

1122

FORM APPROVED  
OMB No. 1004-0132  
Expires March 31, 2007

Serial No. 7137  
in, Addressee of British Name  
for CFA Agreement, Name and No.  
Name and Cell No. 3592  
Prison 34 Federal

RECEIVED  
OCD - ARRESIA  
AUG 2006

22

**ACTING**

APPROVAL FOR 1 YEAR

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED**

Se 17 29.5

# ANNEXED LOCATION

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 I

P.O. Box 1980, Hobbs, NM 88240

### DISTRICT II

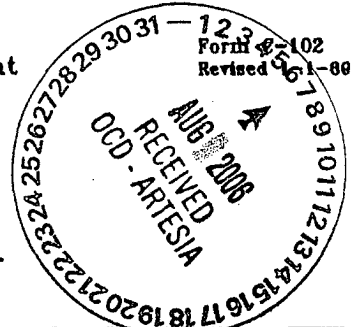
P.O. Drawer DB, Artesia, NM 88210

### DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section



Operator Devon Energy Production Co., LP 6137		Lease GUNNISON "34" FEDERAL		Well No. 1
Unit Letter J	Section 34	Township 25 SOUTH	Range 31 EAST NMPM	County EDDY
Actual Footage Location of Well: 1880 feet from the SOUTH line and 2180 feet from the EAST line				
Ground Level Elev. 3340.4'	Producing Formation Bone Spring	Pool Ingle Wells; Delaware	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?  
☐ Yes ☒ No If answer is "yes" type of consolidation \_\_\_\_\_  
 If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)  
 No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

### OPERATOR CERTIFICATION

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

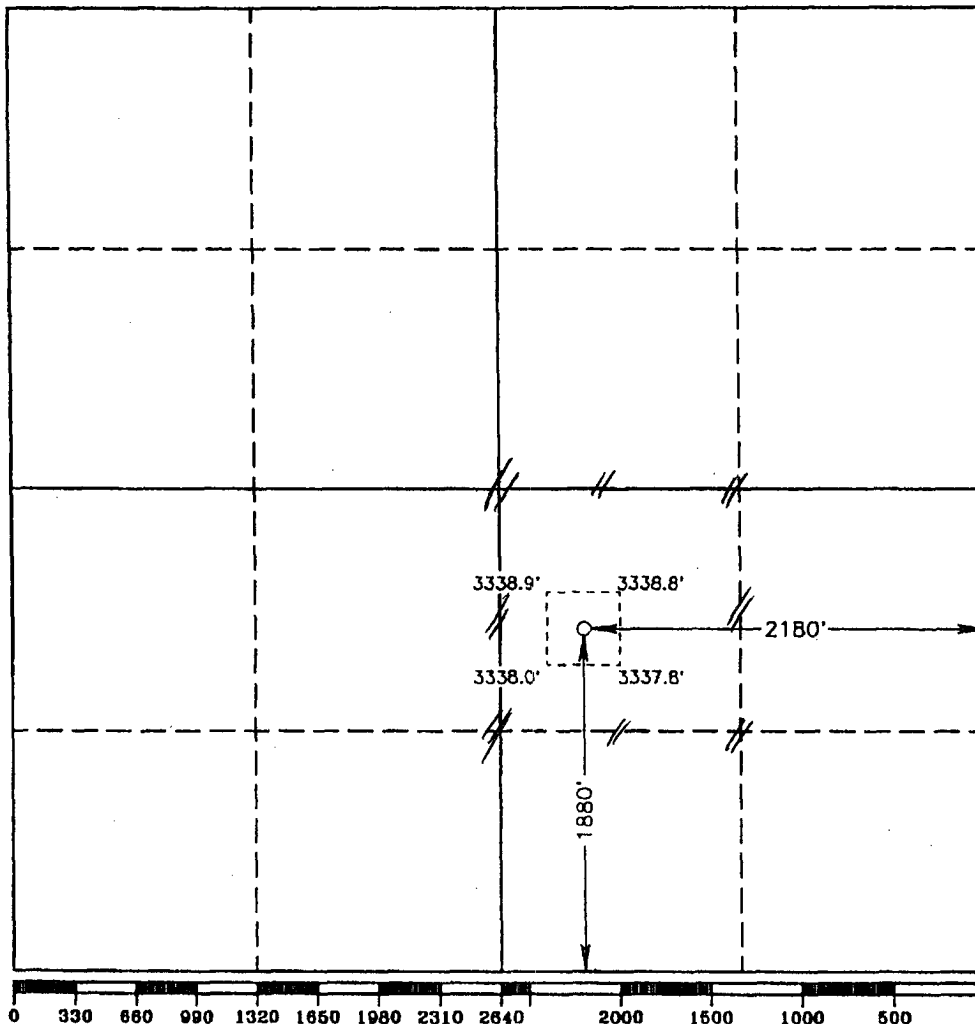
Signature: *[Signature]*  
 Printed Name: Stephanie A. Ysasaga  
 Position: Sr. Staff Engineering Tech  
 Company: Devon Energy Production Co., LP  
 Date: 06/29/06

### 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 knowledge and belief.

Date Surveyed: SEPTEMBER 16, 1993  
 Signature & Seal of Professional Surveyor

GARY L. JONES  
 NEW MEXICO  
 Registered Professional Surveyor  
 Certificate No. 7977  
 JOHN V. WELLS 676  
 RONALD J. SODEN 3238  
 GARY L. JONES 7977  
 95-11-1808



