBER K. TAHA 05-08-13 DRAWING MUMBER AMILICON 05-08-13 DMI 00161771-2B





DEVON ENERGY

Eddy County, NM (NAD-83) Cotton Draw Unit 251H

251H OH

Plan: Plan #1

Standard Planning Report

03 December, 2014



(Δ)	LEAM	
S	Drilling Systems, Inc.	

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LEAM Drilling Systems LLC

Planning Report



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Database: Company:		5000.1 Single (N ENERGY	Jser Db		Local Co TVD Refe	ordinate Refe rence:		Well 251H Cactus 126: 3444.1' GL + 25' RKB @ 3469.10usft (Original Well Elev)			
Project:	Eddy (County, NM (N	AD-83)		MD Refer	ence:		3469.10usft (Ori Cactus 126: 344 3469.10usft (Ori	44.1' GL + 25'	RKB @	
Site:	Cotton	Draw Unit			North Ref	erence:		Grid	ginal vien cie	•)	
Well:	251H					alculation Me	lure				
Wellbore:	251H (он			-						
Design:	Plan #	1									
Project	Eddy C	ounty, NM (NA	(D-83)		down an Mars I and I and I and						
Map System: Geo Datum: Map Zone:	North Arr	e Plane 1983 nerican Datum kico Eastern Zo			System Da	tum:	M	ean Sea Level			
Site	Cotton	Draw Unit									
Site Position:			North	ling:	419	,194.51 usft	Latitude:			32° 9' 3.901 N	
From:				ng:	722	,955.98 usft	Longitude:			103° 44' 47.345 W	
Position Uncertaint	y:	0.0	0 usft Slot I	Radius:		13-3/16 "	Grid Converg	jence:		0.31 °	
Well	251H, B	rushy Canyon				,-,		·			
Well Position	+N/-S	287.1	17 usft N	orthing:		419,481.68	Busft Lat	itude:		32° 9' 6.249 N	
	+E/-W	8,923.3	36 usft E	asting:		731,879.34	4 usft Loi	ngitude:		103° 43' 3.532 W	
Position Uncertaint	y	0.0	00 usft V	ellhead Eleva	tion:	3,469.10	Dusft Gro	ound Level:		3,444.10 usft	
Wellbore	251H (ЭН									
Magnetics	Mo	del Name	Samp	le Date	Declina	ation	Dip A	(Angle	Field	Strength	
					(°)		•	°)		nT)	
<u>-</u>		BGGM2014		9/11/2014		7.41		60.01		48,192	
Design	Plan #1					· · · · · · · · · · · · · · · · · · ·				······	
Audit Notes:											
Version:			Phas	e:	PLAN	Ti	e On Depth:		0.00		
Vertical Section:				100				Die	ection		
vertical Section:		U	lepth From (T (usft)	VD)	+N/-S +E/-W (usft) (usft)				(°)		
			0.00		0.00).00		5.86		
Plan Sections											
Measured Depth incl (usft)	ination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target	
•						. ,	. ,				
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
7,717.54	0.00	0.00	7,717.54	0.00	0.00	0.00	0.00	0.00	0.00		
8,467.54	90.00	175.86	8,195.00	-476.22	34.51	12.00	12.00	0.00	175.86		
12,822.55	90.00	175.86	8,195.00	-4,819.84	349.28	0.00	0.00	0.00	0.00	PBHL (CDU 251H)	



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LEAM Drilling Systems LLC

Planning Report



EDM 5000.1 Single User Db Local Co-ordinate Reference: Well 251H Database: DEVON ENERGY Company: TVD Reference: Cactus 126: 3444.1' GL + 25' RKB @ 3469.10usft (Original Well Elev) Eddy County, NM (NAD-83) Project: MD Reference: Cactus 126: 3444.1' GL + 25' RKB @ 3469.10usft (Original Well Elev) Site: Cotton Draw Unit North Reference: Grid 251H Minimum Curvature Well: Survey Calculation Method: Wellbore: 251H OH Plan #1 Design: Planned Survey

