Form 3160-3
(August 1999)

EC

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NMNM64584

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
INDIAN DRAW 12 FEDERAL 2

2. Name of Operator
DEVON ENERGY PRODUCTION CO L P
Contact: LINDA GUTHRIE
E-Mail: linda.guthrie@dvn.com

9. API Well No.
30-015-33564

3a. Address
20 NORTH BROADWAY SUITE 1500
OKLAHOMA CITY, OK 73102

3b. Phone No. (include area code)
Ph: 405.228.8209
Fx: 405.552.1319

OTIS

10. Field and Pool, or Exploratory
MORROW

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface NENE 660FNL 1070FEL

At proposed prod. zone

RECEIVED
AUG 18 2004
OCD-ARTESIA

11. Sec., T., R., M., or Blk. and Survey or Area
Sec 12 T22S R27E Mer NMP
SME: BLM

14. Distance in miles and direction from nearest town or post office*
APPROX 5 MILES ESE OF CARLSBAD, NM

12. County or Parish
EDDY

13. State
NM

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

16. No. of Acres in Lease
360.00

17. Spacing Unit dedicated to this well
320.00

18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.

19. Proposed Depth
12300 MD
12300 TVD

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KB, RT, GL, etc.
3128 GL

22. Approximate date work will start
07/10/2004

23. Estimated duration
45 DAYS

24. Attachments

CARLSBAD CONTROLLED WATER BASIN

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name (Printed/Typed)	Date
(Electronic Submission)	LINDA GUTHRIE	06/08/2004

Title
REGULATORY SPECIALIST

Approved by (Signature)	Name (Printed/Typed)	Date
/s/ Joe G. Lara	/s/ Joe G. Lara	16 AUG 2004
Title	**Office**	
FIELD MANAGER	CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify 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 1 YEAR

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.

Additional Operator Remarks (see next page)

BLO

Electronic Submission #31639 verified by the BLM Well Information System
For DEVON ENERGY PRODUCTION CO L P, sent to the Carlsbad
Committed to AFMSS for processing by LINDA ASKWIG on 06/08/2004 (04LA0483AE)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

Witness Surface Casing

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: **Devon Energy Production Company, LP** Telephone: **(405) 228-8209** e-mail address: **linda.guthrie@dvn.com**
Address: **20 N Broadway, Suite 1500 Oklahoma City, OK 73102-8260**
Facility or well name: Indian Draw 12 Fed 2 API #: _____ U/L or Qtr/Qtr A Sec 12 T 22S R 27E
County: Eddy Latitude_____ Longitude_____ NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☐ Private ☐ Indian ☐

Pit	**Below-grade tank**	
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Volume _____ bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not. _____	RECEIVED JUN 14 2004 OCD-ARTESIA
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)
	Ranking Score (Total Points)	20

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: 06/08/04
Printed Name/Title **Linda Guthrie Regulatory Specialist** Signature Linda R Guthrie

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Date: 6/16/04
Printed Name/Title Mike Bratcher / Compliance Officer Signature Mike Bratcher
Permit stipulations attached

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

16 June 2004

Devon Energy Production Co.
20 N Broadway, Suite 1500
Oklahoma City OK 73102-8260

RE:
Permit Stipulations - Indian Draw 12 Fed #2 Unit A SEC-12 T-22S R-27E

The Oil Conservation Division of Artesia is in receipt of your application to construct a pit for the purpose of drilling. The request is hereby accepted and approved with the following provisions:

1. Construction and closing of pit(s) must meet the criteria of Rule 19.15.2.50 and the Pit Guidelines.
2. The pit is not located in any watercourse, lakebed, sinkhole, playa lake, or wetland.
3. Notice is to be given to the OCD prior to construction of the pit(s).
4. Liner must be a minimum of 12 mil. woven.
5. Due to depth to groundwater, the pit's contents and the liner shall be removed and disposed of in a manner approved by the Division.
6. Upon cessation of drilling the freestanding fluid will be removed and disposed of in an OCD approved facility.
7. Due to liner choice, the pit's contents and the liner shall be removed and disposed of in a manner approved by the Division.
8. The integrity of the bottom liner may not be breached at any time for any reason.
9. The pit will not be used for any additional storage of fluids.
10. The Division may attach additional conditions to any permit upon a finding that such conditions are necessary to prevent the contamination of fresh water, or to protect public health or the environment. (19.15.2.50.C.3.G.1.)
11. Re-seeding mixture will must be approved or authorized by surface owner.

If I can be of any further assistance, please feel free to call Van Barton(505) 748-1283 ext. 109.

Sincerely,

Mike Bratcher

Mike Bratcher

Additional Operator Remarks:

Devon Energy Production Co., LP proposed to drill to approximatelu 12,300' to test the Morrow for commercial quantities of gas. If deemed non-commercial the wellbore will be plugged and abandoned as per Federal regulations. Programs to adhere to onshore oil and gas regulations are outlined in the attached exhibits and documents.

