

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF 079010
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input 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.		7. If Unit or CA Agreement, Name and No. Northeast Blanco Unit
3a. Address PO Box 6459 Farmington, NM 87419	3b. Phone No. (include area code) 505-632-0244	8. Lease Name and Well No. NEBU 245
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1,095' FSL & 730' FWL, Unit M, SW SW At proposed prod. zone 1,350' FSL & 1,330' FWL, Unit K, NE SWK		9. API Well No. 30-045-33639
10. Field and Pool, or Exploratory S. Los Pinos Frt/Sd Pictured Cliffs		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 26, T31N, R7W
12. Distance in miles and direction from nearest town or post office* Approximately 15.3 miles		12. County or Parish San Juan
13. State NM		
14. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 730'	15. No. of acres in lease 2,560	16. Spacing Unit dedicated to this well 160 Acres SW/4
17. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	18. Proposed Depth 3,459'	19. BLM/BIA Bond No. on file
20. Elevations (Show whether DF, KDB, RT, GL, etc.) GR 6,275'	21. Approximate date work will start* 05/01/2006	22. Estimated duration Unknown

24. Attachments

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. | 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>M. S. Zimmerman</i>	Name (Printed/Typed) Melisa Zimmerman	Date 5-6-06
Title Senior Operations Technician		
Approved by (Signature) <i>D. M. Anderson</i>	Name (Printed/Typed) D. M. Anderson	Date 5/9/06
Title AFM		
Office FFO		

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.

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.

*(Instructions on page 2)

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

NMOCB

District I
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, NM 87211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994

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

2006 MAR 8 AM 10 36

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-33639	² Pool Code 80690	³ Pool Name S. Los Pinos Fat/Sl Pictured Cliffs
⁴ Property Code 19641	⁵ Property Name NEBU	⁶ Well Number # 245
⁷ OGRID No. 6137	⁸ Operator Name Devon Energy Production Company, L.P.	⁹ Elevation 6275

¹⁰ Surface Location

UL or Lot No. M	Section 26	Township 31 N	Range 7 W	Lot Idn	Feet from the 1095	North/South line SOUTH	Feet from the 730	East/West line WEST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

¹ UL or lot no. K	Section 26	Township 31 N	Range 7 W	Lot Idn	Feet from the 1350	North/South line SOUTH	Feet from the 1330	East/West line WEST	County SAN JUAN
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¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

<div><p>16</p><p>Bottom Hole Location 1350' F/SL 1330' F/WL</p><p>730'</p><p>1095'</p><p>Azimuth - 66°58' 652'</p></div>	<div><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p><p><i>M.S. Zimmermann</i> Signature Melisa Zimmermann Printed Name Sr. Operations Technician Title March 6, 2006 Date</p><p>¹⁸ SURVEYOR CERTIFICATION</p><p>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 supervision, and that the same is true and correct to the best of my belief.</p><p>January 12, 2006 Date of Survey</p><p>Signature and Seal of Professional Surveyor</p><p>GARY D. VANN NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 7016 7016 Certificate Number</p></div>
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Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
March 4, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-33639
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. SF 079010
7. Lease Name or Unit Agreement Name NORTHEAST BLANCO UNIT
8. Well Number 245
9. OGRID Number 6137
10. Pool name or Wildcat S. Los Pinos Frt/Sd Pictured Cliffs
11. Elevation (Show whether DR, RKB, RT, GR, etc.) GR 6,275'
Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached) Pit Location: UL M Sect 26 Twp 31N Rng 7W Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water 2200' Below-grade Tank Location UL Sect Twp Rng ; feet from the line and feet from the line

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Devon Energy Production Company, L.P.

3. Address of Operator
PO Box 6459, Navajo Dam, NM 87419

4. Well Location
Unit Letter M : 1,095' feet from the South line and 730' feet from the West line
Section 26 Township 31N Range 7W NMPM County - SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
GR 6,275'

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)
Pit Location: UL M Sect 26 Twp 31N Rng 7W Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >1000'
Distance from nearest surface water 2200' Below-grade Tank Location UL Sect Twp Rng ;
feet from the line and feet from the line

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: CONSTRUCT DRILLING PIT <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

14. **Devon Energy will be constructing a lined drilling pit. The closure of said pit will be in accordance with the NMOCD regulations with the cutting of the liner applying to the BLM rules.**

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any 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 ☐.

