Re-Submittal

5

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: ☒ DRILL ☐ REENTER	5. Lease Serial No. NM-88134
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone	6. If Indian, Allottee or Tribe Name
2. Name of Operator Devon SFS Operating, Inc. Pierce Crossing; Bone Spring, East	7. If Unit or CA Agreement, Name and No. 17819
3a. Address 20 North Broadway, Ste 1500Oklahoma CityOK73102 20305	8. Lease Name and Well No. H. B. 11 Federal 7
3b. Phone No. *(include area code)* (405)228-7512	9. API Well No. 30-015-32606
4. Location of Well *(Report location clearly and in accordance with any State requirements.*)* At surface 2550' FSL & 1600' FWL At proposed prod. zone Unit K	10. Field and Pool, or Exploratory Cedar Canyon Bone Spring
	11. Sec., T., R., M., or Blk, and Survey or Area Unit K Sec 11 T24S R29E
14. Distance in miles and direction from nearest town or post office* 6 miles East of Malaga New Mexico Carlsbad Controlled Water Basin	12. County or Parish Eddy / 13. State NM
15. Distance from porposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease 560 / 17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 8500 / 20. BLM/BIA Bond No. on file Rotary
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3032' GR	22. Approximate date work will start* 11/01/2002 / 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. Operation certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature Karen Cottom	Name *(Printed/Typed)* Karen Cottom	Date 08/23/2002
Title Engineering Technician		
Approved by *(Signature)* /s/ Mary J. Rugwell	Name *(Printed/Typed)* /s/ Mary J. Rugwell	Date OCT 0 3 2002
Title FOR FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify the 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 and false, fictitious or fradulent statements or representations as to any matter within its jurisdiction.

**(Instructions on reverse)*

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94

Instructions on back

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

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
		Cedar Canyon Bone Spring

4 Property Code	5 Property Name	6 Well Number
	HB "11" FEDERAL	7

7 OGRID No.	8 Operator Name	9 Elevation
	SANTA FE ENERGY RESOURCES, INC.	3027'

10 SURFACE LOCATION

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
K	11	24 SOUTH	29 EAST, N.M.P.M.		2550'	SOUTH	1600'	WEST	EDDY

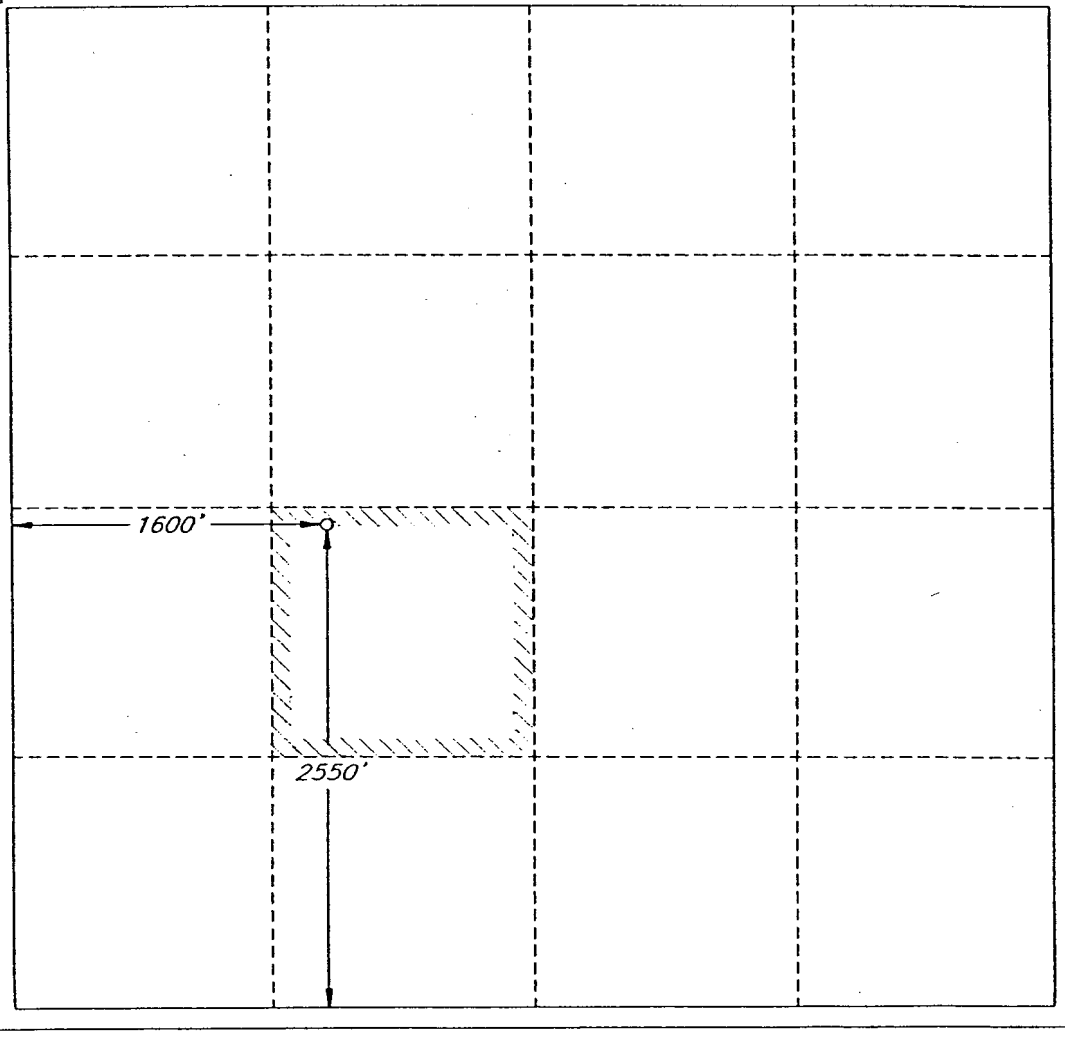
"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
40			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16



