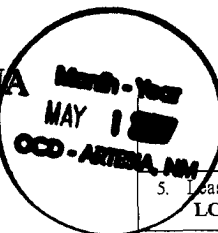


ATS-07-160

Form 3160-3
(April 2004)

OCD-ARTESIA

266

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. LC-026874 B
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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, LP		7. If Unit or CA Agreement, Name and No.
3a. Address 20 North Broadway Oklahoma City, Oklahoma 73102-8260		8. Lease Name and Well No. Malco B 6 B Federal 7
3b. Phone No. (include area code) 405-552-8198		9. API Well No. 30-015-35570
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface NWNE Lot B 940 FNL 2060 FEL At proposed prod. zone NWNE Lot B 940 FNL 2060 FEL		10. Field and Pool, or Exploratory Red Lake; Glorieta-Yeso
14. Distance in miles and direction from nearest town or post office* Approximately 5 miles Southeast of Artesia NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 6 18S 27E, Unit B
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 120.69 acres	17. Spacing Unit dedicated to this well 40 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 4000 MD	20. BLM/BIA Bond No. on file C011042
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3453' GL	22. Approximate date work will start* 01/15/2007	23. Estimated duration 45 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:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an 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 	Name (Printed/Typed) Norvella Adams	Date 12/13/2006
Title Sr. Staff Eng. Tech		

Approved by (Signature) /s/ James Stovall	Name (Printed/Typed)	Date APR 27 2007
Title ACTING FIELD MANAGER	Office BLM-CARLSBAD FIELD 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 conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

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)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

Reswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVALIf earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction.

Additional Operator Remarks:

Devon Energy Production Company, LP proposes to drill a San Andres, Glorieta Yeso well per the approved Master Drilling and Surface Use Plan and Attachment A for the Red Lake Field Area to 4000' TD for commercial quantities of oil and gas. If the well is deemed noncommercial, the well bore will be plugged and abandoned per Federal regulations.

Directions: From the junction of US. Hwy 82 and Co. Rd. 201 (Chalk Bluff), Proceed South on Co. Rd. 201 for approximately 3.8 miles to lease road, on lease road proceed west 1.1 miles to lease road, on lease road proceed north 0.2 miles to proposed location.

Please see attached MDSUP and Attachment A.

DISTRICT I
1826 N. French Dr., Hobbs, NM 88240

DISTRICT II
1201 W. Grand Avenue, 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 Department

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

Form C-102
Revised October 12, 2005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code S112c	Pool Name Red Lake; Glorieta-Yeso, ...
Property Code	Property Name MALCO B "6B" FEDERAL	Well Number 7
GRID No. 6137	Operator Name DEVON ENERGY PRODUCTION COMPANY LP	Elevation 3453'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	6	18 S	27 E		940	NORTH	2060	EAST	EDDY

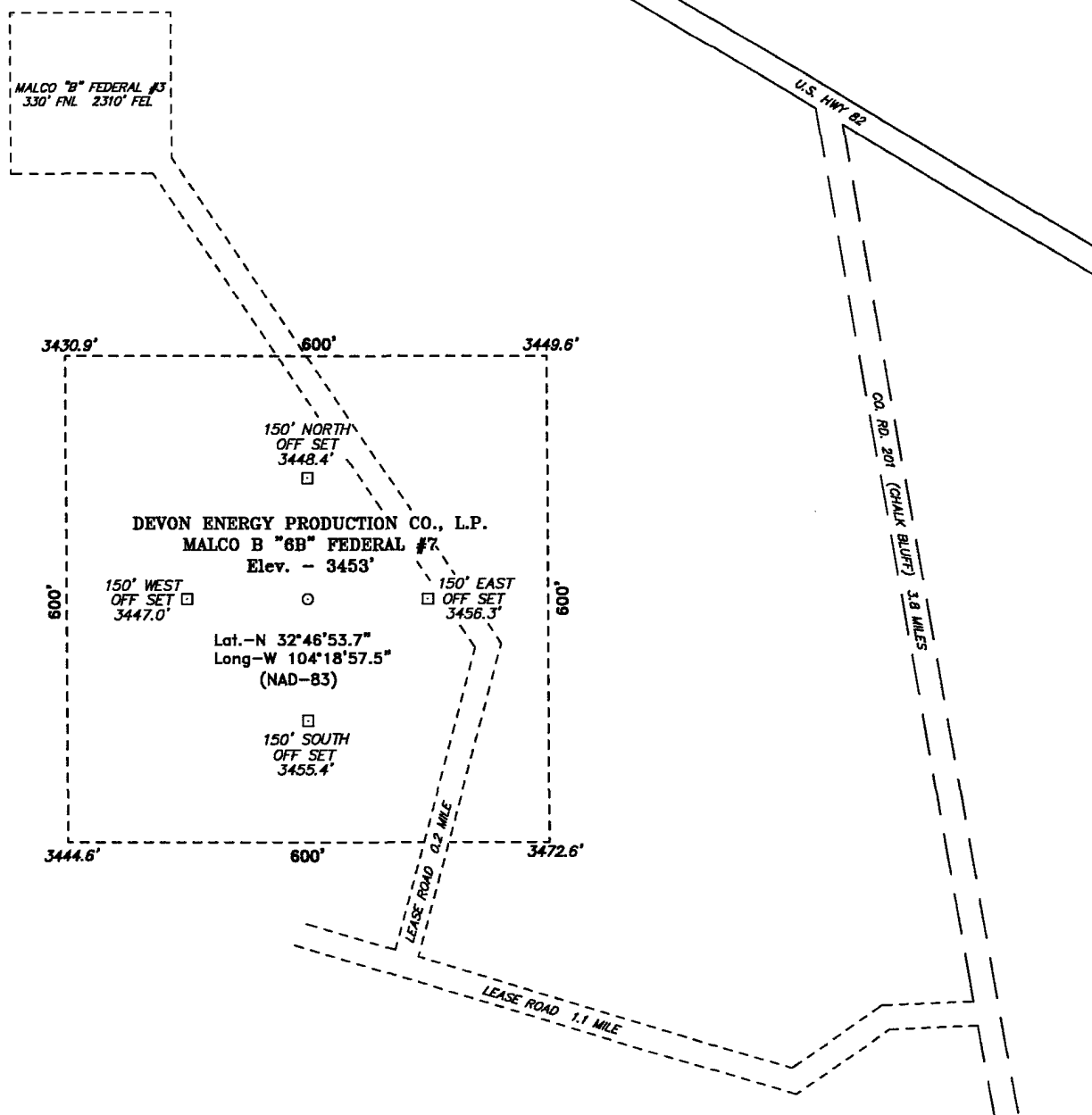
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	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

