Form 3160-3 (April 2004)

I-06-68

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT** 

5. Lease Serial

NM 9713/15

6. If Indian,

APPLICATION FOR PERMIT TO DRILL OR REENTER

			/ rS	ANVA O	
la. Type of work: DRILL REENTE	7. If Unit or CA Agree	ement, Name and No.			
lb. Type of Well: Oil Well Gas Well Other	Single Zone Multip	ole Zone	8. Lease Name and C Gunnison 34 P		
2. Name of Operator  Devon Energy Production Company, L.	4137		9. API Well No. 30-015-27760		
3a. Address 20 North Broadway Oklahoma City, Oklahoma City 73102-8260	3b. Phone No. (include area code) 405-552-7802		10. Field and Pool, or E Ingle Wells; De	•	
4. Location of Well (Report location clearly and in accordance with any At surface 1880' FSL & 2180' FEL  At proposed prod. zone 1880 FNL & -2180' FEL	y State requirements.*)  Trakanie A. Una	DA rage	11. Sec., T. R. M. or Bi	•	
14. Distance in miles and direction from nearest town or post office*  Approximately 29 miles west of Jal, NM.		7	12. County or Parish  Eddy County	13. State NM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease	17. Spacing	g Unit dedicated to this wees	vell	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	The state of the s		M/BIA Bond No. on file -1104		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3340'	22. Approximate date work will sta 07/15/2006	rt*	23. Estimated duration 45 days		
The following, completed in accordance with the requirements of Onshor	24. Attachments	ttached to thi	is form:		
<ol> <li>Well plat certified by a registered surveyor.</li> <li>A Drilling Plan.</li> <li>A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office).</li> </ol>	4. Bond to cover t Item 20 above).  Lands, the 5. Operator certific	he operation cation specific info		existing bond on file (see	
25. Signature	Name (Printed/Typed) Stephanie A. Ysasa	ga		Date 06/29/2006	
Title Sr. Staff Engineering Technician					
Approved by (Signature)  (s/ Don Peterson	Name (Printed/Typed)  /c/ Don Pe	terso <b>n</b>	<i>‡</i>	Date AUG 0 3 2008	
CHINGIELD MANAGER	Office CARLSBA		ELD OFFIC	_	
Application approval does not warrant or certify that the applicant hold conduct operations thereon.  Conditions of approval, if any, are attached.	ls legal or equitable title to those righ	PPRC	ject lease which would e ) VAL トリド	ntitle the applicant to	

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)

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

# State of New Mexico

Energy, Minerals and Natural Resources Department

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Drawer DD, Artesia, NM 68210

