OTI CONS. DIV. DIST. 3

FORM APPROVED Form 3160-3 OMB No. 1004-0137 Expires March 31, 2007 (April 2004) UNITED STATES Lease Serial No. DEPARTMENT OF THE INTERIOR SF 079010 BUREAU OF LAND MANAGEMENT 6. If Indian, Allotee or Tribe Name APPLICATION FOR PERMIT TO DRILL OR REENTER 7 If Unit or CA Agreement, Name and No. **V** DRILL REENTER la. Type of work: Northeast Blanco Unit 8. Lease Name and Well No. Oil Well Gas Well Single Zone Multiple Zone NEBU 306M lb. Type of Well: API Well No. Name of Operator Devon Energy Production Company, L.P. 3b. Phone No. (include area code) 10. Field and Pool, or Exploratory 3a. Address PO Box 6459 405-552-7917 Basin Dakota / Blanco Mesaverde Farmington, NM 87419 11. Sec., T. R. M. or Blk. and Survey or Area Location of Well (Report location clearly and in accordance with any State requirements.*) 1,210' FNL & 410' FWL, Unit D, NW NW At surface 26-31N-7W At proposed prod. zone 1,630' FNL & 1,740' FWL, Unit F, SE NW 13. State 12. County or Parish 14. Distance in miles and direction from nearest town or post office* Approximately 14.4 miles San Juan Distance from proposed* 16. No. of acres in lease 17. Spacing Unit dedicated to this well location to nearest property or lease line, ft.
(Also to nearest drig. unit line, if any)

410' 2560 Acres 320 Acres Distance from proposed location* to nearest well, drilling, completed, 19. Proposed Depth 20. BLM/BIA Bond No. on file 8,265' applied for, on this lease, ft. 22 Approximate date work will start* 23. Estimated duration Elevations (Show whether DF, KDB, RT, GL, etc.) GR 6.3491 Unknown 04/01/2007 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. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 2. A Drilling Plan. 3. A Surface Use Plan (if the location is on National Forest System Lands, the Operator certification SUPO shall be filed with the appropriate Forest Service Office). Such other site specific information and/or plans as may be required by the Name (Printed/Typed) 25. Signature Melisa Castro Title Senior Staff Operations Technician Approved by (Signature) Name (Printed/Typed) Title 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 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)

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

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

MOLD 0104 FOR <u>directional</u> 50 VVe/

NMOCD B 2/15/07

NOTIFY AZTEC OCD C590 Cemmy
IN TIME TO WITNESS

%\3

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

PO Box 2088, Santa Fe, NM 87504-2088

District IV

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

RCUD FEB14'07

WELL LOCATION AND ACREAGE DEDICATION PLAT OIL CONS. DIV.

30-045-34		72319 Basin Dakot	a/Blanco Mescuerde
4 Property Code		5 Property Name	⁶ Well Number
19641	NEBU		# 306M
OGRID No.		Noperator Name	⁹ Elevation
4137	Devon Energ	gy Production Company, L.P	6349

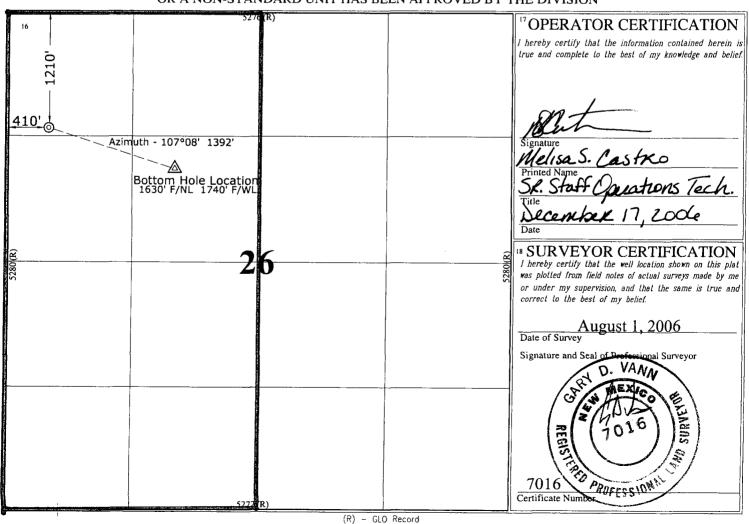
Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	26	31 N	7 W		1210	NORTH	410	WEST	SAN JUAN

