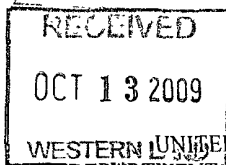
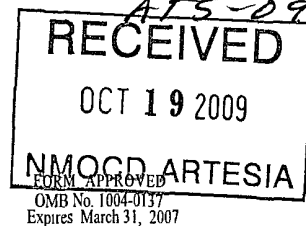


Form 3160-3
(April 2004)



OCD Artesia

0901



WESTERN UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

R-111-POTASH

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-77046
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" 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 City 73102-8260	3b. Phone No. (include area code) 405-228-8699	8. Lease Name and Well No. North Pure Gold 9 Federal 6
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface NE/4 NW/4 990' FNL & 2100' FWL At proposed prod. zone NE/4 NW/4 990' FNL & 2100' FWL		9. API Well No. 30018-37370
10. Field and Pool, or Exploratory Los Medanos; Delaware		11. Sec., T. R. M. or Blk. and Survey or Area SEC 9 T23S R31E
14. Distance in miles and direction from nearest town or post office* Approximately 17 miles east of Loving, NM.		12. County or Parish Eddy County
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 330'		13. State NM
16. No. of acres in lease 1,320		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 150'		20. BLM/BIA Bond No. on file CO-1104
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3357' GL		22. Approximate date work will start* 45 days
23. Estimated duration		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Judy A. Barnett	Date 08/03/2009
Title Regulatory Analyst		

Approved by (Signature) /s/ Linda S.C. Rundell	Name (Printed/Typed)	Date OCT 7 2009
Title 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)

CARLSBAD CONTROLLED WATER BASIN

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30015.37370	Pool Code 40297	Pool Name LOS MEDANOS, DELAWARE ✓
Property Code 30674	Property Name NORTH PURE GOLD "9" FEDERAL	Well Number 6
GRID No. 6137	Operator Name DEVON ENERGY PRODUCTION COMPANY LP	Elevation 3357'

Surface Location

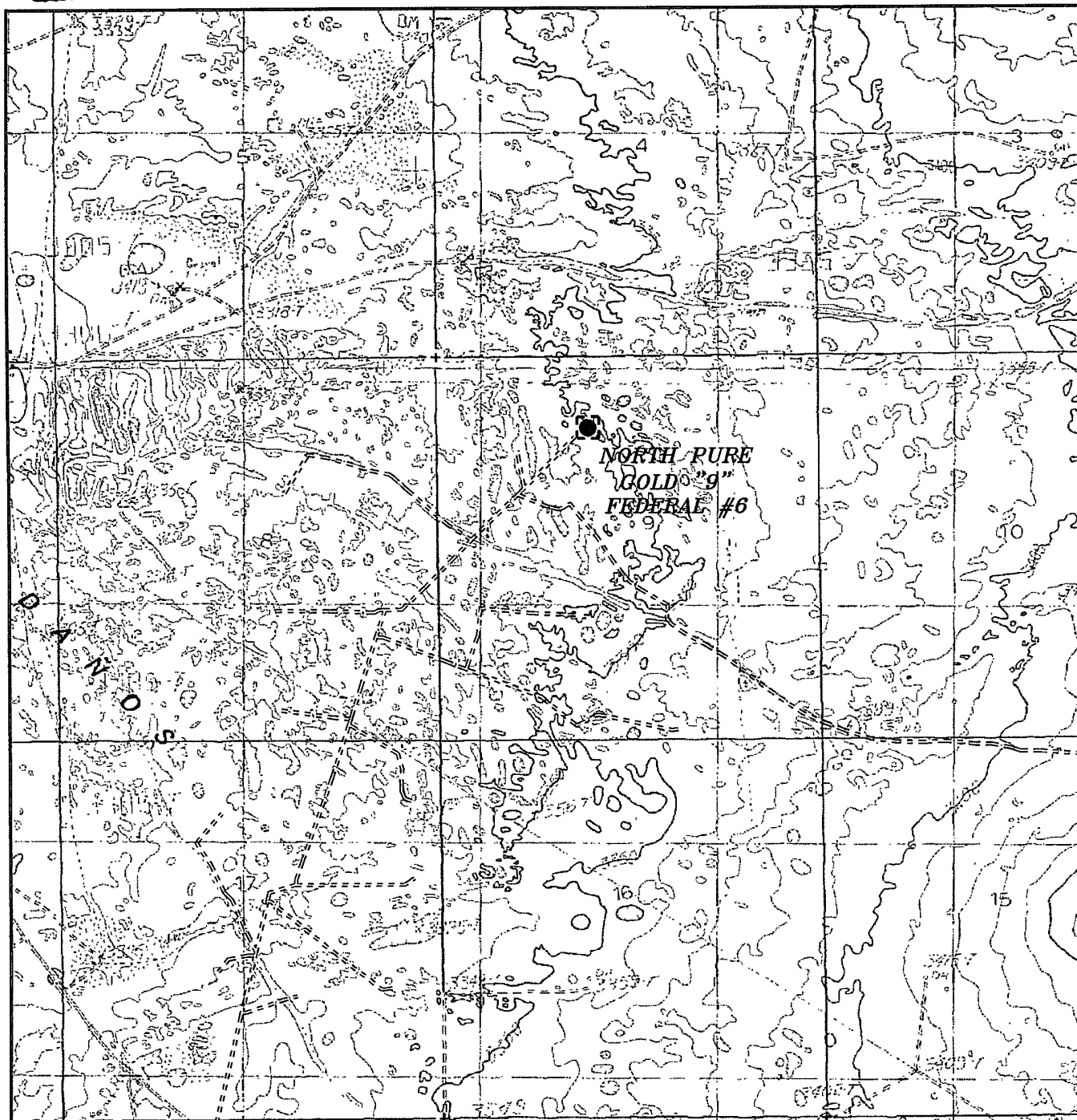
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	9	23 S	31 E		990	NORTH	2100	WEST	EDDY

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><i>Judy A. Barnett</i> Signature Date</p> <p>Judy A. Barnett 10/17/08 Printed Name Regulatory Analyst</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>OCTOBER 8 2008 Date Surveyed</p> <p>Signature & Seal Professional Surveyor</p> <p>W.O. JONES Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
--	---



