15-813

Form 3160-3
(March 2012)

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
BHL:NMNM000503 SHL:NMLC061862

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.
NMNM70928X

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
Cotton Draw Unit 278H 43923

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

9. API Well No.
30 015 43740

3a. Address 333 W. Sheridan
Oklahoma City, OK 73102-5010

3b. Phone No. *(include area code)*
405.228.7203

10. Field and Pool, or Exploratory
Cotton Draw South 96757
~~Paduca; Delaware, North (49490)~~

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 200 FNL & 850 FEL, Unit A, Sec. 13 PP: 200 FSL & 660 FEL
At proposed prod. zone 330 FNL & 660 FEL, Unit A, Sec. 12

UNORTHODOX LOCATION

11. Sec., T. R. M. or Blk. and Survey or Area
Section 13 T25S R31E

14. Distance in miles and direction from nearest town or post office*
Approximately 21.22 miles SE of Malaga, NM

12. County or Parish
Eddy County

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
See attached map	NMNM000503 - 2,360.80 NMLC061862 - 1,720	160 ac
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
See attached map	TVD: 8,215' MD: 13,155'	CO-1104; NMB-000801
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
~~3409.5~~ GL 3409.5	01/06/2016	45 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature	Name *(Printed/Typed)*	Date
Trina C. Couch	Trina C. Couch	06/11/2015

Title
Regulatory Compliance Analyst

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/S/ JEANETTE MARTINEZ		APR 19 2016
Title: FIELD MANAGER	Office: CARLSBAD FIELD 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.

APPROVAL FOR TWO YEARS

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.

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

NM OIL CONSERVATION
ARTESIA DISTRICT
APR 22 2016
RECEIVED

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

closed loop system

The NMOCD Gas Capture Plan notice has been posted on the web site under Announcements. A copy of the GCP form is included with the notice and is also in the forms section under Unnumbered forms. Please submit accordingly in a timely manner.

NM OIL CONSERVATION
ARTESIA DISTRICT
APR 22 2016
RECEIVED

District I
1625 N. French Dr., Hobbs NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30 015 43740	49490 96757	Cotton Draw South Paduca; Delaware, North

4 Property Code	5 Property Name	6 Well Number
300655	COTTON DRAW UNIT	278H

7 OGRID No.	8 Operator Name	9 Elevation
6137	DEVON ENERGY PRODUCTION COMPANY, L.P.	3409.5

10 Surface Location

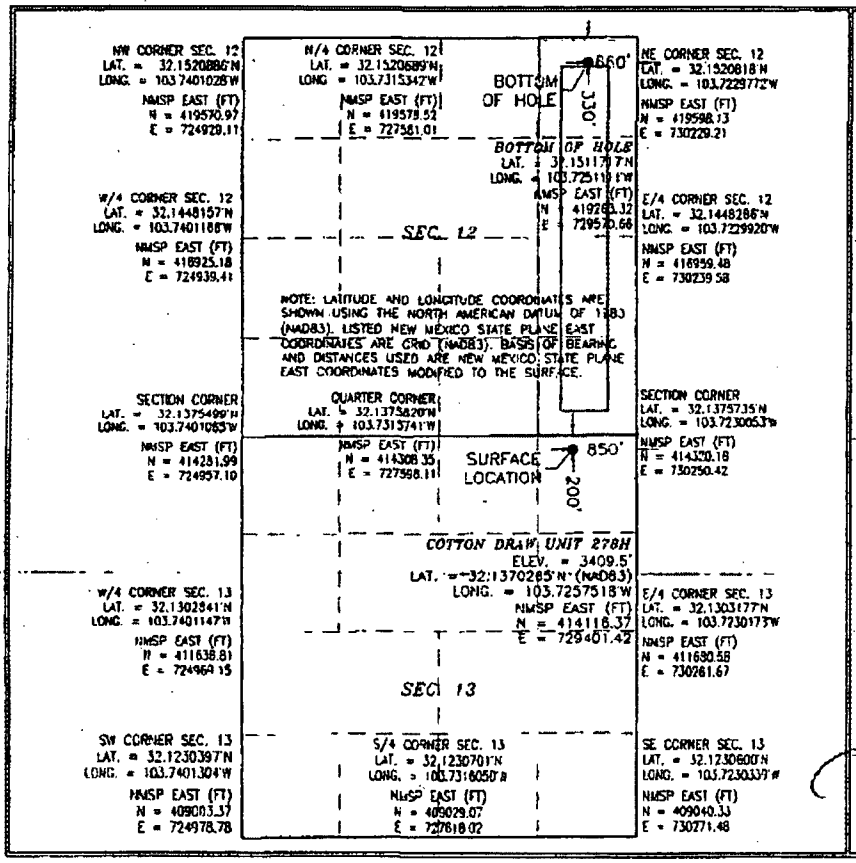
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	13	25 S	31 E		200	NORTH	850	EAST	EDDY

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
A	12	25 S	31 E		330	NORTH	660	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
160 ac			

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.



16 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: 4/11/15

Trina C. Couch, Regulatory Analyst
Printed Name

trina.couch@dvn.com
E-mail Address

17 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.

APRIL 13, 2015
Date of Survey

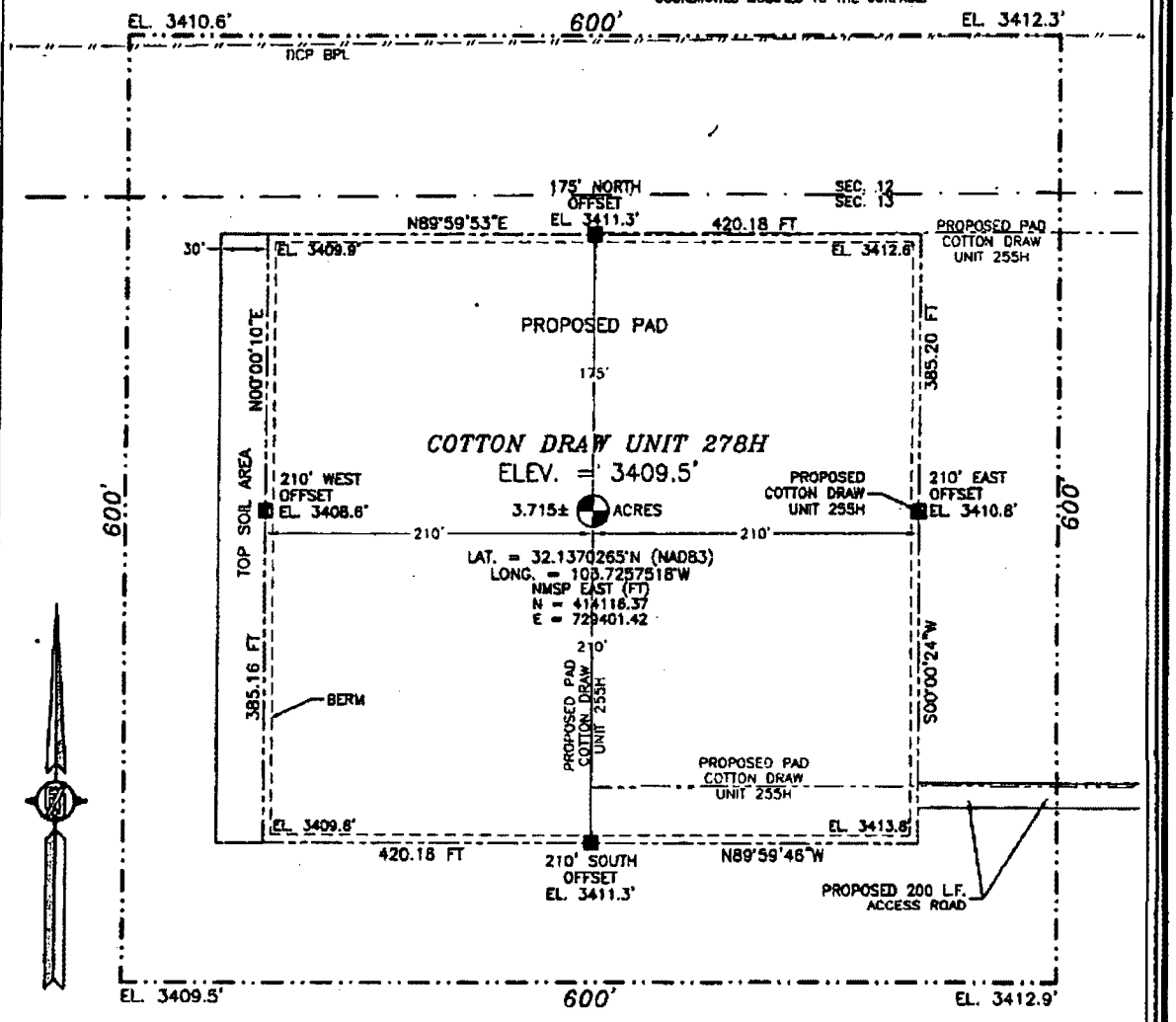
Signature and Seal of Professional Surveyor:
NEW MEXICO
12797
PROFESSIONAL SURVEYOR
GARY L. JONES

Certificate Number: GARY L. JONES, N.M. P.L.S. 12797

SURVEY NO. 1830

SECTION 13, TOWNSHIP 25 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
SITE MAP

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE.



010 50 100 200
SCALE 1" = 100

DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF HWY #128 AND COUNTY ROAD #1 (ORLA HWY) GO SOUTH ON COUNTY ROAD #1 APPROX. 6.0 MILES TO MONSANTO ROAD ON RIGHT (WEST) TURN WEST ON MONSANTO ROAD GO APPROX. 2.1 MILES ROAD TURNS RIGHT (NORTH) GO APPROX. 0.9 MILE ROAD TURNS LEFT (WEST) GO APPROX. 1.0 MILE TO ROAD LATH WITH RED & WHITE FLAGGING ON RIGHT SIDE (NORTH) OF ROAD FOLLOW ROAD LATHS NORTH APPROX. 660' TO ROAD LATH TO COTTON DRAW UNIT 255H GO LEFT (WEST) GO WEST APPROX. 200' TO LOCATION

DEVON ENERGY PRODUCTION COMPANY, L.P.

COTTON DRAW UNIT 278H

LOCATED 200 FT. FROM THE NORTH LINE AND 850 FT. FROM THE EAST LINE OF SECTION 13, TOWNSHIP 25 SOUTH, RANGE 31 EAST, N.M.P.M. EDDY COUNTY, STATE OF NEW MEXICO

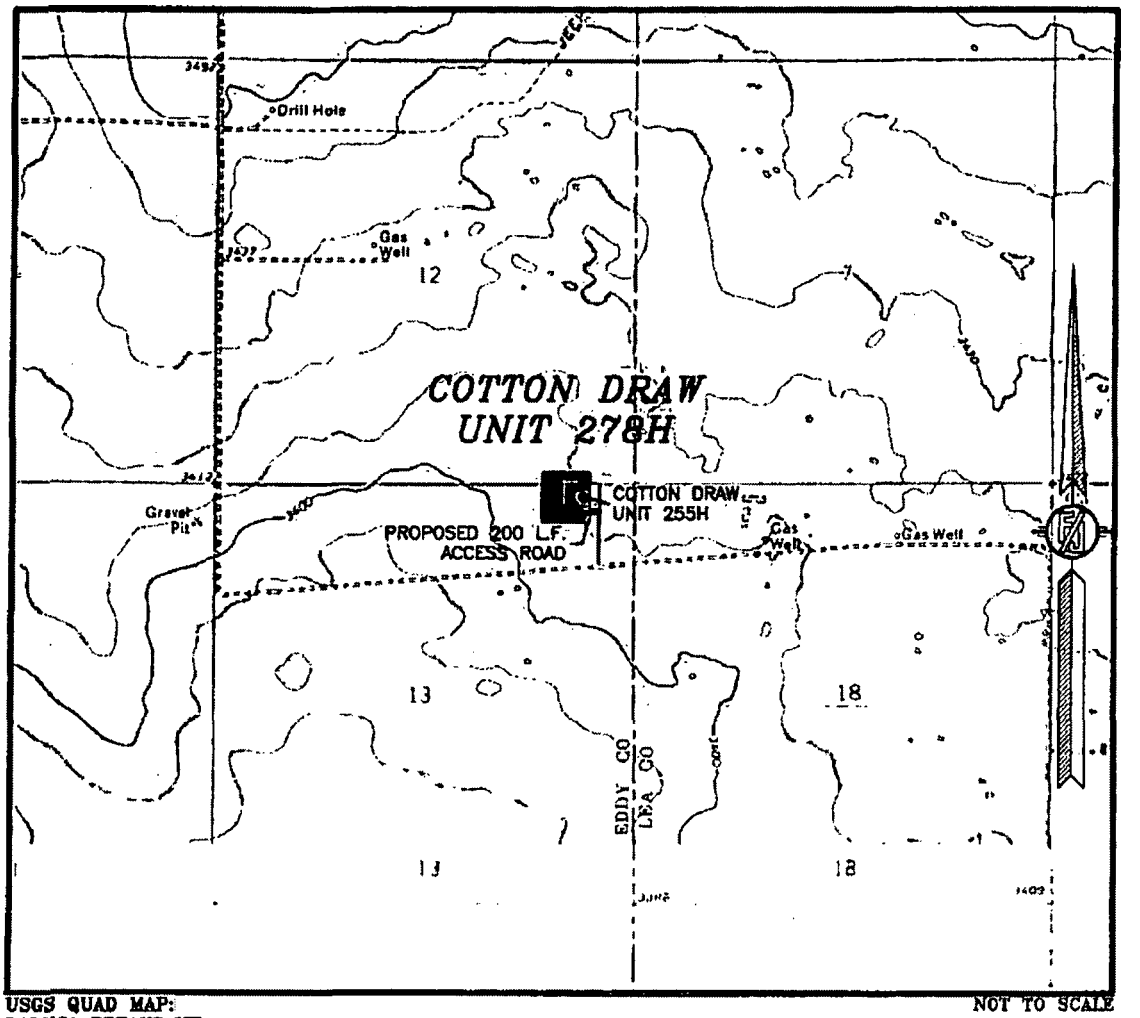
APRIL 13, 2015

SURVEY NO. 3830

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 13, TOWNSHIP 25 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

LOCATION VERIFICATION MAP



USGS QUAD MAP:
PADUCA BREAKS NW
PADUCA BREAKS WEST

NOT TO SCALE

DEVON ENERGY PRODUCTION COMPANY, L.P.
COTTON DRAW UNIT 278H
LOCATED 200 FT. FROM THE NORTH LINE
AND 850 FT. FROM THE EAST LINE OF
SECTION 13, TOWNSHIP 25 SOUTH,
RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

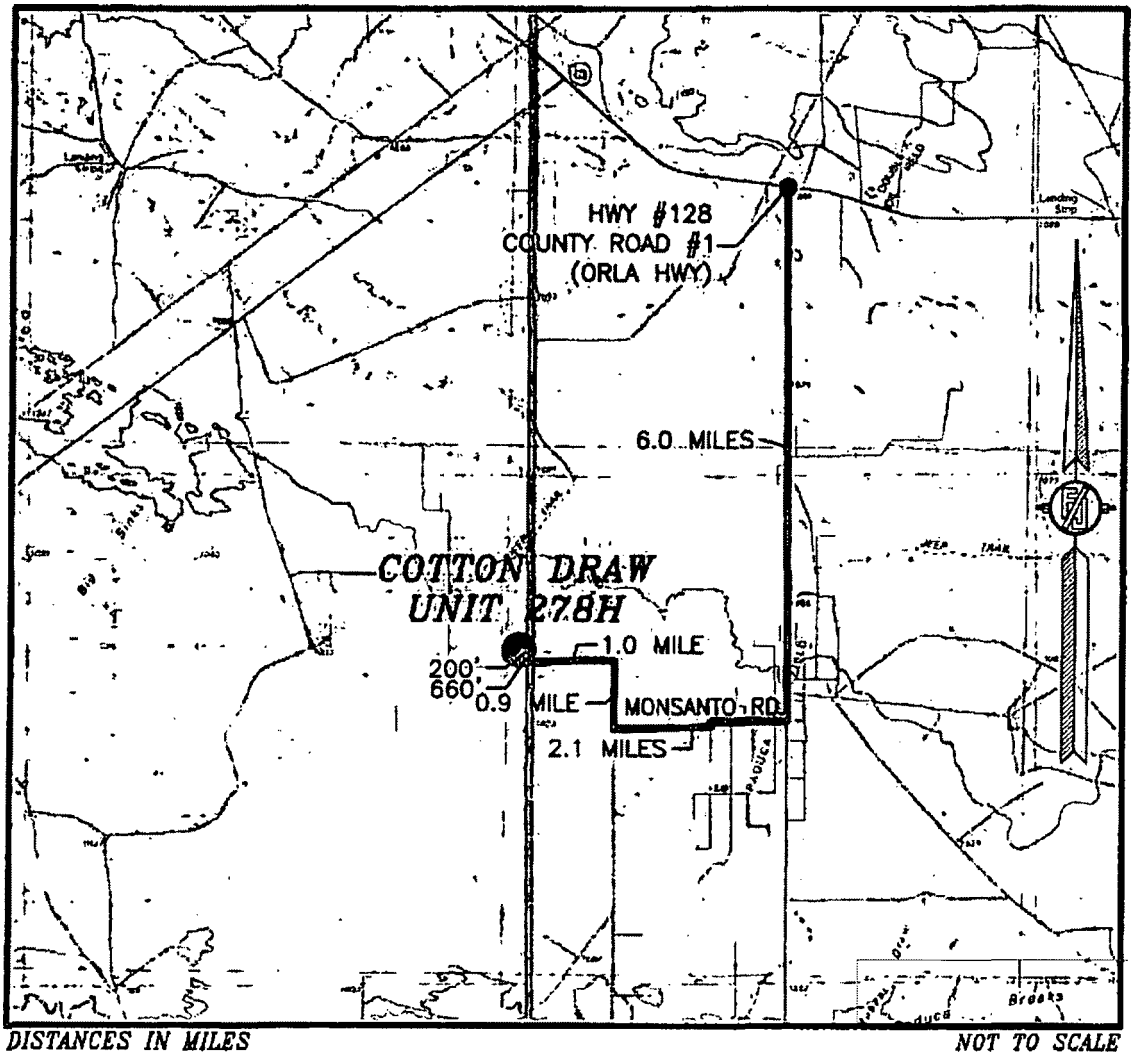
APRIL 13, 2015

SURVEY NO. 3830

MADRON SURVEYING, INC. 501 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 13, TOWNSHIP 25 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

