A-32.

N.M. Oil Cons. [illegible]
1301 [illegible]

Form 3160-3
(July 1992)

SUBMIT IN TRI[illegible]ATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM -070522-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: ----------------

7. UNIT AGREEMENT NAME: ------ 30927

8. FARM OR LEASE NAME WELL NO.: INDIAN BASIN "25" FEDERAL 2

9. API WELL NO.: 30-015-32544

10. FIELD AND POOL, OR WILDCAT: INDIAN BASIN UPPER PENN ASSO(

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 25 T21S-R23E

12. COUNTY OR PARISH: EDDY CO.

13. STATE: NEW MEXICO

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: 20305
DEVON-SFS OPERATING, INC. (WALLY FRANK) 405-552-4595

3. ADDRESS AND TELEPHONE NO. 20 NORTH BROADWAY SUITE 1500
OKLAHOMA CITY, OKLAHOMA 73102-8260 405-552-4595

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
SURFACE: 2025' FEL & 1075' FSL SEC. 25 T21S-R23E EDDY CO. NM
At proposed prod. zone
2055' FEL & 660' FSL SEC. 25 T21S-R23E EDDY CO. NM

WD

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 30 miles Northwest of Carlsbad New Mexico.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 1075'

16. NO. OF ACRES IN LEASE: 640

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.: 1500'

19. PROPOSED DEPTH: TVD 8600' MD. 8633'

20. ROTARY OR CABLE TOOLS: ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3801' GR. Roswell Controlled Water Basin

22. APPROX. DATE WORK WILL START*: WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor 20"	NA	40'	Cement to surface with Redi-mix.
12¼"	H-40 9 5/8"	36	1400'	530 Sx. circulate to surface
8 3/4"	HCL-80, L-80 7"	23	8633'	320 Sx. estimate top of cement 6450'

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.

2. Drill 12¼" hole to 1400'. Run and set 1400' of 9 5/8" 36# H-40 ST&C casing. Cement with 330 Sx. of 35/65 Class "C" POZ cement + 2% CaCl, + ¼# Celoflakes/Sx. + 3# Kol Seal/Sx. + 6% Bentonite, tail in with 200 Sx. of Class "C" cement + 2% CaCl, + ¼# Celoflakes/Sx. Circulate cement to surface.

3. Drill 8 3/4" hole to 8633' MD. Run and set 8633' of 7" casing as follows: 1133' of 7" 23# HCL-80 LT&C, 7500' of 7" 23# L-80 LT&C casing. Cement with 320 Sx. of 15/61/11 Class "C" + 5# LCM/Sx. + 2% KCl, + 1% EC-1 + .6% FL-25, + .6% FL-52, + .3% CD-32, + .3% Sodium Metasilicate + ¼# Celoflakes/Sx. Estimate top of cement 6450'

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SUBJECT TO LIKE APPROVAL BY STATE

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.

24.

SIGNED Joe T. Janica TITLE Agent DATE 10/16/02

(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 /S/ JOE G. LARA TITLE ACTING FIELD MANAGER DATE NOV 2 [illegible] 2002

RECEIVED DEC 2002 OCD - ARTESIA

*See Instructions On Reverse Side

APPROVAL 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

State of New Mexico

Energy, Minerals and Natural Resources Department

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, N.M. 87504-2088

OIL CONSERVATION DIVISION

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

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	33685	INDIAN BASIN UPPER PENN (ASSOC)

Property Code	Property Name	Well Number
	INDIAN BASIN"25" FEDERAL	F-2

OGRID No.	Operator Name	Elevation
20305	DEVON SFS OPERATING, INC.	3801'

Surface Location

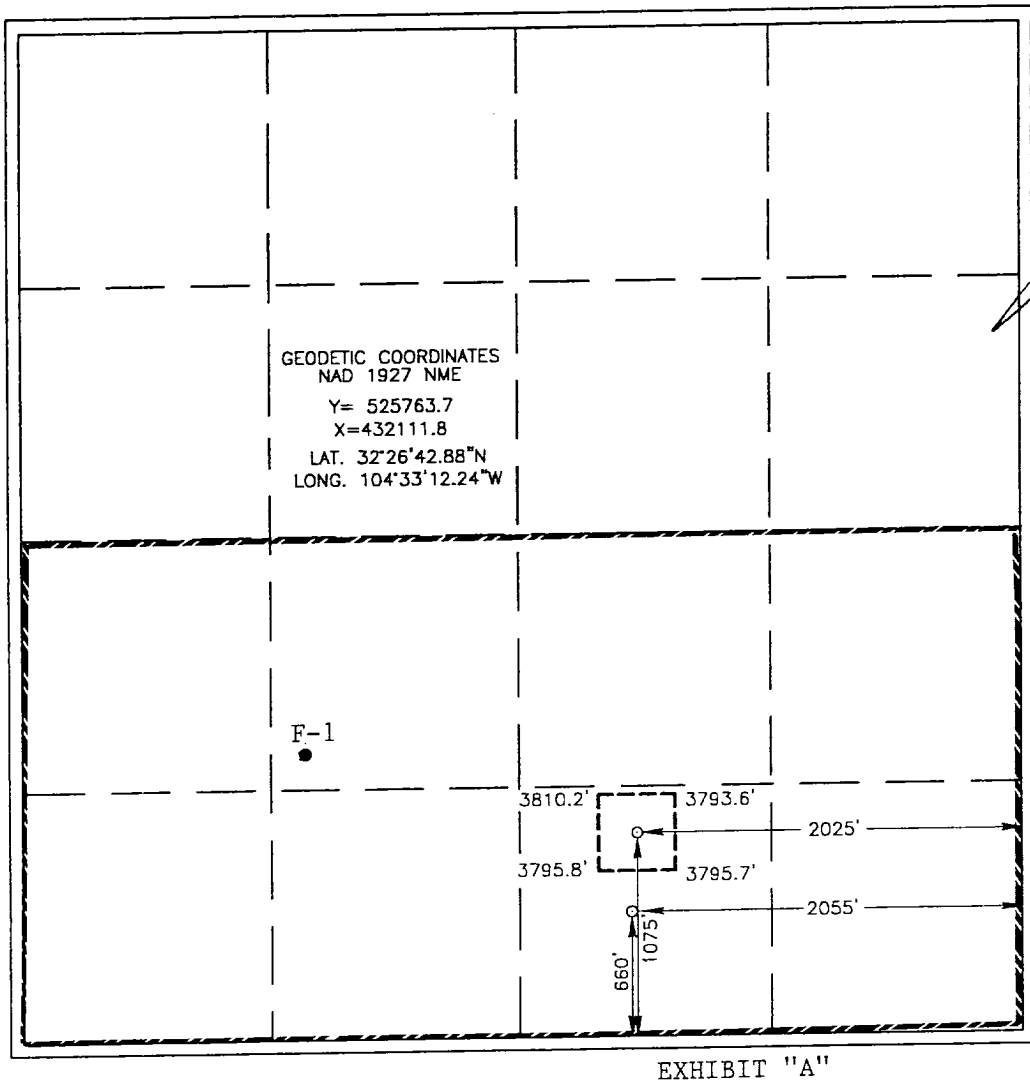
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	25	21-S	23-E		1075	SOUTH	2025	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	25	21-S	23-E		660'	SOUTH	2055'	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Joe T. Janica
Printed Name

Agent
Title

10/16/02
Date

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 supervison, and that the same is true and correct to the best of my belief.

