

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NEW MEXICO CONSERVATION DIV. Dist. 2
1301 W. Grand Avenue
Artesia NM 88210

SUBMIT IN TRIPPLICATE*

(Indicate instructions on reverse side)

Form approved.

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL ☐ DEEPEN ☒

b. TYPE OF WELL:

OIL WELL ☐ GAS WELL ☒ Other ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR

DEVON ENERGY PRODUCTION COMPANY, L.P.

3. ADDRESS AND TELEPHONE NO.

20 N. BROADWAY, SUITE 1500, OKC, OK 73102 Wally Frank Senior Ops. Engr. 405-552-4595

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface 1500' FSL & 1500' FWL, Unit K, Section 25-T21S-R23E, Eddy Cnty, NM

At top proposed prod. zone 660' FSL & 2310' FWL, Unit N, Section 25-T21S-R23E, Eddy Cnty, NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 30 miles NW of Carlsbad, NM

15. DISTANCE FROM PROPOSED

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

660'

(Also to nearest dir. unit line if any)

16. NO. OF ACRES IN LEASE

640.00

17. NO. OF ACRES ASSIGNED

TO THIS WELL

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

10,000'

20. ROTARY OR CABLE TOOLS*

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

GL 3793'

22. APPROX. DATE WORK WILL START*

May 1, 2003

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" existing	48#	217'	250 sx; TOC surface
11"	J-55 8 5/8" existing	24#	1,800'	1875 sx; TOC surface
8 3/4"	L-80 5 1/2"	17#	8,600'	400 sx; TOC 6000'
6 1/8"	liner L-80 4 1/2"	11.6#	8,500-10,000'	100 sx; TOC at TOL

Devon Energy proposes to deepen the Indian Basin "F25" Federal #1Y (previously Indian Basin "F" #1) to the Morrow for commercial quantities of oil and gas. If the well is deemed noncommercial, the well bore will be plugged and abandoned per Federal regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

Drilling Program

Surface Use and Operating Plan

Exhibits #1 = Blowout Prevention Equipment

Exhibit #2 = Location and Elevation Plat

Exhibits #3 = Road Map and Topo Map

Exhibit #4 = Wells Within 1 Mile Radius

Exhibits #5 = Production Facilities Plat

Exhibit #6 = Rotary Rig Layout

Exhibit #7 = Casing Design

H₂S Operating Plan

Cultural Resource Management Reports (one each for pad and road)

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portions thereof, as described below.

Legal Description:

SHL & BHL= NM-NM070522A; all of Section 25-T21S-R23E

Bond Coverage: Nationwide

BLM Bond #: CO-1104

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Candace R. GrahamTITLE Engineering Technician

405-235-3611 X4520

DATE March 14, 2003

*(This space for Federal or State office use)

PERMIT NO. _____

APPROVAL DATE _____

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:

APPROVED BY (ORIG. SGD.) ALEXIS C. SWOBODA TITLE PETROLEUM ENGINEERDATE MAR 25 2003

See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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

DRILLING PROGRAM - Attachment to Form 3160-3

Devon Energy Production Company, L.P.

Indian Basin "F25" Federal #1Y

SHL= 1500' FSL & 1500' FWL, Unit K; BHL= 660' FSL & 2310' FWL, Unit N

Section 25-T21S-R23E, Eddy County, New Mexico

1. Geologic Name of Surface Formation

Quaternary Aeolian deposits

2. Estimated Tops of Important Geologic Markers

3.

San Andres	496'	Strawn	8,365'
Glorieta	2,075'	Atoka	8,660'
Bone Spring	2,488'	Morrow	8,965'
3rd Bone Spring	5,920'	Barnett shale	9,440'
Wolfcamp	6,377'	ETD	10,000'
Cisco-Canyon	7,850'		

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.

Water: San Andres

Oil: Glorieta, Yeso, Bone Spring

Gas: Wolfcamp, Cisco-Canyon, Morrow

No other formations are expected to yield oil, gas or fresh water in measurable volumes.