SIGNATURE M.S. Zimmerman TITLE Sr. Operations Technician DATE 3-6-06
Type or print name Melisa Zimmerman E-mail address: Melisa.zimmerman@dvn.com Telephone No. 405-552-7917

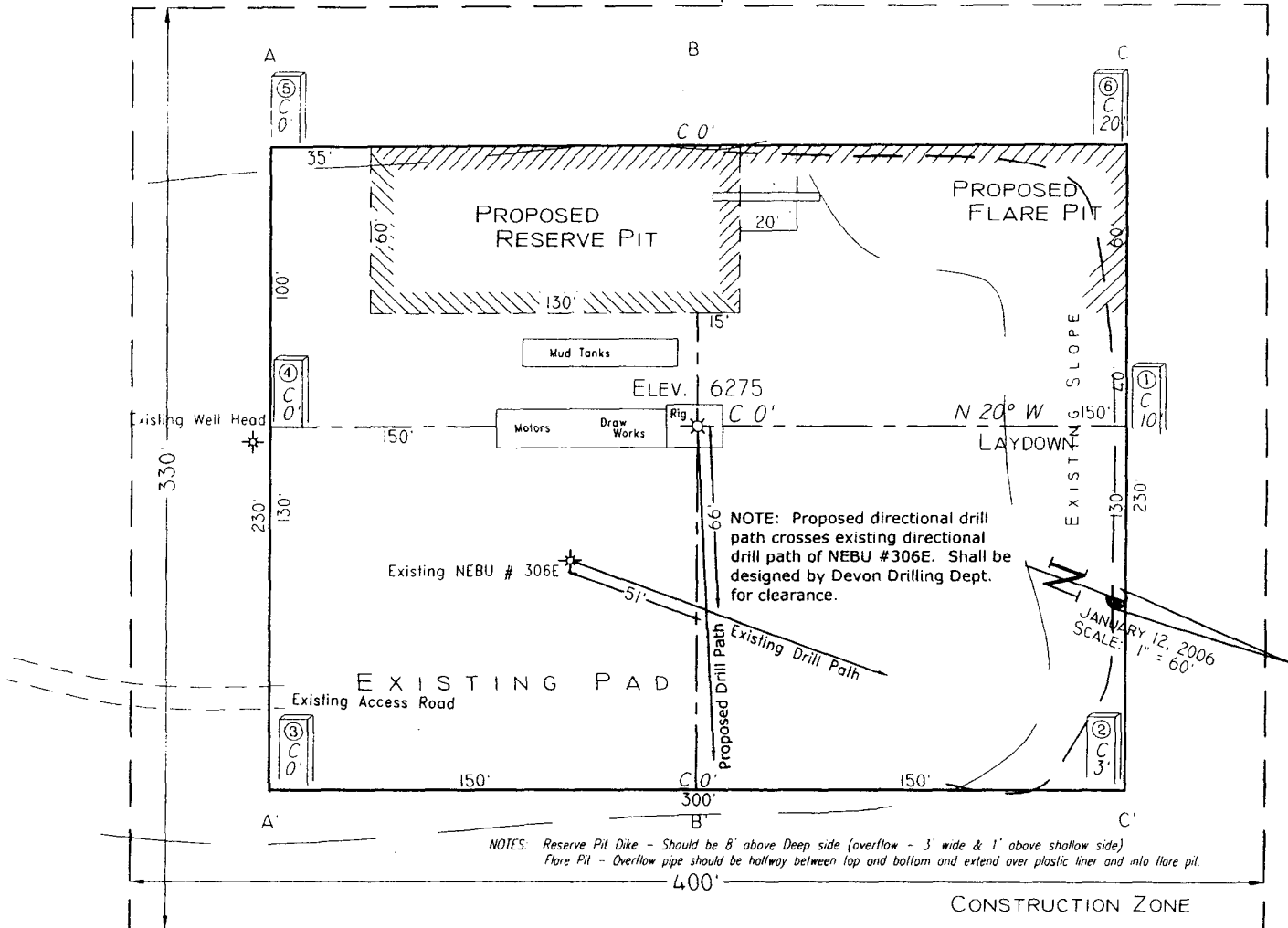
(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE MAY 12 2006
Conditions of approval, if any:

PAD LAYOUT PLAN & PROFILE
DEVON ENERGY PRODUCTION COMPANY, L.P.

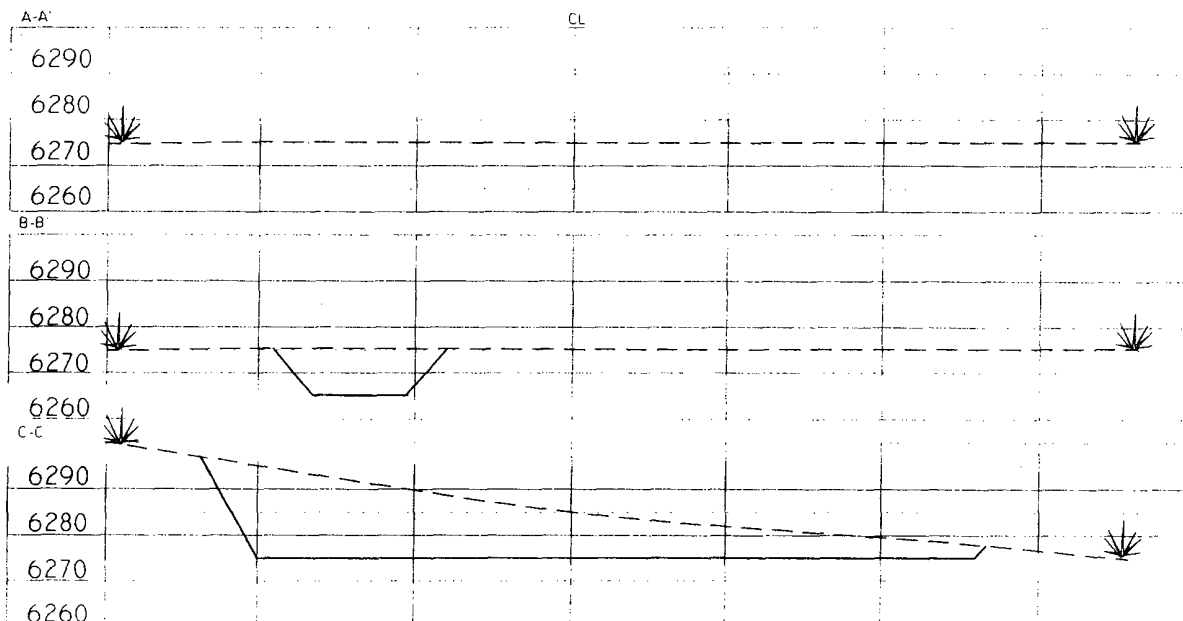
Nebu # 245
 1095' F/SL 730' F/WL
 SEC. 26, T31N, R7W, N.M.P.M.
 SAN JUAN COUNTY, NEW MEXICO

Lat: 36.86629°
 Long: 107.54684° (83)



Area of Construction Zone - 330'x400' or 3.03 acres, more or less.

SCALE: 1"=60'-HORIZ.
 1"=40'-VERT.



NOTE: Lot & Long are for mapping purposes only and are not to be relied upon for re-establishment of well location.

NOTE: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction.

Cuts and fills shown are approximate - final finished elevation is to be adjusted so earthwork will balance. Corner stakes are approximate and do not include additional areas needed for sideslopes and drainages. Final Pad Dimensions are to be verified by Contractor.