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT III

## WELL LOCATION AND ACREAGE DEDICATION PLAT

Devon Energy Production Co., LP 6137  GUNNISON "34" FEDERAL,  1 tester  1 setting  1 set	00 Rio Brasos Rd	., Astec, NM 87410	All Distances mus	t be from the outer boundaries of th	e section	6058181 TI 3138
und Footage Location of Well:  1850 [est from the SOUTH time and 2180 [rest from the EAST time and 3340.4] Bone Spring Pool Ingle Wells; Delaware Dedicated Acresses:  3340.4 Bone Spring Pool Ingle Wells; Delaware 40 Acress  40 Acress Bone Spring Pool Ingle Wells; Delaware 40 Acress 40 Acres 40 Acres 40 Acres 40 Acres 40 Acre	Devo	on Energy Produ	iction Co., LP 6137	GUNNISON "34"	FEDERAL	
1880 (set from the SOUTH time and Pool freet from the EAST lines and Level Error the SOUTH time and Pool Ingle Wells; Delaware Dedicated Acresger 40 Acress to the subject well by colored panell or hachure marks on the plat below.  If more than one lesse is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). If more than one lesse is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). If more than one lesse is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). If more than one lesse of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization untilization, force—pooling, etc.?  Yes No. If answer is "yes" type of consolidation  answer is "no! list of owners and tract descriptions which have actually been consolidated. (Use reverse side of laborative will be assigned to the well unit all interests have been consolidated (by communitization, untilization, forced—poolit therefore) or until a non-standard unit, climinating such interest, has been approved by the Division.  OPERATOR CERTIFICATION Is Assigned to the software of the software o	ait Letter	Section	1 -		County	
1880 test from the SOUTH time and Pool Ingle Wells; Delaware Dedicated Acreage and Jave's Err. Producing Formation Bone Spring Ingle Wells; Delaware 40 Acres 3340.4' Bone Spring Ingle Wells; Delaware 40 Acres 40 Acres 50 Acres 5	<u> </u>		25 SOUTH	31 EAST	NMPM	EDDY
Outline the acreage dedicated to the subject well by colored peach or hachure marks on the plat below.  If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royally).  If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization unituation, force-pooling, etc.?  Yes No If answer is "yes" type of consolidation  **canswer is "no" list of owners and tract descriptions which have actually been consolidated. (Use rewree side of the form necessary.  **o allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitisation, forced-poolin therries) or until a non-standard unit, climinating such interest, has been approved by the Division.  **OPERATOR CERTIFICATION**  OPERATOR CERTIFICATION**  Ingle Wells; Delaware  **OPERATOR CERTIFICATION**  OPERATOR CERTIFICATION**  A parsby certify the the subjection of the state of my subjected from plate noise of the state of my subjected from plate noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subjected from field noise of the state of my subject of my subject of my field noise of the state of my subject of my subject of my field noise of the state of my subject of my field noise of the state of my subject of my field noise of the state of my subject of my field noise of the state of my field noise of the state of my			0.1711	2400		C.T.
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## **Additional Operator Remarks:**

Devon Energy Production Company, LP proposes to drill a Delaware well to depth of 8,350' for commercial quantities of oil and gas. If the well is deemed noncommercial, the wellbore will be plugged and abandoned per Federal regulations. Devon Energy Production Co., LP plans to drill the well per the attached Drilling and Surface Use Plans.

#### **Directions:**

Directions to Location: Access to location was made as shown from an existing lease road running north and south along the east side of Sec 34. Go west of Jal on Hwy 128 29 miles, turn south on Lea County Road for 10 miles, turn West down caliche road for 5 miles, turn North on caliche road 1 - 4/10 miles. Turn west to location.

#### Access Road:

Existing lease road depicted.

#### H2S:

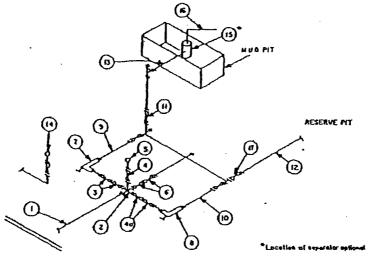
No H2S is anticipated to be encountered.

#### **APD Comments:**

This well was originally permitted and approved November 15<sup>th</sup>, 1993 in the Wildcat Bone Spring Field. API # 30-015-27760. This well was plugged in 1994. The purpose of the following work is to reenter this plugged well to a depth of 8,350'.

3 MWP - 5 MWP - 10 MWP

Exhibit E



a	FYA	MЛ	SUBST	RUC	TILES

			MINI	MUM REQ	UREMENT	\$				
N DOOL 2				5,000 MWP			10,000 MW/	•		
Na		LD.	NOMINAL	RATING	1.0.	NOMINAL	RATING	LD.	HOMMAL	PATTING
1	Line from drilling spool		3.	3,000		3.	5,000		3"	10,000
2	Cross 3*43*x3*x2*			3,000			\$,000			
	Crost 3"x3"x3"x3"									10,000
3	Valves(1) Gate []	3-1/8*		3,000	3-1/8"		\$,000	3-1/8"		10,000
4	Valve Gate []	1-13/16*		3,000	1-13/16*		5,000	1-13/16*		10,000
48	Valves(1)	2-1/16"		3,00¢	2-1/16"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gale □ Plog □(Z)	3-1/8"		2,000	3-1/8"		5,000	3-1/8"		10,000
7	Adjustable Choke(3)	20		3,000	2*		5,000	2-		10,000
8	Adjustable Choke	1*		1,000	1"	1	5,000	5-		10,000
9	Line		3"	3,000		3-	5,000		3"	10,000
10	Une		2"	3,000		2-	5,000		3"	10,000
11	Valves Plug □(2)	3-1/8"		3,800	3-1/8"		5,000	3-1/8"		10,000
12	Unes "		3.	1,000		3*	1,000		3*	2,000
13	Lines		3-	1,000		3-	1,000		3"	2,000
14	Acmole reading compound standpipe pressure gauge			3,000			5,000	•		10,000
15	Gas Separator		275"			2.5			2'25"	
16	Lirse		4"	1,000		-	1.000		4	2,000
17	Valves Plug (CZ)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