NORTH PURE GOLD "9" FEDERAL #6
 Located at 990' FNL AND 2100' FWL
 Section 9, Township 23 South, Range 31 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

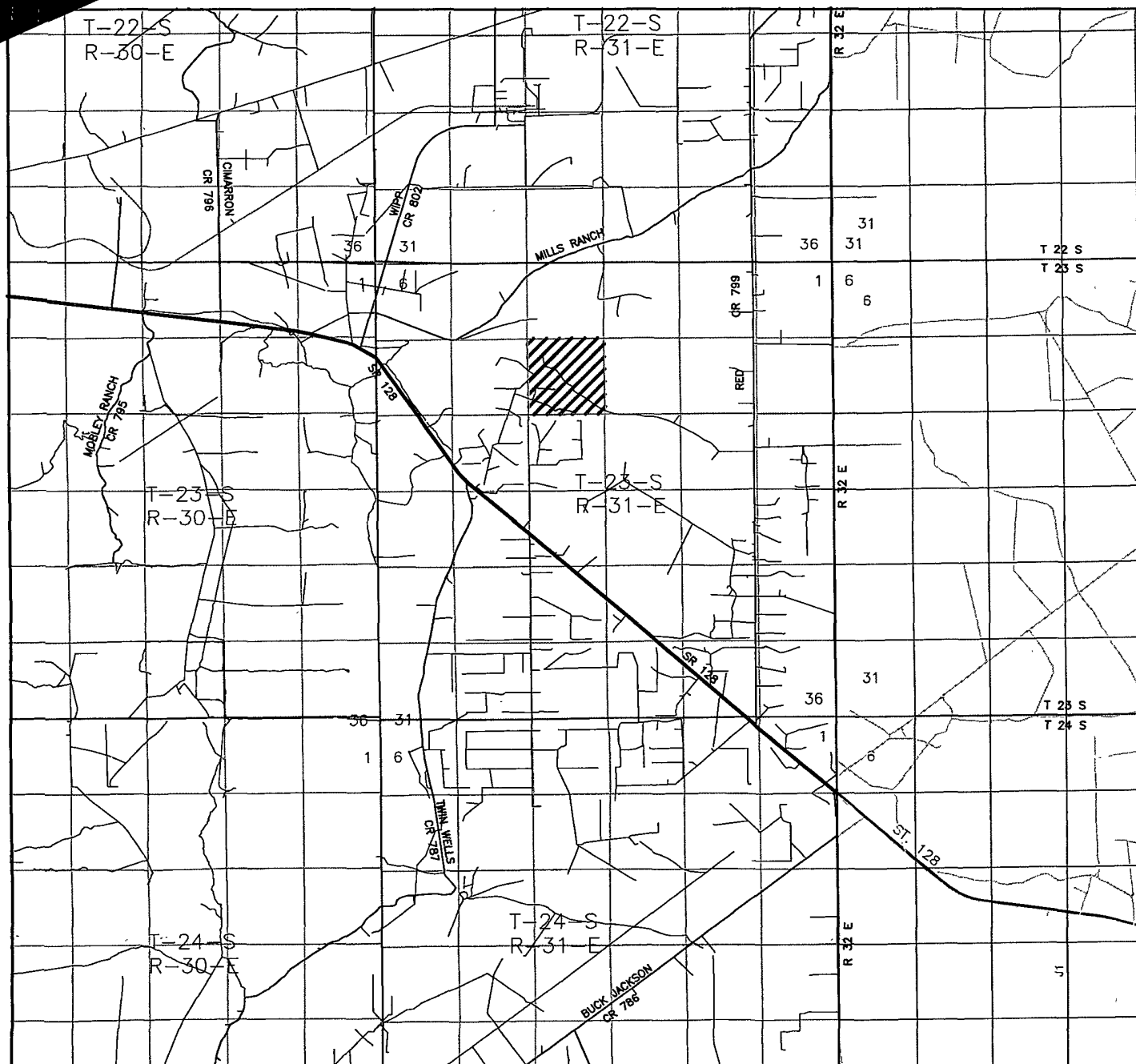
W.O. Number: JMS 20651

Survey Date: 10-08-2008

Scale: 1" = 2000'

Date: 10-15-2008

**DEVON ENERGY
 PROD. CO., L.P.**



NORTH PURE GOLD "9" FEDERAL #6
 Located at 990' FNL AND 2100' FWL
 Section 9, Township 23 South, Range 31 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
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W.O. Number: JMS 20651

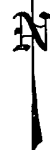
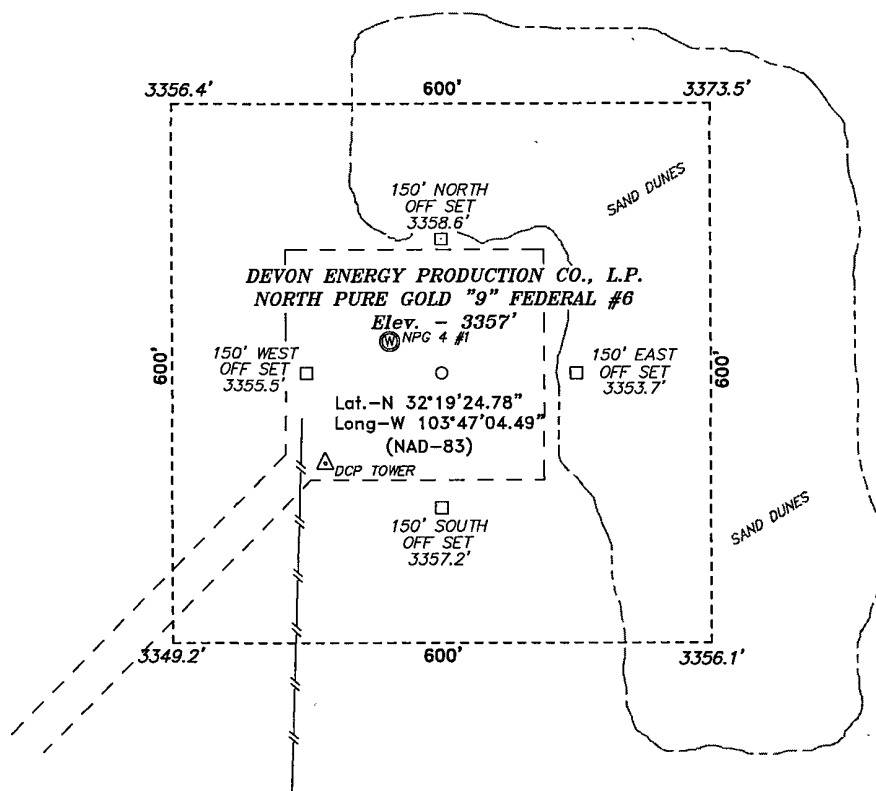
Survey Date: 10-08-2008

