

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

OPERATOR'S NAME:	DEVON ENERGY PRODUCTION COMPANY LP
LEASE NO.:	NMNM0405444
WELL NAME & NO.:	232H- MALDIVES 15-27 FED COM
SURFACE HOLE FOOTAGE:	400'/N & 540'/W
BOTTOM HOLE FOOTAGE:	2350'/N & 650'/W
LOCATION:	Section.15.,T23S., R.31E., NMP
COUNTY:	EDDY County, New Mexico

COA

H2S	<input type="radio"/> Yes	<input checked="" type="radio"/> No	
Potash	<input type="radio"/> None	<input checked="" type="radio"/> Secretary	<input type="radio"/> R-111-P
Cave/Karst Potential	<input checked="" type="radio"/> Low	<input type="radio"/> Medium	<input type="radio"/> High
Variance	<input type="radio"/> None	<input checked="" type="radio"/> Flex Hose	<input type="radio"/> Other
Wellhead	<input type="radio"/> Conventional	<input type="radio"/> Multibowl	<input checked="" type="radio"/> Both
Other	<input type="checkbox"/> 4 String Area	<input type="checkbox"/> Capitan Reef	<input type="checkbox"/> WIPP
Other	<input checked="" type="checkbox"/> Fluid Filled	<input checked="" type="checkbox"/> Cement Squeeze	<input type="checkbox"/> Pilot Hole
Special Requirements	<input type="checkbox"/> Water Disposal	<input checked="" type="checkbox"/> COM	<input type="checkbox"/> Unit

All Previous COAs Still Apply

A. CASING

1. The 13-3/8 inch surface casing shall be set at approximately **608 feet** (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 will be a minimum of **24 hours in the Potash Area** or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
 - 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 must be kept fluid filled to meet BLM minimum collapse requirement.

2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing shall be set at approximately **8250 feet** is:

Option 1 (Single Stage):

- Cement to surface. If cement does not circulate see B.1.a, c-d above.
Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst or potash.

Option 2:

Operator has proposed a DV tool, the depth may be adjusted as long as the cement is changed proportionally. The DV tool may be cancelled if cement circulates to surface on the first stage.

- a. First stage to DV tool: Cement to circulate. If cement does not circulate off the DV tool, contact the appropriate BLM office before proceeding with second stage cement job.
- b. Second stage above DV tool:
 - Cement to surface. If cement does not circulate, contact the appropriate BLM office.
Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst or potash.

Operator has proposed to pump down 13-3/8" X 8-5/8" annulus. Operator must run a CBL from TD of the 8-5/8" casing to surface. Submit results to BLM.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - Cement should tie-back at least **500 feet** into previous casing string. Operator shall provide method of verification.
Cement excess is less than 25%, more cement might be required.

GENERAL 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)

☒ Chaves and Roosevelt Counties

Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.

During office hours call (575) 627-0272.

After office hours call (575)

☒ Eddy County

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

☒ Lea County

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575)
393-3612

1. 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.
 - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
 - b. When the operator proposes to set surface casing with Spudder Rig
 - Notify the BLM when moving in and removing the Spudder Rig.
 - Notify the BLM when moving in the 2nd Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
 - BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.
2. 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 are located, this does not include the dog house or stairway area.

3. 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.

A. CASING

1. 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.
2. Wait on cement (WOC) for Potash Areas: 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 for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log.
3. 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.
4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.
5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
6. 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. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
7. 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.

8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

B. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

1. Geologic Formations

TVD of target	10,330'	Pilot hole depth	N/A
MD at TD:	25,667'	Deepest expected fresh water:	

Basin

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Rustler	549		
Salado	919		
Base Of Salt	4021		
Delaware	4249		
Bell Canyon	4289		
Cherry Canyon	5169		
Brushy Canyon	6454		
Lower Brushy	7829		
1BSLM	8159		
Bone Spring 2nd	9719		
Bone Spring 3rd	10997		

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

2. Casing Program ^{- See COA}

Hole Size	Casing Interval		Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
	From	To							
17.5"	0	574 TVD	13.375"	48	H-40	STC	1.125	1.25	1.6
9.875"	0	8250 TVD	8.625"	32	P110EC	TLW	1.125	1.25	1.6
7.875"	0	TD	5.5"	17	P110	CDC-HTQ	1.125	1.25	1.6

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h 97

Rustler top will be validated via drilling parameters (i.e. reduction in ROP) and surface casing setting depth revised accordingly if needed.