VICINITY MAP



DISTANCES IN MILES

NOT TO SCALE

DIRECTIONS TO LOCATION
FROM THE INTERSECTION OF HWY #128 AND COUNTY ROAD #1 (ORLA HWY) GO SOUTH ON COUNTY ROAD #1 APPROX. 6.0 MILES TO MONSANTO ROAD ON RIGHT (WEST) TURN WEST ON MONSANTO ROAD GO APPROX. 2.1 MILES ROAD TURNS RIGHT (NORTH) GO APPROX. 0.9 MILE ROAD TURNS LEFT (WEST) GO APPROX. 1.0 MILE TO ROAD LATH WITH RED & WHITE FLAGGING ON RIGHT SIDE (NORTH) OF ROAD FOLLOW ROAD LATHS NORTH APPROX. 660' TO ROAD LATH TO COTTON DRAW UNIT 255H GO LEFT (WEST) GO WEST APPROX. 200' TO LOCATION

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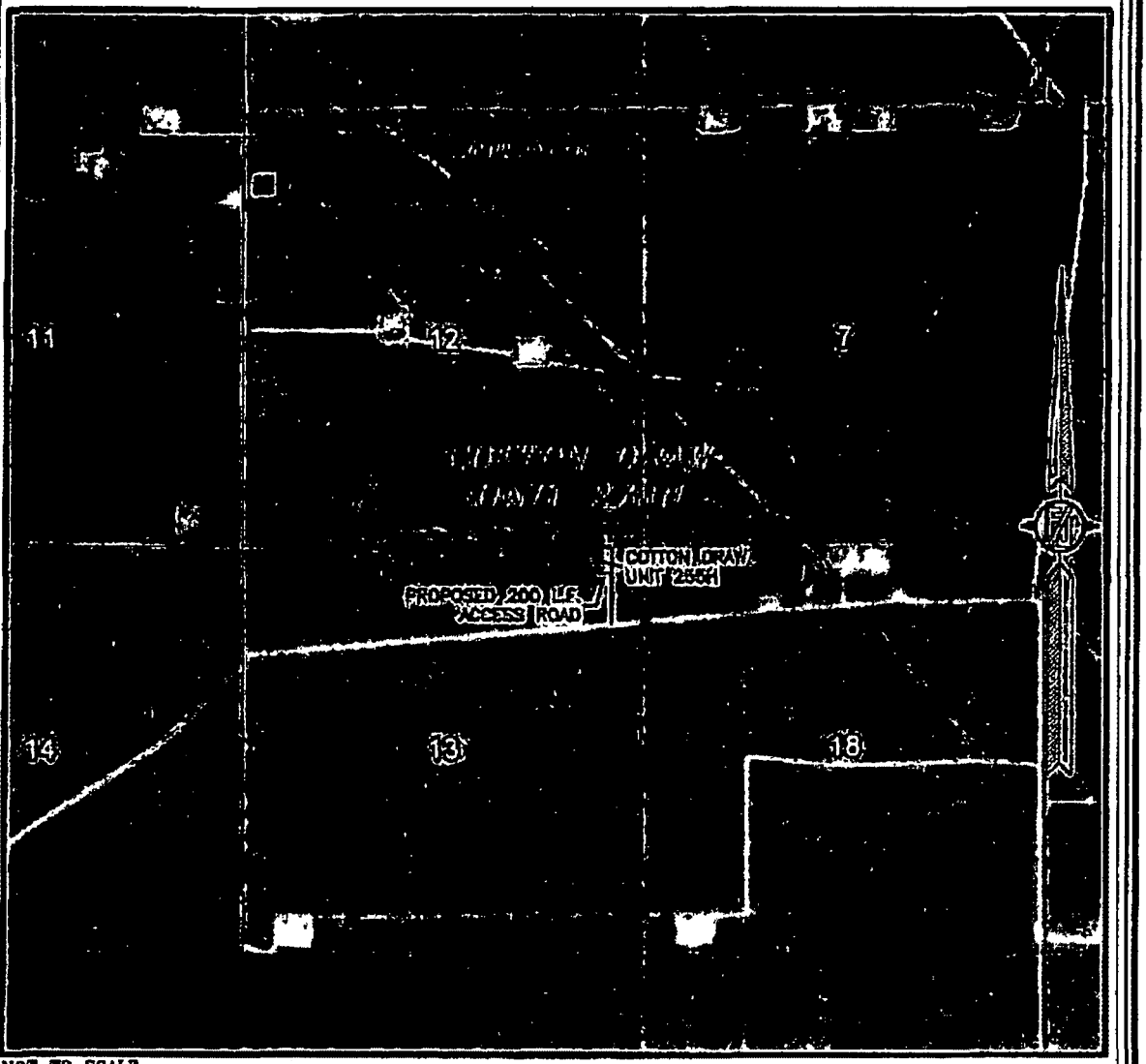
SECTION 13, TOWNSHIP 25 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

AERIAL PHOTO



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
APR. 2014

DEVON ENERGY PRODUCTION COMPANY, L.P.

COTTON DRAW UNIT 278H

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AND 850 FT. FROM THE EAST LINE OF
SECTION 13, TOWNSHIP 25 SOUTH,
RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

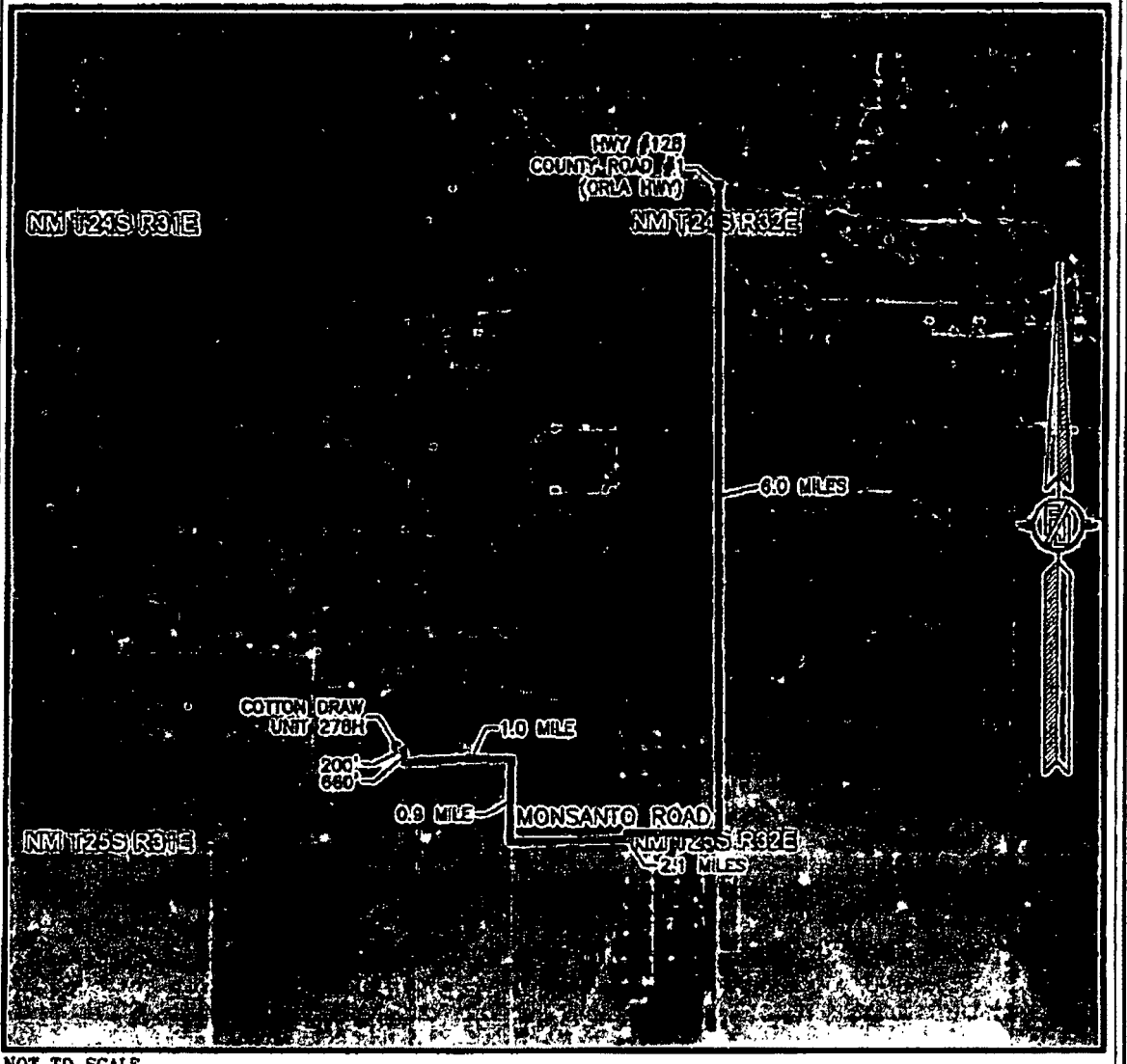
APRIL 13, 2015

SURVEY NO. 3830

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SECTION 13, TOWNSHIP 25 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

AERIAL ACCESS ROUTE MAP



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
APR. 2014

DEVON ENERGY PRODUCTION COMPANY, L.P.
COTTON DRAW UNIT 278H
LOCATED 200 FT. FROM THE NORTH LINE
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SECTION 13, TOWNSHIP 25 SOUTH,
RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

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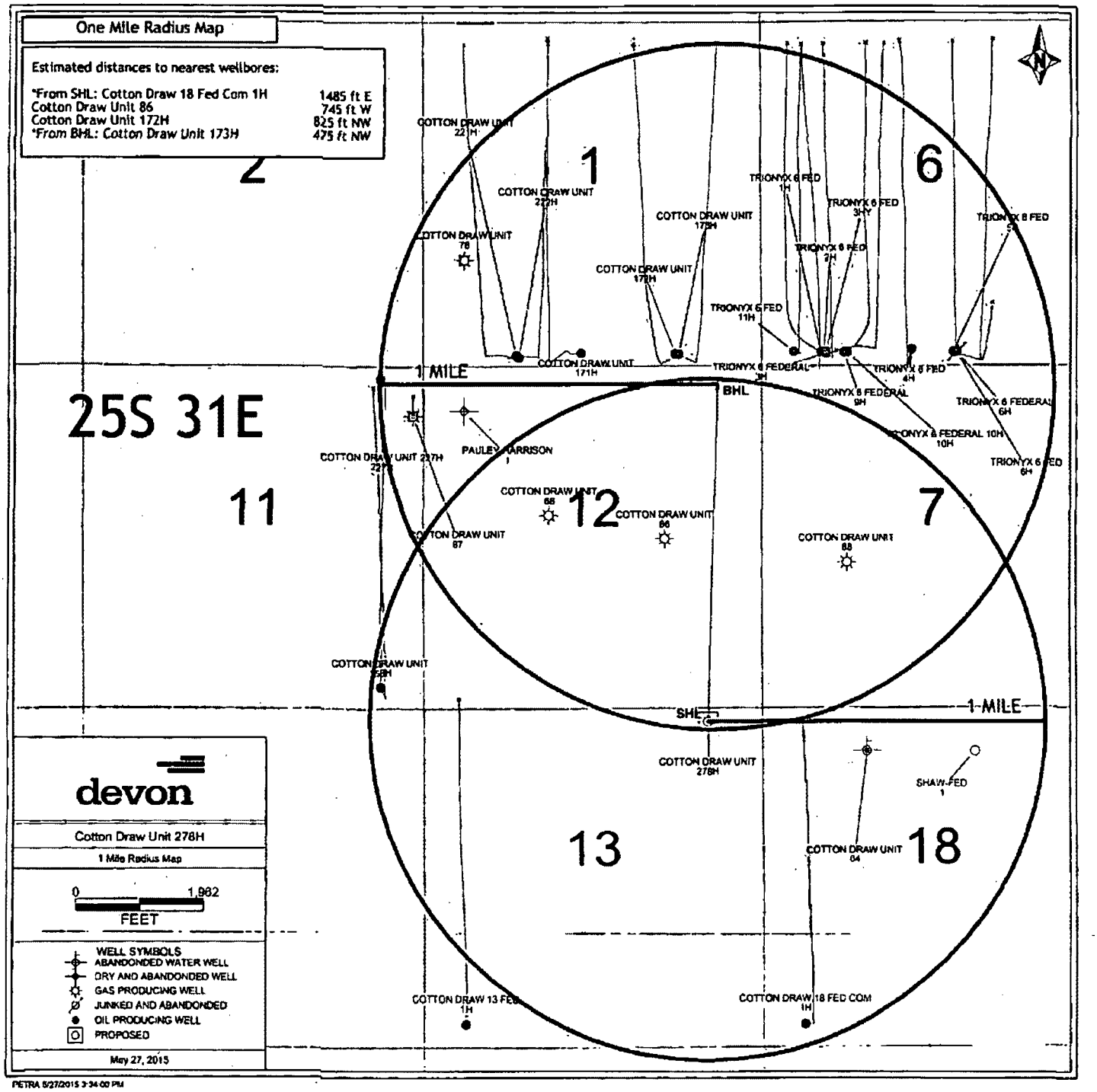

One Mile Radius Map
Estimated distances to nearest wellbores:
*From SHL: Cotton Draw 18 Fed Com 1H 1485 ft E
Cotton Draw Unit 86 745 ft W
Cotton Draw Unit 172H 825 ft NW
*From BHL: Cotton Draw Unit 173H 475 ft NW
25S 31E
1 MILE
BHL
SHL
1-MILE
COTTON DRAW UNIT 221H
COTTON DRAW UNIT 222H
COTTON DRAW UNIT 78
COTTON DRAW UNIT 173H
COTTON DRAW UNIT 172H
COTTON DRAW UNIT 171H
TRIONYX 6 FED 1H
TRIONYX 6 FED 3H
TRIONYX 6 FED 2H
TRIONYX 6 FEDERAL 11H
TRIONYX 6 FEDERAL 9H
TRIONYX 6 FED 4H
TRIONYX 6 FEDERAL 6H
TRIONYX 6 FEDERAL 10H
PAULEY HARRISON 1
COTTON DRAW UNIT 227H
COTTON DRAW UNIT 85
COTTON DRAW UNIT 86
COTTON DRAW UNIT 87
COTTON DRAW UNIT 88
COTTON DRAW UNIT 278H
SHAW-FED 1
COTTON DRAW UNIT 84
COTTON DRAW 13 FED 1H
COTTON DRAW 18 FED COM 1H
devon
Cotton Draw Unit 278H
1 Mile Radius Map
0 1,962
FEET
WELL SYMBOLS
ABANDONDED WATER WELL
DRY AND ABANDONDED WELL
GAS PRODUCING WELL
JUNKED AND ABANDONDED
OIL PRODUCING WELL
PROPOSED
May 27, 2015
PETRA 5/27/2015 3:34:00 PM

Devon Energy, Cotton Draw Unit 278H

1. Geologic Formations

TVD of target	8,215'	Pilot hole depth	N/A
MD at TD:	13,155'	Deepest expected fresh water:	

Basin

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Rustler	642	Barren	
Salado	996	Barren	
Base of Salt	4,161	Barren	
Delaware	4,381	Oil	
Bell Canyon	4,415	Oil	
Cherry Canyon	5,362	Oil	
Brushy Canyon	6,710	Oil	
Lower Brushy Canyon	8,074	Oil	
Lower Brushy Canyon D	8,155	Oil	
Lower Brushy Canyon D Base	8,202	Oil	
Bone Spring	8,315		

*H2S, water flows, loss of circulation, abnormal pressures, etc.

