District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

AUG 2001
RECEIVED
OCD - ARTESIA

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

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

[1] Operator Name and Address	[2] OGRID Number
Devon Energy Production Company, L.P. 20 N. Broadway, Suite 1500, Oklahoma City, OK 73102-8260 Walter M. Frank, Senior Operations Engineer, 405-552-4595	6137
	[3] API Number 30-015- 31960

[4] Property Code	[5] Property Name	[6] Well No.
28633	Penlon "22I" State	1Y

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	22	20S	27E		1953'	south	670'	east	EDDY, NM

[8] Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[9] Proposed Pool 1	[10] Proposed Pool 2
AVALON (MORROW)	

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	G	R	S	GL 3276'
[16] Multiple	[17] Proposed Depth	[18] Formation	[19] Contractor	[20] Spud Date
	11,200'	Morrow	Patterson Drlg #5	05/01/2001

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48# H-40 ST&C	500'	475	surface
12 1/4"	8 5/8"	32# J-55 LT&C	2,200'	1000	surface
8 3/4"	5 1/2"	17# L-80 & 15.5# J-55	11,200'	1100	6500'

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

Devon plans to drill this well to a total depth of 11,200 feet and complete it as a Morrow development well. If it is deemed non-commercial then it will be plugged and abandoned in accordance with the rules and regulations established by the New Mexico OCD. Blowout prevention equipment will be installed while drilling the intermediate and production holes. Attached are C102 plat, maps, BOP equipment and casing design sheets, H2S plan, and Proof of bond.

Fresh Water To @ 270'

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: Candace R. Graham

Printed Name: Candace R. Graham X4520

Title: Engineering Tech.

Date: 08/10/2001 Phone: (405)235-3611

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY TIM W. GUM

Title: DISTRICT II SUPERVISOR

Approval Date: AUG 17 2001 Expiration Date: AUG 17 2002

Conditions of Approval:

Attached ☐

NOTIFY OCD SPUD & TIME TO WITNESS CEMENTING OF 8 5/8" CASING STRING

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

State of New Mexico
Energy, Minerals, and Natural Resources Department

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised 02-10-94

Instructions on back

Submit to the Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
		Avalon (Morrow)

4 Property Code	5 Property Name	6 Well Number
	PENLON "22I" STATE	1 Y

7 OGRID No.	8 Operator Name	9 Elevation
6137	DEVON ENERGY PRODUCTION COMPANY, L.P.	3276'

10 SURFACE LOCATION

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	22	20 SOUTH	27 EAST, N.M.P.M.		1953'	SOUTH	670'	EAST	EDDY

