N.M. Oil Cons. DIV-Dist. 2

1301 W. Grand Avenue

Artesia, NM 88210

UNITED STATES

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

Form 3160-3 (April 2004)

DEPARTMENT OF THE INTERIOR

Lease Serial No.

BUREAU OF LAND MAN	AGEMENT COLL	4 0 2005	101 II II II II	3 37
APPLICATION FOR PERMIT TO	DRILL OR REENTER	AHTES	6. If Indian, Allotee or Tr	ibe Name
la. Type of work:	7. If Unit or CA Agreement	, Name and No.		
b. Type of Well: Oil Well Gas Well Other	8. Lease Name and Well N Kite 51 Federal 3	19134		
2. Name of Operator Devon Energy Production Company, L.	P 6137		9 API Well No.	34338
a. Address 20 North Broadway Oklahoma City, Oklahoma 73102-8260	10. Field and Pool, or Explor Red Lake; Glorieta	atory		
Location of Well (Report location clearly and in accordance with any At surface NESE Lot 1 2310FSL 365-FEL 40	V State requirements.*)	51120	11. Sec., T. R. M. or Blk. and	
At proposed prod. zone NESE Lot 1 2310FSL 355 FEL	per attached &	X) 15	Sec. 5 18S 27E, Uni	t I
 Distance in miles and direction from nearest town or post office* Approximately 7 miles southeast of Artesia, New Mexico 			12. County or Parish Eddy County	13. State NM
5. Distance from proposed* location to nearest property or lease line, ft.	16. No. of acres in lease		g Unit dedicated to this well	
(Also to nearest drig. unit line, if any) B. Distance from proposed location*	40 acres 19. Proposed Depth	40 acı 20. BLM/I	BIA Bond No. on file	
to nearest well, drilling, completed, applied for, on this lease, ft.	4000 MD			
Elevations (Show whether DF, KDB, RT, GL, etc.) 3522' GL	22. Approximate date work will sta 08/15/2005	rt*	23. Estimated duration 45 days	
	24. Attachments			
e following, completed in accordance with the requirements of Onshor	e Oil and Gas Order No.1, shall be a	ttached to th	is form:	
. Well plat certified by a registered surveyor. A Drilling Plan.	4. Bond to cover t Item 20 above).	he operation	ns unless covered by an existing	ng bond on file (see
A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office).		specific info	ormation and/or plans as may	be required by the
Stenature Company	Name (Printed Typed) Norvella Adams		Date	06/23/2005
Sr. Staff Eng. Tech				
pproved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /S/ Jo	e G.]	Lara	SEP 1 3 2
FIELD MANAGER	Office CARLS	SBAD	FIELD OFFI	CE
pplication approval does not warrant or certify that the applicant hold induct operations thereon. onditions of approval, if any, are attached.	s legalor equitable title to those righ		SOVAL FOR	the applicant to
itle 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a creates any false, fictitious or fraudulent statements or representations as t	rime for any person knowingly and to any matter within its jurisdiction.	willfully to n	nake to any department or ager	ncy of the United

*(Instructions on page 2)

Roswell Controlled Water Basin

Witness Surface Casing

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Additional Operator Remarks:

Devon Energy Production Company, LP proposes to drill a San Andres, Glorieta Yeso well per the approved Master Drilling and Surface Use Plan and Attachment A for the Red Lake Field Area to 4000' TD for commercial quantities of oil and gas. If the well is deemed noncommercial, the well bore will be plugged and abandoned per Federal regulations.

Directions: From Co. Rd. 27 and Co. Rd. 201, go east for 0.1 mile on lease road; then north for 0.2 mile to the Kite Fed #2 and proposed lease road.

Please see attached MDSUP and Attachment A.

Form 3150-5 (August 199)

UNITED STATES DEPARTMENT OF THE INTERIOR RUPEAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APROVED OMB NO. 1004-0135 XPIRES: NOVEMBER 30, 2000

DEPARTMENT OF THE INTERIOR (M. 1 LAK 1 L. 3) A	OND 140. 1004-0155
BUREAU OF LAND MANAGEMENT	EXPIRES: NOVEMBER 30,
SUNDRY NOTICES AND REPORTS ON WELLS	5. Lease Serial No.