OPERATOR CERTIFICATION

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

Signature: James P. "Phil" Stinson

Printed Name: James P. "Phil" Stinson

Title: Agent for Santa Fe Energy

Date: 5-20-97

SURVEYOR CERTIFICATION

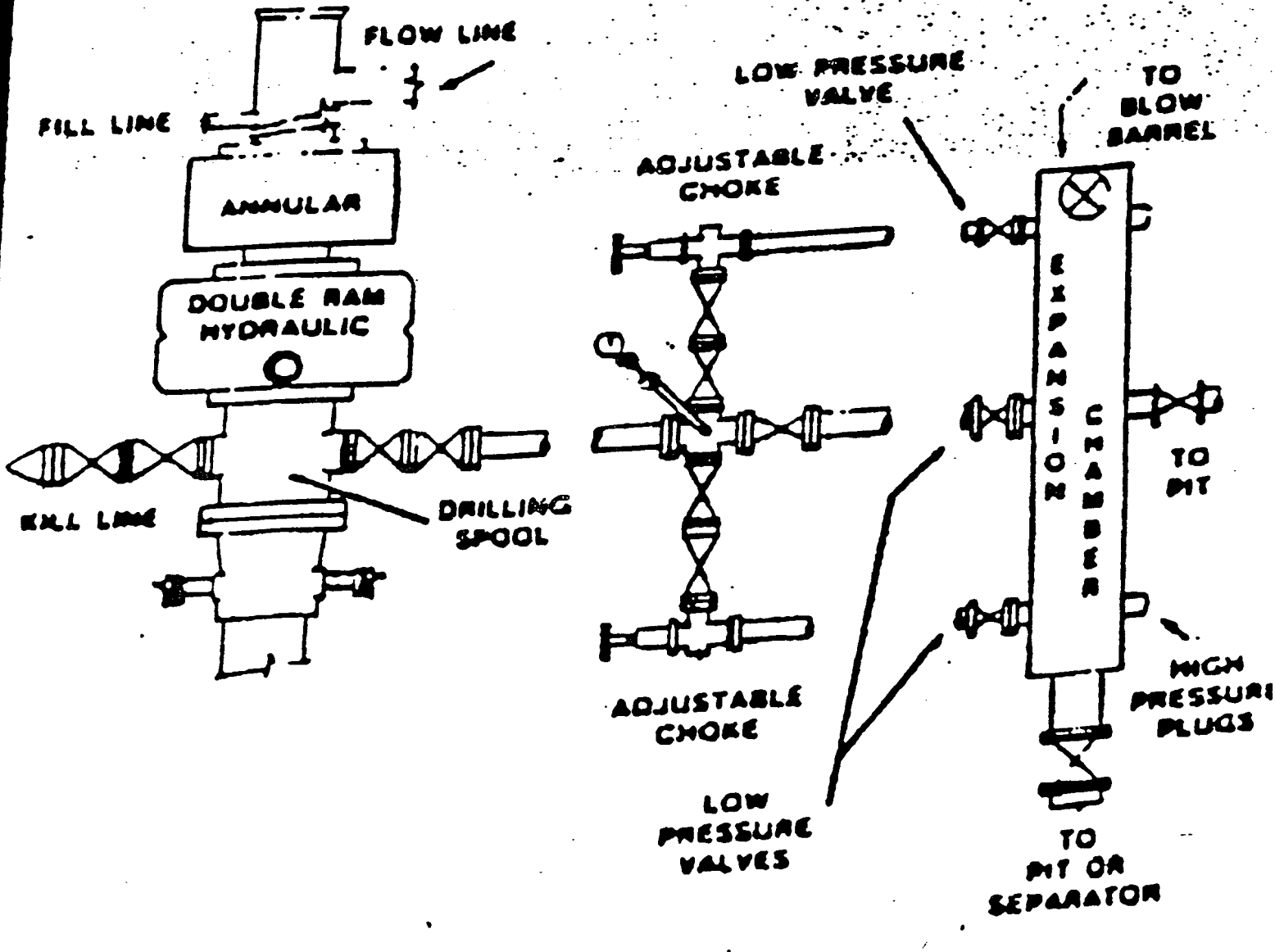
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: MAY 20, 1997

Signature and Seal of Professional Surveyor: STATE OF NEW MEXICO V. LYNN BEZNER NO. 7920 REGISTERED LAND SURVEYOR