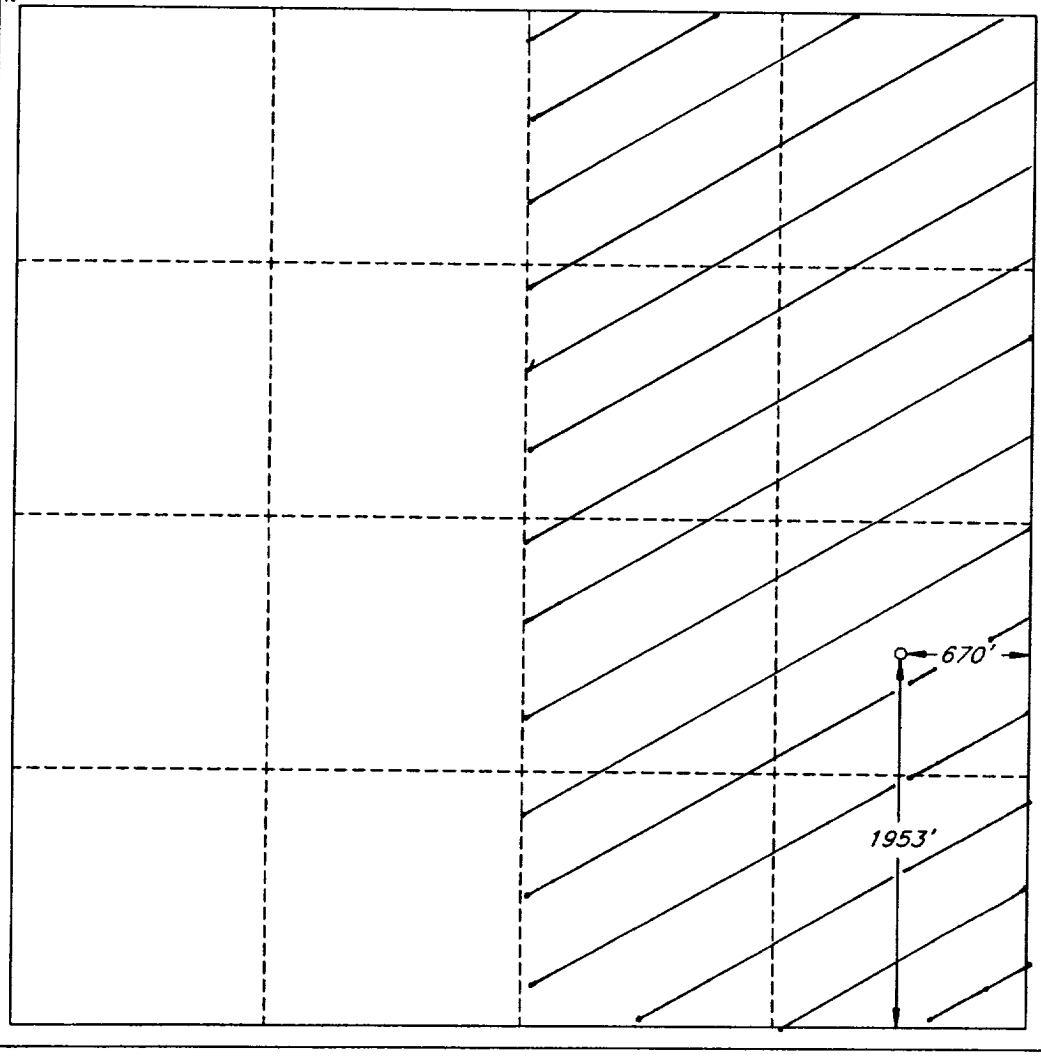
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320			

NO ALLOWABLE WELL 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.

Signature: Candace R. Graham
Printed Name: Candace R. Graham
Title: Engineering Tech.
Date: 08-10-2001

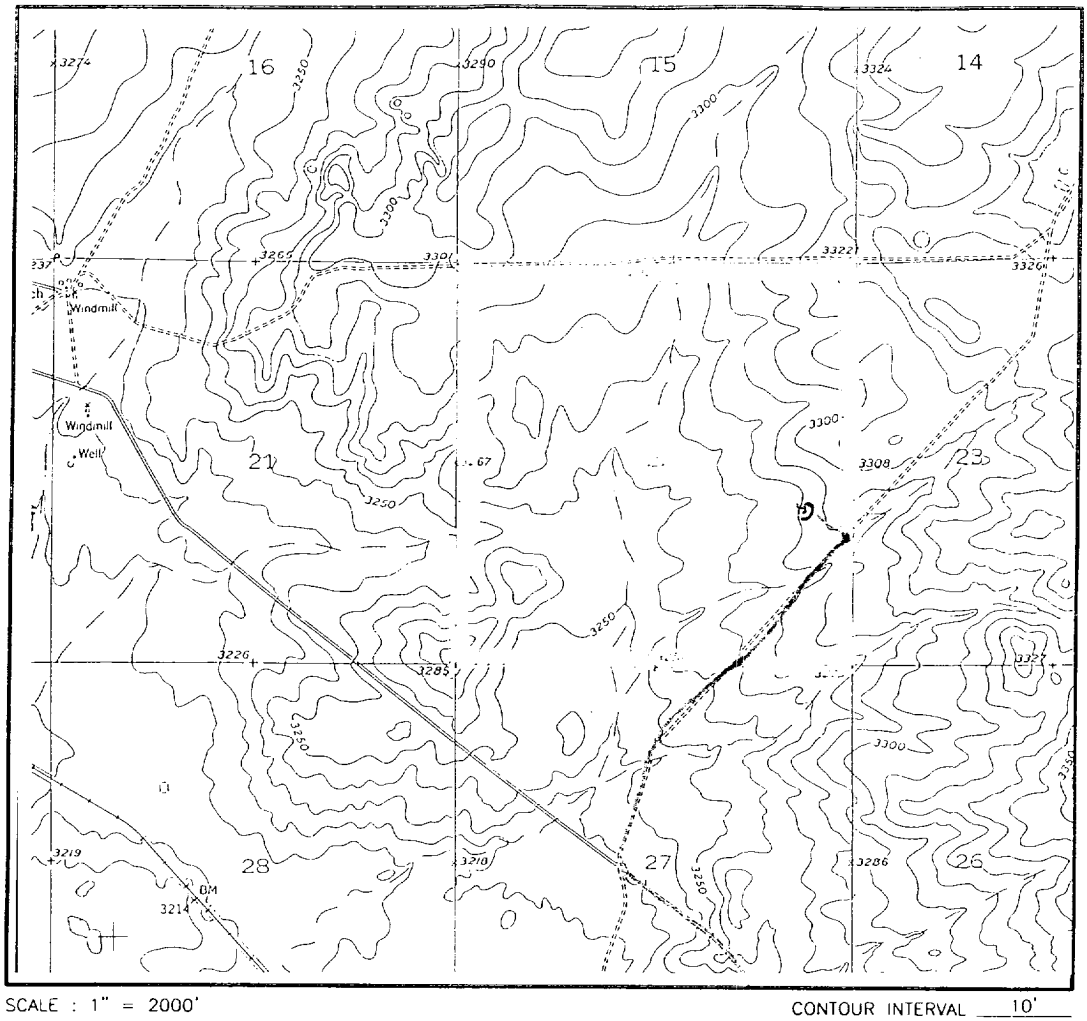
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: MAY 21, 2001
Signature and Seal of Professional Surveyor: NEW MEXICO NO.7920 PROFESSIONAL SURVEYOR
08-22-01
Certificate No. V. L. BEZNER R.P.S. #7920