	<p>OPERATOR CERTIFICATION</p> <p>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 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.</p> <p> 12/13/06 Signature Date</p> <p>Norvell Adams Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>NOVEMBER 06 2006 Date Surveyed</p> <p> 7977 Signature & Seal of Professional Surveyor</p> <p>W.O. 12/13/06 Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
--	---

SECTION 6, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF U.S. HWY 82 AND CO. RD. 201 (CHALK BLUFF), PROCEED SOUTH ON CO. RD. 201 FOR APPROX 3.8 MILES TO LEASE ROAD, ON LEASE ROAD PROCEED WEST 1.1 MILES TO LEASE ROAD, ON LEASE ROAD PROCEED NORTH 0.2 MILES TO PROPOSED LOCATION.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 17390

Drawn By: J. M. SMALL

Date: 11-07-2006

Disk: 17390W JMS

DEVON ENERGY PROD. CO., L.P.

REF: MALCO B "6B" FEDERAL #7 / WELL PAD TOPO

THE MALCO B "6B" FEDERAL No. 7 LOCATED 940'

FROM THE NORTH LINE AND 2060' FROM THE EAST LINE OF

SECTION 6, TOWNSHIP 18 SOUTH, RANGE 27 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 11-06-2006

Sheet 1 of 1 Sheets



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201

IN REPLY REFER TO:

JUN 05 2003

Devon Energy Production Company, L.P.
Attn. Ms Karen Cottom
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Re: Red Lake Field Area
Master Drilling and Surface Use Plan
Eddy County, New Mexico

The master drilling and surface use plan, dated May 6, 2003, for the Red Lake Field Area in Townships 17 and 18 South, Range 27 East, Eddy County, New Mexico, is now approved. Several corrections have been made to the attached list describing the field area. An approved copy is attached for your records.

Please note that the surface casing setting depth may change in individual APD (Form 3160-4) submittals because the depth of the expected fresh water varies across this area.

If you have any questions, please contact Alexis C. Swoboda, P.E. at 505-627-0228.

Sincerely,

/S/ Larry D. Bray

Larry D. Bray
Assistant Field Manager
Lands and Minerals

Cc:

NM 08000 (J. Amos, B. Hunt)
NM 06000 (Swoboda, Lopez, Babyak)

