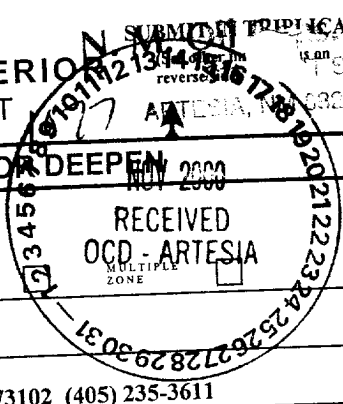


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT TO THE BUREAU OF LAND MANAGEMENT

Form approved.

APPLICATION FOR PERMIT TO DRILL OR DEEPEN



1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐

b. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ Other ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐

2. NAME OF OPERATOR: DEVON SFS OPERATING, INC. 20365

3. ADDRESS AND TELEPHONE NO.: 20 N. BROADWAY, SUITE 1500, OKC, OK 73102 (405) 235-3611

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 1980' FSL & 1980' FWL, Unit K, Section 25-18S-31E, Eddy County, NM

At top proposed prod. zone (same)

5. LEASE DESIGNATION AND SERIAL NO.: LC-065680

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT AGREEMENT NAME: N/A

8. FARM OR LEASE NAME, WELL NO.: Shugart 25 Federal Com #1 2697

9. API WELL NO.: 30-015-31454

10. FIELD AND POOL, OR WILDCAT: Shugart; Morrow

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA: Section 25-T18S-R31E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 42 miles West of Hobbs, New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.: 1980'

16. NO. OF ACRES IN LEASE: 1160

17. NO. OF ACRES ASSIGNED TO THIS WELL: 320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 12,500'

19. PROPOSED DEPTH: 12,500'

20. ROTARY OR CABLE TOOLS*: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): GL 3673'

22. APPROX. DATE WORK WILL START*: November 7, 2000

PROPOSED CASING AND CEMENTING PROGRAM					QUANTITY OF CEMENT
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH		
17-1/2"	H-40 13-3/8"	48#	650'	820'	approx. 571 sx (est TOC @ surface)
12-1/4"	J-55 8-5/8"	32#	4550'		approx. 1894 sx (est TOC @ surface)
7-7/8"	K-55 & N-80 5-1/2"	17#	12,500'		approx. 626 sx (est TOC @ 6500')

Devon SFS Operating, Inc. proposes to drill a Morrow well to TD 12,500'± for commercial quantities of gas. If the well is deemed noncommercial, the well bore will be plugged and abandoned per Federal regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

- Drilling Program
Surface Use and Operating Plan
Exhibits #1 = Blowout Prevention Equipment
Exhibit #2 = Location and Elevation Plat
Exhibits #3 = Road Map and Topo Map
Exhibit #4 = Wells Within 1 Mile Radius
Exhibits #5 = Production Facilities Plat
Exhibit #6 = Rotary Rig Layout
Exhibit #7 = Casing Design
H₂S Operating Plan
Archaeological clearance report

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portions thereof, as described below
Lease #: LC-065680
Legal Description: S/2 Sec. 23, SW/4 & SENW/4 Sec. 24, all Sec. 25-18S-31E
Effective 8/30/2000 Santa Fe-Snyder Corporation has undergone a name change to Devon SFS Operating, Inc. as evidenced by the attached certificates. Name change certificates will be forwarded in the near future. The current Santa Fe-Snyder blanket bond is Bond UTO855.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Tonja Rutelonis TITLE Engineering Technician DATE 9/21/00

*(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY Assistant Field Manager TITLE Lands And Minerals DATE 9/21/00

See Instructions On Reverse Side

APPROVED FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes 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