

2007 MAY 16 AM 10:52

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|---|---|---|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. SF078988 |
| 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 type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator Devon Energy Production Company, L.P. | | 7. If Unit or CA Agreement, Name and No. Northeast Blanco Unit |
| 3a. Address 20 N. Broadway Oklahoma City, OK 73102 | | 8. Lease Name and Well No. NEBU 247 |
| 3b. Phone No. (include area code) 405-552-7917 | | 9. API Well No. 30-045-34319 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1,040' FNL & 30' FWL, Unit D, NW NW At proposed prod. zone 1,990' FSL & 1,140' FWL, Unit L, NW SW | | 10. Field and Pool, or Exploratory Rosa Pictured Cliffs |
| 11. Sec., T. R. M. or Bk. and Survey or Area 0 Sec. 20-31N-6W | | 12. County or Parish San Juan |
| 13. State NM | | 14. Distance in miles and direction from nearest town or post office* Approximately 14.2 miles |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 30' | 16. No. of acres in lease 2,560 Acres | 17. Spacing Unit dedicated to this well 160 Acres SW 4 |
| 18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. 319' | 19. Proposed Depth 4,820' TMD | 20. BLM/BIA Bond No. on file CO 1104 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) GR 6,335' | 22. Approximate date work will start* 06/14/2007 | 23. Estimated duration Unknown |

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 | Name (Printed/Typed) Melisa Castro | Date 5-10-07 |
|---------------|---------------------------------------|-----------------|

Title
Senior Staff Operations Technician

| | | |
|-------------------------|-----------------------------|-----------------|
| Approved by (Signature) | Name (Printed/Typed) AFM | Date 5/25/07 |
|-------------------------|-----------------------------|-----------------|

Title
AFM

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, 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.

*(Instructions on page 2)

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

HOLD G104 FOR DIRECTIVE
SERVICE

06-08-07

BH

AMOC



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 30-045-34319 | | 2 Pool Code 96175 | | 3 Pool Name Rosa Pictured Cliffs | | |
| 4 Property Code 19641 | | 5 Property Name NEBU | | | 6 Well Number # 247 | |
| 7 OGRID No. 60137 | | 8 Operator Name Devon Energy Production Company, L.P. | | | 9 Elevation 6335 | |

