

30-015-39377

SURFACE USE PLAN

Devon Energy Production Company, LP

Habanero 17 Federal 2H

Surface Location: 1500' FSL & 355' FEL, Unit I, Sec 17 T24S R27E, Eddy, NM

Bottom hole Location: 1500' FSL & 660' FWL, Unit L, Sec 17 T24S R27E, Eddy, 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 Basin Surveys.
- b. All roads into the location are depicted on the surveyor plats.
- c. Directions to Location: From the junction of Black River and John D Forehand, go south on John D Forehand for 1.3 miles to proposed lease road.
- 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 6401' 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 Habanero 17 Federal 2H tank battery would be utilized and shared; and the necessary production equipment will be installed at the well site. The tank battery would be located at the Habanero 17 Federal 2H well pad located in Sec 17-T24S-R27E.
- 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. 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.



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

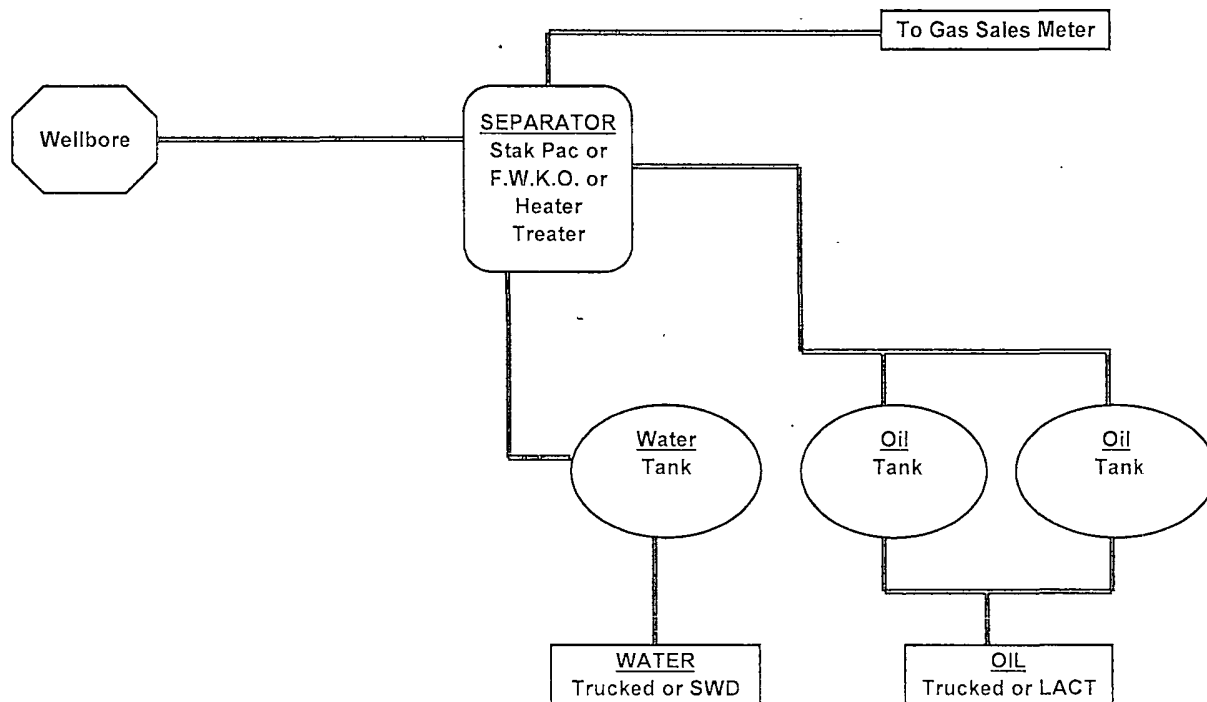
7. Ancillary Facilities: No campsite or other facilities will be constructed as a result of this well.

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.
-

DEVON ENERGY PRODUCTION COMPANY LP

General Production Facilities Diagram



Operators Representative:

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

Greg McGowen
Operations Engineer Advisor

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) 228-8965 (office)
(405) 464-9769 (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 31st day of March, 2011.

Printed Name: Stephanie A. Ysasaga

Signed Name: [Signature]

Position Title: Sr. Staff Engineering Technician

Address: 20 North Broadway, OKC OK 73102

Telephone: (405)-552-7802

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

Address (if different from above):

Telephone (if different from above):

E-mail (optional):

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. An agreement has been reached with the Private Land Owner. 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:

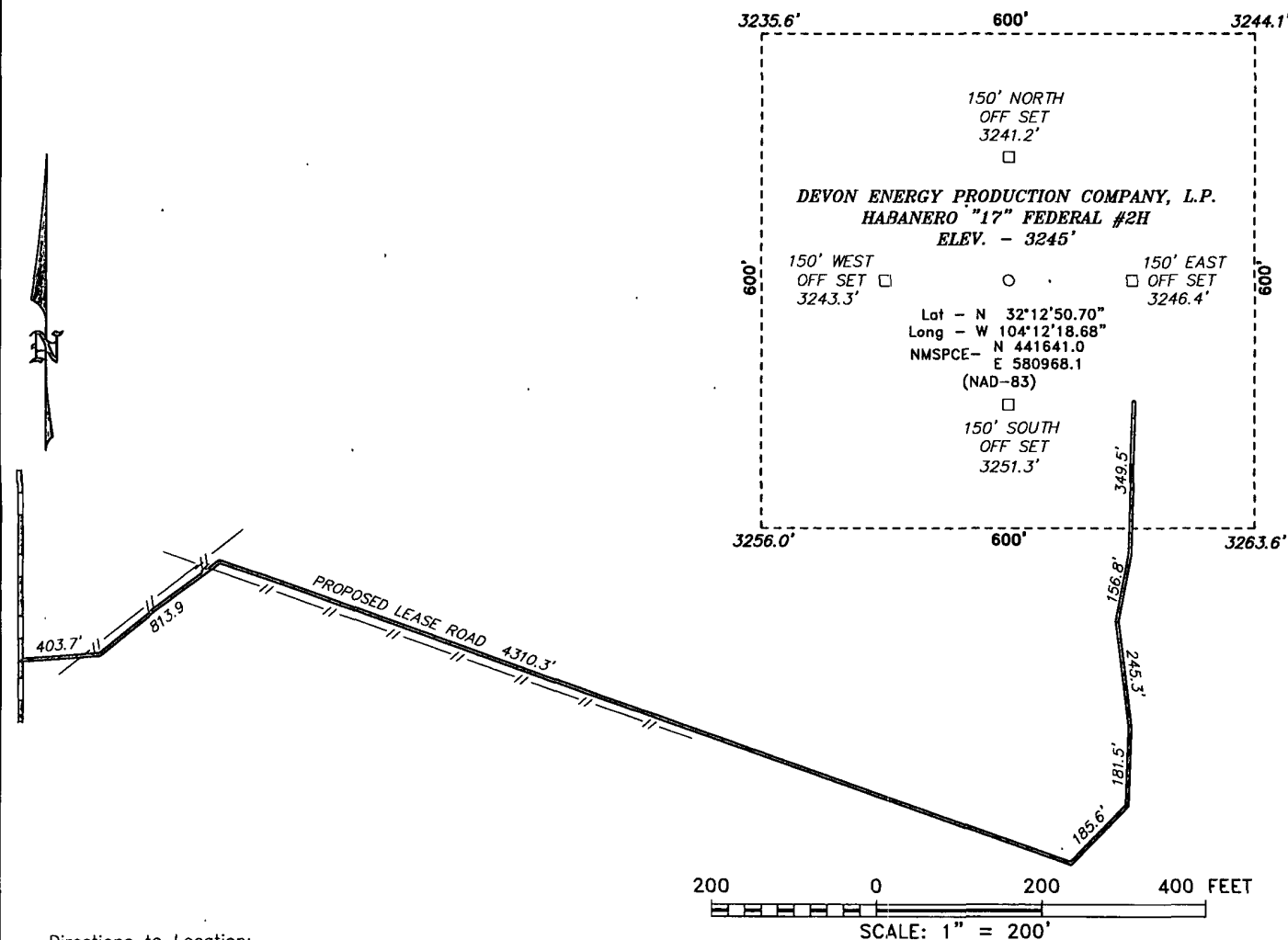
- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, sagebush, yucca and miscellaneous weeds. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 miles 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

Accepted for Record
7-14-11, EWR
Note Para 10 PLO statement

SECTION 17, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF BLACK RIVER AND JOHN D FOREHAND, GO SOUTH ON JOHN D FOREHAND FOR 1.3 MILES TO PROPOSED LEASE ROAD.