Certificate No. V. L. BEZNER #7920

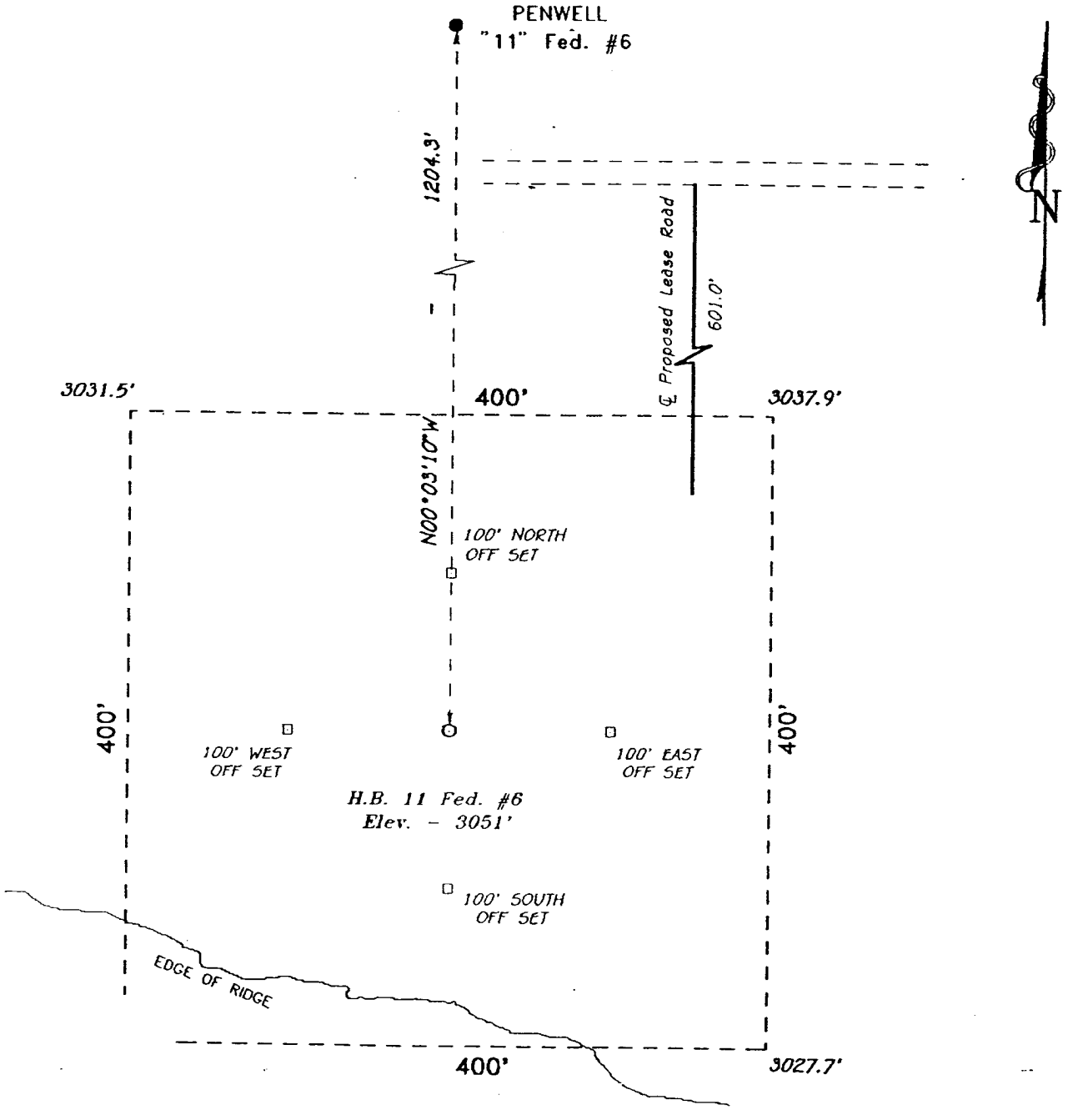
JOB #5[illegible]86 / 48 SE / V.H.B.



Standard Blowout Preventer Stack

EXHIBIT "E"

SECTION 11, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS

AT THE INTERSECTION OF JCT STATE HIGHWAY 285 & COUNTY ROAD 720 IN MALAGA, NEW MEXICO, GO .8 MILES EAST ON COUNTY RD. 720, TO COUNTY RD. 745 AND GO NORTH ON 745 1.0 MILE, THEN EASTERNLY ON 745 2.1 MILES TO A "Y" IN THE ROAD, GO RIGHT AT "Y" (COUNTY RD. 788), THEN GO SOUTHEASTERNLY ON 788, 1.3 MILES TO A LEASE ROAD, GO LEFT @ LEASE ROAD EAST, SOUTHEASTERNLY 2.1 MILES TO ANOTHER "Y" IN THE ROAD, GO LEFT AT "Y" 0.2 MILES THROUGH A WELL PAD ON LEASE ROAD 1.0 MILE, TURN NORTH .2 MILES, TURN EAST .2 MILES, THEN NORTH .2 MILES, THEN EAST 1.5 MILES, THEN NORTH .1 MILE, THEN .2 MILE EAST TO LEASE ROAD, TURN RIGHT THEN 1.0 MILE TO PROPOSED LEASE ROAD TO HB 11 FED. #4.