- (1) Only one required in Chess 34.
- (2) Gate valves only shall be used for Class 10M.
- [3] Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

#### EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

- 1. All connections in choke manifold shall be welded, studded, llanged or Cameron clamp of comparable rating.
- 2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
- 3. All lines shall be securely anchored.
- 4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
- 5. Choke manifold pressure and standplpe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternale with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
- 6. Line from drilling spoot to choke manifold should be as straight as possible. Lines downstream from chokes shall make lurns by large bends or 90° bends using bull plugged tees.
- 7. Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well.

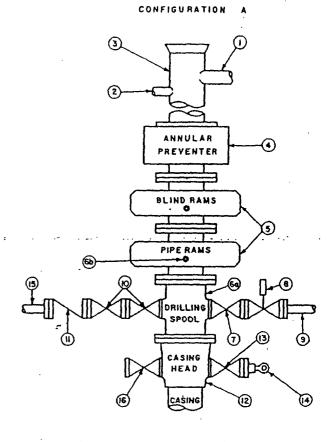
#### MINIMUM BLOWOUT PREVENTER REQUIREMENTS

#### 3,000 psi Working Pressure

#### 3 MWP

#### STACK REQUIREMENTS

No.	ltem		Min.	Min. Nominal
1	Flowline	<u> </u>		
2	Fill up line	<del></del>	1	2-
3	Drilling nipple			
4	Annular preventer			
5	Two single or one dual hy operated rams			
6a	Drilling spool with 2" min. 3" min choke line outlets			
6b	2" min. kill line and 3" mi outlets in ram. (Alternate			
7	Valve	Gate 🗆 Plug 🗅	3-1/8*	
8	Gate valve—power opera	ted	3-1/8"	
9	Line to choke manifold			3″
10	Valves	Gate □ Plug □	2-1/16"	
11	Check valve		2-1/16"	
12	Casing head			
13	Valve	Gate □ .Plug □	1-13/16"	
14	Pressure gauge with need	lle valve	1	
15	Kill line to rig mud pump r	nanifold		2"



	OPTIONAL		
16	Flanged valve	1-13/16"	

#### CONTRACTOR'S OPTION TO FURNISH:

- 1.All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 3,000 psi, minimum.
- Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
- BOP controls, to be located near drillers position.
- 4. Kelly equipped with Kelly cock.
- Inside blowout prevventer or its equivalent on derrick floor at all times with proper threads to lit pipe being used.
- Kelly saver-sub equipped with rubber casing protector at all times.
- 7.Plug type blowout preventer tester.
- 8.Extra set pipe rams to fit drill pipe in use on location at all times.
- 9. Type RX ring gaskets in place of Type R.

#### MEC TO FURNISH:

- Bradenhead or casinghead and side valves.
- 2. Wear bushing, if required.

#### **GENERAL NOTES:**

- Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
- 2.All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke. Valves must be full opening and suitable for high pressure mud service.
- Controls to be of standard design and each marked, showing opening and closing position.
- 4.Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, other bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
- All valves to be equipped with handwheels or handles ready for immediate use.
- 6.Choke lines must be suitably anchored.