"Bottom Hole Location If Different From Surface

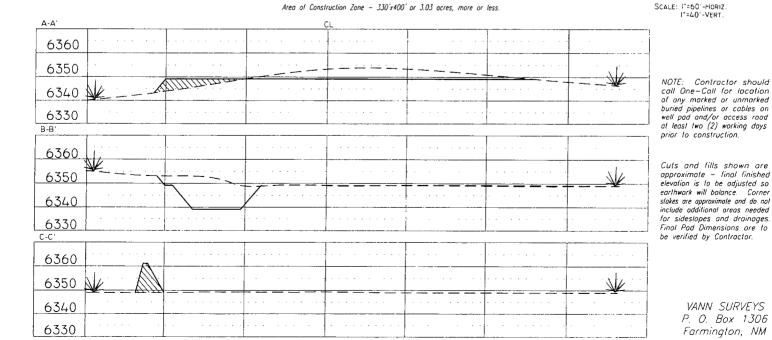
⁷ UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	26	31 N	7 W		1630	NORTH	1740	WEST	SAN JUAN
12 Dedicated Acres	¹³ Join	t or Infill 14	Consolidatio	n Code 15	Order No.			4	
W/2-320		İ		ļ					

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



Submit 3 Copies To Appropriate District State of New Mexico	Form C-103
Office District I Energy, Minerals and Natural Resources	March 4, 2004
1625 N. Franch Dr. Hobbs, NM 88240	11.00
	5-34128
5. Indicate Typ	
1000 Rio Brazos Rd. Aztec. NM 87410	FEE _
District IV Santa Fe, NM 87505 6. State Oil & Company of the Comp	Gas Lease No.
1220 S. St. Francis Dr., Santa Fe, NM SF 079010	
87505 SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A 7. Lease Name	or Unit Agreement Name
PURPOR DE MARCEDALICIDA A LIGIE HA PRIA COLETIONA EGO DEPANTAL (PODRA COLOTA) FOR CLICIA	BLANCO UNIT
PROPOSALS.)	
1. Type of Well:	
Oil Well Gas Well Other	
2. Name of Operator 9. OGRID Nur	nber
Devon Energy Production Company, L.P. 6137	
3. Address of Operator 10. Pool name	or Wildcat
	Blanco Mesaverde
4. Well Location	
1. West Education	
Unit LetterD:1,210feet from theNorth line and410feet from theWe	estline
Section 26 Township 31N Range 7W NMPM County - SAN JU	IAN
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	
GR 6,349	
Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)	
	manual fresh water well >1000?
Pit Location: UL_DSect_26_Twp_31N_Rng_7WPit type_Drilling_Depth to Groundwater_>100'_Distance from	
Distance from nearest surface water_>1000'_ Below-grade Tank Location ULSectTwpRng	_;
feet from theline andfeet from theline	
feet from theline andfeet from theline	
12. Check Appropriate Box to Indicate Nature of Notice, Report or Oth	
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PAD LAYOUT PLAN & PROFILE DEVON ENERGY PRODUCTION COMPANY, L.P. Nebu #306M 1210' F/NL 410' F/WL SEC. 26, T31N, R7W, N.M.P.M. Lat: 36.87433° Long: 107.54795° (83) SAN JUAN COUNTY, NEW MEXICO В C. ® C 0' (5) F' 35 **PROPOSED** FLARE PIT PROPOSED 20' RESERVE PIT <u>/// 130' ////</u> Mud Tanks 4 1 ELEV. | 6349 N 15° W 4 1501 150 LAYDOWN 330' Reroute Existing Access Road 30. 130 230 EXISTINGIPAD Existing Well Head AUGUST 1. 2006 SCALE: 1. 2006 Proposed Reroute of Access Road (S) 150 150 300 В Reserve Pil Dike - Should be 8' above Deep Side (overflow 3' wide & 1' above shallow side)
Flare Pil - Overflow pipe should be hallway between top and bottom and extend over plastic liner and into flare pil. -400' CONSTRUCTION ZONE