SEPTEMBER 03, 2002
Date Surveyed AWB

Signature & Seal of Professional Surveyor

RONALD J. EIDSON
NEW MEXICO
3239
REGISTERED PROFESSIONAL SURVEYOR

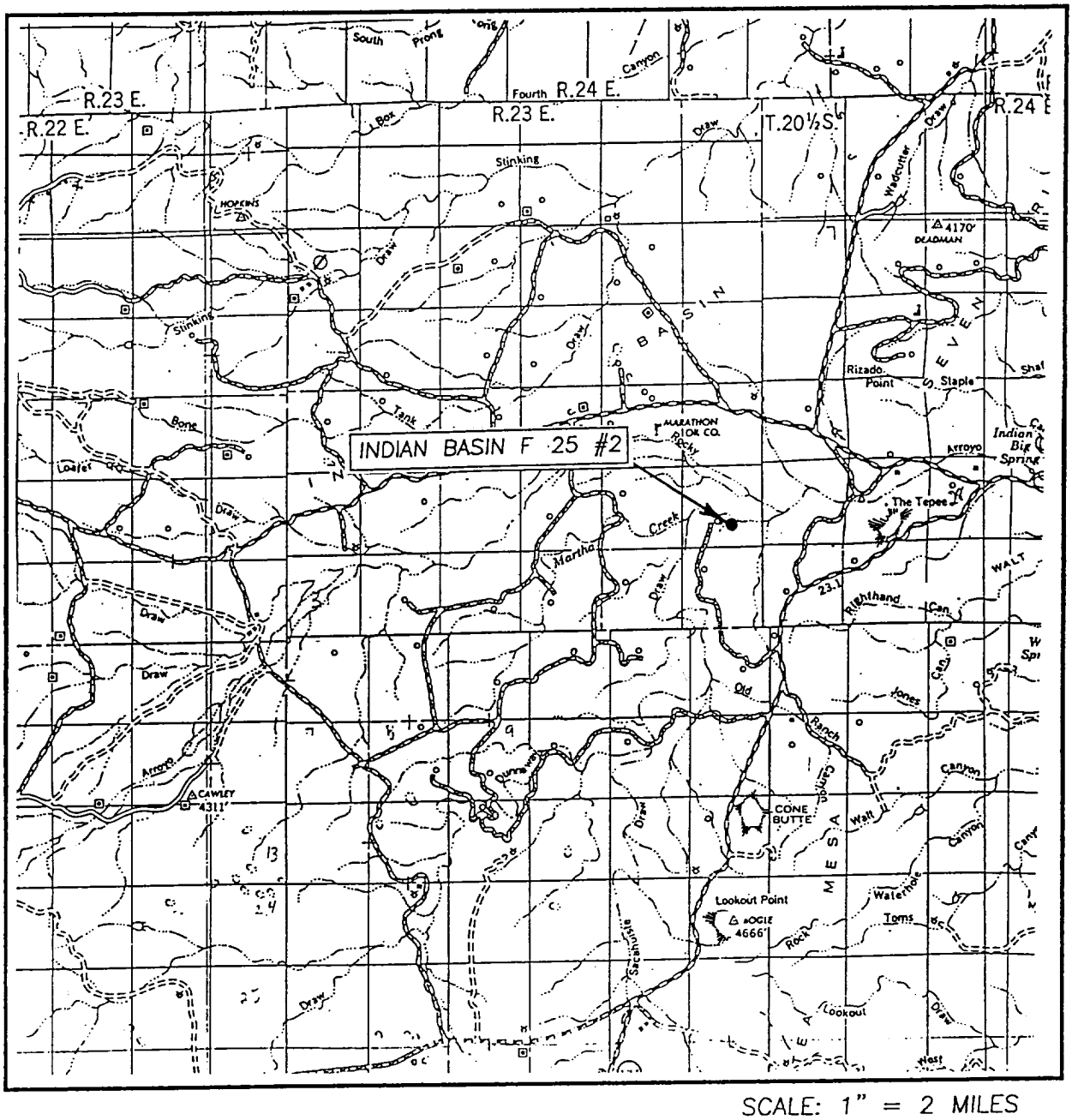
10/02/02

02.11.0630

Certificate No. RONALD J. EIDSON 3239
GARY L. EIDSON 12641

EXHIBIT "A"

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 25 TWP. 21-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1075' FSL & 2025' FEL

