OCT 3 0 2007 OPERATOR'S COPY

OCD-ARTESIA

R-111-POTASH

Form 3160-3
(April 2004)

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NM-81953

6. If Indian, Allotee or Tribe Name

1a Type of work: ☑ DRILL ☐ REENTER

7 If Unit or CA Agreement, Name and No

1b Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No
North Pure Gold 5 Federal 2H 36679

2 Name of Operator
Devon Energy Production Company, LP

9. API Well No.
30-015-35850

3a Address **20 North Broadway, Oklahoma City, Oklahoma City 73102-8260**

3b. Phone No. *(include area code)*
405-228-8699

10 Field and Pool, or Exploratory
Los Medanos; Delaware

4 Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface **W/2 E/2 150' FNL & 1980' FEL**

At proposed prod. zone **BHL: LOT O W/2 E/2 ~~660'~~ 330' FSL & 1980' FEL PP: 650' FNL 1980' FEL** Per Attached SN Dated 9-7-07

11. Sec., T. R. M. or Blk and Survey or Area
LOT B SEC 5 T23S R31E

14 Distance in miles and direction from nearest town or post office*
Approximately 17 miles east of Loving, NM.

Carlsbad Controlled Water Basin

12 County or Parish
Eddy County

13 State
NM

15 Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any)	16 No of acres in lease	17 Spacing Unit dedicated to this well
150'	**1716.94**	~~40~~ 160
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **1830'**	19. Proposed Depth **TD 12,505'**	20. BLM/BIA Bond No. on file **CO-1104**
21 Elevations (Show whether DF, KDB, RT, GL, etc.) **3338 ' GL**	22. Approximate date work will start*	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
2. A Drilling Plan.
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)
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25 Signature	Name *(Printed/Typed)*	Date
Judy A. Barnett	**Judy A. Barnett**	**08/16/2007**

Title: **Regulatory Analyst**

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
Ron Dunton	Ron Dunton	10-23-07

Title: **ACTING STATE DIRECTOR**

Office: **NM STATE 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 TWO YEARS

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)*

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Form 3160-5
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

OPERATOR'S COPY

FORM APROVED
OMB NO. 1004-0135
EXPIRES: March 31, 2007

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals

SUBMIT IN TRIPLICATE

1a. Type of Well ☑ Oil Well ☐ Gas Well ☐ Other	5. Lease Serial No. NM-81953
	6. If Indian, Allottee or Tribe Name
	7. Unit or CA Agreement Name and No.
	8. Well Name and No. North Pure Gold 5 Federal 2H
2. Name of Operator DEVON ENERGY PRODUCTION COMPANY, LP	9. API Well No.
3. Address and Telephone No 20 N. Broadway, Oklahoma City, Ok 73102-8260 405-235-3611	10. Field and Pool, or Exploratory Delaware
4. Location of Well (Report location clearly and in accordance with Federal requirements)* 150' FNL 1980' FEL Unit B SEC 5 T23S R31E	11. County or Parish Eddy State NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OS SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other Revised C-102 Change APD
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☑ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work and approximate duration thereof. If the proposal deepen directionally or recomplete horizontally, give subsurface location and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirement, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection)

Devon Energy Production Company L.P. respectfully requests to submit a revised C-102. The Bottom Hole Location should read 330' FSL 1980' FEL *instead* of 660' FSL 1980' FEL; dedicated acreage should read 160 acres *instead of 40 acres. See attached.*

14. I hereby certify that the foregoing is true and correct

Signed Judy A. Barnett Name Judy A. Barnett X8699 Title Regulatory Analyst Date 9/7/2007

(This space for Federal or State Office use)

Approved by Ken Gant Title ACTING STATE DIRECTOR Date 10-23-07

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations to any matter within its jurisdiction.

***See Instruction on Reverse Side**

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 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	Pool Name
	40297	Los Medanos; DELAWARE

Property Code	Property Name	Well Number
	NORTH PURE GOLD "5"	2H

OGRID No.	Operator Name	Elevation
6137	DEVON ENERGY PRODUCTION COMPANY LP	3338'

Surface Location

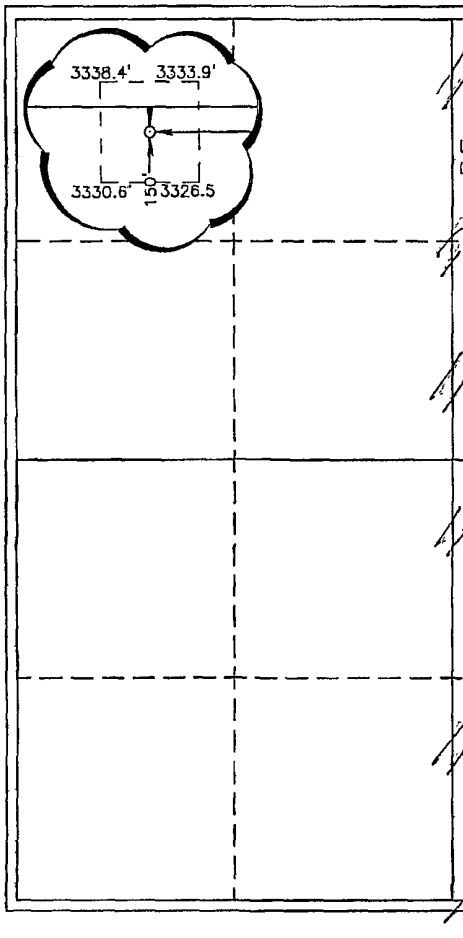
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	5	23 S	31 E		150	NORTH	1980	EAST	EDDY

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
O	5	23 S	31 E		330	SOUTH	1980	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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 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.

Signature Date

Judy A. Barnett 9/7/07

Printed Name

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 supervison, and that the same is true and correct to the best of my belief.