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

W.O. Number: 22079 Drawn By: J. SMALL

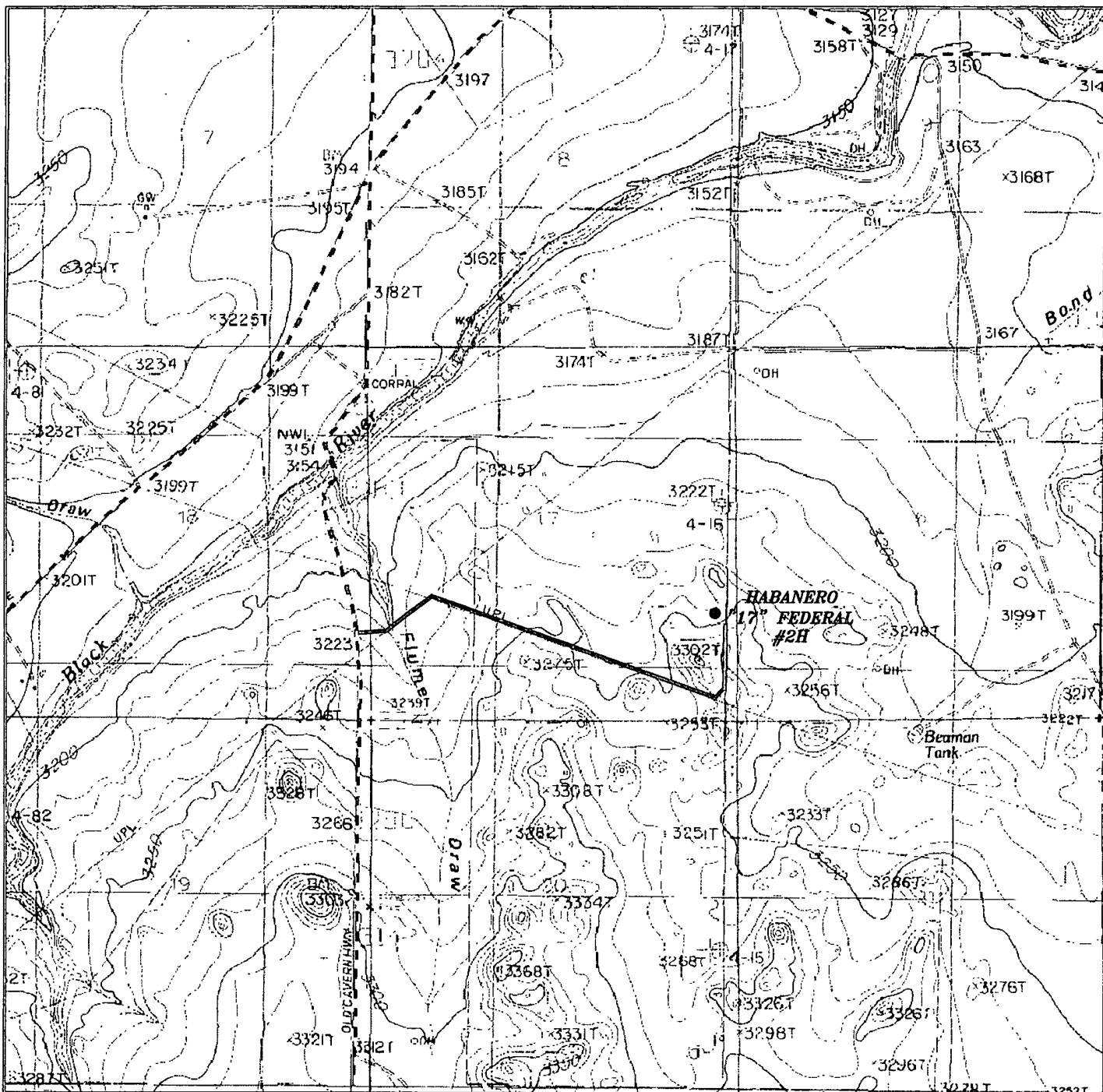
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DEVON ENERGY PRODUCTION COMPANY, L.P.

REF: HABANERO "17" FEDERAL #2H / WELL PAD TOPO

THE HABANERO "17" FEDERAL #2H LOCATED 1500'
FROM THE SOUTH LINE AND 355' FROM THE EAST LINE OF
SECTION 17, TOWNSHIP 24 SOUTH, RANGE 27 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

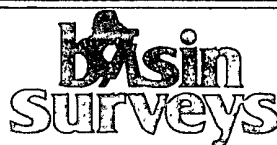
Survey Date: 12-21-2009 Sheet 1 of 1 Sheets



HABANERO "17" FEDERAL #2H

Located 1500' FSL and 355' FEL

Section 17, Township 24 South, Range 27 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