JOB #76580 / 75 SE / V.H.B.

LOCA)N & ELEVATION VERIFICATION \P



SCALE : 1" = 2000'

CONTOUR INTERVAL 10'

SECTION 22 TWP 20-S RGE 27-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY EDDY STATE NM

DESCRIPTION 1953' FSL & 670' FEL

ELEVATION 3276

OPERATOR DEVON ENERGY PRODUCTION COMPANY, L.P.

LEASE PENLON "22I" STATE #1Y

U.S.G.S. TOPOGRAPHIC MAP

LAKE McMILLAN SOUTH, NEW MEXICO

SCALED LAT. N 32°33'25"

LONG. W 104°15'43"

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plat and notify us immediately of any possible discrepancy.

TOPOGRAPHIC LAND SURVEYORS

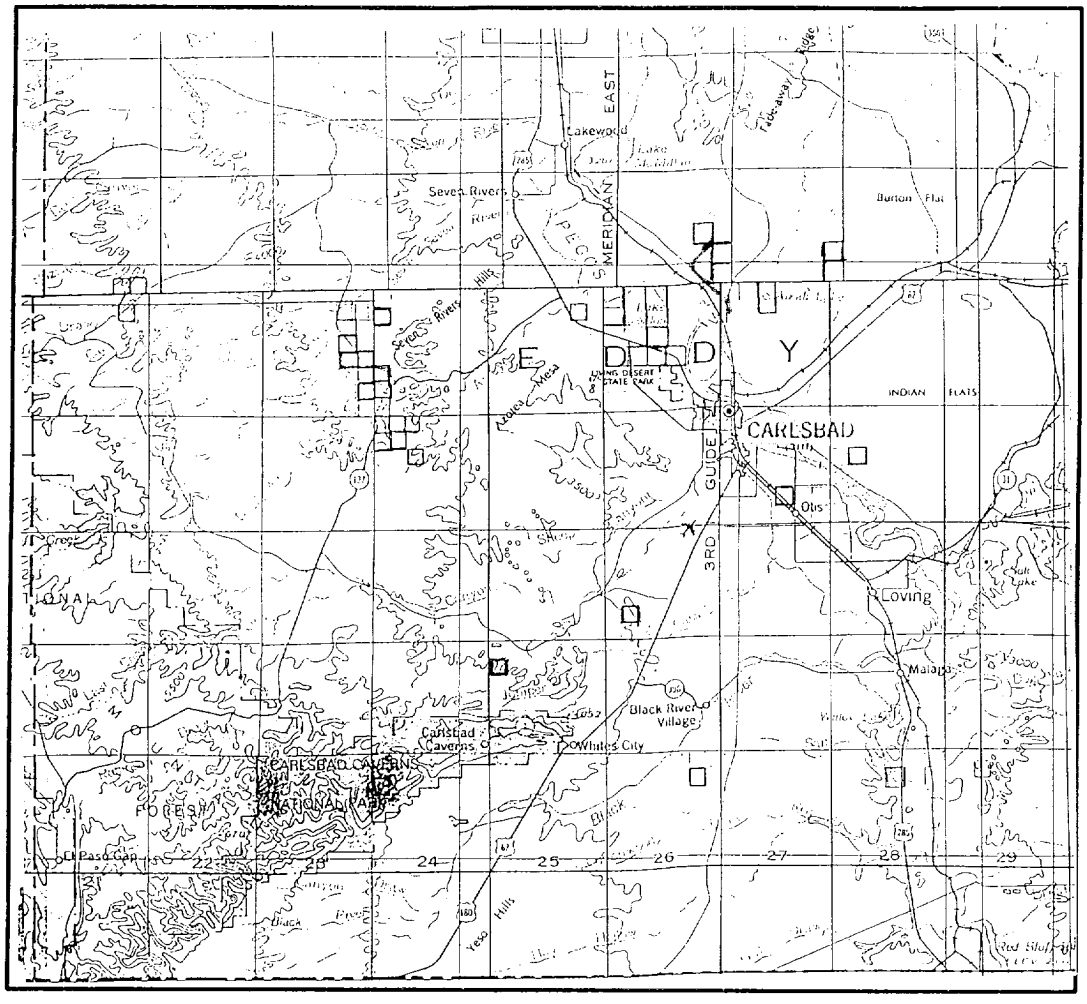
Surveying & Mapping for the Oil & Gas Industry