100 0 100 200 FEET

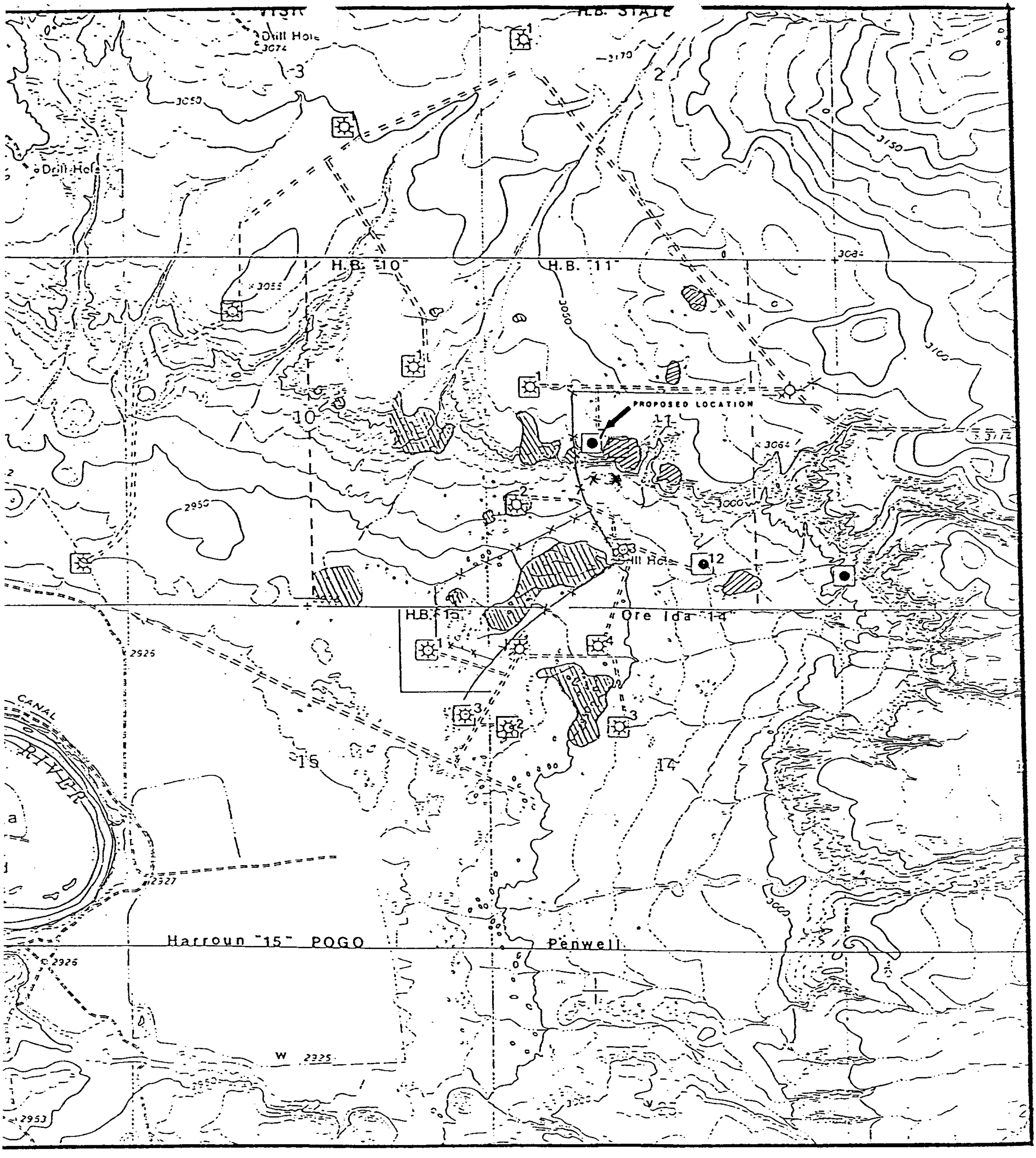
SCALE: 1" = 100'

REF: H.B. "11" Federal No. 7 / Well Pad Topo

THE H.B "11" FED. No. 7 LOCATED 2460' FROM THE SOUTH LINE AND 1980' FROM THE WEST LINE OF SECTION 11, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 6436	Drawn By: S.C. NICHOLS		
Date: 10–21–96	Disk: SCN #32 – 6436EE.DWG	Survey Date: 10–17–96	Sheet 1 of 1 Sheets

 Drill Hole
3074
3050
2170
3150
Drill Hole
H.B. "10"
H.B. "11"
x 3055
3050
3064
3084
3150
PROPOSED LOCATION
10
11
x 3064
3000
2950
Drill Hole
12
H.B. "15"
Ore Ida "14"
2925
CANAL
RIVER
15
14
2327
3000
Harroun "15" POGO
Penwell
2926
2325
2953

DRILLING PROGRAM

Attached to Form 3160-3
Devon SFS Operating, Inc.
H. B. 11 FEDERAL #7
(K) 2460' FSL & 1980' FWL, Section 11, T-24-S, R-29-E
Eddy County, New Mexico

1. Geologic Name of Surface Formation

   Quaternery Aeolian Deposits

2. Estimated Tops of Important Geologic Markers

Lamar	3050'
Bell Canyon	3100'
Brushy Canyon	5500'
Bone Spring	6800'
First Bone Spring	7100'
Total Depth	8500'

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

   The estimated depths at which water, oil and gas will be encountered are as follows.