No new access road is anticipated.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Morrow; Gas

Property Code	Property Name	Well Number
28724	INDIAN DRAW "12" FEDERAL	2

OGRID No.	Operator Name	Elevation
6137	DEVON ENERGY PRODUCTION COMPANY LP	3128'

Surface Location

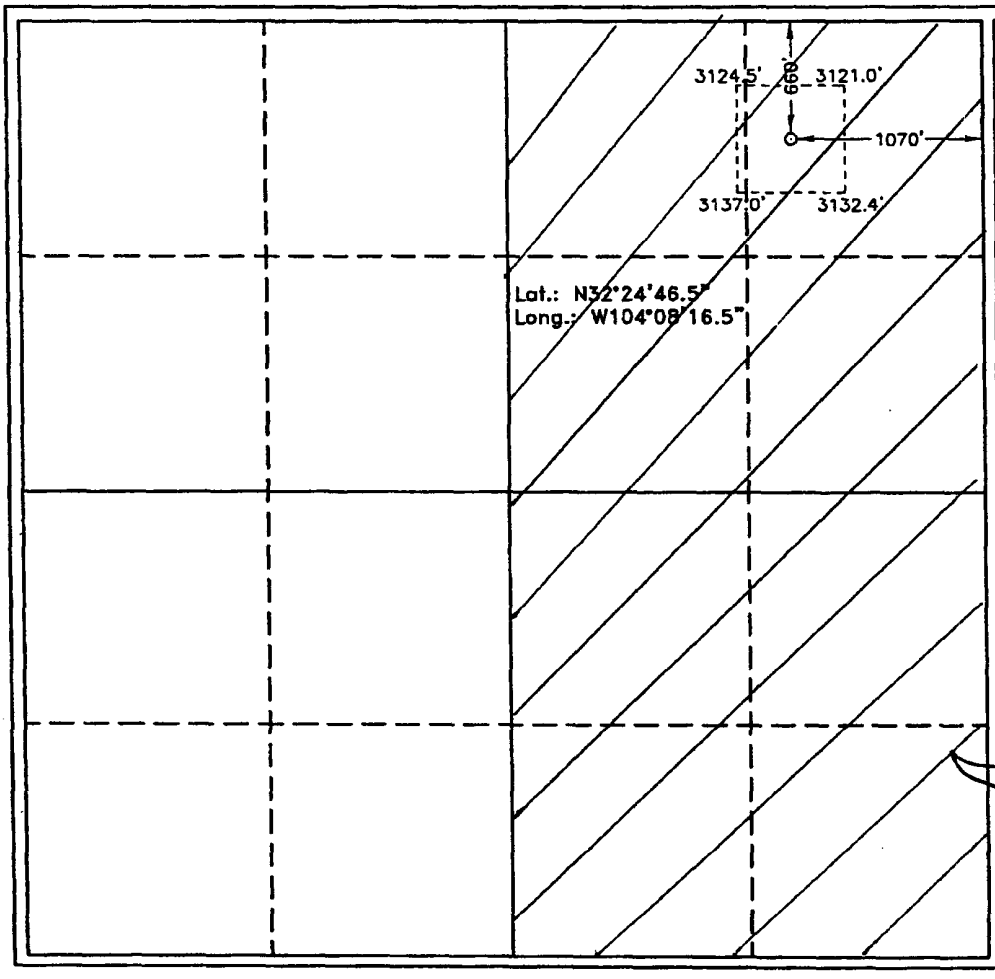
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	22 S	27 E		660	NORTH	1070	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Linda Guthrie
Printed Name

Regulatory Specialist
Title

06/07/04
Date

SURVEYOR CERTIFICATION

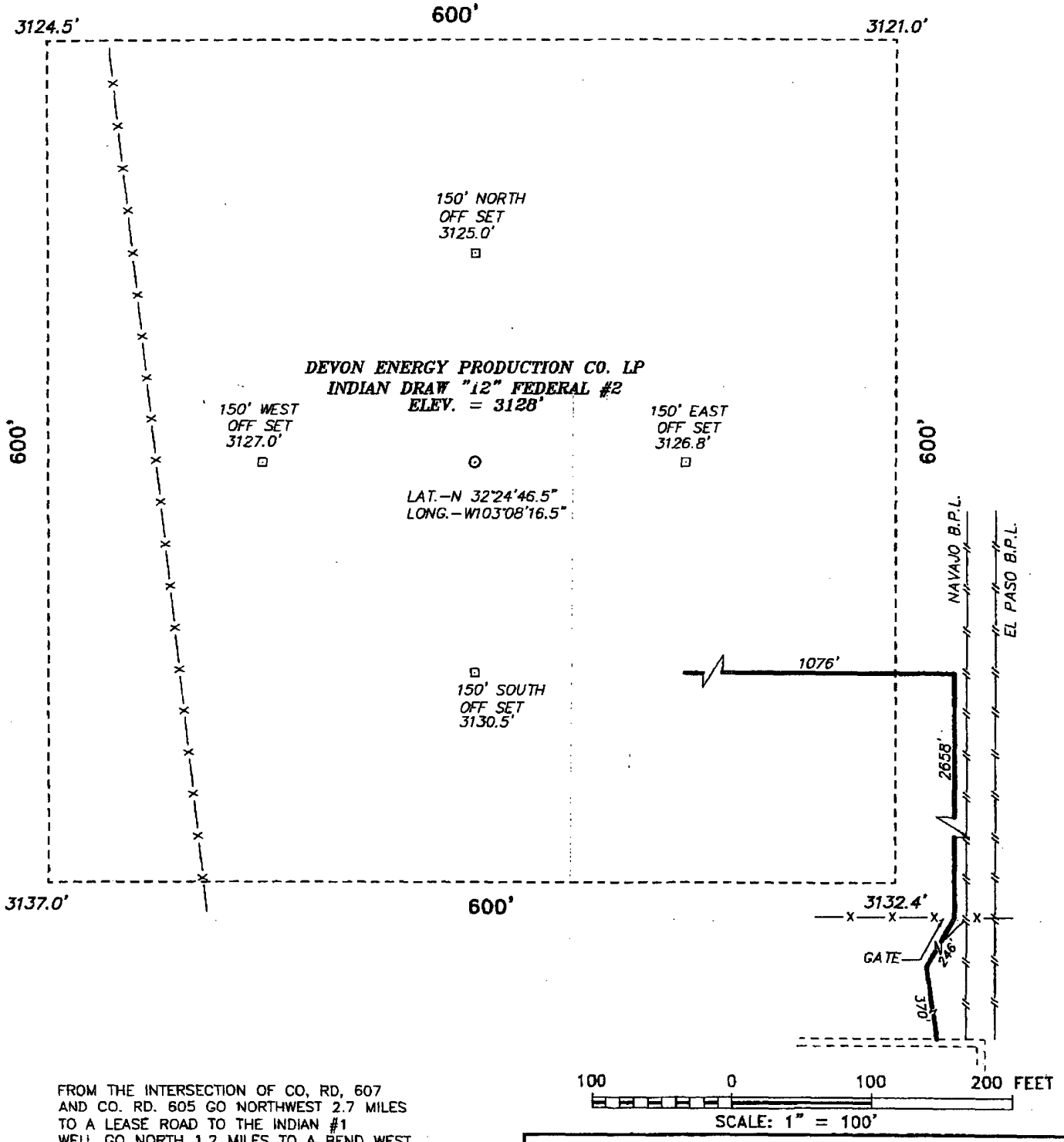
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