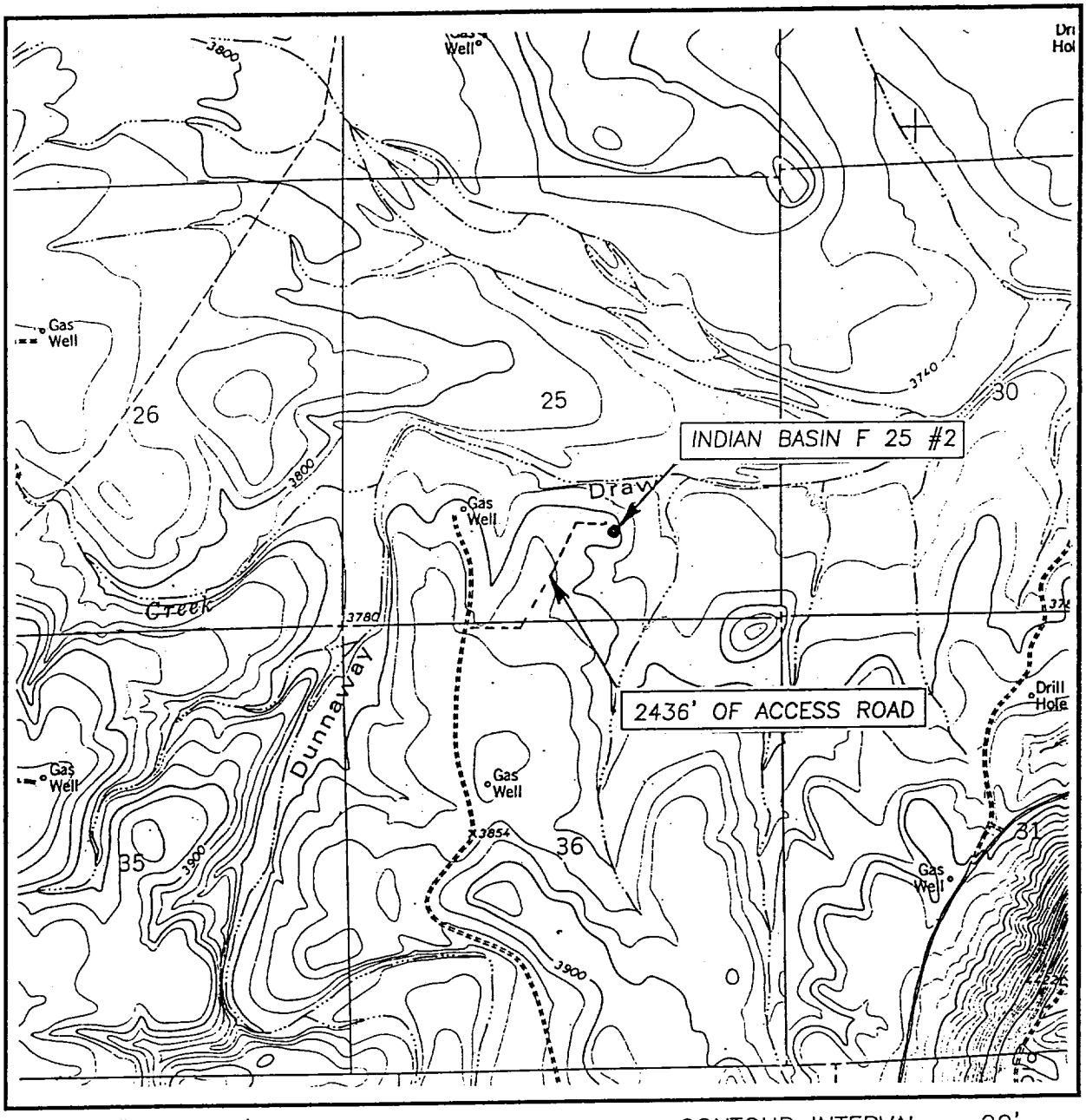
ELEVATION 3801'

OPERATOR DEVON SFS OPERATING, INC.

LEASE INDIAN BASIN F 25

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 20'
MARTHA CREEK, N.M.

SEC. 25 TWP. 21-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1075' FSL & 2025' FEL

ELEVATION 3801'

OPERATOR DEVON SFS OPERATING, INC.

LEASE INDIAN BASIN F 25

U.S.G.S. TOPOGRAPHIC MAP
MARTHA CREEK, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

Well name:	**Indian Basin "F" 25-2**
Operator:	**Devon-SFS Operating, Inc.**
String type:	Production
Location:	Section 25, T21S, R23E

Design parameters:

Collapse
Mud weight: 8.500 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 3,797 psi
Internal gradient: 0.000 psi/ft
Calculated BHP 3,797 psi

Annular backup: 8.50 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: 1.60 (B)

Tension is based on air weight.
Neutral point: 7,534 ft

Estimated cost: 78,270 ($)

Environment:
H2S considered? Yes
Surface temperature: 75 °F
Bottom hole temperature: 144 °F
Temperature gradient: 0.80 °F/100ft
Minimum section length: 1,000 ft

Directional Info - Build & Drop
Kick-off point 4000 ft
Departure at shoe: 416 ft
Maximum dogleg: 1.5 °/100ft
Inclination at shoe: 0 °

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
2	7500	7	23.00	L-80	LT&C	7467	7500	6.25	67271
1	1133	7	23.00	HCL-80	LT&C	8600	8633	6.25	11000

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
2	3297	3777	1.15	3797	6340	1.67	197.8	435	2.20 J
1	3797	5650	1.49	500	6340	12.67	26.1	485	18.61 J

Prepared by: W.M. Frank
Devon Energy
Phone: (405) 552-4595
FAX: (405) 552-4621
Date: October 1,2002
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 8600 ft, a mud weight of 8.5 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.
Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

Well name: **Indian Basin "F" 25-2**
Operator: **Devon-SFS Operating, Inc.**
String type: Surface
Location: Section 25, T21S, R23E

Design parameters:

Collapse
Mud weight: 8.500 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 800 psi
Internal gradient: 0.000 psi/ft
Calculated BHP 800 psi
Annular backup: 8.50 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: 1.60 (B)

Tension is based on air weight.
Neutral point: 1,224 ft

Environment:
H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 86 °F
Temperature gradient: 0.80 °F/100ft
Minimum section length: 1,000 ft

Non-directional string.

Re subsequent strings:
Next setting depth: 8,600 ft
Next mud weight: 8.500 ppg
Next setting BHP: 3,797 psi
Fracture mud wt: 11.000 ppg
Fracture depth: 1,400 ft
Injection pressure 800 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)	Est. Cost ($)
1	1400	9.625	36.00	H-40	ST&C	1400	1400	8.765	12576

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	618	1720	2.78	800	2560	3.20	50.4	294	5.83 J

Prepared by: W.M. Frank, Devon Energy
Phone: (405) 552-4595
FAX: (405) 552-4621
Date: October 1,2002
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 1400 ft, a mud weight of 8.5 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.

APPLICATION TO DRILL

DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-R23E EDDY CO. NM

In response to questions asked under Section II B of Bulletin NTL-6 the following information is provided for your consideration:

1. Location: SURFACE LOCATION: 2025' FEL & 1075' FSL SEC. 25 T21S-R23E EDDY CO. NM
BOTTOM HOLE LOCATION: 2055' FEL & 660' FSL SEC. 25 T21S-R23E EDDY CO. NM

2. Elevation above sea level: 3801' GR.

3. Geologic name of surface formation: Quaternery Aeolian Deposits.

4. Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.