Lamar	3050'	
Bell Canyon	3100'	Oil
Brush Canyon	5500'	Oil
Bone Spring	6800'	
First Bone Spring	7100'	Oil

4. Casing Program

Hole Size	Interval	OD Csg	Weight	Collar	Grade
17 ½"	0-350'	13 3/8"	48#	ST&C	H-40
12 ¼"	0-3100'	8 5/8"	32#	ST&C	J-55
7 7/8"	0-8500'	5 ½"	17#	LT&C	J-55

5. CASING CEMENTING & SETTING DEPTH:

13 3/8"	Surface	Set 350' of 13 3/8", 48#,H-40, ST&C casing. Cement with 250 sacks Class C Neat + 2% CaCl2 Circulate cement to surface
8 5/8"	Intermediate	Set 3100' of 8 5/8", 32E, J-55 ST&C casing. Cement with 500 sx Class C + additives. Circulate cement to surface.
5 ½"	Production	Set 8500' of 5 ½", 17#, J-55, LT&C casing. Cement with 600 sx Class H + additives. Estimated top of cement @ 5600'

6. PRESSURE CONTROL EQUIPMENT: Exhibit "E". A Blow-out Preventer (no less than 900 Series 3000 PSI working pressure) consisting of double ram type preventer with bag type preventer. 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 each day while drilling & blind ram will be worked on trips when no drill pipe is in hole. Full opening stabbing valve and upper Kelly cock will be utilized. Anticipated BHP 3000 PSI and 125° BHT.

7. PROPOSED MUD CIRCULATION SYSTEM:

DEPTH	MUD. WT.	MUD VISC.	FLUID LOSS	TYPE MUD
0' – 350'	8.4- 8.8	29-36	NC	Fresh water spud mud use paper for seepage.
350' – 3100'	10.5 – 11.0	29-32	NC	Brine water use paper for seepage control and lim for pH control.
3100' – 7500'	9.3 – 10	29-34	NC	Cut Brine Use paper for seepage control.
7500' – 8500'	9.3 – 10	34 –38	10 cc's or less	Cut Brine use Drispac starch & soda ash.

Sufficient mud materials to maintain mud properties, meet lost circulation and weight increase requirement will be kept at wellsite at all times. In order to run casing and log well viscosity may have to be raised and water loss may have to be lowered.

8. TESTING, LOGGING AND CORING PROGRAM:

1) CNL-FDC, Gamma Ray, Caliper from TD to base of intermediate casing.
2) AIT-Dual Laterolog – Micro SFL from TD to base of intermediate casing.
3) Gamma Ray, Neutron, Caliper to surface
4) Mud Logger on from 2800' to TD (Two man unit)
5) Side wall cores taken between 3100' – 6700' in Delaware where shows occur.

9. POTENTIAL HAZARDS:
No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered, H_2S detectors will be in place to detect any presence. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operations of equipment being used. Estimated BHP 3000 psi, estimated BHT 125°

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:
Road and location construction will begin after BLM approval of APD. Anticipated spud date is December 1, 2002. Drilling is expected to take 18- 24 days. If production casing is run and additional 30 days will be required to complete and construct surface facilities.

11. OTHER FACETS OF OPERATIONS:
After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The Bone Spring pay will be perforated and stimulated. The well will be swab tested and potentialed as an oil well.

SURFACE USE AND OPERATING PLAN

Attached to Form 3160-3
H. B. 11 FEDERAL NO. 7
(K) 2460' FSL & 1980' FWL, Section 11, T-24-S, R-29-E
Eddy County, New Mexico

1. Existing Roads: Area maps, Exhibit "B" is a reproduction of Lea Co. General Highway Map. Exhibit C is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. There will be approximately 80' of new road construction to BLM specifications.

   A. Exhibit A shows the prosed well site as staked

   B. At the intersection of JCT State Highway 285 & County Road 720 in Malaga, New Mexico, go .8 miles East on County Road 720 to County Road 745 and go North on 745 1.0 mile, then Easterly on 745 2.1 miles to a "Y" in the raod, go right at "Y" (County Road 788), then go Southeasterly on 788 1.3 miles to a lease road, go left @ lease road East, Southeasterly 2.1 miles to another "Y" in the raod, go left at "Y" 0.2 miles through a well pad on lease road 1.0 mile, turn North .2 mile, Turn Est .2 mile then North .2 miles then East 1.5 miles, Then North .1 miles then .2 mile East to Lease road, turn right then 1.0 mile to proposed lease road.

   C. The access road will be crowned and ditched to a 14' wide travel surface with a 30' right-of-way. This Right of Way will be used for flow lines and power lines.

