

15-490

# CARLSBAD FIELD OFFICE

HOBBS

SEP 29 2015

FORM APPROVED  
OMB No. 1004-0137  
Expires October 31, 2014

Form 3160-3  
(March 2012)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

UNORTHODOX  
LOCATION

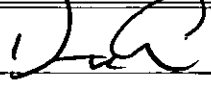
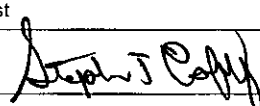
## APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM92781
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Devon Energy Production Company, L.P. (6137)		7. If Unit or CA Agreement, Name and No. NMNM094480X
3a. Address 333 W. Sheridan Ave. Oklahoma City, OK 73102		8. Lease Name and Well No. (30863) GAUCHO UNIT 23H
3b. Phone No. (include area code) 405-552-7848		9. API Well No. 70-025-42814
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 225 FSL & 870 FEL Unit P PP: 200 FSL & 560 FEL At proposed prod. zone 330 FNL & 660 FEL Unit A		10. Field and Pool, or Exploratory WC-025 G-06 S223421L; BS (97922)
14. Distance in miles and direction from nearest town or post office* Approximately 19.5 miles SW of Eunice, NM		11. Sec., T. R. M. or Blk. and Survey or Area 17-22S-34E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) See attached map	16. No. of acres in lease NMNM92781; 960 ac	17. Spacing Unit dedicated to this well 160 ac
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. See attached map	19. Proposed Depth TVD: 11,293' MD: 15,778'	20. BLM/BIA Bond No. on file CO-1104 & NMB-000801
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3,470.1' GL	22. Approximate date work will start* 09/29/2015	23. Estimated duration 45 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must 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 must 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 BLM.

25. Signature 	Name (Printed/Typed) David H. Cook	Date 3/16/2015
Title Regulatory Specialist		
Approved by (Signature) 	Name (Printed/Typed) Stephen J. Coffey	Date 9/21/15
Title FOR FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify that 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.

APPROVAL FOR TWO YEARS

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.

(Continued on page 2)

\*(Instructions on page 2)

Capitan Controlled Water Basin

Approval Subject to General Requirements  
& Special Stipulations Attached

Witness Surface Casing

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

B-TEAM KZ

## Devon Energy, Gaucho Unit 23H

### 1. Geologic Formations

TVD of target	11,293'	Pilot hole depth	N/A
MD at TD:	15,778'	Deepest expected fresh water:	295'

### Basin

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Rustler	1,868	Barren	
Top of Salt	1,925	Barren	
Yates	3,930	Barren	
Delaware	5,256	Oil	
Lower Brushy	8,264	Oil	
Bone Spring	8,443	Oil	
2 <sup>nd</sup> Bone Spring	10,046	Oil	
3 <sup>rd</sup> Bone Spring	10,995	Oil	

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

## Devon Energy, Gaucho Unit 23H

### 2. Casing Program

Hole Size	Casing Interval		Csg. Size	Weight (lbs)	Grade	Conn	SF Collapse	SF Burst	SF Tension
	From	To							
17.5"	0	1,750'	13.375"	54.5	<del>H-40 J-55</del>	BTC	1.44	3.49	9.53
12.25"	0	5,150'	9.625"	40	HCK-55	BTC	1.580	1.47	4.50
Option 1									
8.75"	0	10,720'	7"	29	P-110	BTC	1.68	2.05	2.92
8.75"	10,720'	15,778'	5.5"	17	P-110	BTC	1.57	1.95	2.96
Option 2 - <i>liner</i>									
8.75"	0	11620	7"	29	P-110	BTC	1.68	2.05	2.92
8.75"	10,720'	15,778'	4.5"	13.5	P-110	BTC	1.95	2.27	2.91
BLM Minimum Safety 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 <sup>rd</sup> 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 <sup>nd</sup> 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?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