Scale: 1" = 2 MILES

Date: 10-15-2008

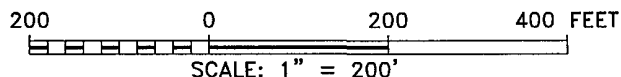
DEVON ENERGY
 PROD. CO., L.P.

SECTION 9, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF HWY 128 AND TWIN WELLS,
GO SOUTHEAST 0.1 MILES TO LEASE ROAD, ON
LEASE ROAD GO NORTHEAST 1.8 MILES TO NPG "4"
#1 LOCATION AND PROPOSED WELL LOCATION.



DEVON ENERGY PROD. CO., L.P.

REF: NORTH PURE GOLD "9" FEDERAL #6 / WELL PAD TOPO

THE NORTH PURE GOLD "9" FEDERAL #6 LOCATED 990' FROM
THE NORTH LINE AND 2100' FROM THE WEST LINE OF
SECTION 9, 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: 20651

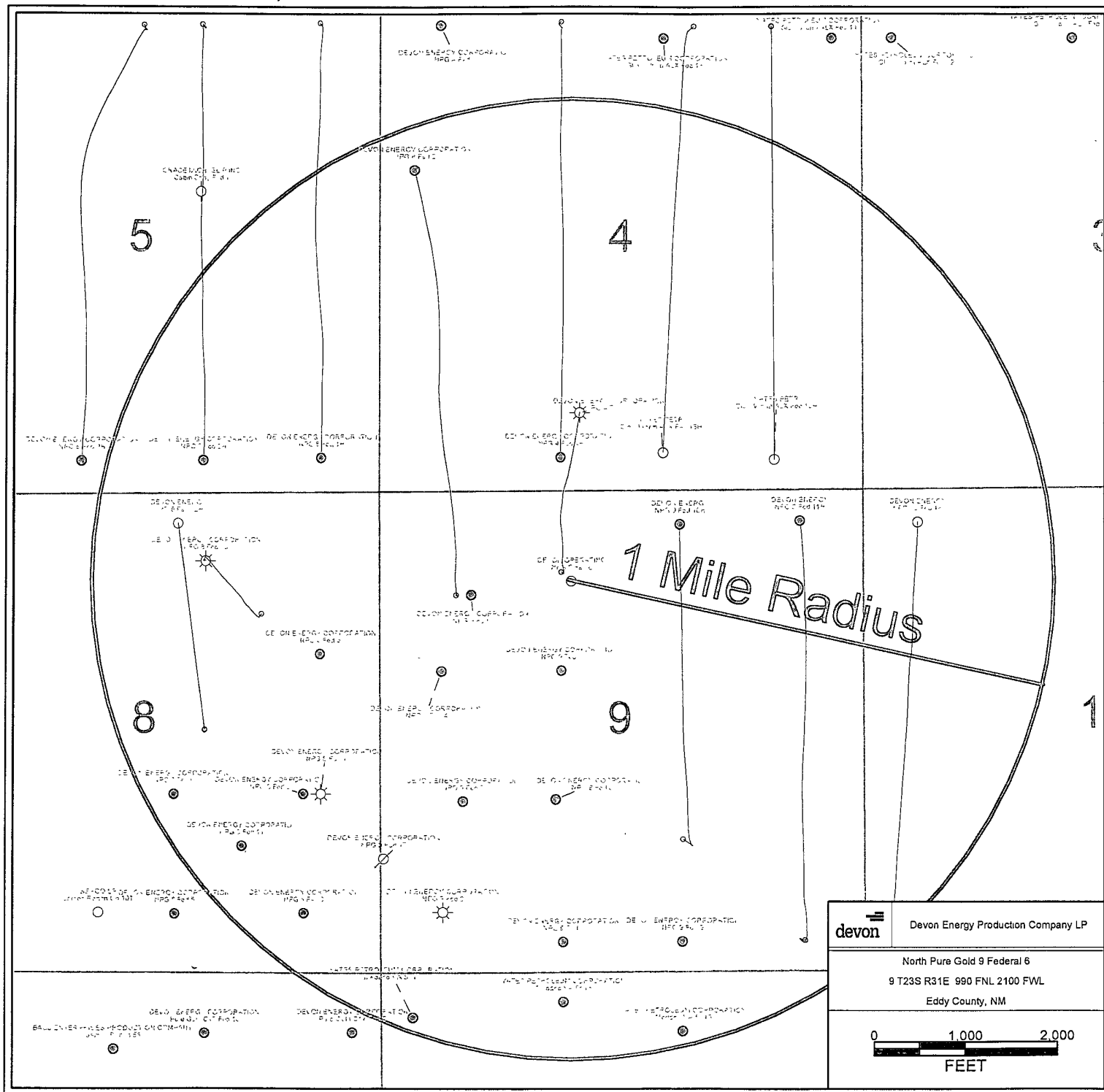
Drawn By: J. M. SMALL

Date: 10-15-2008

Disk: 20651 JMS

Survey Date: 10-08-2008

Sheet 1 of 1 Sheets



DRILLING PROGRAM

Devon Energy Production Company, LP

North Pure Gold 9 Federal 6

Surface Location: 990 FNL & 2100 FWL, Unit C, Sec 9 T23S R31E, Eddy, NM

Bottom Hole Location: 990 FNL & 2100 FWL, Unit C, Sec 9 T23S R31E, Eddy, NM

1. Geologic Name of Surface Formation

a. Quaternary

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

a. Rustler	460'	
b. Salado	786'	
c. Base Salt	3900'	
d. Delaware/Lamar	4134'	Oil
e. Bell Canyon	4175'	Oil
f. Cherry Canyon	5077'	
g. Brushy Canyon	6404'	
h. Bone Spring	8062'	
Total Depth	8200'	

