

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1 Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5 Lease Serial No. NMNM0107697
2 Name of Operator DEVON ENERGY PRODUCTION CO		6 If Indian, Allottee or Tribe Name
Contact: MELANIE A CRAWFORD Email: melanie.crawford@dev.com		7 If Unit or CA/Agreement, Name and/or No.
3a. Address 20 NORTH BROADWAY SUITE 1500 OKLAHOMA CITY, OK 73102	3b. Phone No. (include area code) Ph: 405-552-4524	8 Well Name and No. REGULUS 26 FEDERAL 1H
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 26 T19S R31E NENE 380FNL 330FEL		9 API Well No. 30-015-40098-00-X1
		10 Field and Pool, or Exploratory HACKBERRY
		11 County or Parish, and State EDDY COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Change to Original APD

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

The purpose of this report is to summarize the deviation from plan while running 9-5/8" Intermediate II casing and cementing it.

Background? While drilling our second intermediate section, we started seeping fluid at 2665' (54' past previous casing shoe at 2611'). We continued drilling while losing fluid to 3494' where we lost all returns. We notified Joe Valderaz with BLM at 0450 hrs. CST on 5/5/12 informing him of our status of drilling ahead without returns. We then drilled without returns to TD at 4454'.

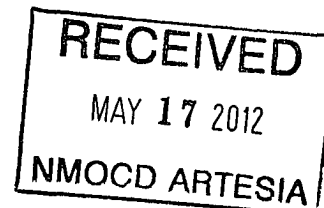
We anticipated losing returns in this section, so we already had a two-stage cement job planned. I talked with Chris Walls at ~09:20 CST on 5/8/12 to discuss DV tool/External Casing Packer (ECP) setting depths. The plan was as follows:

- Set DV tool with top at 2644' (33' below previous shoe)

Accepted for record

NMOCD LERack 05/04/12

Operator To Run ECP on 9-5/8" CSG



14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #137589 verified by the BLM Well Information System For DEVON ENERGY PRODUCTION CO LP, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 05/14/2012 (12KMS1933SE)	
Name (Printed/Typed) MELANIE A CRAWFORD	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 05/10/2012

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <b>ACCEPTED</b>	EDWARD FERNANDEZ Title PETROLEUM ENGINEER
Conditions of approval, if any, are attached. Approval of this notice 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.	Office Carlsbad

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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

**Additional data for EC transaction #137589 that would not fit on the form**

**32. Additional remarks, continued**

- Set ECP directly below ECP with top at 2647'
- Cement two stage job as originally planned

While running the 9-5/8" casing, we encountered tight hole at ~4363' (91' from bottom-2 joints). We hooked up circulating equipment to wash the last two joints to bottom. While circulating and preparing to wash casing to bottom, our pump pressure spiked to ~1900 psi and bled off slowly after killing the pumps. We attempted to work the casing in an effort to free it for 10.5 hours. While working the casing we were able to establish a pump rate of ~10 bpm at 1925 psi. We talked to Ed Fernandez with BLM about our situation and decided the best option was to cement where we were (shoe at 4363') and plan the cement job to give top of cement above the previous casing shoe (including 25% excess).

The original cement plan called for 600 sacks lead cement and 300 sacks of tail cement for the first stage. We adjusted our volumes to minimize the amount of cement we needed to pump, but still meet the requirement of reaching the previous casing shoe. We pumped tail as planned at 300 sacks, but reduced lead to 200 sacks. We pumped the cement at ~5 bpm and were successful pumping until 249 bbls into displacement (80bbls shy of calculated displacement) where we pressure up to 3100 psi and could no longer pump.

Thank you