JUNE 19, 2007

Date Surveyed

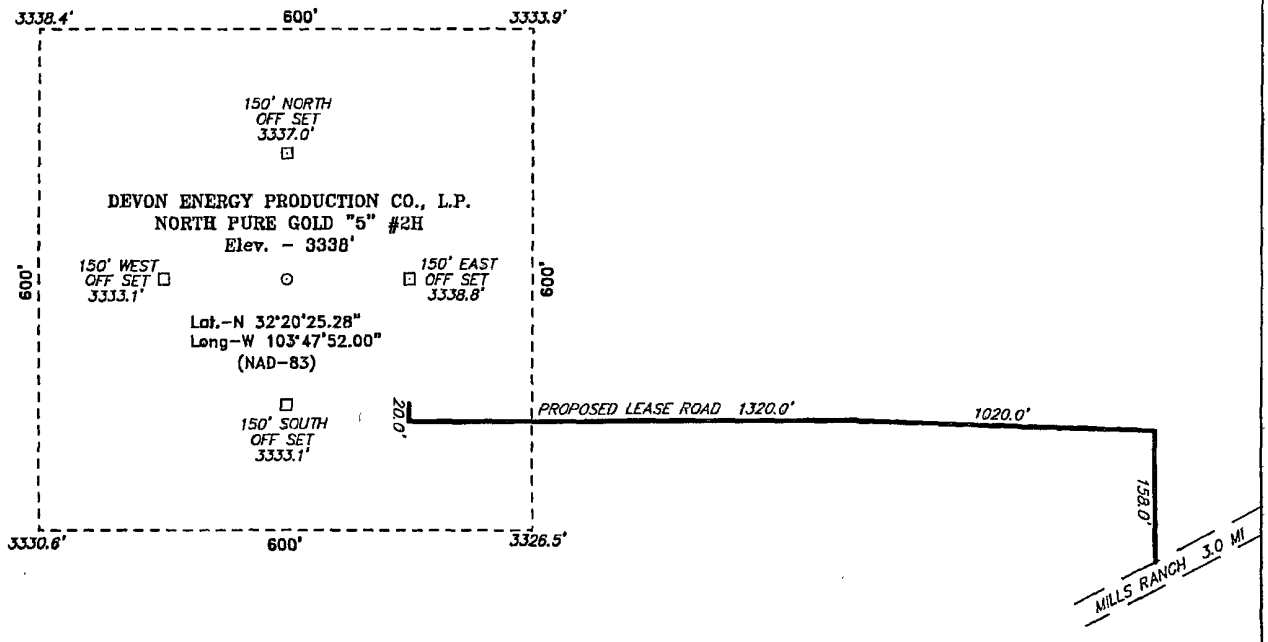
Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL SURVEYOR

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 5, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



200 0 200 400 FEET

SCALE: 1" = 200'

Directions to Location:

FROM THE JUNCTION OF CO. RD. 799 (RED) AND CO. RD. MILLS RANCH, GO SOUTHWEST ON MILLS RANCH 3.0 MILES TO THE PROPOSED LEASE ROAD.

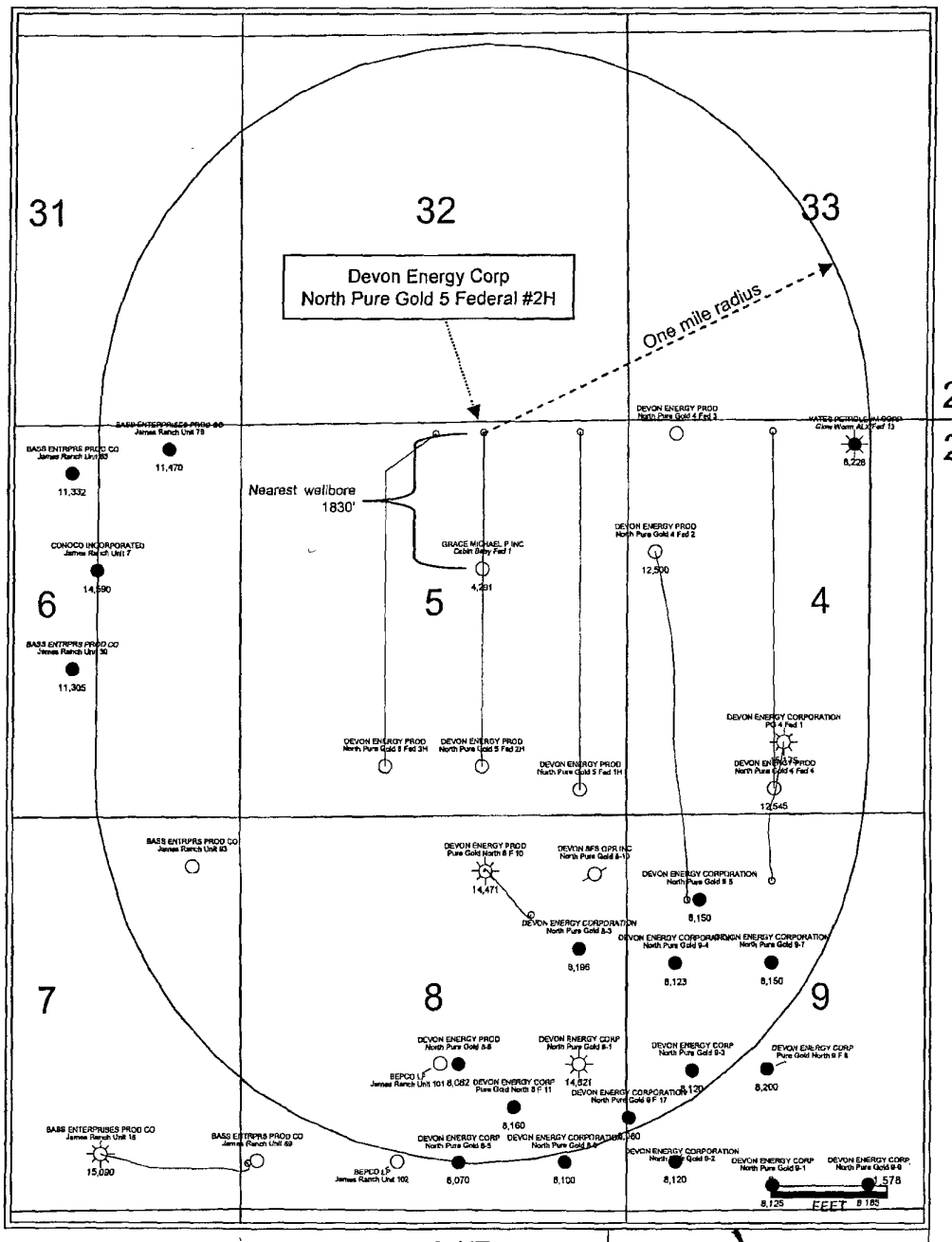
DEVON ENERGY PROD. CO., L.P.