5. Proposed drilling depth: 8633'

6. Estimated tops of geological markers:

San Andres	520'	Wolfcamp	7300'
Glorietta	2650'	Cisco	7850'
Bone Spring	3500'	Canyon	8300'

7. Possible mineral bearing formation:

San Andres	Water	Cisco	Gas
Wolfcamp	Gas	Canyon	Gas

8. CASING PROGRAM:

Hole Size	Interval	OD Casing	Weight	Thread	Collar	Grade
25"	0-40'	20"	NA	NA	NA	Conductor
12¼"	0-1400'	9 5/9"	36	8-R	ST&C	H-40
8 3/4"	0-8633'	7"	23	8-R	LT&C	HCL-80 & L-80

APPLICATION TO DRILL

DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-R23E EDDY CO. NM

9. CASING CEMENTING & SETTING DEPT

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
9 5/8"	Surface	Set 1400' of 9 5/8" 36# H-40 ST&C casing. Cement with 330 Sx. of 35/65 Class "C" POZ Cement + 2% CaCl, + ¼# Celo-flakes/Sx. + 3#/Sx. of Kol Seal, + 6% bentonite, tail in with 200 Sx. of Class "C" cement + 2% CaCl, + ¼# Celo-flakes/Sx. circulate cement to surface.
7"	Production	Set 8633' of 7" casing as follows" 1133' of 7" 23# HCL-80, LT&C, 7500' of 7" 23# L-80 LT&C casing. CEment with 320 Sx. of 15/61/11 Class "C" POZ cement + 5#/Sx. of LCM-1, + 2% CaCl, + 1% EC-1, + .6% FL-25, + .6% FL-52, + .3% CD-32, + .3% Sodium Metasilicate, + ¼# Celoflakes/Sx. Estimate top of cement 6450' From surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The B.O.P. will be nippled up on the 9 5/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 3000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-1400'	8.5-8.7	29-34	NC	Fresh water mud system add paper to control seepage.
1400-7300'	8.5-8.7	29-40	NC	Fresh water add paper to control seepage and use High viscosity sweeps to clean hole.
7300-8633'	8.5-8.7	32-40	10 cc or less	Fresh water Dris-Pac mud system, add soda ash to control seepage, use high viscosity sweeps to clean hole

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's , open hole logs, and casing viscosity and/or water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-R23E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: Dual Induction, MSFL, CNL, LDT, Gamma Ray, Caliper from TD to 1400'. Run Gamma Ray, Neutron from 1400' to surface.

B. Amud logger may be rigged up on hole at the discretion of the operator.

C. No cores or DST's are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 4250 PSI, and Estimated BHT 185°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 36 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Canyon formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as an associated oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers

   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.
   C. There should be a windsock at entrance to location.

4. Condition Flags and Signs

   A. Warning sign on access road to location.
   B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E" & "E-1"

6. Communication

   A. While working under masks chalkboards will be used for communication.
   B. Hand signals will be used where chalk board is inappropriate.
   C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.

7. Drillstem Testing

   A. Exhausts will be watered.
   B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   C. If the location is near to a dwelling a closed DST will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-R23E EDDY CO. NM

1. EXISTING AND PROPOSED ROADS: Area maps: Exhibit "B" is a reproduction of a County General Hi-way map showing access roads to the location. Exhibit "C" is a reproduction of a USGS Topographic map showing existing roads in close proximity to the location and the proposed access roads. All existing roads will be maintained in a condition equal to or better than their current conditions. All new roads will be constructed to BLM specifications.

   A. Exhibit "A" shows the location of the proposed well site as staked.

   B. From Carlsbad New Mexico take U.S. Hi-way 285 North 12 miles to junction with State Hi-way 137, turn Left go to Marathon Road (CR-401) bear Left go 3.1 miles turn Right and follow lease road 2 miles to double pole powerline and turn Right follow road .15 miles bear Left go .3 miles bear Right go 500' to location.

   ~~C. Exhibit "F" shows route of flowline to sales line connection.~~

2. PLANNED ACCESS ROADS: Approximately 2500' of new road will be constructed.

   A. The access road will be crowned and ditched to a 12' wide traveled surface with a 40' Right-Of-Way.

   B. Gradient on all roads will be less than 5% if possible.

   C. Turn-outs will be constructed where necessary.

   D. If needed roads will be surfaced to the BLM requirements with material obtained from a local source.

   E. Center line of new road will be flagged.

   F. The new road will be constructed to utilize low water crossings where drainage currently exists, and culverts will be installed where necessary.

3. EXHIBIT "A-1" SHOWS THE BELOW LISTED TYPE WELLS WITHIN A 1 MILE RADIUS:

   A. Water wells - None known

   B. Disposal wells - None known

   C. Drilling wells - None known

   D. Producing wells - As shown on Exhibit "A-1"

   E. Abandoned wells - As shown on Exhibit "A-1"

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Possible routes of pipelines, flowlines and powerlines are shown on Exhibit "F".

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of drill site, if additional material is needed it will be obtained from a local source and transported over the access roads as shown on Exhibit "C".

7. METHODS OF HANDLING WAS MATERIAL:

A. Drill cuttings will be disposed of in the reserve pits.

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 a approved sanitary land fill.

C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.

D. Waste water from living quaters will be drained into holes with a minium of 10'. These holes will be covered during drilling and will be back filled when the well is completed. 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 allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for furthed drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pips will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

A. No camps or air strips will be constructed on location.

9. WELL SITE LAYOUT

A. Exhibit "D" shows the proposed well site layout.

B. This exhibit indicated proposed location of reserve and sump pits and living facilities.

C. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be unlined unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.

D. If needed, the reserve pit is to be lined with polyethelene. The pit liner will be 6 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.

E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be contoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

SURFACE USE PLAN

DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-R23E EDDY CO. NM

11. OTHER INFORMATION:

A. Topography consists of deep canyons and high hills consting of limestone soil in the bottom of the canyons is sandy, which supports lechuguilla, acacis, little leaf sumac, yucca, sotol, prickly pear, cholla, creosote, and algerita.

B. The surface and minerals are owned by the U.S. Government and is administered by The Bureau of Land Management. The surface is of limited use except for the grazing of livestock and the production of oil and gas.

C. An archaeological survey will be conducted of the well pad location and the results will be filed with The Bureau of Land Management in the Carlsbad Field office.

