

JES
2-3-2014

UNORTHODOX LOCATION

OCDA Artesia

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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-90534
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, L.P.		7. If Unit or CA Agreement, Name and No.
3a. Address 333 W. Sheridan Ave. Oklahoma City, OK 73102	3b. Phone No. (include area code) 405-235-3611	8. Lease Name and Well No. Betelgeuse 19 Federal 6H <403057
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1699 FNL & 265 FWL E PP: 1750 FNL 210 FEL At proposed prod. zone 2250 FNL & 340 FWL Lot 2 SEC 19		9. API Well No. <6637> 30-015-42031
14. Distance in miles and direction from nearest town or post office* 26 miles NE of Carlsbad, NM		10. Field and Pool, or Exploratory Hackberry North; Bone Spring DMW 97020
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) See attached map	16. No. of acres in lease NMNM-90534 632.68 ac NM0557729-320	11. Sec., T. R. M. or Blk. and Survey or Area SEC 20 T19S R31E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. See attached map	17. Spacing Unit dedicated to this well 158.08 ac	12. County or Parish Eddy
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3416.1' GL	19. Proposed Depth 7921' TVD 13,000' MD	13. State NM
22. Approximate date work will start* 12/12/2013	20. BLM/BIA Bond No. on file CO-1104; NMB-000801	23. Estimated duration 45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 must 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 BLM.

25. Signature <i>Judy A. Barnett</i>	Name (Printed/Typed) Judy A. Barnett	Date 07/25/2013
Title Sr. Regulatory Specialist		
Approved by (Signature) ISI STEPHEN J. CAFFEY	Name (Printed/Typed)	Date JAN 28 2014
Title FIELD MANAGER	Office CARLSBAD FIELD 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.

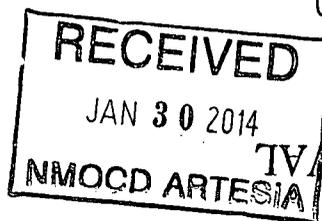
APPROVAL FOR TWO YEARS

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.

(Continued on page 2)

Capitan Controlled Water Basin (Instr. for page 2)

Approval Subject to General Requirements & Special Stipulations Attached



SEE ATTACHED FOR CONDITIONS OF APPROVAL

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 25th day of July, 2013.

Printed Name: Judy A. Barnett

Signed Name:



Position Title: Sr. Regulatory Specialist

Address: 333 W. Sheridan, OKC OK 73102

Telephone: (405)-228-8699

Field Representative (if not above signatory):

Address (if different from above):

Telephone (if different from above):

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-42031	² Pool Code 97020	³ Pool Name HACKBERRY; BONE SPRING, NW NW
⁴ Property Code 40305	⁵ Property Name BETELGEUSE 19 FEDERAL	⁶ Well Number 6H
⁷ OGRID No. 6137	⁸ Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P.	⁹ Elevation 3416.1

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	20	19 S	31 E		1699	NORTH	265	WEST	EDDY

¹¹ 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
2	19	19 S	31 E		2250	NORTH	340	WEST	EDDY

¹² Dedicated Acres 158.08	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. 1-28 13000
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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.

Project Area **Lease Line** **Completion Interval**

SW CORNER SEC. 19
LAT. = 32.6530875°N
LONG. = 103.9169439°W
NMSP EAST (FT)
N = 601575.46
E = 669490.43

N O CORNER SEC. 19
LAT. = 32.6531159°N
LONG. = 103.9085961°W
NMSP EAST (FT)
N = 601595.96
E = 672059.65

NW CORNER SEC. 20
LAT. = 32.6531465°N
LONG. = 103.9000209°W
NMSP EAST (FT)
N = 601617.77
E = 674698.81

NO CORNER SEC. 20
LAT. = 32.6531577°N
LONG. = 103.8914473°W
NMSP EAST (FT)
N = 601632.72
E = 677337.52

BETELGEUSE "19" FEDERAL #6H
ELEV. = 3416.1'
LAT. = 32.6484787°N (NAD83)
LONG. = 103.8991444°W
NMSP EAST (FT)
N = 599920.68
E = 674975.51

W O CORNER SEC. 19
LAT. = 32.6480081°N
LONG. = 103.9159450°W
NMSP EAST (FT)
N = 599328.671
E = 669832.00

SW CORNER SEC. 19
LAT. = 32.6385780°N
LONG. = 103.9169610°W
NMSP EAST (FT)
N = 599296.75
E = 669505.87

S O CORNER SEC. 19
LAT. = 32.6386045°N
LONG. = 103.9085573°W
NMSP EAST (FT)
N = 596316.55
E = 672092.70

SW CORNER SEC. 20
LAT. = 32.6386302°N
LONG. = 103.8999686°W
NMSP EAST (FT)
N = 596336.65
E = 674738.47

S O CORNER SEC. 20
LAT. = 32.6386419°N
LONG. = 103.8913926°W
NMSP EAST (FT)
N = 596351.78
E = 673376.33

SW CORNER SEC. 10
LAT. = 32.6386302°N
LONG. = 103.8999686°W
NMSP EAST (FT)
N = 596336.65
E = 674738.47

S O CORNER SEC. 20
LAT. = 32.6386419°N
LONG. = 103.8913926°W
NMSP EAST (FT)
N = 596351.78
E = 673376.33

NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE OLD (UNADJUSTED) BASED ON BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES ADJUSTED TO THE SURFACE.

¹⁷ OPERATOR CERTIFICATION

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 or has a right to drill this well at this 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.

Signature: *[Signature]* Date: **7/25/13**

Printed Name: _____

E-mail Address: _____

¹⁸ 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.