10 Surface Location

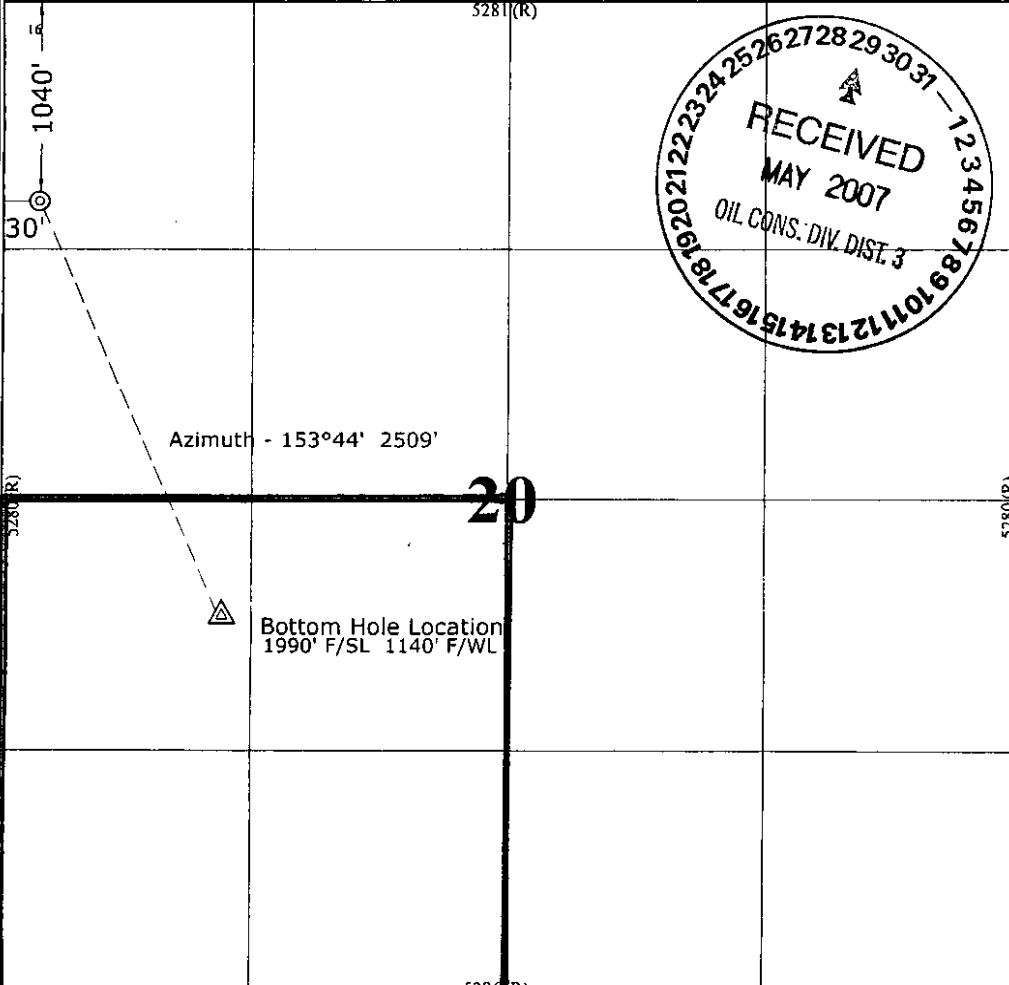
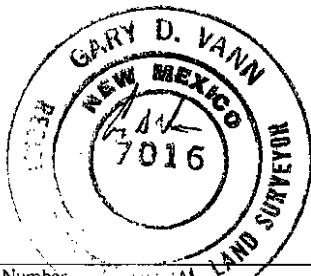
| UL or Lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-------------|------------|---------|---------------|------------------|---------------|----------------|-----------------|
| D | 20 | 31 N | 6 W | | 1040 | NORTH | 30 | 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 |
|---------------|-----------|-------------|------------|---------|---------------|------------------|---------------|----------------|-----------------|
| L | 20 | 31 N | 6 W | | 1990 | SOUTH | 1140 | WEST | SAN JUAN |

| | | | |
|---|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 160 - SW/4 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|---|--------------------|-----------------------|--------------|

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. Signature: <i>[Signature]</i> Printed Name: Melisa S. Castro Title: Sr. Staff Operations Tech Date: May 10, 2007 |
| | 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. Revised: December 12, 2006 Restaked: November 2, 2006 Date of Survey: Signature and Seal of Professional Surveyor:  7016 Certificate Number |

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

| |
|---|
| WELL API NO. 30-045-34319 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. SF 078988 |
| 7. Lease Name or Unit Agreement Name Northeast Blanco Unit |
| 8. Well Number 247 |
| 9. OGRID Number 6137 |
| 10. Pool name or Wildcat Rosa Pictured Cliffs |

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
GR 6,335'

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water 1000'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume _____ bbls; Construction Material Synthetic Liner

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other ☐

2. Name of Operator
Devon Energy Production Company, L.P.

3. Address of Operator
20 N. Broadway, Oklahoma City, OK 73102

4. Well Location
Unit Letter D : 1,040 feet from the North line and 30 feet from the West line
Section 20 Township 31N Range 6W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
GR 6,335'

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water 1000'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume _____ bbls; Construction Material Synthetic Liner

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
|---|--|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> |
| PLUG AND ABANDON <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| CHANGE PLANS <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> |
| MULTIPLE COMPL <input type="checkbox"/> | |
| OTHER: <u>Construction Drilling Pit</u> <input checked="" type="checkbox"/> | OTHER: <input type="checkbox"/> |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Devon Energy will be constructing a lined drilling pit. The closure of said pit will be in accordance with the NMOCD regulations with the cutting of the liner applying to the BLM rules.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE [Signature] TITLE Senior Staff Operations Technician DATE 5-10-07

