

DEC 12 2011

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**SURFACE USE PLAN**

Devon Energy Production Company, LP

**Ichabod 7 Federal 2H**

Surface Location: 380' FNL & 1336' FEL, Unit B, Sec 7 T26S R34E, Lea, NM  
Bottom hole Location: 330' FSL & 1386' FEL, Unit O, Sec 7 T26S R34E, Lea, NM

**1. Existing Roads:**

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by Madron Surveying Inc.
- b. All roads into the location are depicted on the surveyor plats.
- c. Directions to Location: From County Rd. #1 (Orla Rd. – paved) and County Rd. #2 (Battle Axe Rd. – caliche) Go east on Battle Axe Rd. approximately 11.9 miles where road bend north and continue east on caliche road 2.4 miles, location is on right (south) 330'.
- d. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.
- e. If existing road is shared with other operators, Devon will share in its cost to maintain the road as required by the BLM.

**2. New or Reconstructed Access Roads:**

- a. The well site layout, Form C-102 shows approximately 154' of new access road will be constructed as follows:
- b. The maximum width of the road will be 14'. It will be crowned and made of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.
- c. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 2%.
- d. No cattle guards, grates or fence cuts will be required. No turnouts are planned.

**3. Location of Existing Wells:**

1 Mile Radius Plat shows all existing and proposed wells within a one-mile radius of the proposed location. See attached plat.

**4. Location of Existing and/or Proposed Production Facilities:**

- a. In the event the well is found productive, the Ichabod 7 Federal 2H would need a tank battery and the necessary production equipment will be installed at the well site.
- b. If necessary, the well will be operated by means of an electric prime mover and the electric power poles would be set along side of the access road. If said power poles are needed, a plat and a sundry notice will be filed with your office.
- c. All flowlines will adhere to API standards.
- d. If the well is productive, rehabilitation plans are as follows:
  - i. A closed loop system will be utilized.
  - ii. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

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**4. Location and Types of Water Supply:**

This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in the C-102. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, proper authorizations will be secured. If a poly pipeline is used, the size, distance, and map showing route will be provided to the BLM via sundry notice.

**5. Construction Materials:**

The caliche utilized for the drilling pad and proposed access road will be from minerals that are located onsite or will be used onsite. If minerals are not available onsite, then an established mineral pit will be used to build the location and stem road.

**6. Methods of Handling Waste Material:**

- a. Drill cuttings will be disposed of in a closed loop system.
- b. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary landfill.
- c. The supplier, including broken sacks, will pick up salts remaining after completion of well.
- d. A Porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- e. Remaining drilling fluids will be sent to a closed loop system. Water produced during completion will be put into a closed loop system. Oil and condensate produced will be put into a storage tank and sold.
- f. Disposal of fluids to be transported by the following companies:
  - i. American Production Service Inc, Odessa TX
  - ii. Gandy Corporation, Lovington NM
  - iii. I & W Inc, Loco Hill NM
  - iv. Jims Water Service of Co Inc, Denver CO

**7. Ancillary Facilities:** No campsite or other facilities will be constructed as a result of this well.

**8. Well Site Layout**

- a. The rig layout diagram shows the proposed well site layout with dimensions of the pad layout.
- b. This exhibit indicated proposed location of reserve and sump pits and living facilities.
- c. A closed loop system will be utilized.
- d. If a pit or closed loop system will be utilized, Devon will comply with the NMOCD requirements 19.15.17 and submit form C-144 CLEZ to the appropriate NMOCD District Office. An unapproved copy is provided within the APD.
- e. Topsoil Stockpiling:
  - i. Standard practice is topsoil will be pushed to the high side of location to prevent water from running across location to control erosion. If a cut out is done and there are two or three high sides, we will use those there.

**9. Plans for Surface Reclamation Include Both Final & Interim:**

- a. After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and used for other drilling locations, repair existing roads, repair existing locations, etc. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography. We will use a closed loop system.
- b. The location and road will be rehabilitated as recommended by the BLM.
- c. If the well is deemed commercially productive, caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography.
- d. All disturbed areas not needed for active support of production operations will undergo interim reclamation. The portions of the cleared well site not needed for operational and safety purposes will be recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Topsoil will be respread over areas not needed for all-weather operations.

