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-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
Devon Energy Production Company, L.P. **20 N. Broadway** **Oklahoma City, OK 73102**	6137 [3] API Number 30 - 39-30531

[5] Property Code	[5] Property Name	[6] Well No
19641	Northeast Blanco Unit	258

[9] Proposed Pool 1	[10] Proposed Pool 2
S Los Pinos Fruitland Sand Pictured Cliffs	

[7] Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	30N	7W		2,195	North	1,240	West	Rio Arriba

[8] Proposed 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
E	2	30N	7W		1,340	North	1,300	West	Rio Arriba

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	G	Rotary	State	6,295'
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
N	3,636'	S Los F/S Pictured Cliffs		Unknown

Depth to Groundwater >100'	Distance from nearest fresh water well >1,000'	Distance from nearest surface water >1,000'

Pit. Liner Synthetic ☒ 12 mils thick Clay ☐ Pit Volume _____bbls
Closed-Loop System ☐

Drilling Method:
Fresh Water ☒ Brine ☐ Diesel/Oil-based ☐ Gas/Air ☒

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 ¼"	9 5/8"	32#	0-285'	200	Surface
8 ¾"	7"	23#	0-3,079'	575	Surface
6 ¼"	4 ½"	11.6#	0-TD	700	Surface

[22] Describe the proposed program If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

RCVD MAY 14 '08
OIL CONS. DIV.
DIST. 3

Hold C104
for Directional Survey
and "As Drilled" plat

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**

Sign

Printed name: Melisa Castro

Title: Senior Staff Operations Technician

E-mail Address: Melisa castro@dvn.com

Date: 5-8-08 Phone: 405-552-7917

OIL CONSERVATION DIVISION

Approved by:

Title: DEPUTY OIL & GAS INSPECTOR, DIST. #3

Approval Date: MAY 21 2008 Expiration Date: MAY 21 2010

Conditions of Approval Attached ☐

B MAY 21 2008

District I
1625 N. French Dr., Hobbs NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87504-2088

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-039-30531	80690	S. Los Pinos F/S Pictured Cliffs

4 Property Code	5 Property Name	6 Well Number
19641	NEBU	# 258

7 OGRID No.	8 Operator Name	9 Elevation
6137	Devon Energy Production Company, L.P.	6295

10 Surface Location

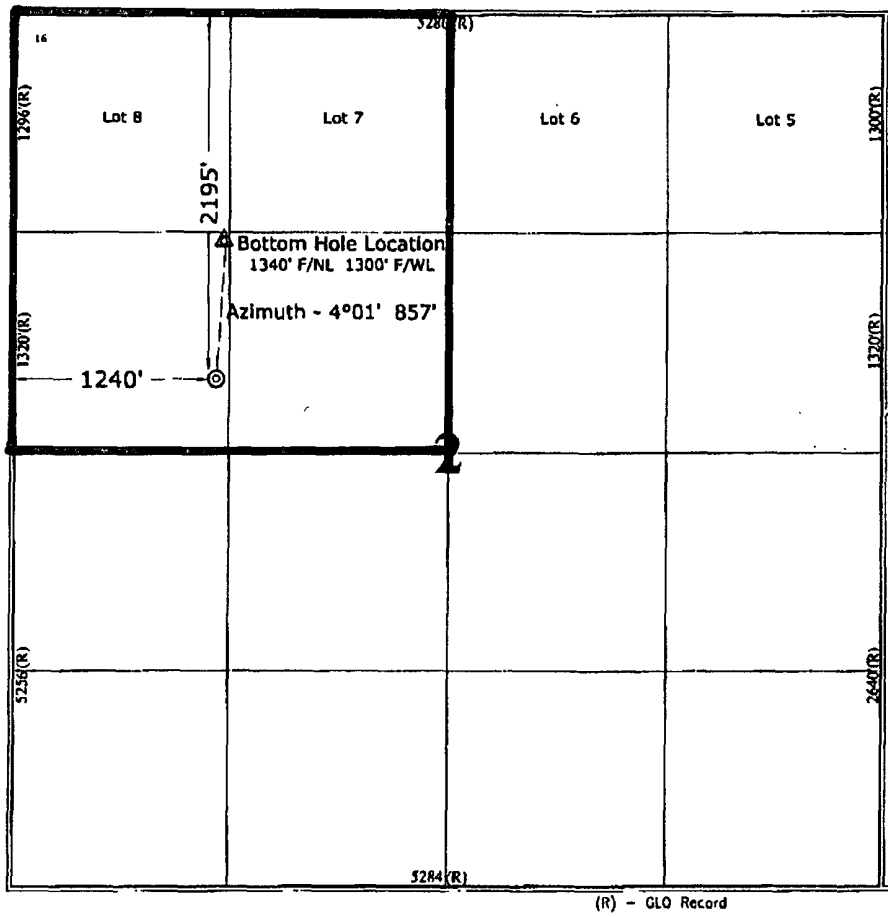
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	2	30 N	7 W		2195	NORTH	1240	WEST	Rio Arriba