1307 N. HOBART
PAMPA, TX. 79065
(800) 658-6382

6709 N. CLASSEN BLVD.
OKLAHOMA CITY, OK. 73116
(800) 654-3219

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653

VICINITY MAP



SECTION 22 TWP 20-S RGE 27-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY EDDY STATE NM

DESCRIPTION 1953' FSL & 670' FEL

OPERATOR **DEVON ENERGY PRODUCTION COMPANY, L.P.**

LEASE PENLON "22I" STATE #1Y

DISTANCE & DIRECTION FROM NORTH LOOP & COUNTY ROAD 206 NORTH OF CARLSBAD, GO NORTHERLY 1.9 MILES ON PAVED COUNTY ROAD 206, THENCE NORTH-WESTERLY 3.0 MILES ON PAVED COUTNY ROAD 34, THENCE NORTHEAST 0.8 MILE ON LEASE ROAD & ABANDONED LEASE ROAD TO A POINT ±550' SOUTHEAST OF LOCATION.

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plat and notify us immediately of any possible discrepancy.

TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

1307 N. HOBART
PAMPA, TX. 79065
(800) 658-6382

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(800) 654-3219

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MIDLAND, TX. 79705
(800) 767-1653

MINIMUM BLOWOUT PREVENTER REQUIREME...

3,000 psi Working Pressure

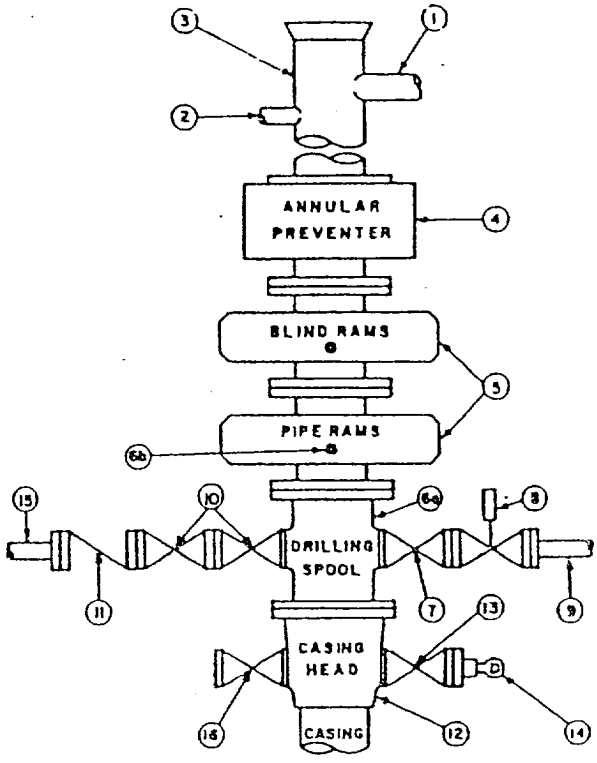
3 MWP

STACK REQUIREMENTS

No.	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		
	—— or ——		
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above.)		
7	Valve Gate ☐ Plug ☐	3-1/8"	
8	Gate valve—power operated	3-1/8"	
9	Line to choke manifold		3"
10	Valves Gate ☐ Plug ☐	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Valve Gate ☐ Plug ☐	1-13/16"	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL			
16	Flanged valve	1-13/16"	

CONFIGURATION A



CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 3,000 psi, minimum.
2. Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near drillers position.
4. Kelly equipped with Kelly cock.
5. Inside blowout prevventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9. Type RX ring gaskets in place of Type R.