Measured			Vertical			Vertical	Dogleg	Build	Turn
Depth (usft)	Inclination (°)	Azimuth (°)	Depth (usft)	+N/-S (usft)	+E/-W (usft)	Section (usft)	Rate (°/100usft)	Rate (°/100usft)	Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0,00	0.00
SHL (CDU 2									
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
200.00	0.00	0.00	200.00		0,00	0.00	0.00	0.00	0.00
	0.00	0.00	300.00	0.00 0.00	0,00	0.00		0.00	
300.00							0.00		0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00
724.00	0.00	0.00	724.00	0.00	0.00	0.00	0.00	0.00	0.00
Rustler									
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00
1,000.00	0.00	0.00	1,050.00	0.00	0.00	0.00	0.00	0.00	0.00
1,050.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00
Salado									
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00
1,139.00	0.00	0.00	1,139.00	0.00	0.00	0.00	0.00	0.00	0.00
Top Salt									
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0,00	0.00	0.00	0.00
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	0.00	0.00
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00
1,600.00	0.00	0.00	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00
1,700.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00	0.00	0.00
1,800.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	0.00	0.00
1,900.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00	0.00	0.00
2,000.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00
2,100.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00
2,200.00	0.00	0.00	2,200.00	0.00	0.00	0.00	0.00	0.00	0.00
2,300.00	0.00	0.00	2,300.00	0.00	0.00	0.00	0.00	0.00	0.00
2,400.00	0.00	0.00	2,400.00	0.00	0.00	0.00	0.00	0.00	0.00
2,500.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	0.00	0.00
2,600.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00	0.00	0.00
2,700.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	0.00	0.00
2,800.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00
2,900.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00	0.00	0.00
3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00
3,100.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00	0.00	0.00
3,200.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00	0.00	0.00
3,300.00	0.00	0.00	3,300.00	0.00	0.00	0.00	0.00	0.00	0.00
3.400.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00	0.00	0.00
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00
3,600.00	0.00	0.00	3,600.00	0.00	0.00	0.00	0.00	0.00	0.00
3,700.00	0.00	0.00	3,700.00	0.00	0.00	0.00	0.00	0.00	0.00
3,800.00	0.00	0.00	3,800.00	0.00	0.00	0.00	0.00	0.00	0.00
3,900.00	0.00	0.00	3,900.00	0.00	0.00	0.00	0.00	0.00	0.00
4,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00
4,100.00	0.00	0.00	4,100.00	0.00	0.00	0.00	0.00	0.00	0.00
						0.00	A 44	0.00	0.00
4,200.00	0.00	0.00	4,200.00	0.00	0.00	0.00	0.00	0.00	0.00

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LEAM Drilling Systems LLC

Planning Report



Database: Company:	EDM 5000.1 Single User Db DEVON ENERGY	Local Co-ordinate Reference: TVD Reference:	Well 251H Cactus 126: 3444.1' GL + 25' RKB @
