

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | | |
|--|--|---|--|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. SF 07982 079082 | |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name | |
| 2. Name of Operator DEVON ENERGY CORP. | | 7. If Unit or CA Agreement, Name and No. | |
| 3a. Address 20 NORTH BOARDWAY OKLAHOMA CITY, OK 73102 | | 8. Lease Name and Well No. NEBU 66M | |
| 3b. Phone No. (include area code) Ph: 405.552.7955 Fx: 405.552.4553 | | 9. API Well No. 3004532319 | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENW Lot F 2070FNL 710FWL At proposed prod. zone NESW Lot K 1710FSL 700FWL | | 10. Field and Pool, or Exploratory BLANCO MESAVERDE/BASIN DAKO | |
| 14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 29 MILES NORTHEAST OF AZTEC NM | | 11. Sec., T., R., M., or Blk. and Survey or Area Sec 30 T31N R7W Mer NMP SME: STATE | |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) | | 12. County or Parish SAN JUAN ✓ | |
| 16. No. of Acres in Lease 2040.00 | | 13. State NM | |
| 17. Spacing Unit dedicated to this well 250.65 - R-750 | | 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. | |
| 19. Proposed Depth 8476 MD 8066 TVD | | 20. BLM/BIA Bond No. on file CO-1104 | |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.) 6296 GL | | 22. Approximate date work will start 07/15/2004 | |
| 23. Estimated duration 20 DAYS | | | |

24. Attachments

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

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

| | | |
|---|---------------------------------------|--------------------|
| 25. Signature (Electronic Submission) | Name (Printed/Typed) CHARLES MUZZY | Date 04/22/2004 |
| Title SR. STAFF OPERATIONS TECH | | |
| Approved by (Signature) <i>[Signature]</i> | Name (Printed/Typed) | Date 6-3-04 |
| Title AFM | | |
| Office FFO | | |

Application approval does not warrant or certify 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.

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.

Additional Operator Remarks (see next page)

Electronic Submission #29893 verified by the BLM Well Information System
For DEVON ENERGY CORP., sent to the Farmington

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

HOLD C104 FOR

Dir. Survey

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

OPERATED

District I
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, NM 87211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|---|---|
| ¹ API Number 30-045-32319 | ² Pool Code 72319 / 71599 | ³ Pool Name Blanco Mesaverte / Basin Dakota |
| ⁴ Property Code 19641 | ⁵ Property Name NEBU | ⁶ Well Number # 66M |
| ⁷ OGRID No. 6137 | ⁸ Operator Name Devon Energy Production Company, L.P. | ⁹ Elevation 6296 |