REF: NORTH PURE GOLD "5" #2H / WELL PAD TOPO

THE NORTH PURE GOLD "5" #2H LOCATED 150' FROM THE NORTH LINE AND 1980' FROM THE EAST LINE OF SECTION 5, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 18217	Drawn By: J. M. SMALL	Survey Date: 06-19-2007	Sheet 1 of 1 Sheets
Date: 06-20-2007	Disk: 18217W JMS		


31
32
33
Devon Energy Corp
North Pure Gold 5 Federal #2H
One mile radius
22S
23S
Nearest wellbore
1830'
6
5
4
7
8
9
31E
BASS ENTERPRS PROD CO
James Ranch Unit 78
11,470
11,332
CONOCO INCORPORATED
James Ranch Unit 7
14,590
BASS ENTERPRS PROD CO
James Ranch Unit 30
11,305
GRACE MICHAEL P INC
Cobb Betty Fed 1
4,291
DEVON ENERGY PROD
North Pure Gold 4 Fed 3
DEVON ENERGY PROD
North Pure Gold 4 Fed 2
12,500
YATES PETROLEUM CORP
Gine Worm AJX Fed 13
8,226
DEVON ENERGY PROD
North Pure Gold 5 Fed 3H
DEVON ENERGY PROD
North Pure Gold 5 Fed 2H
DEVON ENERGY PROD
North Pure Gold 5 Fed 1H
DEVON ENERGY CORPORATION
Pld 4 Fed 1
DEVON ENERGY PROD
North Pure Gold 4 Fed 4
12,545
BASS ENTERPRS PROD CO
James Ranch Unit 93
DEVON ENERGY PROD
Pure Gold North 8 F 10
14,471
DEVON BFS CORP INC
North Pure Gold 8-10
DEVON ENERGY CORPORATION
North Pure Gold 8 5
8,150
DEVON ENERGY CORPORATION
North Pure Gold 8-3
8,196
DEVON ENERGY CORPORATION
North Pure Gold 9-4
8,123
DEVON ENERGY CORPORATION
North Pure Gold 9-7
8,150
DEVON ENERGY PROD
North Pure Gold 8-8
DEVON ENERGY CORP
North Pure Gold 8-1
14,821
BEPCO LP
James Ranch Unit 101 8,082
DEVON ENERGY CORP
Pure Gold North 8 F 11
8,160
DEVON ENERGY CORPORATION
North Pure Gold 8 F 17
8,160
DEVON ENERGY CORP
North Pure Gold 9-3
8,130
DEVON ENERGY CORP
Pure Gold North 8 F 8
8,200
BASS ENTERPRISES PROD CO
James Ranch Unit 18
15,090
BASS ENTERPRS PROD CO
James Ranch Unit 69
BEPCO LP
James Ranch Unit 102
DEVON ENERGY CORP
North Pure Gold 8-5
8,070
DEVON ENERGY CORPORATION
North Pure Gold 8-6
8,100
DEVON ENERGY CORPORATION
North Pure Gold 9-2
8,120
DEVON ENERGY CORP
North Pure Gold 9-1
DEVON ENERGY CORP.
North Pure Gold 9 8
1,578
8,125
FEET
8,185
devon
Eddy County, NM
Devon North Pure Gold 5 Federal 2H
Offset Well Plat
POSTED WELL DATA
Operator
Well Label
WELL - TD
WELL SYMBOLS
Location Only
Oil Well
Gas Well
Oil & Gas Well
Abandoned Well
Temporarily Abandoned

DRILLING PROGRAM

Devon Energy Production Company, LP
North Pure Gold 5 Federal 2H
Surface Location: 150' FNL & 1980' FEL, Unit B, Sec 5 T23S R31E, Eddy, NM
Bottom Hole Location: ~~660~~ 330' FSL & 1980 FEL, Unit O, Sec 5 T23S R31E, Eddy, NM

1. **Geologic Name of Surface Formation**

   a. Delaware

2. **Estimated Tops of Geological Markers & Depths of Anticipated Fresh Water, Oil or Gas:**

a.	Rustler	420'	Water
b.	Salado	715'	
c.	Salt	850'	
d.	Base of Salt	3840'	
e.	Delaware	4080'	Oil
f.	Cherry Canyon	5100'	Oil
g.	Brushy Canyon	6650'	Oil
h.	Total Depth	12,505'	Oil

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 13 3/8" casing at 750' and circulating cement back to surface. Potash / fresh water sands will be protected by setting 9 5/8" casing at 4150' and circulating cement to surface. The Delaware intervals will be isolated by setting 7" casing and circulating cement above the base of the 9 5/8" casing. There will be a 4 ½" production liner set from 7750' to total depth with cement above top of liner

3. **Casing Program:**

Hole Size	Hole Interval	OD Csg	Casing Interval	Weight	Collar	Grade
17-1/2"	0'-750'	13-3/8"	0'- 750'	48 #/ft	ST&C	H-40
12-1/4"	750'-4150'	9-5/8"	0'- 4150'	40 #/ft	LT&C	J-55
8-3/4"	4150'-8175'	7"	0'- 8175'	26#/ft	LT&C	J-55
6-1/8"	Horizontal Section	4-1/2"	7750'- 12,505'	11.60 #/ft	BT&C	N-80

Design Parameter Factors:

Casing Size	Collapse Design Factor	Burst Design Factor	Tension Design Factor
13 3/8"	2.02	2.62	8.94
9 5/8"	1.19	1.57	3.13
7"	1.25	3.67	1.79
4 ½"	1.72	29.92	99.99

4. Cement Program:

13 3/8"Surface

Lead Slurry: 520 sacks (35:65) Poz (Fly Ash): Class C Cement + 2% Calcium Chloride + 0.25 lbs/sack Cello Flake + 6% Bentonite
Yield: 1.83 cf/sack, TOC @ surface.

Tail Slurry: 250 sacks Class C Cement + 2% Calcium Chloride + 0.25 lbs/sack Cello Flake
Yield: 1.35 cf/sack **TOC @ surface.**

9 5/8" Intermediate

Lead Slurry: 1145 sacks (35:65) Poz (Fly Ash): Class C Cement + 5% Sodium Chloride + 0.25 lbs/sack Cello Flake + 6% Bentonite
Yield: 2.04 cf/sack, TOC @ surface .

Tail Slurry: 300 sacks (60:40) Poz (Fly Ash): Class C Cement + 5% Sodium Chloride + 0.25 lbs/sack Cello Flake + 0.4% Sodium Metasilicate + 4% MPA-1
Yield: 1.37 cf/sack, TOC @ surface.

7"

2 Stage with DV tool @ 4,650'

STAGE 1
Spacer: 10.0 bbls Fresh Water @ 8.34 ppg; 1,500 gals Mud Clean II @ 8.45 ppg; 10 bbls Fresh Water @ 8.34 ppg

Lead Slurry: 130 sacks (35:65) Poz (Fly Ash): Class C Cement + 3% Sodium Chloride + 0.25% R-3 + 0.25 lbs/sack Cello Flake + 3 lbs/sack LCM-1 + 6% Bentonite + 0.3% FL-52A
Yield: 2.01 cf/sack

Tail Slurry: 600 sacks (60:40) Poz (Fly Ash): Class C Cement + 1% Sodium Chloride + 1.0% BA-10 + 0.75% EC-1 + 0.25 lbs/sack Cello Flake + 2 lbs/sack Kol Seal + 4% bwoc MPA-1
Yield: 1.36 cf/sack

STAGE 2
Spacer: 30 bbls Fresh Water @ 8.34 ppg

Slurry: 184 sacks (60:40) Poz (Fly Ash): Class C Cement + 5% Sodium Chloride + 0.25 lbs/sack Cello Flake + 0.4% Sodium Metasilicate + 4% MPA-1
Yield: 1.37 cf/sack, TOC @ 3650'. ← see COA

4 1/2" Liner f/ 7,750'-12,505'

Spacer: 10.0 bbls Fresh Water @ 8.34 ppg; 1500 gals Mud Clean II @ 8.45 ppg; 10 bbls Fresh water @ 8.34 ppg

Slurry: 495 sacks Class H Cement + 0.35% R-3 + 0.4% CD-32 + 1.4% FL-62 + 0.1% ASA-301 + 0.2% Sodium Metasilicate + 20 lbs/sack ASCA-1 **Yield:** 1.42 cf/sack,TOC @ 7750'.