Project:	Eddy County, NM (NAD-83)	MD Reference:	3469.10usft (Original Well Elev) Cactus 126: 3444.1' GL + 25' RKB @ 3469.10usft (Original Well Elev)
Site:	Cotton Draw Unit	North Reference:	Grid
Well:	251H	Survey Calculation Method:	Minimum Curvature
Wellbore:	251H OH		
Design:	Plan #1		
Planned Survey			

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
Base Salt									
4,300.00	0.00	0.00	4,300.00	0.00	0.00	0.00	0.00	0.00	0.00
4,400.00	0.00	0.00	4,400.00	0.00	0.00	0.00	0.00	0.00	0.00
4,437.00	0.00	0.00	4,437.00	0.00	0.00	0.00	0.00	0.00	0.00
Delaware									
4,458.00	0.00	0.00	4,458.00	0.00	0.00	0.00	0.00	0.00	0.00
Bell Canyon			.,		0.02	0.00	0.00	0.00	
4,500,00	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00	0.00	0.00
4,600.00	0.00	0.00	4,600.00	0.00	0.00	0.00	0.00	0.00	0.00
4,700.00	0.00	0.00	4,700.00	0.00	0.00	0.00	0.00	0.00	0.00
4,800.00	0.00	0.00	4,800.00	0.00	0.00	0.00	0.00	0.00	0.00
4,900.00	0.00	0.00	4,900.00	0.00	0.00	0.00	0.00	0.00	0.00
5,000.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00
5,100.00	0.00	0.00	5,100.00	0.00	0.00	0.00	0.00	0.00	0.00
5,200.00	0.00	0.00	5,200.00	0.00	0.00	0.00	0.00	0.00	0.00
5,300.00	0.00	0.00	5,300.00	0.00	0.00	0.00	0.00	0.00	0.00
5,400.00	0.00	0.00	5,400.00	0.00	0.00	0.00	0.00	0.00	0.00
Cherry Cany									
5,500.00	0.00	0.00	5,500.00	0.00	0.00	0.00	0.00	0.00	0.00
5,600.00	0.00	0.00	5,600.00	0.00	0.00	0.00	0.00	0.00	0.00
5,700.00	0.00	0.00	5,700.00	0.00	0.00	0.00	0.00	0.00	0.00
5,800.00	0.00	0.00	5,800.00	0.00	0.00	0.00	0.00	0.00	0.00
5,900.00	0.00	0.00	5,900.00	0.00	0.00	0.00	0.00	0.00	0.00
6,000.00	0.00	0.00	6,000.00	0.00	0.00	0.00	0.00	0.00	0.00
6,100.00	0.00	0.00	6,100.00	0.00	0.00	0.00	0.00	0.00	0.00
6,200.00	0.00	0.00	6,200.00	0.00	0.00	0.00	0.00	0.00	0.00
6,300.00	0.00	. 0.00	6,200.00	0.00	0.00	0.00	0.00	0.00	0.00
6,400.00	0.00	0.00	6,400.00	0.00	0.00	0.00	0.00	0.00	0.00
6,500.00	0.00	0.00	6,500.00	0.00	0.00	0.00	0.00	0.00	0.00
6,600.00	0.00	0.00	6,600.00	0.00	0.00	0.00	0.00	0.00	0.00
6,696.00	0.00	0.00	6,696.00	0.00	0.00	0.00	· 0.00	0.00	0.00
Brushy Cany		0.00	6 700 00	0.00	0.00	0.00	0.00	0.00	0.00
6,700.00	0.00	0.00	6,700.00	0.00	0.00	0.00	0.00	0.00	0.00
6,800.00	0.00	0.00	6,800.00	0.00	0.00	0.00	0.00	0.00	0.00
6,900.00	0.00	0.00	6,900.00	0.00	0.00	0.00	0.00	0.00	0.00
7,000.00	0.00	0.00	7,000.00	0.00	0.00	0.00	0.00	0.00	0.00
7,100.00	0.00	0.00	7,100.00	0.00	0.00	0.00	0.00	0.00	0.00
7,200.00	0.00	0.00	7,200.00	0.00	0.00	0.00	0.00	0.00	0.00
7,300.00	0.00	0.00	7,300.00	0.00	0.00	0.00	0.00	0.00	0.00
7,400.00	0.00	0.00	7,400.00	0.00	0.00	0.00	0.00	0.00	0.00
7,500.00	0.00	0.00	7,500.00	0.00	0.00	0.00	0.00	0.00	0.00
7,600.00	0.00	0.00	7,600.00	0.00	0.00	0.00	0.00	0.00	0.00
7,700.00	0.00	0.00	7,700.00	0.00	0.00	0.00	0.00	0.00	0.00
7,717.54	0.00	0.00	7,717.54	0.00	0.00	0.00	0.00	0.00	0.00
KOP 12° DLS									
7,725.00	0.90	175.86	7,725.00	-0.06	0.00	0.06	12.00	12.00	0.00
7,750.00	3.90	175.86	7,749.98	-1.10	0.08	1.10	12.00	12.00	0.00
	6.90	175.86	7,774.86	-3.44	0.08		12.00	12.00	0.00
7,775.00 7,800.00	9.90 6.90	175.86	7,7799.59	-3.44 -7.09	0.25	3.45 7.10	12.00	12.00	0.00
7,825.00	12.90	175.86	7,824.10	-12.01	0.87	12.04	12.00	12.00	0.00
7,850.00	15.90	175.86	7,848.31	-18.21	1.32	18.26	12.00	12.00	0.00