**10. Surface Ownership**

- a. The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.
- b. The proposed road routes and the surface location will be restored as directed by the BLM.

**11. Other Information:**

- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, sagebush, yucca and miscellaneous weeds. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 mile of location.
- d. A Cultural Resources Examination will be completed by Southern New Mexico Archaeological Services, Inc. and forwarded to the BLM office in Carlsbad, New Mexico.

**13. Bond Coverage:**

Bond Coverage is Nationwide; Bond # is CO-1104

**Operators Representative:**

The Devon Energy Production Company, L.P. representatives responsible for ensuring compliance of the surface use plan are listed below.

Ron Hays  
Operations Engineer

Don Mayberry  
Superintendent

Devon Energy Production Company, L.P.  
20 North Broadway, Suite 1500  
Oklahoma City, OK 73102-8260

Devon Energy Production Company, L.P.  
Post Office Box 250  
Artesia, NM 88211-0250

(405) 552-8150 (office)  
(405) 464-4214 (cell)

(505) 748-0164 (office)  
(505) 748-5235 (cell)

## Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or Devon Energy Production Company, L.P. am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

I hereby also certify that I, or Devon Energy Production Company, L.P. have made a good faith effort to provide the surface owner with a copy of the Surface Use Plan of Operations and any Conditions of Approval that are attached to the APD.

Executed this 4th day of August, 2011.

Printed Name: Spence Laird

Signed Name: 

Position Title: Regulatory Analyst

Address: 20 North Broadway, OKC OK 73102

Telephone: (405)-228-8973

Field Representative (if not above signatory): Don Mayberry (see above)

Address (if different from above):

Telephone (if different from above):

E-mail (optional):

Form NM 8140-9  
(March 2008)

United States Department of the Interior  
Bureau of Land Management  
New Mexico State Office

**Permian Basin Cultural Resource Mitigation Fund**

The company shown below has agreed to contribute funding to the Permian Basin Cultural Resource Fund in lieu of being required to conduct a Class III survey for cultural resources associated with their project. This form verifies that the company has elected to have the Bureau of Land Management (BLM) follow the procedures specified within the Memorandum of Agreement (MOA) concerning improved strategies for managing historic properties within the Permian Basin, New Mexico, for the undertaking rather than the Protocol to meet the agency's Section 106 obligations.

Company Name: Devon Energy Production Co., LP

Address: 20 North Broadway OKC, OK 73102

Project description:

Cultural Resource Inventory for the Ichobad 7 Federal 2H proposed well location and access road.

**Application for Permit to Drill (wells and immediate environment)**

**-\$1,420/well for the pad and a ¼ mile of road**

**-Anything over ¼ mile of road is \$0.17/linear foot**

**-Total arch cost \$1,420.00**

$5,280 = 1 \text{ mile} \Rightarrow \frac{1}{4} = 1,320$

Total access road: 154' - ¼ mile of road included (1320) = 0' over 1320'

$0' \times \$0.17 = \$0.00$

(See above & see well pad topo)

T. 26S, R. 34E, Section 7 NMPM, Lea County, New Mexico

Amount of contribution: \$ 1,420.00

Provisions of the MOA:

A. No new Class III inventories are required of industry within the Project Area for those projects where industry elects to contribute to the mitigation fund.

B. The amount of funds contributed was derived from the rate schedule established within Appendix B of the MOA. The amount of the funding contribution acknowledged on this form reflects those rates.

C. The BLM will utilize the funding to carry out a program of mitigation at high-priority sites whose study is needed to answer key questions identified within the Regional Research Design.

D. Donating to the fund is voluntary. Industry acknowledges that it is aware it has the right to pay for Class III survey rather than contributing to the mitigation fund, and that it must avoid or fund data recovery at those sites already recorded that are eligible for nomination to the National Register or whose eligibility is unknown and that any such payments are independent of the mitigation funds established by this MOA.

