Form 3160-5 ebruary 2005)

Approved by

Conditions of approval

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

Date

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3/4/10

/s/ Dustin Winkler

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March 21 2007	

SUNDRY NOTICES AND REPORTS ON WELLS Lease Serial No. Do not use this form for proposals to drill or to re-enter an NM-012121 abandoned well. Use Form 3160-3 (APD) for such proposals 6. If Indian, Allottee or Tribe Name SUBMIT IN TRIPLICATE RECEIVED 7. Unit or CA Agreement Name and No. 1a. Type of Well Oil Well Gas Well Other MAR 03 2010 8 Well Name and No. Cotton Draw 26 Federal 3H 2. Name of Operator NMOCD ARTESIA **DEVON ENERGY PRODUCTION COMPANY, LP** 9. API Well No. 3. Address and Telephone No. 30-015-37404 10. Field and Pool, or Exploratory 20 N. Broadway, Oklahoma City, Ok 73102-8260 405-235-3611 4. Location of Well (Report location clearly and in accordance with Federal requirements)* Poker Lake South: Delaware 330' FNL 2145' FWL C SEC 26 T24S R31E 11. County or Parish State BHL: 330' FSL & 1980' FWL NM Fddv 12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OS SUBMISSION TYPE OF ACTION Acidize Deepen Production (Start/Resume) Water Shut-Off ✓ Notice of Intent Alter Casing Fracture Treat Reclamation Well Integrity Subsequent Report Casing Repair **New Construction** Recomplete Other Change Plans Plug and Abandon Temporarily Abandon ☐ Final Abandonment Notice Plug Back Water Disposal Convert to Injection Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including deepen directionally or recomplete honzontally, 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 Devon Energy Production Company L.P. respectfully requests to deviate from the original APD with the attached changes: Casing & Cementing, Design Factors, Mud Program and Pressure Control Equipment. Please see the attached. SEE ATTACHED FOR CONDITIONS OF APPROVAL Attachments 14. I hereby certify that the foregoing is rue and correct Name Title Date 2/8/2010 State Office (This space for Federal or

COTTON DRAW 26 FED 3H - SUNDRY API#30-015-37404 Page 2 2/8/10

Casing Program

Hole	<u>Hole</u>	OD Csg	Casing	Weight	<u>Collar</u>	<u>Grade</u>
Size	<u>Interval</u>		Interval			
					_	
17-1/2"	0 – 750	13-3/8"	0 - 750	48#	STC	H-40
12-1/4"	750 - 3,000	9-5/8"	0 – 3,000	36#	, LTC	J-55
12-1/4"	3,000 - 4,380	9-5/8"	3,000 – 4,380	40#	LTC	J-55
8-1/2"	4,380 – 7,650	5-1/2"	0 – 7,650	17#	LTC	N-80
8-1/2"	7,650 – 12,688	5-1/2"	7,650 – 12,688	17#	BTC	N-80

Design Factors:

Casing Size	Collapse Design Factor	Burst Design Factor	Tension Design Factor
13-3/8"	2.19	4.93	8.94
9-5/8" 36# J-55 LTC	1.29	2.26	2.78
9-5/8" 40# J-55 LTC	1.13	1.73	9.42
5-1/2" 17# N-80 LTC	1.75	2.16	1.61
5-1/2" 17# N-80 BTC	1.61	1.99	5.21

Mud Program:

<u>Depth</u>	Mud Wt.	Visc.	Fluid Loss	Type System
0 – 750	8.4 - 9.0	30 – 34	N/C	FW
750 – 4,380	9.8 - 10.0	28 - 32	N/C	Brine
4,380 – 12,688	8.6 – 9.0	28 – 32	NC -12	FW

Pressure Control Equipment:

The BOP system used to drill the intermediate hole will consist of a 13-5/8" 5M Double Ram and Annular preventer. The BOP system will be tested as per BLM Onshore Oil and Gas Order No. 2 as a 3M system prior to drilling out the surface casing shoe.

The BOP system used to drill the production hole will consist of a 13-5/8" 5M Double Ram and Annular preventer. The BOP system will be tested as per BLM Onshore Oil and Gas Order No. 2 as a 5M system prior to drilling out the intermediate casing shoe.

The pipe rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These tests will be logged in the daily driller's log. A 2" kill line and 3" choke line will be incorporated into the drilling spool below the ram BOP. In addition to the rams and annular preventer, additional BOP accessories include a kelly cock, floor safety valve, choke lines, and choke manifold rated at 5,000 psi WP.

COTTON DRAW 26 FED 3H API# 30-015-27404 Page 3 2/8/10

Cementing Program

13-3/8" Surface

Lead: 485 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.125 lbs/sack Cello Flake + 4% bwoc Bentonite + 81.4% Fresh Water, 13.5 ppg,

Yield: 1.75 cf/sk

TOC @ surface.

Tail: 250 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.125 lbs/sack Cello Flake + 56.3%

Fresh Water, 14.8 ppg

Yield: 1.35 cf/sk

9-5/8" Intermediate

Lead: 1,270 sacks (35:65) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride + 0.125

lbs/sack Cello Flake + 6% bwoc Bentonite + 107.8% Fresh Water, 12.5 ppg

Yield. 2.04 cf/sk

TOC @ surface

Tail: 300 sacks 60:40 Poz + 5% bwow Sodium Chloride + 0.125 lbs/sack Cello Flake + 0.4% bwoc

Sodium Metasilicate + 4% bwoc MPA-5 + 64.7% Water, 13.8 ppg

0'

Yield: 1.38 cf/sk.