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LEAM Drilling Systems LLC

Planning Report

Well 251H

Grid

Minimum Curvature

Cactus 126: 3444.1' GL + 25' RKB @ 3469.10usft (Original Well Elev)

Cactus 126: 3444.1' GL + 25' RKB @ 3469.10usft (Original Well Elev)



EDM 5000.1 Single User Db Database: Local Co-ordinate Reference: DEVON ENERGY TVD Reference: Company: Eddy County, NM (NAD-83) Project: MD Reference: Site: Cotton Draw Unit North Reference: 251H Well: Survey Calculation Method: Wellbore: 251H OH Design: Plan #1

Planned Survey

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Measured Depth	Inclination	Azimuth	Vertical Depth	+N/-S	+E/-W	Vertical Section	Dogleg Rate	Build Rate	Turn Rate
(usft)	inclination (°)	Azimuth (°)	(usft)	+n/-S (usft)	+E/-W (usft)	(usft)	rate (°/100usft)	(°/100usft)	(°/100usft)
7,875.00	18.90	175.86	7,872.16	-25.66	1.86	25.73	12.00	12.00	0.00
7,900.00	21.90	175.86	7,895.59	-34.35	2.49	34.44	12.00	12.00	0.00
7,925.00	24.90	175.86	7,918.53	-44.25	3.21	44.37	12.00	12.00	0.00
7,950.00	27.90	175.86	7,940.92	-55.34	4.01	55.48	12.00	12.00	0.00
7,975.00	30.90	175.86	7,962.70	-67.57	4.90	67.75	12.00	12.00	0.00
8,000.00	33,90	175.86	7,983.81	-80.93	5.86	81,14	12.00	12.00	. 0.00
8,025.00	36,90	175.86	8,004.19	-95.37	6.91	95.62	12.00	12.00	0.00
8,050.00	39.90	175.86	8,023.78	-110.86	8.03	111.15	12.00	12.00	0.00
8,075.00	42.90	175.86	8,042.53	-127.34	9.23	127,68	12.00	12.00	0.00
8,100.00	45.90	175.86	8,060.39	-144.79	10.49	145.17	12.00	12.00	0.00
8,125.00	48.90	175.86	8,077.31	-163.14	11.82	163.56	12.00	12.00	0.00
8,150.00	51.90	175.86	8,093.25	-182.35	13.21	182.82	12.00	12.00	0.00
8,175.00	54.90	175.86	8,108.15	-202.36	14.66	202.89	12.00	12.00	0.00
8,200.00	57.90	175.86	8,121.99	-223.13	16.17	223.71	12.00	12.00	0.00
8,225.00	60.90	175.86	8,134.71	-244.58	17.72	245.23	12.00	12.00	0.00
8,250.00	63.90	175.86	8,146.30	-266.68	19.33	267.38	12.00	12.00	0.00
8,275.00	66.90	175.86	8,156.70	-289.35	20.97	290.11	12.00	12.00	0.00
8,300.00	69.90	175.86	8,165.91	-312.53	22.65	313.35	12.00	12.00	0.00
8,325.00	72.90	175.86	8,173.88	-336.16	24.36	337.04	12.00	12.00	0.00
8,350.00	75.90	175.86	8,180.61	-360.17	26.10	361.11	12.00	12.00	0.00
8,375.00	78.90	175.86	8,186.06	-384.50	27.86	385.51	12.00	12.00	0.00
8,400.00	81.90	175.86	8,190.23	-409.08	29.64	410.15	12.00	12.00	0.00
8,425.00	84.90	175.86	8,193.11	-433.85	31.44	434.99	12.00	12.00	0.00
8,450.00	87.90	175.86	8,194.68	-458.73	33.24	459.93	12.00	12.00	0.00
8,467.54	90.00	175.86	8,195.00	-476.22	34.51	477.46	12.00	12.00	0.00
LP									
8,500.00	90.00	175.86	8,195.00	-508.60	36.86	509,93	0.00	0.00	0.00
8,600.00	90.00	175.86	8,195.00	-608.33	44.08	609.93	0.00	0.00	0.00
8,700.00	90.00	1 75.86	8,195.00	-708.07	51.31	709.93	0.00	0.00	0.00
8,800.00	90.00	175.86	8,195.00	-807.81	58.54	809.93	0.00	0.00	0.00
8,900.00	90.00	175.86	8,195.00	-907.55	65.77	909.93	0.00	0.00	0.00
9,000.00	90.00	175.86	8,195.00	-1,007.29	73.00	1,009.93	0.00	0.00	0.00
9,100.00	90.00	175.86	8,195.00	-1,107.03	80.22	1,109.93	0.00	0.00	0.00
9,200.00	90.00	175.86	8,195.00	-1,206.77	87.45	1,209.93	0.00	0.00	0.00
9,300.00	90.00	175.86	8,195.00	-1,306.50	94.68	1,309.93	0.00	0.00	0.00
9,400.00	90.00	175.86	8,195.00	-1,406.24	101.91	1,409.93	0.00	0.00	0.00
9,500.00	90.00	175.86	8,195.00	-1,505.98	109.13	1,509.93	0.00	0.00	0.00
9,600.00	90.00	175.86	8,195.00	-1,605.72	116.36	1,609.93	0.00	0.00	0.00
9,700.00	90.00	175.86	8,195.00	-1,705.46	123.59	1,709.93	0.00	0.00	0.00
9,800.00	90.00	175.86	8,195.00	-1,805.20	130.82	1,809.93	0.00	0.00	0.00
9,900.00	90.00	175.86	8,195.00	-1,904.93	138.05	1,909.93	0.00	0.00	0.00
10,000.00	90.00	175.86	8,195.00	-2,004.67	145.27	2,009.93	0.00	0.00	0.00
10,100.00	90.00	175.86	8,195.00	-2,104.41	152.50	2,109.93	0.00	0.00	0.00
10,200.00	90.00	175.86	8,195.00	-2,204.15	159.73	2,209.93	0.00	0.00	0.00
10,300.00	90.00	175.86	8,195.00	-2,303.89	166.96	2,309.93	0.00	0.00	0.00
10,400.00	90.00	175.86	8,195.00	-2,403.63	174.18	2,409.93	0.00	0.00	0.00
10,500.00	90.00	175.86	8,195.00	-2,503.37	181.41	2,509.93	0.00	0.00	0.00
10,600.00	90.00	175.86	8,195.00	-2,603.10	188.64	2,609.93	0.00	0.00	0.00
10,700.00	90.00	175.86	8,195.00	-2,702.84	195.87	2,709.93	0.00	0.00	0.00
10,800.00	90.00	175.86	8,195.00	-2,802.58	203.09	2,809.93	0.00	0.00	0.00
10,900.00	90.00	175.86	8,195.00	-2,902.32	210.32	2,909.93	0.00	0.00	0.00
11,000.00	90.00	175.86	8,195.00	-3,002.06	217.55	3,009.93	0.00	0.00	0.00

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LEAM Drilling Systems LLC

Planning Report



EDM 5000.1 Single User Db Local Co-ordinate Reference: Well 251H Database: DEVON ENERGY Company: TVD Reference: Cactus 126: 3444.1' GL + 25' RKB @ 3469.10usft (Original Well Elev) Eddy County, NM (NAD-83) Project: MD Reference: Cactus 126: 3444.1' GL + 25' RKB @ 3469.10usft (Original Well Elev) Cotton Draw Unit Site: North Reference: Grid Well: 251H Minimum Curvature Survey Calculation Method: 251H OH Wellbore: Plan #1 Design: Planned Survey