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 9 5/8" casing shoe. All casing is new and API approved.

5. **Pressure Control Equipment:**
The blowout preventor equipment (BOP) shown in Exhibit #1 will consist of a (5M system) double ram type (5000 psi WP) preventor and a bag-type (Hydril) preventor (5000 psi WP) and rotating head. Both units will be hydraulically operated and the ram type preventor will be equipped with blind rams on top and 4 ½" drill pipe rams on bottom. The BOP will be installed on the 13 3/8" surface casing and utilized continuously until total depth is reached. All BOP's and associated equipment will be tested to **1200 psi with the rig pump before drilling out the 13 3/8" casing shoe (70% of 48#, H-40 casing).** Prior to drilling out the 9 5/8" casing shoe, the BOP's and Hydril will be tested as per BLM Drilling Operations Order #2.

see COA

Pipe rams will be operated and checked each 24-hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drillers log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram-type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having 5000 psi WP rating.

Proposed Mud Circulation System

Depth	Mud Wt.	Visc	Fluid Loss	Type System
0'- 750'	8.4 – 9.4	32 – 34	NC	Gel/Lime
750' - 4150'	10	28	NC	Brine
4150' – 8175'	8.3 -8.4	28	NC	Fresh Water
8175- 12,505'	8.6 – 9.0	34 -40	8 – 12 cc	Fresh Water/Polymer

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

6. **Auxiliary Well Control and Monitoring Equipment:**
   a. A Kelly cock will be in the drill string at all times.
   b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
   c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 4 1/2" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

7. **Logging, Coring, and Testing Program:**
   a. Drill stem tests will be based on geological sample shows.
   b. If a drill stem test is anticipated; a procedure, equipment to be used and safety measures will be provided via sundry notice to the BLM.
   c. The open hole electrical logging program will be:
      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 4 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

8. **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 2900 psi and Estimated BHT 120°. No H2S is anticipated to be encountered.

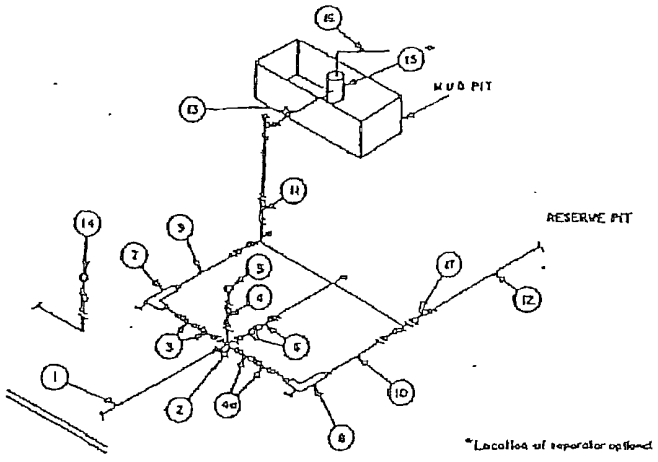
9. **Anticipated Starting Date and Duration of Operations:**

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.

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

3 MWP - 5 MWP - 10 MWP

Exhibit E



MINIMUM REQUIREMENTS										
		3,000 MWP			5,000 MWP			10,000 MWP		
No.		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	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 ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate ☐ Plug ☐(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 ☐ Plug ☐(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 ☐ Plug ☐(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 ☐ Plug ☐(2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

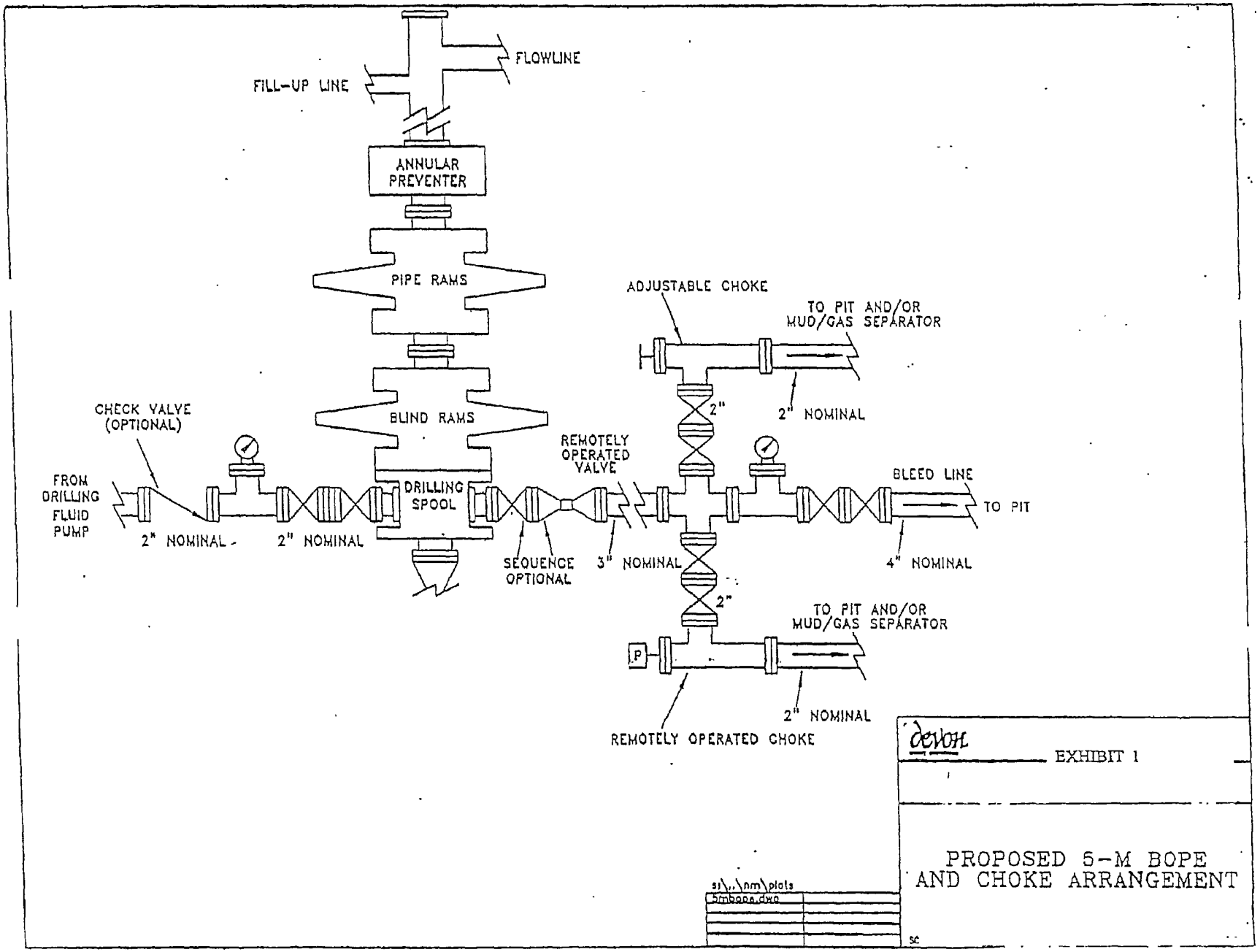
(1) Only one required in Class 3M.