Type or print name Melisa Castro E-mail address: Melisa.castro@dv.com Telephone No. (405) 552-7917

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. DATE JUN 08 2007
Conditions of Approval (if any): _____

NEBU 247
Unit D 20-T31N-R6W
San Juan Co., NM

DRILLING PLAN

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

| Formation | TMD (FT) | TVD (FT) | Hydrocarbon/Water Bearing Zones |
|--------------------------------|-------------|-------------|------------------------------------|
| San Jose | Surface | Surface | |
| Ojo Alamo | 3585 | 2277 | Aquifer |
| Kirtland | 3712 | 2389 | |
| Fruitland | 4156 | 2813 | Gas |
| Fruitland 1 st Coal | 4340 | 2997 | Gas |
| Pictured Cliffs | 4512 | 3169 | Gas |
| Pictured Cliffs Main | 4613 | 3270 | Gas |
| Lewis | 4720 | 3377 | Gas |
| TD | 4820 | 3477 | |

*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, with a size of 2", 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.

.433 psi/ft x TVD
≈ 1500 psi

3. CASING & CEMENTING PROGRAM:

A. The proposed casing program will be as follows:

| TMD | TVD | Hole Size | Size | Grade | Weight | Thread | Condition |
|--------|------------------------------|-----------|--------|-------|--------------|--------|-----------|
| 0-285' | 0-285' | 12-1/4" | 9-5/8" | H-40 | 32# 32.3* | STC | New |
| 0-4340 | 0-2997' 0-4340 | 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 3400' (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 *

* **Minor variations possible due to existing conditions**

Intermediate String: Cement will be circulated to surface.

Lead: 500 sx 50/50 Poz, Yd-1.45, Water Gal/sx 6.8, Mixed @

13ppg Foamed W/ N2 Down To 9.0# Additives 2% Gel, 0.2% Versaset, 0.1% Diacel Lwl.

Tail: 75 sx 50/50 Poz, Yd-1.45, Water Gal/Sk 6.8, Additives 2% Gel, 0.2% Versaset, 0.1% Diacel Lwl.

*** Minor variations possible due to existing conditions**

If hole conditions dictate, an alternate, cement design will be used:

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

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

*** Minor variations possible due to existing conditions**

Production String:

4-1/2" Production casing cemented in an 6-1/4" hole

11.6# J-55 LT&C 8 Rnd

Float collar

Joint

Float Shoe

Cement with 500 sacks Class B 50/50 POZ, 3% gel, 5# gilsonite, 1/4"# Flocele, .1% CFR 3, .2% Halad 344, yield 1.47 ft3/sx.

Cement designed to circulate to surface.

Pending hole conditions, cement baskets may be installed above TD

*** Minor variations possible due to existing conditions**

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

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

Lead: 500 Sx Of 50/50/Std/ Poz, Yd-1.45, Water Gal/Sk 6.8, Mixed @ 13ppg Foamed W/ N2 Down To 9.0# Additives 2% Gel, 0.2% Versaset, 0.1% Diacel Lwl.

Tail: 75 Sx50/50/Std/ Poz, Yd-1.45, Water Gal/Sk 6.8, Additives 2% Gel, 0.2% Versaset, 0.1% Diacel Lwl.

*** Minor variations possible due to existing conditions**

4. DRILLING FLUIDS PROGRAM:

| TMD Interval | TVD Interval | Type | Weight (ppg) | Viscosity | pH | Water Loss | Remarks |
|--------------|--------------|-----------|--------------|-----------|-----|------------|----------------------------|
| 0-285' | 0-285' | Spud-foam | 8.4-9.0 | 29-70 | 8.0 | NC | FW gel, LSND or stiff foam |
| 285'-4,340' | 285'-2,997' | Water/Mud | 8.4-9.0 | 29-70 | 8.0 | NC | |

| | | | | | | | |
|-------------|-------------|---------------------|----------|-------|----------|-----------------|--|
| 4,340' - TD | 2,997' - 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 from

Survey: Deviation surveys will be taken every 500' of the 8 3/4" hole, or first succeeding bit change. The hole will be air drilled from intermediate TD – well 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.