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 530' and circulating cement back to surface. Fresh water sands will be protected by setting 9 5/8" casing at 4050' and circulating cement to surface. The Delaware intervals will be isolated by setting 5 1/2" casing to total depth and circulating cement above the base of the 9 5/8" casing. ← see COA

Casing Program:

<u>Hole Size</u>	<u>Hole Interval</u>	<u>OD Csg</u>	<u>Casing Interval</u>	<u>Weight</u>	<u>Collar</u>	<u>Grade</u>
17 1/2"	0' - 530'	13 3/8"	0' - 530'	48#	ST&C	H-40
12 1/4"	530' - 4050'	9 5/8"	0 - 4050'	40#	LT&C	K-55
8 1/2"	4050 - 8200'	5 1/2"	0 - 8200'	17#	LT&C	N-80

Design Parameter Factors:

<u>Casing Size</u>	<u>Collapse Design Factor</u>	<u>Burst Design Factor</u>	<u>Tension Design Factor</u>
13 3/8"	2.64	1.67	2.42
9 5/8"	1.17	1.77	2.3
5 1/2"	1.65	1.41	1.59

3. Cement Program:

a. 13 3/8" Surface

← see COA
Lead w/ 300sx 35:65 POZ (Fly Ash): Premium C + 5% bwow Sodium Chloride + 0.125#/sx CF + 4% bwoc Bentonite + 1% bwoc Sodium Metasilicate + 5% bwoc MPA-5 + 101.3% FW. Yield 1.97 cf/sx. 12.80 ppg. TOC @ surface. Tail w/ 250sx

Premium Plus C + 2% bwoc Calcium Chloride + 0.125#/sx CF + 56.3% FW. 14.80 ppg. **Yield 1.35 cf/sx.**

b. 9 5/8" Intermediate **Lead** w/ 1150sx 35:65 POZ (Fly Ash): Premium Plus C + 6% bwoc Bentonite + 0.25% bwoc FL-52A + 5% Sodium Chloride + 0.125#/sx CF + 107.7% FW. **Yield 2.04 cf/sx. 12.50 ppg. TOC @ surface. Tail** w/ 300sx 60:40 POZ (Fly Ash): Premium Plus C + 5% bwow Sodium Chloride + 0.125#/sx CF + 0.1% bwoc Sodium Metasilicate + 4% bwoc MPA-5 + 65.4% FW. **Yield 1.37 cf/sx. 13.80 ppg.**

c. 5 1/2" Production **Stage 1:** Lead w/ 430sx 35:65 POZ (Fly Ash) Cl H + 0.125#/sx CF + 6% bwoc Bentonite + 0.4% bwoc FL-52A + 3#/sx LCM-1 + 99.3% FW. **Yield 1.95 cf/sx. 12.50 ppg. Tail** w/ 515 sx 40:60 POZ (Fly Ash): Premium Plus C + 1% bwow Sodium Chloride + 0.5% bwoc BA-10A + 2#/sx Kol Seal + 4% bwoc MPA-5 + 0.125#/sx CF + 0.25% bwoc R-3 + 62.1% FW. 13.80 ppg. **Yield 1.35 cf/sx.**

See COA
Stage 2: 225sx 60:40 Poz (Fly Ash): Premium Plus C + 5% bwow Sodium Chloride + 0.125#/sx CF + 0.1% bwoc Sodium Metasilicate + 4% bwoc MPA-5 + 65.4% FW. 13.80 ppg. **Yield 1.37 cf/sx. TOC @ 3500'.** *Surface —*

DV Tool @ 4000'. *See COA*

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. *See COA*

Pressure Control Equipment:

See COA
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 1/2" drill pipe rams on bottom. An annular and rotating head will be installed on the 13 3/8" surface casing and utilized to setting depth of the 9 5/8" intermediate casing. The annular and associated equipment will be tested to ~~1000 psi with the rig pump before drilling out the 13 3/8" casing shoe.~~ The BOPE will be installed on the 9 5/8" intermediate casing and utilized continuously until total depth is reached. 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.

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.

4. **Proposed Mud Circulation System**

<u>Depth</u>	<u>Mud Wt.</u>	<u>Visc</u>	<u>Fluid Loss</u>	<u>Type System</u>
0' – 530'	8.4-9.4	32-40	NC	FW/Gel
530' – 4050'	9.7-10.0	28-30	NC	Brine Water
4050' – 8200'	8.3–9.2	28-40	NC/9cc	Fresh Water

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

5. **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 5 1/2" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

6. **Logging, Coring, and Testing Program:** ← see COA

- 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 5 1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