April 5, 2004
Date Surveyed
Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 4168
Certificate No. Gary L. Jones 7977
JLP
BASIN SURVEYS

SECTION 12, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



FROM THE INTERSECTION OF CO, RD, 607 AND CO. RD. 605 GO NORTHWEST 2.7 MILES TO A LEASE ROAD TO THE INDIAN #1 WELL GO NORTH 1.2 MILES TO A BEND WEST THE ROAD TO WELL IS JUST PASS BEND TO THE NORTH.

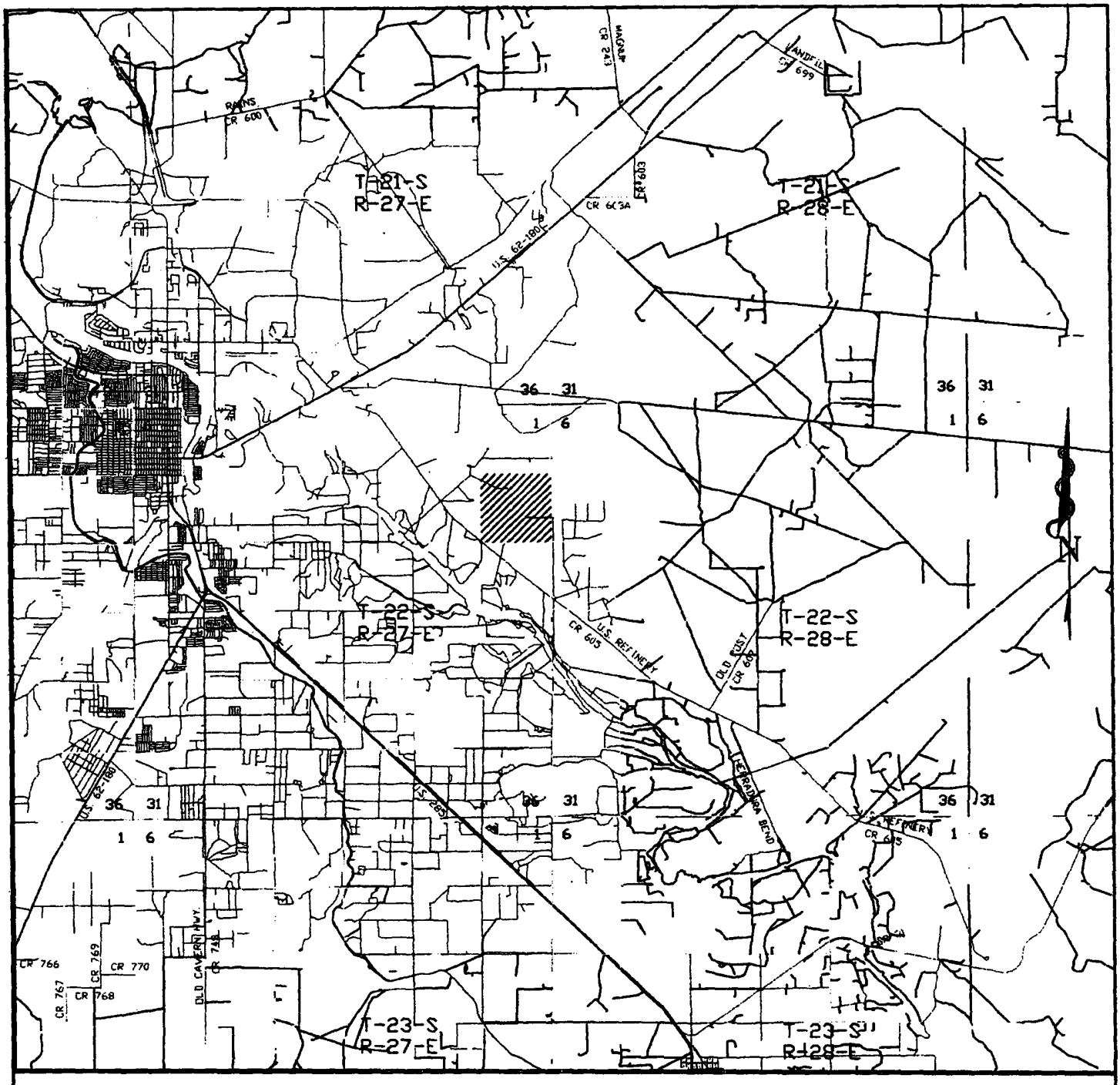
DEVON ENERGY PRODUCTION CO. LP.