   D. Gradient on all roads will be less than 1.00%

   E. There will be turnouts as needed.

   F. If needed, road will be surfaced with a minimum of 6" of compacted caliche. This material will be obtained from a local source.

   G. Earthwork will be as required by field conditions.

   H. Culverts in the access road will not be used.

2. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A-A"

   A. Water wells – Non in immediate vicinity.

   B. Disposal wells – None known

   C. Drilling wells – As shown on Exhibit "A-1"

D. Producing wells – As shown on Exhibit "A-1"

E. Abandoned wells – As shown on Exhibit "A-1". If, upon completion this well is a producer, Devon SFS Operating, Inc. will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied with a Sundry Notice.

3. LOCATION AND TYPE OF WATER SUPPLY

Water will be purchased locally from a private sources and trucked over the access roads or piped in flexible lines laid on top of the ground.

4. SOURCES OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill site's excavations or from a local source. These materials will be transported over the access route as shown on Exhibit "A".

METHODS FOR HANDLING WASTE DISPOSAL

A. Drill cuttings will be disposed of in the reserve pit.

B. Trash, waste paper, and garbage will either be contained in a fenced trash trailer or in a trash pit, fenced with mesh wire to prevent wind-scattering and will be buried at least 36" deep within a reasonable period of time.

C. Salts remaining after completion of the well will be picked up by the supplier, including broken sacks.

D. Sewage from trailer houses will drain into holes with minimum depth of 10'. These holes will be covered during drilling and backfilled upon completion.

Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling. In the event drilling fluids will not evaporate in a reasonable period of time they will be transported by tank truck to a state approved disposal site.

Water produced during testing of the well will be disposed of in the reserve pit. Oil produced during testing of the well will be stored in test tanks until sold and hauled from the site.

a. ANCILLARY FACILITIES

No camps or airstrips will be constructed

6. 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 and the reserve pits is proposed to be unlined unless subsurface condition 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' 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 are 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, as close as possible, to BLM requirements.

7. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly. The pit area will then be leveled and contoured to conform, as closely as possible to the original and surrounding area. Drainage systems, if any, will be reshaped , as close as possible, to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be contoured to match, as close as possible, the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas, which are not required for production facilities.

8. OTHER INFORMATION:

A. Topography: The proposed well site and access road consists of sand dunes with native grasses and catclaw.

B. The surface is owned by the U. S. Department of the Interior (Bureau of Land Management).

C. An archaeological survey will be conducted for the location and road and will be submitted to the BLM office in Carlsbad, New Mexico

D. Residences and Other Structures: None in the immediate area, except oil production facilities.

E. Land Use: Cattle grazing

F. Surface ownship: BLM, Carlsbad, N.M.

OPERATORS REPRESENTIVE:

DEVON SFS OPERATING, INC.
20 NORTH BROADWAY, STE 1500
OKLAHOMA CITY, OK 73102

JAMES BLOUNT	SR. OPERATIONS ADVISOR
WORK PHONE	(405)228-4301
HOME PHONE	(405)348-0102
CELLULAR	(405)834-9207

9. CERTIFICATION: - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statement 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 SFS Operating, Inc. it's contractors/subcontractors is in the conformity with tthis plan and the terms and condition under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME: James Blount
James Blount
DATE: 8-29-02
Title: Sr. Operations Advisor

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 SFS Operating, Inc.**
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 No.:	**NM-88134**
Legal Description of Land:	**40 acres 11-T24S-R29E**
Formation(s):	**Cedar Canyon Bone spring**
Bond Coverage:	**Nationwide**
BLM Bond File No.:	**UT-1195**
Authorized Signature:	James Blount **James Blount**
Title:	**Oper. Engineering Advisor**
Date:	8/26/02

DEVON ENERGY CORPORATION

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

A. Hydrogen Sulfide Training

All rig crews and company personnel will receive training from a qualified instructor in the following areas prior to penetrating any hydrogen sulfide bearing formations during drilling operations:

1. The hazards and characteristics of hydrogen sulfide (H2S).

2. The proper use and maintenance of the H2S safety equipment and of personal protective equipment to be utilized at the location such as H2S detection monitors, alarms and warning systems, and breathing equipment. Briefing areas and evacuation procedures will also be discussed and established.

3. Proper rescue techniques and procedures will be discussed and established.

In addition to the above, supervisory personnel will be trained in the prevention of oil and gas well blowouts in accordance with Minerals Management Service Standards Subpart - 0 - 250 - 212.

Prior to penetrating any known H2S bearing formation, H2S training will be required at the rig sight for all rig crews and company personnel that have not previously received such training. This instruction will be provided by a qualified instructor with each individual being required to pass a 20 question test regarding H2S safety procedures. All contract personnel employed on an unscheduled basis will be required to have received appropriate H2S training.

This Hydrogen Sulfide Drilling And Operations Plan shall be available at the wellsite during drilling operations.

B. H2S Safety Equipment And Systems

All H2S safety equipment and systems will be installed, tested, and operational when drilling operations reach a depth approximately 500' above any known or probable H2S bearing formation. The safety systems to be utilized during drilling operations are as follows:

1. Well Control Equipment

(a) Double ram BOP with a properly sized closing unit and pipe rams to accommodate all pipe sizes in use.

