

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER**

RECEIVED

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

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-078988
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 N/A
2. Name of Operator Attn: Dwane Oliver Devon Energy Production Company, L.P.		7. If Unit or CA Agreement, Name and No. NORTHEAST BLANCO UNIT
3a. Address PO Box 6459 Navajo Dam, NM 87419		8. Lease Name and Well No. NEBU 327M
3b. Phone No. (include area code) (505) 632-0244		9. API Well No. 3003927500
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface 620 FSL & 1660 FEL SW SE Unit O At bottom hole 700 FSL & 2450 FWL SE SW Unit N At proposed prod. zone		10. Field and Pool, or Exploratory Blanco Mesa Verde Basin Dakota
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 57.9 miles northeast of Aztec NM		11. Sec., T., R., M., or Blk. And Survey or Area 0 Sec. 20 ,T 31N ,R 6W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg unit line, if any) 620'	16. No. of Acres in lease 2560	17. Spacing Unit dedicated to this well 320 WZ
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth TVD 8100' MD 8386'	20. BLM/ BIA Bond No. on file CO-1104
21. Elevations (Show whether DF, RT, GR, etc.) 6345' GL	22. Approximate date work will start* Upon Approval	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:

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| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/ or plans as may be required by the authorized officer. |

25. Signature <i>Dwane M. Oliver</i>	Name (Printed/ Typed) Dwane Oliver	Date 9-19-03
Title Devon Representative		
Approved By (Signature) <i>David J. Markiewicz</i>	Name (Printed/ Typed) David J. Markiewicz	Date OCT 16 2003
Title 		
Office 		

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 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 reverse) procedural review pursuant to 43 CFR 3165.4 and appeal pursuant to 43 CFR 3165.4

HOLD C104 FOR DIRECT

NMOCD

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

District I
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, NM 87211-0719
District III
1000 Rio Arriba 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 30-039-27500		2 Pool Code 72319/71599		3 Pool Name Blanco Mesquite / Basin Dakota		
4 Property Code 19641		5 Property Name NEBU			6 Well Number # 327M	
7 OGRID No. 6137		8 Operator Name Devon Energy Production Company, L.P.			9 Elevation 6345	

10 Surface Location

11 UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	20	31 N	6 W		620	SOUTH	1660	EAST	Rio Arriba

11 Bottom Hole Location If Different From Surface

12 UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	20	31 N	6 W		700	SOUTH	2450	WEST	Rio Arriba

13 Dedicated Acres 320	14 Joint or Infill	15 Consolidation Code	16 Order No.
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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 Dwane W. Oliver Printed Name Devon Representative Title 9-23-03 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. June 2, 2003 Date of Survey Signature and Seal of Professional Surveyor 7016 Certificate Number

**NEBU 327M
Unit N Sec 20 31N 6W
Rio Arriba 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	2486'	2300'	Aquifer
Kirtland	2623'	2423'	
Fruitland	3179'	2906'	Gas
Pictured Cliffs	3618'	3333'	Gas
Lewis	3470'	3454'	Gas
Intermediate TD	3840'	3554'	
Mesa Verde	4382'	4096'	
Otero	4821'	4535'	
Massive Cliff House	5601'	5315'	Gas
Menefee	5646'	5360'	Gas
Massive Point Lookout	5926'	5640'	Gas
Mancos	6313'	6027'	Gas
Gallup	7258'	6972'	Gas
Greenhorn	7926'	7640'	
Graneros	7986'	7700'	
Dakota	8106'	7820'	Gas
TD	8386'	8100'	

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
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.

3. CASING & CEMENTING PROGRAM:

A. The proposed casing program will be as follows:

TMD	TVD	Hole Size	Size	Grade	Weight	Thread	Condition
0-250'	0-250'	12-1/4"	9-5/8"	H-40	32#	STC	New
0-3840'	0-3554'	8-3/4"	7"	K-55	23#	LTC	New
0-TD	0-TD	6-1/4"	4-1/2"	K-55	11.6 #	LTC	New

All casing strings below the conductor 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.

The bottom three joints of the surface casing will have a minimum of one centralizer per joint and one centralizer every fourth joint thereafter.

B. The proposed cementing program will be as follows:

Surface String: Cement will be circulated to surface.

Lead: 200 sks Class "B" with additives mixed at 15.6 ppg, 1.19 ft³/sks.

Intermediate String: Cement will be circulated to surface.

Lead: 575 sks 50/50 Poz with additives mixed at 13.0 ppg, 1.44 ft³/sks prior to foaming, 9 ppg, 2.18 ft³/sks after foaming.

Tail: 75 sks 50/50 Poz with additives mixed at 13.0 ppg, 1.44 ft³/sks.

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, ¼# 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, ¼# Flocele, .1% CFR 3, .2% Halad 344, Yield 1.47 ft³/sks. Cement designed to circulate to surface.

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

Lead: 500 sks 50/50 Poz with additives mixed at 13.0 ppg, 1.47 ft³/sks.

If hole conditions dictate, an alternate, two stage cement design will be used. Stage 1: 275 sacks 50/50 POZ, 3% Gel, 5# Gilsonite, ¼# Flocele, 1/10% CFR 3, 9% Halad 9, Yield 1.47 ft³/sks. Stage 2: 375 sacks 50/50 POZ, 3% Gel, 5# Gilsonite, ¼# Flocele, .1% CFR 3, 9% Halad 9, Yield 1.47 ft³/sks. Cement designed to tie into intermediate.

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

4. DRILLING FLUIDS PROGRAM:

TMD	TVD	Type	Weight (ppg)	Viscosity	pH	Water Loss	Remarks
0-3840'	0-3554'	Spud	8.4-9.0	29-70	8.0	NC	FW gel, LSND or stiff foam
3840'-8106'	3554'-7820'	Air or Foam				NC	
8106'-TD	7820'-TD	Mud or Nitrogen	8.5-9.0*	30-50	8.0-10.0	8-10cc	Low solids – nondispersed. * Min Wt. to