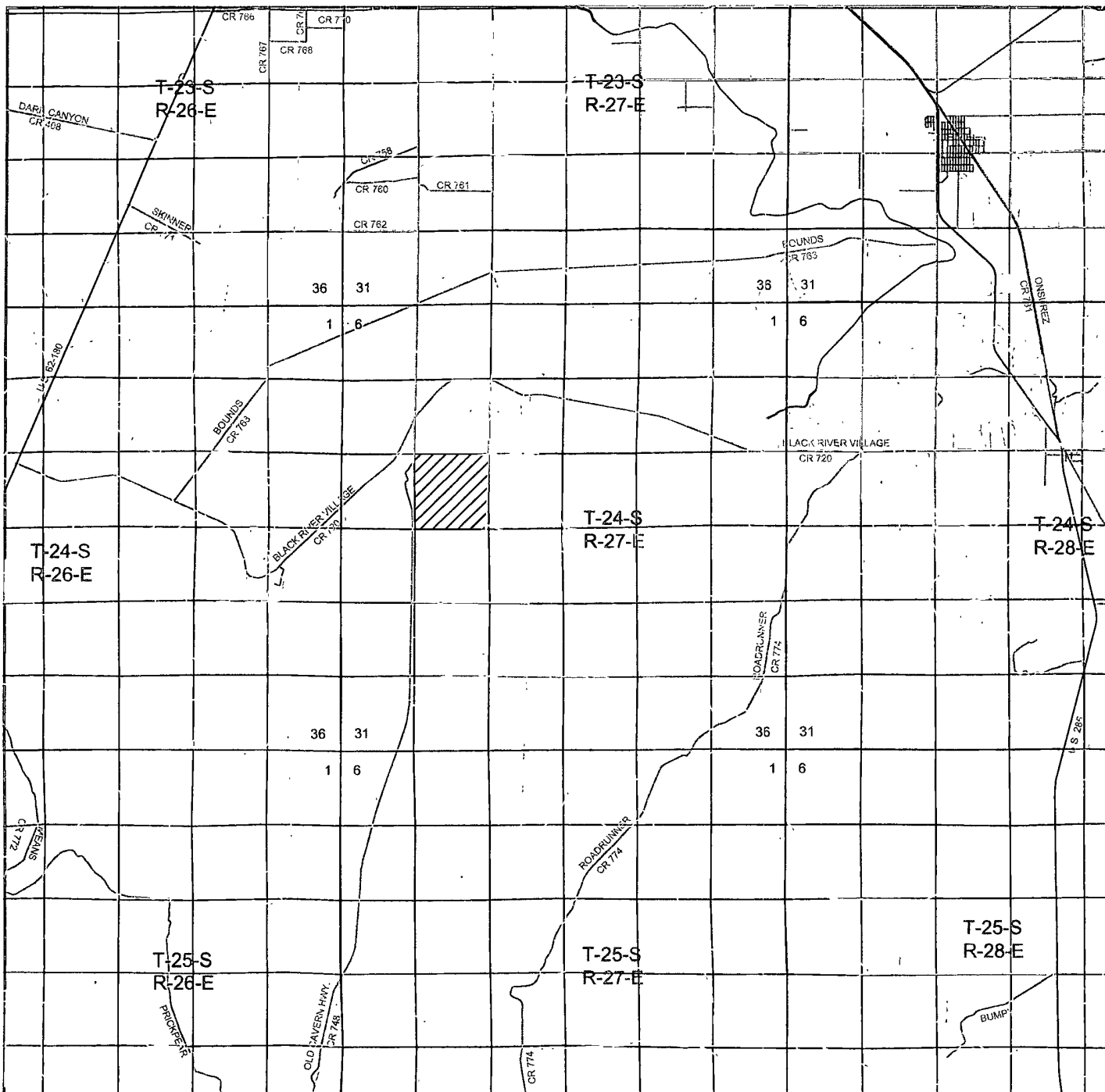
W.O. Number: JMS 22079

Survey Date: 12-21-2009

Scale: 1" = 2000'

Date: 12-22-2009

**DEVON ENERGY
PRODUCTION
COMPANY, L.P.**



HABANERO "17" FEDERAL #2H.

Located 1500' FSL and 355' FEL

Section 17, Township 24 South, Range 27 East,
