Devon Energy, Outland 11-2 State 1BS 1H

1. Geologic Formations

| TVD of target | 9,615 | Pilot hole depth | N/A |
|---------------|--------|-------------------------------|-----|
| MD at TD: | 16,761 | Deepest expected fresh water: | |

Basin

| Formation | Depth (TVD) from KB | Water/Mineral Bearing/ Target Zone? | Hazards* |
|---------------|---------------------------|--|----------|
| Rustler | 1762 | | |
| Salado | 2127 | | |
| Yates | 3820 | | |
| Capitan | 4060 | | |
| Delaware | 5610 | | |
| Cherry Canyon | 5625 | | |
| Brushy Canyon | 6600 | | |
| 1st BSPG Lime | 8210 | | |
| 1st BSPG Sand | 9615 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

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

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2. Casing Program

| II.I. C' | Casing Interval | | Car Sine Weight | 0 | 0 | |
|-----------|-----------------|--------------|-----------------|--------------------|----------------|--------------------------------|
| Hole Size | From | То | Csg. Size (lbs) | Grade | Conn. | |
| 17.5" | 0 | 1,825' | 13.375" | 54 | J-55 | BTC |
| 12.25" | 0 | 5,700' | 9.625" | 40 | J-55 | BTC |
| 8.75" | 0 | TD | 5.5" | 17 | P-110 | BTC |
| BLI | M Minimum | Safety Facto | or | Collapse: 1.125 | Burst: 1.00 | Tension: 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? | N |
| Is well within the designated 4 string boundary. | |
| is wen 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? | |
| | 27 g |
| 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? | |
| | |
| Is well located in critical Cave/Karst? | <u>N</u> |
| If yes, are there three strings cemented to surface? | |

| Casing | # Sks | Wt. lb/ gal | H20 gal/sk | Yld ft3/ | 500# Comp. Strength | Slurry Description |
|---------|-------|----------------|---------------|-------------|------------------------|--------------------|
| | | s | | sack | (hours) | |
| 13-3/8" | 593 | 12.5 | 10.654 | 1.94 | 31 hr 40 mn | C + Adds |
| Surface | 326 | 14.8 | 6.368 | 1.33 | 4 hr 48 mn | C + Adds |
| 9-5/8" | 1107 | 12.5 | 10.654 | 1.94 | 31 hr 40 mn | 35:65 Poz:C + Adds |
| Inter. | 147 | 14.8 | 6.352 | 1.33 | 6 hr 48 mn | C + Adds |
| 5-1/2" | 421 | 10.5 | 15.442 | 3.569 | 19 hr 3 mn | C + Adds |
| Prod | 1347 | 13.2 | 5.175 | 1.46 | 9 hr 6 mn | 50:50 Poz:H + Adds |

3. Cementing Program

If a DV tool is used, 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 | тос | % Excess |
|--------------------------|--------------|----------|
| 13-3/8" Surface | 0' | 25% |
| 9-5/8" Intermediate | 0' | 25% |
| 5-1/2" Production Casing | 200' Tieback | 10% |

4. Pressure Control Equipment

N 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 | Type | | Tested to: |
|---|---------|------------------------|------------|---|-------------------------|
| | | | Annular | x | 50% of working pressure |
| | | | Blind Ram | | |
| 12-1/4" | 13-5/8" | 3M | Pipe Ram | | 3M |
| | | | Double Ram | | 5101 |
| | | | Other* | | |
| | | | Annular | x | 50% testing pressure |
| | 13-5/8" | 3M | Blind Ram | | |
| 8-3/4" | | | Pipe Ram | | 214 |
| | | | Double Ram | x | 3M |
| | | | 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. | | | | | |
|---|---|---|--|--|--|--|
| Y | A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart. | | | | | |
| | Y Are anchors required by manufacturer? | | | | | |
| Y | Y A multibowl wellhead may be 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. | | | | | |
| | the surf | proposes using a multi-bowl wellhead assembly. This assembly will only be tested when installed on face casing. Minimum working pressure of the blowout preventer (BOP) and related equipment) required for drilling below the surface casing shoe shall be 3000 (3M) psi. Wellhead will be installed by wellhead representatives. | | | | |