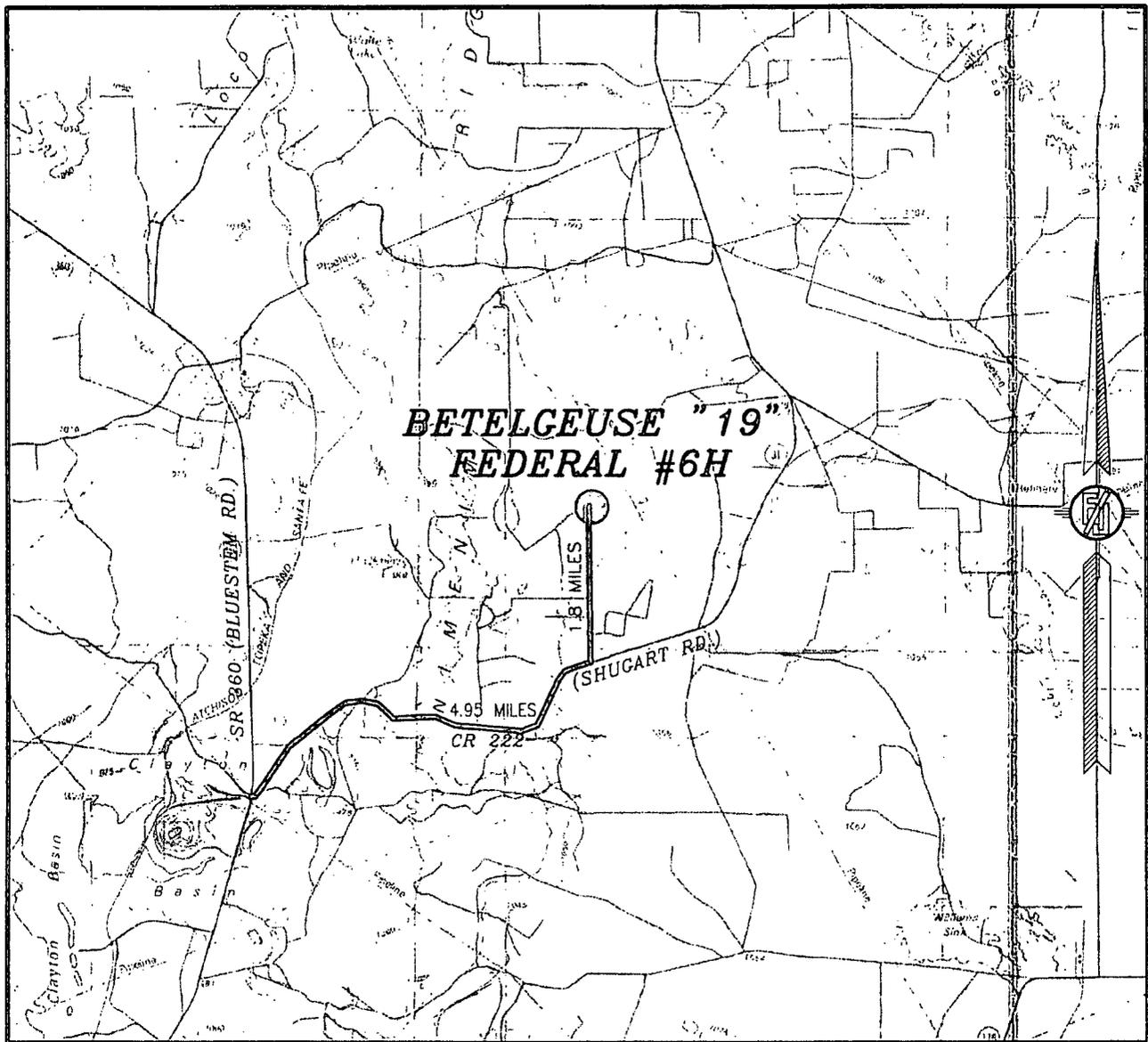
MAY 18, 2013
Date of Survey

Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: **12797**

SURVEY NO. 1836

SECTION 20, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO
 VICINITY MAP



NOT TO SCALE

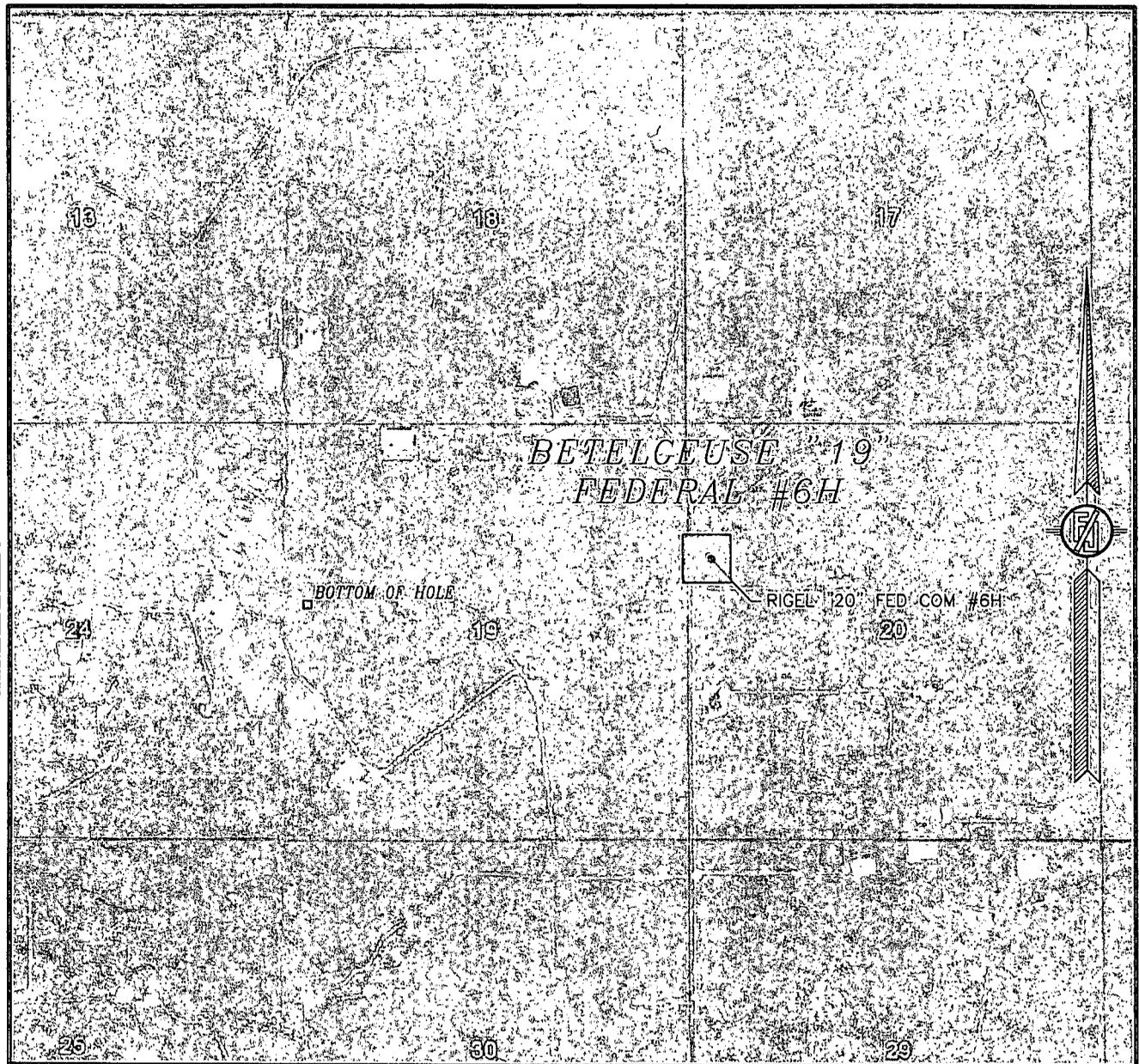
DEVON ENERGY PRODUCTION COMPANY, L.P.
BETELGEUSE "19" FEDERAL #6H
 LOCATED 1699 FT. FROM THE NORTH LINE
 AND 265 FT. FROM THE WEST LINE OF
 SECTION 20, TOWNSHIP 19 SOUTH,
 RANGE 31 EAST, N.M.P.M.
 EDDY COUNTY, STATE OF NEW MEXICO

DIRECTIONS TO LOCATION
 FROM THE INTERSECTION OF SR 360 (BLUESTEM ROAD) AND CR 222
 (SHUGART ROAD) GO EAST ON CR 222 4.95 MILES TO CALICHE
 LEASE ROAD JUST PAST CATTLE GUARD ON LEFT, GO NORTH ON
 CALICHE LEASE ROAD 1.8 MILES. SITE IS APPROX. 200 FT. ON RIGHT.