SUBMIT IN TRIPLICATE 2. Type of Well Oil Well Ook Well Other SWEN Name and No. Kitle 5 I Federal 3 Well Name and No. Kitle 5 I Federal 3 A PI Well No. Address and Toliphone No. 2. North Broadway, Ste 1500, Oklahoms City, OK 73102 Location of Well (Report location clearly and in accordance with Federal requirements) Location of Well (Report location clearly and in accordance with Federal requirements) Red Labo, Glorieta-Yeso NE 2. Country or Prish 13. State Eddy NM TYPE OS SUBMISSION Address CHECK APPROPRIATE BOX(e) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OS SUBMISSION Address CHECK APPROPRIATE BOX(e) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF ACTION Rec Canago Fracture Treat Rev Constitution Rec Canago Fracture Treat Rev Confidence Check Change Rev Confidence Reclamation Recognition Reco	Do not use this form abandoned well. Use	NMLC-055383-A 6. If Indian, Allottee or Tribe Name				
a. Type of Well Oil Well Gais Well Other				<u>-</u>		
Name of Operator DEVON ENERGY PRODUCTION COMPANY, LP Address and relaphone No. 29 North Broadway, Ste 1500, Oklahoma City, OK 73102 405-552-8198 10. Field and Pool, or Exploratory Red Labo: Cloretta-Yeso NE 2210-FSL 355 FEL Innt. N. Sed 158 ZYE 12 County or Fainh 13. Sales Eddy NM TYPE OF XCTION Water Shub-Off Address Production (Satar/Resume) Water Shub-Off Address Subsequent Report Classing Repair Address Classing Repair Address Classing Repair Address Broadway and an administrative Red Company of Production (Satar/Resume) Water Shub-Off Well Integrity Red Labo: Cloretta-Yeso NE 12 County or Fainh 13. Sales Eddy NM TYPE OF XCTION Type OF XCTION Water Shub-Off Hotice of Intent Address Classing Repair Red Calor (Satar/Resume) Water Shub-Off Well Integrity Red Calor (Satar/Resume) Water Shub-Off Red Calor (Satar/Resume) Well Integrity Red Calor (Satar/Resume) Water Shub-Off Red Calor (Satar/Resume) Water Shub-Off Red Calor (Satar/Resume) Well Integrity Red Calor (Satar/Resume) Water Shub-Off Red Calor (Satar/Resume) Water Shub-Off Red Calor (Satar/Resume) Water Shub-Off Red Calor (Satar/Resume) Red Calor (Satar/Resume) Water Shub-Off Red Calor (Satar/Resume)					7. Unit or CA Age	reement Name and No.
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Location of Well (Report location clearly and in accordance with Federal requirements)* Red Lake, Glorieta-Yeso NE 2310 FSL & 355 FEL	Address and Telephone No.					
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CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION Notice of Intent	2310 FSL & 355 FEL Unit	.I, Sec 5 18S 27E			12. County or Pa	rish 13. State
TYPE OF ACTION Notice of Intent						
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Subsequent Report Alter Casing Fracture Treat Reclamation Well Integrity		Acidize	Deepen	Production	on (Start/Resume)	Water Shut-Off
Final Abandonment Notice Change Plans Plug and Abandon Temporarily Abandon	✓ Notice of Intent	=	_ ·		• •	_
Plug Back Convert to Injection Plug Back Plug Back Average Plug Back Plug Ba	Subsequent Report	'	=			Other
3. Describe Proposed of Competed Operations (Clearly state at pertinent details, and over pertinent date, including elemental date of stating any proposed work and approximate duration thereof. If the cropose person disciolarly of recomplete horizontary give substrated caute and true vertical degrees and access in Asia for under which the work will be performed and true vertical degrees and access in Asia for under which the work will be performed and true vertical degrees and access in Asia for under which the work of the operation results in a multiple completion or the invoked operations. If the operation results in a multiple completion or the revoked operations, it the operation results in a multiple completion or the completion of the revoked operation. As the operation results in a multiple completion or the completion of the revoked operation. The operation results in a multiple completion or the completion of the revoked operation. The operation results in a multiple completion or the completion of the revoked operation. The operation results in a multiple completion or the completion of the revoked operation. The operation results in a multiple completion or the completion of the revoked operation. The operation results in a multiple completion or the completion of the revoked operation. The operation results in a multiple completion or the operation and the operation results in a multiple completion or the operation results in a multiple completion. The operation results in a multiple completion or the operati	Final Abandonment Notice		,			
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4. Degreby certify that the foregoing is true and correct Name Norvella Adams Title Sr. Staff Eng. Tech Date 9-Aug-05 This space for Federal or State Office use) Approved by /s/ Joe G. Lara Approved by /s/ Joe G. Lara Title FIELD MANAGER Date SEP 1 3 2005 Total Staff Eng. Tech Date Sep 1 3 2005			as follows:			
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DISTRICT I 1625 N. French Dr., Hobbs, NM 88240 DISTRICT II 811 South First, Artesia, NM 88210