# Devon Energy, Gaucho Unit 23H

## 3. Cementing Program

Casing	# Sks	Wt. lb/gal	H <sub>2</sub> O gal/sk	Yld ft <sup>3</sup> /sack	500# Comp. Strength (hours)	Slurry Description
13-3/8" Surface	1020	13.5	9.07	1.72	12	Lead: Class C Cement + 4% Bentonite Gel + 0.125 lbs/sack Poly-E-Flake
	550	14.8	6.32	1.33	6	Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
9-5/8" Inter.	1030	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 lbs/sack Poly-E-Flake
	430	14.8	6.32	1.33	6	Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
7" Int	330	11	14.81	2.55	14	Lead: Tuned Light® Cement + 0.125 lb/sk Pol-E-Flake
	400	14.5	5.31	1.2	25	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
4-1/2" Liner	650	14.5	5.31	1.2	25	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
7 x 5-1/2" Production	360	10.4	16.8	3.17	25	Lead: Tuned Light® Cement + 0.125 lb/sk Pol-E-Flake
	1340	14.5	5.31	1.2	25	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

See  
COA

Casing String	TOC	% Excess
13-3/8" Surface	0'	100%
9-5/8" Intermediate	0'	75%
7" Intermediate	<del>4650</del> 4100	25%
4-1/2" Production Liner	10720'	25%
7 x 5-1/2" Production Casing	<del>4650</del> 4100	25%

See  
COA

## Devon Energy, Gaucho Unit 23H

### 4. Pressure Control Equipment

N	A variance is requested for the use of a diverter on the surface casing. See attached for schematic.
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BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	✓	Tested to:
12-1/4"	13-5/8"	5M	Annular	x	50% of working pressure
			Blind Ram		5M
			Pipe Ram		
			Double Ram	x	
			Other*		
8-3/4"	13-5/8"	5M	Annular	x	50% testing pressure
			Blind Ram		5M
			Pipe Ram		
			Double Ram	x	
			Other*		
			Annular	x	
			Blind Ram		
			Pipe Ram		
			Double Ram	x	
			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.
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# Devon Energy, Gaucho Unit 23H

Y	A variance is requested for the use of a <u>flexible choke line</u> from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
Y	Are anchors required by manufacturer?
Y	<p>A <u>multibowl wellhead</u> 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.</p> <p>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 5000 (5M) psi.</p> <ul style="list-style-type: none"> <li>Wellhead will be installed by FMC's representatives.</li> <li>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.</li> <li>FMC representative will install the test plug for the initial BOP test.</li> <li>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.</li> <li>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.</li> <li>Devon will pressure test all seals above and below the mandrel (but still above the casing) to full working pressure rating.</li> <li>Devon will test the casing to 0.22 psi/ft or 1500 psi, whichever is greater, as per Onshore Order #2.</li> </ul> <p>After running the 13-3/8" surface casing, a 13-5/8" BOP/BOPE system with a minimum rating of 5M will be installed on the FMC Uni-head wellhead system and will undergo a 250 psi low pressure test followed by a 5,000 psi high pressure test. The 5,000 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.</p> <p>After running the 9-5/8" intermediate casing with a mandrel hanger, the 13-5/8" BOP/BOPE system with a minimum rating of 5M will already be installed on the FMC Uni-head.</p> <p>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.</p>

## Devon Energy, Gaucho Unit 23H

	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.

### 5. Mud Program

See  
COA

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	1,750'	FW Gel	8.6-8.8	28-34	N/C
1,750'	5,150'	Saturated Brine	10.0-10.2	28-34	N/C
5,150'	15,778'	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 of fluid?	PVT/Pason/Visual Monitoring
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### 6. Logging and Testing Procedures

Logging, Coring and Testing	
x	Will run GR/CNL from TD 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

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

## Devon Energy, Gaucho Unit 23H

### 7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	5975 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

☒ Directional Plan

☐ Other, describe