N.M.P.M., Eddy County, New Mexico.



focused on excellence
in the oilfield

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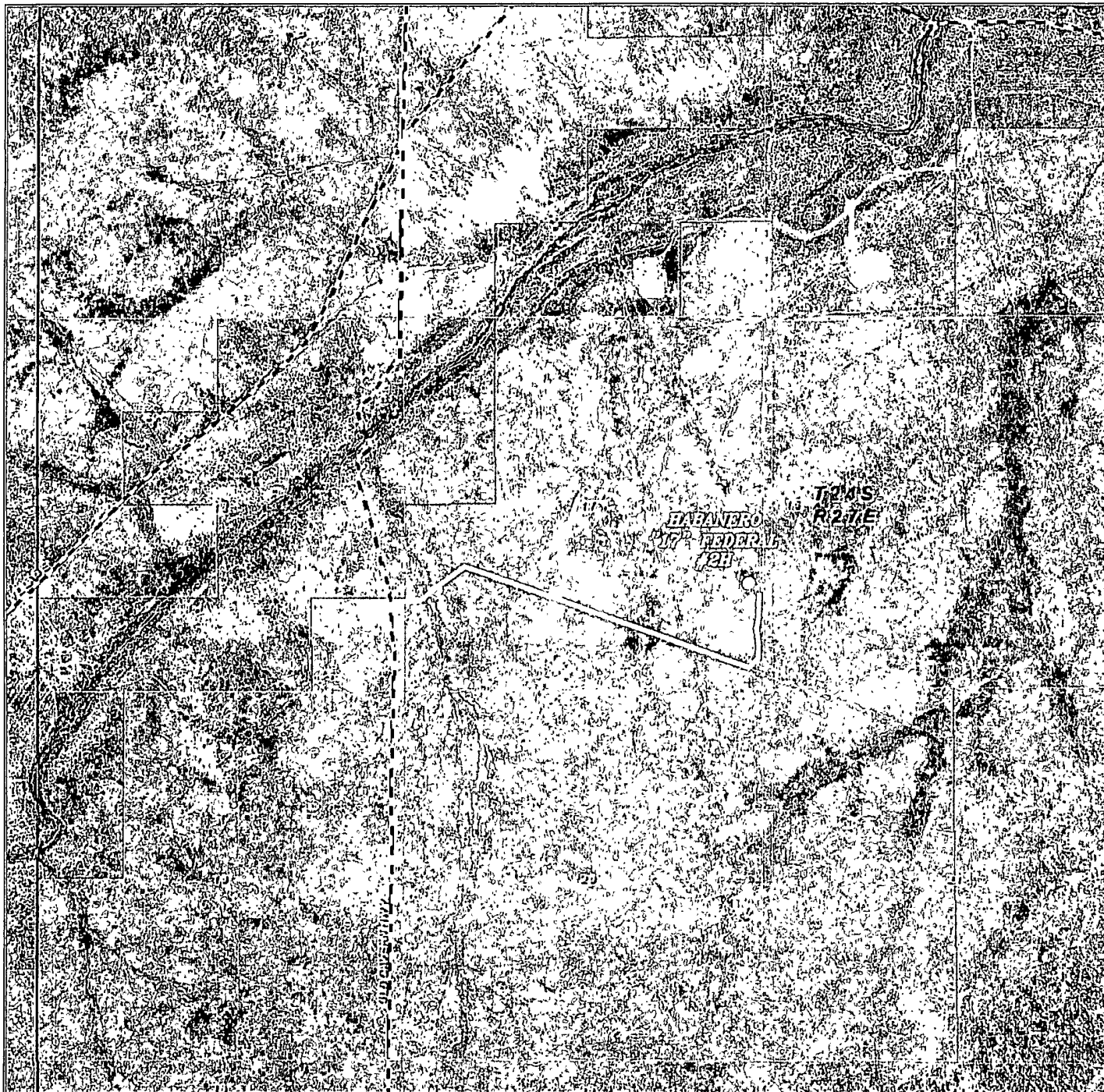
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Survey Date: 12-21-2009