- Handwheels and extensions to be connected and ready for use.
- Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
- 9.All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
- 10. Casinghead connections shall not be used except in case of emergency.
- 11.Do not use kill line for routine fill-up operations,

# **DRILLING PROGRAM**

# Devon Energy Production Company, LP Gunnison 34 Federal 1

Surface Location: 1880' FSL & 2180' FEL, Unit J, Sec 34 T25S R31E, Eddy, NM Bottom hole Location: 1880' FSL & 2180' FEL, Unit J, Sec 34 T25S R31E, Eddy, NM

# 1. Geologic Name of Surface Formation

a. Permian

# 2. Estimated tops of geological markers:

a.	Rustler	950'
b.	Base Salt	4000'
c.	Top Delaware	4230'
d.	Top Bone Spring	8300'
e.	Top 1st Bone Spring Sand	8300'
f.	Total Depth	8350'

# 3. Estimated Depths of Anticipated Fresh Water, Oil or Gas

a.	Upper Permian Sands	Above 200'	Fresh Water
b.	Delaware	4230'	Oil
c.	Bone Spring	8300'	Oil

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands are protected by 11 3/4" casing set at 634' and circulated cement back to surface. Freshwater is protected by 8 5/8" casing set at 4209' and circulated cement to surface. The Delaware intervals will be isolated by setting 5 ½" casing to total depth and circulating cement above the base of the 8 5/8" casing.

## 4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	OD Csg	<u>Weight</u>	<u>Collar</u>	<u>Grade</u>
14 3/4"	0' - 634'	11 3/4"	42#	ST&C	H-40 (in place)
11"	634' – 4209'	8 5/8"	32#	ST&C	K-55 (in place)
7 7/8"	4209'- 8350'	5 ½"	15.5 & 17#	ST&C	K-55

# WITNESS

5.	Cement Program:
	110/49 0 0

a.	11 3/4"	Surface	Cemented to surface with 425 sx Cl C + 2% CaCl. Circulated 136 sx to reserve pit.
b.	8 5/8"	Intermediate	Cemented to surface with 1293 sx PSL C + 10% salt + $\frac{1}{4}$ lb/sx Cello-Cell, tail with 225 sx Cl C + 1% CaCl. Circulated 226 sx to reserve pit.
c.	5 ½"	Production	Cement with 500 sx Class C+ 3% salt + ¼ lb/sx Celloflakes. Estimated TOC @ 6500'.

The above cement volumes could be revised pending the caliper measurement from the open hole logs. The top of cement is designed to reach approximately 500' above the 8 5/8" casing shoe.

# 6. Pressure Control Equipment:

Exhibit "E". A Blowout Preventor (no less than 900 Series 3000 PSI working pressure) consisting of double ram type preventor with bag type preventor. Units will be hydraulically operated. Exhibit E-1 Choke Manifold and Closing Unit. Blind rams on top, pipe rams on bottom to correspond with size of drill pipe in use. BOP will be tested as well as choke manifold. BOP will be worked at least once a day while drilling & blind ram will be worked on trips when no drill pipe is in the hole. Full opening stabbing valve and upper Kelly cock will be utilized. Anticipated BHP 3700 PSI and 140 degree BHT. Note: A 2000# drilling head will be installed on the 13 3/8" & tested to 1215# (70% burst rating) with the rig pump.

# 7. Proposed Mud Circulation System

<u>Depth</u>	Mud Wt.	<u>Visc</u>	Fluid Loss	Type System
0' - 600'	8.5	40-45	NC	Fresh Water
600' – 4230'	10.0	30	NC	Brine Water
4230' – TD	8.8-9.2	28	NC	Cut Brine &
				Polymer/KCL

The necessary mud products for weight addition and fluid loss control will be on location at all times.

# 8. Testing, Logging, and Coring Program:

- a. Drill stem tests will be based on geological sample shows.
- b. The open hole electrical logging program will be: (SDL DSN, DLL-Micro-SFL already run)
  - i. Total Depth to Intermediate Casing Dual Laterolog-Micro Laterolog with SP and Gamma Ray. Compensated Neutron Z Density log with Gamma Ray and Caliper.
  - ii. Total Depth to Surface

Compensated Neutron with Gamma Ray

iii. No coring program is planned

iv. Additional testing will be initiated subsequent to setting the 5 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

#### 9. Potential Hazards:

a. No abnormal pressures or temperatures are expected. There is no known presence of H2S in this area. If H2S 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 3700 psi and Estimated BHT 140°.