The surface fresh water sands are protected by existing 13 3/8" casing at 217' with cement circulated to surface. The intermediate 8 5/8" casing was set at 1,800' with cement circulated to surface. Originally, in 1965, the production intervals were isolated by 5 1/2" casing set at 7567' with top of cement at 5,700'. In 1996 a 4 1/2" liner was cemented 7,238-7,870'. The current proposal, to deepen, will isolate the oil and gas intervals by running 5 1/2" casing to ±8,600' (bringing the cement top to 6000' or 500' above the Wolfcamp) and by running 4 1/2" liner from 8,500' to total depth (bringing the cement top to approximately the top of the liner).

4. Casing Program (See Exhibit 7)

<u>Hole Size</u>	<u>Interval</u>	<u>Casing OD</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>
17 1/2"	0' -217'	13 3/8" existing	48#		
11"	0' -1800'	8 5/8" existing	24#	J-55	
8 3/4"	0' -±8600'	5 1/2" proposed	17#	L-80	8rd LT&C
6 1/8"	8500-±10,000'	4 1/2" proposed	11.6#	L-80	8rd LT&C

Cementing Program

13 3/8" Surface Casing (existing): -- Cemented to surface -- 250 sx Incor Neat with 2% gel and 1/4#/sx Flocele.

8 5/8" Intermediate Casing (existing): -- Cemented to surface -- 600 sx with 12% gel and 1/4#/sx Flocele + 950 sx 50/50 Pozmix with 4% gel and 1/4#/sx Flocele + 100 sx Regular Neat.

5 1/2" Production Casing (proposed): -- Cement to 6000' (or 500' above the Wolfcamp) -- 400 sx 15/61/11 Pozmix/ Class C with 5 lb/sx LCM-1, 2% CaCl₂, 1% EC-1, 0.6% FL-25, 0.6% FL-52, 0.3% CD-32, 0.3% Sodium Metasilicate and 1/4#/sx Celloflakes.

4 1/2" Liner (proposed): -- Cement to 8500' (or top of liner) -- 257 sx Class H with 0.6% FL-32, 0.3% CD-31, 1% EC-1 and 0.1% R-3.

5. Pressure Control Equipment

Exhibit 1A shows a 900 Series 3000 psi working pressure BOP consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The BOP will be nipped up on the 8 5/8" casing and tested to API specifications. The BOP will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit 1A also shows a hydraulically operated closing unit and a 2" 3000 psi choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

6. Types and Characteristics of the Proposed Mud System

The hole will be drilled to total depth with fresh water/Dris-Pac mud systems at the following depths.

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (1/sec)</u>	<u>Water Loss (cc)</u>
±5000-7300'	Fresh water mud system, add paper to control seepage, Hi Vis sweeps	8.5 - 8.7	29 - 40	No control
7300' - TD	Fresh water/Dris-Pac mud system, soda ash to control seepage, Hi Vis sweeps to clean hole	8.5 - 8.7	32 - 40	10 or less

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

7. 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 gas detection equipment (Compliance Package) will be in operation from drilling out 8 5/8" casing shoe until 5 1/2" casing is cemented.

8. Logging, Testing and Coring Program

- A. No drill stem tests or cores are planned at this time.
- B. The electric open hole logs will be run at the end of the 8 3/4" hole and at the end of the 6 1/8" hole. The logging program will be as follows.
 - a) Platform Express HALS with CNL-LDT from TD to base of the surface casing at 1,800' with NGT from TD to 6,000' and GR-Neutron through casing to surface.
 - b) FMI from TD to top of Cisco-Canyon (Devon geologist may revise this interval after seeing Platform Express log).
 - c) A mud logger may be rigged up on the hole at the discretion of the operator.

9. Abnormal Pressures, Temperatures and Potential Hazards

No abnormal pressures or temperatures are foreseen. The anticipated bottom hole temperature at total depth is 185 degrees and maximum bottom hole pressure is 1000 psig. There is a known presence of hydrogen sulfide gas in this area. If hydrogen sulfide gas is encountered, the operator will comply with the provisions of Onshore Oil and Gas Order No. 6 (see the attached Hydrogen Sulfide Operations Plan). No major loss circulation intervals have been encountered in adjacent wells.