E. Previously recorded archeological sites determined eligible for nomination to the National Register or whose eligibility remains undetermined must be avoided or mitigated.

F. If any skeletal remains that might be human or funerary objects are discovered by any activities, the land-use applicant will cease activities in the area of discovery, protect the remains, and notify the BLM within 24 hours. The BLM will determine the appropriate treatment of the remains in consultation with culturally affiliated Indian Tribe(s) and lineal descendents. Applicants will be required to pay for treatment of the cultural items independent and outside of the mitigation fund.

Spence Laird

Company-Authorized Officer

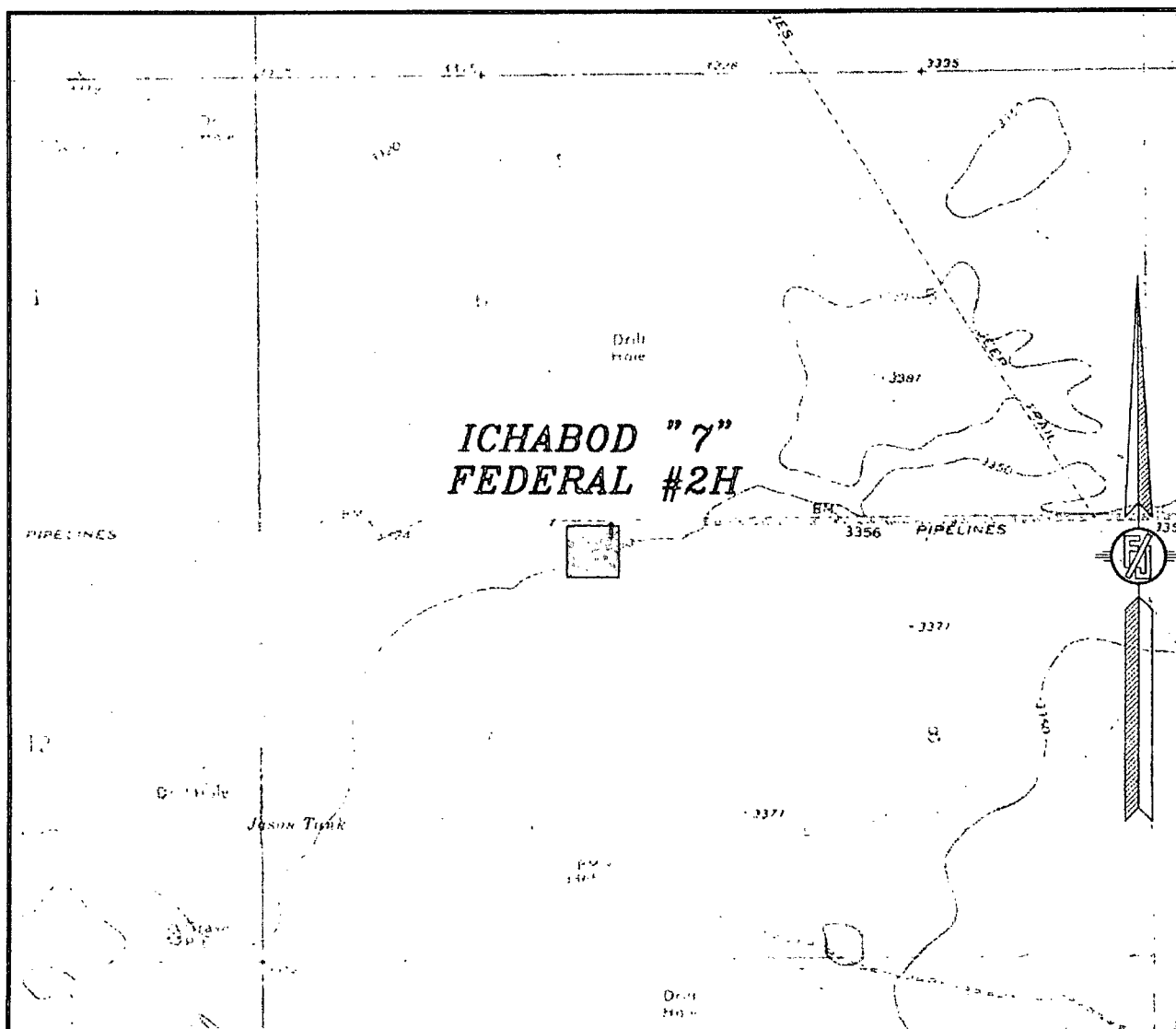
08/4/2011

Date

BLM-Authorized Officer

Date

7, TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.  
LEA COUNTY, STATE OF NEW MEXICO  
LOCATION VERIFICATION MAP



## CONTOUR INTERVAL: PADUCA BREAKS EAST

NOT TO SCALE

DEVON ENERGY PRODUCTION COMPANY, L.P.

ICHABOD "7" FEDERAL #2H

LOCATED 380 FT. FROM THE NORTH LINE

AND 1336 FT. FROM THE EAST LINE OF

SECTION 7, TOWNSHIP 26 SOUTH,

RANGE 34 EAST, N.M.P.M.