Scale: 1" = 2 Miles

Date: 12-22-2009

DEVON ENERGY
PRODUCTION
COMPANY, L.P.



HABANERO "17" FEDERAL #2H

Located 1500' FSL and 355' FEL

Section 17, Township 24 South, Range 27 East,
N.M.P.M., Eddy County, New Mexico.



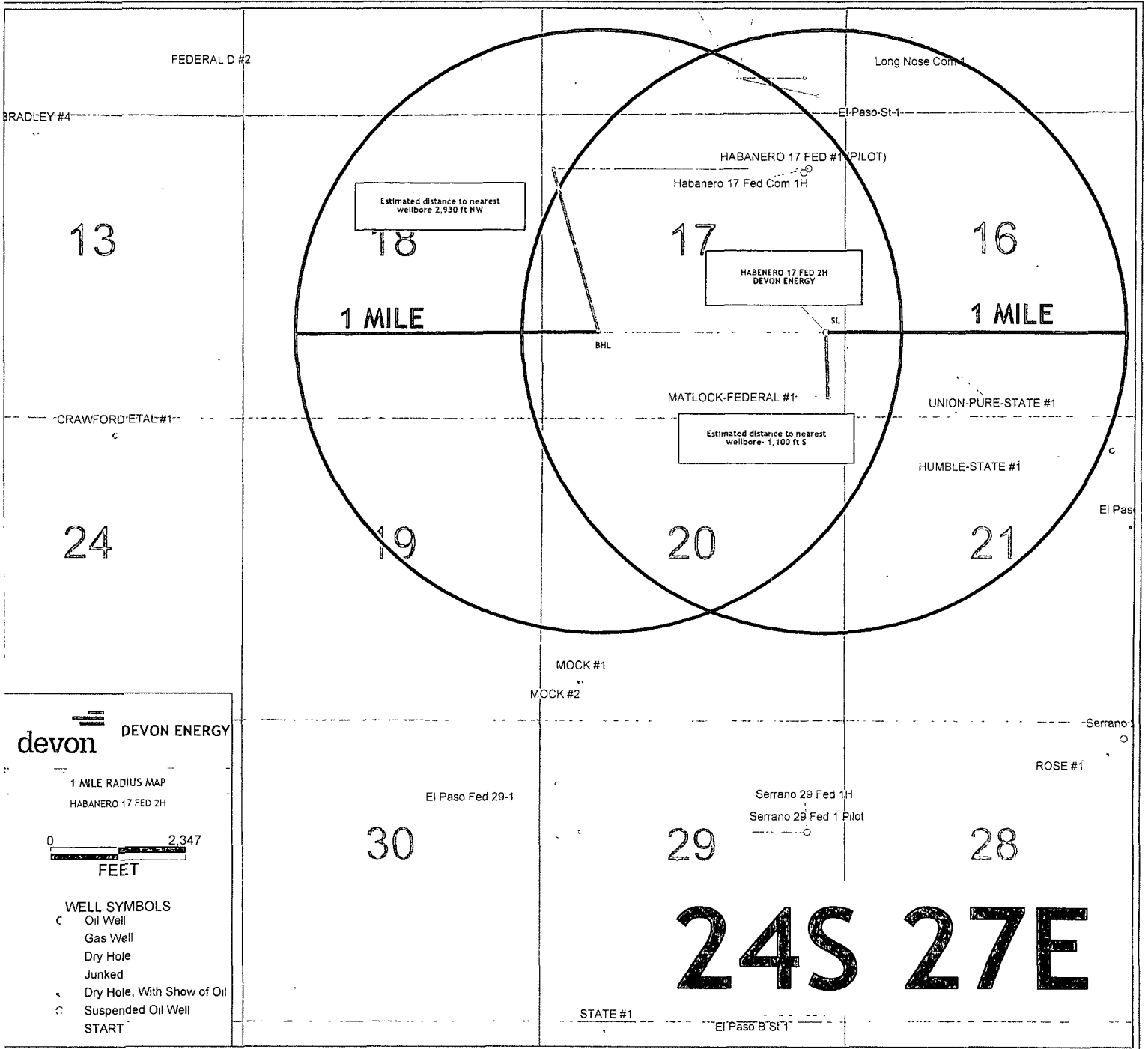
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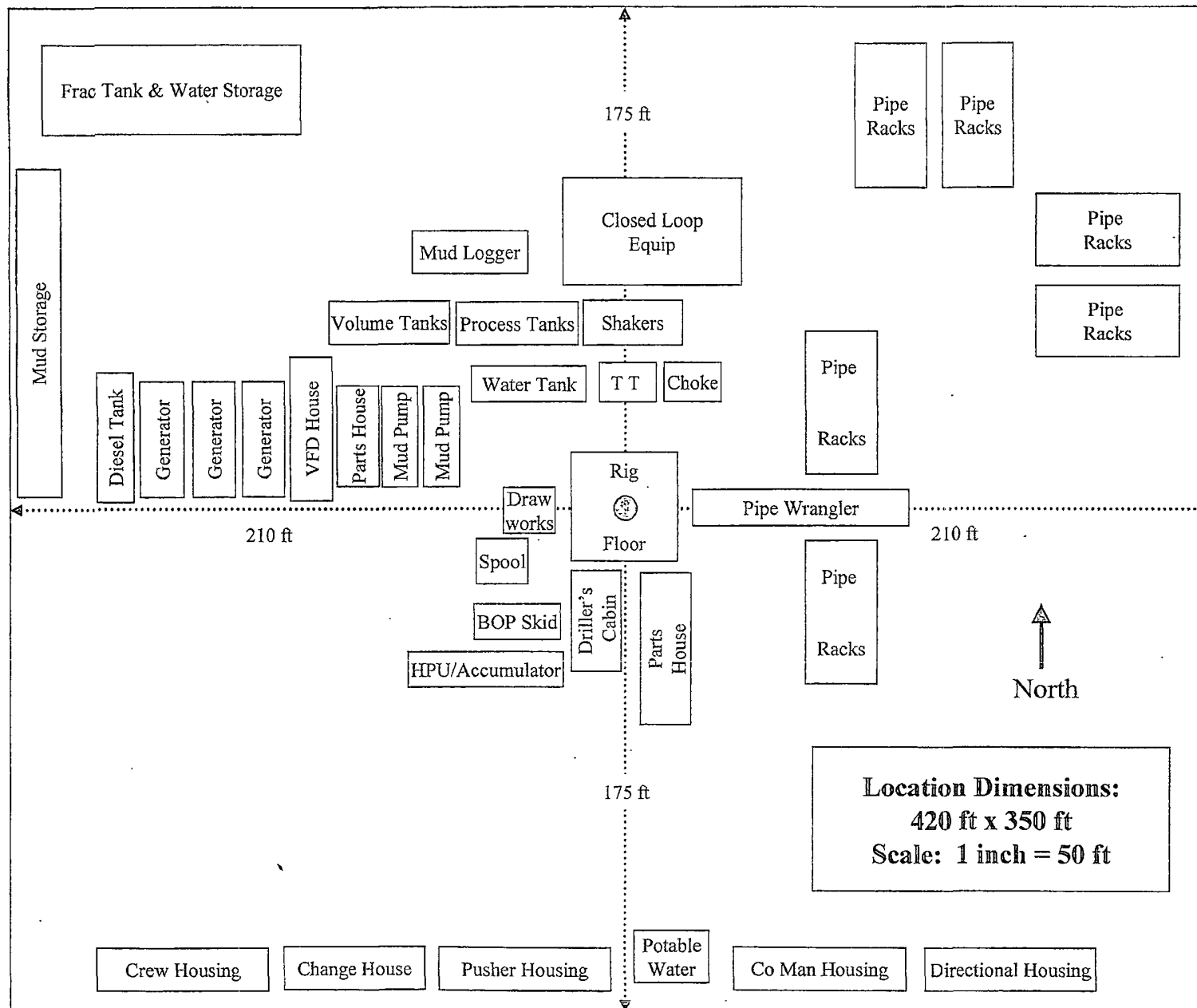
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YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