10. Anticipated Starting Date and Duration of Operations

A Cultural Resources examination has been completed by Southern New Mexical Archaeological Services, Inc., in Bent, New Mexico, as report #SNMAS-03NM-1032, and has been submitted to the BLM in Carlsbad, New Mexico. A clearance report for the lease road was submitted by Desert West Archaeological Services, in 1997, as report DWAS-97-23-N.

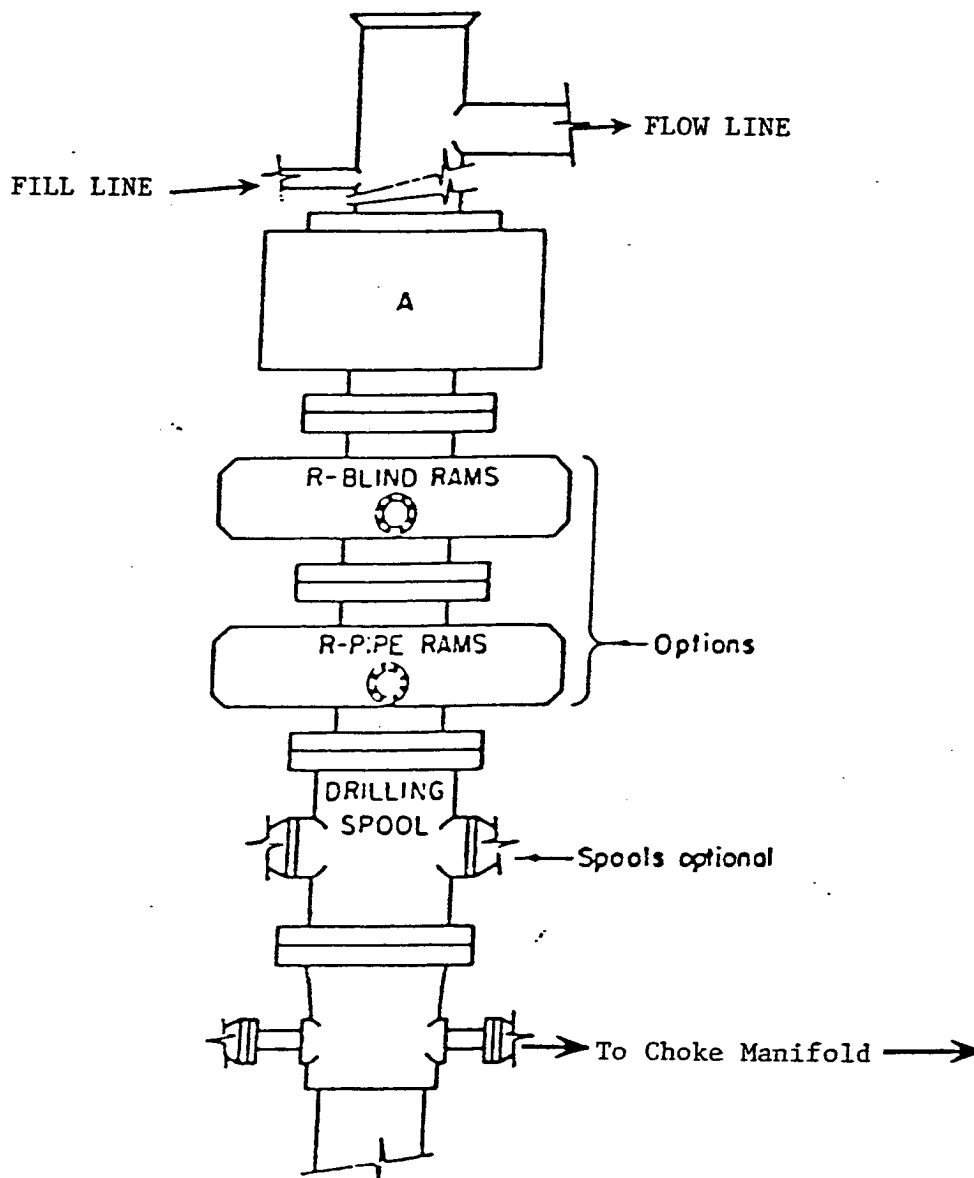
This BLM office has performed the onsite inspection for the proposed pad site of this location. Road and location reconstruction will not be undertaken until approval has been received from the BLM. If approved, this well will be drilled as part of a development project. The spud date for the project is anticipated to be May 1, 2003. The drilling operations should require approximately 36 days. If the well is deemed productive, completion operations will require, at minimum, an additional 30 days of testing to ascertain whether permanent production facilities will be constructed.