LEA COUNTY, STATE OF NEW MEXICO

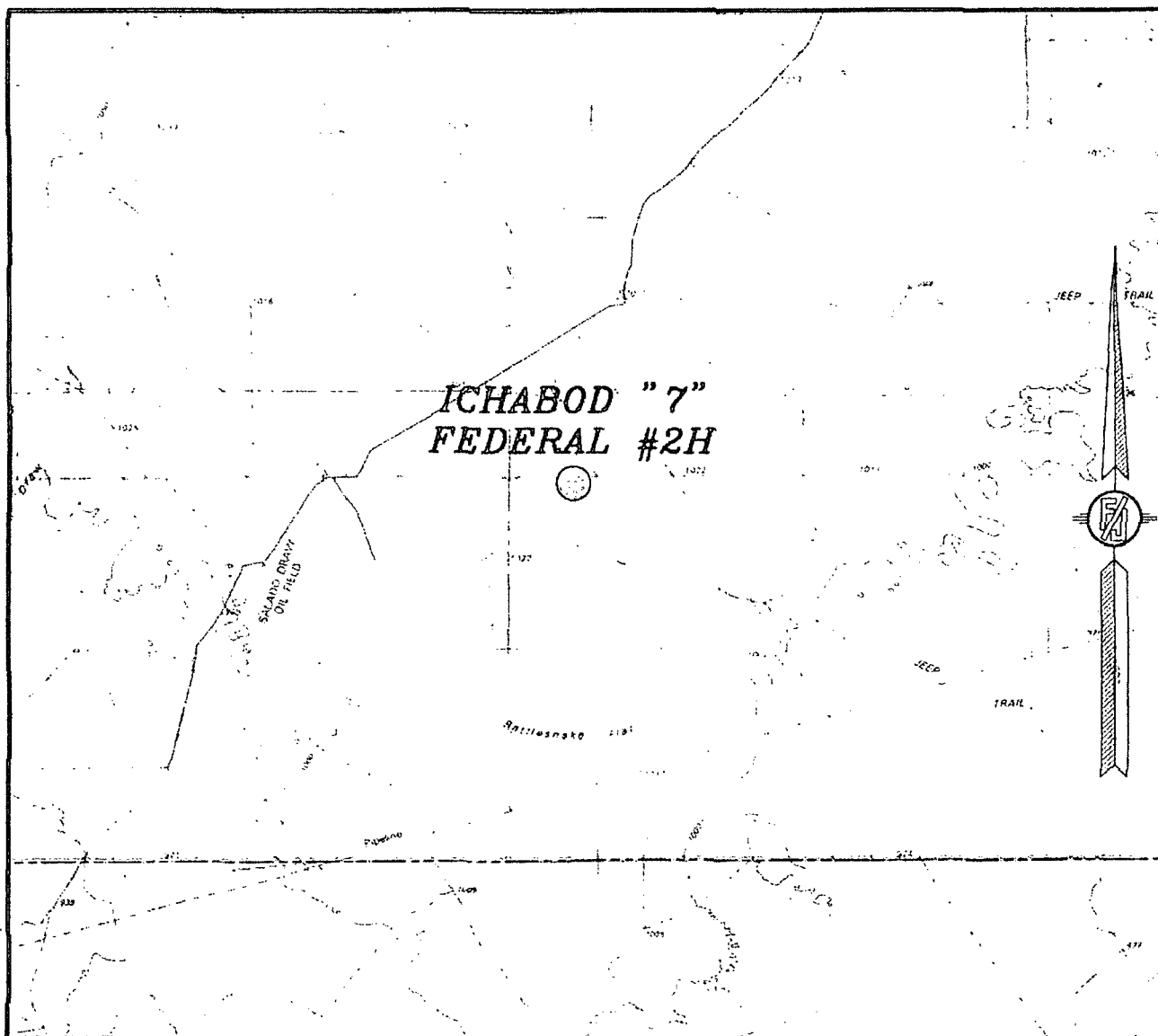
MAY 17, 2011

*SURVEY NO. 471*

MADRON SURVEYING, INC. 361 SOUTH CANAL  
(505) 267-5930 CARLSBAD, NEW MEXICO



SECTION 7, TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.  
LEA COUNTY, STATE OF NEW MEXICO  
VICINITY MAP



NOT TO SCALE

DEVON ENERGY PRODUCTION COMPANY, L.P.

**ICHABOD "7" FEDERAL #2H**

LOCATED 380 FT. FROM THE NORTH LINE  
AND 1336 FT. FROM THE EAST LINE OF  
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RANGE 34 EAST, N.M.P.M.  
LEA COUNTY, STATE OF NEW MEXICO