NEBU 306M Unit D 26-31N-7W San Juan Co., NM

2007 JAN 1.2 AM 10: 08
RECEIVED

BLM 210 FD SHEY STON NM

DRILLING PLAN

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

Formation	TMD (ft)	TVD (ft)	Hydrocarbon/Water Bearing Zones
San Jose	Surface	Surface	
Ojo Alamo	2484	2224	Aquifer
Kirtland	2627	2345	
Fruitland	3149	2817	Gas
Fruitland 1st Coal	3327	2986	Gas
Pictured Cliffs Tongue	3508	3161	Gas
Pictured Cliffs Main	3637	3287	Gas
Lewis	3738	3387	Gas
Intermediate TD	3839	3487	
Huefanito Bentonite	4388	4035	Gas
Chacra / Otera	4773	4420	Gas
Cliff House	5497	5144	Gas
Menefee	5633	5280	Gas
Point Lookout	5899	5546	Gas
Mancos	6363	6010	Gas
Gallup	7237	6884	Gas
Greenhorn	7944	7591	
Graneros	7999	7646	Gas
Paguate	8124	7771	
Cubero	8136	7783	
Oak Canyon	8210	7857	
Encinal Canyon	8236	7883	

TD	8265	7912		

^{*}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, with a size of 2", 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 precharge pressure without the use of closing unit pumps.

Master controls will be at the accumulator. Anticipated bottom hole pressure is 3400 psi.

3. Casing & Cementing Program:

A. The proposed casing program will be as follows:

TMD	TVD	Hole Size	Size	Grade	Weight	Thread	Condition
0-285'	0-285'	12- 1/4"	9-5/8"	H-40	32#	STC	New
0-3839	0-3487	8-3/4"	7"	K-55	23#	LTC	New
0- TD	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.

<u>Surface</u>: 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)

<u>Intermediate</u>: The bottom three joints of the 7" 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).

<u>Production</u>: The bottom three joints will have a minimum of one centralizer per joint and one centralizer every fifth joint to 3500' (estimated 25 centralizers used). Centralizers will be open bow spring or basket bow spring type.

B. The proposed cementing program will be as follows:

Surface String:

Cement will be circulated to surface.

Lead: 200 sx Class "B" with 100% Standard Cement, 2.00% CaCl2, .25 #/sx Flocele. Density: 15.6 lb/gal; Yield: 1.18 cuft/sx;

Water: 5.24 gal/sx

* Minor variations possible due to existing conditions

Intermediate String:

Cement will be circulated to surface.

Lead: 500 sx 50/50 Poz, Yd-1.45, Water Gal/sx 6.8, 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, Yd-1.45, Water Gal/Sk 6.8, Additives 2% Gel. 0.2% Versaset. 0.1% Diacel Lwl.

* Minor variations possible due to existing conditions

If hole conditions dictate, an alternate, cement design will be used:

Lead: 575 sx 50/50 Poz with 50% Class B Cement, 50% San Juan Poz, .4% Halad-344, .1% CFR-3, 3% Bentonite, 5#/sx Gilsonite, .25#/sx Flocele. Density: 13.0 lb/gal; Yield: 1.46 cuft/sx; Water: 6.42 gal/sx

Tail: 75 sx 50/50 Poz with 94#/sx Standard Cement, 0.3% Halad-344, .25 #/sx Flocele. Density: 15.6 lb/gal; Yield: 1.18 cuft/sx; Water: 5.23 gal/sx

* Minor variations possible due to existing conditions

Production String:

TOC designed to circulate 1000' into intermediate string, cement will tie into the intermediate casing as a minimum. Volumes may vary with actual well characteristics.

Lead: 250 sx 50/50 Poz with 2% Gel, 0.2% Halad, 0.1% CFR-3, 5 #/sx Gilsonite, 0.25 #/sx Flocele. Mixed at 13 ppg, 1.47 ft 3/sx foamed to 9 ppg, 2.18 ft 3/sx.

Tail: 450 sx 50/50 Poz with 50% Standard Cement, 50% San Juan Poz, 3% Bentonite, 1.40% Halad-9, .10% CFR-3, .10% HR-5, 5 #/sx Gilsonite, 0.25 #/sx Flocele. Density: 13.0 lb/gal; Yield: 1.47 cuft/sx; Water: 6.35 gal/sx *

* Minor variations possible due to existing conditions

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

4. DRILLING FLUIDS PROGRAM:

TMD Interval	TVD Interval	Type	Weight (ppg)	Viscosity	pH.	Water Loss	Remarks
0-285'	0-285'	Spud- foam	8.4-9.0	29-70	8.0	NC	FW gel, LSND or stiff foam
285'-3,839'	285'-3,487'	Air				NC	
3,839' - TD	3,487' – TD	Air/N2 or Mud	8.5-9.0*	30-50	8.0-10.0	8-810cc @ TD	Low solids- non-dispersed. * min Wt. to control formation pressure

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:

Logs: Density

Neutron Induction

In the event open hole logs are not run in the well, a cased hole evaluation log will Be run.