REF: INDIAN DRAW 12 FEDERAL #2 / Well Pad Topo

INDIAN DRAW 12 FEDERAL #2 LOCATED 660' FROM THE NORTH LINE AND 1070' FROM THE EAST LINE OF SECTION 12, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 4168	Drawn By: JAMES PRESLEY		
Date: 04/06/04	Disk: JLP #1 - DEV4168A	Survey Date: 04/05/04	Sheet 1 of 1 Sheets



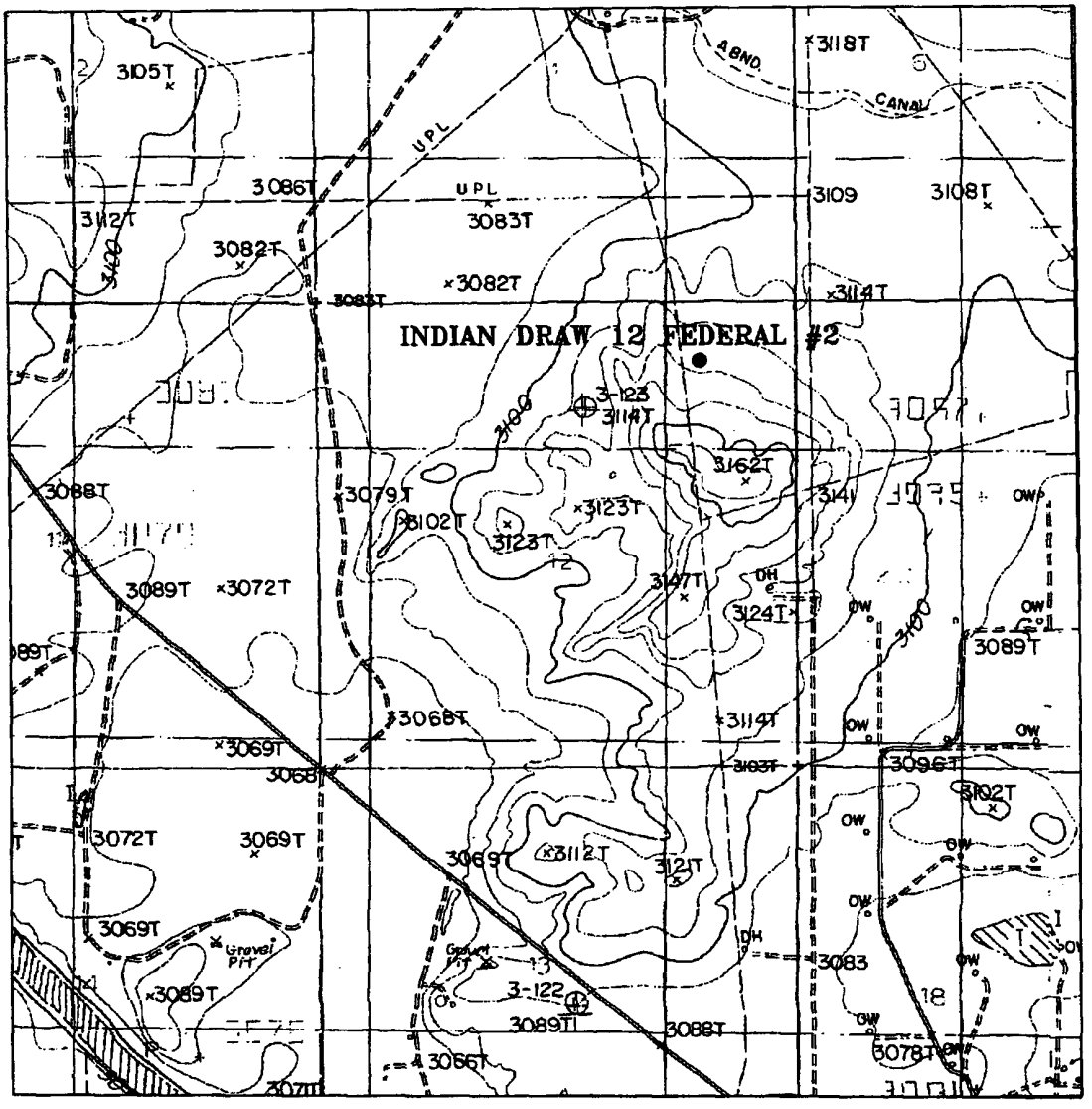
INDIAN DRAW 12 FEDERAL #2
Located at 660' FNL and 1070' FEL
Section 12, Township 22 South, Range 27 East,
N.M.P.M., Eddy County, New Mexico.

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	4168AA - JLP #1
Survey Date:	04/05/04
Scale:	1" = 2000'
Date:	04/06/04

DEVON ENERGY PRUDUCTION COMPANY LP.



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DEVON ENERGY PRUDUCTION COMPANY LP.

DRILLING PROGRAM

Devon Energy Production Company, LP
Indian Draw 12 Federal #2
Surface Location: 660 FNL & 1070 FEL, Unit Letter A, Sec 12 T22S R27E, Eddy, NM
Bottom hole Location: 660 FNL & 1070 FEL, Unit Letter A, Sec 12 T22S R27E, Eddy, NM

1. **Geologic Name of Surface Formation**

   a. Ochoan

2. **Estimated tops of geological markers:**

a.	Delaware Sand	2235'
b.	Bone Spring	5670'
c.	Wolfcamp	9210'
d.	Strawn	10,585'
e.	Atoka	11,040'
f.	Morrow Clastics	11,675'
g.	Lower Morrow	12,111'
h.	Mississippian	12,200'
i.	Total Depth	12,300'

3. **Estimated Depths of Anticipated Fresh Water, Oil or Gas**

a.	**Morrow**	**Gas**
b.	**Strawn**	**Gas**

4. No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 13 3/8" casing at 450' and circulating cement back to surface. Potash and salt will be protected by setting 9 5/8" casing @2700' and circulating cement to surface. The Delaware intervals will be isolated by setting 5 ½" casing to total depth and circulating cement above the base of the 9 5/8" casing.

