

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

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

1. Operator Name and Address DEVON ENERGY PRODUCTION COMPANY, LP 20 N Broadway Oklahoma City, OK 73102		2. OGRID Number 6137
		3. API Number 30-015-35343
4. Property Code 36231	5. Property Name ALGERITA 32 STATE COM	6. Well No. 003

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	32	22S	26E	O	710	S	1980	E	EDDY

8. Pool Information

HAPPY VALLEY,MORROW (GAS)	78060
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3349
14. Multiple N	15. Proposed Depth 12200	16. Formation Morrow	17. Contractor	18. Spud Date 1/20/2007
Depth to Ground water 100		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 20000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input checked="" type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	500	470	0
Int1	12.25	9.625	40	1600	540	0
Prod	8.75	5.5	17	12200	2765	1100

Casing/Cement Program: Additional Comments

13 3/8 Lead w/220 sx C1 C + 0.25 lbs/sx Cello Flake. Tail w/250 sx C1 C + 0.25 lbs/sx Cello Flake. 9 5/8 lead w/290 sx C1 C + 0.25 lbs/sx Cello Flake. Tail w/250 sx C1 C + 0.25 lbs/sx Cello Flake. 5 1/2 Stage 1 w/140 sx C1 H + 0.25 lbs/sx Cello Flake. Tail w/655 sx C1 C cmt + 0.25 lbs/sx Cello Flake. Stage 2 w/820 sx C1 H cmt + 0.25 lbs/sx Cello Flake. Tail w/1150 sx C1 H cmt. Mud: 0-500 fw/gel/lime, 8.6-9.4, 32-36, NC wtr loss. 500-1600 fw/gel/lime, 8.4-8.5, 28-29, NC wtr loss. 1600-9800 fw/cut brine, 8.4-9.5, 28-30, NC wtr loss. 9800-12200 brine/polymer, 9.3-10.6, 31-38, 8-10 cc wtr loss.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	5000	
Pipe	5000	5000	
Blind	5000	5000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/>. Printed Name: Electronically filed by Linda Guthrie Title: Sr. Regulatory Specialist Email Address: linda.guthrie@dvn.com Date: 1/4/2007	OIL CONSERVATION DIVISION Approved By: Bryan Arrant Title: Geologist Approved Date: 1/5/2007 Expiration Date: 1/5/2008 Conditions of Approval Attached
Phone: 405-228-8209	

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Form C-102
 Permit 44263

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-35343	2. Pool Code 78060	3. Pool Name HAPPY VALLEY MORROW (GAS)
4. Property Code 36231	5. Property Name ALGERITA 32 STATE COM	6. Well No. 003
7. OGRID No. 6137	8. Operator Name DEVON ENERGY PRODUCTION COMPANY, LP	9. Elevation 3349

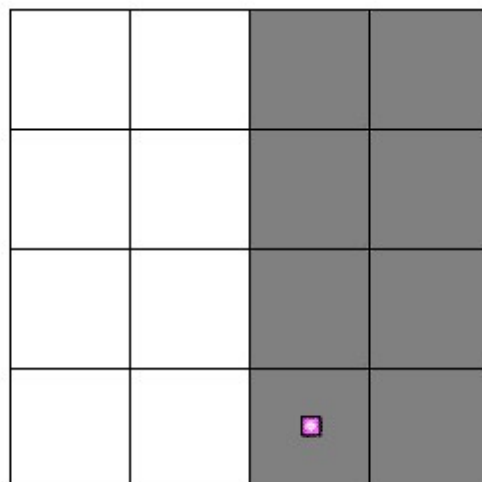
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Linda Guthrie
 Title: Sr. Regulatory Specialist
 Date: 1/4/2007

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.

Surveyed By: Gary Jones
 Date of Survey: 11/1/2006
 Certificate Number: 7977

Permit Comments

Operator: DEVON ENERGY PRODUCTION COMPANY, LP , 6137

Well: ALGERITA 32 STATE COM #003

API: 30-015-35343

Created By	Comment	Comment Date
YSASAS	A 5000 psi BOP stack will be NU on the 13 3/8" casing and tested to 1200 psi with the rig pumps. A 5000 psi BOP stack will be NU on the 9 5/8" casing and tested to 5000 psi with an independent tester as per Onshore Order Number 2.	1/4/2007
YSASAS	Depth to groundwater is 100 feet or more. Well is not in the wellhead protection area. Distance to surface water is 1000 feet or more.	1/4/2007
YSASAS	No H2S is expected to be encountered. A nearby gas analysis and C-102 will be mailed via Fed-Ex.	1/4/2007

Permit Conditions of Approval

Operator: DEVON ENERGY PRODUCTION COMPANY, LP , 6137

Well: ALGERITA 32 STATE COM #003

API: 30-015-35343

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	As noted, operator to drill surface hole with fresh water mud. Operator notes to drill intermediate hole section with fresh water mud, unless hole conditions dictate otherwise.
BArrant	H2S well contingency plan is required for public dwelling within 2000' of location of well bore.