VANN SURVEYS
 P. O. Box 1306
 Farmington, NM

**NEBU 245
Unit M 26-3N-7W
San Juan Co., NM**

DRILLING PLAN

1. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS & ANTICIPATED WATER, OIL, GAS OR MINERAL FORMATIONS:

Formation	TVD (ft)	TMD (FT)	Hydrocarbon/Water Bearing Zones
San Jose	Surface	Surface	
Ojo Alamo	2020	2117	Aquifer
Kirtland	2105	2206	
Fruitland	22565	2674	Gas
Fruitland 1 st Coal	2740	2849	Gas
Pictured Cliffs Tongue	2940	3049	Gas
Pictured Cliffs	3050	3159	Gas
Lewis	3250	3359	
TD	3350	3459	

All shows of fresh water and minerals will be adequately protected and reported.

2. PRESSURE CONTROL EQUIPMENT:

All well control equipment shall be in accordance with Onshore Order #2 for 2M systems.

The minimum specifications for pressure control equipment that will be provided are included on the attached schematic diagram, which shows the size, and pressure ratings.

2000# BOP With Pipe Rams and 2000# BOP With Blind Rams

Auxiliary equipment to be used:

- Upper kelly cock with handle available.

The manifold includes appropriate valves and adjustable chokes. The kill line will have one check valve. Ram type preventers will be pressure tested to full working pressure (utilizing a test plug) or 70% of the internal yield pressure (without a test plug) at:

- Initial installation
- Whenever any seal subject to test pressure is broken
- Following related repairs

- At 30 day intervals

Pipe and blind rams shall be activated each trip.

A BOPE pit level drill will be conducted weekly for each drilling crew.
All tests and drills will be recorded in the drilling log.

The accumulator will have sufficient capacity to close all rams and retain 200 psi above pre-charge pressure without the use of closing unit pumps.

Master controls will be at the accumulator. Anticipated bottom hole pressure is 1500 psi.

3. **CASING & CEMENTING PROGRAM:**

A. The proposed casing program will be as follows:

TVD	Hole Size	Size	Grade	Weight	Thread	Condition
0-285	12-1/4"	9-5/8"	H-40	32#	STC	New
0-TD	6-1/4"	4-1/2"	J-55	11.6#	LTC	New

The 9-5/8" surface pipe will be tested to 750 psi. All casing strings below the surface shoe shall be pressure tested to 0.22 psi/ft. of casing string length or 1500 psi, whichever is greater, but not to exceed 70% minimum internal yield.

Surface: The bottom three joints of the surface casing will have a minimum of one centralizer per joint and one centralizer every joint thereafter (Total 5 centralizers estimated)

4-1/2" Casing: The bottom three joints of the casing will have a minimum of one centralizer per joint and one centralizer every fifth joint thereafter to above Ojo Alamo with turbolizers below and throughout the Ojo Alamo. (Total 12 centralizers, 3 turbolizers estimated).

B. The proposed cementing program will be as follows:

Surface String: 9-5/8" Surface cemented in a 12-1/4" hole at 285'.
32.3# H-40 ST&C 8 Rnd
Saw tooth guide shoe
Cemented with 200 sx Class B mixed at 15.6 ppg w/.25 pps
Celloflake, 2% calcium chloride. Yield 1.19 ft³/sx ,cement
Designed to circulate to surface.
* **Minor variations possible due to existing conditions**

Production String: 4-1/2" Production casing cemented in an 6-1/4" hole
11.6# J-55 LT&C 8 Rnd
Float collar

Joint

Float Shoe

Lead: 500 sx 50/50 Poz, Yield-1.45 ft³/sx, Mixed @ 13ppg
Foamed W/ N₂ Down To 9.0# Additives 2% Gel, 0.2% Versaset,
0.1% Diacel Lwl.

Tail: 75 sx 50/50 Poz, Yield-1.45 ft³/sx, 13 lb/gal, Additives 2%
Gel, 0.2% Versaset, 0.1% Diacel Lwl.

*** Minor variations possible due to existing conditions**

Actual volumes will be calculated and adjusted with caliper log prior to cementing.