A variance is requested to wave the centralizer requirement for the 8-5/8" casing in the 9-7/8" hole and the 5-1/2" casing in the 7-7/8" hole.

8-5/8" Intermediate casing will be kept fluid filled.

3. Cementing Program

Casing	# Sks	TOC	Wt. lb/gal	Yld ft3/sack	Slurry Description
Surface	449.7	Surf	14.8	1.34	Tail: Class H Cement + additives
Int	461.1	Surf	9.0	3.3	Lead: Class C Cement + additives
	103	500' above shoe	14.8	1.34	Tail: Class H Cement + additives
Intermediate (Bradenhead)	1144	Surf	14.8	1.34	Class H Cement + additives
Production	309	500' tieback	10.8	1.41	Lead: Class H/C + additives
	2584	KOP	13.8	1.18	Tail: Class H/C + additives

If a DV tool is used, 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	% Excess
Surface	50%
Intermediate	30%
Production	10%

4. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	574 608	FW	8.33	28	NC
574 608	8,250'	Cut/Saturated Brine	9.4 -10.5	28-34	N/C
8,250'	TD	Cut Brine / DBE	9.2 – 9.7	30-40	30-40

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
---	-----------------------------



U. S. Steel Tubular Products

5 1/2 17.00 lb (0.304) RY 110

USS-CDC HTQ™

PIPE

CONNECTION

MECHANICAL PROPERTIES

Minimum Yield Strength	110,000	psi
Maximum Yield Strength	125,000	psi
Minimum Tensile Strength	120,000	psi

DIMENSIONS

Outside Diameter	5.500	6.300	in.
Wall Thickness	0.304		in.
Inside Diameter	4.892	4.892	in.
Drift - API	4.767	4.767	in.
Nominal Linear Weight, T&C	17.00		lbs/ft
Plain End Weight	16.89		lbs/ft

SECTION AREA

Cross Sectional Area Critical Area	4.962	4.962	sq. in.
Joint Efficiency		100.0	%

PERFORMANCE

Minimum Collapse Pressure	7,480	7,480	psi
Minimum Internal Yield Pressure	10,640	10,640	psi
Minimum Pipe Body Yield Strength	546,000		lbs
Joint Strength		550,000	lbs
Compression Rating		330,000	lbs
Reference Length		21,569	ft
Maximum Uniaxial Bend Rating		55.4	deg/100 ft

MAKE-UP DATA

Make-Up Loss	4.63	in.
Minimum Make-Up Torque	10,000	ft-lbs
Maximum Make-Up Torque	14,000	ft-lbs
Connection Yield Torque	17,400	ft-lbs

* Verification of connection shoulder required. Typical shoulder range 5,000 - 7,500 ft-lbs

Notes:

- 1) Other than proprietary collapse and connection values, performance properties have been calculated using standard equations defined by API 5C3 and do not incorporate any additional design or safety factors. Calculations assume nominal pipe OD, nominal wall thickness, and Specified Minimum Yield Strength (SMYS).
- 2) Uniaxial bending rating shown is structural only, and equal to compression efficiency.
- 3) Torques have been calculated assuming a thread compound friction factor of 1.0 and are recommended only. Field make-up torques may require adjustment based on actual field conditions (e.g. make-up speed, temperature, thread compound, etc.).
- 4) Reference length is calculated by joint strength divided by nominal T&C weight with 1.5 safety factor.

Legal Notice: USS-CDC HTQ™ (High Torque Casing Drilling Connection) is a trademark of U. S. Steel Corporation. This product is a modified API Buttress threaded and coupled connection designed for drilling with casing applications. All material contained in this publication is for general information only. This material should not therefore be used or relied upon for any specific application without independent competent professional examination and verification of accuracy, suitability, and applicability. Anyone making use of this material does so at their own risk and assumes any and all liability resulting from such use. U. S. Steel disclaims any and all expressed or implied warranties of fitness for any general or particular application. USS Product Data Sheet 2013 rev14 (June)

U. S. Steel Tubular Products
10343 Sam Houston Park Dr., #120
Houston, TX 77064

1-877-893-9461
connections@uss.com
www.usstubular.com