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised March 17, 1999

Submit to Appropriate District Office

State Lease — 4 Copies Fee Lease — 3 Copies

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

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code				
	51120	Red Lake; Glorieta Yeso. NE			
Property Code	Prop	Property Name			
	KITE "5	3			
OGRID No.	Орег	Elevation			
6137	DEVON ENERGY P	3522'			

Surface Location

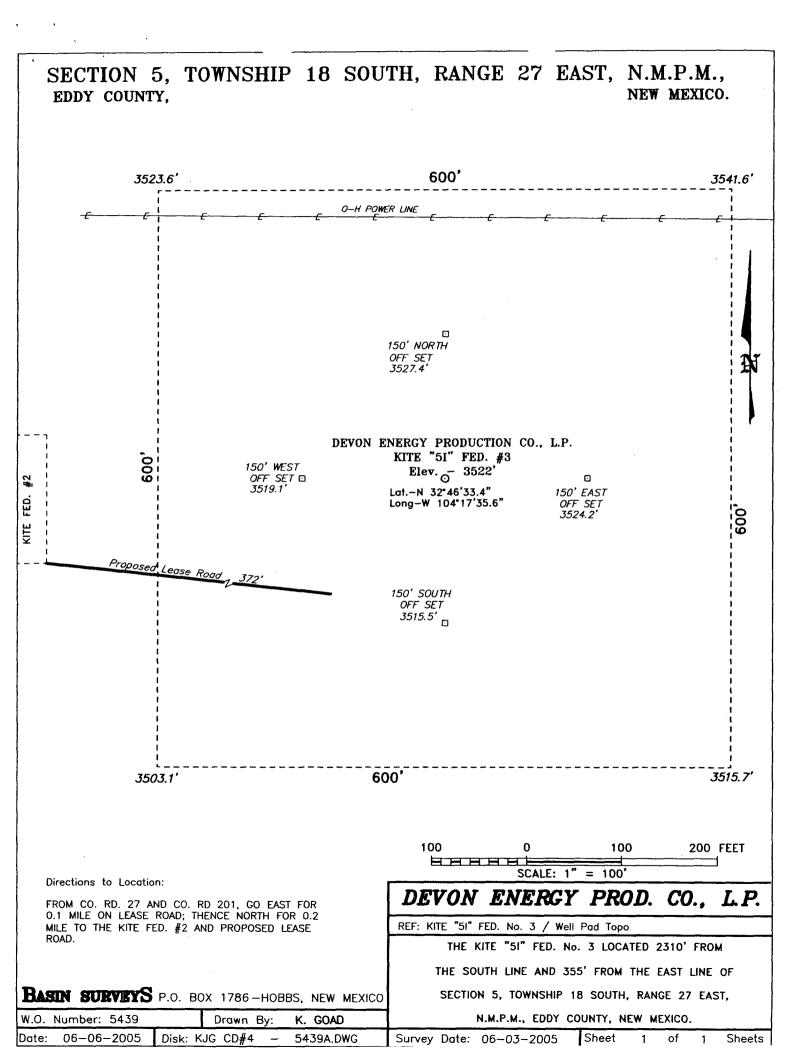
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	5	18 S	27 E		2310	SOUTH	405	EAST	EDDY