D. There are no dwellings within 2 miles of location.

12. OPERATOR'S REPRESENTIVE:

BEFORE CONSTRUCTION:

TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
JOE T. JANICA
Ph. OFFICE 505-391-8503

DURING AND AFTER CONSTRUCTION:

DEVON-SFS OPERATING, INC.
20 NORTH BROADWAY, SUITE 1500
OKLAHOMA CITY, OKLAHOMA 73102-8260
MR WALLY FRANK Ph. 405-552-4595

DEVON-SFS OPERATING, INC.
MR. DON MAYBERRY SUPERINTENDENT
P.O. BOX 250 ARTESIA, NEW MEXICO 88211-0250
OFFICE Ph. 505-748-3371
HOME Ph. 505-746-4945

13. CERTIFICATION: I certify that I or persons under my direct supervision have inspected the proposed dirll site and access route, that I am familiar with the conditions which currently exist and that the statements made in this plan are to the best of my knowledge, are true and correct, and that the work associated with the operations proposed herein will be performed by DEVON-SFS OPERATING, INC. L.P., it's contractors/subcontractors and is in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME : Joe T Janica
DATE : 10/16/02
TITLE : Agent

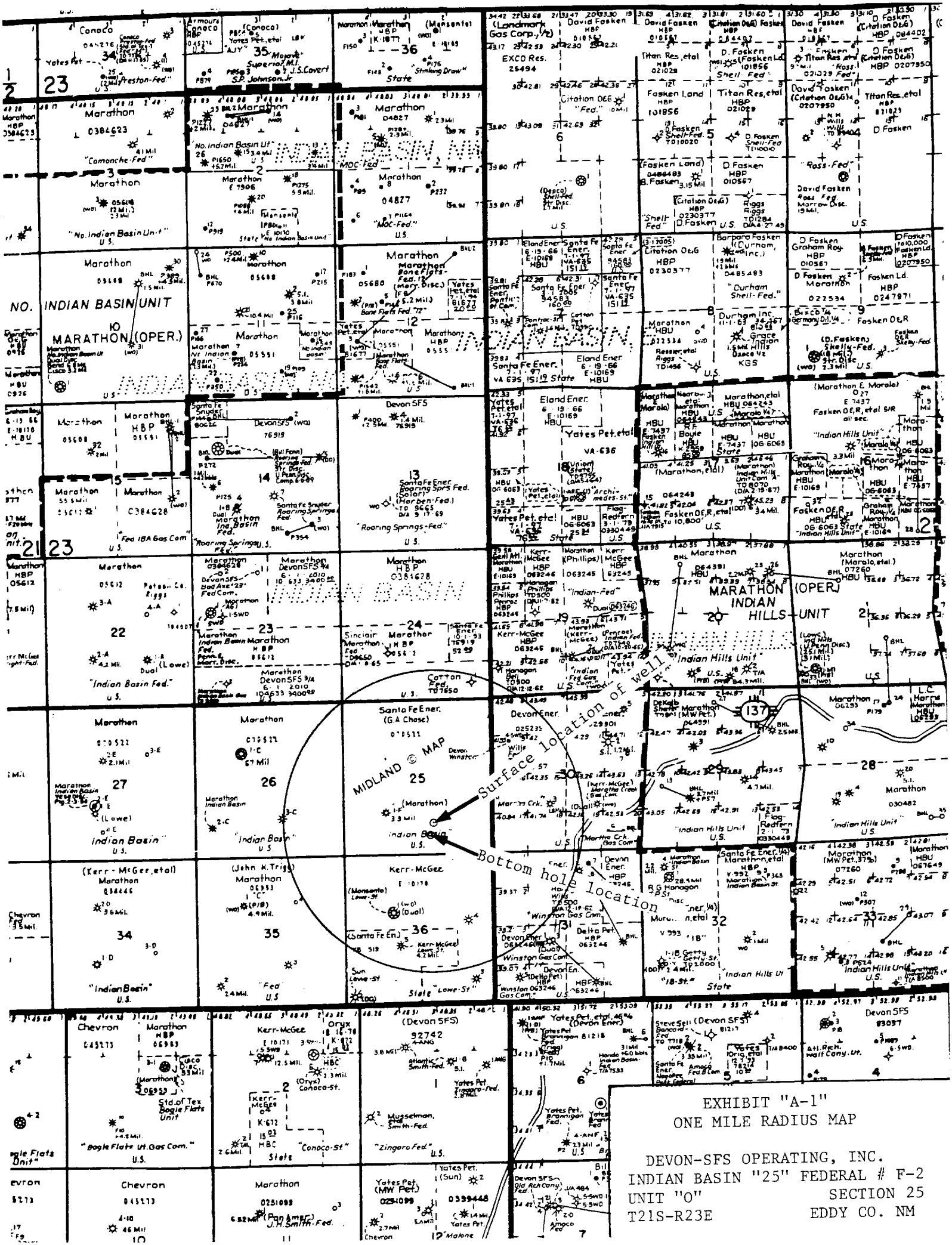


EXHIBIT "A-1"
ONE MILE RADIUS MAP

DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-R23E EDDY CO. NM

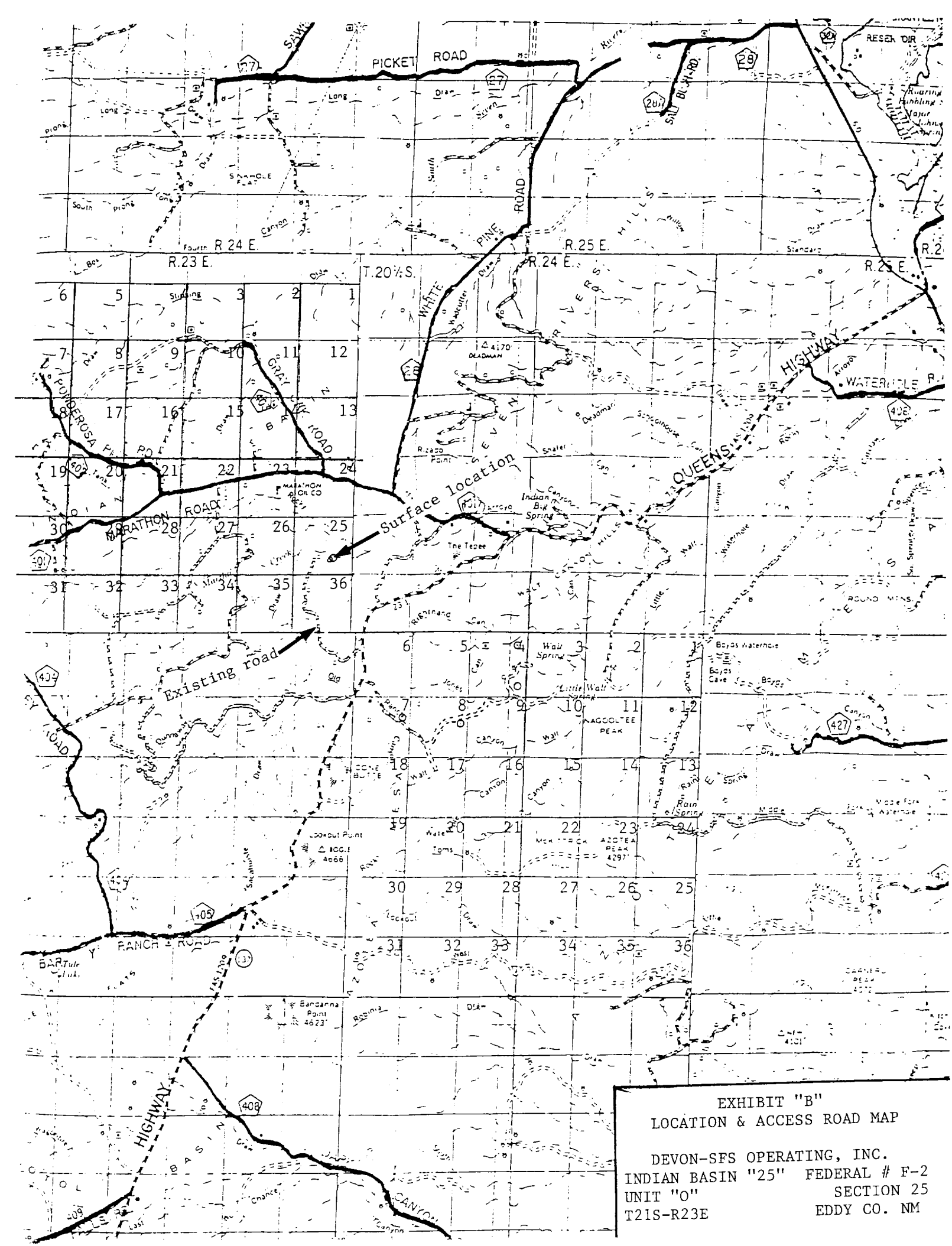


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-R23E EDDY CO. NM

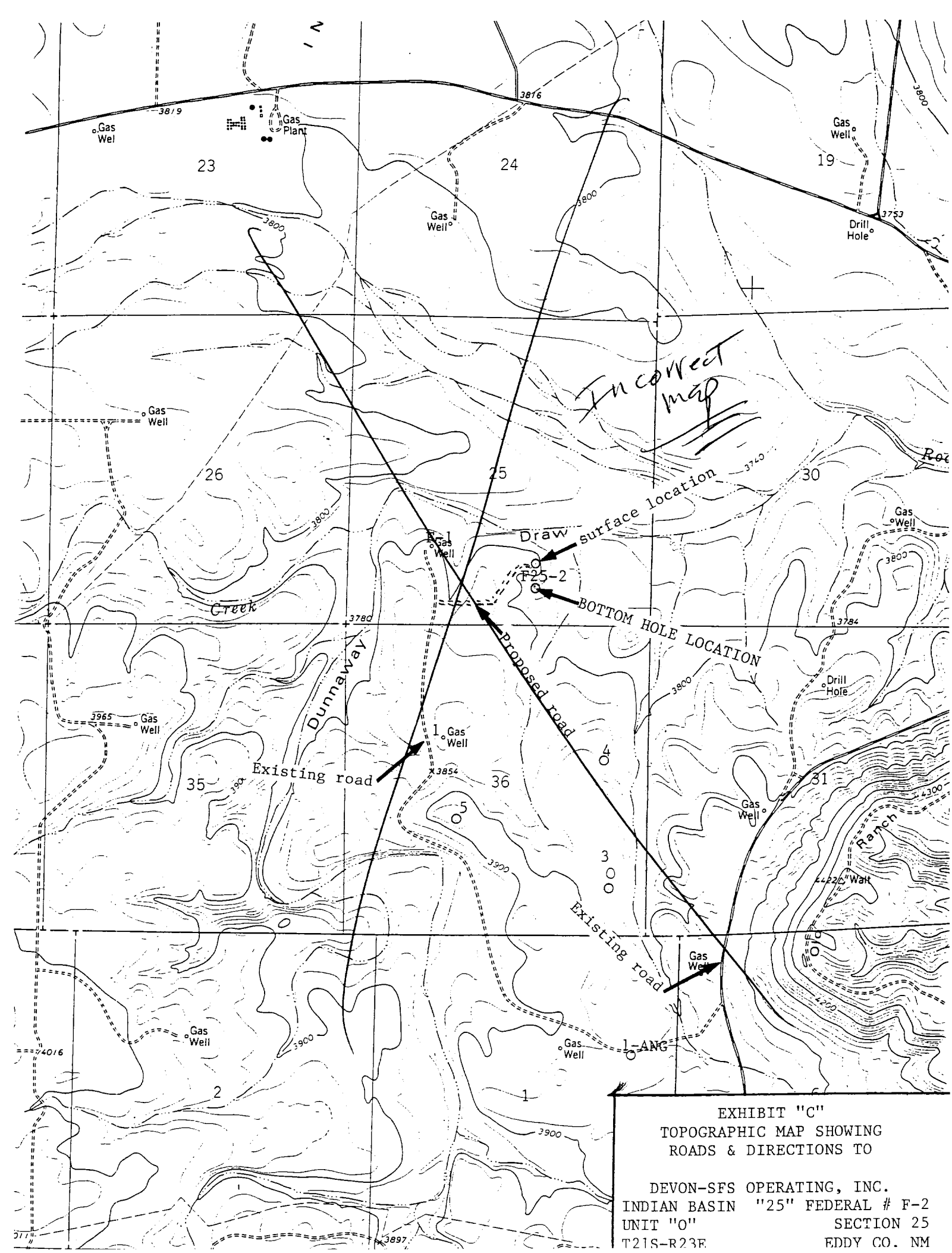
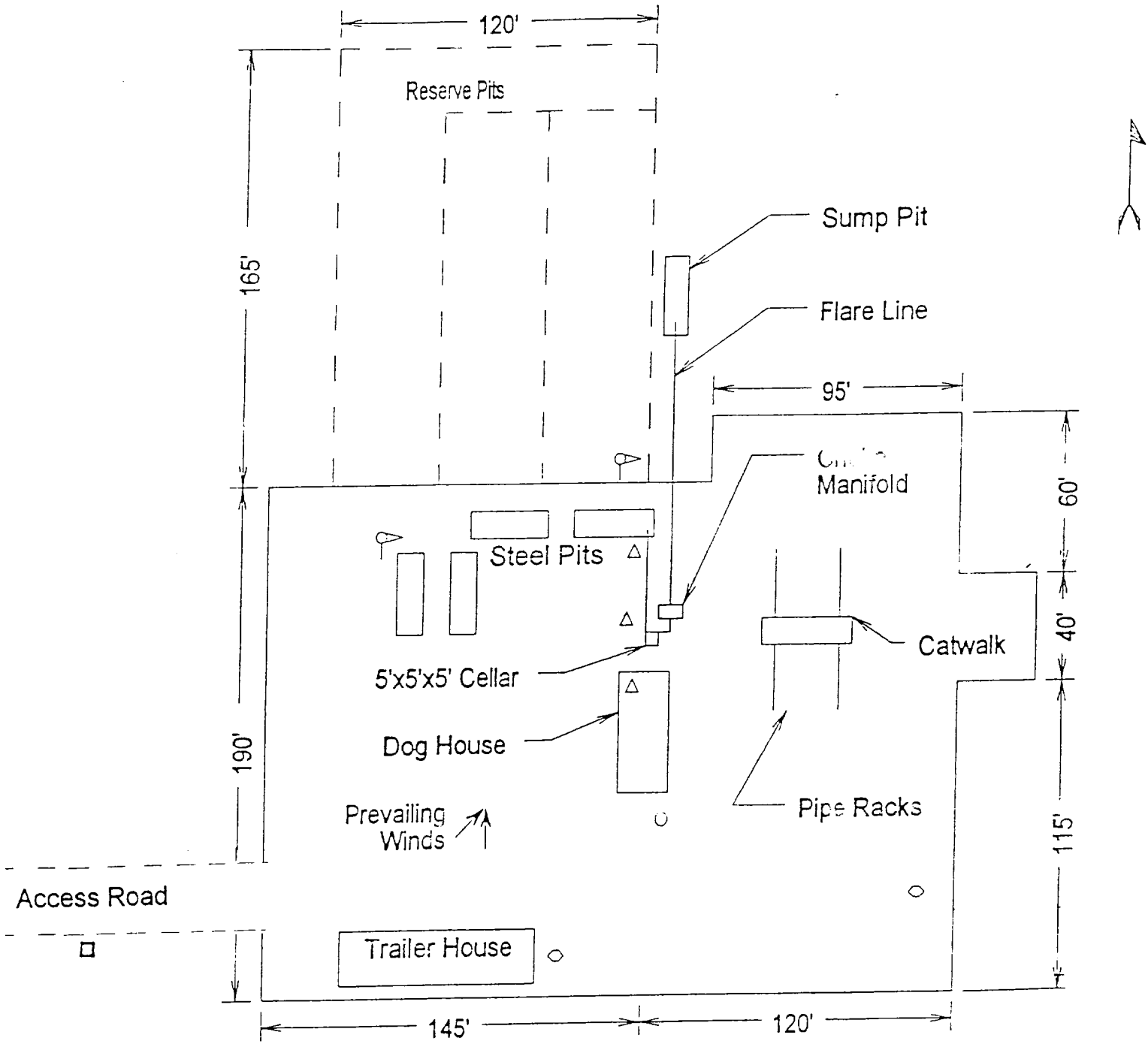