5-1/2" Production

1st Stage

Lead: 1,345 sacks (50.50) Poz (Fly Ash):Class H Cement + 5% bwow Sodium Chloride + 0.3% bwoc CD-32 + 0.5% bwoc FL-25 + 2% bwoc Bentonite + 0.6% bwoc Sodium Metasilicate + 0.5%

bwoc FL-52A + 58.3% Fresh Water, 14.2 ppg

Yield: 1.31 cf/sk

DV TOOL at ~7,600 ft

2nd Stage

Lead: 535 sacks (35:65) Poz (Fly Ash):Class C Cement + 1% bwow Sodium Chloride + 0.125 lbs/sack Cello Flake + 6% bwoc Bentonite + 0.4% bwoc FL-52A + 103.2% Fresh Water, 12.5 ppg

Yield: 1.96 cf/sk

TOC @ 3,880 ft

Tail: 375 sacks (60:40) Poz (Fly Ash):Class C Cement + 1% bwow Sodium Chloride + 0.2% bwoc R-3 + 0.125 lbs/sack Cello Flake + 0.5% bwoc BA-10A + 4% bwoc MPA-5 + 63.2% Fresh Water,

13.8 ppg

Yield: 1.34cf/sk

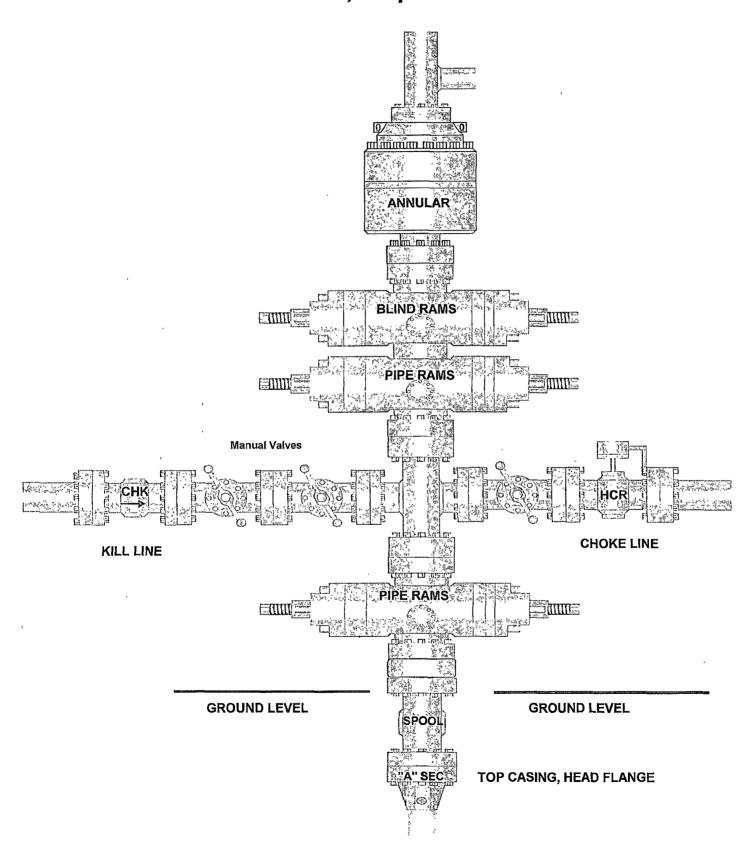
TOC for All Strings:

Surface:

Intermediate: 0'

Production: 3,880'

13-5/8" x 5,000 psi BOP Stack



PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME: | Devon Energy Production Company, LP

LEASE NO.: NM-012121

WELL NAME & NO.: Cotton Draw 26 Federal #3H

SURFACE HOLE FOOTAGE: 330' FNL & 2145' FWL BOTTOM HOLE FOOTAGE 330' FSL & 1980' FWL

LOCATION: | Section 26, T. 24 S., R 31 E., NMPM

COUNTY: | Eddy County, New Mexico

I. DRILLING

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 Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts 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 is 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. If available, a digital copy of the logs is to be submitted in addition to the paper copies. 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.

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

- 1. The 13-3/8 inch surface casing shall be set at approximately 750 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 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: Set this casing in the Lamar Limestone.
 - ☐ Cement to surface. If cement does not circulate see B.1.a, c-d above.

The Formation below the 9-5/8" shoe is to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

- 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 should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification.
- 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.

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 3000 (3M) psi. 5M system to be tested as a 3M.
 - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
- 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 5000 (5M) psi. 5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.

- 4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. Casing cut-off and BOP installation will not be initiated until the cement has had 4-6 hours of setup time in a water basin and 12 hours in the potash areas. This time will start after the cement plug is bumped. Testing the BOP/BOPE against a plug can commence after meeting the above conditions plus the BOP installation time.
 - b. The tests shall be done by an independent service company utilizing a test plug.
 - c. The results of the test shall be reported to the appropriate BLM office.
 - d. 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.
 - e. 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.

D. DRILL STEM TEST

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

DHW 021910