11. Other Facets of Operations

The Morrow formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as a gas well.

Attachment to Exhibit #1
NOTES REGARDING BLOWOUT PREVENTORS
Devon Energy Production Company, L.P.
Indian Basin "F25" Federal #1Y
SHL= 1500' FSL & 1500' FWL, Unit K; BHL= 660' FSL & 2310' FWL, Unit N
Section 25-T21S-R23E, Eddy County, New Mexico

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 preventor and all associated fittings will be in operable condition to withstand a minimum 3000 psi working pressure.
4. All fittings will be flanged.
5. A full bore safety valve tested to a minimum 3000 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 BOP 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.

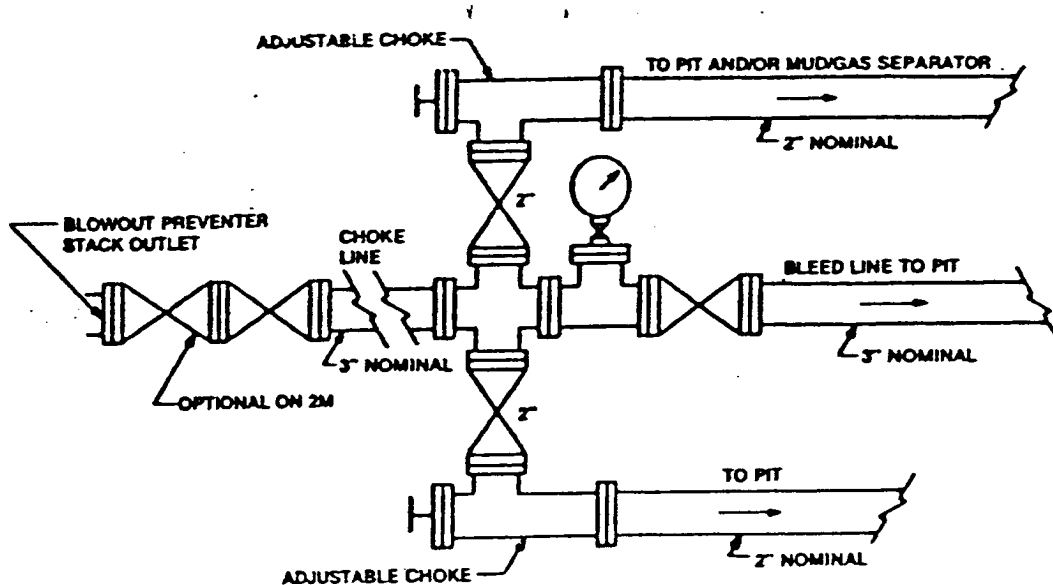


ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT 1A SKETCH OF BOP

DEVON ENERGY PRODUCTION COMPANY, L.P.
INDIAN BASIN "F25" FEDERAL 1Y
Section K-25-T21S-R23E
Eddy Cnty, NM



Typical choke manifold assembly for 3M WP system

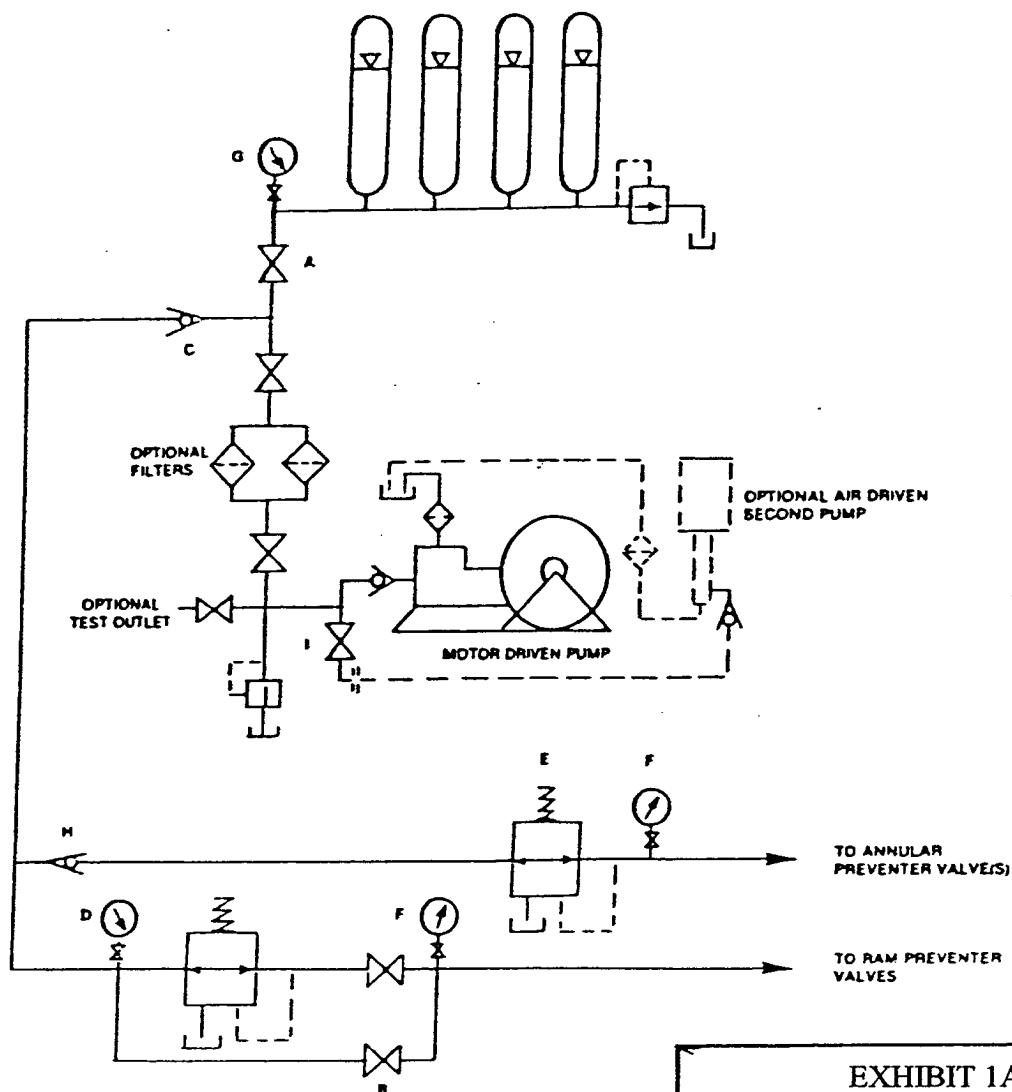


EXHIBIT 1A
CHOKE MANIFOLD & CLOSING
UNIT

DEVON ENERGY PRODUCTION COMPANY, L.P.
 INDIAN BASIN "F25" FEDERAL 1Y

Section K-25-T21S-R23E
 Eddy Cnty, NM

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

*AMENDED

Form C-102
Supersedes C-128
Effective 1-1-65

API 30-015-10710

All distances must be from the outer boundaries of the Section.