4. DRILLING FLUIDS PROGRAM:

TVD	Type	Weight (ppg)	Viscosity	pH	Water Loss	Remarks
0-285'	Spud	8.4-9.0	29-70	8.0	NC	FW gel,
285-TD	LSND/Air	8.4-9.0	29-70	8.0	10-12	LCM as needed

NC = no control

Sufficient quantities of mud material will be maintained on site or be readily accessible for the purpose of assuring well control. SPR will be recorded on daily drilling report after mudding up. Visual mud monitoring will be conducted during operations.

5. EVALUATION PROGRAM:

Wireline Logs: None

Mud Logs: Possible mud logging in Fruitland Coal & Pictured Cliffs.

Survey: Deviation surveys will be taken every 500' from 0-TD of 6-1/4" hole or first succeeding bit change.

Cores: None anticipated.

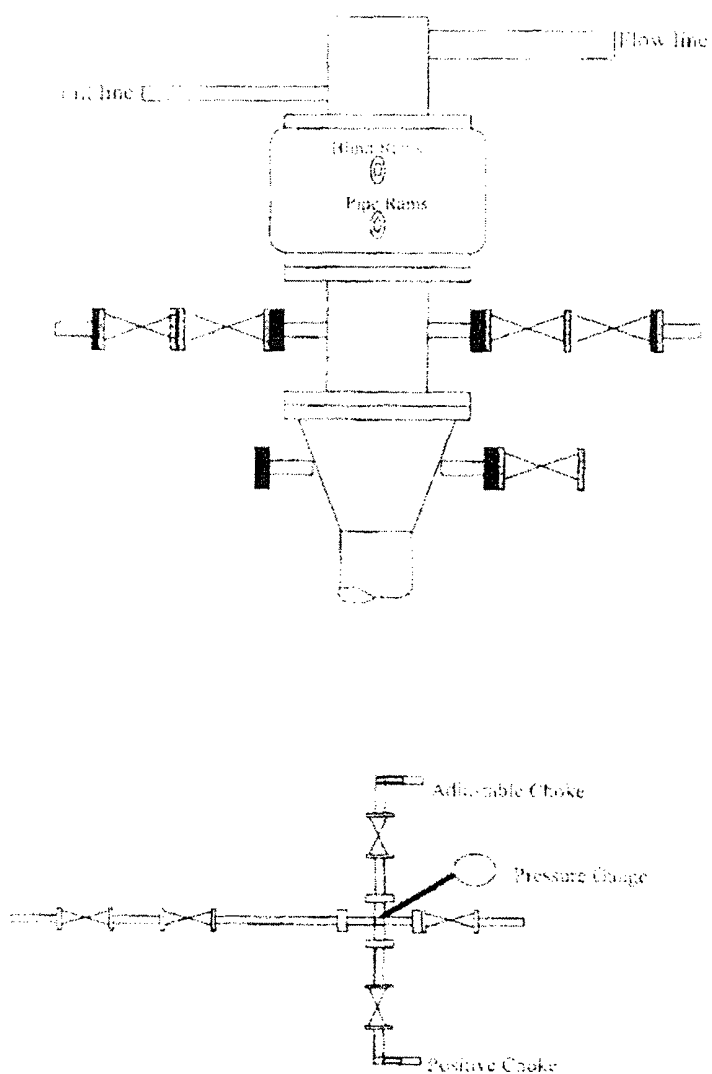
DST's: None anticipated.

6. ABNORMAL CONDITIONS:

The Fruitland Coal will be encountered at approximately 3030' TMD. Estimated formation pressure is 300 psi. No other abnormal pressures and/or temperatures are expected. No hydrogen sulfide should be present.

7. OTHER INFORMATION:

Well Control Equipment 2,000 psi Configuration



All well control equipment designed to meet or exceed the Onshore Oil and Gas Order No. 2, BLM 43 C FR 1150 requirements for 2M systems.

Company: Devon Energy
 Lease/Well: NEBU 245
 Location: San Juan County
 State/Country: NM