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| 1 | If the welding is performed by a third party, the wellhead representative will monitor the |
|---|---|
| | temperature to verify that it does not exceed the maximum temperature of the seal. |
| • | Wellhead representative will install the test plug for the initial BOP test. |
| • | Wellhead company 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 3M, 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 standar 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 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 # |
| | essure test. The 3,000 psi high and 250 psi low test will cover testing requirements a maximum of a sper Onshore Order #2. If the well is not complete within 30 days of this BOP test, another full BC |
| After r | |
| After ru minimu The pip hole. T incorpo additio | s per Onshore Order #2. If the well is not complete within 30 days of this BOP test, another full BO I be conducted, as per Onshore Order #2. Inning the 9-5/8' intermediate casing with a mandrel hanger, the 13-5/8" BOP/BOPE system with a im rating of 3M will already be installed on the wellhead. We rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hese tests will be logged in the daily driller's log. A 2" kill line and 3" choke line will be rated into the drilling spool below the ram BOP. In addition to the rams and annular preventer, |
| After ru minimu The pip hole. T incorpo addition at 3,000 | s per Onshore Order #2. If the well is not complete within 30 days of this BOP test, another full BO I be conducted, as per Onshore Order #2. Inning the 9-5/8' intermediate casing with a mandrel hanger, the 13-5/8" BOP/BOPE system with a um rating of 3M will already be installed on the wellhead. The rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hese tests will be logged in the daily driller's log. A 2" kill line and 3" choke line will be rated into the drilling spool below the ram BOP. In addition to the rams and annular preventer, hal BOP accessories include a kelly cock, floor safety valve, choke lines, and choke manifold rated |

5. Mud Program

| Depth | | Depth Type Weight (pp | | Viscosity | Water Loss |
|--------|--------|-----------------------|-----------|-----------|------------|
| From | То | | | | |
| 0 | 1,825' | FW Gel | 8.5-8.8 | 28-34 | N/C |
| 1,825' | 5,700' | Saturated Brine | 10.0-10.2 | 28-34 | N/C |
| 5,700' | TD | Cut Brine | 8.5-8.7 | 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

6. Logging and Testing Procedures

| Loggi | ing, 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 |

| Add | itional 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 | | | |

7. Drilling Conditions

| Condition | Specify what type and where? |
|----------------------------|------------------------------|
| BH Pressure at deepest TVD | 4,789 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. | |
| Ν | H2S is present |
| Y | H2S Plan attached |

8. Other facets of operation

Is this a walking operation? Potentially

- 1. If operator elects, drilling rig will batch drill the surface holes and run/cement surface casing; walking the rig to next wells on the pad.
- 2. The drilling rig will then batch drill the intermediate sections and run/cement intermediate casing; the wellbore will be isolated with a blind flange and pressure gauge installed for monitoring the well before walking to the next well.
- 3. The drilling rig will then batch drill the production hole sections, run/cement production casing, and install TA caps or tubing heads for completions.

NOTE: During batch operations the drilling rig will be moved from well to well however, it will not be removed from the pad until all wells have production casing run/cemented.

Will be pre-setting casing? Potentially

- 1. Spudder rig will move in and drill surface hole.
 - a. Rig will utilize fresh water based mud to drill surface hole to TD. Solids control will be handled entirely on a closed loop basis.
- 2. After drilling the surface hole section, the spudder rig will run casing and cement following all of the applicable rules and regulations (OnShore Order 2, all COAs and NMOCD regulations).
- 3. The wellhead will be installed and tested once the surface casing is cut off and the WOC time has been reached.
- 4. A blind flange with the same pressure rating as the wellhead will be installed to seal the wellbore. Pressure will be monitored with a pressure gauge installed on the wellhead.
- 5. Spudder rig operations is expected to take 4-5 days per well on a multi well pad.
- 6. The NMOCD will be contacted and notified 24 hours prior to commencing spudder rig operations.
- 7. Drilling operations will be performed with the drilling rig. At that time an approved BOP stack will be nippled up and tested on the wellhead before drilling operations commences on each well.
 - a. The NMOCD will be contacted / notified 24 hours before the drilling rig moves back on to the pad with the pre-set surface casing.

Attachments

- <u>x</u> Directional Plan
- ____ Other, describe