(b) A choke manifold with a minimum of one remote choke.

2. H2S Detection And Monitoring Equipment

(a) Three (3) H2S detection monitors will be placed in service at the location. One monitor will be placed near the bell nipple on the rig floor; one will be placed at the rig substructure; and, one will be at the working mud pits or shale shaker. This monitoring system will have warning lights and audible alarms that will alert personnel when H2S levels reach 10 ppm.

(b) One (1) Sensidyne Pump with the appropriate detection tubes will also be available to perform spot checks for H2S concentrations in any remote or isolated areas.

3. Protective Equipment For Essential Personnel

Protective equipment will consist of the following:

(a) Four (4) - five minute escape packs located at strategic points around the rig.

(b) Two (2) - thirty minute rescue packs to be located at the designated briefing areas.

4. Visual Warning System

Visual warning system will consist of the following:

(a) Two wind direction indicators.

(b) One condition / warning sign which will be posted on the road - providing direct access to the location. The sign will contain lettering of sufficient size to be readable at a reasonable distance from the immediate location. The sign will inform the public that a hydrogen sulfide gas environment could be encountered at the location.

5. Mud Program

(a) The mud program has been designed to minimize the volume of H2S circulated to surface. Proper mud weight and safe drilling practices (for example, keeping the hole filled during trips) will minimize hazards when drilling in H2S bearing formations.

6. Metallurgy

(a) All drill strings, casings, tubing, wellhead, blowout preventers, drilling spools, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

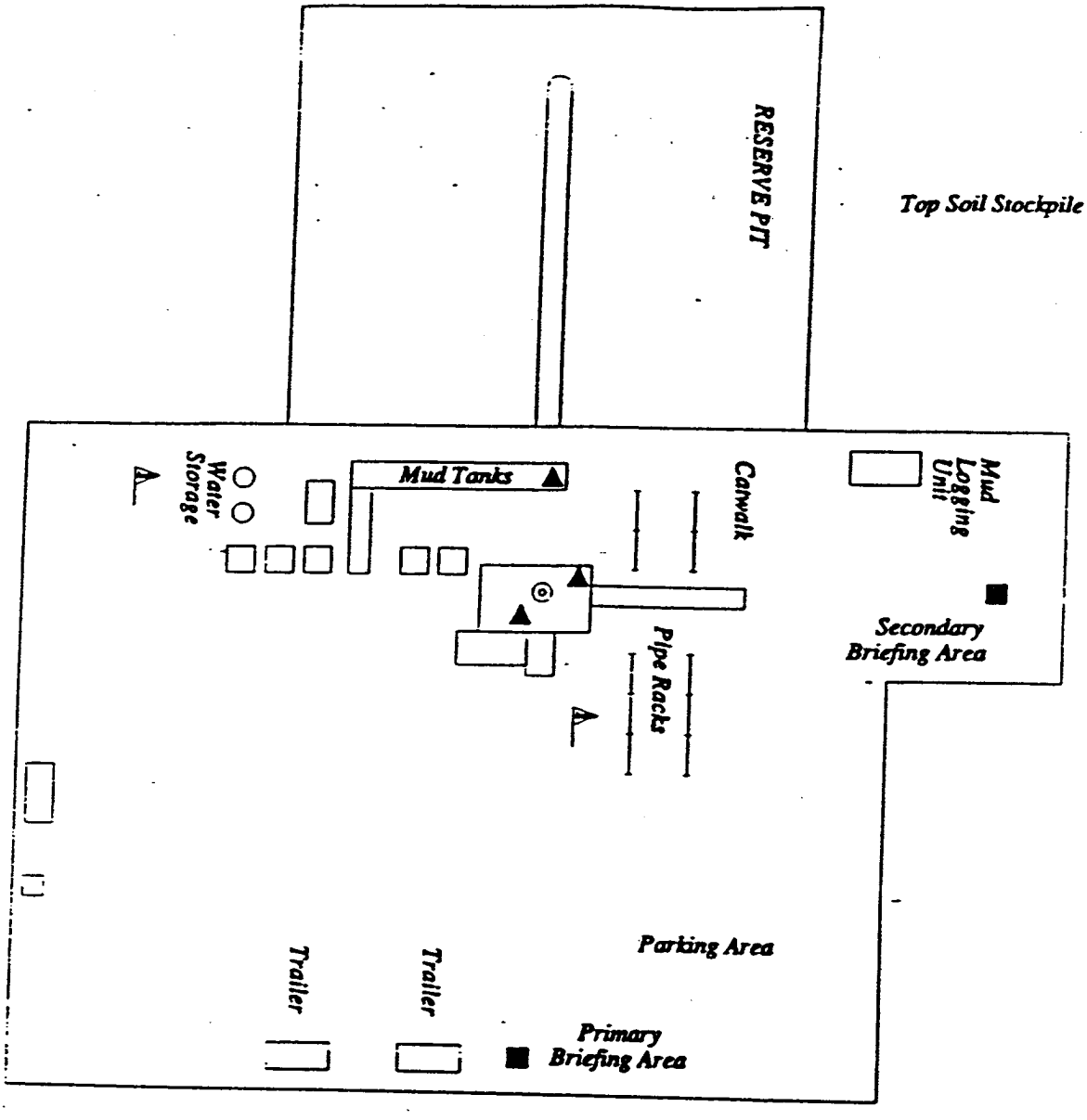
7. Communication

(a) Two way radio and cellular telephone communication will be available in company vehicles.