5. **Casing Program:**

Hole Size	Interval	OD Csg	Weight	Collar	Grade	
17 ½"	0' –450'	13 3/8"	48#	ST&C	H40	WITNESS
12 ¼"	0' – 2,700'	9 5/8"	36#	LT&C	J55	
8 ¾"	0' – 12,300'	5 ½"	17#	LT&C	HCP-110	

6. **Cement & Setting Depth:**

a.	13 3/8"	Surface	Set 450' of 13 3/8", 48#, H-40 ST&C casing. Cement with 252 sx of Class C 35:65 Poz, tail in with 200 sx of Class C cement. Circulate cement to surface.
b.	9 5/8"	Intermediate	Set 2,700' of 9 5/8", 36#, J55, LT&C casing. Cement 1st Lead w/200 sx 35:65 Poz Class C. Cement 2nd Lead w/430 sx 35:65 Poz

			Class C. Cement Tail Slurry w/250 sx Class C. Circulate cement to surface.
c.	5 ½"	Production	Set 12,300' of 5 ½", 17#, HCP-110, LT&C casing. Cement with 1558 sx Super C Modified. Circulate cement to 5,137'.

7. **Pressure Control Equipment:**
   a. The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a (5M system) double ram type (5000 psi WP) preventer and a bag-type (Hydril) preventer (3000 psi WP). Both units will be hydraulically operated and the ram type preventer will be equipped with blind rams on top and drill pipe rams on bottom. Both BOP's will be installed on the ~~9 5/8~~ 13 3/8" surface casing and utilized continuously until total depth is reached. **The BOP will be pressure tested with the rig pump to 1200 psi prior to drilling out the ~~9 5/8~~ 13 3/8" casing shoe.** As per BLM Drilling Order #2, prior to drilling out the casing shoe, the BOP's and Hydril will be function tested.
   b. Pipe rams will be operated and checked each 24-hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drillers log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram-type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having 5000 psi WP rating.

8. **Proposed Mud Circulation System**

Depth	Mud Wt.	Visc	Fluid Loss	Type System
0' – 450'	8.5 - 9.0	32-40	NC	Fresh Water
450' – 2700'	9.7-10.0	28-32	NC	Brine Water
2700' – 11,100'	8.5-10.0	28-30	NC	Cut Brine Water
10,100-12,300	9.8-12.0	36-50	5-6 cc	Brine Water

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, & casing the viscosity and/or water loss may have to be adjusted to meet these needs.

9. **Auxiliary Well Control and Monitoring Equipment:**
   a. A Kelly cock will be in the drill string at all times.
   b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
   c. Hydrogen sulfide detection equipment will be in operations after drilling out the 9 5/8" casing shoe until the 5 ½" casing is cemented. Breathing equipment will be on location upon drilling the 9 5/8" shoe until total depth is reached.

10. **Logging, Coring, and Testing Program:**
   a. Drill stem tests will be based on geological sample shows.
   b. The open hole electrical logging program will be:
      i. TD to Intermediate Casing Dual Laterolog-Micro Laterolog with SP and Gamma ray. Compensated Neutron-Z-Density Log with Gamma Ray and Caliper.
      ii. TD to Surface Compensated Neutron with Gamma Ray.
      iii. No coring program is planned

iv. Additional testing will be initiated subsequent to setting the 5 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and/or drill stem tests.

11. Potential Hazards:

a. No abnormal pressures or temperatures are expected. The H2S Contingency Plan will be provided under separate cover and will be at the drilling site. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 3500 psi and Estimated BHT 170°.

12. Anticipated Starting Date and Duration of Operations:

a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 45 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H2S safety instructor to the following:
   a. Characteristics of H2S
   b. Physical effects and hazards
   c. Proper use of safety equipment and life support systems.
   d. Principle and operation of H2S detectors, warning system and briefing areas
   e. Evacuation procedures, routes and first aid.
   f. Proper use of 30 minute pressure demand air pack.

2. H2S Detection and Alarm System
   a. H2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers
   a. Windsock at mud pit area should be high enough to be visible
   b. Windsock at briefing area should be high enough to be visible
   c. There should be a windsock at entrance to location

4. Condition Flags and Signs
   a. Warning Sign on access road to location
   b. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well Control Equipment
   a. See Exhibit "E" & "E-1"

6. Communication
   a. While working under masks chalkboards will be used for communication.
   b. Hand signals will be used where chalk board is inappropriate
   c. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at most drilling foreman's trailer or living quarters.

7. Drill stem Testing
   a. Exhausts will be watered
   b. Flare line will be equipped with an electric igniter or a propane pilot light in case gas reaches the surface.
   c. If the location is near to a dwelling a closed DST will be performed.

8. Drilling contractor supervisor will be required to be familiar with the effects H2S has on tubular goods and other mechanical equipment.
9. If H2S is encountered, mud system will be altered if necessary to maintain control or formation. A mud gas separator will be brought into service along with H2S scavengers if necessary.