See COA

2. Casing Program

Hole Size	Casing Interval From	To	Csg. Size	Weight (lbs)	Grade	Conn	SF Collapse	SF Burst	SF Tension
17.5"	0	~~700'~~ 750'	13.375"	48	H-40	STC	1.67	3.21	2.29
12.25"	0	3,400'	9.625"	36	J-55	BTC	1.15	1.56	2.45
12.25"	3,400'	4,300'	9.625"	40	J-55	BTC	1.60	3.60	5.72
8.75"	0	13,155'	5.5"	17	P-110	BTC	1.94	1.25	2.45
7" x 5.5" Tapered Design Option									
8.75"	0	10,120'	7"	29	P-110	BTC	2.22	1.32	3.07
8.75"	10,120'	13,155'	5.5"	17	P-110	BTC	1.80	1.00	3.14
				BLM Minimum Safety Factor			1.125	1.00	1.6 Dry 1.8 Wet

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

Must have table for contingency casing

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	N
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

3. Cementing Program

Casing	# Sks	Wt. lb/ gal	H_2O gal/sk	Yld ft3/ sack	500# Comp. Strength (hours)	Slurry Description
13-3/8" Surface	1040	14.8	6.32	1.33	6	Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
9-5/8" Inter.	870	12.9	9.81	1.85	14	Lead: (65:35) Class C Cement: Poz (Fly Ash): 6% BWOC Bentonite + 5% BWOW Sodium Chloride + 0.125 lbs/sack Poly-E-Flake
	430	14.8	6.32	1.33	6	Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
7 x 5-1/2" Combo Prod.	230	10.4	16.9	3.17	16	Lead: Tuned Light ® + 0.125 lb/sk Pol-E-Flake
	1450	14.5	5.31	1.2	25	Tail: (50:50) Class H Cement: Poz (Fly Ash) + 0.5% bwoc HALAD-344 + 0.4% bwoc CFR-3 + 0.2% BWOC HR-601 + 2% bwoc Bentonite
5-1/2" Prod Two Stage	460	11.9	12.89	2.31	n/a	1st Stage Lead: (50:50) Class H Cement: Poz (Fly Ash) + 10% BWOC Bentonite + 1 lb/sk of Kol-Seal + 0.3% BWOC HR-601 + 0.5lb/sk D-Air 5000
	1450	14.5	5.31	1.2	25	1st Stage Tail: (50:50) Class H Cement: Poz (Fly Ash) + 0.5% bwoc HALAD-344 + 0.4% bwoc CFR-3 + 0.2% BWOC HR-601 + 2% bwoc Bentonite
	DV Tool = 4350ft					
	50	11	14.81	2.55	22	2nd Stage Lead: Tuned Light® Cement + 0.125 lb/sk Pol-E-Flake
	30	14.8	6.32	1.33	6	2nd Stage Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
5-1/2" Prod Single Stage	250	11.9	12.89	2.31	n/a	1st Lead: (50:50) Class H Cement: Poz (Fly Ash) + 10% BWOC Bentonite + 1 lb/sk of Kol-Seal + 0.3% BWOC HR-601 + 0.5lb/sk D-Air 5000
	330	12.5	10.86	1.96	30	2nd Lead: (65:35) Class H Cement: Poz (Fly Ash) + 6% BWOC Bentonite + 0.25% BWOC HR-601 + 0.125 lbs/sack Poly-E-Flake
	1450	14.5	5.31	1.2	25	Tail: (50:50) Class H Cement: Poz (Fly Ash) + 0.5% bwoc HALAD-344 + 0.4% bwoc CFR-3 + 0.2% BWOC HR-601 + 2% bwoc Bentonite

If a DV tool is run, DV tool depth(s) will be adjusted based on hole conditions and cement volumes will be adjusted proportionally. DV tool will be set a minimum of 50 feet below previous casing and a minimum of 200 feet above current shoe. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.

Casing String	TOC	% Excess
13-3/8" Surface	0'	100%
9-5/8" Intermediate	0'	75%
7 x 5-1/2" Production Casing	3800'	25%
5-1/2" Production Casing Two Stage	1st Stage = 4350ft / 2nd Stage = 4100'	25%
5-1/2" Production Casing Single Stage	4100'	25%

4. Pressure Control Equipment

N	A variance is requested for the use of a diverter on the surface casing. See attached for schematic.

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	✓	Tested to:
12-1/4"	13-5/8"	3M	Annular	x	50% of working pressure
			Blind Ram		3M
			Pipe Ram		
			Double Ram	x	
			Other*		
8-3/4"	13-5/8"	3M	Annular	x	50% testing pressure
			Blind Ram		3M
			Pipe Ram		
			Double Ram	x	
			Other *		

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

Y	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.

See COA

Y	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
	Y Are anchors required by manufacturer?
Y	A multibowl wellhead may be used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. Devon proposes the option of using a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi. • Wellhead will be installed by vendor's representatives. • If the welding is performed by a third party, the vendor's representative will monitor the temperature to verify that it does not exceed the maximum temperature of the seal. • Vendor representative will install the test plug for the initial BOP test. • Vendor will install a solid steel body pack-off to completely isolate the lower head after cementing intermediate casing. After installation of the pack-off, the pack-off and the lower flange will be tested to 3M, as shown on the attached schematic. Everything above the pack-off will not have been altered whatsoever from the initial nipple up. Therefore the BOP components will not be retested at that time. • If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head will be cut and top out operations will be conducted. • Devon will pressure test all seals above and below the mandrel (but still above the casing) to full working pressure rating. • Devon will test the casing to 0.22 psi/ft or 1500 psi, whichever is greater, as per Onshore Order #2. After running the 13-3/8" surface casing, a 13-5/8" BOP/BOPE system with a minimum rating of 3M will be installed on the wellhead system and will undergo a 250 psi low pressure test followed by a 3,000 psi high pressure test. The 3,000 psi high and 250 psi low test will cover testing requirements a maximum of 30 days, as per Onshore Order #2. If the well is not complete within 30 days of this BOP test, another full BOP test will be conducted, as per Onshore Order #2. After running the 9-5/8' intermediate casing with a mandrel hanger, the 13-5/8" BOP/BOPE system with a minimum rating of 3M will already be installed on the wellhead. The pipe rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These tests will be logged in the daily driller's log. A 2" kill line and 3" choke line will be incorporated into the drilling spool below the ram BOP. In addition to the rams and annular preventer, additional BOP accessories include a kelly cock, floor safety valve, choke lines, and choke manifold rated at 3,000 psi WP.

See COA

See COA

	Devon requests a variance to use a flexible line with flanged ends between the BOP and the choke manifold (choke line). The line will be kept as straight as possible with minimal turns. See attached schematic.

5. Mud Program

See COA

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	~~700'~~ 750	FW Gel	8.6-8.8	28-34	N/C
~~700'~~	4,300'	Saturated Brine	10.0-10.2	28-34	N/C
4,300'	13,155'	Cut Brine	8.5-9.3	28-34	N/C

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times.

What will be used to monitor the loss or gain of fluid?	PVT/Pason/Visual Monitoring

6. Logging and Testing Procedures

Logging, Coring and Testing	
x	Will run GR/CNL fromTD to surface (horizontal well – vertical portion of hole). Stated logs run will be in the Completion Report and submitted to the BLM.
	No Logs are planned based on well control or offset log information.
	Drill stem test? If yes, explain
	Coring? If yes, explain

Additional logs planned		Interval
	Resistivity	Int. shoe to KOP
	Density	Int. shoe to KOP
X	CBL	Production casing
X	Mud log	Intermediate shoe to TD
	PEX	

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	3973 psi
Abnormal Temperature	No

Mitigation measure for abnormal conditions: Lost circulation material/sweeps/mud scavengers.

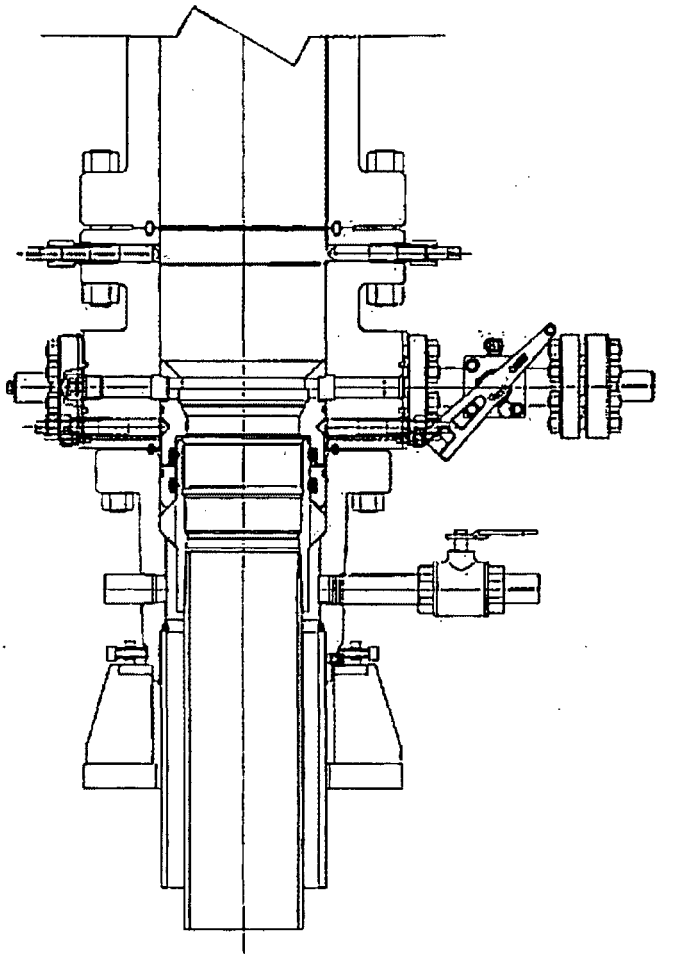
Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.	
N	H2S is present
Y	H2S Plan attached

8. Other facets of operation

Is this a walking operation? No.
Will be pre-setting casing? No.

Attachments
_x_ Directional Plan
___ Other, describe

FMC Technologies



PRIMARY MODE

DEVON ENERGY

ARTESIA
S.E.N.M
13 3/8 X 9 5/8

QUOTE LAYOUT
F18648
REF: DM100161737
DM100151315

REVISIONS		DESCRIPTION
A	05-08-13	
B	1-22-14	
C	5-13-14	

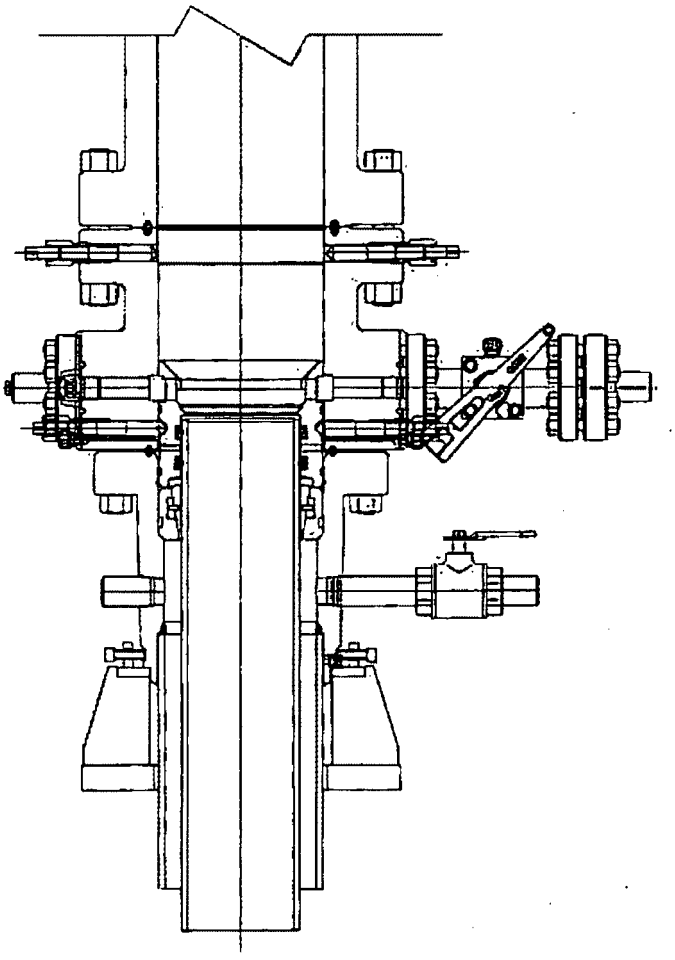
SURFACE WELLHEAD LAYOUT
UNIHEAD, UH-1.SOW,
DEVON ENERGY, ODESSA

Drawn BY	K. VU	05-08-13
Qualified Reviewer	Z. MARQUEZ	05-08-13
Design Reviewer	K. TAHA	05-08-13
Approved BY	R. HAMILTON	05-08-13

FMC Technologies

DRAWING NUMBER
DM100161771-2A

FMC Technologies



CONTINGENCY MODE

DEVON ENERGY

ARTESIA

S.E.N.M

13 3/8 X 9 5/8

QUOTE LAYOUT
F18648
REF: DM100161737
DM100151315

REVISIONS	
A	05-08-13
B	1-22-14
C	5-13-14

DESCRIPTION

SURFACE WELLHEAD LAYOUT
UNIHEAD, UH-1,SOW,
DEVON ENERGY, ODESSA

DRAWN BY	K. VU	05-08-13
CONTENT REVIEW	Z. MARQUEZ	05-08-13
DESIGN REVIEW	K. TAHA	05-08-13
APPROVED BY	R. HAMILTON	05-08-13

FMC Technologies

DRAWING NUMBER
DM100161771-2B

devon

Weatherford

Cotton Draw Unit 278H
Eddy Co, NM

Plan Data for Cotton Draw Unit 278H

Plan Point Information:
DogLeg Severity Unit: °/100.00ft Position offsets from Slot centre

MD (USft)	Inc (°)	Az (°)	TVD (USft)	+N/-S (USft)	+E/-W (USft)	Northing (USft)	Easting (USft)	VSec (USft)	DLS (DLSU)
0.00	0.00	0.00	0.00	0.00	0.00	414116.37	729401.42	0.00	0.00
7680.32	0.00	0.00	7680.32	0.00	0.00	414116.37	729401.42	0.00	0.00
8316.68	70.00	21.10	8169.78	319.74	123.38	414436.11	729524.80	319.74	11.00
8580.51	90.38	0.00	8215.00	572.73	168.99	414689.10	729570.41	572.73	11.00
13154.82	90.38	0.00	8185.00	5146.95	169.24	419263.32	729570.66	5146.95	0.00

Plan Data for Cotton Draw Unit 278H

Slot: Cotton Draw Unit 278H
Position:
Offset is from Site centre
+N/-S: 0.00USft Northing: 414116.37USft Latitude: 32°8'13.3"
+E/-W: 0.00USft Easting: 729401.42USft Longitude: -103°43'32.7"
Elevation Above VRD: 3410.00USft

Plan Data for Cotton Draw Unit 278H

Target Set Information:
Name: Cotton Draw Unit 278H
Position offsets from Slot centre

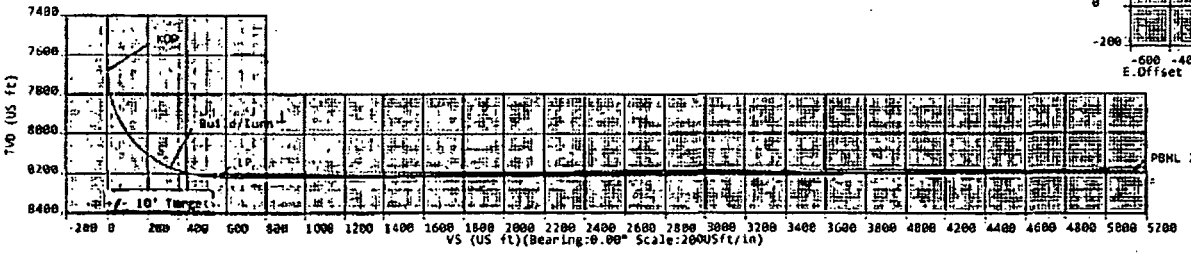
Name	TVD (USft)	+N/-S (USft)	+E/-W (USft)	Northing (USft)	Easting (USft)	Shape	Comment
PBHL 278H	8185.00	5146.95	169.24	419263.32	729570.66	Cuboid	

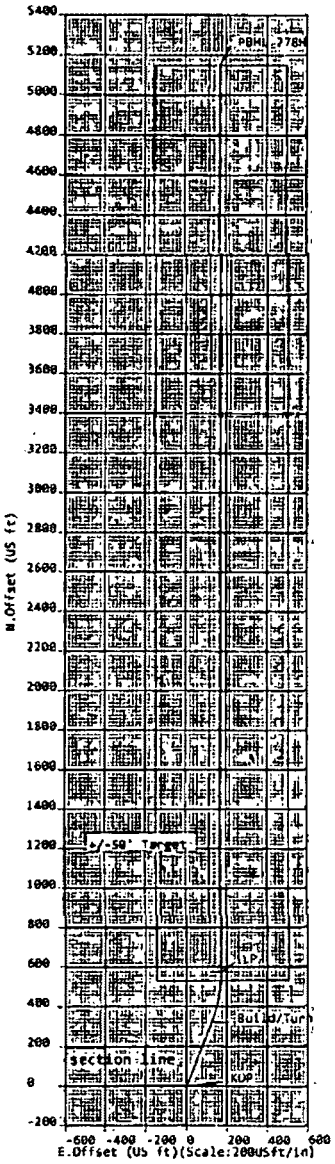
Plan Data for Cotton Draw Unit 278H

Well: Cotton Draw Unit 278H
Type: Main-Well
File Number:
Plan Folder: P1 Plan: P1:V1
Vertical Section: Position offset of origin from Slot centre:
+N/-S: 0.00USft Azimuth: 0.00°
+E/-W: 0.00USft
Magnetic Parameters:

Model:	Field Strength:	Declination:	Dip:	Date:
BGGM	48141(nT)	7.31°	60.02°	2015-10-15

Cotton Draw Unit 278H





Sign Off: Russell Joyner

5D Plan Report

Devon Energy

Field Name: *Eddy Co, NM (Nad 83 NME)*
Site Name: *Cotton Draw Unit 278H*
Well Name: *Cotton Draw Unit 278H*
Plan: *P1:V1*

29 May 2015

Weatherford®

SD Plan Report

Cotton Draw Unit 278H

Field Name
Eddy-Co; NM (Nad 83 NME)

Map Units : US ft **Company Name :** Devon Energy
Vertical Reference Datum (VRD) : Mean Sea Level
Projected Coordinate System : NAD83 / New Mexico East (ftUS)
Comment :

Site Name
Cotton Draw Unit 278H

Units : US ft **North Reference :** Grid **Convergence Angle :** 0.32
Position **Northing :** 414116.37 US ft **Latitude :** 32°8'13.30"
Easting : 729401.42 US ft **Longitude :** -103°43'32.71"
Elevation above Mean Sea Level: 3410.00 US ft
Comment :

Slot Name
Cotton Draw Unit 278H

Position (Offsets relative to Site Centre)
+N / -S : 0.00 US ft **Northing :** 414116.37 US ft **Latitude :** 32°8'13.30"
+E / -W : 0.00 US ft **Easting :** 729401.42 US ft **Longitude :** -103°43'32.71"
Slot TVD Reference : Ground Elevation
Elevation above Mean Sea Level : 3410.00 US ft
Comment :

Well Name
Cotton Draw Unit 278H

Type : Main well **UWI :** **Plan :** P1:V1
Rig Height *Kelly Bushing* : 25.00 US ft **Comment :**
Relative to Mean Sea Level: 3435.00 US ft
Closure Distance : 5149.73 US ft **Closure Azimuth :** 1.8833°
Vertical Section (Position of Origin Relative to Slot)
+N / -S : 0.00 US ft **+E / -W :** 0.00 US ft **Az :** 0.00°
Magnetic Parameters
Model : BGGM **Field Strength :** 48141.4nT **Dec :** 7.31° **Dip :** 60.02° **Date :** 15/Oct/2015

Target Set

Name : Cotton Draw Unit 278H **Number of Targets :** 1

Comment :

Target Name:
PBHL 278H

Shape:
Cuboid

Position (Relative to Slot centre)
+N / -S : 5146.95US ft **Northing :** 419263.32 US ft **Latitude :** 32°9'4.22"
+E / -W : 169.24 US ft **Easting :** 729570.66US ft **Longitude :** -103°43'30.40"
TVD (Kelly Bushing) : 8185.00 US ft

Orientation **Azimuth :** 0.00° **Inclination :** 0.38°
Dimensions **Length :** 9148.00 US ft **Breadth :** 100.00 US ft **Height :** 20.00 US ft

Casing Points (Relative to Slot centre, TVD relative to Kelly Bushing)

MD (US ft)	Inc (°)	Az (°)	TVD (US ft)	N Offset (US ft)	E Offset (US ft)	Northing (US ft)	Easting (US ft)	Name
700.00	0.00	0.00	700.00	0.00	0.00	414116.37	729401.42	13 3/8 in
4300.00	0.00	0.00	4300.00	0.00	0.00	414116.37	729401.42	9 5/8 in

5D Plan Report

Well path created using minimum curvature

Salient Points (Relative to Slot centre, TVD relative to Kelly Bushing)

MD (US ft)	Inc (°)	Az (°)	TVD (US ft)	N.Offset (US ft)	E.Offset (US ft)	VS (US ft)	DLS (°/100 US ft)	B.Rate (°/100 US ft)	T.Rate (°/100 US ft)	T.Face (°)	Comment
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13 3/8 in
4300.00	0.00	0.00	4300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9 5/8 in
7680.32	0.00	0.00	7680.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	KOP
8316.68	70.00	21.10	8169.78	319.74	123.38	319.74	11.00	11.00	0.00	21.10	Build/Turn
8580.51	90.38	0.00	8215.00	572.73	168.99	572.73	11.00	7.72	-8.00	312.10	LP
13154.82	90.38	0.00	8185.00	5146.95	169.24	5146.95	0.00	0.00	0.00	0.00	PBHL 278H

Interpolated Points (Relative to Slot centre, TVD relative to Kelly Bushing)

MD (US ft)	Inc (°)	Az (°)	TVD (US ft)	N.Offset (US ft)	E.Offset (US ft)	VS (US ft)	DLS (°/100 US ft)	Northing (US ft)	Easting (US ft)	Comment
7600.00	0.00	0.00	7600.00	0.00	0.00	0.00	0.00	414116.37	729401.42	
7680.32	0.00	0.00	7680.32	0.00	0.00	0.00	0.00	414116.37	729401.42	KOP
7700.00	2.16	21.10	7700.00	0.35	0.13	0.35	11.00	414116.72	729401.55	
7800.00	13.16	21.10	7798.95	12.77	4.93	12.77	11.00	414129.14	729406.35	
7900.00	24.16	21.10	7893.54	42.58	16.43	42.58	11.00	414158.95	729417.85	
8000.00	35.16	21.10	7980.31	88.69	34.22	88.69	11.00	414205.06	729435.64	
8100.00	46.16	21.10	8056.04	149.39	57.64	149.39	11.00	414265.76	729459.06	
8200.00	57.16	21.10	8117.97	222.46	85.84	222.46	11.00	414338.83	729487.26	
8300.00	68.16	21.10	8163.82	305.21	117.77	305.21	11.00	414421.58	729519.19	
8316.68	70.00	21.10	8169.78	319.74	123.38	319.74	11.00	414436.11	729524.80	Build/Turn
8400.00	76.27	14.11	8193.96	395.67	147.39	395.67	11.00	414512.04	729548.81	
8500.00	84.04	6.20	8211.08	492.52	164.66	492.52	11.00	414608.89	729566.08	
8580.51	90.38	0.00	8215.00	572.73	168.99	572.73	11.00	414689.10	729570.41	LP
8600.00	90.38	0.00	8214.87	592.22	168.99	592.22	0.00	414708.59	729570.41	
8700.00	90.38	0.00	8214.22	692.22	169.00	692.22	0.00	414808.59	729570.42	
8800.00	90.38	0.00	8213.56	792.22	169.00	792.22	0.00	414908.59	729570.42	
8900.00	90.38	0.00	8212.91	892.22	169.01	892.22	0.00	415008.59	729570.43	
9000.00	90.38	0.00	8212.25	992.21	169.01	992.21	0.00	415108.58	729570.43	
9100.00	90.38	0.00	8211.59	1092.21	169.02	1092.21	0.00	415208.58	729570.44	
9200.00	90.38	0.00	8210.94	1192.21	169.02	1192.21	0.00	415308.58	729570.44	
9300.00	90.38	0.00	8210.28	1292.21	169.03	1292.21	0.00	415408.58	729570.45	
9400.00	90.38	0.00	8209.63	1392.21	169.03	1392.21	0.00	415508.58	729570.45	
9500.00	90.38	0.00	8208.97	1492.20	169.04	1492.20	0.00	415608.57	729570.46	
9600.00	90.38	0.00	8208.31	1592.20	169.05	1592.20	0.00	415708.57	729570.47	
9700.00	90.38	0.00	8207.66	1692.20	169.05	1692.20	0.00	415808.57	729570.47	
9800.00	90.38	0.00	8207.00	1792.20	169.06	1792.20	0.00	415908.57	729570.48	
9900.00	90.38	0.00	8206.35	1892.20	169.06	1892.20	0.00	416008.57	729570.48	
10000.00	90.38	0.00	8205.69	1992.19	169.07	1992.19	0.00	416108.56	729570.49	
10100.00	90.38	0.00	8205.03	2092.19	169.07	2092.19	0.00	416208.56	729570.49	
10200.00	90.38	0.00	8204.38	2192.19	169.08	2192.19	0.00	416308.56	729570.50	
10300.00	90.38	0.00	8203.72	2292.19	169.08	2292.19	0.00	416408.56	729570.50	
10400.00	90.38	0.00	8203.07	2392.18	169.09	2392.18	0.00	416508.55	729570.51	
10500.00	90.38	0.00	8202.41	2492.18	169.09	2492.18	0.00	416608.55	729570.51	
10600.00	90.38	0.00	8201.76	2592.18	169.10	2592.18	0.00	416708.55	729570.52	
10700.00	90.38	0.00	8201.10	2692.18	169.11	2692.18	0.00	416808.55	729570.53	
10800.00	90.38	0.00	8200.44	2792.18	169.11	2792.18	0.00	416908.55	729570.53	
10900.00	90.38	0.00	8199.79	2892.17	169.12	2892.17	0.00	417008.54	729570.54	
11000.00	90.38	0.00	8199.13	2992.17	169.12	2992.17	0.00	417108.54	729570.54	
11100.00	90.38	0.00	8198.48	3092.17	169.13	3092.17	0.00	417208.54	729570.55	
11200.00	90.38	0.00	8197.82	3192.17	169.13	3192.17	0.00	417308.54	729570.55	
11300.00	90.38	0.00	8197.16	3292.16	169.14	3292.16	0.00	417408.53	729570.56	
11400.00	90.38	0.00	8196.51	3392.16	169.14	3392.16	0.00	417508.53	729570.56	
11500.00	90.38	0.00	8195.85	3492.16	169.15	3492.16	0.00	417608.53	729570.57	
11600.00	90.38	0.00	8195.20	3592.16	169.15	3592.16	0.00	417708.53	729570.57	
11700.00	90.38	0.00	8194.54	3692.16	169.16	3692.16	0.00	417808.53	729570.58	
11800.00	90.38	0.00	8193.89	3792.15	169.17	3792.15	0.00	417908.52	729570.59	

SD Plan Report

Interpolated Points (Relative to Slot centre, TVD relative to Kelly Bushing)										
MD (US ft)	Inc (°)	Az (°)	TVD (US ft)	N.Offset (US ft)	E.Offset (US ft)	VS (US ft)	DLS (°/100 US ft)	Northing (US ft)	Easting (US ft)	Comment
11900.00	90.38	0.00	8193.23	3892.15	169.17	3892.15	0.00	418008.52	729570.59	
12000.00	90.38	0.00	8192.57	3992.15	169.18	3992.15	0.00	418108.52	729570.60	
12100.00	90.38	0.00	8191.92	4092.15	169.18	4092.15	0.00	418208.52	729570.60	
12200.00	90.38	0.00	8191.26	4192.15	169.19	4192.15	0.00	418308.52	729570.61	
12300.00	90.38	0.00	8190.61	4292.14	169.19	4292.14	0.00	418408.51	729570.61	
12400.00	90.38	0.00	8189.95	4392.14	169.20	4392.14	0.00	418508.51	729570.62	
12500.00	90.38	0.00	8189.29	4492.14	169.20	4492.14	0.00	418608.51	729570.62	
12600.00	90.38	0.00	8188.64	4592.14	169.21	4592.14	0.00	418708.51	729570.63	
12700.00	90.38	0.00	8187.98	4692.13	169.22	4692.13	0.00	418808.50	729570.64	
12800.00	90.38	0.00	8187.33	4792.13	169.22	4792.13	0.00	418908.50	729570.64	
12900.00	90.38	0.00	8186.67	4892.13	169.23	4892.13	0.00	419008.50	729570.65	
13000.00	90.38	0.00	8186.02	4992.13	169.23	4992.13	0.00	419108.50	729570.65	
13100.00	90.38	0.00	8185.36	5092.13	169.24	5092.13	0.00	419208.50	729570.66	
13154.82	90.38	0.00	8185.00	5146.95	169.24	5146.95	0.00	419263.32	729570.66	PBHL 278H

Weatherford

Weatherford Drilling Services

GeoDec4 v2.1.0.0

Report Date:	May 29, 2015
Job Number:	
Customer:	Devon Energy
Well Name:	Cotton Draw Unit 278H
API Number:	
Rig Name:	
Location:	Eddy Co, NM Nad83 NME
Block:	
Engineer:	RWJ

NAD83 / New Mexico East (ftUS)	NAD83 (1986)
Projected Coordinate System	Geodetic Coordinate System
Datum: North American Datum 1983 (1986)	Datum: North American Datum 1983 (1986)
Ellipsoid: GRS 1980	Ellipsoid: GRS 1980
EPSG: 2257	EPSG: 4269
North: 414116.37 US Survey Foot	Latitude: 32.137026 Degree
East: 729401.42 US Survey Foot	Longitude: -103.725752 Degree

Convergence: 0.32°

Declination: 7.31°

Total Correction: 6.99°

Datum Transformation: none

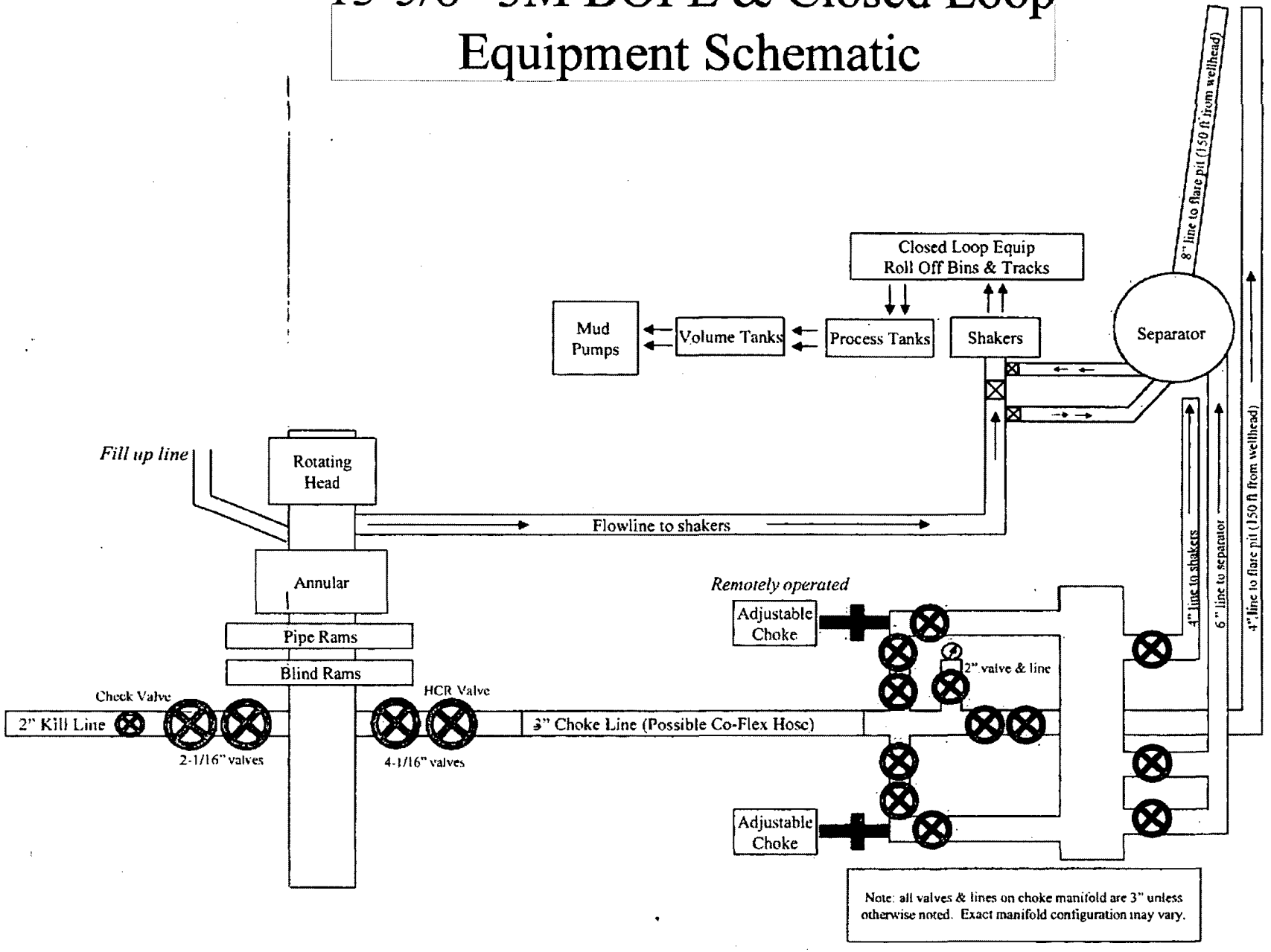
Geodetic Location WGS84

MSL Elevation	=	0 m
Latitude	=	32° 08' 13.30" N
Longitude	=	103° 43' 32.71" W

Magnetic Declination	=	7.31 deg	[True North Offset]		
Local Gravity	=	.9988 g	CheckSum	=	6573
Local Field Strength	=	48141 nT	Magnetic Vector X	=	23858 nT
Magnetic Dip	=	60.02 deg	Magnetic Vector Y	=	3063 nT
Magnetic Model	=	bggm2015.dat	Magnetic Vector Z	=	41702 nT
Run Date	=	October 15, 2015	Magnetic Vector H	=	24054 nT

Signed:_____ Date:_____

13-5/8" 3M BOPE & Closed Loop Equipment Schematic



NOTES REGARDING BLOWOUT PREVENTERS

Devon Energy Production Company, L.P.
Cotton Draw Unit 278H

1. Drilling Nipple will be constructed so it can be removed mechanically without the aid of a welder. The minimum internal diameter will equal BOP bore.