7. **Potential Hazards:**

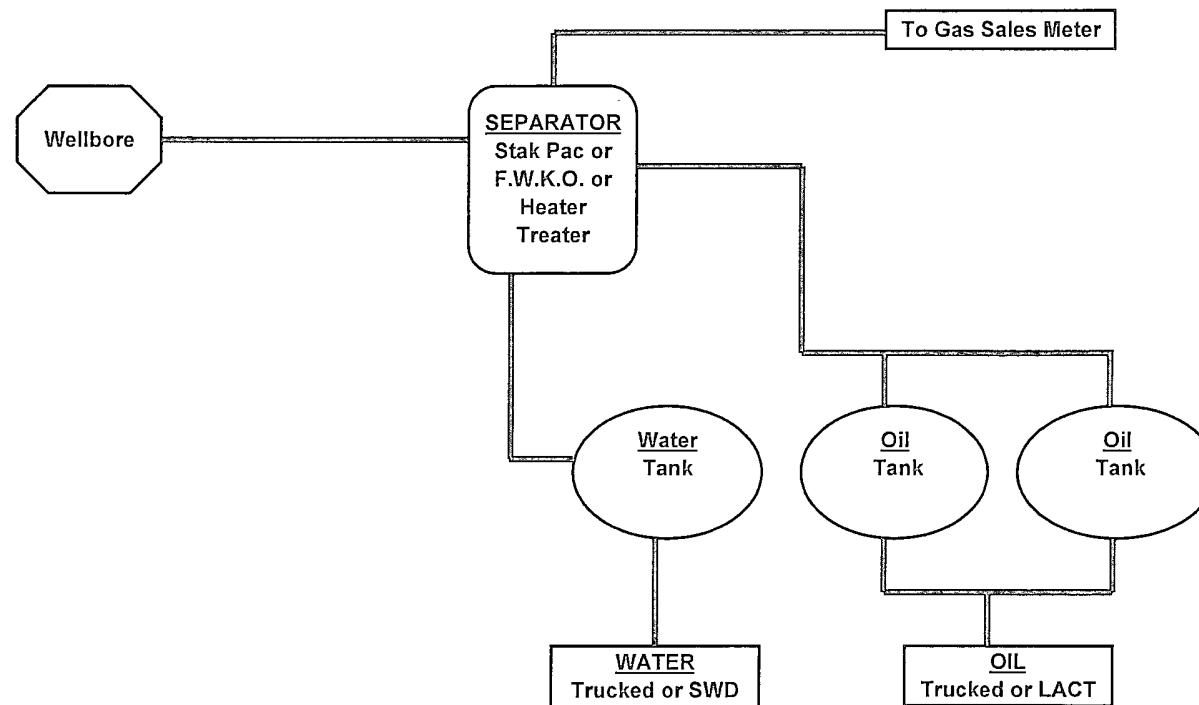
- a. No abnormal pressures or temperatures are expected. There is no known presence of H₂S in this area. If H₂S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6 No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 2900 psi and Estimated BHT 120°. No H₂S is anticipated to be encountered.

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

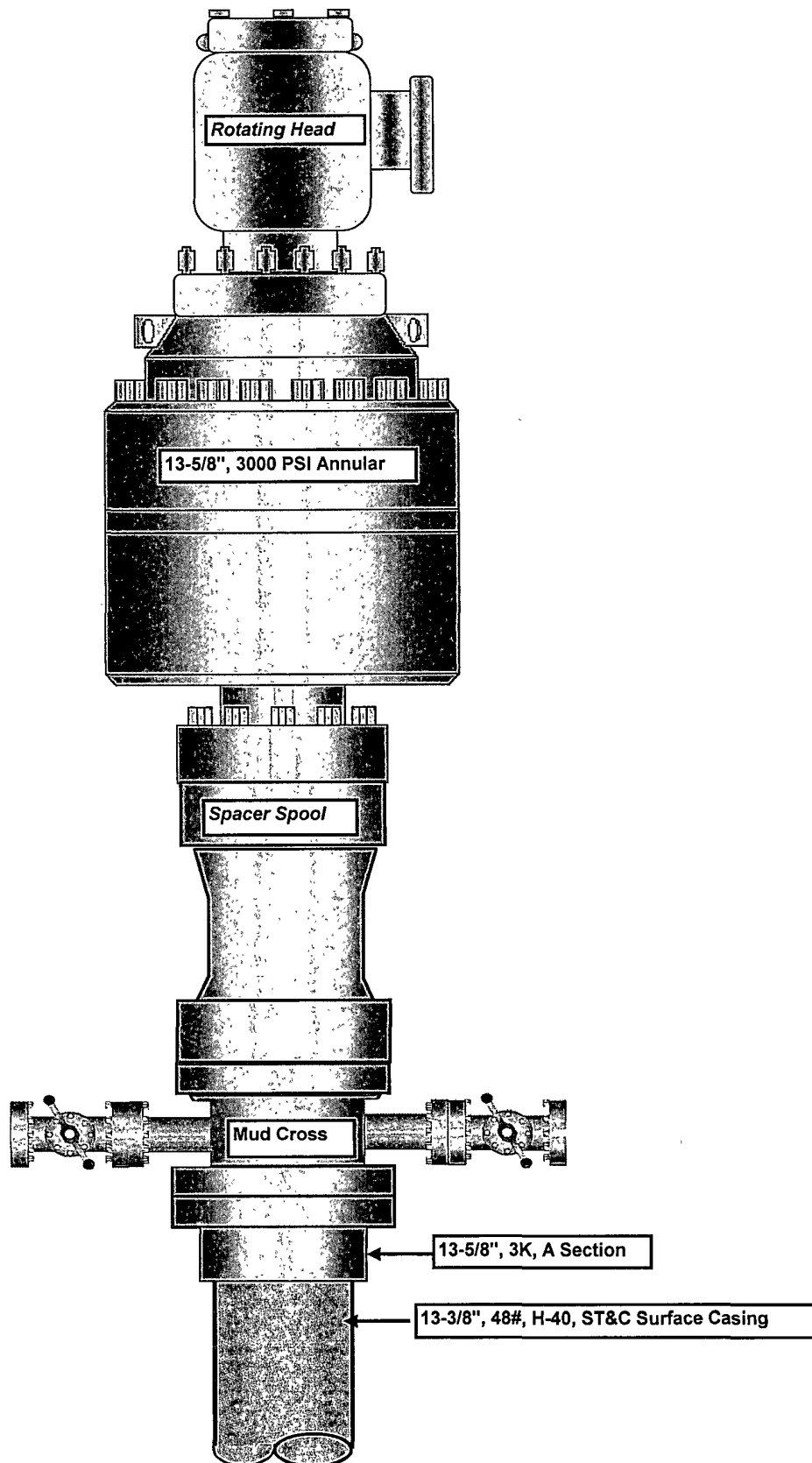
- a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 32 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