Survey: Deviation surveys will be taken every 500' from 0-TD or first succeeding bit

change. The hole will be air drilled from intermediate casing point to TD. The equipment used in this type of operation will not allow for single shot surveys without considerable operational delays. A survey will be taken at TD. Similar wells in this area have not shown significant deviation in this section of the hole.

Cores: None anticipated.

DST's: None anticipated.

6. ABNORMAL CONDITIONS:

The Fruitland Coal will be encountered in the 8-3/4" hole. Estimated formation pressure is 300 psi. No other abnormal pressures and/or temperatures are expected. No hydrogen sulfide should be present.

& d

7. OTHER INFORMATION:

The anticipated starting date and duration of the operation will be as follows:

Starting Date:

Upon Approval

Duration:

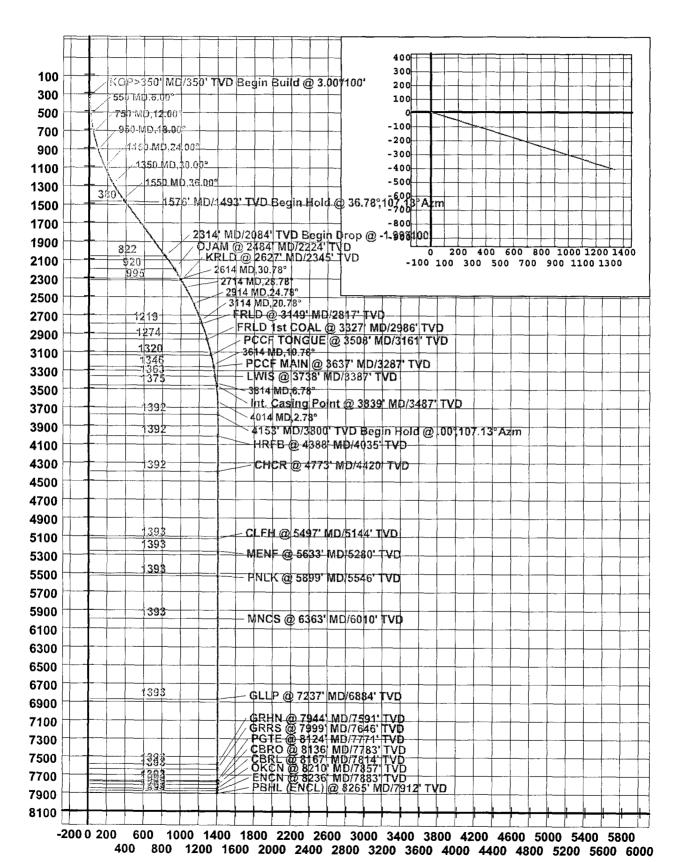
20 days

If the well is completed as a dry hole or as a producer, Well Completion or Recompletion Report and Log (Form 3160-4) will be submitted within 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3160. Copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample descriptions, daily drilling reports, daily completion reports, and all other surveys or data obtained and compiled during the drilling, completion, and/or workover operations, will be submitted directly to the Authorized Officer or filed with Form 3160-4.

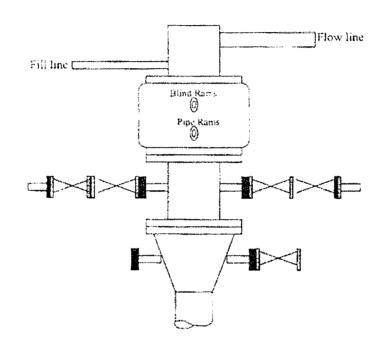
Company: Devon Energy Lease/Well: NEBU 306 M Location: San Juan County

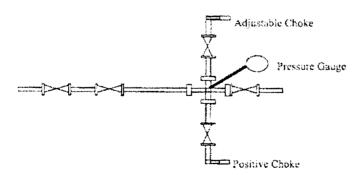
State/Country: NM





Well Control Equipment 2,000 psi Configuration





 ΔH well control equipment designed to meet or exceed the Onshore Oil and Gas Order No. 2, BLM 43 CTR 3160 requirements for 2M systems.