MAY 17, 2011

SURVEY NO. 471

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO  
(505) 887-0830

DINWIDDIE 1 FEDERAL #1H

Ne Salado Draw (Deep) Unit 1

Estimated Distance to nearest wellbore 2388 ft NE

Fed K 1

SL

1 MILE

Ichabod 7 Federal 2H

Estimated Distance SL to BHL 4583 ft S

Estimated Distance to nearest wellbore 958 ft NE

ICHABOD '7' FEDERAL #1H

BHL

Zysk Fed 1

Gulf-Fed 1

1 MILE

Salado Fed 1

Fed '53' Com 1

FEDERAL '18' #1

Bradley-Fed 19 1

Devon Energy

SE New Mexico

Ichabod 7 Federal 2H

1 MILE RADIUS



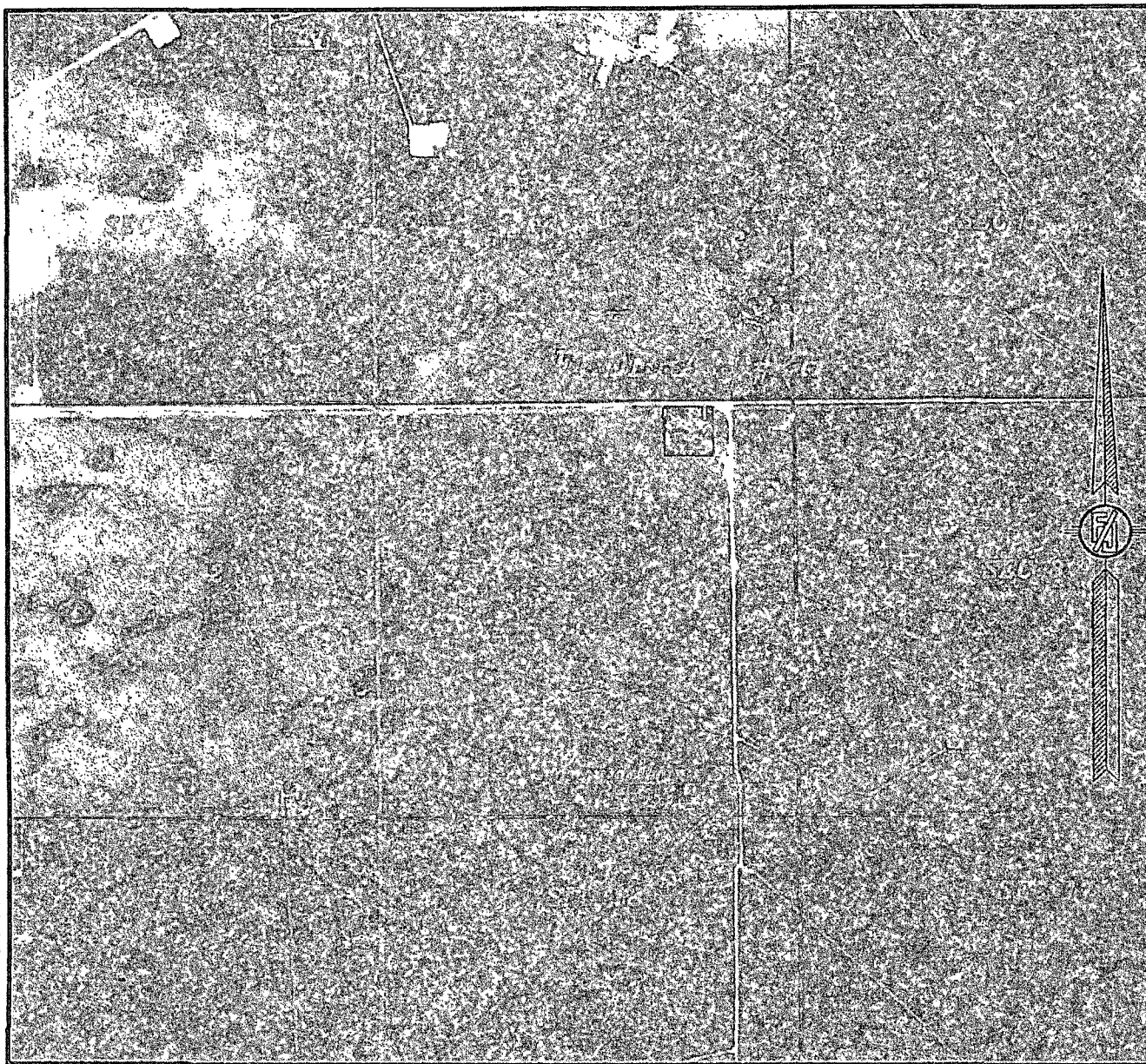
WELL SYMBOLS

Location Only

- Oil Well
- Dry Hole
- ◐ Dry Hole, With Show of Oil
- ◑ Dry Hole, With Show of Gas
- START

June 23, 2011

SECTION 7, TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.  
LEA COUNTY, STATE OF NEW MEXICO  
AERIAL PHOTO



NOT TO SCALE  
AERIAL PHOTO:  
GOOGLE EARTH  
USDA - AUG, 2009

DEVON ENERGY PRODUCTION COMPANY, L.P.