# 10. Anticipated Starting Date and Duration of Operations:

a. 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 operations and drilling is expected to take 32 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

#### SURFACE USE PLAN

# Devon Energy Production Company, LP Gunnison 34 Federal 1

Surface Location: 1880' FSL & 2180' FEL, Unit J, Sec 34 T25S R31E, Eddy, NM Bottom hole Location: 1880' FSL & 2180' FEL, Unit J, Sec 34 T25S R31E, Eddy, NM

# 1. Existing Roads:

- a. The well site and elevation plat for the proposed well are reflected on Exhibit 2. The well was staked by Basin Surveys.
- b. All roads into the location are depicted on Exhibit 3.
- c. Directions to Location: Access to location was made as shown from an existing lease road running north and south along the east side of Sec 34. Go west of Jal on Hwy 128 29 miles, turn south on Lea County Road for 10 miles, turn West down caliche road for 5 miles, turn North on caliche road 1 4/10 miles. Turn west to location.

#### 2. Access Road

- a. Exhibit #2A shows the existing lease road. Approximately 1700' of new access road was constructed prior to initial drilling. Will be constructed as follows:
- b. The maximum width of the road will be 15'. It will be crowned and made of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.
- c. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 1%.
- d. No grates or fence cuts will be required. No turnouts are planned.
- e. A cattle guard was required to cross a north and south running fence along the east side of Section 34 prior to initial drilling.

# 3. Proposed Facilities

- a. In the event the well is found productive, the Gunnison 34 Federal 1 tank battery would be utilized and the necessary production equipment will be installed at the well site.
- b. If necessary, the well will be operated by means of an electric prime mover. Electric power poles will be set along side of the access road.
- c. All flow lines will adhere to API standards.
- d. If the well is productive, rehabilitation plans are as follows:
- e. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after completion, weather permitting).
- f. The original topsoil from the well site will be returned to the location. The drill site will then be contoured as close as possible to the original state.

## 4. Methods of Handling Waste 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 an approved sanitary landfill.
- c. The supplier, including broken sacks, will pick up salts remaining after completion of well.

- d. Wastewater from living quarters will be drained into hole with a minimum 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 further drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approved disposal site. Later pits will be broken out to speed dry. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in a storage tank and sold.

# 5. 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 conditions 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 polyethylene. 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.

## 6. Other Information:

- a. The area around the well site is grassland and the top soil is duned and very sandy in nature. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca and prickly pear. There is no permanent or live water in the immediate area.
- b. The surface is owned by the US 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. A Cultural Resources Examination has been completed by Archeology Survey Consultants of Roswell, New Mexico and previously forwarded to the BLM office in Carlsbad, New Mexico.
- d. There are no dwellings within 2 miles of location.

## **Operators Representative:**

The Devon Energy Production Company, L.P. representatives responsible for ensuring compliance of the surface use plan are listed below.

James Cromer Operations Engineer Advisor

Don Mayberry Superintendent Devon Energy Production Company, L.P. 20 North Broadway, Suite 1500 Oklahoma City, OK 73102-8260

(405) 228-4464 (office)

Devon Energy Production Company, L.P. Post Office Box 250 Artesia, NM 88211-0250

(505) 748-3371 (office) (505) 746-4945 (home)

#### Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road; that I am familiar with the conditions that presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Devon Energy Production Company, L.P. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Signed:

ephanie A/Ysasaga

gr. Staff Engineering Technician

Date:

June 29th, 2006

# Attachment to Exhibit #1 NOTES REGARDING BLOWOUT PREVENTERS

# Devon Energy Production Company, LP

## **Gunnison 34 Federal 1**

Surface Location: 1880' FSL & 2180' FEL, Unit J, Sec 34 T25S R31E, Eddy, NM Bottom hole Location: 1880' FSL & 2180' FEL, Unit J, Sec 34 T25S R31E, Eddy, NM