MEC TO FURNISH:

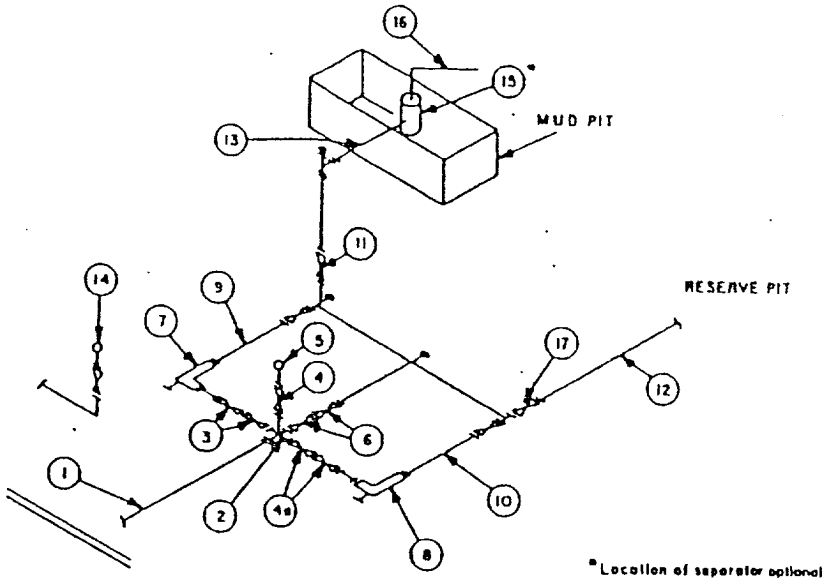
1. Bradenhead or casinghead and side valves.
2. Wear bushing, if required.

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke. Valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, other bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. All valves to be equipped with handwheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.
7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Do not use kill line for routine fill-up operations.

MINIMUM CHOKE MANIFOLD
3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP



BEYOND SUBSTRUCTURE

MINIMUM REQUIREMENTS										
		3,000 MWP			5,000 MWP			10,000 MWP		
No.		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2"			3,000			5,000			
	Cross 3"x3"x3"x3"									10,000
3	Valves(1) Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate ☐ Plug ☐(2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"		10,000
4a	Valves(1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
7	Adjustable Choke(3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000
15	Gas Separator		2"x5'			2"x5'			2"x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

1. All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
3. All lines shall be securely anchored.
4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
5. Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
6. Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using bull plugged tees.
7. Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well.

Well name:	**Penlon State #1Y**
Operator:	Devon Energy Production Company, L.P.
String type:	Surface
Location:	Secion 22, T20S, R27E

Design parameters:

Collapse
Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 260 psi
Internal gradient: 0.000 psi/ft
Calculated BHP 260 psi
Annular backup: 8.40 ppg

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 438 ft

Environment:
H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 80 °F
Temperature gradient: 1.00 °F/100ft
Minimum section length: 500 ft
Minimum Drift: 2.559 in

Non-directional string.

Re subsequent strings:
Next setting depth: 2,200 ft
Next mud weight: 8.400 ppg
Next setting BHP: 960 psi
Fracture mud wt: 10.000 ppg
Fracture depth: 500 ft
Injection pressure 260 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	500	13.375	48.00	H-40	ST&C	500	500	12.59	46.9

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	740	3.39	260	1730	6.66	21	322	15.31 J

Prepared by: W.M. Frank
Devon Energy
Phone: (405) 552-4595
FAX: (405) 552-4621
Date: July 7,2000
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 500 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**Penlon State #1Y**
Operator:	Devon Energy Production Company, L.P.
String type:	Intermediate
Location:	Secion 22, T20S, R27E

Design parameters:

Collapse
Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 1,143 psi
Internal gradient: 0.000 psi/ft
Calculated BHP 1,143 psi
Annular backup: 8.40 ppg

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 1,925 ft

Environment:
H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 97 °F
Temperature gradient: 1.00 °F/100ft
Minimum section length: 500 ft
Minimum Drift: 2.559 in

Non-directional string.