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

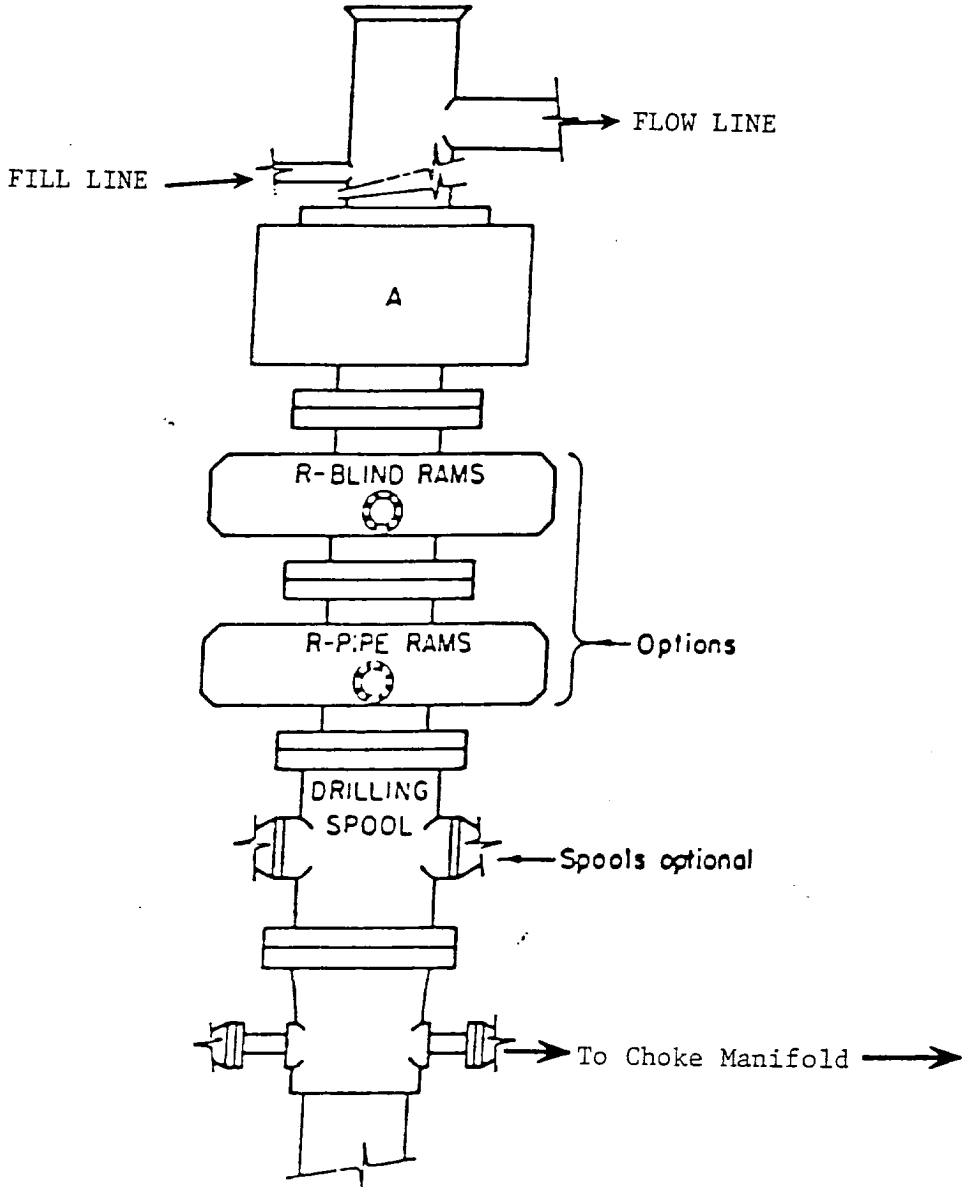
DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-R23E EDDY CO. NM



- Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- ◇ Briefing Areas
- ○ Remote BOP Closing Unit
- □ Sign and Condition Flags

EXHIBIT "D"
RIG LAY OUT PLAT

DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-E23E EDDY CO. NM

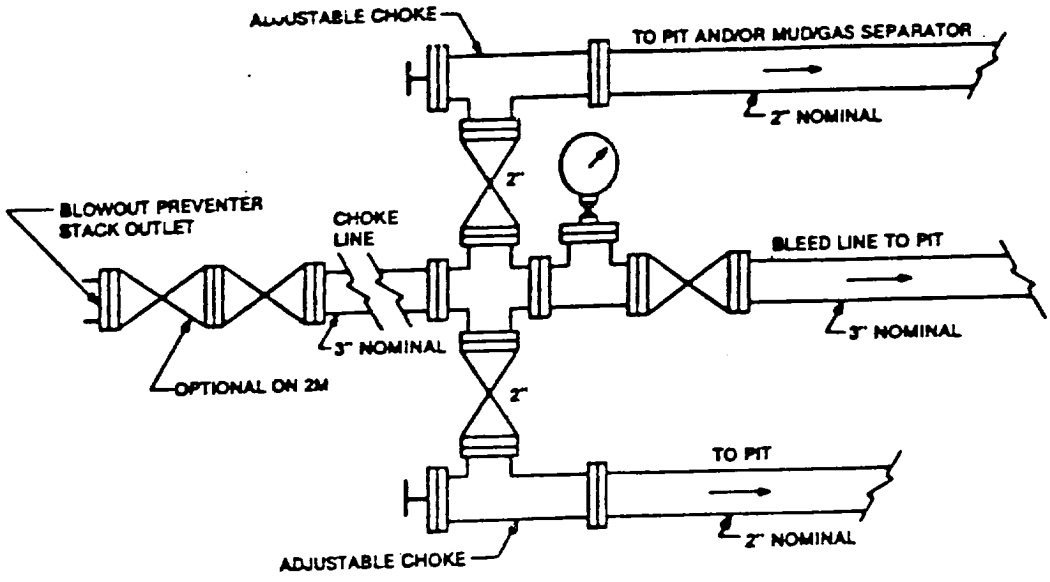


ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-R23E EDDY CO. NM



Typical choke manifold assembly for 3M WP system

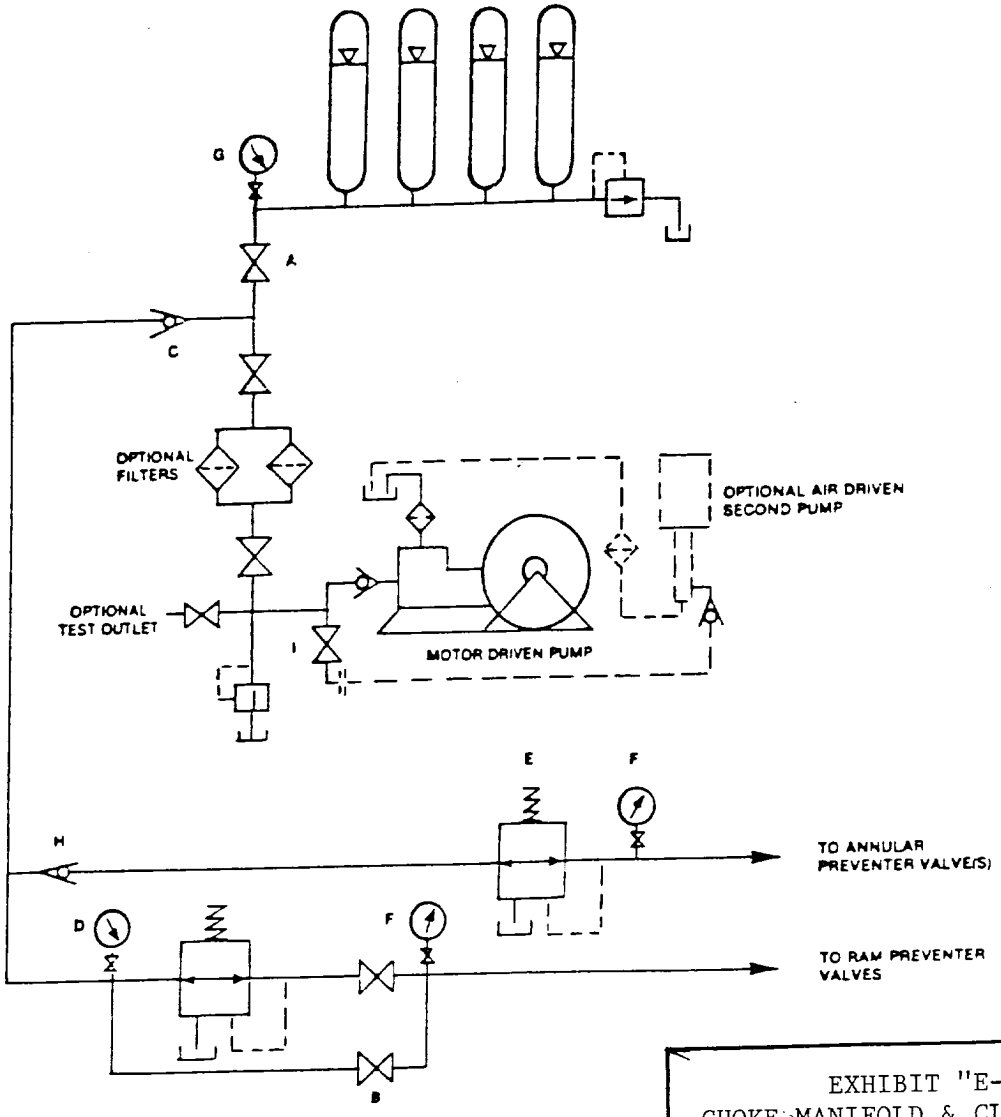


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

DEVON-SFS OPERATING, INC.
INDIAN BASIN "25" FEDERAL # F-2
UNIT "O" SECTION 25
T21S-R23E EDDY CO. NM