Candace Graham

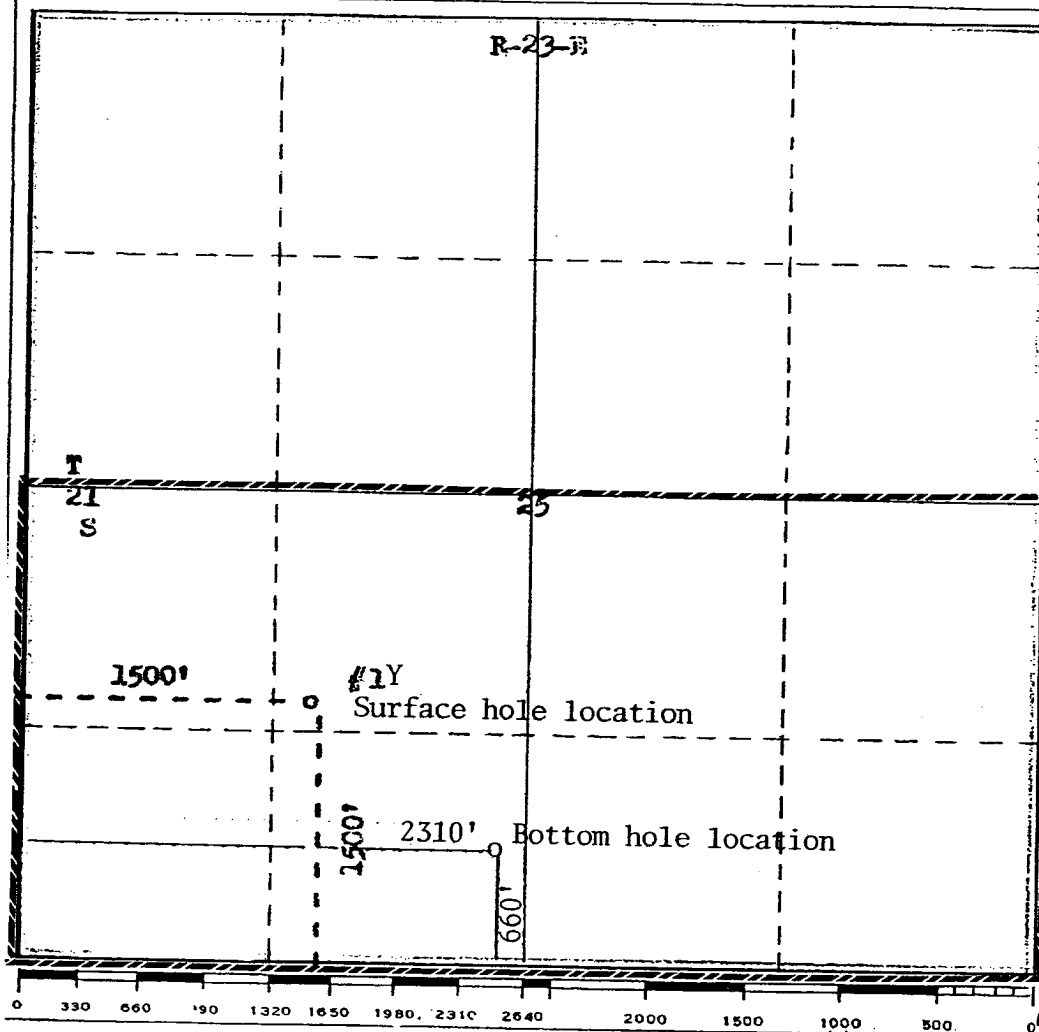
Operator Devon Energy Production Company, LP		Lease INDIAN BASIN		Well No. #1Y	
Ralph Love		Federal 25 "F25" FEDERAL			
Unit Letter K	Section 25	Township T-21-S	Range R-23-E	County Eddy	
Actual Footage Location of Well: BHL: 660' FSL & 2310' FWL, Unit N, Sec. 25-T21S-R23E, Eddy Cnty, NM					
HL: 1500 feet from the South line and 1500 feet from the West line					
Ground Level Elev. 3793	Producing Formation (Upper Perm) Morrow	Pool Morrow Indian Basin (Upper Perm)	Dedicated Acreage: 640 320 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name

C. W. Murray

Position

Agent

Company

Ralph Love

Date

November 1, 1965

*March 14, 2003

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 knowledge and belief.

Date Surveyed

October 12, 2005

Registered Professional Surveyor
and/or Land Surveyor

Certificate No.

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