SURFACE USE PLAN

Devon Energy Production Company, LP

Indian Draw 12 Federal #2

Surface Location: 660 FNL & 1070 FEL, Unit Letter A, Sec 12 T22S R27E, Eddy, NM

Bottom hole Location: 660 FNL & 1070 FEL, Unit Letter A, Sec 12 T22S R27E, Eddy, NM

1. **Existing Roads:**
   a. The well site and elevation plat for the proposed are reflected on Exhibit 2. The well was staked by Basin Surveys.
   b. All roads into the location are depicted on Exhibit 3.
   c. Directions to Location: From the intersection of County Rd. 607 and County RD 605, go northwest 2.7 miles to a lease road to the Indian #1 well. Go North 1.2 miles to a bend west. The road to well is just past a bend to the north.
2. **Access Road**
   a. Exhibit #3 shows the existing lease road. Access to this location will not require any construction.
   b. No cattle guards, grates or fence cuts will be required. No turnouts are planned.
3. **Location of Existing and/or Proposed Facilities**
   a. In the event the well is found productive, a tank battery would be constructed 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. Electric power poles will be set along side of the access road.
   c. The tank battery, all connections and all lines will adhere to API standards.
   d. If the well is productive, rehabilitation plans are as follows:
      i. The reserve pit will be closed pursuant to OCD rules and guidelines.
      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.
4. **Methods of Handling Waste Material:**
   a. Drill cuttings will be disposed of in the reserve pits.
   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. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.
   d. Wastewater from living quarters will be drained into hole with a minimum of 10'. These holes will be covered during drilling and will be back filled when the well is completed. 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. The reserve pit will be constructed pursuant to OCD rules and guidelines and lines with a 12 mil synthetic liner. Additionally, upon completion of the well and sufficient time for the reserve pit to dry, the pits will be closed pursuant to OCD rules and guidelines. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in a storage tank and sold.
5. **Well Site Layout**
   a. Exhibit D Shows the proposed well site layout.
   b. This exhibit indicated proposed location of reserve and sump pits and living facilities.

c. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be lined with a 12 mil synthetic woven liner.
d. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

6. **Other Information:**
   a. The wellsite and access route are located in a relatively flat area.
   b. The surface and minerals are owned by the US Government and is administered by the Bureau of Land Management.
   c. An archaeological survey will be conducted of the well pad location and the results will be filed with the Bureau of Land Management in Carlsbad Field office.

Operators Representative:

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

Wyatt Abbitt
Operations Engineering Advisor

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

(405) 552-8137 (office)
(405) 245-3471 (Cellular)

Don Mayberry
Superintendent

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

(505) 748-3371 (office)
(505) 746-4945 (home)

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road; that I am familiar with the conditions that presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Devon Energy Production Company, L.P. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Signed: Linda Guthrie Date: June 07, 2004
Linda Guthrie
Regulatory Specialist

Attachment to Exhibit #1
NOTES REGARDING BLOWOUT PREVENTERS
Devon Energy Production Company, LP
Indian Draw 12 Federal #2
Surface Location: 660 FNL & 1070 FEL, Unit Letter A, Sec 12 T22S R27E, Eddy, NM
Bottom hole Location: 660 FNL & 1070 FEL, Unit Letter A, Sec 12 T22S R78E, Eddy, NM

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 fittings will be in operable condition to withstand a minimum 3000 psi working pressure.

4. All fittings will be flanged.

5. A full bore safety valve tested to a minimum 3000 psi 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.

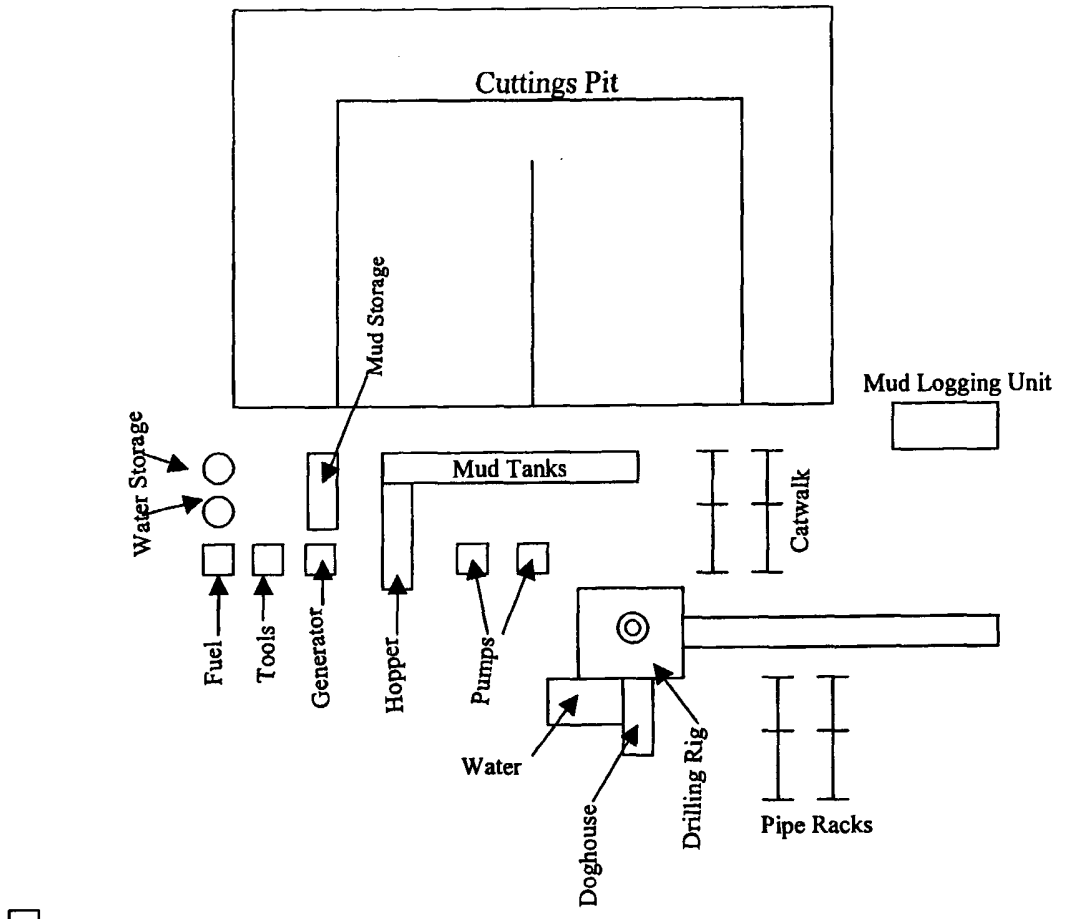
UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