Re subsequent strings:
Next setting depth: 11,500 ft
Next mud weight: 9.800 ppg
Next setting BHP: 5,855 psi
Fracture mud wt: 10.000 ppg
Fracture depth: 2,200 ft
Injection pressure 1,143 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	2200	8.625	32.00	J-55	LT&C	2200	2200	7.875	139.8

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	960	2530	2.64	1143	3930	3.44	62	417	6.77 J

Prepared by: W.M. Frank
Devon Energy
Phone: (405) 552-4595
FAX: (405) 552-4621
Date: July 7,2000
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 2200 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	**Penlon State #1Y**
Operator:	Devon Energy Production Company, L.P.
String type:	Production
Location:	Secion 22, T20S, R27E

Design parameters:

Collapse

Mud weight: 6.800 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 3,956 psi
Internal gradient: 0.000 psi/ft
Calculated BHP 3,956 psi

Annular backup: 9.60 ppg

Packer fluid details:
Fluid density: 8.400 ppg
Packer depth: 10,500 ft

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 10,106 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 165 °F
Temperature gradient: 0.80 °F/100ft
Minimum section length: 500 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
3	2500	5.5	17.00	L-80	LT&C	2500	2500	4.767	86.2
2	6500	5.5	15.50	J-55	LT&C	9000	9000	4.825	203.8
1	2200	5.5	17.00	L-80	LT&C	11200	11200	4.767	75.8

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
3	883	5624	6.37	3956	7740	1.96	162	338	2.09 J
2	3179	3957	1.24	3800	4810	1.27	120	217	1.82 J
1	3956	6290	1.59	3395	7740	2.28	19	338	17.98 J

Prepared by: W.M. Frank
Devon Energy
Phone: (405) 552-4595
FAX: (405) 552-4621
Date: July 7,2000
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 11200 ft, a mud weight of 6.8 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

DEVON ENERGY CORPORATION

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

A. Hydrogen Sulfide Training

All rig crews and company personnel will receive training from a qualified instructor in the following areas prior to penetrating any hydrogen sulfide bearing formations during drilling operations:

1. The hazards and characteristics of hydrogen sulfide (H2S).

2. The proper use and maintenance of the H2S safety equipment and of personal protective equipment to be utilized at the location such as H2S detection monitors, alarms and warning systems, and breathing equipment. Briefing areas and evacuation procedures will also be discussed and established.

3. Proper rescue techniques and procedures will be discussed and established.

In addition to the above, supervisory personnel will be trained in the prevention of oil and gas well blowouts in accordance with Minerals Management Service Standards Subpart - 0 - 250 - 212.

Prior to penetrating any known H2S bearing formation, H2S training will be required at the rig sight for all rig crews and company personnel that have not previously received such training. This instruction will be provided by a qualified instructor with each individual being required to pass a 20 question test regarding H2S safety procedures. All contract personnel employed on an unscheduled basis will be required to have received appropriate H2S training.

This Hydrogen Sulfide Drilling And Operations Plan shall be available at the wellsite during drilling operations.

B. H2S Safety Equipment And Systems

All H2S safety equipment and systems will be installed, tested, and operational when drilling operations reach a depth approximately 500' above any known or probable H2S bearing formation. The safety systems to be utilized during drilling operations are as follows:

1. Well Control Equipment

(a) Double ram BOP with a properly sized closing unit and pipe rams to accommodate all pipe sizes in use.

(b) A choke manifold with a minimum of one remote choke.

2. H2S Detection And Monitoring Equipment

(a) Three (3) H2S detection monitors will be placed in service at the location. One monitor will be placed near the bell nipple on the rig floor; one will be placed at the rig substructure; and, one will be at the working mud pits or shale shaker. This monitoring system will have warning lights and audible alarms that will alert personnel when H2S levels reach 10 ppm.

(b) One (1) Sensidyne Pump with the appropriate detection tubes will also be available to perform spot checks for H2S concentrations in any remote or isolated areas.

3. Protective Equipment For Essential Personnel

Protective equipment will consist of the following:

(a) Four (4) - five minute escape packs located at strategic points around the rig.

(b) Two (2) - thirty minute rescue packs to be located at the designated briefing areas.