MAY 18, 2013

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO SURVEY NO. 1836

SECTION 20, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
AERIAL PHOTO



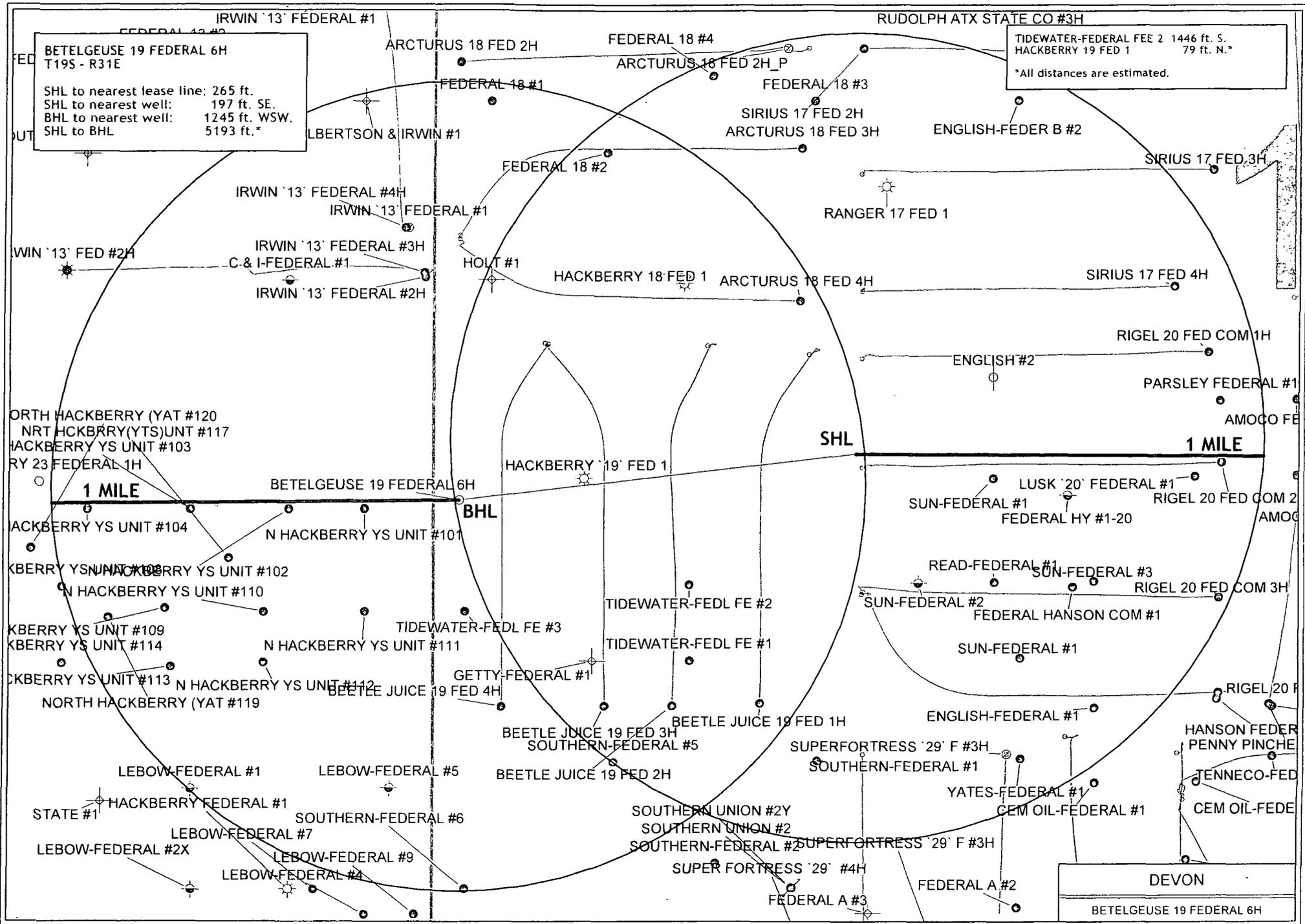
NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
MARCH 2012

DEVON ENERGY PRODUCTION COMPANY, L.P.
BETELGEUSE "19" FEDERAL #6H
LOCATED 1699 FT. FROM THE NORTH LINE
AND 265 FT. FROM THE WEST LINE OF
SECTION 20, TOWNSHIP 19 SOUTH,
RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

MAY 18, 2013

SURVEY NO. 1836

MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 CARLSBAD, NEW MEXICO



**BETELGEUSE 19 FEDERAL 6H
T19S - R31E**

SHL to nearest lease line: 265 ft.
 SHL to nearest well: 197 ft. SE.
 BHL to nearest well: 1245 ft. WSW.
 SHL to BHL 5193 ft.*

**TIDEWATER-FEDERAL FEE 2 1446 ft. S.
 HACKBERRY 19 FED 1 79 ft. N.***

*All distances are estimated.

ORTH HACKBERRY (YAT #120
 NRT HACKBERRY (YTS) UNIT #117
 HACKBERRY YS UNIT #103
 RY 23 FEDERAL 1H

1 MILE

HACKBERRY YS UNIT #104
 N HACKBERRY YS UNIT #101
 N HACKBERRY YS UNIT #102
 N HACKBERRY YS UNIT #110
 N HACKBERRY YS UNIT #109
 N HACKBERRY YS UNIT #114
 N HACKBERRY YS UNIT #113
 N HACKBERRY YS UNIT #112
 NORTH HACKBERRY (YAT #119)

LEBOW-FEDERAL #1
 STATE #1
 HACKBERRY FEDERAL #1
 LEBOW-FEDERAL #7
 LEBOW-FEDERAL #2X
 LEBOW-FEDERAL #9
 LEBOW-FEDERAL #4

BHL

HACKBERRY 19 FED 1
 TIDEWATER-FEDL FE #3
 TIDEWATER-FEDL FE #1
 TIDEWATER-FEDL FE #2
 GETTY-FEDERAL #1
 BEETLE JUICE 19 FED 4H
 BEETLE JUICE 19 FED 3H
 SOUTHERN-FEDERAL #5
 BEETLE JUICE 19 FED 2H