DEVON ENERGY PRODUCTION COMPANY LP

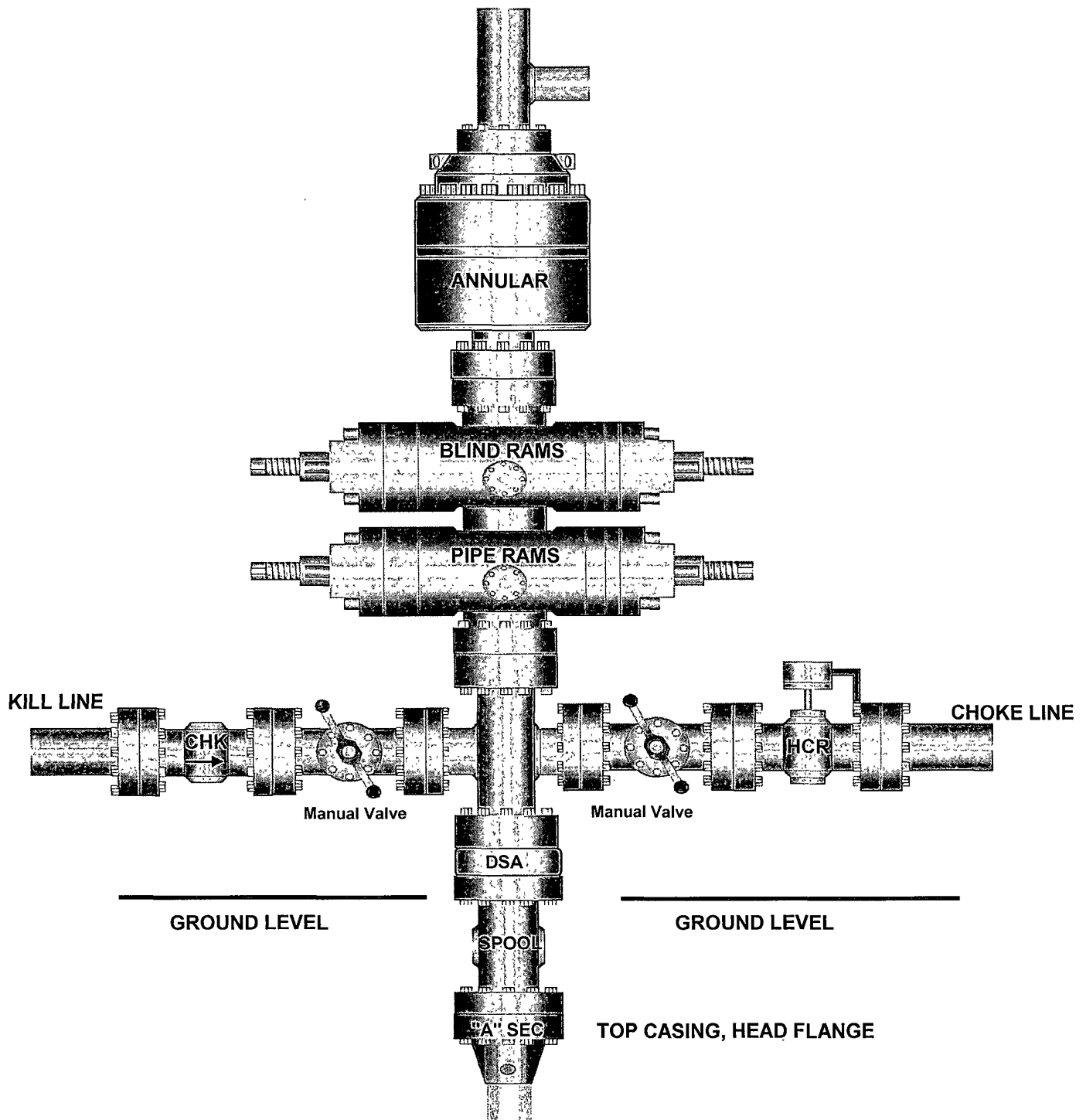
General Production Facilities Diagram



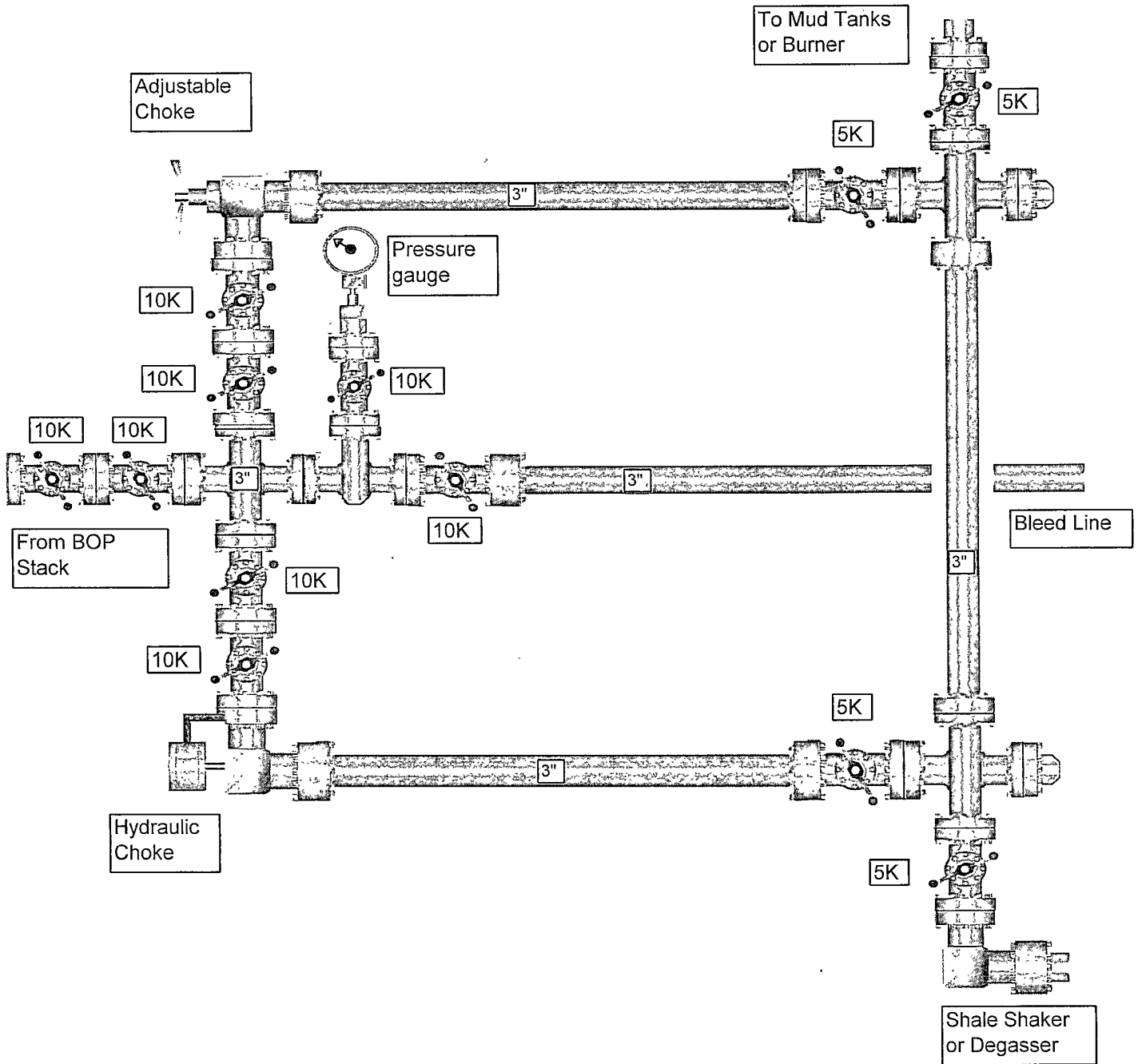
13-5/8" 3K Annular



11" x 5,000 psi BOP Stack



10,000 PSI CHOKE MANIFOLD



NOTES REGARDING BLOWOUT PREVENTERS

Devon Energy Production Company, LP

North Pure Gold 9 Federal 6

Surface Location: 990 FNL & 2100 FWL, Unit C, Sec 9 T23S R31E, Eddy, NM

Bottom hole Location: 990 FNL & 2100 FWL, Unit C, Sec 9 T23S R31E, Eddy, NM

1. Drilling nipple will be constructed so it can be removed mechanically without the aid of a welder. The minimum internal diameter will equal BOP bore.
2. Wear ring will be properly installed in head.
3. Blowout preventer and all associated fittings will be in operable condition to withstand a minimum 5000 psi working pressure.
4. All fittings will be flanged.
5. A full bore safety valve tested to a minimum 5000 psi WP with proper thread connections will be available on the rotary rig floor at all times.
6. All choke lines will be anchored to prevent movement.
7. All BOP equipment will be equal to or larger in bore than the internal diameter of the last casing string.
8. Will maintain a kelly cock attached to the kelly.
9. Hand wheels and wrenches will be properly installed and tested for safe operation.
10. Hydraulic floor control for blowout preventer will be located as near in proximity to driller's controls as possible.
11. All BOP equipment will meet API standards and include a minimum 40 gallon accumulator having two independent means of power to initiate closing operation.

SURFACE USE PLAN
Devon Energy Production Company, LP
North Pure Gold 9 Federal 6

Surface Location: 990 FNL & 2100 FWL, Unit C, Sec 9 T23S R31E, Eddy, NM
Bottom hole Location: 990 FNL & 2100 FWL, Unit C, Sec 9 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 Hwy 128 and Twin Wells,, go southeast 0.1 miles to lease road, on lease road go northeast 1.8 miles to NPG "4" #1 location and proposed well location.

2. New or Reconstructed Access Roads:

- a. The well site layout, Form C-102 shows no new construction of roads.
- b. 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 9 Federal 1 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 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 will be obtained from an existing BLM approved pit or from prevailing deposits found under the location.
7. **Methods of Handling Waste Material:**
 - a. Drill cuttings will be disposed.
 - 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. 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 sump pits and living facilities.
 - c. Mud pits in the active circulating system will be steel pits.