11 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
E	2	30 N	7 W		1340	NORTH	1300	WEST	Rio Arriba

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
N W/4 - ~~160.36~~ 158.62			

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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division

Signature — Date: May 21, 08

Printed Name: Melissa Castro

18 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 supervision, and that the same is true and correct to the best of my belief

Date of Survey: April 7, 2008

Signature and Seal of Professional Surveyor

GARY D. VANN — NEW MEXICO — 7016 — REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number: 7016

(R) - GLO Record

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State of New Mexico
Energy Minerals and Natural Resources

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

Form C-144
June 1, 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, L.P. Telephone. (405) 552-7917 e-mail address: melisa.castro@dvn.com
Address: 20 N. Broadway, Oklahoma City, OK 73102
Facility or well name: NEBU 258 API #: 30-039-30531 U/L or Qtr/Qtr E Sec 2 T 30N R 7W
County. Rio Arriba Latitude 36 84276 Longitude 107.54511 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 ☐ Pit Volume ____ bbl	Volume ____ bbl Type of fluid: ____ Construction material ____ Double-walled, with leak detection? Yes ☐ If not, explain why not	
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)	

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: (check the onsite box if your are burying in place) 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

Additional Comments

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 ☐.**

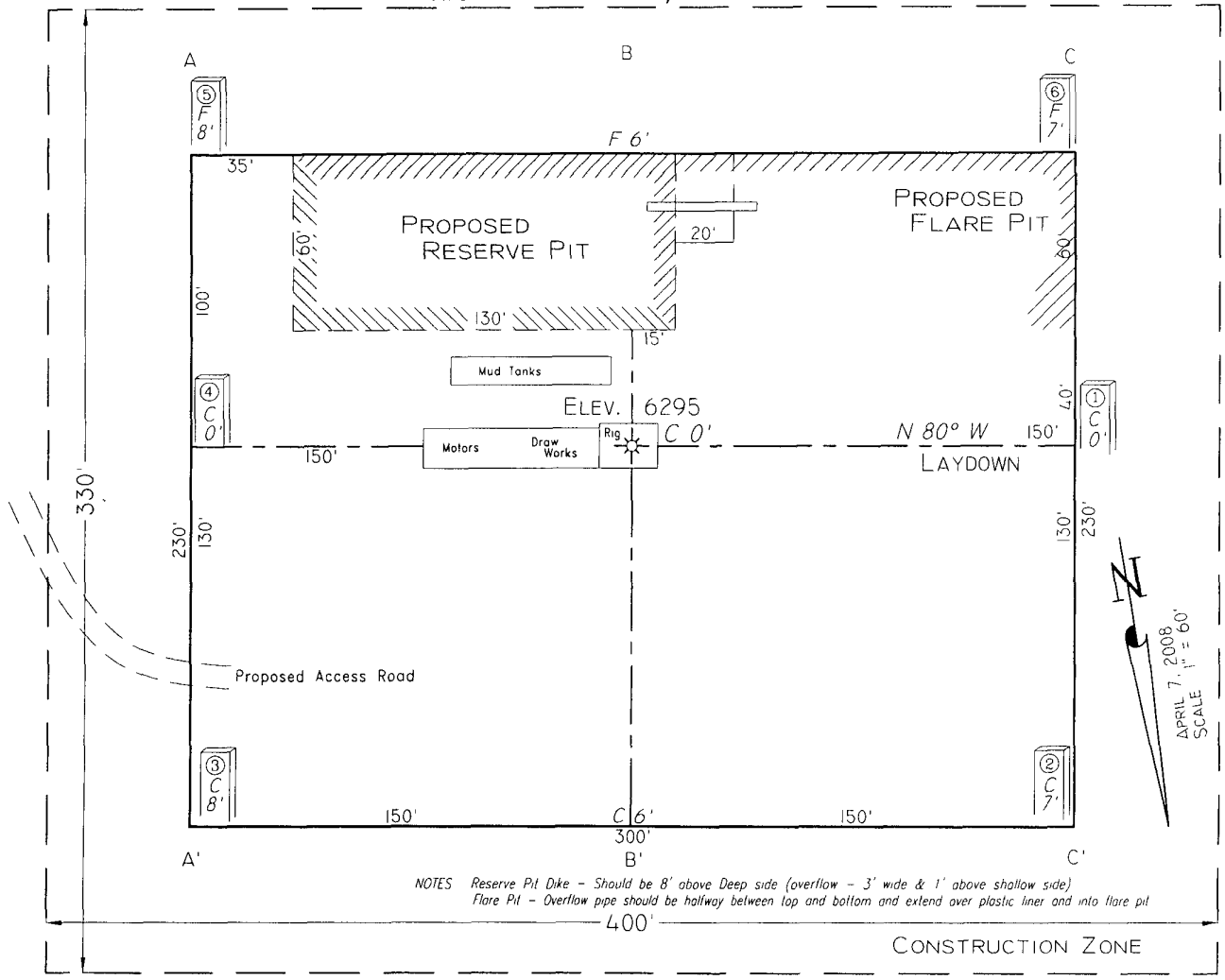
Date: 5-8-08
Printed Name/Title Melisa Castro, Senior Staff Operations Technician Signature