(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.


FLOWLINE
FILL-UP LINE
ANNULAR PREVENTER
PIPE RAMS
BLIND RAMS
DRILLING SPOOL
ADJUSTABLE CHOKE
TO PIT AND/OR MUD/GAS SEPARATOR
2"
2" NOMINAL
CHECK VALVE (OPTIONAL)
FROM DRILLING FLUID PUMP
2" NOMINAL
2" NOMINAL
REMOTELY OPERATED VALVE
BLEED LINE
TO PIT
SEQUENCE OPTIONAL
3" NOMINAL
4" NOMINAL
2"
TO PIT AND/OR MUD/GAS SEPARATOR
P
2" NOMINAL
REMOTELY OPERATED CHOKE
devon
EXHIBIT 1
PROPOSED 5-M BOPE AND CHOKE ARRANGEMENT
s:\...\nm\plots
5mbope.dwg
sc

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Planned Wellpath Report

Plan #1

BAKER HUGHES INTEQ

REFERENCE WELLPATH IDENTIFICATION

Operator	**Devon Energy**	Slot	**#2H_SHL**
Area	**Eddy County, NM**	Well	**#2H**
Field	**Sand Dunes West Field**	Wellbore	**#2H PWB**
Facility	**North Pure Gold 5 Federal #2H**		

REPORT SETUP INFORMATION

Projection System	**NAD83 / TM New Mexico State Planes, Eastern Zone (3001), US feet**	Software System	**WellArchitect™ 1.2**
North Reference	**Grid**	User	**Gomeoscr**
Scale	**0.99994**	Report Generated	**07/09/07 at 11:15:38**
Wellbore last revised	**07/09/07**	Database/Source file	**WA_Midland/#2H_PWB.xml**

WELLPATH LOCATION

	Local coordinates		Grid coordinates		Geographic coordinates	
	North [feet]	**East [feet]**	**Easting [US feet]**	**Northing [US feet]**	**Latitude [°]**	**Longitude [°]**
Slot Location	**0.00**	**0.00**	706739.38	487965.43	32 20 25.266N	103 47 51.986W
Facility Reference Pt			**706739.38**	**487965.43**	32 20 25.266N	103 47 51.986W
Field Reference Pt			**0.00**	**0.00**	30 59 18.404N	106 03 38.987W

WELLPATH DATUM

Calculation method	**Minimum curvature**	Rig on #2H_SHL (RT) to Facility Vertical Datum	**0.00 feet**
Horizontal Reference Pt	**Slot**	Rig on #2H_SHL (RT) to GRN. ELEV.	**3337.00 feet**
Vertical Reference Pt	**Rig on #2H_SHL (RT)**	Facility Vertical Datum to Mud Line (Facility)	**0.00 feet**
MD Reference Pt	**Rig on #2H_SHL (RT)**	Section Origin	**N 0.00, E 0.00 ft**
Field Vertical Reference	**GRN. ELEV.**	Section Azimuth	**180.00°**

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Planned Wellpath Report

Plan #1

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REFERENCE WELLPATH IDENTIFICATION			
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Field	Sand Dunes West Field	Wellbore	#2H PWB
Facility	North Pure Gold 5 Federal #2H		

WELLPATH DATA (60 stations) † = interpolated/extrapolated station

MD [feet]	Inclination [°]	Azimuth [°]	TVD [feet]	Vert Sect [feet]	North [feet]	East [feet]	DLS [°/100ft]	Design Comments	Path Comment
0.00	0.000	180.000	0.00	0.00	0.00	0.00	0.00	Tie On	
400.00†	0.000	0.000	400.00	0.00	0.00	0.00	0.00		Rustler
850.00†	0.000	180.000	850.00	0.00	0.00	0.00	0.00		Top of Salt
3830.00†	0.000	180.000	3830.00	0.00	0.00	0.00	0.00		Base of Salt
4100.00†	0.000	180.000	4100.00	0.00	0.00	0.00	0.00		Top of Delaware/Lamar LS
4140.00†	0.000	180.000	4140.00	0.00	0.00	0.00	0.00		Bell Canyon
6650.00†	0.000	180.000	6650.00	0.00	0.00	0.00	0.00		Brushy Canyon
7420.00	0.000	180.000	7420.00	0.00	0.00	0.00	0.00	KOP	
7520.00†	11.930	180.000	7519.28	10.37	-10.37	0.00	11.93		
7620.00†	23.860	180.000	7614.17	41.05	-41.05	0.00	11.93		
7720.00†	35.790	180.000	7700.87	90.69	-90.69	0.00	11.93		
7820.00†	47.720	180.000	7775.33	157.17	-157.17	0.00	11.93		
7920.00†	59.650	180.000	7834.45	237.60	-237.60	0.00	11.93		
8020.00†	71.580	180.000	7875.66	328.51	-328.51	0.00	11.93		
8120.00†	83.510	180.000	7897.19	425.98	-425.98	0.00	11.93		
8174.43	90.004	180.000	7900.27	480.30	-480.30	0.00	11.93	EOC	
8220.00†	90.004	180.000	7900.26	525.87	-525.87	0.00	0.00		
8320.00†	90.004	180.000	7900.26	625.87	-625.87	0.00	0.00		
8420.00†	90.004	180.000	7900.25	725.87	-725.87	0.00	0.00		
8520.00†	90.004	180.000	7900.25	825.87	-825.87	0.00	0.00		
8620.00†	90.004	180.000	7900.24	925.87	-925.87	0.00	0.00		
8720.00†	90.004	180.000	7900.23	1025.87	-1025.87	0.00	0.00		
8820.00†	90.004	180.000	7900.23	1125.87	-1125.87	0.00	0.00		
8920.00†	90.004	180.000	7900.22	1225.87	-1225.87	0.00	0.00		
9020.00†	90.004	180.000	7900.21	1325.87	-1325.87	0.00	0.00		