¹⁰ Surface Location

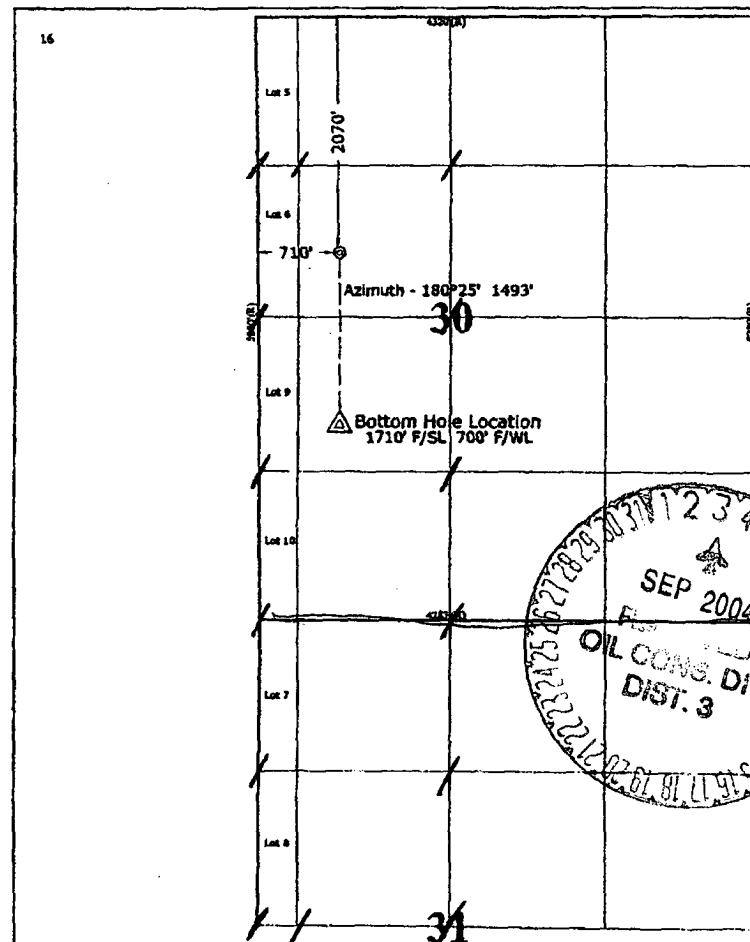
| UL or Lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| F | 30 | 31 N | 7 W | | 2070 | NORTH | 710 | WEST | SAN JUAN |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| K | 30 | 31 N | 7 W | | 1710 | SOUTH | 700 | WEST | SAN JUAN |

| | | | |
|---|-------------------------------|----------------------------------|---|
| ¹² Dedicated Acres 250.65 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. R-750, R-760A-MV R-2046 Tract M-OK |
|---|-------------------------------|----------------------------------|---|

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



¹⁷ OPERATOR CERTIFICATION

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

Charles Muzzy
Signature

Charles Muzzy
Printed Name

Sr. Operations Tech
Title

4-21-04
Date

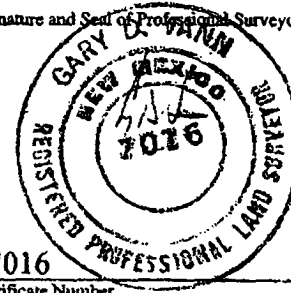
¹⁸ SURVEYOR CERTIFICATION

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.

March 23, 2004

Date of Survey

Signature and Seal of Professional Surveyor



7016
Certificate Number

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

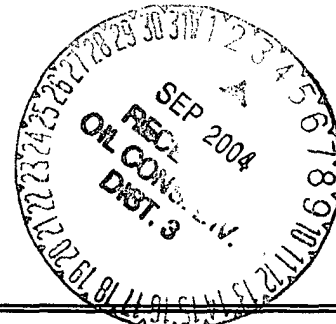
| | | |
|--|---|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMSF079082 |
| 2. Name of Operator DEVON ENERGY PRODUCTION CO LP | | 6. If Indian, Allottee or Tribe Name |
| Contact: CHARLES MUZZY E-Mail: charles.muzzy@dnv.com | | 7. If Unit or CA/Agreement, Name and/or No. NMNM78402A |
| 3a. Address 20 NORTH BROADWAY SUITE 1500 OKLAHOMA CITY, OK 73102 | 3b. Phone No. (include area code) Ph: 405.552.7955 Fx: 405.552.4553 | 8. Well Name and No. NEBU 66M |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 30 T31N R7W SENW Lot F 2070FNL 710FWL | | 9. API Well No. 30-045-32319-00-X1 |
| | | 10. Field and Pool, or Exploratory BASIN DAKOTA BLANCO MESAVERDE |
| | | 11. County or Parish, and State SAN JUAN COUNTY, NM |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Change to Original A |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | PD |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

I have attached the revised and corrected Tops, Casing & Cement Program, Drilling Fluids Program and Directional Plan.