map not attached

*Master Drilling
Plan on File
in LPO*



DEVELOPMENT & CONSTRUCTION
CATERPILLAR OFFICE

2007 JUL 11 PM 12:28

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

RECEIVED

Hydrogen Sulfide (H₂S) Contingency Plan

For

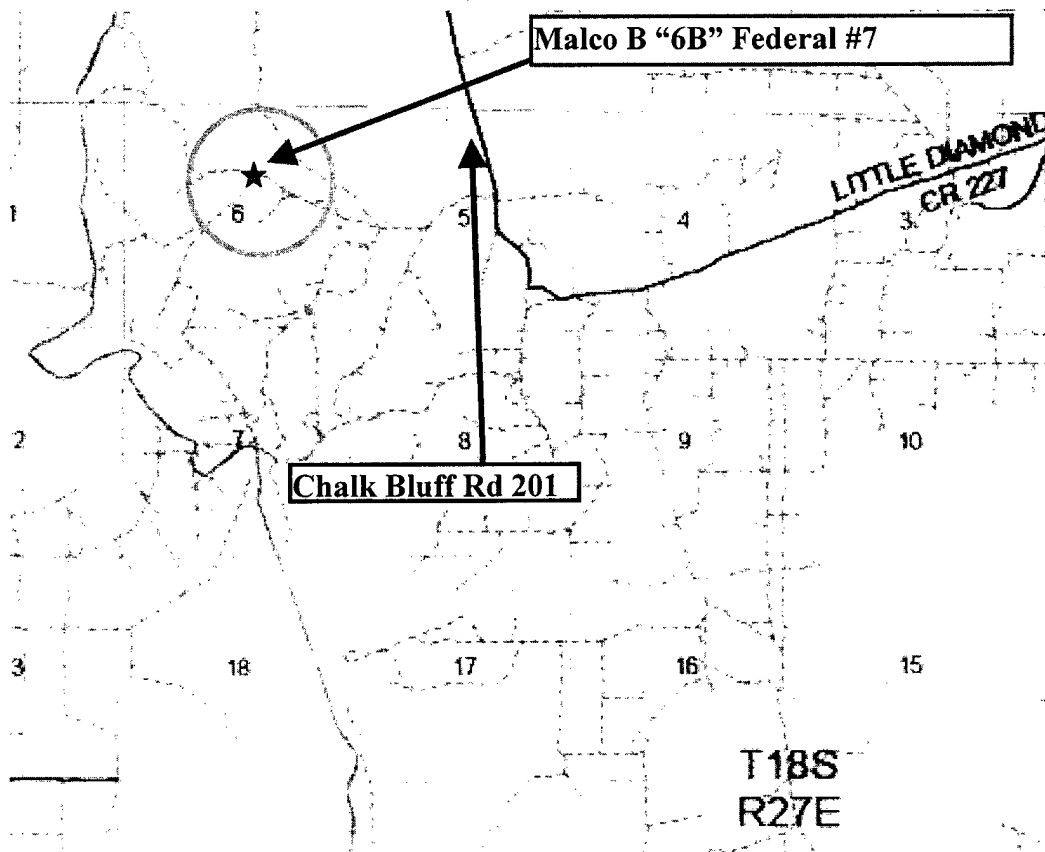
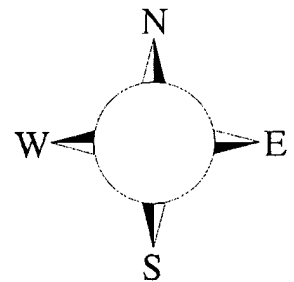
Malco B "6B" Fed # 7

**940' FNL & 2060' FEL,
Sec-6, T-18S R-27E**

Eddy County NM

Malco B "6B" Federal # 7

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed 100 ppm ROE = 3000' (Radius of Exposure)
100 ppm H₂S concentration shall trigger activation of this plan.

Escape

Crews shall escape upwind of escaping gas in the event of an emergency release of gas. Escape can be facilitated South East on lease road. Crews should then move to block access to the lease road so as not to allow anyone traversing into a hazardous area. The blockade should be at a safe distance outside of the ROE. There are no homes or buildings in the ROE.

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Devon Energy Corp. personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Devon Energy Corp. Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Devon Energy Corp. Company Call List

<u>Artesia (505)</u>	<u>Cellular</u>	<u>Office</u>	<u>Home</u>
Foreman – Robert Bell.....	748-7448	748-0178	746-2991
Asst. Foreman –Ernie Duran ..	513-1768	748-3371	746-4589
Joe Johnston.....	513-0630	748-0171	627-6917
Linda Berryman	513-0534	748-0177	628-1864
Engineer – Chris Singletary	(405) 535-5407 ...	(405) 228-8552 ...	(405) 341-8939