 - d. A closed loop system will be utilized.
 - e. If a pit or closed loop system is utilized, Devon will comply with the NMOCD requirements 19.15.17 and submit form C-144 to the appropriate NMOCD District Office. A copy to be provided to the BLM.
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 original top soil will again be returned to the pad and contoured, as close as possible, to the original topography.
 - b. The location and road will be rehabilitated as recommended by the BLM.
 - c. If the well is deemed commercially productive, 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, sage bush, yucca and miscellaneous 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 no dwellings within 2 miles of location.
- d. A Cultural Resources Examination will be completed by the Permian Basin Cultural Resource Fund in lieu of being required to conduct a Class III Survey for cultural resources associated with their project within 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 North Broadway
Oklahoma City, OK 73102-8260
(405) 228-4464 (office)
(405) 694-7718 (Cellular)

Don Mayberry - Superintendent
Devon Energy Production Company, L.P.
Post Office Box 250
Artesia, NM 88211-0250
(575) 748-3371 (office)
(575) 746-4945 (home)


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 3rd day of August 2009.

Printed Name: Judy A. Barnett

Signed Name: 

Position Title: Regulatory Analyst

Address: 20 North Broadway, OKC OK 73102

Telephone: (405)-228-8699

Field Representative (if not above signatory):

Address (if different from above):

Telephone (if different from above):

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Devon Energy Production Company
LEASE NO.:	NM77046
WELL NAME & NO.:	North Pure Gold 9 Federal # 6
SURFACE HOLE FOOTAGE:	990' FNL & 2100' FWL
BOTTOM HOLE FOOTAGE	Same
LOCATION:	Section 9, T. 23 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

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Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

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I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator 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 shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

VI. CONSTRUCTION

V-DOOR SOUTH. RESTRICT PAD SIZE TO THE NORTH TO 140 FT. DUE TO BIG DUNAL FEATURES.

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 8 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Although this is a closed loop system and no reserve pits will be utilized, the v-door will be on the south side of the location.

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

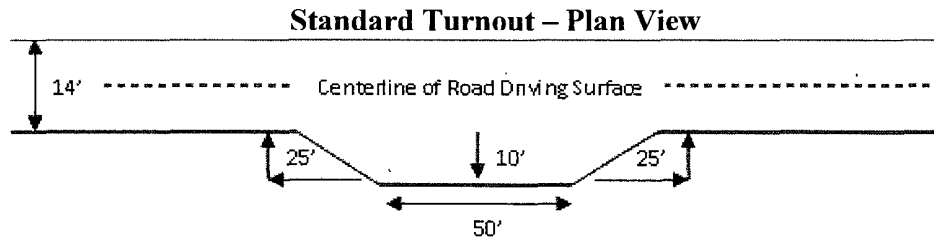
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