Measured			Vertical			Vertical	Dogleg	Build	Turn
Depth	Inclination	Azimuth	Depth	+N/-S	+E/-W	Section	Rate	Rate	Rate
(usft)	(°)	(°)	(usft)	(usft)	(usft)	(usft)	(°/100usft)	(°/100usft)	(°/100usft)
11,100.00	90.00	175.86	8,195.00	-3,101.80	224.78	3,109.93	0.00	0.00	0.00
11,200.00	90.00	175.86	8,195.00	-3,201.53	232.01	3,209.93	0.00	0.00	0.00
11,300.00	90.00	175.86	8,195.00	-3,301,27	239.23	3,309.93	0.00	0.00	0.00
11,400.00	90.00	175,86	8,195.00	-3,401.01	246.46	3,409.93	0.00	0.00	0.00
11,500.00	90.00	175.86	8,195.00	-3,500.75	253.69	3,509.93	0.00	0.00	0.00
11,600.00	90.00	175.86	8,195.00	-3,600.49	260.92	3,609.93	0.00	0.00	0.00
11,700.00	90.00	175.86	8,195.00	-3,700.23	268.14	3,709.93	0.00	0.00	0.00
11,800.00	90.00	175.86	8,195.00	-3,799.97	275.37	3,809.93	0.00	0.00	0.00
11,900.00	90.00	175.86	8,195.00	-3,899.70	282.60	3,909.93	0.00	0.00	0.00
12,000.00	90.00	175.86	8,195.00	-3,999.44	289.83	4,009.93	0.00	0.00	0.00
12,100.00	90.00	175.86	8,195.00	-4,099.18	297.06	4,109.93	0.00	0.00	0.00
12,200.00	9 0.00	175.86	8,195.00	-4,198.92	304.28	4,209.93	0.00	0.00	0.00
12,300.00	90.00	175.86	8,195.00	-4,298.66	311.51	4,309.93	0.00	0.00	0.00
12,400.00	90.00	175.86	8,195.00	-4,398.40	318,74	4,409.93	0.00	0.00	0.00
12,500.00	90.00	175.86	8,195.00	-4,498.13	325.97	4,509.93	0.00	0.00	0.00
12,600.00	90.00	175.86	8,195.00	-4,597.87	333.19	4,609.93	0.00	0.00	0.00
12,700.00	90.00	175.86	8,195.00	-4,697.61	340.42	4,709.93	0.00	0.00	0.00
12,800.00	90.00	175.86	8,195.00	-4,797.35	347.65	4,809.93	0.00	0.00	0.00
12,822.55	90.00	175.86	8,195.00	-4,819.84	349.28	4,832.48	0.00	0.00	0.00

Design Targets									
Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
SHL (CDU 251H) - plan hits target cer - Point	0.00 hter	0.00	0.00	. 0.00	0.00	419,481.68	731,879.34	32° 9' 6.249 N	103° 43' 3.532 W
PBHL (CDU 251H) - plan hits target cer - Point	0.00 hter	0.00	8,195.00	-4,819.84	349.28	414,661.84	732,228.62	32° 8' 18.534 N	103° 42' 59.790 W

Formations

Measured Depth (usft)	Vertical Depth (usft)	Name	Dip Dip Direction Lithology (°) (°)
724.00	724.00	Rustler	0.00
1,050.00	1,050.00	Salado	0.00
1,139.00	1,139.00	Top Salt	0.00
4,219.00	4,219.00	Base Salt	0.00
4,437.00	4,437.00	Delaware	0.00
4,458.00	4,458.00	Bell Canyon	0.00
5,400.00	5,400.00	Cherry Canyon	0.00
6,696.00	6,696.00	Brushy Canyon	0.00



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LEAM Drilling Systems LLC

Planning Report

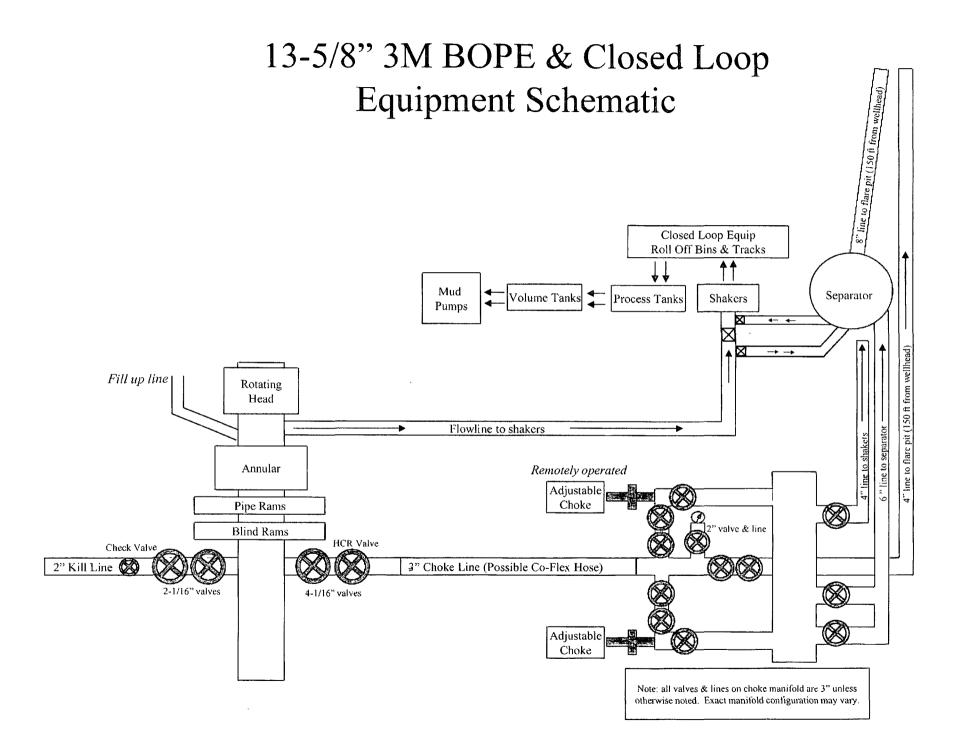


Plan Annotation	S		
Design:	Plan #1		
Nellbore:	251H OH		
Nell:	251H	Survey Calculation Method:	Minimum Curvature
Site:	Cotton Draw Unit	North Reference:	Grid
Project:	Eddy County, NM (NAD-83)	MD Reference:	Cactus 126: 3444.1' GL + 25' RKB @ 3469.10usft (Original Well Elev)
Company:	DEVON ENERGY	TVD Reference:	Cactus 126: 3444.1' GL + 25' RKB @ 3469.10usft (Original Well Elev)
Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well 251H