- 1. Drilling nipple will be constructed so it can be removed mechanically without the aid of a welder. The minimum internal diameter will equal BOP bore.
- 2. Wear ring will be properly installed in head.
- 3. Blowout preventer and all associated fittings will be in operable condition to withstand a minimum 3000 psi working pressure.
- 4. All fittings will be flanged.
- 5. A full bore safety valve tested to a minimum 3000 psi WP with proper thread connections will be available on the rotary rig floor at all times.
- 6. All choke lines will be anchored to prevent movement.
- 7. All BOP equipment will be equal to or larger in bore than the internal diameter of the last casing string.
- 8. Will maintain a kelly cock attached to the kelly.
- 9. Hand wheels and wrenches will be properly installed and tested for safe operation.
- 10. Hydraulic floor control for blowout preventer will be located as near in proximity to driller's controls as possible.
- 11. All BOP equipment will meet API standards and include a minimum 40 gallon accumulator having two independent means of power to initiate closing operation.

# UNITED STATES DEPARTMENT OF THE INTERIOR

# Bureau of Land Management Roswell Field Office 2909 West Second Street Roswell, New Mexico 88201-1287

# Statement Accepting Responsibility for Operations

Operator Name: Street or Box: City, State: Zip Code:	Devon Energy Production Company, LP 20 North Broadway, Suite 1500 Oklahoma City, Oklahoma 73102-8260
The undersigned accepts all applic conducted on the leased land or po	able terms, conditions, stipulations and restrictions concerning operations rtion thereof, as described below.
Lease Name:	Gunnison 34 Federal 1
Lease No.:	NM <del>17048</del> 97137 BR
Legal Description of Land:	40 acres 34-T25S-R31E
Formation(s):	Delaware
Bond Coverage:	Nationwide
BLM Bond File No.:	CO-1104
Authorized Signature:	Stephanie A. Ysasaga
Title:	Sr. Staff Engineering Technician
Date:	06/29/06

# HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

- 1. All Company and Contract personnel admitted on location must be trained by a qualified H2S safety instructor to the following:
  - a. Characteristics of H2S
  - b. Physical effects and hazards
  - c. Proper use of safety equipment and life support systems.
  - d. Principle and operation of H2S detectors, warning system and briefing areas
  - e. Evacuation procedures, routes and first aid.
  - f. Proper use of 30-minute pressure demand air pack.
- 2. H2S Detection and Alarm System
  - a. H2S 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 mud pit 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, H2S 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 telephones will be available at most drilling foreman's trailer or living quarters.
- 7. Drill stem Testing
  - a. Exhausts will be watered
  - b. Flare line will be equipped with an electric igniter 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.
- 8. Drilling contractor supervisor will be required to be familiar with the effects H2S has on tubular goods and other mechanical equipment.

If H2S is encountered, mud system will be altered if necessary to maintain control or formation. A mud gas separator will be brought into service along with H2S scavengers if necessary.

#### CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Devon Energy Prod LTD Well Name & No: Gunnsion 34 Fed No 01

Location: Surface 1880' FSL & 2180' FEL, Sec.34, T. 25 S. R. 31 E.

Lease: NMNM 97137 Eddy County, New Mexico

#### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

- A. Spudding
- B. Existing casing: 11 \( \frac{3}{4} \) inch; \( \frac{8}{5} \) inch; \( \frac{5}{12} \) inch.
- C. BOP Tests
- 2. A Hydrogen Sulfide (H2S) Drilling Plan is not required for this well bore.
- 3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
- 4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
- 5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

#### II. CASING:

1. The casings strings are existing and cemented.

#### **III. PRESSURE CONTROL:**

- 1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the <u>8 %</u> inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
- 2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2 M psi.
- 3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.
- -The test shall be done by an independent service company
- -The results of the test shall be reported to the appropriate BLM office.
- -Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures.
- -Use of drilling mud for testing is not permitted since it can mask small leaks.
- -Testing must be done in safe workman-like manner. Hard line connections shall be required.
- -Both low pressure and high pressure testing of BOPE is required.

#### G. Gourley RFO 07/21/06