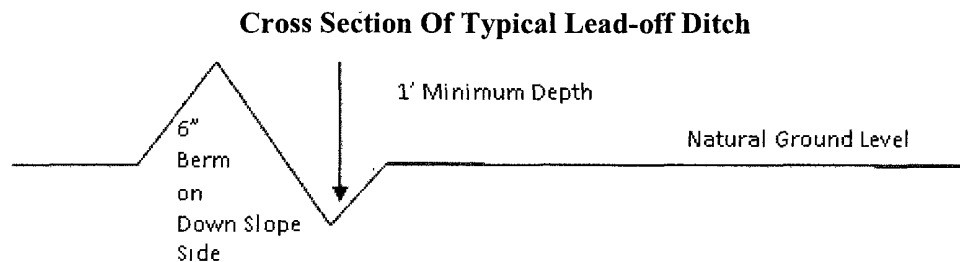
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } 400/4\% + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for

the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

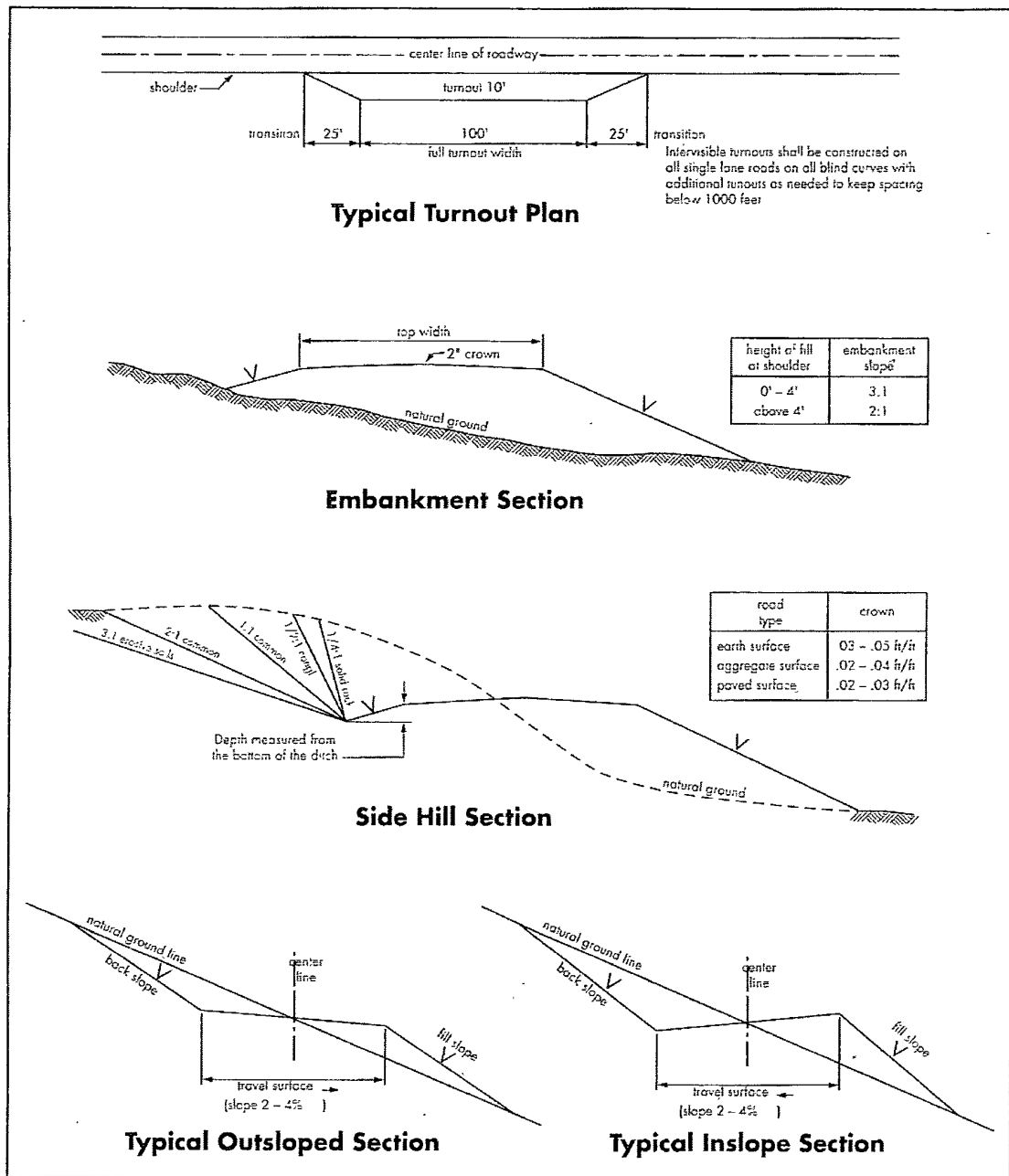
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 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,
(575) 361-2822

1. **Although there are no measured amounts of Hydrogen Sulfide reported, it is always a potential hazard. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
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. Floor controls are required for 3M or Greater systems. These 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. **The record of the drilling rate along with the CAL/GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

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 for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

R-111-P potash

Possible lost circulation in the Delaware and Bone Spring formations.

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

1. The 13-3/8 inch surface casing shall be set **at approximately 530 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** 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 is to include the lead cement slurry.**
 - 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 cementing will be done prior to drilling out that string.
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, c-d above. **Casing to be set a minimum of 100' and not more than 600' below the base of the salt. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash.**

3. The minimum required fill of cement behind the **5 1/2** inch production casing is:
 - a. **First stage to DV tool, cement shall:**
 - ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office, before proceeding with second stage cement job.
 - b. **Second stage above DV tool, cement shall:**
 - ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Additional cement will be required to bring cement to surface.**
4. 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.
5. 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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** intermediate casing shoe shall be **3000 (3M)** psi.
4. The appropriate BLM office shall be notified a minimum of 4 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. **Effective November 1, 2008, no variances will be granted on reduced pressure tests on the surface casing and BOP/BOPE. Onshore Order 2 requirements will be in effect.**

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

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VII. 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

VIII. INTERIM RECLAMATION & RESEEDING PROCEDURE

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.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

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.

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. RESEEDING PROCEDURE

Once the well is drilled, all completion procedures accomplished, and all trash removed, reseed the location and all surrounding disturbed areas as follows:

Seed Mixture for LPC Sand/Shinnery 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 seed 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:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

**Four-winged Saltbush 5lbs/A

* This can be used around well pads and other areas where caliche cannot be removed.

*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.