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Planned Wellpath Report

Plan #1

BAKER HUGHES INTEQ

REFERENCE WELLPATH IDENTIFICATION			
Operator	Devon Energy	Slot	#2H_SHL
Area	Eddy County, NM	Well	#2H
Field	Sand Dunes West Field	Wellbore	#2H PWB
Facility	North Pure Gold 5 Federal #2H		

WELLPATH DATA (60 stations) † = interpolated/extrapolated station

MD [feet]	Inclination [°]	Azimuth [°]	TVD [feet]	Vert Sect [feet]	North [feet]	East [feet]	DLS [°/100ft]	Design Comments	Path Comment
9120.00†	90.004	180.000	7900.21	1425.87	-1425.87	0.00	0.00		
9220.00†	90.004	180.000	7900.20	1525.87	-1525.87	0.00	0.00		
9320.00†	90.004	180.000	7900.20	1625.87	-1625.87	0.00	0.00		
9420.00†	90.004	180.000	7900.19	1725.87	-1725.87	0.00	0.00		
9520.00†	90.004	180.000	7900.18	1825.87	-1825.87	0.00	0.00		
9620.00†	90.004	180.000	7900.18	1925.87	-1925.87	0.00	0.00		
9720.00†	90.004	180.000	7900.17	2025.87	-2025.87	0.00	0.00		
9820.00†	90.004	180.000	7900.16	2125.87	-2125.87	0.00	0.00		
9920.00†	90.004	180.000	7900.16	2225.87	-2225.87	0.00	0.00		
10020.00†	90.004	180.000	7900.15	2325.87	-2325.87	0.00	0.00		
10120.00†	90.004	180.000	7900.15	2425.87	-2425.87	0.00	0.00		
10220.00†	90.004	180.000	7900.14	2525.87	-2525.87	0.00	0.00		
10320.00†	90.004	180.000	7900.13	2625.87	-2625.87	0.00	0.00		
10420.00†	90.004	180.000	7900.13	2725.87	-2725.87	0.00	0.00		
10520.00†	90.004	180.000	7900.12	2825.87	-2825.87	0.00	0.00		
10620.00†	90.004	180.000	7900.12	2925.87	-2925.87	0.00	0.00		
10720.00†	90.004	180.000	7900.11	3025.87	-3025.87	0.00	0.00		
10820.00†	90.004	180.000	7900.10	3125.87	-3125.87	0.00	0.00		
10920.00†	90.004	180.000	7900.10	3225.87	-3225.87	0.00	0.00		
11020.00†	90.004	180.000	7900.09	3325.87	-3325.87	0.00	0.00		
11120.00†	90.004	180.000	7900.08	3425.87	-3425.87	0.00	0.00		
11220.00†	90.004	180.000	7900.08	3525.87	-3525.87	0.00	0.00		
11320.00†	90.004	180.000	7900.07	3625.87	-3625.87	0.00	0.00		
11420.00†	90.004	180.000	7900.07	3725.87	-3725.87	0.00	0.00		
11520.00†	90.004	180.000	7900.06	3825.87	-3825.87	0.00	0.00		

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Planned Wellpath Report

Plan #1

BAKER HUGHES INTEQ

REFERENCE WELLPATH IDENTIFICATION			
Operator	Devon Energy	Slot	#2H_SHL
Area	Eddy County, NM	Well	#2H
Field	Sand Dunes West Field	Wellbore	#2H PWB
Facility	North Pure Gold 5 Federal #2H		

WELLPATH DATA (60 stations) † = interpolated/extrapolated station

MD [feet]	Inclination [°]	Azimuth [°]	TVD [feet]	Vert Sect [feet]	North [feet]	East [feet]	DLS [°/100ft]	Design Comments	Path Comment
11620.00†	90.004	180.000	7900.05	3925.87	-3925.87	0.00	0.00		
11720.00†	90.004	180.000	7900.05	4025.87	-4025.87	0.00	0.00		
11820.00†	90.004	180.000	7900.04	4125.87	-4125.87	0.00	0.00		
11920.00†	90.004	180.000	7900.04	4225.87	-4225.87	0.00	0.00		
12020.00†	90.004	180.000	7900.03	4325.87	-4325.87	0.00	0.00		
12120.00†	90.004	180.000	7900.02	4425.87	-4425.87	0.00	0.00		
12220.00†	90.004	180.000	7900.02	4525.87	-4525.87	0.00	0.00		
12320.00†	90.004	180.000	7900.01	4625.87	-4625.87	0.00	0.00		
12420.00†	90.004	180.000	7900.00	4725.87	-4725.87	0.00	0.00		
12494.13	90.004	180.000	7900.00[1]	4800.00	-4800.00	0.00	0.00	#2H BHL	

TARGETS

Name	MD [feet]	TVD [feet]	North [feet]	East [feet]	Grid East [us survey feet]	Grid North [us survey feet]	Latitude [°]	Longitude [°]	Shape
1) #2H BHL	12494.13	7900.00	-4800.00	0.00	706739.38	483165.44	32 19 37.768N	103 47 52.266W	point
	330' FSL & 1980' FEL								

Devon Energy

Location: Eddy County,NM
Field: Sand Dunes West Field
Facility: North Pure Gold 5 Federal #2H
Slot: #2H_SHL
Well: #2H
Wellbore: #2H PWB

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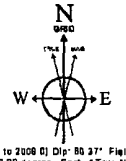
BAKER HUGHES INTEQ