SOUTHERN UNION #2Y
 SOUTHERN UNION #2
 SOUTHERN-FEDERAL #2
 SUPERFORTRESS 29' #4H
 FEDERAL A #3

RUDOLPH ATX STATE CO #3H

FEDERAL 18 #4
 ARCTURUS 18 FED 2H_P
 FEDERAL 18 #3
 SIRIUS 17 FED 2H
 ARCTURUS 18 FED 3H
 ENGLISH-FEDER B #2
 SIRIUS 17 FED 3H
 RANGER 17 FED 1
 SIRIUS 17 FED 4H
 RIGEL 20 FED COM 1H
 PARSLEY FEDERAL #1
 AMOCO FE
1 MILE
 LUSK 20 FEDERAL #1
 SUN-FEDERAL #1
 FEDERAL HY #1-20
 RIGEL 20 FED COM 2
 AMOC
 READ-FEDERAL #1
 SUN-FEDERAL #3
 RIGEL 20 FED COM 3H
 FEDERAL HANSON COM #1
 SUN-FEDERAL #2
 SUN-FEDERAL #1
 ENGLISH-FEDERAL #1
 RIGEL 20 F
 HANSON FEDER
 PENNY PINCHE
 JENNECO-FED
 CEM OIL-FEDE
 SUPERFORTRESS 29' F #3H
 SOUTHERN-FEDERAL #1
 YATES-FEDERAL #1
 CEM OIL-FEDERAL #1
 FEDERAL A #2
 FEDERAL A #3

DEVON

BETELGEUSE 19 FEDERAL 6H

DRILLING PROGRAM

Devon Energy Production Company, LP

Betelgeuse 19 Federal 6H

Surface Location: 1699' FNL & 265' FWL, Unit E, Sec 20 T19S R31E, Eddy, NM

Bottom Hole Location: 2250' FNL & 340' FWL, Lot 2, Sec 19 T19S 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. Fresh Water	120'	
b. Rustler Anhydrite	405'	Barren
c. Salt	540'	Barren
d. B/Salt	1870'	Barren
e. Yates	2080'	Oil
f. Seven Rivers	2330'	Oil
g. Capitan	2432'	Brine Water
h. B/Capitan	3245'	Brine Water
i. Delaware	4500'	Oil/Gas
j. Bone Spring	6520'	Oil/Gas
Total Depth	13,000'	

3. Casing Program: All casing is new and API approved.

See COA

<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>
26"	0' - 475' ^{350'}	20"	0' - 475' ^{350'}	94#	BTC	J/K-55
17 1/2"	475' - 2332' ^{2450'}	13 3/8"	0' - 2332' ^{2450'}	68#	BTC	J/K-55
12 1/4"	2332' - 4400' ^{3950'}	9 5/8"	0' - 4400' ^{3950'}	40#	LTC	J-55
8 3/4"	4400' - 7100'	5 1/2"	0' - 7100'	17#	LTC	HCP110
8 3/4"	7100' - 13,000'	5 1/2"	7100' - 13000'	17#	BTC	HCP110

4. Design Parameter Factors:

<u>Casing Size</u>	<u>Collapse Design Factor</u>	<u>Burst Design Factor</u>	<u>Tension Design Factor</u>
20"	2.19	8.90	31.40
13 3/8"	1.61	2.85	7.19
9 5/8"	1.25	1.92	2.95
5 1/2" LTC	2.58	3.20	2.01
5 1/2" BTC	2.31	2.87	5.66

5. Cement Program

String	Slurry	Amount and Type of Cement
Surface	Lead	535 sacks Class C Cement + 1% bwoc Calcium Chloride + 0.125 lbs/sack Cello Flake + 4% bwoc Bentonite + 81.1% Fresh Water, 13.5 ppg, 1.73 cf/sk
	Tail	300 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.125 lbs/sack Cello Flake + 56.3% Fresh Water, 14.8 ppg, 1.35 cf/sk
13-3/8" Intermediate	Lead	1305 sacks (60:40) Poz (Fly Ash):Class C Cement + 5%bwow Sodium Chloride + 0.1% bwoc R-3 + 0.125 lbs/sack Cello Flake + 3 lbs/sack LCM-1 + 0.25% bwoc FL-52 + 1% bwoc Sodium Metasilicate + 83.4% Fresh Water, 12.8 ppg, 1.65 cf/sk
	Tail	450 sacks (60:40) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride + 0.125 lbs/sack Cello Flake + 0.5% bwoc Sodium Metasilicate + 0.5% bwoc BA-10A + 4% bwoc MPA-5 + 65.3% Fresh Water, 13.8 ppg, 1.38 cf/sk
9-5/8" Intermediate <i>See COA</i>	1st STAGE	
	Lead	614 sacks (60:40) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride + 0.2% bwoc R-3 + 0.125 lbs/sack Cello Flake + 3 lbs/sack LCM-1 + 0.25% bwoc FL-52 + 1% bwoc Sodium Metasilicate + 89.6% Fresh Water, 12.6 ppg, 1.73 cf/sk
	Tail	300 sacks (60:40) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride + 0.125 lbs/sack Cello Flake + 0.5% bwoc Sodium Metasilicate + 0.5% bwoc BA-10A + 4% bwoc MPA-5 + 65.3% Fresh Water, 13.8 ppg, 1.38 cf/sk
	2nd STAGE (DV tool and ECP at 2382 ft) <i>See COA</i>	
	Lead	375 sacks (60:40) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride + 0.1% bwoc R-3 + 0.125 lbs/sack Cello Flake + 3 lbs/sack LCM-1 + 0.25% bwoc FL-52 + 1% bwoc Sodium Metasilicate + 83.4% Fresh Water, 12.8 ppg, 1.65 cf/sk
	Tail	150 sacks (60:40) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride + 0.125 lbs/sack Cello Flake + 0.5% bwoc Sodium Metasilicate + 0.5% bwoc BA-10A + 4% bwoc MPA-5 + 65.3% Fresh Water, 13.8 ppg, 1.38 cf/sk
Production	1 st Lead	585 sacks (50:50) Poz (Fly Ash):Class H Cement + 0.5% bwoc FL-52 + 0.3% bwoc ASA-301 + 10% bwoc Bentonite + 0.3% bwoc R-21 + 130.7% Fresh Water, 11.8 ppg, 2.30 cf/sk
	Lead	255 sacks (35:65) Poz (Fly Ash):Class H Cement + 3% bwow Sodium Chloride + 0.125 lbs/sack Cello Flake + 0.7% bwoc FL-52 + 6% bwoc Bentonite + 105.4% Fresh Water, 12.5 ppg, 2.00 cf/sk
	Tail	1545 sacks (50:50) Poz (Fly Ash):Class H Cement + 5% bwow Sodium Chloride + 0.3% bwoc CD-32 + 0.5% bwoc FL-25 + 0.5% bwoc FL-52 + 0.45% bwoc Sodium Metasilicate + 57.2% Fresh Water, 14.20 ppg, 1.28 cf/sk

String	TOC
20" Surface	Surface
13-3/8" Intermediate	Surface
9-5/8" Intermediate	Surface
5-1/2" Production	2,350' (~82' above top of Capitan Reef)

The above cement volumes are based on 25% excess. Actual cement volumes could be adjusted based on fluid caliper and caliper log data.