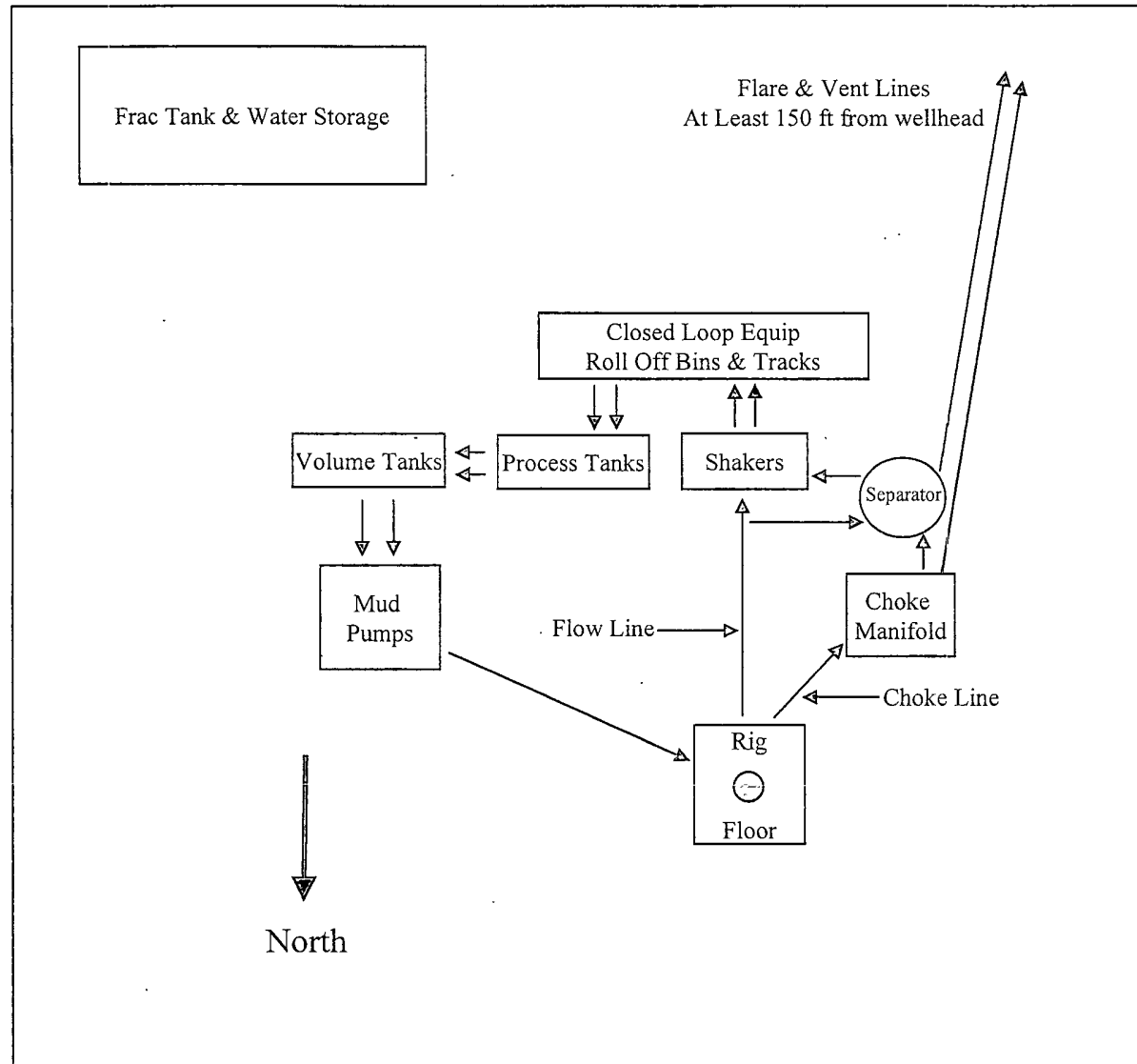
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PRODUCTION
COMPANY, L.P.