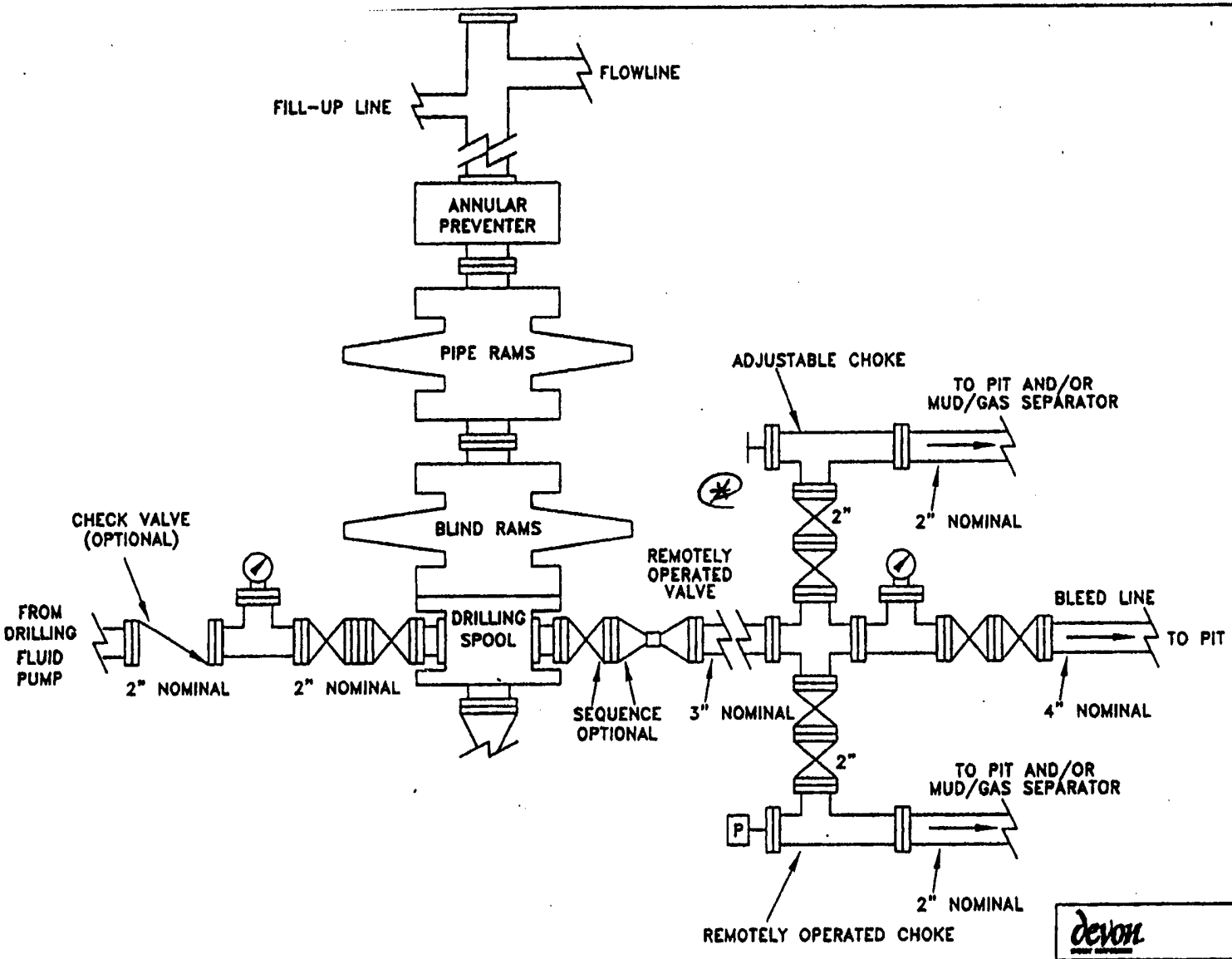
Statement Accepting Responsibility for Operations

Operator Name:	**Devon Energy Production Company, LP**
Street or Box:	**20 North Broadway, Suite 1500**
City, State:	**Oklahoma City, Oklahoma**
Zip Code:	**73102-8260**

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease No.:	**NMNM-64584**
Legal Description of Land:	**320 acres 12-22S-27E**
Formation(s):	**Morrow**
Bond Coverage:	**Nationwide**
BLM Bond File No.:	**CO-1104**
Authorized Signature:	Linda Guthrie **Linda Guthrie**
Title:	**Regulatory Specialist**
Date:	06/07/04