Measured	Vertical	Local Coor	dinates	
Depth (usft)	Depth (usft)	+N/-S (usft)	+E/-W (usft)	Comment
7,717.54	7,717.54	0.00	0.00	KOP 12° DLS
8,467.54	8,195.00	-476.22	34.51	LP
12,822.55	8,195.00	-4,819.84	349.28	TD

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NOTES REGARDING BLOWOUT PREVENTERS

Devon Energy Production Company, L.P. Cotton Draw Unit 251H

- 1. Drilling Nipple will be constructed so it can be removed mechanically without the aid of a welder. The minimum internal diameter will equal BOP bore.
- 2. Wear ring will be properly installed in head.
- 3. Blowout preventer and all associated filings will be in operable condition to withstand a minimum of 3000psi working pressure.
- 4. All fittings will be flanged.
- 5. A fill bore safety valve tested to a minimum of 3000psi WP with proper thread connections will be available on the rotary rig floor at all times.
- 6. All choke lines will be anchored to prevent movement.
- 7. All BOP equipment will be equal to or larger in bore than the internal diameter of the last casing string.
- 8. Will maintain a kelly cock attached to the kelly.
- 9. Hand wheels and wrenches will be properly installed and tested for safe operation.
- 10. Hydraulic floor control for blowout preventer will be located as near in proximity to driller's controls as possible.
- 11. All BOP equipment will meet API standards and include a minimum 40 gallon accumulator having two independent means of power to initiate closing operation.

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Fluid Technology

ContiTech Beattie Corp. Website: <u>www.contitechbeattie.com</u>

Monday, June 14, 2010

RE: Drilling & Production Hoses Lifting & Safety Equipment

To Helmerich & Payne,

A Continental ContiTech hose assembly can perform as intended and suitable for the application regardless of whether the hose is secured or unsecured in its configuration. As a manufacturer of High Pressure Hose Assemblies for use In Drilling & Production, we do offer the corresponding lifting and safety equipment, this has the added benefit of easing the lifting and handling of each hose assembly whilst affording hose longevity by ensuring correct handling methods and procedures as well as securing the hose in the unlikely event of a failure; but in no way does the lifting and safety equipment affect the performance of the hoses providing the hose handled and installed correctly it is good practice to use lifting & safety equipment but not mandatory

Should you have any questions or require any additional information/darifications then please do not hesitate to contact us.

ContiTech Beattie is part of the Continental AG Corporation and can offer the full support resources associated with a global organization.

Best regards,

Robin Hodgson Sales Manager ContiTech Beattie Corp

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QUALITY DOCUMENT

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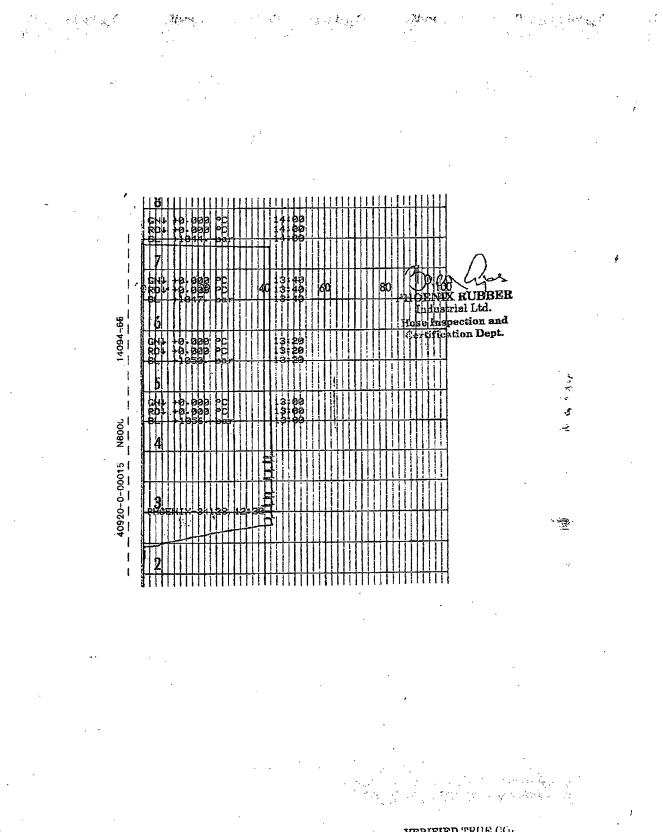
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PHOENIX RUBBER