2. Wear ring will be properly installed in head.

3. Blowout preventer and all associated filings will be in operable condition to withstand a minimum of 3000psi working pressure.

4. All fittings will be flanged.

5. A fill bore safety valve tested to a minimum of 3000psi WP with proper thread connections will be available on the rotary rig floor at all times.

6. All choke lines will be anchored to prevent movement.

7. All BOP equipment will be equal to or larger in bore than the internal diameter of the last casing string.

8. Will maintain a kelly cock attached to the kelly.

9. Hand wheels and wrenches will be properly installed and tested for safe operation.

10. Hydraulic floor control for blowout preventer will be located as near in proximity to driller's controls as possible.

11. All BOP equipment will meet API standards and include a minimum 40 gallon accumulator having two independent means of power to initiate closing operation.

Continental CONTITECH

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 Brittmoore Park Drive,
Houston, TX 77041
Phone: +1 (832) 327-0141
Fax: +1 (832) 327-0148
www.contitechbeattie.com

R16 212

PHOENIX

QUALITY DOCUMENT

PHOENIX RUBBER INDUSTRIAL LTD.
6728 Szeged, Budaoesti út 10. Hungary • H-6701 Szeged, P. O. Box 152
Phone: (3662) 566-737 • Fax: (3662) 568-738
SALES & MARKETING: H-1092 Budapest, Ráday u. 42-44. Hungary • H-1440 Budapest, P. O. Box 26
Phone: (361) 456-4200 • Fax: (361) 217-2872, 455-4273 • www.taurusenergy.hu

QUALITY CONTROL INSPECTION AND TEST CERTIFICATE				CERT. N°: 552
PURCHASER: Phoenix Beattie Co.				P.O. N°: 1519FA-871
PHOENIX RUBBER order N°: 170466		HOSE TYPE: 3" ID		Choke and Kill Hose
HOSE SERIAL N°: 34128		NOMINAL / ACTUAL LENGTH:		11,43 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

See attachment. (1 page)

↑ 10 mm = 10 Min.
→ 10 mm = 25 MPa

COUPLINGS

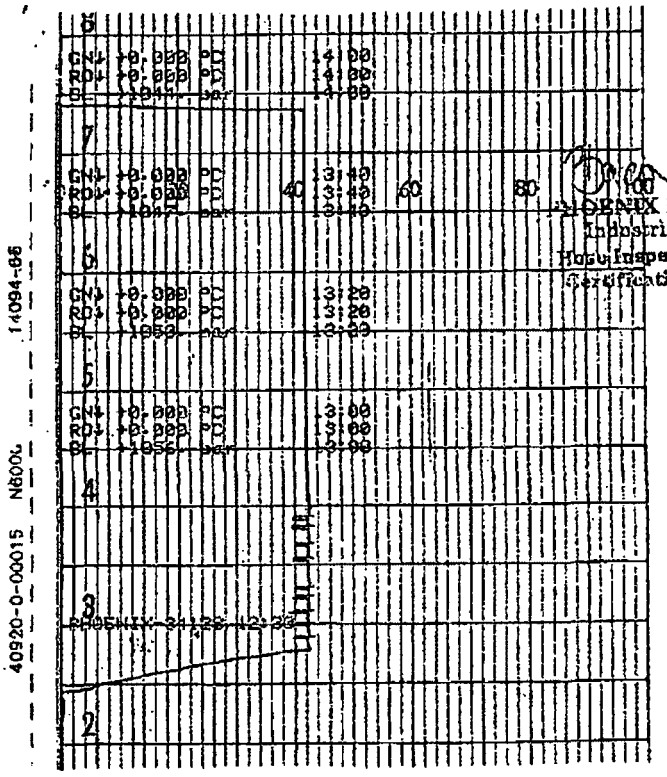
Type	Serial N°	Quality	Heat N°
3" coupling with	720 719	AISI 4130	C7626
4 1/16" Flange end		AISI 4130	47357

API Spec 16 C
Temperature rate:"B"

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.

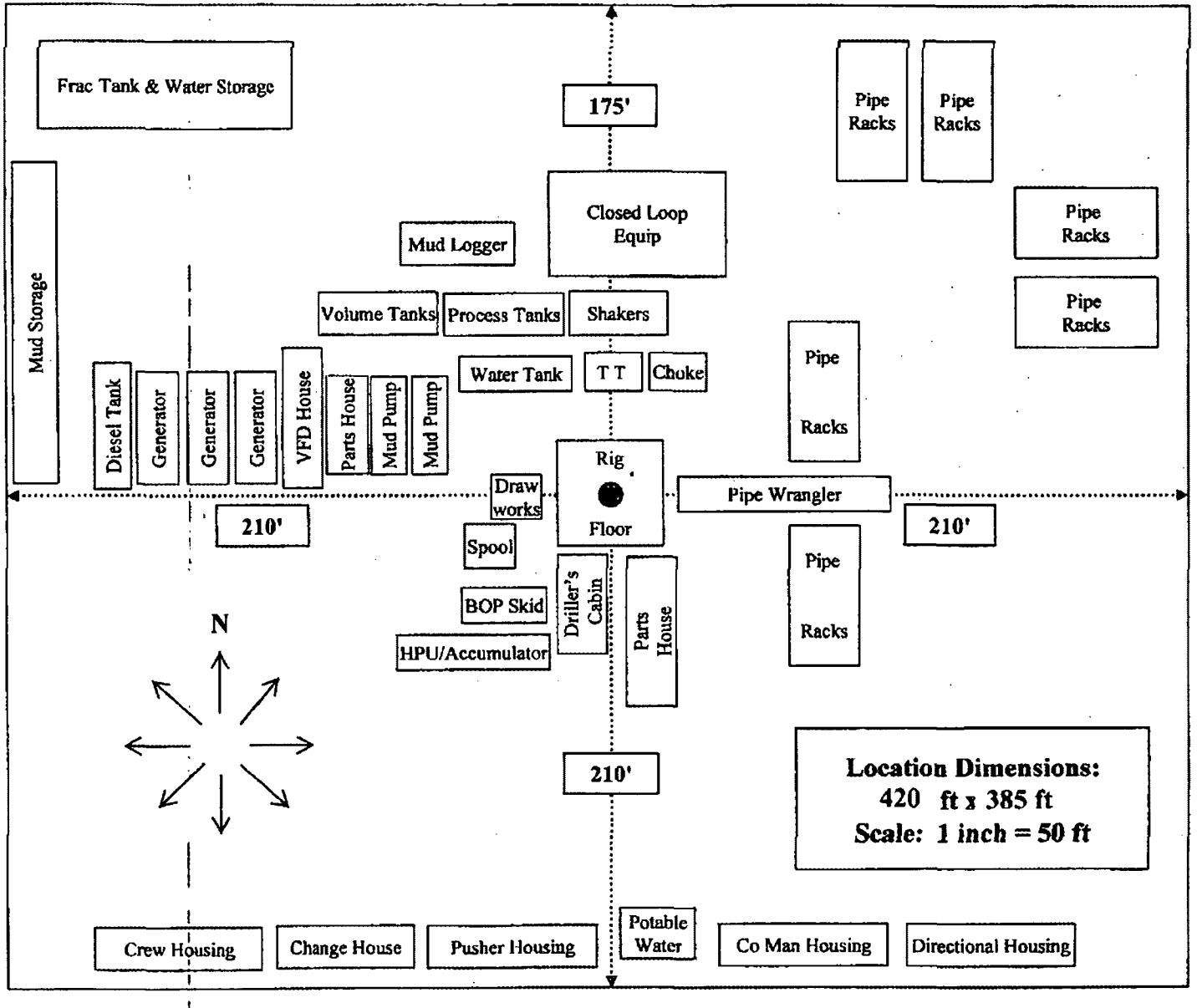
Date:	Inspector	Quality Control
29. April. 2002.		PHOENIX RUBBER Industrial Ltd. Hose Inspection and Verification Dept. VERIFIED TRUE COPY PHOENIX RUBBER Q.C.



PHOENIX RUBBER
Industrial Ltd.
Hose Inspection and
Certification Dept.

VERIFIED TRUE CO.
PHOENIX RUBBER I.C.

H&P Flex Rig Location Layout



devon

Devon Energy Center
333 West Sheridan Avenue
Oklahoma City, Oklahoma 73102-5015

Hydrogen Sulfide (H_2S) Contingency Plan

For

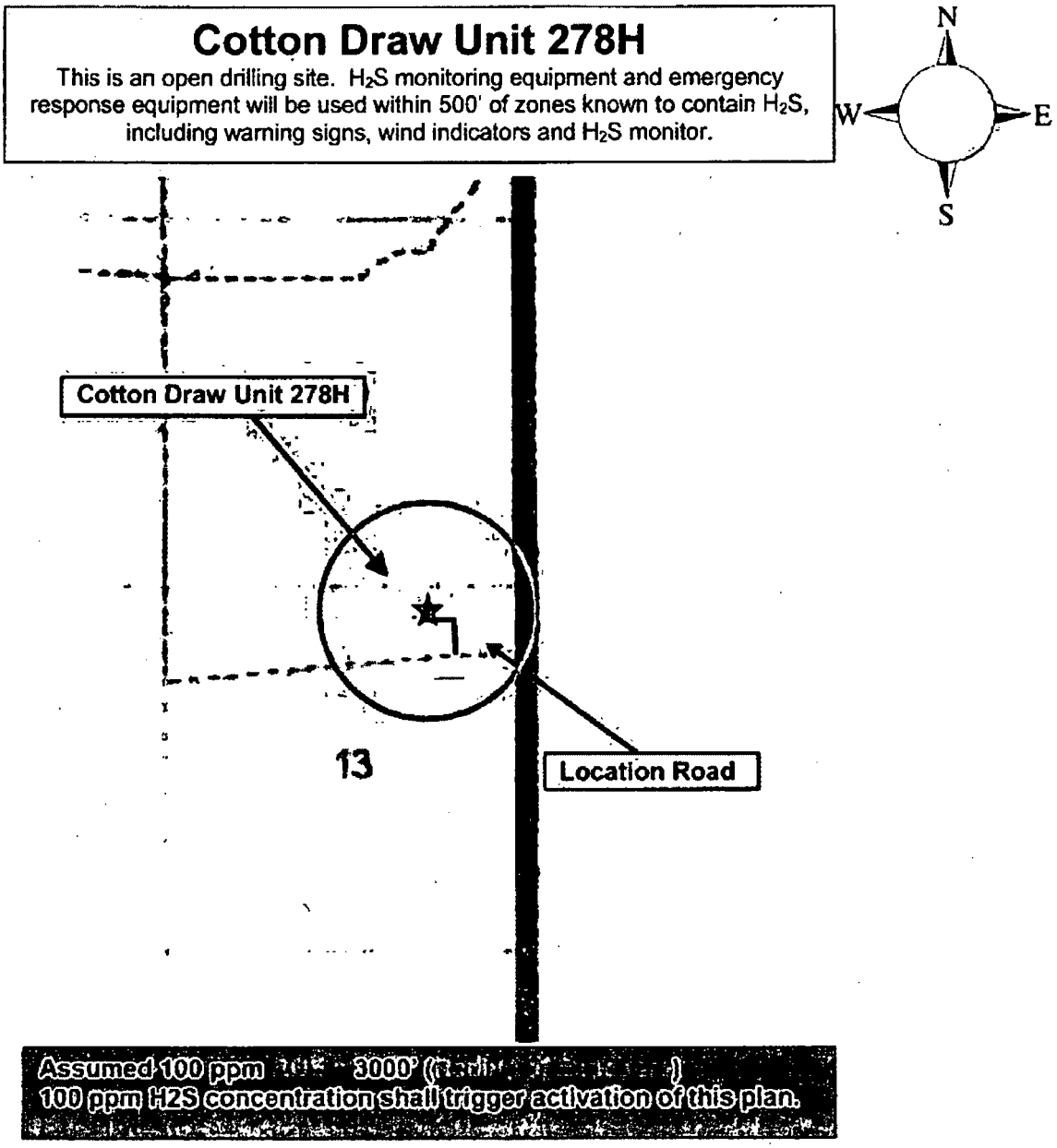
Cotton Draw Unit 278H

Sec-13 T-25S R-31E
200 FNL & 850' FEL
LAT. = 32.1370265' N (NAD83)
LONG = 103.7257518' W

Eddy County NM

Cotton Draw Unit 278H

This is an open drilling site. H_2S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H_2S, including warning signs, wind indicators and H_2S monitor.



Escape

Crews shall escape upwind of escaping gas in the event of an emergency release of gas. Escape can be facilitated from the location entrance road. Crews should then block the entrance to the location from the lease road so as not to allow anyone traversing into a hazardous area. The blockade should be at a safe distance outside of the ROE. There are no homes or buildings in or near the ROE.

Assumed 100 ppm ROE = 3000'
100 ppm H_2S concentration shall trigger activation of this plan.

Emergency Procedures

In the event of a release of gas containing H_2S, the first responder(s) must

- **Isolate the area and prevent entry by other persons into the 100 ppm ROE.**
- **Evacuate any public places encompassed by the 100 ppm ROE.**
- **Be equipped with H_2S monitors and air packs in order to control the release.**
- **Use the "buddy system" to ensure no injuries occur during the response**
- **Take precautions to avoid personal injury during this operation.**
- **Contact operator and/or local officials to aid in operation. See list of phone numbers attached.**
- **Have received training in the**
  - **Detection of H_2S, and**
  - **Measures for protection against the gas,**
  - **Equipment used for protection and emergency response.**

Ignition of Gas Source
Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO_2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Devon Energy Corp. personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Devon Energy Corp. Company response must be in coordination with

the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE (H_2S) TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H_2S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H_2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H_2S metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H_2S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500 feet) and weekly H_2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H_2S Drilling Operations Plan and the Public Protection Plan.

II. HYDROGEN SULFIDE TRAINING

Note: All H_2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H_2S.

1. **Well Control Equipment**

   A. Flare line

   B. Choke manifold – Remotely Operated

   C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit

   D. Auxiliary equipment may include if applicable: annular preventer and rotating head.

   E. Mud/Gas Separator

2. **Protective equipment for essential personnel:**

   30-minute SCBA units located at briefing areas, as indicated on well site diagram, with escape units available in the top doghouse. As it may be difficult to communicate audibly while wearing these units, hand signals shall be utilized.

3. **H_2S detection and monitoring equipment:**

   Portable H_2S monitors positioned on location for best coverage and response. These units have warning lights which activate when H_2S levels reach 10 ppm and audible sirens which activate at 15 ppm. Sensor locations:

   - Bell nipple
   - Shale shaker
   - Trip tank
   - Suction pit
   - Rig floor
   - Cellar
   - Choke manifold
   - Living Quarters (usually the company man's trailer stairs.)

   Visual warning systems:

A. Wind direction indicators as shown on well site diagram

B. Caution/ Danger signs shall be posted on roads providing direct access to locations. Signs will be painted a high visibility yellow with black lettering of sufficient size to be reasonable distance from the immediate location. Bilingual signs will be used when appropriate.

4. **Mud program:**

   The mud program has been designed to minimize the volume of H_2S circulated to surface. Proper mud weight, safe drilling practices and the use of H_2S scavengers will minimize hazards when penetrating H_2S bearing zones.

5. **Metallurgy:**

   A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold lines, and valves shall be H_2S trim.

   B. All elastomers used for packing and seals shall be H_2S trim.

6. **Communication:**

   A. Company personnel have/use cellular telephones in the field.

   B. Land line (telephone) communications at Office

7. **Well testing:**

   A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safety and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H_2S environment will use the closed chamber method of testing.