Cuttings Pit
Mud Storage
Mud Logging Unit
Water Storage
Mud Tanks
Catwalk
Fuel
Tools
Generator
Hopper
Pumps
Water
Doghouse
Drilling Rig
Pipe Racks
Garbage Trailer
Toilet
Parking Area
Trailer
Trailer
N
Devon Energy Production Company, LP
Drilling Pad
Exhibit #



devon

AREA NAME
COUNTY, STATE

SCHEMATIC

PROPOSED 5-M BOPE AND CHOKE ARRANGEMENT

s:\..\nm\plats
5mbope.dwg

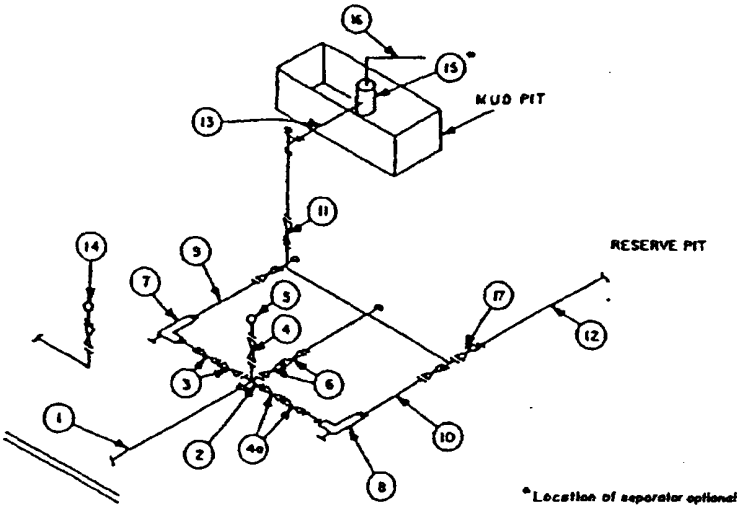
SC

10/00

(*) 3" CHOKE LINE prior to adjustable chokes - OK.

MINIMUM CHOKE MANIFOLD
3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP



MINIMUM REQUIREMENTS										
		3,000 MWP			5,000 MWP			10,000 MWP		
No.		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2"			3,000			5,000			
	Cross 3"x3"x3"x3"									10,000
3	Valves(1) Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate ☐ Plug ☐(2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"		10,000
4a	Valves(1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
7	Adjustable Choke(3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

1. All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
3. All lines shall be securely anchored.
4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
5. Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
6. Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using bull plugged tees.
7. Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well.

Well name:	**Indian Draw 12 Federal No.2**
Operator:	**Devon Energy**
String type:	Surface
Location:	New Mexico

Design parameters:

Collapse

Mud weight: 9.000 ppg

Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 440 psi

Internal gradient: 0.120 psi/ft

Calculated BHP 500 psi

Annular backup: 8.34 ppg

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.60 (B)

Tension is based on air weight.

Neutral point: 434 ft

Environment:

H2S considered? No

Surface temperature: 75 °F

Bottom hole temperature: 82 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: ~~450 ft~~

Minimum Drift: 2.250 in

Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 2,700 ft

Next mud weight: 10.200 ppg

Next setting BHP: 1,431 psi

Fracture mud wt: 19.250 ppg

Fracture depth: 500 ft

Injection pressure 500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
1	450'	13.375	48.00	H-40	ST&C	450'	450'	12.59	6201

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	234	740	3.17	440	1762	4.01	24	322	13.42 J

Prepared by: Don Culpepper, Devon Energy

Phone: 405.552.7944

Date: April 29,2004

Oklahoma City, Oklahoma

Remarks:

Collapse is based on a vertical depth of 500 ft, a mud weight of 9 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

In addition, burst strength is biaxially adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**Indian Draw 12 Federal No.2**
Operator:	**Devon Energy**
String type:	Intermediate
Location:	New Mexico

Design parameters:

Collapse

Mud weight: 10.100 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 2,376 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,700 psi
Annular backup: 8.34 ppg

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Tension is based on air weight.
Neutral point: 2,296 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 113 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 500 ft
Minimum Drift: 8.750 in
Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 12,200 ft
Next mud weight: 10.800 ppg
Next setting BHP: 6,845 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,700 ft
Injection pressure 2,700 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
1	2700	9.625	36.00	J-55	ST&C	2700	2700	8.796	23469

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	1417	2020	1.43	2376	3750	1.58	97.2	394	4.05 J

Prepared by: Don Culpepper, Devon Energy
Phone: 405.552.7944
Date: April 29,2004
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 2700 ft, a mud weight of 10.1 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

In addition, burst strength is biaxially adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**Indian Draw 12 Federal No.2**
Operator:	**Devon Energy**
String type:	Production
Location:	New Mexico

Design parameters:

Collapse

Mud weight: 10.800 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 5,381 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 6,845 psi
Annular backup: 8.34 ppg

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Tension is based on air weight.
Neutral point: 10,202 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 246 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 500 ft

Cement top: 5,137 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
1	12300	5.5	17.00	HCP-110	LT&C	12200	12300	4.767	80359

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	6845	8580	1.25	5381	11920	2.22	207.4	445	2.15 J

Prepared by: Don Culpepper, Devon Energy
Phone: 405.552.7944
Date: April 29,2004
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 12200 ft, a mud weight of 10.8 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

In addition, burst strength is biaxially adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**Indian Draw 12 Federal No.2**
Operator:	**Devon Energy**
String type:	Production: Frac
Location:	New Mexico

Design parameters:

Collapse
Mud weight: 9.800 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 9,057 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 10,521 psi
Annular backup: 8.34 ppg

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Tension is based on air weight.
Neutral point: 10,387 ft

Environment:
H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 246 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 500 ft

Cement top: 5,137 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
1	12300'	5.5	17.00	HCP-110	LT&C	12300'	12300'	4.767	80359

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	6211	8580	1.38	9057	11935	1.32	207.4	445	2.15 J

Prepared by: Don Culpepper, Devon Energy
Phone: 405.552.7944
Date: April 29,2004
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 12200 ft, a mud weight of 9.8 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

In addition, burst strength is biaxially adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.