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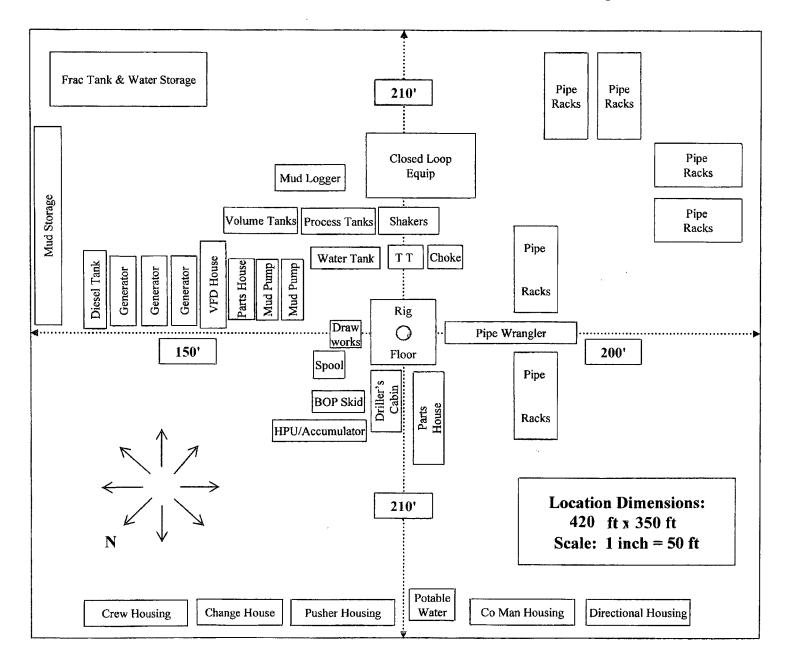
6728 Szeged, Budapest II: 10. Hungary • H-6701 Szegéd, P. O. Box 152 hone: (3662) 556-737 • Fax: (3662) 556-738
SALES & MARKETING: H-1052 Budapest, Rádayu, 42.44, Hungary • H-1440 Budapest, P. O. Box 26 Phone: (361) 455-4200 • Fax: (361) 217-2972, 456-4273 • www.taurusemerge.hu

PURCHASER:	Phoenix B	eattie Co.		P.O. Nº-	1519	FA-871	
PHOENIX RUBBER order N	p- 170466	HOSE TYPE:	3" ID	Cho	ke and Kill	Hose	
HOSE SERIAL Nº	34128	NOMINAL / ACT	UAL LENGTH	:	11,43 m		
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Pressure test with water at ambient temperature	•	<u></u>		· · ·			
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		COUPLING		· . ·			<u>ند .</u>
		COUPLING		Quality		Heat N°	<u>ہیہ ہے۔</u>
→ 10 mm = 25 Mi Type 3" coupling with	Pa , , , , , , , , , , , , , , , , , , ,		A	ISI 4130		C7626	<u></u>
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→ 10 mm = 25 Mi Type 3" coupling with	Pa , , , , , , , , , , , , , , , , , , ,	Serial N°	A	ISI 4130		C7626	<u></u>
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→ 10 mm = 25 Mi Type 3" coupling with 4 1/16" Flange en All metal parts are flawless WE CERTIFY THAT THE ABO	Pa , /	Serial N° 720 719	A A API Spec 1 Temperatur	ISI 4130 ISI 4130 6 C re rate:"B		C7626 47357	RA
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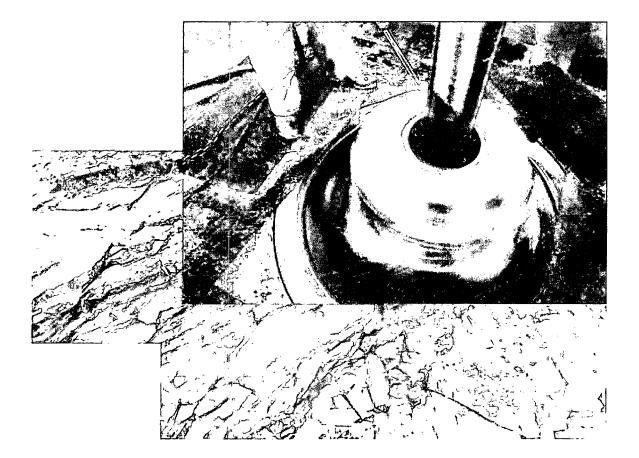
H&P Flex Rig Location Layout



devon

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Commitment Runs Deep



Design Plan Operation and Maintenance Plan Closure Plan

SENM - Closed Loop Systems June 2010

I. Design Plan

Devon uses MI SWACO closed loop system (CLS). The MI SWACO CLS is designed to maintain drill solids at or below 5%. The equipment is arranged to progressively remove solids from the largest to the smallest size. Drilling fluids can thus be reused and savings is realized on mud and disposal costs. Dewatering may be required with the centrifuges to insure removal of ultra fine solids.

The drilling location is constructed to allow storm water to flow to a central sump normally the cellar. This insures no contamination leaves the drilling pad in the event of a spill. Storm water is reused in the mud system or stored in a reserve fluid tank farm until it can be reused. All lubricants, oils, or chemicals are removed immediately from the ground to prevent the contamination of storm water. An oil trap is normally installed on the sump if an oil spill occurs during a storm.

A tank farm is utilized to store drilling fluids including fresh water and brine fluids. The tank farm is constructed on a 20 ml plastic lined, bermed pad to prevent the contamination of the drilling site during a spill. Fluids from other sites may be stored in these tanks for processing by the solids control equipment and reused in the mud system. At the end of the well the fluids are transported from the tank farm to an adjoining well or to the next well for the rig.