| | |
|---|---------------------------|
| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #30003 verified by the BLM Well Information System For DEVON ENERGY PRODUCTION CO LP, sent to the Farmington Committed to AFMSS for processing by ADRIENNE GARCIA on 05/06/2004 (04AXG2377SE) | |
| Name (Printed/Typed) CHARLES MUZZY | Title SR. OPERATIONS TECH |
| Signature (Electronic Submission) | Date 04/26/2004 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|-----------|-------------|
| Approved By <i>[Signature]</i> | Title AFM | Date 6-3-04 |
| Conditions of approval, if any, are attached. Approval of this notice 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. | | Office FFO |

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

OPERATOR

**NEBU 66M
Unit F 30-31N-7W
San Juan Co., NM**

DRILLING PLAN

1. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS & ANTICIPATED WATER, OIL, GAS OR MINERAL FORMATIONS:

| Formation | TVD (ft) | TMD (ft) | Hydrocarbon/Water Bearing Zones |
|----------------------------|---------------------|---------------------|--|
| San Jose | Surface | Surface | |
| Ojo Alamo | 2129 | 2429 | Aquifer |
| Kirtland | 2234 | 2559 | |
| Fruitland | 2722 | 3126 | Gas |
| Pictured Cliffs | 3222 | 3643 | Gas |
| Lewis | 3336 | 3757 | Gas |
| Intermediate TD | 3436 | 3857 | |
| Mesaverde | 3978 | 4399 | Gas |
| Chacra\ Otero | 4360 | 4781 | Gas |
| Cliff House | 5150 | 5571 | Gas |
| Menefee | 5206 | 5627 | Gas |
| Point Lookout | 5497 | 5918 | Gas |
| Mancos | 5895 | 6316 | Gas |
| Gallup | 6828 | 7249 | Gas |
| Greenhorn | 7538 | 7959 | |
| Graneros | 7583 | 8004 | Gas |
| Dakota | 7698 | 8119 | Gas |
| Morrison | 7895 | 8316 | |
| TD | 7995 | 8416 | |

*All shows of fresh water and minerals will be adequately protected and reported.

2. PRESSURE CONTROL EQUIPMENT:

All well control equipment shall be in accordance with Onshore Order #2 for 2M systems.

The minimum specifications for pressure control equipment that will be provided are included on the attached schematic diagram, which shows the size, and pressure ratings.

- 2000# BOP With Pipe Rams and 2000# BOP With Blind Rams

Auxiliary equipment to be used:

- Upper kelly cock with handle available.

The manifold includes appropriate valves and adjustable chokes. The kill line will have one check valve. Ram type preventers will be pressure tested to full working pressure (utilizing a test plug) or 70% of the internal yield pressure (without a test plug) at:

- Initial installation
- Whenever any seal subject to test pressure is broken
- Following related repairs
- At 30 day intervals

Pipe and blind rams shall be activated each trip.

A BOPE pit level drill will be conducted weekly for each drilling crew.
All tests and drills will be recorded in the drilling log.

The accumulator will have sufficient capacity to close all rams and retain 200 psi above pre-charge pressure without the use of closing unit pumps.

Master controls will be at the accumulator. Anticipated bottom hole pressure is 3400 psi.

3. CASING & CEMENTING PROGRAM:

A. The proposed casing program will be as follows:

| TVD | TMD | Hole Size | Size | Grade | Weight | Thread | Condition |
|------------|------------|------------------|-------------|--------------|---------------|---------------|------------------|
| 0-285 | 0-285 | 12-1/4" | 9-5/8" | H-40 | 32# | STC | New |
| 0-3436 | 0-3857 | 8-3/4" | 7" | K-55 | 23# | LTC | New |
| 0- TD | 0- TD | 6-1/4" | 4-1/2" | J-55 | 11.6 # | LTC | New |

The 9-5/8" surface pipe will be tested to 750 psi. All casing strings below the surface shoe shall be pressure tested to 0.22 psi/ft. of casing string length or 1500 psi, whichever is greater, but not to exceed 70% minimum internal yield.