   B. There will be no drill stem testing.

Devon Energy Corp. Company Call List

Carlsbad (575)	Cellular
Drilling Supervisor – Basin – Mark Kramer	405-823-4796
Drilling Supervisor – Slope – Norman Naill	405-760-7234
EHS Professional – Mark Hurst	575-513-9087

Agency Call List

Lea County (575)

Hobbs

Lea County Communication Authority	393-3981
State Police	392-5588
City Police	397-9265
Sheriff's Office	393-2515
Ambulance	911
Fire Department	397-9308
LEPC (Local Emergency Planning Committee)	393-2870
NMOCD	393-6161
US Bureau of Land Management	393-3612

Eddy County (575)

Carlsbad

State Police	885-3137
City Police	885-2111
Sheriff's Office	887-7551
Ambulance	911
Fire Department	885-2111
LEPC (Local Emergency Planning Committee)	887-3798
US Bureau of Land Management	887-6544
NM Emergency Response Commission (Santa Fe)	(505) 476-9600
24 HR	(505) 827-9126
National Emergency Response Center (Washington, DC)	(800) 424-8802

Emergency Services

Wild Well Control	(281) 784-4700
Cudd Pressure Control	(915) 699-0139 or (915) 563-3356
Halliburton	(575) 746-2757
B. J. Services	(575) 746-3569

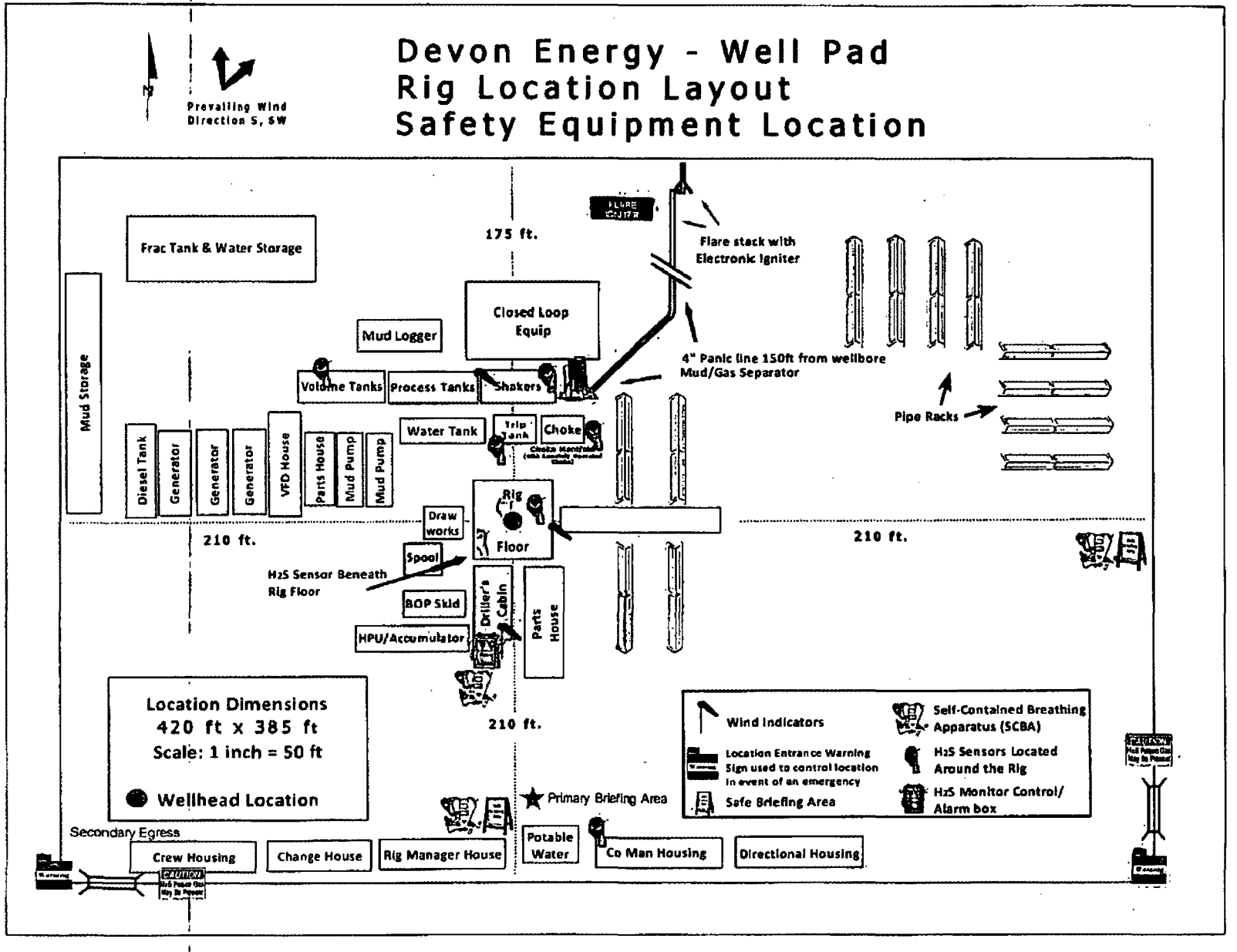
Give GPS position:

Native Air – Emergency Helicopter – Hobbs	(575) 392-6429
Flight For Life - Lubbock, TX	(806) 743-9911
Aerocare - Lubbock, TX	(806) 747-8923
Med Flight Air Amb - Albuquerque, NM	(575) 842-4433
Lifeguard Air Med Svc. Albuquerque, NM	(575) 272-3115

Prepared in conjunction with
Dave Small

SHARP COMMUNICATIONS & CONSULTING, LLC

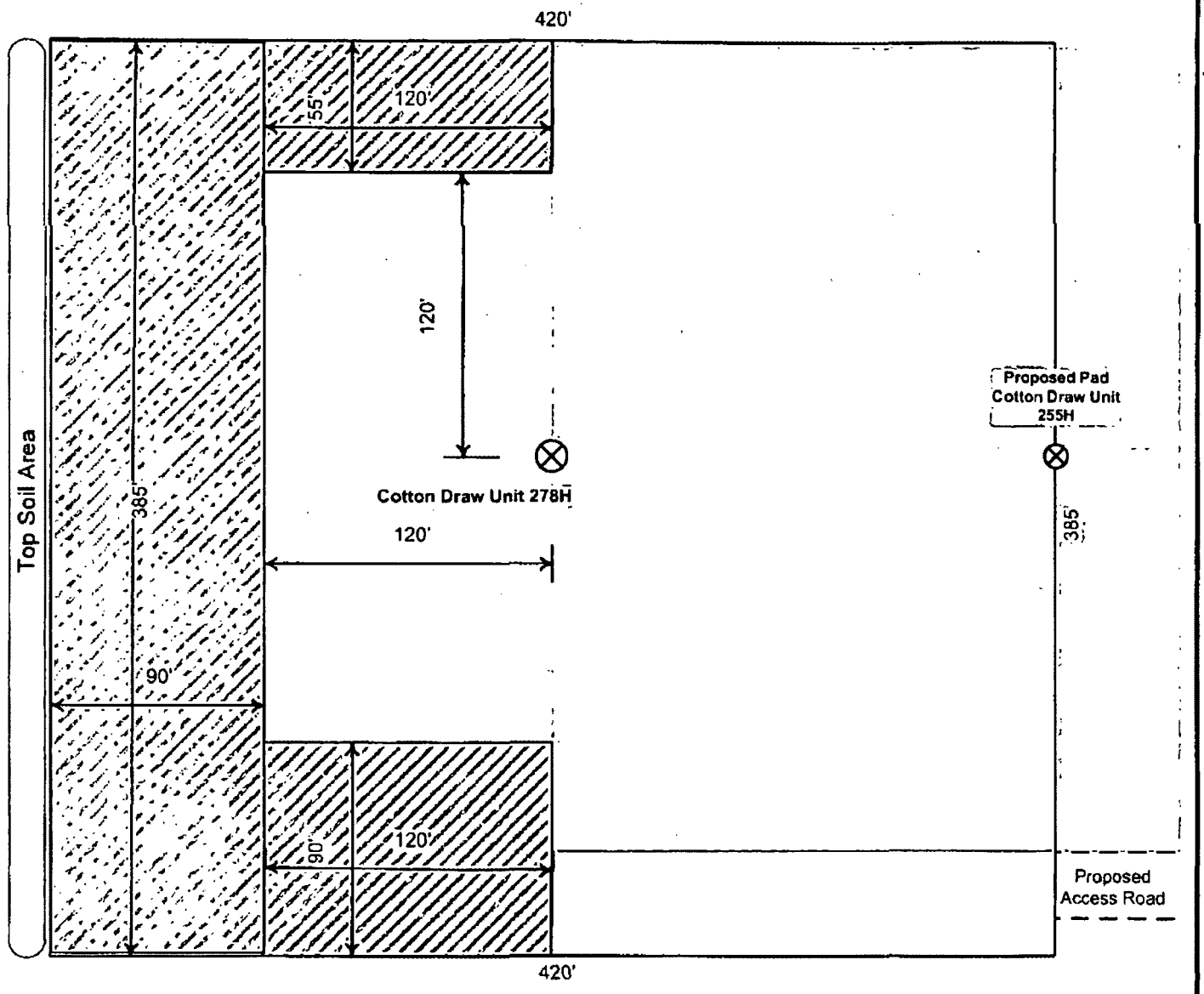
Devon Energy - Well Pad
Rig Location Layout
Safety Equipment Location



devon

Proposed Interim Site Reclamation

Devon Energy Production Co.
Cotton Draw Unit 278H
Sec. 13-T25S-R31E
Eddy County, NM



N

Proposed Reclamation Area

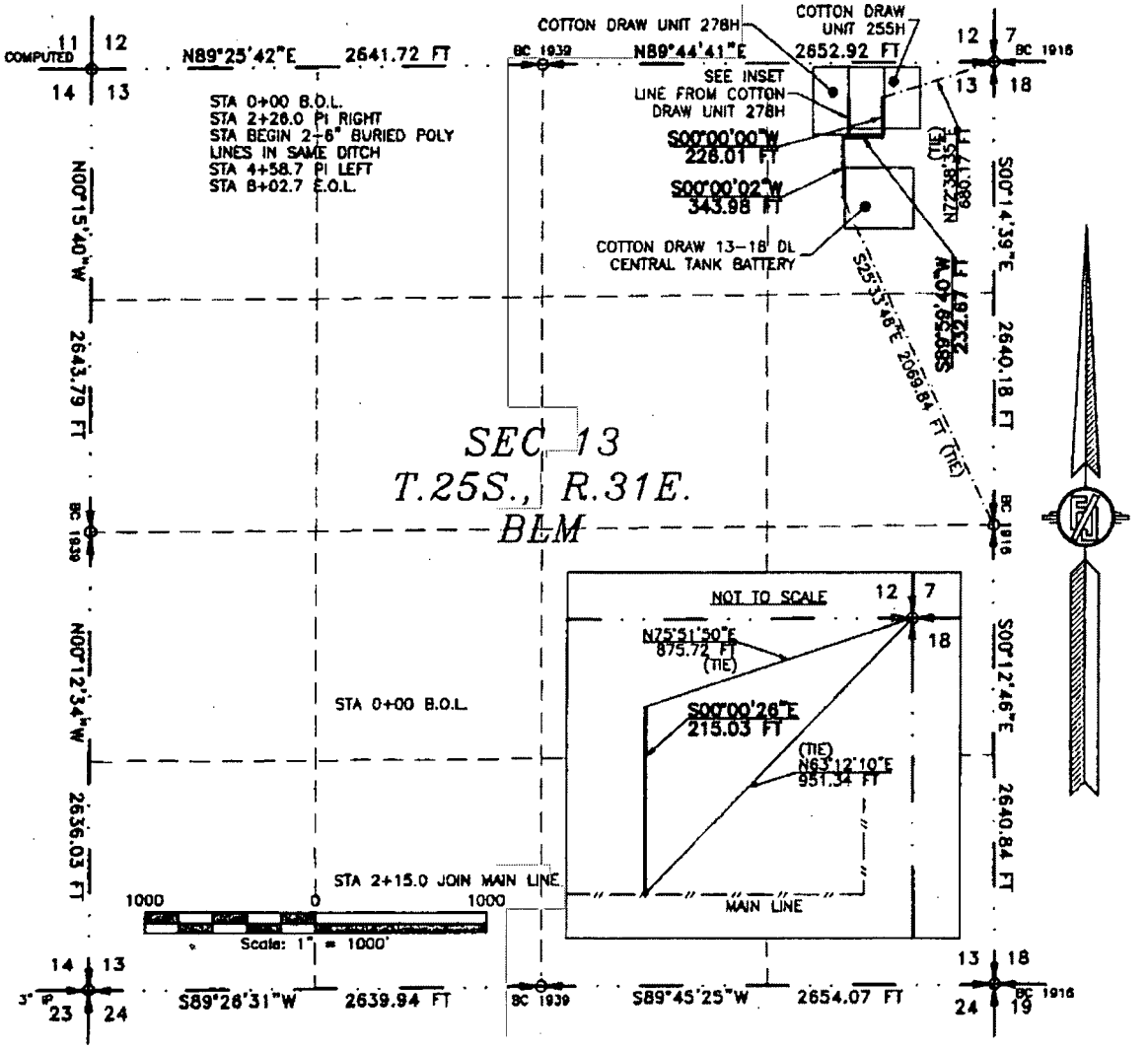
Scale: 1in = 60ft.

FLOWLINE PLAT (400508)

TWO (2)- 6" BURIED FIBER FLOW LINES AND TWO (2)- 6" BURIED FIBER GAS LINES (IN SAME TRENCH) FROM THE CDU #255H & #278H TO THE CDU 13-18 (DL) CENTRAL TANK BATTERY

DEVON ENERGY PRODUCTION COMPANY, L.P.

CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 13, TOWNSHIP 25 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JANUARY 21, 2016



SEE NEXT SHEET (2-4) FOR DESCRIPTION

SURVEYOR CERTIFICATE

I, FILIMON F. JARAMILLO, A NEW MEXICO PROFESSIONAL SURVEYOR NO. 12797, HEREBY CERTIFY THAT I HAVE CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY. THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR LAND SURVEYING IN THE STATE OF NEW MEXICO.

IN WITNESS WHEREOF, THIS CERTIFICATE IS EXECUTED AT CARLSBAD, NEW MEXICO, THIS 21 DAY OF JANUARY 2016

MADRON SURVEYING, INC.
301 SOUTH CANAL
CARLSBAD, NEW MEXICO 88220
Phone (575) 234-3341

FILIMON F. JARAMILLO, PLS 12797

GENERAL NOTES

1.) THE INTENT OF THIS ROUTE SURVEY IS TO ACQUIRE AN EASEMENT.

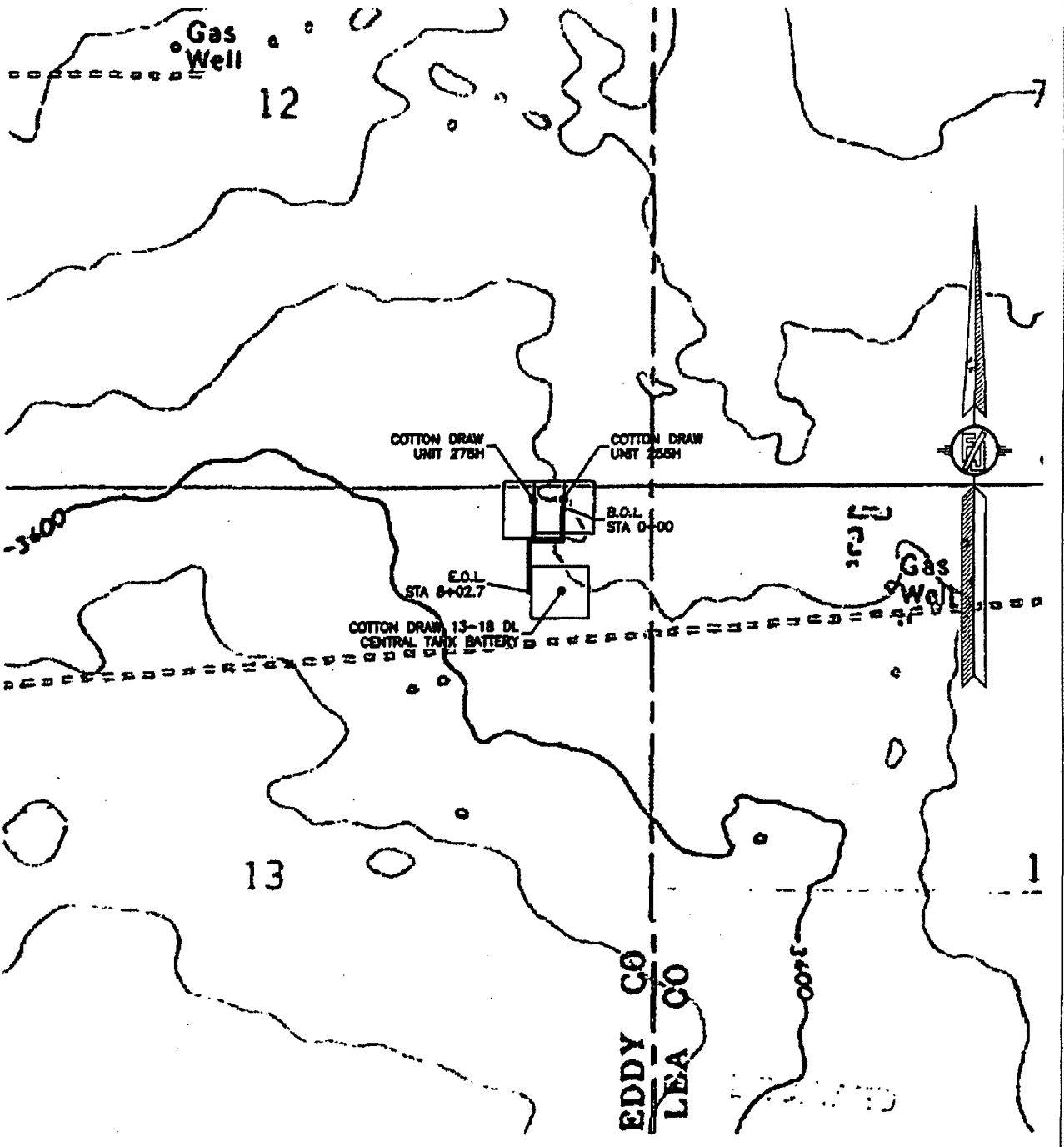
2.) BASIS OF BEARING IS NMSP EAST MODIFIED TO SURFACE COORDINATES.

FLOWLINE PLAT (400508)

TWO (2)- 6" BURIED FIBER FLOW LINES AND TWO (2)- 6" BURIED FIBER GAS LINES (IN SAME TRENCH) FROM THE CDU #255H & #278H TO THE CDU 13-18 (DL) CENTRAL TANK BATTERY

DEVON ENERGY PRODUCTION COMPANY, L.P.

CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 13, TOWNSHIP 25 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JANUARY 21, 2016



SHEET: 3-4

SURVEY NO. 3892A

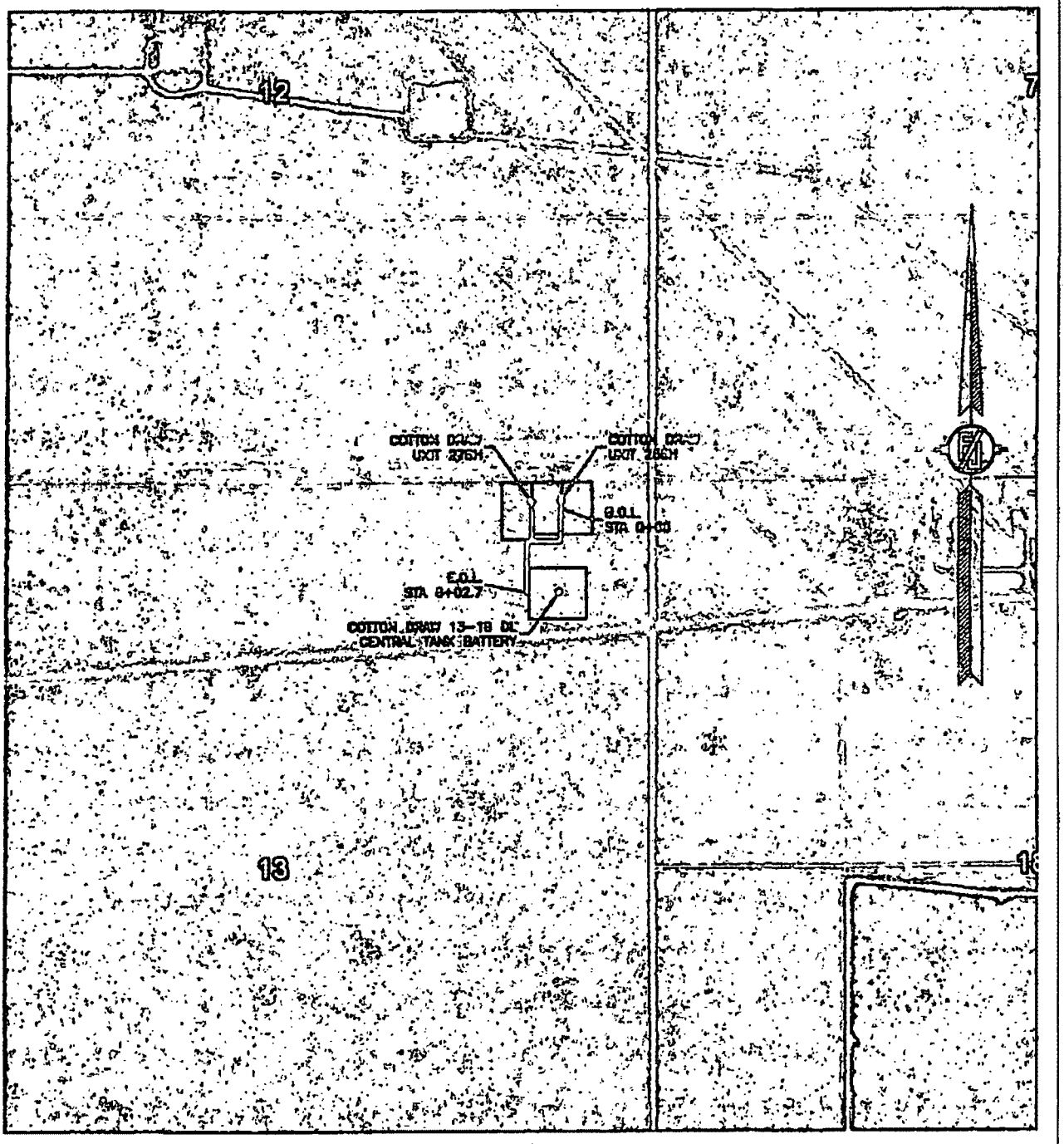
MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 *CARLSBAD, NEW MEXICO*

FLOWLINE PLAT (400508)

TWO (2)- 6" BURIED FIBER FLOW LINES AND TWO (2)- 6" BURIED FIBER GAS LINES (IN SAME TRENCH) FROM THE CDU #255H & #278H TO THE CDU 13-18 (DL) CENTRAL TANK BATTERY

DEVON ENERGY PRODUCTION COMPANY, L.P.

CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 13, TOWNSHIP 25 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JANUARY 21, 2016



SHEET: 4-4

SURVEY NO. 3892A

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO

SURFACE USE PLAN - REVISED

Devon Energy Production Company, L.P.

The on-site inspection for these projects was performed on 3/31/2015 by CEHMM

Cotton Draw Unit 278H

1. **Existing Roads:**
   a. The well site and elevation plat for the proposed well are reflected on the "Site Map". The well was staked by Madron Surveying, Inc.
   b. All roads into the location are depicted on the "Vicinity Map". The operator will repair pot holes, clear ditches, repair the crown, etc. All existing structures on the entire access route such as cattle guards, culverts, etc. will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use. BLM written approval will be acquired before application of surfactants, binding agents, or other dust suppression chemicals on roadways.
   c. Directions to Location: From the intersection of HWY #128 and County Road #1 (Orla HWY) go South on County Road #1 approx 6.0 miles to Monsanto Road on right (West) turn West on Monsanto Road go approx 2.1 miles road turns right (North) go approx 0.9 miles road turns left (West) go approx 1.0 miles to road lath with red and white flagging on right side (North) of road follow road laths North approx 660' to road lath to Cotton Draw Unit 255H go Left (West) go West approx 200' to location.

2. **New or Reconstructed Access Roads:**
   a. The "Site Map" shows new constructed access road, which will be approximately 200 LF from the existing Lease road. See attached Access Road Plat
   b. The maximum driving width of the access road will be 14 feet. The maximum width of surface disturbance when constructing the access road will not exceed 25 feet. The road will be crowned and ditched with 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 3 feet wide with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.
   c. No cattle guards, grates or fence cuts will be required. No turnouts are planned.

3. **Location of Existing Wells:**
   The attached "One Mile Radius Map" shows all existing and proposed wells within a one-mile radius of the proposed location.

4. **Location of Existing and/or Proposed Production Facilities:**
   a. In the event the well is found productive, the Cotton Draw Unit 13-18 (DL CTB) would be utilized and shared. Located in Sec 13-T25S-R31E. See "Flow Line Map".
   b. Two (2) – 6" buried fiber flow lines and Two (2) – 6" buried fiber gas lines (in same trench) from the CDU 255H & 278H to the CDU (DL) Central tank Battery. Total of 1017.69' of flow line. See "Flow line Map".

c. If necessary, the well will be operated by means of an electric prime mover. If electric power poles are needed, a plat and a sundry notice will be filed with your office.
d. All flow lines will adhere to API standards.
e. 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.

5. 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 described and depicted on the "Vicinity Map". On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In 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.

6. Construction Materials:

Obtaining caliche: One primary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means caliche will be obtained from the actual well site. Actual amounts will vary for each pad. The procedure below has been approved by BLM personnel:

a. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
b. Subsoil is removed and stockpiled within the surveyed well pad.
c. When caliche is found, material will be stock piled within the pad site to build the location and road.
d. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
e. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced.
f. Neither caliche, nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the Well Site Layout or survey plat.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit or other established mineral pit. A BLM mineral material permit will be acquired prior to obtaining any mineral material from BLM pits or land.

7. Methods of Handling Waste Material:

a. Drill cuttings will be safely contained in a closed loop system and disposed of properly at a NMOCD approved disposal site.
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 will pick up salts remaining after completion of well, including broken sacks.

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

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

9. **Well Site Layout**
a. The Rig Location Layout attachment shows the proposed well site layout and pad dimensions.
b. The Rig Location Layout attachment proposes location of sump pits and living facilities.
c. Mud pits in the active circulating system will be steel pits.
d. A closed loop system will be utilized.
e. If a pit or closed loop system is utilized, Devon will provide a copy of the Design Plan to the BLM.

10. **Plans for Surface Reclamation:**
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 transported to the original caliche pit or used for other drilling locations. 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.
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.

11. **Surface Ownership**
a. The surface is owned by the US Government and is administered by the Bureau of Land Management. 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.

12. **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, sage bush, 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 the Permian Basin Cultural Resource Fund in lieu of being required to conduct a Class III Survey for cultural resources associated with their project within the BLM office in Carlsbad, New Mexico.

13. **Bond Coverage:**
    Bond Coverage is Nationwide; Bond # is CO-1104 & NMB-000801.

Operators Representative:

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

James Allbee, Program Supervisor
Devon Energy Production Company, L.P.
333 W. Sheridan
Oklahoma City, OK 73102-5010
(405) 228-8698 (office)
(405) 820-8682 (Cellular)

Don Mayberry - Superintendent
Devon Energy Production Company, L.P.
Post Office Box 250
Artesia, NM 88211-0250
(575) 748-3371 (office)
(575) 746-4945 (home)

Certification

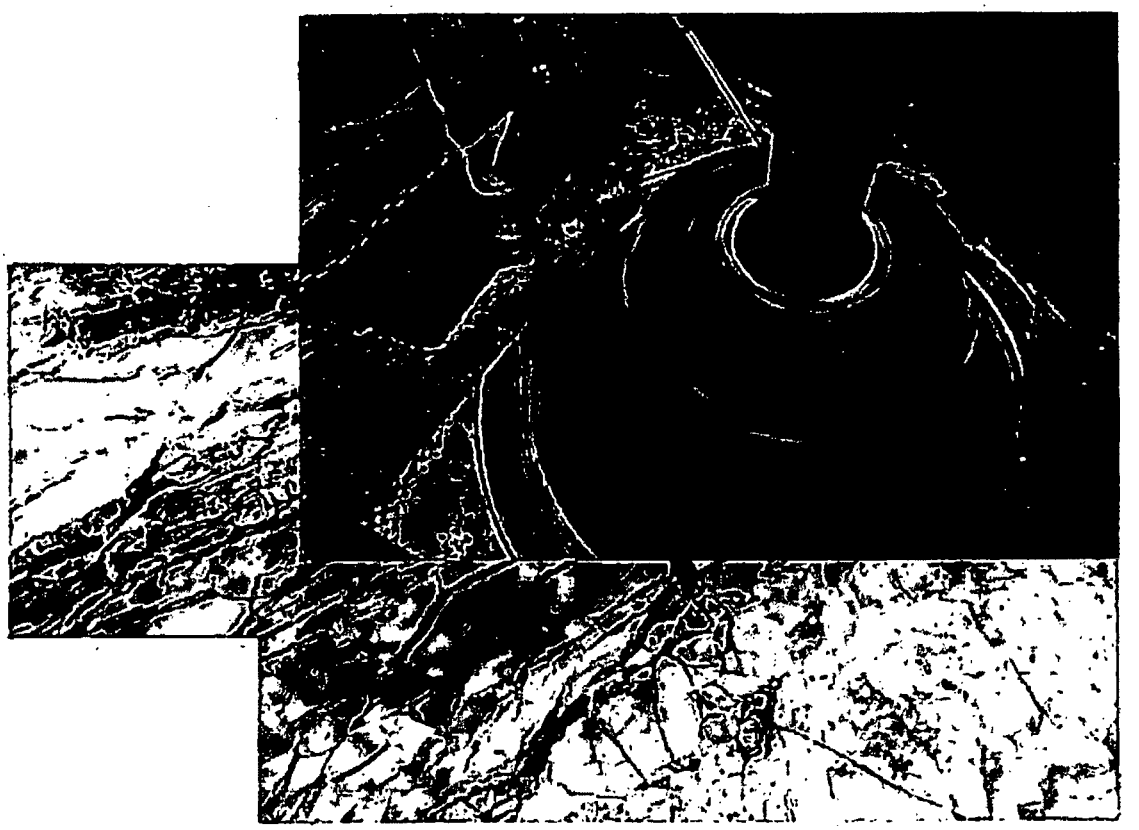
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements 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 _11th__ day of __June, 2015.
Printed Name: Trina C. Couch
Signed Name: Trina C. Couch
Position Title: Regulatory Analyst
Address: 333 W. Sheridan, OKC OK 73102
Telephone: (405)-228-7203

devon

Commitment Runs Deep



Design Plan
—Operation-and-Maintenance Plan
Closure Plan

SENM - Closed Loop Systems
June 2010

I. Design Plan

Devon uses MI SWACO closed loop system (CLS). The MI SWACO CLS is designed to maintain drill solids at or below 5%. The equipment is arranged to progressively remove solids from the largest to the smallest size. Drilling fluids can thus be reused and savings is realized on mud and disposal costs. Dewatering may be required with the centrifuges to insure removal of ultra fine solids.

The drilling location is constructed to allow storm water to flow to a central sump normally the cellar. This insures no contamination leaves the drilling pad in the event of a spill. Storm water is reused in the mud system or stored in a reserve fluid tank farm until it can be reused. All lubricants, oils, or chemicals are removed immediately from the ground to prevent the contamination of storm water. An oil trap is normally installed on the sump if an oil spill occurs during a storm.

A tank farm is utilized to store drilling fluids including fresh water and brine fluids. The tank farm is constructed on a 20 mil plastic lined, bermed pad to prevent the contamination of the drilling site during a spill. Fluids from other sites may be stored in these tanks for processing by the solids control equipment and reused in the mud system. At the end of the well the fluids are transported from the tank farm to an adjoining well or to the next well for the rig.

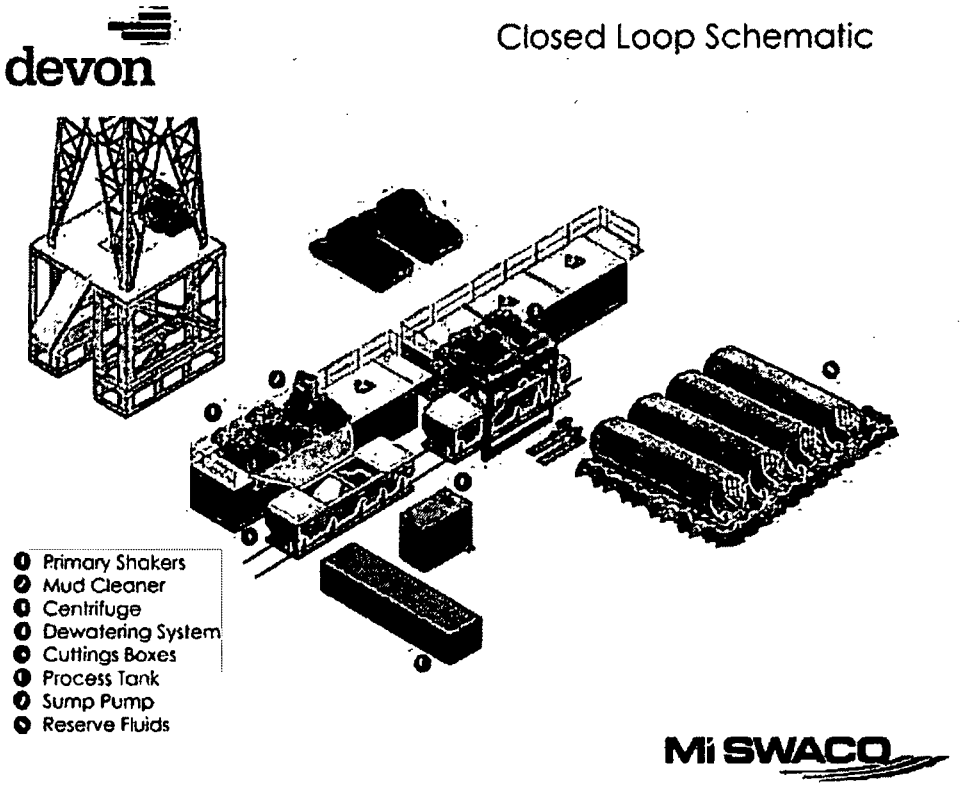
Prior to installing a closed-loop system on site, the topsoil, if present, will be stripped and stockpiled for use as the final cover or fill at the time of closure.

Signs will be posted on the fence surrounding the closed-loop system unless the closed-loop system is located on a site where there is an existing well, that is operated by Devon.

II. Operations and Maintenance Plan

Primary Shakers: The primary shakers make the first removal of drill solids from the drilling mud as it leaves the well bore. The shakers are sized to handle maximum drilling rate at optimal screen size. The shakers normally remove solids down to 74 microns.

Mud Cleaner: The Mud Cleaner cleans the fluid after it leaves the shakers. A set of hydrocyclones are sized to handle 1.25 to 1.5 times the maximum circulating rate. This ensures all the fluid is being processed to an average cut point of 25 microns. The wet discharged is dewatered on a shaker equipped with ultra fine mesh screens and generally cut at 40 microns.



Centrifuges: The centrifuges can be one or two in number depending on the well geometry or depth of well. The centrifuges are sized to maintain low gravity solids at 5% or below. They may or may not need a dewatering system to enhance the removal rates. The centrifuges can make a cut point of 8-10 microns depending on bowl speed, feed rate, solids loading and other factors.

The centrifuge system is designed to work on the active system and be flexible to process incoming fluids from other locations. This set-up is also dependant on well factors.