6. ABNORMAL CONDITIONS:

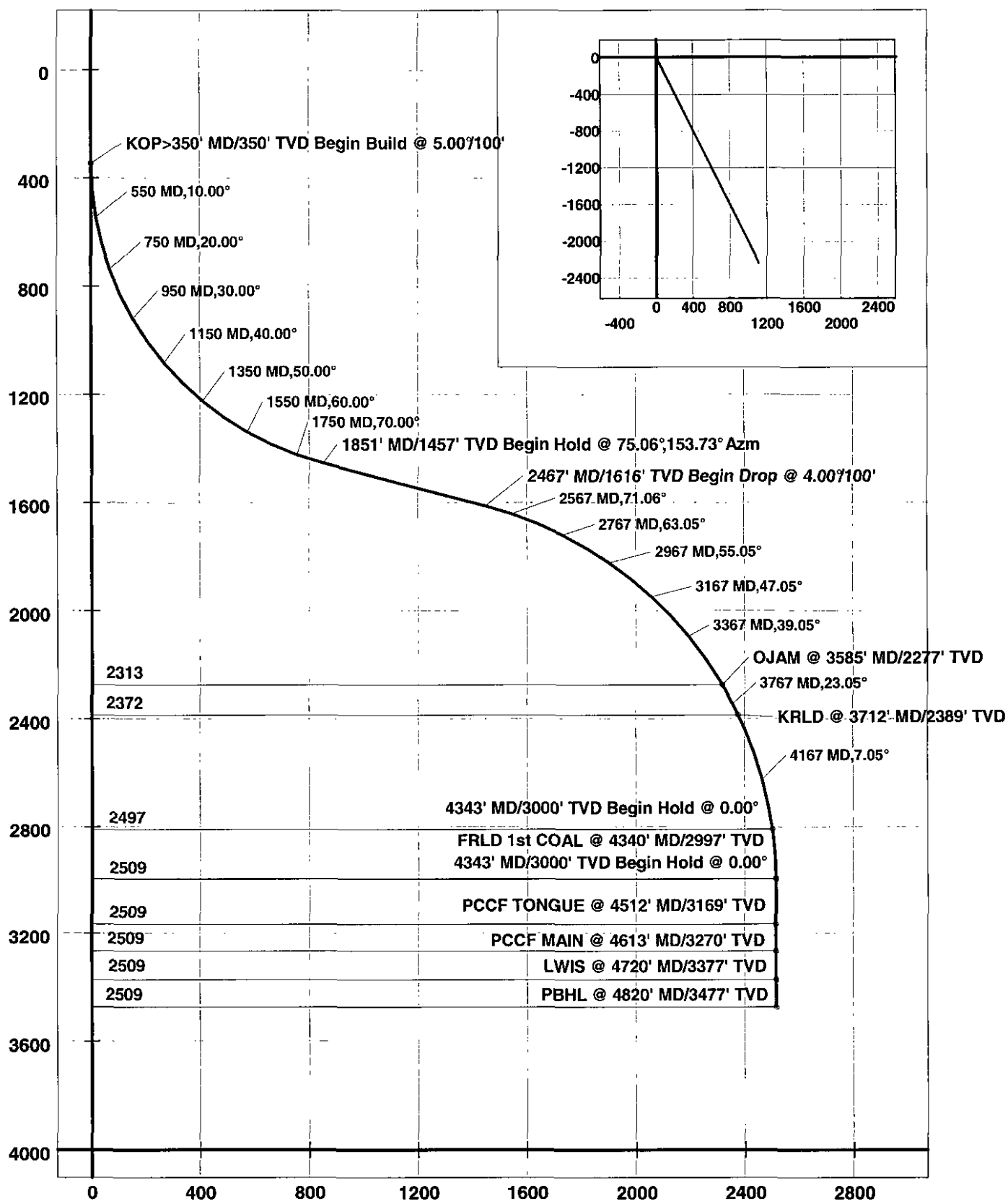
The Fruitland Coal will be encountered within the 8 3/4" hole. Estimated formation pressure is 300 psi. No other abnormal pressures and/or temperatures are expected. No hydrogen sulfide should be present.