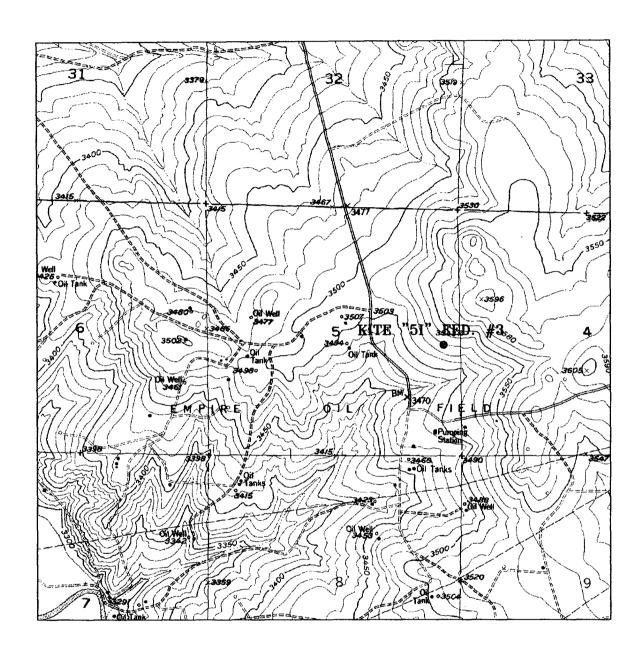
Bottom Hole Location If Different From Surface

	UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
l										
I	Dedicated Acres	Joint o	r Infill Co	nsolidation (ode Or	ier No.				
ł	40	1	ı							
L			11							

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

107.4	T 107 7	1 107 5	1 107 4	1
LOT 4	LOT 3	LOT 2	LOT 1	OPERATOR CERTIFICATION
,	1		1	I hereby certify the the information
	1		1	contained herein is true and complete to the
				best of my knowledge and belief.
			1	ILA COM I
	i		i	
	•		t f	Signature
_ 		-		Norvella Adams
		İ	1	Printed Name
			•	Sr. Staff Eng Tech
	ļ		ı	Title
	İ		i	August 9. 2005
	i		i	Date
	1	· ·	Lat - N32*46'33.2'	2400
	i .		Long - W104°17'36.2" 3523.3' 3540.9'	SURVEYOR CERTIFICATION
			5525.5 5540.9	
	1	•		I hereby certify that the well location shown
	1		405' -	on this plat was plotted from field notes of actual surveys made by me or under my
	İ			supervison and that the same is true and
	:		3502.4' 3515.4'	correct to the best of my belief.
	1		3302.1	
1	ļ		1	AUGUST 3: 2005
	l		1	Date Surveyed JONES
	-+	_+	-+	Signature & Seal of Professional Surveyor
	1		2 9	Professional Surveyor
	i		2310,	N 1 7 (7677 X) 1
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	<u> </u>		! !	No. 1683/
			1	Certificate Not Gan Tones 7977
	1		1	The same of the sa
L				Basin surveyS





KITE "51" FEDERAL #3

Located at 2310' FSL and 355' FEL Section 5, Township 18 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 (505) 393-7316 - Office (505) 392-3074 - Fax basinsurveys.com

W.O. Number:	5439AA - KJG #1
Survey Date:	06-03-2005
Scale: 1" = 2	000'
Date: 08-06-	-2005

DEVON ENERGY PROD. CO., L.P.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office 2909 West Second Street Roswell, New Mexico 88201

IN REPLY REFER TO

JUN 05 2803

Devon Energy Production Company, L.P. Attn. Ms Karen Cottom 20 North Broadway, Suite 1500 Oklahoma City, Oklahoma 73102-8260

Re:

Red Lake Field Area

Master Drilling and Surface Use Plan

Eddy County, New Mexico

The master drilling and surface use plan, dated May 6, 2003, for the Red Lake Field Area in Townships 17 and 18 South, Range 27 East, Eddy County, New Mexico, is now approved. Several corrections have been made to the attached list describing the field area. An approved copy is attached for your records.