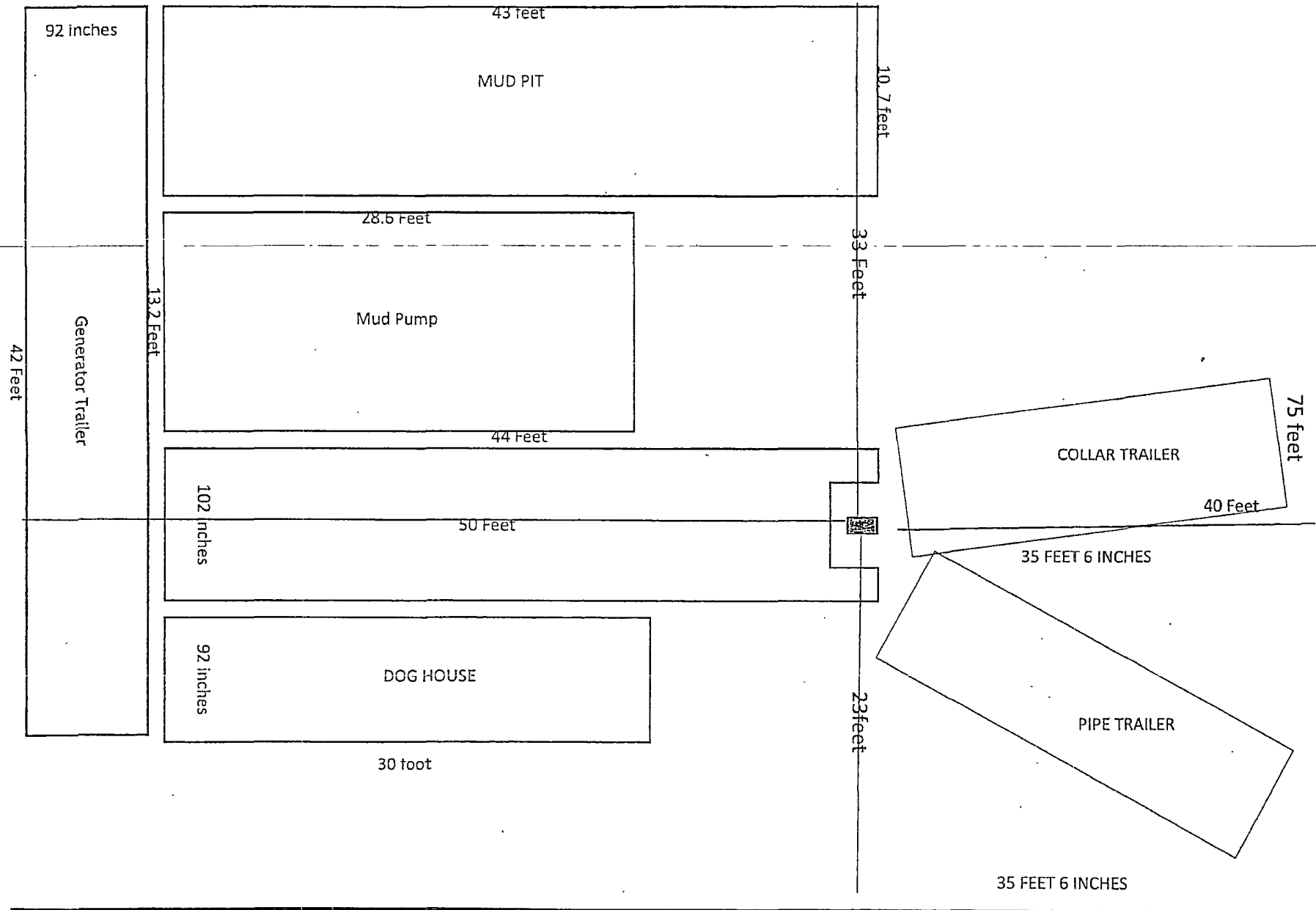
H&P Flex Rig Location Layout



Closed Loop Equipment Diagram



95 FEET



ASHTON OILFIELD SERVICES



PHOENIX

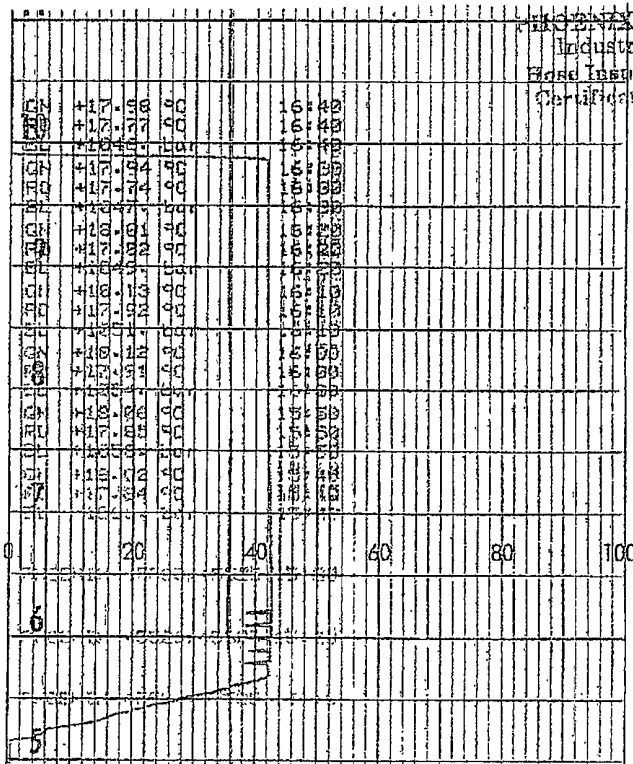
QUALITY DOCUMENT

PHOENIX RUBBER
INDUSTRIAL LTD.

H-6728 Szeged, Budapesti út 10. Hungary H-6701 Szeged P.O.Box: 152 - Phone: (3662) 566-737, Fax: (3662) 566-738
The Court of Csongrád County as Registry Court, Registry Court reg No.: Cg.06-09-102502

QUALITY CONTROL INSPECTION AND TEST CERTIFICATE				CERT N° 164	
PURCHASER: Phoenix Beattie Co.				P.O. N°: 000504	
PHOENIX ORDER N° 327309		HOSE TYPE: 3" ID Choke and Kill Hose			
HOSE SERIAL N° 45523		NOMINAL / ACTUAL LENGTH: 10,67 m			
W.P. 68,96 MPa 10000 psi		T.P 103,4 MPa 15000 psi		Duration: 60 min.	
Pressure test with water at ambient temperature <div style="text-align: center;">See attachment. (1 page)</div>					
↑ 10 mm = 10 Min. → 10 mm = 25 MPa					
COUPLINGS					
Type		Serial N°		Heat N°	
3" coupling with 4 1/16" Flange end		3147 3150		AISI 4130 AISI 4135	
				93070 42404	
All metal parts are flawless					
WE CERTIFY THAT THE ABOVE HOSE HAS BEEN MANUFACTURED IN ACCORDANCE WITH THE TERMS OF THE ORDER AND PRESSURE TESTED AS ABOVE WITH SATISFACTORY RESULT.					
Date: 25. January. 2006		Inspector		Quality Control PHOENIX RUBBER Industrial Ltd. Hose Inspection and Certification Dept.	

[Signature]
 RUBIN
 Industrial Ltd.
 Horse Inspection and
 Certification Dept.



14-65



Fluid Technology

ContiTech Beattie Corp.
Website: www.contitechbeattie.com

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 hoses have been handled and installed correctly. It is good practice to use lifting & safety equipment but not mandatory.

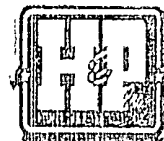
Should you have any questions or require any additional information/clarifications then please do not hesitate to contact us.

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


ContiTech Beattie Corp,
11535 Brittnoore Park Drive,
Houston, TX 77041
Phone: +1 (832) 327-0141
Fax: +1 (832) 327-0148
www.contitechbeattie.com





**Proposed Interim
Site Reclamation**

Devon Energy Production Co.
Habanero 17 Fed 2
1500' FSL & 355' FEL
Sec. 17-T24S-R27E
Eddy County, NM

 Proposed
Reclamation Area



1" : 50'

GM 4/5/11