6. **Pressure Control Equipment**

The BOP system used to drill the 17-1/2" hole will consist of a 20" 2M Annular preventer. The BOP system will be tested as per BLM Onshore Oil and Gas Order No. 2 as a 2M system prior to drilling out the casing shoe.

The BOP system used to drill the 12-1/4" and 8-3/4" holes will consist of a 13-5/8" 3M 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 casing shoe.

The pipe rams will be operated and checked as per Onshore Order No 2. 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 3,000 psi WP.

See
COA

Devon requests a variance to use a flexible line with flanged ends between the BOP and the choke manifold (choke line); if an H&P rig drills this well. Otherwise no flex line is needed. The line will be kept as straight as possible with minimal turns.

7. **Proposed Mud Circulation System**

See
COA

<u>Depth</u>	<u>Mud Wt.</u>	<u>Visc</u>	<u>Fluid Loss</u>	<u>Type System</u>
0 - 475' ^{350'}	8.4-9.6	32-34	NC	FW
475-2332' ^{2450'}	10.0	28	NC	Brine
2332'-4400' ^{3950'}	8.4-8.5	28	NC	FW
4400- 7288'	8.3-8.7	28	NC	FR/CB
7288'-13,000'	8.4-9.0	28-32	NC/40	CB/POLY

The necessary mud products for weight addition and fluid loss control will be on location at all times. Visual mud monitoring equipment will be in place to detect volume changes indicating loss or gain of circulating fluid volume. If abnormal pressures are encountered, electronic/mechanical mud monitoring equipment will be installed.

8. **Auxiliary Well Control and Monitoring Equipment:**

See
COA

- 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.

9. **Logging, Coring, and Testing Program:**

- 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.

10. **Potential Hazards:**

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. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 3419 psi and Estimated BHT 126°. No H₂S is anticipated to be encountered.

See
cont

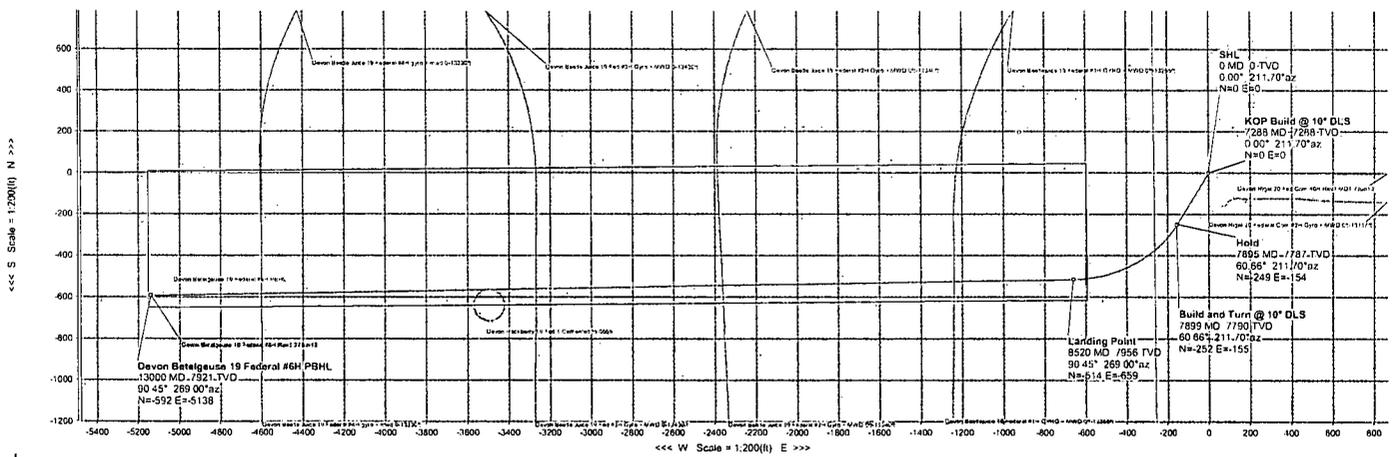
11. **Anticipated Starting Date and Duration of Operations:**

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.

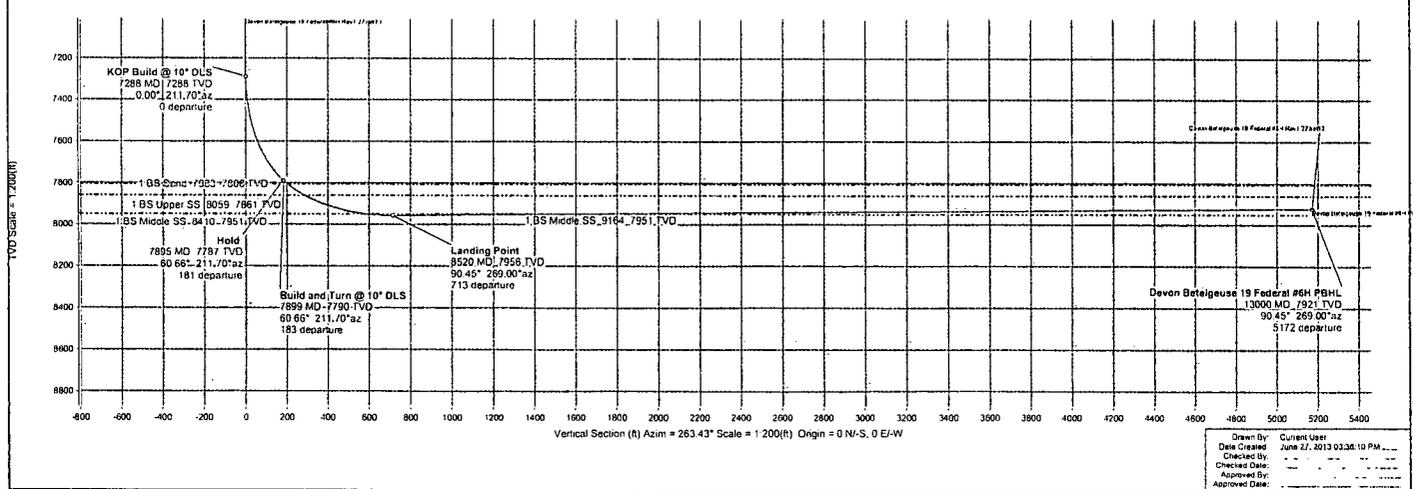
WELL: Betelgeuse 19 Federal #6H	FIELD: NM Eddy County (NAD 83)	STRUCTURE: H&P 300
Magnetic Parameters Model: IUGFM 2011 Dip: 62.862° Date: June 18, 2013 Surface Location: Lat: N 32 38 54.523 Lon: W 103 53 56.920 Mag Dec: 7.634° Easting: 674975.51 NAD83 Easting: 674975.51 NAD83 Scale Fact: 0.9992954 Max. Elevation: 5400.00 Meters Plan: Betelgeuse 19 Federal #6H FWD Ref: 8/18/14/21 in above 1 Rev: 17Jan13 New Date: June 18, 2013		