4. Visual Warning System

Visual warning system will consist of the following:

(a) Two wind direction indicators.

(b) One condition / warning sign which will be posted on the road providing direct access to the location. The sign will contain lettering of sufficient size to be readable at a reasonable distance from the immediate location. The sign will inform the public that a hydrogen sulfide gas environment could be encountered at the location.

5. Mud Program

   The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight and safe drilling practices (for example, keeping the hole filled during trips) will minimize hazards when drilling in H2S bearing formations.

6. Metallurgy

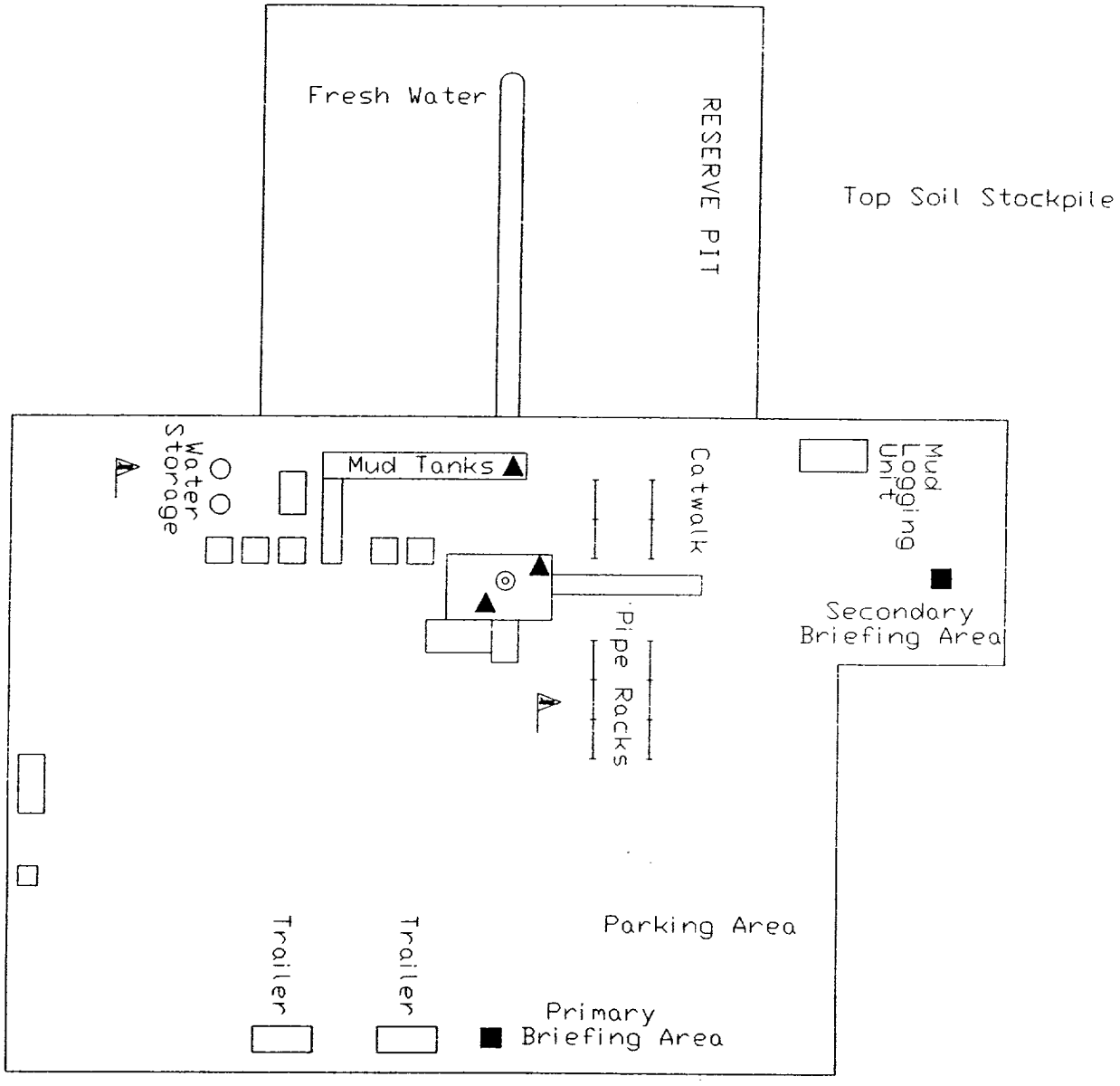
   All drill strings, casings, tubing, wellhead, blowout preventers, drilling spools, kill lines, choke manifold and lines and valves shall be suitable for H2S service.