Dewatering System: The dewatering system is a chemical mixing and dosing system designed to enhance the solids removal of the centrifuge. Not commonly used in shallow wells. It may contain pH adjustment, coagulant mixing and dosing, and polymer mixing and dosing. Chemical flocculation binds ultra fine solids into a mass that is within the centrifuge operating design. The

dewatering system improves the centrifuge cut point to infinity or allows for the return of clear water or brine fluid. This ability allows for the ultimate control of low gravity solids.

Cuttings Boxes: Cuttings boxes are utilized to capture drill solids that are discarded from the solids control equipment. These boxes are set upon a rail system that allows for the removal and replacement of a full box of cuttings with an empty one. They are equipped with a cover that insures no product is spilled into the environment during the transportation phase.

Process Tank: (Optional) The process tank allows for the holding and process of fluids that are being transferred into the mud system. Additionally, during times of lost circulation the process tank may hold active fluids that are removed for additional treatment. It can further be used as a mixing tank during well control conditions.

Sump and Sump Pump: The sump is used to collect storm water and the pump is used to transfer this fluid to the active system or to the tank for to hold in reserve. It can also be used to collect fluids that may escape during spills. The location contains drainage ditches that allow the location fluids to drain to the sump.

Reserve Fluids (Tank Farm): A series of frac tanks are used to replace the reserve pit. These are steel tanks that are equipped with a manifold system and a transfer pump. These tanks can contain any number of fluids used during the drilling process. These can include fresh water, cut brine, and saturated salt fluid. The fluid can be from the active well or reclaimed fluid from other locations. A 20 ml liner and berm system is employed to ensure the fluids do not migrate to the environment during a spill.

If a leak develops, the appropriate division district office will be notified within 48 hours of the discovery and the leak will be addressed. Spill prevention is accomplished by maintaining pump packing, hoses, and pipe fittings to insure no leaks are occurring. During an upset condition the source of the spill is isolated and repaired as soon as it is discovered. Free liquid is removed by a diaphragm pump and returned to the mud system. Loose topsoil may be used to stabilize the spill and the contaminated soil is excavated and placed in the cuttings boxes. After the well is finished and the rig has moved, the entire location is scrapped and testing will be performed to determine if a release has occurred.

All trash is kept in a wire mesh enclosure and removed to an approved landfill when full. All spent motor oils are kept in separate containers and they are removed and sent to an approved recycling center. Any spilled lubricants, pipe

dope, or regulated chemicals are removed from soil and sent to landfills approved for these products.

These operations are monitored by Mi Swaco service technicians. Daily logs are maintained to ensure optimal equipment operation and maintenance. Screen and chemical use is logged to maintain inventory control. Fluid properties are monitored and recorded and drilling mud volumes are accounted for in the mud storage farm. This data is kept for end of well review to insure performance goals are met. Lessons learned are logged and used to help with continuous improvement.

A MI SWACO field supervisor manages from 3-5 wells. They are responsible for training personnel, supervising installations, and inspecting sites for compliance of MI SWACO safety and operational policy.

III. Closure Plan

A maximum 340' X 340' caliche pad is built per well. All of the trucks and steel tanks fit on this pad. All fluid cuttings go to the steel tanks to be hauled by various trucking companies to an agency approved disposal.

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	**Devon Energy Production Company, L.P.**
LEASE NO.:	**NMNM-0503**
WELL NAME & NO.:	**Cotton Draw Unit 278H**
SURFACE HOLE FOOTAGE:	**0200' FNL & 0850' FEL**
BOTTOM HOLE FOOTAGE	**0330' FNL & 0660' FEL Sec. 12, T. 25 S., R 31 E.**
LOCATION:	**Section 13, T. 25 S., R 31 E., NMPM**
COUNTY:	**Eddy County, New Mexico**

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Commercial Well Determination

A commercial well determination shall be submitted after production has been established for at least six months.

Unit Wells

The well sign for a unit well shall include the unit number in addition to the surface and bottom hole lease numbers. This also applies to participating area numbers. If a participating area has not been established, the operator can use the general unit designation, but will replace the unit number with the participating area number when the sign is replaced.

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

This authorization is subject to your Certificate of Participation and/or Certificate of Inclusion under the New Mexico Candidate Conservation Agreement. Because it involves surface disturbing activities covered under your Certificate, your Habitat Conservation Fund Account with the Center of Excellence for Hazardous Materials Management (CEHMM) will be debited according to Exhibit B Part 2 of the Certificate of Participation.

Watershed

- **The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed.**
- **Any water erosion that may occur due to the construction of the well pad during the life of the well will be corrected within two weeks and proper measures will be taken to prevent future erosion.**

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing
The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching
Ditching shall be required on both sides of the road.

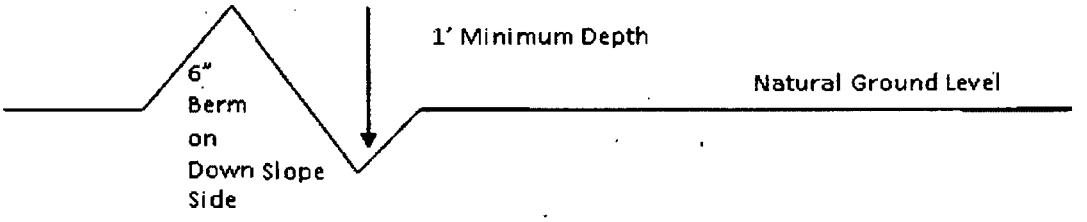
Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

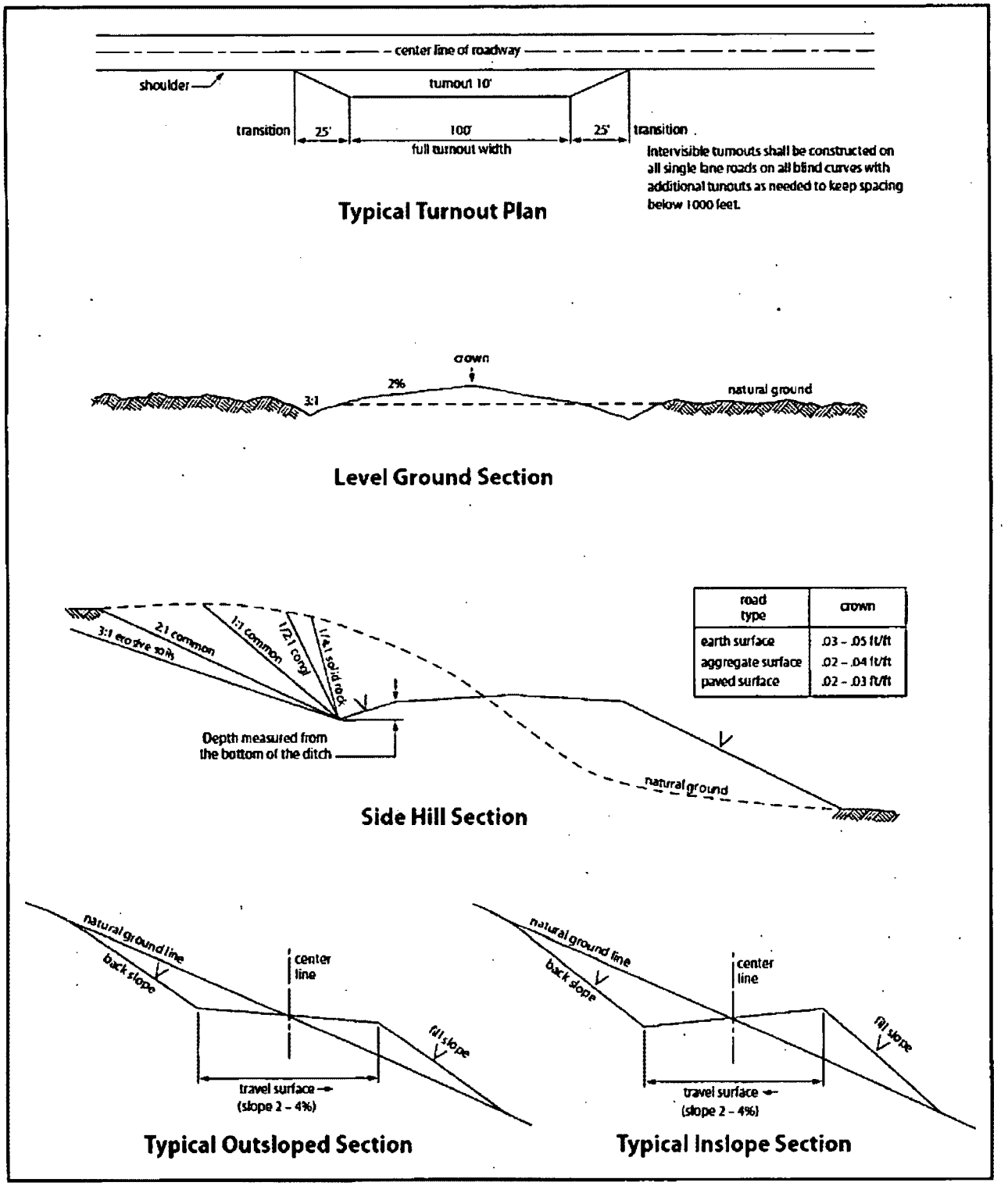


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

1. **Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**

2. 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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) for Water Basin:
After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possibility of water flows in the Salado and Castile.
Possibility of lost circulation in the Red Beds, Rustler and Delaware.

1. The **13-3/8** inch surface casing shall be set at approximately **750** feet (**in a competent bed below the Magenta Dolomite, which is a Member of the Rustler, and if salt is encountered, set casing at least 25 feet above the salt** a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface.
    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Intermediate casing shall be kept fluid filled while running into hole to meet BLM minimum collapse requirements.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

    ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

3. Production Casing Options:

Option A:

The minimum required fill of cement behind the **5-1/2** inch production casing is:

Option #1(Single Stage):

☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

Option #2:

Operator has proposed DV tool at depth of 4350', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range.

a. First stage to DV tool:
☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve approved top of cement on the next stage.

b. Second stage above DV tool:
☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

Option B:

The minimum required fill of cement behind the **7 X 5-1/2** inch production casing is:

☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API 53.

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi.**
    a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
    b. **If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.**
    c. **Manufacturer representative shall install the test plug for the initial BOP test.**
    d. **Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.**
    e. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
    a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

    b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

    c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE.

If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

d. The results of the test shall be reported to the appropriate BLM office.

e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

JAM 091415

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or

cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening
The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures
The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures
Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. Buried PIPELINES

A copy of the application (Grant, APD, or Sundry Notice) and attachments, including conditions of approval, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C.6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way.

6. The pipeline will be buried with a minimum cover of 36 inches between the top of the pipe and ground level.

7. The maximum allowable disturbance for construction in this right-of-way will be **30** feet:
   - Blading of vegetation within the right-of-way will be allowed: maximum width of blading operations will not exceed **20** feet. The trench is included in this area. (*Blading is defined as the complete removal of brush and ground vegetation.*)
   - Clearing of brush species within the right-of-way will be allowed: maximum width of clearing operations will not exceed **30** feet. The trench and bladed area are included in

this area. (*Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface.*)

- The remaining area of the right-of-way (if any) shall only be disturbed by compressing the vegetation. (*Compressing can be caused by vehicle tires, placement of equipment, etc.*)

8. The holder shall stockpile an adequate amount of topsoil where blading is allowed. The topsoil to be stripped is approximately ___6___ inches in depth. The topsoil will be segregated from other spoil piles from trench construction. The topsoil will be evenly distributed over the bladed area for the preparation of seeding.

9. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

10. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. The entire right-of-way shall be recontoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

( ) seed mixture 1	( ) seed mixture 3
( ) seed mixture 2	( ) seed mixture 4
(X) seed mixture 2/LPC	( ) Aplomado Falcon Mixture

13. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

14. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

15. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder before maintenance begins. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway. As determined necessary during the life of the pipeline, the Authorized Officer may ask the holder to construct temporary deterrence structures.

16. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

17. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes associated roads, pipeline corridor and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

18. Escape Ramps - The operator will construct and maintain pipeline/utility trenches that are not otherwise fenced, screened, or netted to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or other methods of avian and terrestrial wildlife escape in the trenches according to the following criteria:

a. Any trench left open for eight (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, the contractor/operator shall inspect the trench for wildlife, remove all trapped wildlife, and release them at least 100 yards from the trench.
b. For trenches left open for eight (8) hours or more, earthen escape ramps (built at no more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench.

19. Special Stipulations:

Lesser Prairie-Chicken

Oil and gas activities will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

This authorization is subject to your Certificate of Participation and/or Certificate of Inclusion under the New Mexico Candidate Conservation Agreement. Because it involves surface disturbing activities covered under your Certificate, your Habitat Conservation Fund Account with the Center of Excellence for Hazardous Materials Management (CEHMM) will be debited according to Exhibit B Part 2 of the Certificate of Participation.

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

Seed Mixture for LPC Sand/Shinnery Sites

Holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed shall be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed shall be either certified or registered seed. The seed container shall be tagged in accordance with State law(s) and available for inspection by the Authorized Officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). Holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. Seeding shall be repeated until a satisfactory stand is established as determined by the Authorized Officer. Evaluation of growth may not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

Textbox3 Textbox4
District 2 Generated on: 10/14/2016

API2	Well_Name2	Well_Oper	Well_Operator_Name3
30-005-00312	LEVICK A STATE #001	196015	SLAYTON RESOURCES INC
30-005-62530	HANLAD STATE #006	9974	HANSON OPERATING CO
30-005-62680	CAMPBELL STATION UNIT #006	311845	ONSHORE ROYALTIES, LLC
30-005-62716	SEYMOUR STATE COM #002	228937	MATADOR PRODUCTION
30-005-63858	HASBURG A 35 FEE #001H	240974	LEGACY RESERVES OPERA
30-005-63860	HASBURG B 35 FEE #001H	240974	LEGACY RESERVES OPERA
30-015-00683	SOUTH RED LAKE II UNIT #028	370922	REMNANT OIL OPERATIN(
30-015-00691	DELHI #006	265378	GEORGE A CHASE JR DBA
30-015-01035	YATES FEDERAL #001	243978	SABER OIL & GAS VENTUF
30-015-02211	STATE BN #002	19958	STEPHENS & JOHNSON OI
30-015-02289	EAST MILLMAN UNIT #158	19958	STEPHENS & JOHNSON OI
30-015-03842	WEST HENSHAW PREMIER UNIT #003X	230757	NORDSTRAND ENGINEERI
30-015-04182	GOV MCINTYRE 1 FEDERAL #001	21355	SOUTHWEST ROYALTIES I
30-015-04571	CULWIN QUEEN UNIT #002	119305	RAY WESTALL OPERATINC
30-015-04801	NORTH SQUARE LAKE PREMIER UNIT #007	24558	WALSH & WATTS INC
30-015-04811	NORTH SQUARE LAKE PREMIER UNIT #003	24558	WALSH & WATTS INC
30-015-05084	J L KEEL B #021	269324	LINN OPERATING, INC.
30-015-05597	NORTH SHUGART QUEEN UNIT #001	188152	TOM R CONE
30-015-05725	MCFADDEN FEDERAL #001	157624	NUROC ENERGY INCORPC
30-015-05833	JOSEPHINE RODKE FEDERAL #001	260737	BOPCO, L.P.
30-015-20025	COWDEN FEDERAL #001	36671	WESTBROOK OIL CORP
30-015-20647	MCINTYRE G FEDERAL #002	21355	SOUTHWEST ROYALTIES I
30-015-21254	STATE 16 #001	2175	BETTIS BOYLE & STOVALL
30-015-21777	NASH UNIT #004	5380	XTO ENERGY, INC
30-015-22627	PARDUE FARMS 26 #001	241333	CHEVRON MIDCONTINEN
30-015-23133	JEB STUART 13 COM #001	10155	HARVARD PETROLEUM C(
30-015-23776	EMPIRE 21 A FEDERAL COM #001	26460	SABRE OP INC
30-015-24255	MERRILL #002	24164	VINTAGE DRILLING LLC
30-015-25021	EP USA #006	246289	RKI EXPLORATION & PROI
30-015-25351	BD FEDERAL #001	177888	WAGNER OIL CO.
30-015-25452	MESQUITE 2 STATE COM #003H	228937	MATADOR PRODUCTION
30-015-25744	GINGER FEDERAL #001	246289	RKI EXPLORATION & PROI
30-015-26645	JAMES E #013	217817	CONOCOPHILLIPS COMPA
30-015-26710	WELCH FEDERAL #007	280671	BILL G TAYLOR AND HARV
30-015-33862	White City Penn A 28 Gas Com Unit 3 #004	162683	CIMAREX ENERGY CO. OF
30-015-33951	HANSON 33 FEDERAL #004	229137	COG OPERATING LLC
30-015-42058	CEDAR CANYON 17 #001H	16696	OXY USA INC
30-015-42116	WILLIAMS A FEDERAL #016	258350	VANGUARD OPERATING,
30-015-43740	COTTON DRAW UNIT #278	6137	DEVON ENERGY PRODUC

NMOCD CONDITION OF APPROVAL

The *New!* Gas Capture Plan (GCP) notice is posted on the NMOCD website under Announcements. The Plan became effective May 1, 2016. A copy of the GCP form is included with the NOTICE and is also in our FORMS section under Unnumbered Forms. Please review filing dates for all applicable activities currently approved or pending and submit accordingly. Failure to file a GCP may jeopardize the operator's ability to obtain C-129 approval to flare gas after the initial 60-day completion period.