C. Diagram of Drilling Location

1. Attached is a diagram representing a typical location layout as well as the location of H2S monitors, briefing areas, and wind direction indicators.

EXHIBIT # 8



▲ H2S MONITORS WITH ALARMS AT THE BELL NIPPLE, SUBSTRUCTURE, AND SHALE SHAKER

WIND DIRECTION INDICATORS

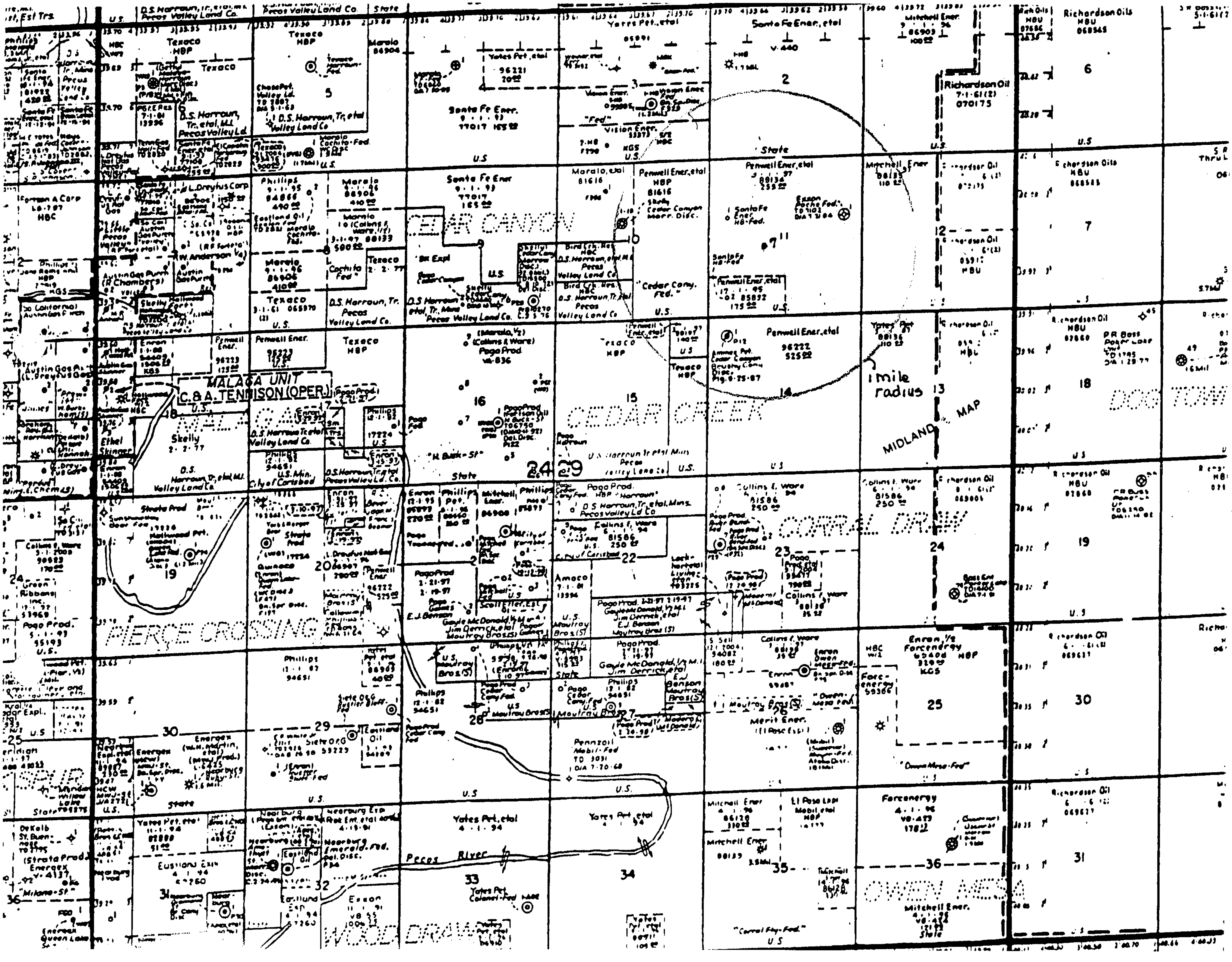
■ SAFE BRIEFING AREAS WITH CAUTION SIGNS AND PROTECTIVE BREATHING EQUIPMENT

devon

H2S PLAN

Scale in Feet
25 0 25 50 75 100

File O:\\HH\H2S-PLAN 9/95



MALAGA UNIT
C.&A. TENNISON (OPER.)
CEDAR CANYON
CEDAR CREEK
CORRAL DRAW
PIERCE CROSSING
Pecos River
1 mile radius
MIDLAND MAP