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
Printed Name/Title Deputy Oil & Gas Inspector, District #3 Signature Date: MAY 21 2008

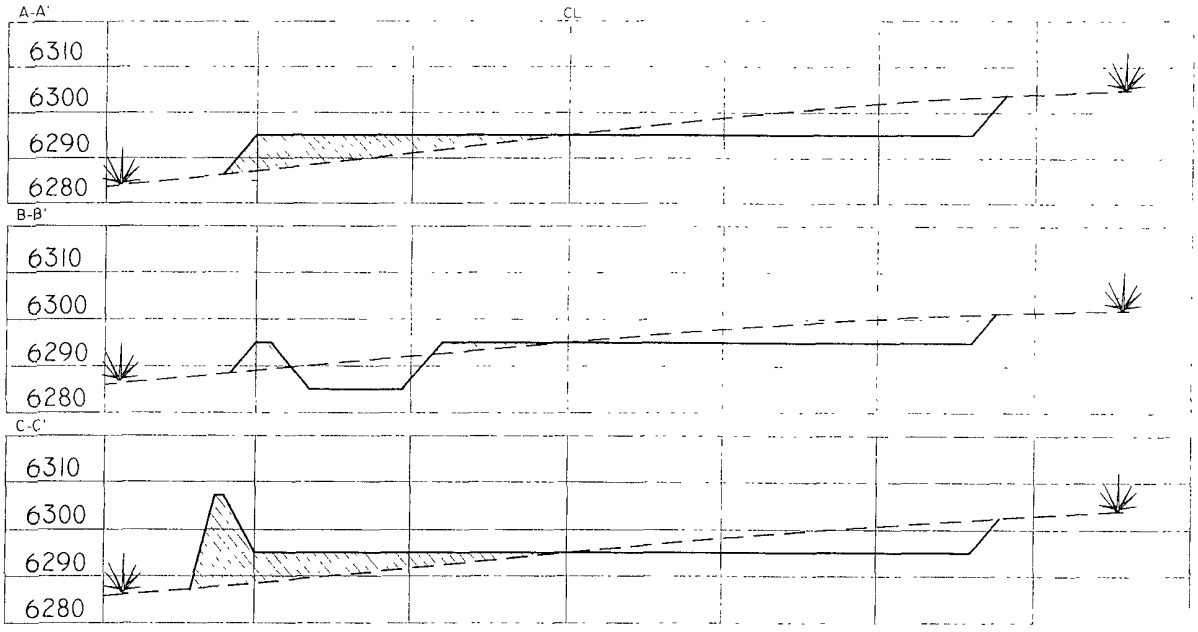
PAD LAYOUT PLAN & PROFILE
DEVON ENERGY PRODUCTION COMPANY, L.P.
Nebu # 258
2195' F/NL 1240' F/WL
SEC. 2, T30N, R7W, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO

Lat: 36.84276° (83)
Long: 107.54511°



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

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



NOTE Lat & 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 258
SL: 2,195' FNL & 1,240' FWL, Unit E 2-30N-7W
BHL: 1,340' FNL & 1,300' FWL, Unit E 2-30N-7W
Rio Arriba Co., 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	2388	2223	Aquifer
Kirtland	2540	2369	
Fruitland	2979	2803	Gas
Fruitland 1st Coal	3167	2991	Gas
Pictured Cliffs Tongue	3365	3189	Gas
Pictured Cliffs	3455	3279	Gas
Lewis	3535	3359	
TD	3636	3460	

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.
- Safety valve & subs to fit all drill string connections in use.