ICHABOD "7" FEDERAL #2H

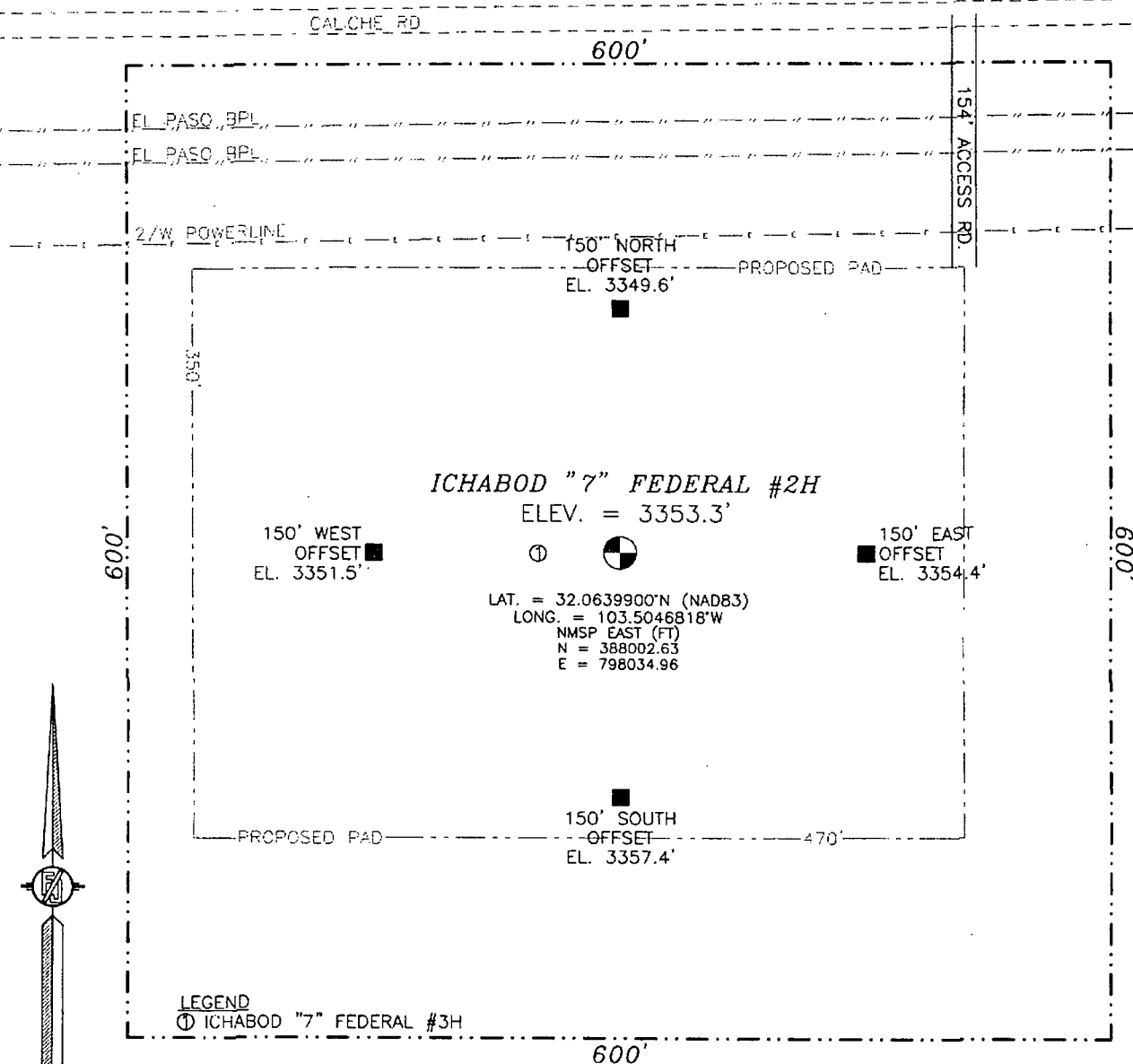
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RANGE 34 EAST, N.M.P.M.  
LEA COUNTY, STATE OF NEW MEXICO

SURVEY NO. 471

MAY 17, 2011

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO  
(575) 857-5830

SECTION 7, TOWNSHIP 26 SOUTH, RANGE 34 EAST, N.M.P.M.  
LEA COUNTY, STATE OF NEW MEXICO



010 50 100 200

SCALE 1" = 100'

DIRECTIONS TO LOCATION

FROM PAVED CR #1 (ORLA ROAD) AND CALICHE CR #2 (BATTLE AXE)  
GO EAST ON BATTLE AXE 11.9 MILES, WHERE ROAD BENDS NORTH  
CONTINUE EAST ON CALICHE ROAD 2.4 MILES, LOCATION IS ON RIGHT  
(SOUTH) 330'.

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ICHABOD "7" FEDERAL #2H

LOCATED 380 FT. FROM THE NORTH LINE

AND 1336 FT. FROM THE EAST LINE OF

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RANGE 34 EAST, N.M.P.M.

LEA COUNTY, STATE OF NEW MEXICO

MAY 17, 2011

SURVEY NO. 471

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 897-5830 CARLSBAD, NEW MEXICO