Agency Call List

<u>Eddy</u>	<u>Artesia</u>	
<u>County</u>		
<u>(505)</u>	State Police	746-2703
	City Police	746-2703
	Sheriff's Office.....	746-9888
	Ambulance.....	911
	Fire Department.....	746-2701
	LEPC (Local Emergency Planning Committee)	746-2122
	NMOCD	748-1283
	Carlsbad	
	State Police	885-3137
	City Police	885-2111
	Sheriff's Office.....	887-7551
	Ambulance.....	911
	Fire Department.....	885-2111
	LEPC (Local Emergency Planning Committee).....	887-3798
	US Bureau of Land Management.....	887-6544
	New Mexico Emergency Response Commission (Santa Fe) ...	(505)476-9600
	24 HR	(505) 827-9126
	National Emergency Response Center (Washington, DC)	(800) 424-8802
	Emergency Services	
	Boots & Coots IWC	1-800-256-9688 or (281) 931-8884
	Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
	Halliburton	(505) 746-2757
	B. J. Services.....	(505) 746-3569
<i>Give</i>	Flight For Life - Lubbock, TX	(806) 743-9911
<i>GPS</i>	Aerocare - Lubbock, TX	(806) 747-8923
<i>position:</i>	Med Flight Air Amb - Albuquerque, NM	(505) 842-4433
	Lifeguard Air Med Svc. Albuquerque, NM	(505) 272-3115

Prepared in conjunction with
Wade Rohloff of;



Conditions of Approval

Cave and Karst

EA#: NM-080-07-0266

Lease #: LC-026874B

**Devon Energy Production Company, L.P.
Malco B 6 B Fed. #7 & Malco B 6 J Fed. #9**

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Berming:

Any tank batteries will be constructed and bermed large enough to contain any spills that may occur.

Bermed areas will be lined with rip-stop padding to prevent tears or punctures in liners and lined with a permanent 20 mil plastic liner.

Closed Mud System with Buried Cuttings Pit:

All fluids will be in steel tanks and hauled off. A 120 X 120 foot cuttings pit will be utilized for this location. The cuttings pit will be lined with 4 oz. felt and a layer of 20 mil. plastic. Upon completion of the well all excess fluids will be vacuumed off the cuttings pit and allowed to dry. The pit liner will then be folded over the cuttings, covered with a 20 mil plastic cover and then covered with at least three feet of top soil.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Rotary drilling techniques in cave or karst areas will include the use of fresh water as a circulating medium in zones where caves or karst features are expected. See geologist report for depth.

Casing:

All casing will meet or exceed National Association of Corrosion Engineers specifications pertaining to the geology of the location and be run to American Petroleum Institute and BLM standards.

Cementing:

All casing strings will be cemented to the surface.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported.

Regardless of the type of drilling machinery used, if a bit drops of four feet or more and circulation losses greater than 75 percent occur simultaneously while drilling in any cave-bearing zone, drilling operations will immediately stop and the BLM will be notified by the operator. The BLM will assess the consequences of the situation and work with operator on corrective actions to resolve the problem.

Delayed Blasting:

Any blasting will be a phased and time delayed.

Abandonment Cementing:

Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

Pressure Tests:

Annual pressure tests will be performed by the Operator on all casing annuli. If the test results indicated a casing failure, remedial actions approved by the BLM will be undertaken to correct the problem.

Record Keeping:

The Operator will track customary drilling activities, including the rate of penetration, pump pressure, weight on bit, bit drops, percent of mud returns, and presence or absence of cuttings returning to the surface. As part of customary record keeping, each detectable void or sudden increase in the rate of penetration not attributable to a change in the formation type should be documented and evaluated as it is encountered.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Devon Energy Prod. Co LP
Well Name & No. Malco B 6 B Federal # 7
Location: 940'FNL, 2060'FEL, SEC6, T18S, R27E, Eddy County, NM
Lease: LC-026874B

I. DRILLING OPERATIONS REQUIREMENTS:

A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance, at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County, in sufficient time for a representative to witness:

1. Spudding
2. Cementing casing: 13.375 inch 8.625 inch 5.5 inch
3. BOP tests

B. A Hydrogen Sulfide (H₂S) Drilling Plan is N/A.

C. 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.

D. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

E. If floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

II. CASING:

A. The 8.625 inch surface casing shall be set at @ approximately 1150 feet and cement circulated to the surface.

1. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
2. Wait on Cement (WOC) time for a primary cement job will be a minimum of 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, which ever is greater. (This is to include the lead cement)
3. WOC time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds of compression strength, which ever is greater.
4. If cement falls back, Remedial cementing shall be completed prior to drilling out that string.

B. The minimum required fill of cement behind the 5.5 inch production casing is cement circulate to the surface.

D. If hard band drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2.

B. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 8.625 inch casing shall be 2000 psi.

C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

1. The tests shall be done by an independent service company.

2. The results of the test shall be reported to the appropriate BLM office.

3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of the independent service company test will be submitted to the appropriate BLM office.

4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi in accordance with API RP 53. The test will be held for a minimum of 10 minutes if the test is done with a test plug and 30 minutes without a test plug.

5. A variance to test the _____ to the reduced pressure of ____psi with the rig pumps is approved the BOP/BOPE must be tested by an independent service company.

IV. Hazards:

1. Our geologist has indicated that there is potential for loss circulation in the Grayburg and San Andres formations.

Engineering may be contacted at 505-706-2779 for variances if necessary.

FWright 4/24/07