- Legend**
- Devon Betelgeuse 19 Federal #6H Lateral Loss
 - Devon Betelgeuse 19 Federal #6H PHL
 - Devon Betelgeuse 19 Federal #6H 1 BS
 - Devon Betelgeuse 19 Federal #6H 1 BS Middle SS
 - Devon Betelgeuse 19 Federal #6H 1 BS Upper SS
 - Devon Betelgeuse 19 Federal #6H 1 BS Sand
 - Devon Betelgeuse 19 Federal #6H 1 BS Middle SS
 - Devon Betelgeuse 19 Federal #6H 1 BS Upper SS
 - Devon Betelgeuse 19 Federal #6H 1 BS Sand
 - Devon Betelgeuse 19 Federal #6H 1 BS Middle SS
 - Devon Betelgeuse 19 Federal #6H 1 BS Upper SS
 - Devon Betelgeuse 19 Federal #6H 1 BS Sand
 - Devon Betelgeuse 19 Federal #6H 1 BS Middle SS
 - Devon Betelgeuse 19 Federal #6H 1 BS Upper SS
 - Devon Betelgeuse 19 Federal #6H 1 BS Sand

Grid North
 Tot Corr (M->G)
 7.3994°
 Mag Dec (7.634°)
 Grid Conv (0.234°)



Comments	Survey MD(ft)	Inclination(deg)	Azimuth(deg)	TVD(ft)	Sub-Sea TVD	VS(ft)	NS(ft)	EW(ft)	Northing(ftUS)	Easting(ftUS)	Latitude(deg)	Longitude(deg)	DLS(Y/100ft)	Tool Face(deg)
SHL	0.00	0.00	211.70	0.00	-3442.10	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.523	W 103 53 56.920	0.00	211.70
KOP Build @ 10° DLS	7288.00	0.00	211.70	7288.00	3845.90	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.523	W 103 53 56.920	0.00	211.70
Hold	7894.58	60.66	211.70	7787.45	4345.35	180.99	-248.61	-153.54	599672.09	674821.98	N 32 38 52.070	W 103 53 58.728	10.00	0.00
Build and Turn @ 10° DLS	7898.79	60.66	211.70	7789.51	4347.41	183.26	-251.73	-155.46	599668.97	674820.06	N 32 38 52.039	W 103 53 58.750	0.00	70.34
1 BS Sand	7933.01	61.76	215.40	7806.00	4363.90	202.58	-276.71	-172.04	599643.99	674803.48	N 32 38 51.793	W 103 53 58.945	10.00	64.68
1 BS Upper SS	8058.89	66.60	228.32	7861.00	4418.90	287.26	-360.66	-247.60	599560.05	674727.93	N 32 38 50.965	W 103 53 59.833	10.00	56.48
1 BS Middle SS	8410.27	84.32	259.84	7951.00	4508.90	603.63	-503.22	-549.64	599417.50	674425.91	N 32 38 49.567	W 103 54 3.372	10.00	72.12
Landing Point	8520.34	90.45	269.00	7956.03	4513.93	713.39	-513.87	-658.90	599406.85	674316.66	N 32 38 49.466	W 103 54 4.650	10.00	0.00
1 BS Middle SS	9163.53	90.45	269.00	7951.00	4508.90	1353.52	-525.09	-1301.97	599395.62	673673.63	N 32 38 49.380	W 103 54 12.172	0.00	0.00
Devon Betelgeuse 19 Federal #6H PBHL	13000.34	90.45	269.00	7921.00	4478.90	5172.08	-592.05	-5138.08	599328.67	669837.80	N 32 38 48.869	W 103 54 57.038	0.00	0.00



Drawn By: Current User
 Date Created: June 27, 2013 03:34:10 PM
 Checked By:
 Checked Date:
 Approved By:
 Approved Date:



Devon Betelgeuse 19 Federal #6H Rev1 27Jun13 Proposal Geodetic Report



(Non-Def Plan)

Report Date:	June 27, 2013 - 03:57 PM	Survey / DLS Computation:	Minimum Curvature / Lubinski
Client:	Devon	Vertical Section Azimuth:	263.427 ° (Grid North)
Field:	NM Eddy County (NAD 83)	Vertical Section Origin:	0.000 ft, 0.000 ft
Structure / Stot:	Devon Betelgeuse 19 Federal #6H / Devon Betelgeuse 19 Federal #6H	TVD Reference Datum:	RKB
Well:	Devon Betelgeuse 19 Federal #6H	TVD Reference Elevation:	3442.100 ft above
Borehole:	Original Borehole	Seabed / Ground Elevation:	3416.100 ft above
UWI / API#:	Unknown / Unknown	Magnetic Declination:	7.634 °
Survey Name:	Devon Betelgeuse 19 Federal #6H Rev1 27Jun13	Total Gravity Field Strength:	998.5207mgn (9.80665 Based)
Survey Date:	June 18, 2013	Total Magnetic Field Strength:	48624.172 nT
Tort / AHD / DDI / ERD Ratio:	122.813 ° / 5368.996 ft / 6.032 / 0.675	Magnetic Dip Angle:	60.464 °
Coordinate Reference System:	NAD83 New Mexico State Plane, Eastern Zone, US Feet	Declination Date:	June 18, 2013
Location Lat / Long:	N 32° 38' 54.52347", W 103° 53' 56.91998"	Magnetic Declination Model:	BGGM 2013
Location Grid N/E Y/X:	N 599920.680 ftUS, E 674975.510 ftUS	North Reference:	Grid North
CRS Grid Convergence Angle:	0.2342 °	Grid Convergence Used:	0.2342 °
Grid Scale Factor:	0.99992954	Total Corr Mag North->Grid North:	7.3994 °
		Local Coord Referenced To:	Structure Reference Point