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:

TMD	TVD	Hole Size	Size	Grade	Weight	Thread	Condition
0-285	0-285	12-1/4"	9-5/8"	H-40	32#	STC	New
0-3079	0-2903	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

Casing Size	Collapse Resistance	Internal Yield	Body Yield
9 5/8"	1400 psi	2270 psi	254K psi
7"	3270 psi	4360 psi	366K psi
4 ½"	4960 psi	5350 psi	184K psi

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)

Intermediate: 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). In some situations an ACP and DV tool may be run.

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). In some situations an ACP and DV tool may be run.

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. Yeild 1.19 ft3/sx ,cement Designed to circulate to surface.
* ***Minor variations possible due to existing conditions***

Intermediate String: Cement will be circulated to surface.

Lead: 500 sx Of 50/50/Std/ Poz, Yd-1.45, Water Gal/Sk 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 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***

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/sk; Water: 6.42 gal/sx *
Tail: 75 sx 50/50 Poz, Yd-1.45, Water Gal/sx 6.8, Additives 2% Gel, 0.2% Versaset, 0.1% Diacel Lwl
* ***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.
Designed to circulate to surface.
* ***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	TVD	Type	Weight (ppg)	Viscosity	pH	Water Loss	Remarks
0-3629'	0-3629'	Spud-foam	8.4-9.0	29-70	8.0	NC	FW gel, LSND or stiff foam
3079'-3636'	2903'-3460'	Water /Mud	8.4-9.0	29-70	8.0	NC	
3636' - TD	3460' - TD	Air/N2 or	8.5-9.0*	30-50	8.0-10.0	8-810cc @ TD	Low solids-non-dispersed.

		Mud					* 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

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

Survey: Directional 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.

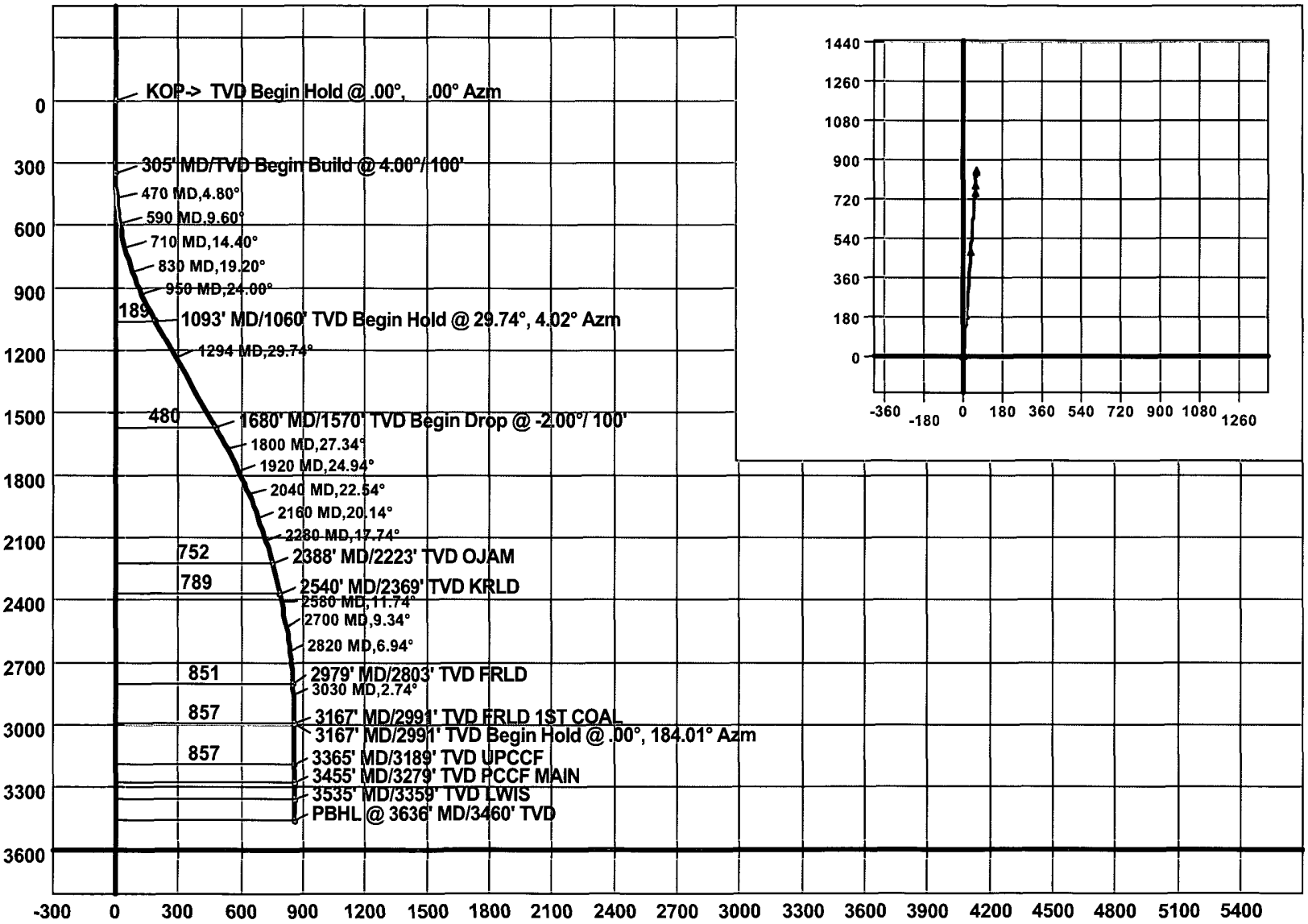
7. OTHER INFORMATION:

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

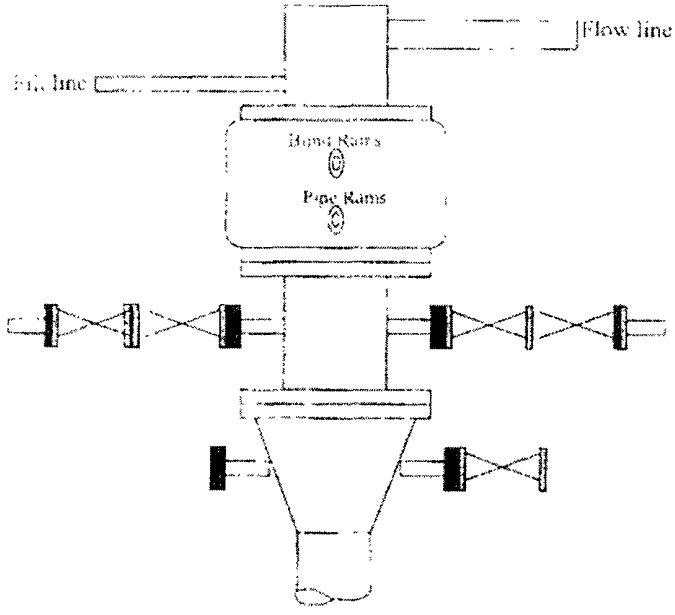
Starting Date: Upon Approval
Duration: 20 days

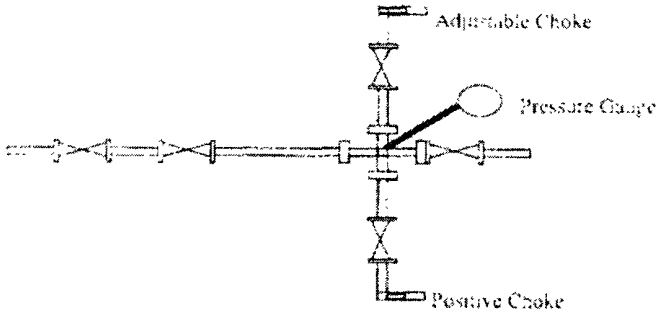
If the well is completed as a dry hole or as a producer, Well Completion or Recompletion Report and Log (Form 3160-4) will be submitted within 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3160. Copies of all logs, core descriptions, 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 258
Location: Rio Arriba County
State/Country: NM



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 CFR 3160 requirements for 2M systems.