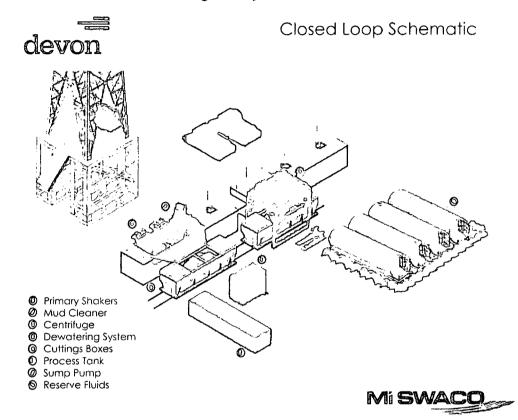
Prior to installing a closed-loop system on site, the topsoil, if present, will be stripped and stockpiled for use as the final cover or fill at the time of closure.

Signs will be posted on the fence surrounding the closed-loop system unless the closed-loop system is located on a site where there is an existing well, that is operated by Devon.

II. Operations and Maintenance Plan

Primary Shakers: The primary shakers make the first removal of drill solids from the drilling mud as it leaves the well bore. The shakers are sized to handle maximum drilling rate at optimal screen size. The shakers normally remove solids down to 74 microns.

Mud Cleaner: The Mud Cleaner cleans the fluid after it leaves the shakers. A set of hydrocyclones are sized to handle 1.25 to 1.5 times the maximum circulating rate. This ensures all the fluid is being processed to an average cut point of 25 microns. The wet discharged is dewatered on a shaker equipped with ultra fine mesh screens and generally cut at 40 microns.



Centrifuges: The centrifuges can be one or two in number depending on the well geometry or depth of well. The centrifuges are sized to maintain low gravity solids at 5% or below. They may or may not need a dewatering system to enhance the removal rates. The centrifuges can make a cut point of 8-10 microns depending on bowl speed, feed rate, solids loading and other factors.

The centrifuge system is designed to work on the active system and be flexible to process incoming fluids from other locations. This set-up is also dependant on well factors.

Dewatering System: The dewatering system is a chemical mixing and dosing system designed to enhance the solids removal of the centrifuge. Not commonly used in shallow wells. It may contain pH adjustment, coagulant mixing and dosing, and polymer mixing and dosing. Chemical flocculation binds ultra fine solids into a mass that is within the centrifuge operating design. The

dewatering system improves the centrifuge cut point to infinity or allows for the return of clear water or brine fluid. This ability allows for the ultimate control of low gravity solids.

Cuttings Boxes: Cuttings boxes are utilized to capture drill solids that are discarded from the solids control equipment. These boxes are set upon a rail system that allows for the removal and replacement of a full box of cuttings with an empty one. They are equipped with a cover that insures no product is spilled into the environment during the transportation phase.

Process Tank: (Optional) The process tank allows for the holding and process of fluids that are being transferred into the mud system. Additionally, during times of lost circulation the process tank may hold active fluids that are removed for additional treatment. It can further be used as a mixing tank during well control conditions.

Sump and Sump Pump: The sump is used to collect storm water and the pump is used to transfer this fluid to the active system or to the tank for to hold in reserve. It can also be used to collect fluids that may escape during spills. The location contains drainage ditches that allow the location fluids to drain to the sump.

Reserve Fluids (Tank Farm): A series of frac tanks are used to replace the reserve pit. These are steel tanks that are equipped with a manifold system and a transfer pump. These tanks can contain any number of fluids used during the drilling process. These can include fresh water, cut brine, and saturated salt fluid. The fluid can be from the active well or reclaimed fluid from other locations. A 20 ml liner and berm system is employed to ensure the fluids do not migrate to the environment during a spill.

If a leak develops, the appropriate division district office will be notified within 48 hours of the discovery and the leak will be addressed. Spill prevention is accomplished by maintaining pump packing, hoses, and pipe fittings to insure no leaks are occurring. During an upset condition the source of the spill is isolated and repaired as soon as it is discovered. Free liquid is removed by a diaphragm pump and returned to the mud system. Loose topsoil may be used to stabilize the spill and the contaminated soil is excavated and placed in the cuttings boxes. After the well is finished and the rig has moved, the entire location is scrapped and testing will be performed to determine if a release has occurred.

All trash is kept in a wire mesh enclosure and removed to an approved landfill when full. All spent motor oils are kept in separate containers and they are removed and sent to an approved recycling center. Any spilled lubricants, pipe dope, or regulated chemicals are removed from soil and sent to landfills approved for these products.

These operations are monitored by Mi Swaco service technicians. Daily logs are maintained to ensure optimal equipment operation and maintenance. Screen and chemical use is logged to maintain inventory control. Fluid properties are monitored and recorded and drilling mud volumes are accounted for in the mud storage farm. This data is kept for end of well review to insure performance goals are met. Lessons learned are logged and used to help with continuous improvement.

A MI SWACO field supervisor manages from 3-5 wells. They are responsible for training personnel, supervising installations, and inspecting sites for compliance of MI SWACO safety and operational policy.

III. Closure Plan

A maximum 340' X 340' caliche pad is built per well. All of the trucks and steel tanks fit on this pad. All fluid cuttings go to the steel tanks to be hauled by various trucking companies to an agency approved disposal.