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (*100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
SHL	0.00	0.00	211.70	0.00	0.00	0.00	0.00	N/A	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	100.00	0.00	211.70	100.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	200.00	0.00	211.70	200.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	300.00	0.00	211.70	300.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	400.00	0.00	211.70	400.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	500.00	0.00	211.70	500.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	600.00	0.00	211.70	600.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	700.00	0.00	211.70	700.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	800.00	0.00	211.70	800.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	900.00	0.00	211.70	900.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	1000.00	0.00	211.70	1000.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	1100.00	0.00	211.70	1100.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	1200.00	0.00	211.70	1200.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	1300.00	0.00	211.70	1300.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	1400.00	0.00	211.70	1400.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	1500.00	0.00	211.70	1500.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	1600.00	0.00	211.70	1600.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	1700.00	0.00	211.70	1700.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	1800.00	0.00	211.70	1800.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	1900.00	0.00	211.70	1900.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	2000.00	0.00	211.70	2000.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	2100.00	0.00	211.70	2100.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	2200.00	0.00	211.70	2200.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	2300.00	0.00	211.70	2300.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	2400.00	0.00	211.70	2400.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	2500.00	0.00	211.70	2500.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	2600.00	0.00	211.70	2600.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	2700.00	0.00	211.70	2700.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	2800.00	0.00	211.70	2800.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	2900.00	0.00	211.70	2900.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	3000.00	0.00	211.70	3000.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	3100.00	0.00	211.70	3100.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	3200.00	0.00	211.70	3200.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	3300.00	0.00	211.70	3300.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	3400.00	0.00	211.70	3400.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	3500.00	0.00	211.70	3500.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	3600.00	0.00	211.70	3600.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	3700.00	0.00	211.70	3700.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	3800.00	0.00	211.70	3800.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	3900.00	0.00	211.70	3900.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	4000.00	0.00	211.70	4000.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	4100.00	0.00	211.70	4100.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	4200.00	0.00	211.70	4200.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	4300.00	0.00	211.70	4300.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	4400.00	0.00	211.70	4400.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	4500.00	0.00	211.70	4500.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	4600.00	0.00	211.70	4600.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	4700.00	0.00	211.70	4700.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	4800.00	0.00	211.70	4800.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	4900.00	0.00	211.70	4900.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	5000.00	0.00	211.70	5000.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	5100.00	0.00	211.70	5100.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	5200.00	0.00	211.70	5200.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	5300.00	0.00	211.70	5300.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	5400.00	0.00	211.70	5400.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	5500.00	0.00	211.70	5500.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	5600.00	0.00	211.70	5600.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	5700.00	0.00	211.70	5700.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	5800.00	0.00	211.70	5800.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	5900.00	0.00	211.70	5900.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	6000.00	0.00	211.70	6000.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	6100.00	0.00	211.70	6100.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	6200.00	0.00	211.70	6200.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	6300.00	0.00	211.70	6300.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (*100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
	6400.00	0.00	211.70	6400.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	6500.00	0.00	211.70	6500.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	6600.00	0.00	211.70	6600.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	6700.00	0.00	211.70	6700.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	6800.00	0.00	211.70	6800.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	6900.00	0.00	211.70	6900.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	7000.00	0.00	211.70	7000.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	7100.00	0.00	211.70	7100.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	7200.00	0.00	211.70	7200.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
KOP Build @ 10° DLS	7288.00	0.00	211.70	7288.00	0.00	0.00	0.00	0.00	599920.68	674975.51	N 32 38 54.52	W 103 53 56.92
	7300.00	1.20	211.70	7300.00	0.08	-0.11	-0.07	10.00	599920.57	674975.44	N 32 38 54.52	W 103 53 56.92
	7400.00	11.20	211.70	7399.29	6.76	-9.28	-5.73	10.00	599911.40	674969.78	N 32 38 54.43	W 103 53 56.99
	7500.00	21.20	211.70	7495.20	24.02	-32.99	-20.38	10.00	599887.69	674955.14	N 32 38 54.20	W 103 53 57.16