7. OTHER INFORMATION:

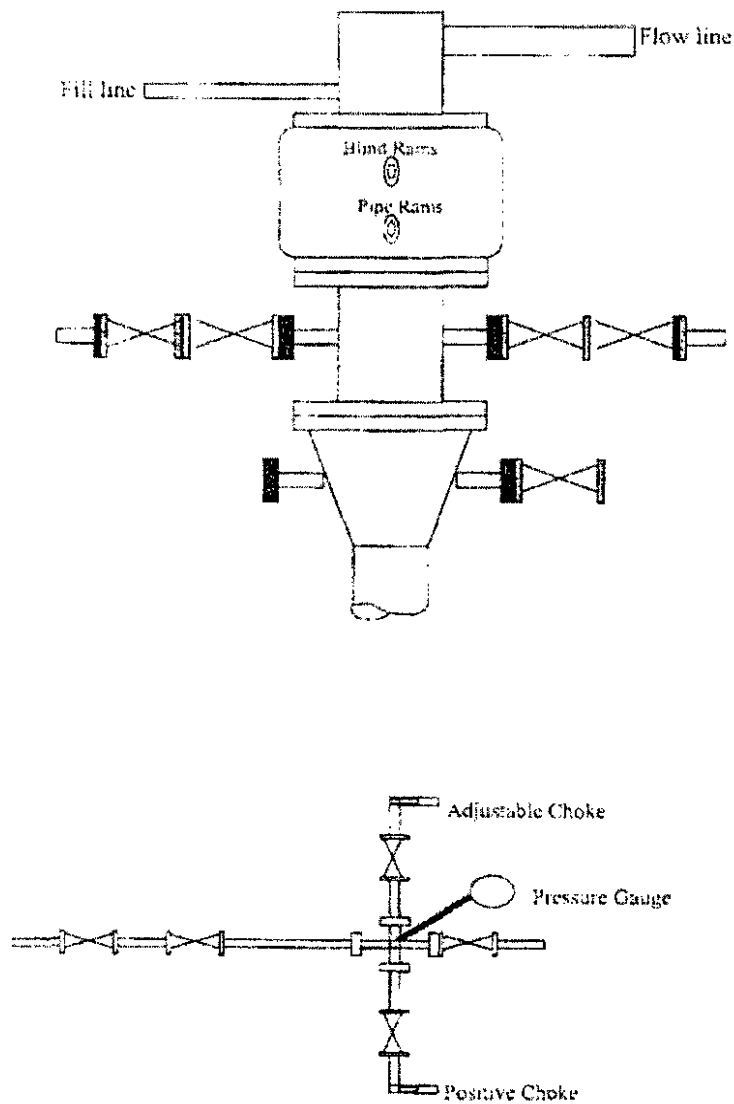
The anticipated starting date and duration of the operation will be as follows:

Starting Date: Upon Approval
Duration: 20 days

If the well is completed as a dry hole or as a producer, Well Completion or Recompletion Report and Log (Form 3160-4) will be submitted within 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3160. Copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample descriptions, daily drilling reports, daily completion reports, and all other surveys or data obtained and compiled during the drilling, completion, and/or workover operations, will be submitted directly to the Authorized Officer or filed with Form 3160-4.

INWELL INC.

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 CTR 3160 requirements for 2M systems.