7. Communication

   Cellular telephone communication will be available in company vehicles.

C. Diagram of Drilling Location

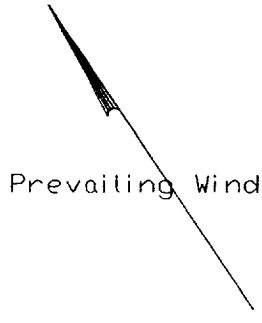
Attached is a diagram representing a typical location layout as well as the location of H2S monitors, briefing areas and wind direction indicators.



▲ H2S MONITORS WITH ALARMS AT THE BELL NIPPLE, SUBSTRUCTURE, AND SHALE SHAKER

WIND DIRECTION INDICATORS

■ SAFE BRIEFING AREAS WITH CAUTION SIGNS AND PROTECTIVE BREATHING EQUIPMENT



devon

EDDY COUNTY, NEW MEXICO

H2S PLAN

Scale in Feet

25 0 25 50 75 100

File: O:\\NM\H2S-PLAN

4/97

State of New Mexico
ENERGY, ...ERALS and NATURAL RESOURCES ...ARTMENT
Santa Fe, New Mexico 87505

BRUCE KING
GOVERNOR

October 21, 1993

ANITA LOCKWOOD
CABINET SECRETARY

Devon Energy Corporation (Nevada)
1500 Mid-America Tower
20 N. Broadway
Oklahoma City, Ok. 73102

Re: $50,000 Blanket Plugging Bond
Devon Energy Corporation (Nevada), Principal
Aetna Casualty & Surety Company, Surety
Bond No. 30 S 100753026-11

Gentlemen:

The Oil Conservation Division hereby approves the above-referenced plugging bond effective October 15, 1993.

Sincerely,

WILLIAM J. LEMAY,
Director

dr/

cc: Oil Conservation Division
Hobbs, Artesia, Aztec

Hilb, Rogal and Hamilton Co.
125 Park avenue
Oklahoma City, Ok. 73102

RECEIVED
OCT 25 1993
LAND DEPARTMENT

...ILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco
Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

Mining and Minerals
827-5970

LAND OFFICE BUILDING - 310 Old Santa Fe Trail
Oil Conservation Division
P.O. Box 2088 87504-2088
827-5800

Form O & G 8-8
Adopted 8-17-77

STATE OF NEW MEXICO

$50,000.00 BLANKET PLUGGING BOND

BOND NO. 30 S 100753026-11
(For Use of Surety Company)

Note: File with Oil Conservation Commission, P. O. Box 2088, Santa Fe 87501

Replaces USF&G 56-0130-11003-82-1

KNOW ALL MEN BY THESE PRESENTS:

That Devon Energy Corporation (Nevada), (a corporation organized in the State of Nevada), (An individual)(a partnership) Oklahoma City, State of Oklahoma, with its principal office in the city of the State of New Mexico), as PRINCIPAL, and Aetna Casualty & Surety Company, and authorized to do business in corporation organized and existing under the laws of the State of Connecticut, and authorized to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Commission of New Mexico pursuant to Section 65-3-11, New Mexico Statutes Annotated, 1953 Compilation, as amended, in the sum of Fifty Thousand Dollars($50,000.00) lawful money of the United States, for the payment of which, well and truly to be made, said PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO_2) gas leases, or helium gas leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO_2) gas leases, or helium gas leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of wells to prospect for and produce oil or gas, or carbon dioxide (CO_2) gas or helium gas, or does own or may acquire, own or operate such well, or such wells started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO_2) gas leases, or helium gas leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private individuals, the identification and location of said well being expressly waived by both principal and surety hereto.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall plug all of said wells when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Commission of New Mexico in such way as to confine the oil, gas, and water in the strata in which they are found, and to prevent them from escaping into other strata;

THEN, THEREFORE, This obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

PROVIDED, HOWEVER, That thirty (30) days after receipt by the Oil Conservation Commission of New Mexico of written notice of cancellation from the surety, the obligation of the surety hereunder shall terminate as to property or wells acquired, drilled, or started after said thirty (30) day period but shall continue in effect, notwithstanding said notice, as to property or wells theretofore acquired, drilled or started.