Surface: The bottom three joints of the surface casing will have a minimum of one centralizer per joint and one centralizer every joint thereafter (Total 5 centralizers estimated)

Intermediate: The bottom three joints of the 7" casing will have a minimum of one centralizer per joint and one centralizer every fifth joint thereafter to above Ojo Alamo with turbolizers below and throughout the Ojo Alamo. (Total 12 centralizers, 3 turbolizers estimated).

Production: The bottom three joints will have a minimum of one centralizer per joint and one centralizer every fifth joint to 3500' (estimated 25 centralizers used). Centralizers will be open bow spring or basket bow spring type.

B. The proposed cementing program will be as follows:

Surface String: Cement will be circulated to surface.

Lead: 200 sks Class "B" with 100% Standard Cement, 2.00% CaCl₂, .25 #/sk Flocele. Density: 15.6 lb/gal; Yield: 1.18 cuft/sk; Water: 5.24 gal/sk

Intermediate String: Cement will be circulated to surface.

Lead: 575 sks 50/50 Poz with 50% Class B Cement, 50% San Juan Poz, .4% Halad-344, .1% CFR-3, 3% Bentonite, 5#/sk Gilsonite, .25#/sk Flocele. Density: 13.0 lb/gal; Yield: 1.46 cuft/sk; Water: 6.42 gal/sk

Tail: 75 sks 50/50 Poz with 94#/sk Standard Cement, 0.3% Halad-344, .25 #/sk Flocele. Density: 15.6 lb/gal; Yield: 1.18 cuft/sk; Water: 5.23 gal/sk

If hole conditions dictate, an alternate, two stage cement design Will be used:

Stage 1: 85 sacks Class B 50/50 POZ, 3% gel, 5# Gilsonite, 1/4# Flocele, 1/10% CFR 3, .2% Halad 344, Yield 1.47 ft³/sks.

Stage 2: 450 sacks Class B 50/50 POZ, 3% gel, 5# Gilsonite, 1/4# Flocele, .1% CFR 3, .2% Halad 344, Yield 1.47 ft³/sks.

Production String: TOC designed to circulate 1000' into intermediate string, cement will tie into the intermediate casing as a minimum. Volumes may vary with actual well characteristics.

Lead: 450 sks 50/50 Poz with 50% Standard Cement, 50% San Juan POZ, 3% Bentonite, 1.40% Halad-9, .10% CFR-3, .10% HR-5, 5 #/sk Gilsonite, 0.25 #/sk Flocele. Density: 13.0 lb/gal; Yield: 1.47 cuft/sk; Water: 6.35 gal/sk

Actual volumes will be calculated and adjusted with caliper log prior to cementing.

If hole conditions dictate, an alternate, two stage cement design will be used.

Stage 1: 325 sxs 50/50 POZ, 3% gel, .9% Halad 9, .2% CFR 3, %# Gilsonite & 1/4# Flocele. Yield 1.47 13#.

Stage 2:

Lead: 450 sx 50/50 POZ, 3% Gel, .9% Halad 9, .2% CFR 3, 5#
 Gilsonite & ¼# Flocele. Yield 1.47 13 ppg.
Tail: 25 sx (5 bbls) Class B .4% Halad 9. Yield 1.18 15.6#.

4. DRILLING FLUIDS PROGRAM:

| TVD Interval | TMD Interval | Type | Weight (ppg) | Viscosity | pH | Water Loss | Remarks |
|--------------|--------------|---------------------|--------------|-----------|----------|-----------------|--|
| 0-3436 | 0-3857 | Spud-foam | 8.4-9.0 | 29-70 | 8.0 | NC | FW gel, LSND or stiff foam |
| 3436-7698 | 3857-8119 | Air | | | | NC | |
| 7698 - TD | 8119 - TD | Air/N2 or Mud | 8.5-9.0* | 30-50 | 8.0-10.0 | 8-810cc @ TD | Low solids- non-dispersed. * min Wt. to control formation pressure |

NC = no control

Sufficient quantities of mud material will be maintained on site or be readily accessible for the purpose of assuring well control. SPR will be recorded on daily drilling report after mudding up. Visual mud monitoring will be conducted during operations.