**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.

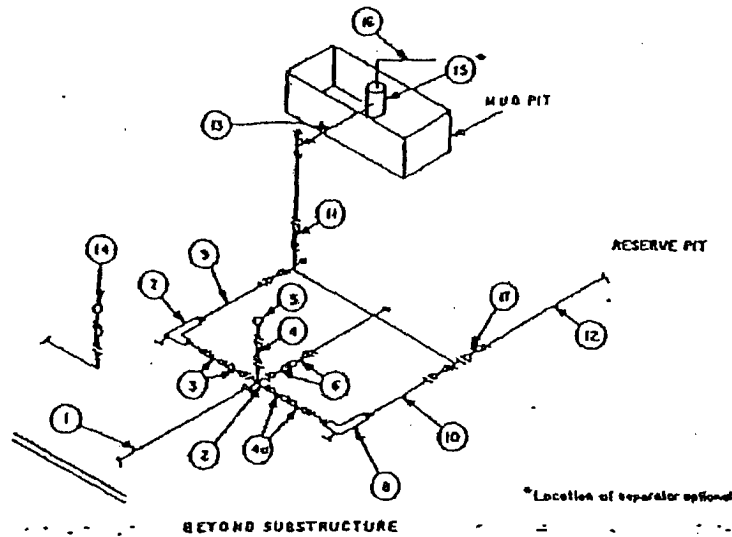
**APD Comments:**

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'.

**MINIMUM CHOKE MANIFOLD**  
3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP

Exhibit E



MINIMUM REQUIREMENTS										
No.		3,000 MWP			5,000 MWP			10,000 MWP		
		LD.	NOMINAL	RATING	LD.	NOMINAL	RATING	LD.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2"			3,000			5,000			
	Cross 3"x3"x3"x3"									10,000
3	Valves (1) Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"		10,000
4a	Valves (1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
7	Adjustable Choke (3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

(1) Only one required in Class 3M.

(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, flanged 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 standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate 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 spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns 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

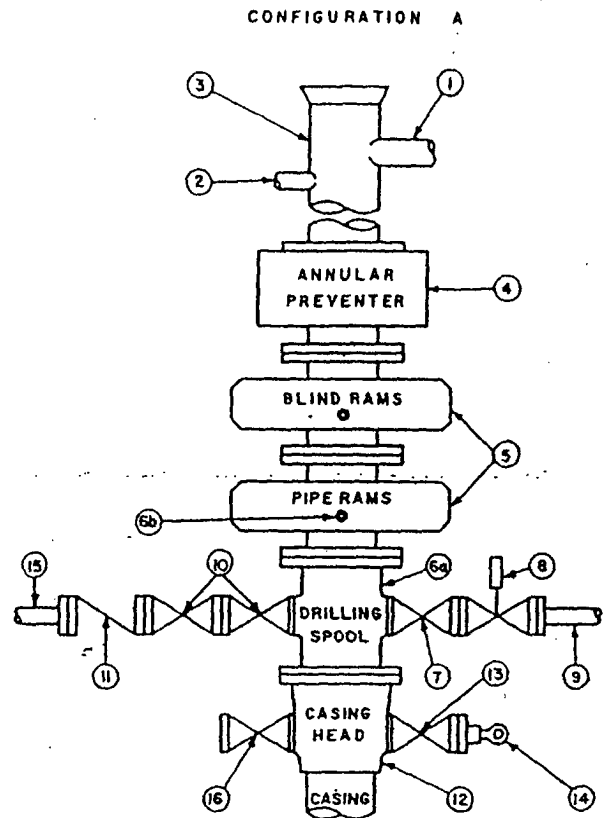
3,000 psi Working Pressure

3 MWP

## STACK REQUIREMENTS

No.	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above.)		
7	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	3-1/8"	
8	Gate valve—power operated	3-1/8"	
9	Line to choke manifold		3"
10	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/>	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	1-13/16"	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		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.
2. Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near drillers position.
4. Kelly equipped with Kelly cock.
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. 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:

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

### GENERAL NOTES:

1. 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.
3. 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.
5. All valves to be equipped with handwheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.

7. Handwheels and extensions to be connected and ready for use.
8. 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 1/2" 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>	<u>OD Csg</u>	<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 1/2"	15.5 & 17#	ST&C	K-55

**WITNESS****5. Cement Program:**

- 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 + 1/4 lb/sx Cello-Cell, tail with 225 sx Cl C + 1% CaCl. Circulated 226 sx to reserve pit.
- c. 5 1/2" Production Cement with 500 sx Class C+ 3% salt + 1/4 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>	<u>Mud Wt.</u>	<u>Visc</u>	<u>Fluid Loss</u>	<u>Type System</u>
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 H<sub>2</sub>S in this area. If H<sub>2</sub>S 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)

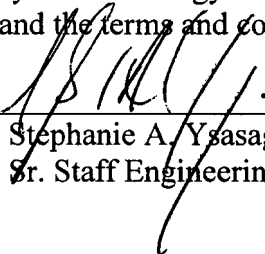
Devon Energy Production Company, L.P.  
Post Office Box 250  
Artesia, NM 88211-0250

(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: \_\_\_\_\_

  
Stephanie A. Ysasaga  
Sr. Staff Engineering Technician

Date: June 29<sup>th</sup>, 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: **Devon Energy Production Company, LP**  
Street or Box: **20 North Broadway, Suite 1500**  
City, State: **Oklahoma City, Oklahoma**  
Zip Code: **73102-8260**

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease Name: **Gunnison 34 Federal 1**

Lease No.: **NM ~~77048~~ 97137** 

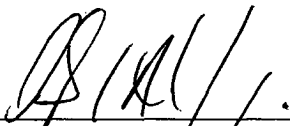
Legal Description of Land: **40 acres 34-T25S-R31E**

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: Gunnison 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

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### 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 ¾ inch; 8 ⅝ inch; 5 ½ inch.

C. BOP Tests

2. A Hydrogen Sulfide (H<sub>2</sub>S) 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 NMOCDC 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 8 ⅝ 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