Well Profile Data

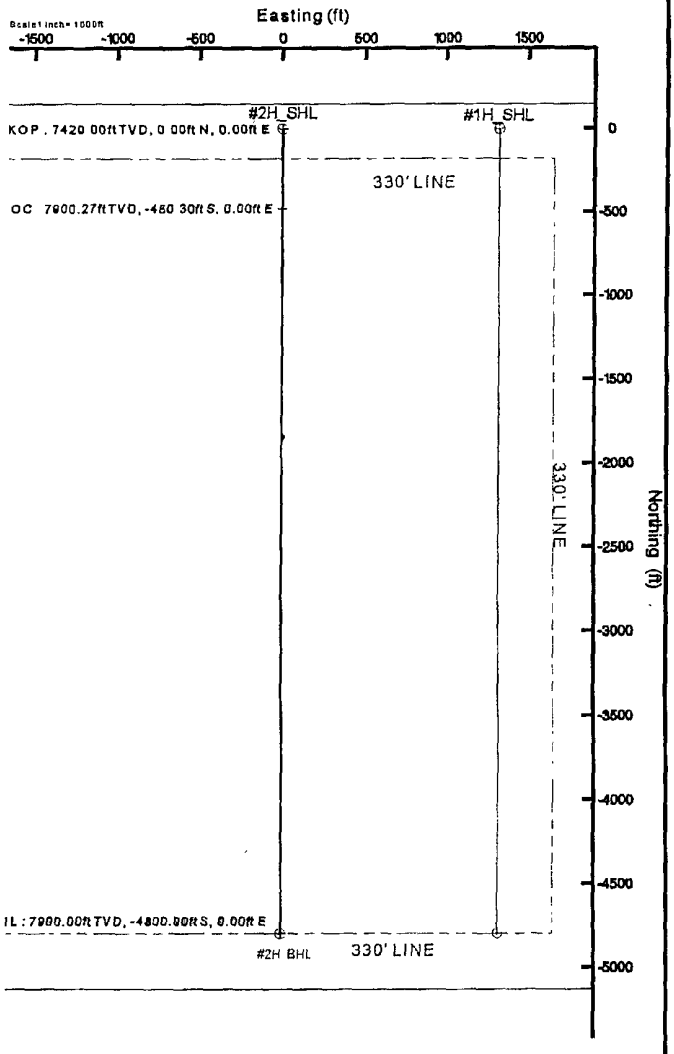
Design Comment	MD (ft)	Inc (°)	Az (°)	TVD (ft)	Local N (ft)	Local E (ft)	DLS (°/100ft)	VS (ft)
Tie On	0.00	0.000	180.000	0.00	0.00	0.00	0.00	0.00
KOP	7420.00	0.000	180.000	7420.00	0.00	0.00	0.00	0.00
EOC	8174.42	90.004	180.000	7900.27	-480.30	0.00	11.93	480.30
#2H BHL	12494.13	90.004	180.000	7900.00	-4800.00	0.00	0.00	4800.00

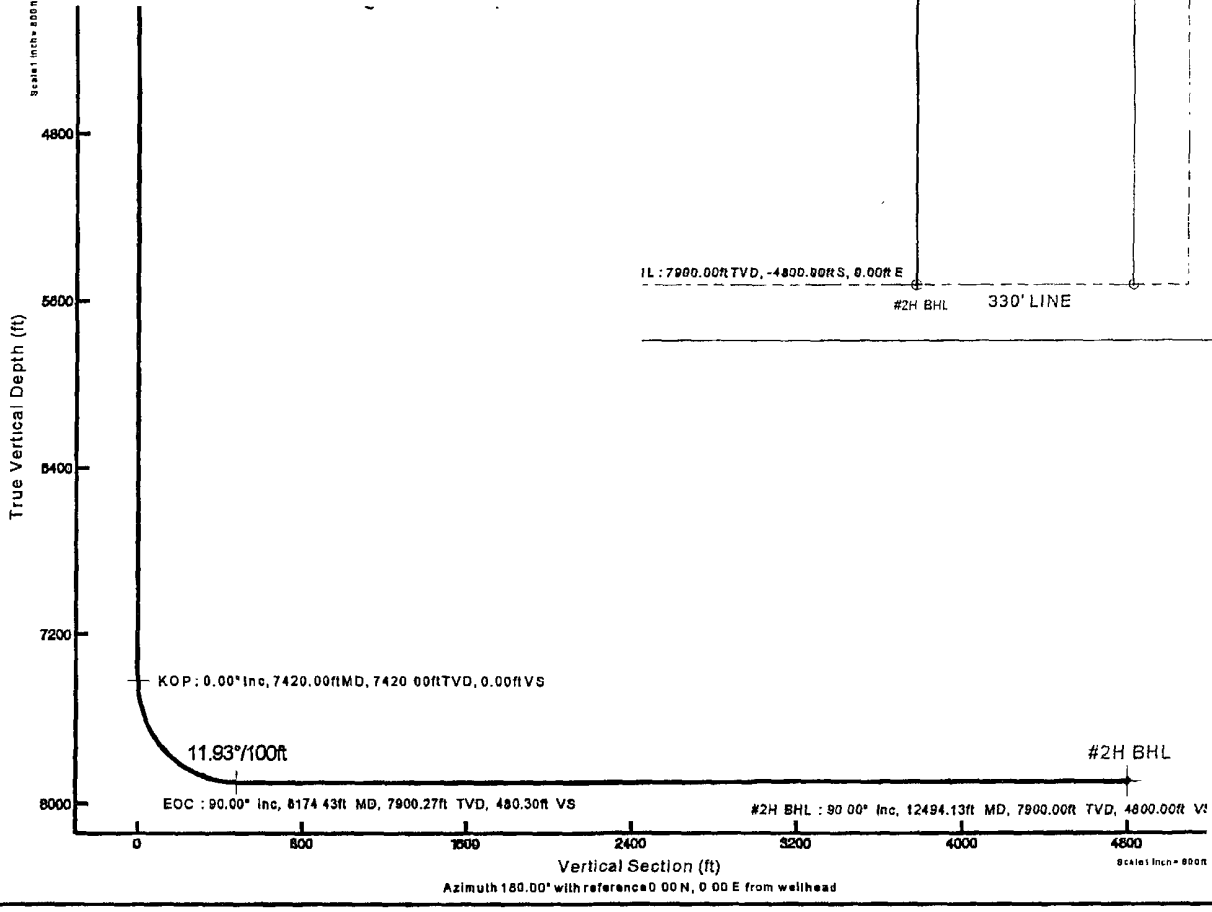
All reference vertical to Plan #1

True vertical depths are referenced to Rig to #2H_SHL (RT)	Grid System: NAD83 / TM New Mexico East Planar, Bessian Zone (3001), US feet
Measured depths are referenced to Rig to #2H_SHL (RT)	North Reference: Grid north
Rig to #2H_SHL (RT) to mean sea level: 3357 feet	Scale: Grid distance
#2H_SHL to Mud line (Facility: North Pure Gold 5 Federal #2H): 3357 feet	Depths are in feet
Coordinates are in feet referenced to Slot	Created by: grimaldi on 7/9/2007



BGGM (1945.0 to 2008.0) Dip: 60.37° Field: 49127.3 nT
Magnetic North is 8.20 degrees East of True North (at 07/09/07)
Grid North is 0.28 degrees East of True North
To correct azimuth from True to Grid subtract 0.28 degrees
To correct azimuth from Magnetic to Grid add 7.92 degrees





Azimuth 180.00° with reference 0.00 N, 0.00 E from wellhead

SURFACE USE PLAN
Devon Energy Production Company, LP
North Pure Gold 5 Federal 2H
Surface Location: 150' FNL & 1980' FEL, Unit B, Sec 5 T23S R31E, Eddy, NM
Bottom hole Location: ~~660~~ 330' FSL & 1980' FEL, Unit O, Sec 5 T23S R31E, Eddy, NM

1. **Existing Roads:**
   a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by Basin Surveys.
   b. All roads into the location are depicted on Exhibit 3.
   c. Directions to Location: From the junction of Co. Rd. 799 (Red) and Co. Rd. Mills Ranch, go southwest on Mills Ranch 3.0 miles to the proposed lease road.