5. EVALUATION PROGRAM:

Logs: Density
 Neutron
 Induction

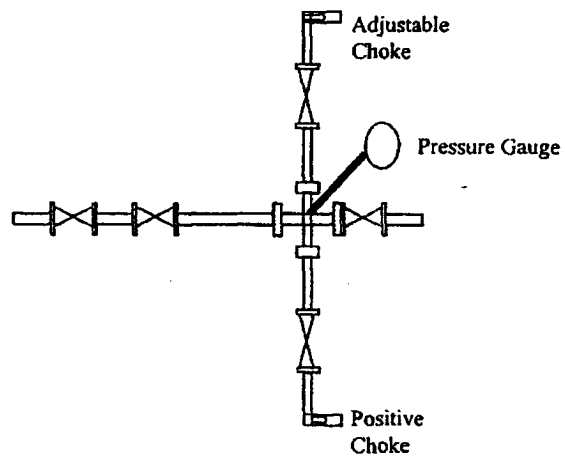
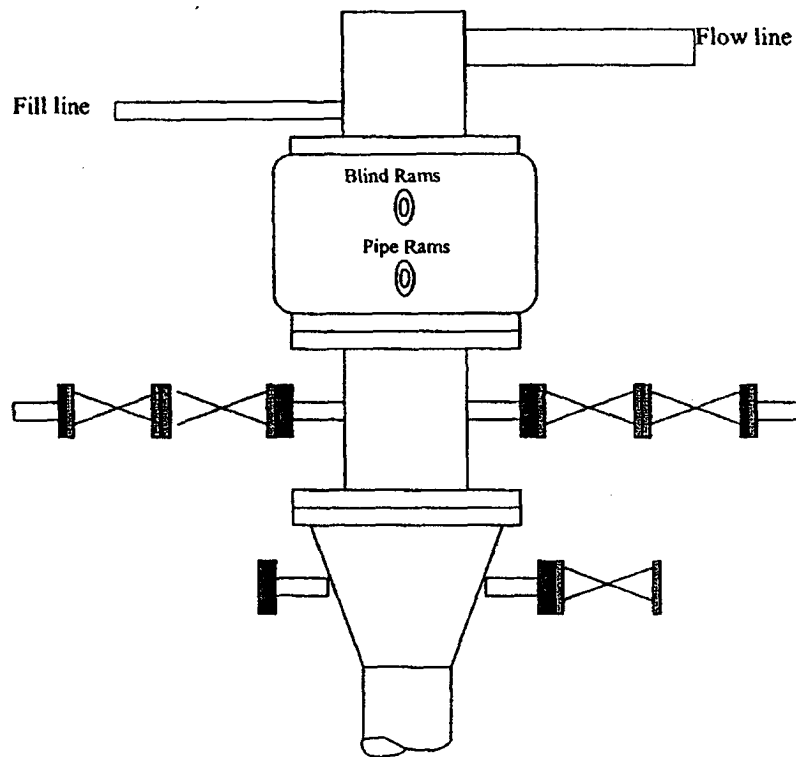
In the event open hole logs are not run in the well, a cased hole evaluation log will
 Be run.

Survey: Deviation surveys will be taken every 500' from 0-TD or first succeeding bit change. The hole will be air drilled from intermediate casing point to TD. The equipment used in this type of operation will not allow for single shot surveys without considerable operational delays. A survey will be taken at TD. Similar wells in this area have not shown significant deviation in this section of the hole.

Cores: None anticipated.

DST's: None anticipated.

Well Control Equipment
2,000 psi Configuration



All well control equipment designed to meet or exceed the Onshore Oil and Gas Order No. 2, BLM 43 CFR 3160 requirements for 2M systems.