Please note that the surface casing setting depth may change in individual APD (Form 3160-4) submittals because the depth of the expected fresh water varies across this area.

If you have any questions, please contact Alexis C. Swoboda, P.E. at 505-627-0228.

Sincerely.

Larry D. Bray

Assistant Field Manager

Lands and Minerals

MASTER DRILLING PROGRAM RED LAKE FIELD Attachment A

To be attached to Form 3160-3

UNIT AREA: Leases in the following Sections located in Township 18 South, Range 27 East, Eddy County, New Mexico operated by Devon Energy Production Company, L. P.

Township 18 South, Range 27 East	Federal Leases	Description
Section 5	USA NM-7714	S/2 SW; SE SE
	USA LC-055383-A	S/2 SW; SE SE; NE SE
	USA LC-064384	Lots 1 & 2; S/2 NE
	USA LC-049648-A	NW SW; SW NW
Section 6	USA NM-7711	SE SE
	USA LC-026874-A	SE SE; SW SW
	USA LC-060894	E/2 SW; SE NW
	USA LC-049648-B	NE SE; SW SE
	USA LC-069274	Lots 3, 4, 5, & 6
	USA LC-026874-B	Lot 2; SW NE
	USA LC-026874-F	Lot 1; SE NE
Section 7	USA LC-067981-A	SW NE; NE SE
	USA NM-7718	NW NE
	USA NM-7715	SW NE; NE SE
· · · · · · · · · · · · · · · · · · ·	USA NM-7719	E/2 NE
Section 8	USA NM-29275	NE SE
	USA LC-070678-A	SE NW; W/2 NW; N/2
		SW; SW SE
	USA LC-043894	SW NE
	USA LC-054205	N/2 NE; NE NW; SE NE
	USA NM-7712	SW NE
	USA NM-7713	N/2 NE; NE NW; SE NE
	USA NM-7716	SE NW; W/2 NW
	USA NM-29268	SE NE
	USA NM-29273	SE SE
	USA NM-89156	NW SE; SE SW
	USA NM-7718	NE SE
Section 9	USA NM-031186	N/2 NW; S/2 NW
	USA NM-7721	N/2 NW
	USA NM-025604	NE; N/2 SE
·	USA LC-065478-B	S/2 SE
Section 10	USA NM-025604	NW; SW
	USA LC-065478-B	N/2 NE; S/2 NE
Section 17	USA NM-0758	NE NW; SW SE
	,,,	

CONDITIONS OF APPROVAL - DRILLING

Operator's Name:

Devon Energy Production Company, LP

Well Name & No.

Kite 5LFederal #3

Location:

2310' FSL, 355' FEL, Section 5, T. 18 S., R. 27 E., Eddy County, New Mexico

Lease:

LC-055383-A 405 KUZ SN DATED 8-9-05 (TAH)

I. DRILLING OPERATIONS REQUIREMENTS:

- 1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St.. Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:
 - A. Well spud
 - B. Cementing casing: 8-5/8 inch 5-1/2 inch
 - C. BOP tests
- 2. A Hydrogen Sulfide (H2S) Drilling Operation Contingency Plan shall be activated prior to drilling into the Grayburg formation. A copy of the plan shall be posted at the drilling site.
- 3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
- 4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.
- 5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

- 1. The 8-5/8 inch surface casing shall be set at approximately 1150 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
- 2. The minimum required fill of cement behind the 5-1/2 inch production casing is to be circulated to the surface.

III. PRESSURE CONTROL:

- 1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
- 2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi. A variance to test the BOP's with the rig pump to 1000 psi is granted.
- 3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.