2. **New or Reconstructed Access Roads:**
   a. Exhibit 3 shows the existing lease road. Approximately 2,518' of new access road 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 cattle guards, grates or fence cuts will be required. No turnouts are planned.

3. **Location of Existing Wells:**
   One Mile Radius Plat shows all existing and proposed wells within a one-mile radius of the proposed location. See attached plat.

4. **Location of Existing and/or Proposed Production Facilities:**
   a. In the event the well is found productive, the North Pure Gold 4 Federal 3 tank battery would be utilized and the necessary production equipment will be installed at the well site. See Production Facilities Layout diagram.
   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:
      i. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after completion, weather permitting).
      ii. 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.

5. **Location and Types of Water Supply:**
   This location will be drilled using a combination of water mud systems (outlined in the Drilling Program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown in the C-102. On occasion, water will be obtained from a pre-existing water well, running a pump directly to the drill rig. In these cases where a poly pipeline is used to transport water for drilling purposes, proper

authorizations will be secured. If a poly pipeline is used, the size, distance, and map showing route will be provided to the BLM via sundry notice.

6. **Construction Materials:**
All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

7. **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. 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.
   f. Disposal of fluids to be transported by the following companies:
      i. American Production Service Inc, Odessa TX
      ii. Gandy Corporation, Lovington NM
      iii. I & W Inc, Loco Hill NM
      iv. Jims Water Service of Co Inc, Denver CO

8. **Ancillary Facilities:** No campsite or other facilities will be constructed as a result of this well.

9. **Well Site Layout**
   a. Exhibit D shows the proposed well site layout with dimensions of the pad 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 will be lined.
   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 to preclude endangering wildlife.

10. **Plans for Surface Reclamation:**
   a. After concluding the drilling and/or completion operations, if the well is found non-commercial,

the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The reserve pit area will be broken out and leveled after drying to a condition where these efforts are feasible. The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography. Will close the pits per OCD compliance regulations.

b. The pit lining will be buried or hauled away in order to return the location and road to their pristine nature. All pits will be filled and location leveled, weather permitting, within 120 days after abandonment.
c. The location and road will be rehabilitated as recommended by the BLM.
d. If the well is a producer, the reserve pit fence will be torn down after the pit contents have dried. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.
e. If the well is deemed commercially productive, the reserve pit will be restored as described in 10(A) within 120 days subsequent to the completion date. Caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography.

11. Surface Ownership

a. The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.
b. The proposed road routes and the surface location will be restored as directed by the BLM.

12. Other Information:

a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, sagebush, yucca and miscellanous weeds. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
b. There is no permanent or live water in the general proximity of the location.
c. There are dwellings within 2 miles of location.
d. A Cultural Resources Examination will be completed by Southern New Mexico Archaeological Services, Inc. and forwarded to the BLM office in Carlsbad, New Mexico.

13. Bond Coverage:

Bond Coverage is Nationwide; Bond # is CO-1104

Operators Representative:

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

Jim Cromer
Operations Engineer Advisor

Devon Energy Production Company, L.P.
20 N. Broadway

Don Mayberry
Superintendent

Devon Energy Production Company, L.P.
Post Office Box 250

Oklahoma City,OK731028260	Artesia, NM 88211-0250
(405) 228-4464 (Office)	(505) 748-0164 (Office)
(405) 694-7718 (Cellular)	(505) 748-5235 (Cellular)

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or Devon Energy Production Company, L.P. am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

I hereby also certify that I, or Devon Energy Production Company, L.P. have made a good faith effort to provide the surface owner with a copy of the Surface Use Plan of Operations and any Conditions of Approval that are attached to the APD.

Executed this 16th day of August, 2007.
Printed Name: Judy A. Barnett
Signed Name:
Position Title: Regulatory Analyst
Address: 20 North Broadway, OKC OK 73102
Telephone: (405)-228-8699

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 2 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Eddy County**
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822

1. **Although Hydrogen Sulfide is not reported, it is always a potential hazard.**

2. 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.

3. When 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.

4. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface. The logs shall be run at a speed which allows the logs to be legible and no faster than manufactures of the logging tools recommended speed. (R-111-P area only)

5. **The proposed well is located within 330' of the WIPP Land Withdrawal Area Boundary. As a result, Devon is required to submit daily logs and deviation surveys to the Department of Energy per requirements of the Joint Powers Agreement. Information from this well will be included in the Quarterly Drilling Report after drilling activities have been completed.**
This information can be emailed to gene.valett@wipp.ws or faxed to 505-234-6003.

B. CASING

1. The **13-3/8** inch surface casing shall be set **a minimum of 25 feet into the Rustler Anhydrite and above the salt at approximately 750** feet and cemented to the surface.

a. 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.

b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).

c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

d. If cement falls back, remedial action will be done prior to drilling out that string.

Possible lost circulation in the Delaware and Bone Spring formations.
Possible water flows in the Salado, Castile, Delaware, and Bone Spring formations.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

   ☒ Cement to surface. If cement does not circulate see B.1.a-d above.

3. The minimum required fill of cement behind the **7** inch production casing is:

   ☒ Cement to surface. If cement does not circulate see B.1.a-d above.

4. The minimum required fill of cement behind the **4-1/2** inch production liner is:

   ☒ Cement to top of liner. If cement does not come to top of liner, contact the appropriate BLM office.

5. If hardband 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.

6. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.

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

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

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

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

    e. A variance to test the surface casing and BOP/BOPE to the reduced pressure of **1000** psi with the rig pumps is approved.

Engineer on call phone (after hours): **Carlsbad: (505) 706-2779**

WWI 082207

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures
The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

VRM Facility Requirement

B. PIPELINES

BLM Lease Number: NM-81953
Company Reference: Devon Energy Production Company, LP
Well # & Name: North Pure Gold 5 Federal # 2H

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as

a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

(1) Land clearing.
(2) Earth-disturbing and earth-moving work.
(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting

therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 25 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

(March 1989)

C. ELECTRIC LINES

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture 2, for Sandy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law (s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The see mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent germination = pounds pure live seed

(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.