	7600.00	31.20	211.70	7584.81	51.33	-70.51	-43.54	10.00	599850.18	674931.97	N 32 38 53.83	W 103 53 57.43
	7700.00	41.20	211.70	7665.40	87.87	-120.69	-74.54	10.00	599800.00	674900.98	N 32 38 53.33	W 103 53 57.80
	7800.00	51.20	211.70	7734.53	132.51	-182.02	-112.42	10.00	599738.67	674863.10	N 32 38 52.73	W 103 53 58.24
Hold	7894.58	60.66	211.70	7787.45	180.99	-248.61	-153.54	10.00	599672.09	674821.98	N 32 38 52.07	W 103 53 58.73
Build and Turn @ 10° DLS	7898.79	60.66	211.70	7789.51	183.26	-251.73	-155.46	0.00	599668.97	674820.06	N 32 38 52.04	W 103 53 58.75
	7900.00	60.70	211.83	7790.11	183.91	-252.63	-156.02	10.00	599668.07	674819.50	N 32 38 52.03	W 103 53 58.76
1 BS Sand	7933.01	61.76	215.40	7806.00	202.58	-276.71	-172.04	10.00	599643.99	674803.48	N 32 38 51.79	W 103 53 58.95
	8000.00	64.19	222.41	7836.47	245.12	-323.09	-209.51	10.00	599597.62	674766.02	N 32 38 51.34	W 103 53 59.39
1 BS Upper SS	8058.89	66.60	228.32	7861.00	287.26	-360.66	-247.60	10.00	599560.05	674727.93	N 32 38 50.96	W 103 53 59.83
	8100.00	68.41	232.32	7876.74	319.07	-384.90	-276.83	10.00	599535.81	674698.70	N 32 38 50.73	W 103 54 0.18
	8200.00	73.17	241.63	7909.70	403.52	-436.19	-355.93	10.00	599484.52	674619.80	N 32 38 50.22	W 103 54 1.10
	8300.00	78.33	250.47	7934.35	495.92	-475.40	-444.42	10.00	599445.31	674531.13	N 32 38 49.84	W 103 54 2.14
	8400.00	83.76	258.98	7949.93	593.44	-501.34	-539.60	10.00	599419.38	674435.95	N 32 38 49.58	W 103 54 3.25
1 BS Middle SS	8410.27	84.32	259.84	7951.00	603.63	-503.22	-549.64	10.00	599417.50	674425.91	N 32 38 49.57	W 103 54 3.37
	8500.00	89.31	267.31	7955.99	693.13	-513.21	-638.58	10.00	599407.50	674336.98	N 32 38 49.47	W 103 54 4.41
Landing Point	8520.34	90.45	269.00	7956.03	713.39	-513.87	-658.90	10.00	599406.85	674316.66	N 32 38 49.47	W 103 54 4.65
	8600.00	90.45	269.00	7955.41	792.68	-515.26	-738.55	0.00	599405.46	674237.01	N 32 38 49.46	W 103 54 5.58
	8700.00	90.45	269.00	7954.62	892.20	-517.00	-838.53	0.00	599403.71	674137.04	N 32 38 49.44	W 103 54 6.75
	8800.00	90.45	269.00	7953.84	991.73	-518.75	-938.51	0.00	599401.97	674037.07	N 32 38 49.43	W 103 54 7.92
	8900.00	90.45	269.00	7953.06	1091.25	-520.49	-1038.49	0.00	599400.22	673937.09	N 32 38 49.42	W 103 54 9.09
	9000.00	90.45	269.00	7952.28	1190.77	-522.24	-1138.48	0.00	599398.48	673837.12	N 32 38 49.40	W 103 54 10.26
1 BS Middle SS	9100.00	90.45	269.00	7951.50	1290.30	-523.98	-1238.46	0.00	599396.73	673737.14	N 32 38 49.39	W 103 54 11.43
	9163.53	90.45	269.00	7951.00	1353.52	-525.09	-1301.97	0.00	599395.62	673637.63	N 32 38 49.38	W 103 54 12.17
	9200.00	90.45	269.00	7950.71	1389.82	-525.73	-1338.44	0.00	599394.99	673637.17	N 32 38 49.38	W 103 54 12.60
	9300.00	90.45	269.00	7949.93	1489.35	-527.48	-1438.42	0.00	599393.24	673537.19	N 32 38 49.36	W 103 54 13.77
	9400.00	90.45	269.00	7949.15	1588.87	-529.22	-1538.40	0.00	599391.50	673437.22	N 32 38 49.35	W 103 54 14.94
	9500.00	90.45	269.00	7948.37	1688.39	-530.97	-1638.38	0.00	599389.75	673337.24	N 32 38 49.34	W 103 54 16.11
	9600.00	90.45	269.00	7947.59	1787.92	-532.71	-1738.37	0.00	599388.01	673237.27	N 32 38 49.32	W 103 54 17.28
	9700.00	90.45	269.00	7946.81	1887.44	-534.46	-1838.35	0.00	599386.26	673137.30	N 32 38 49.31	W 103 54 18.45
	9800.00	90.45	269.00	7946.02	1986.97	-536.20	-1938.33	0.00	599384.52	673037.32	N 32 38 49.30	W 103 54 19.61
	9900.00	90.45	269.00	7945.24	2086.49	-537.95	-2038.31	0.00	599382.77	672937.35	N 32 38 49.28	W 103 54 20.78
	10000.00	90.45	269.00	7944.46	2186.02	-539.69	-2138.29	0.00	599381.03	672837.37	N 32 38 49.27	W 103 54 21.95
	10100.00	90.45	269.00	7943.68	2285.54	-541.44	-2238.27	0.00	599379.28	672737.40	N 32 38 49.26	W 103 54 23.12
	10200.00	90.45	269.00	7942.90	2385.06	-543.18	-2338.26	0.00	599377.54	672637.42	N 32 38 49.24	W 103 54 24.29
	10300.00	90.45	269.00	7942.11	2484.59	-544.93	-2438.24	0.00	599375.79	672537.45	N 32 38 49.23	W 103 54 25.46
	10400.00	90.45	269.00	7941.33	2584.11	-546.67	-2538.22	0.00	599374.05	672437.47	N 32 38 49.22	W 103 54 26.63
	10500.00	90.45	269.00	7940.55	2683.64	-548.42	-2638.20	0.00	599372.30	672337.50	N 32 38 49.20	W 103 54 27.80
	10600.00	90.45	269.00	7939.77	2783.16	-550.16	-2738.18	0.00	599370.56	672237.52	N 32 38 49.19	W 103 54 28.97
	10700.00	90.45	269.00	7938.99	2882.69	-551.91	-2838.17	0.00	599368.81	672137.55	N 32 38 49.18	W 103 54 30.14
	10800.00	90.45	269.00	7938.20	2982.21	-553.65	-2938.15	0.00	599367.07	672037.58	N 32 38 49.16	W 103 54 31.31
	10900.00	90.45	269.00	7937.42	3081.73	-555.40	-3038.13	0.00	599365.32	671937.60	N 32 38 49.15	W 103 54 32.48
	11000.00	90.45	269.00	7936.64	3181.26	-557.14	-3138.11	0.00	599363.58	671837.63	N 32 38 49.14	W 103 54 33.65
	11100.00	90.45	269.00	7935.86	3280.78	-558.89	-3238.09	0.00	599361.83	671737.65	N 32 38 49.12	W 103 54 34.82
	11200.00	90.45	269.00	7935.08	3380.31	-560.63	-3338.07	0.00	599360.09	671637.68	N 32 38 49.11	W 103 54 35.99
	11300.00	90.45	269.00	7934.29	3479.83	-562.38	-3438.06	0.00	599358.34	671537.70	N 32 38 49.10	W 103 54 37.16
	11400.00	90.45	269.00	7933.51	3579.36	-564.12	-3538.04	0.00	599356.60	671437.73	N 32 38 49.08	W 103 54 38.32
	11500.00	90.45	269.00	7932.73	3678.88	-565.87	-3638.02	0.00	599354.85	671337.75	N 32 38 49.07	W 103 54 39.49
	11600.00	90.45	269.00	7931.95	3778.40	-567.61	-3738.00	0.00	599353.11	671237.78	N 32 38 49.06	W 103 54 40.66
	11700.00	90.45	269.00	7931.17	3877.93	-569.36	-3837.98	0.00	599351.36	671137.81	N 32 38 49.04	W 103 54 41.83
	11800.00	90.45	269.00	7930.39	3977.45	-571.10	-3937.96	0.00	599349.62	671037.83	N 32 38 49.03	W 103 54 43.00
	11900.00	90.45	269.00	7929.60	4076.98	-572.85	-4037.95	0.00	599347.87	670937.86	N 32 38 49.02	W 103 54 44.17
	12000.00	90.45	269.00	7928.82	4176.50	-574.60	-4137.93	0.00	599346.13	670837.88	N 32 38 49.00	W 103 54 45.34
	12100.00	90.45	269.00	7928.04	4276.03	-576.34	-4237.91	0.00	599344.38	670737.91	N 32 38 48.99	W 103 54 46.51
	12200.00	90.45	269.00	7927.26	4375.55	-578.09	-4337.89	0.00	599342.64	670637.93	N 32 38 48.98	W 103 54 47.68
	12300.00	90.45	269.00	7926.48	4475.07	-579.83	-4437.87	0.00	599340.89	670537.96	N 32 38 48.96	W 103 54 48.85
	12400.00	90.45	269.00	7925.69	4574.60	-581.58	-4537.85	0.00	599339.15	670437.98	N 32 38 48.95	W 103 54 50.02
	12500.00	90.45	269.00									

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (°/100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
Description	MD From (ft)	MD To (ft)	EOU Freq (ft)	Hole Size (in)	Casing Diameter (in)	Survey Tool Type		Borehole / Survey				
	0.000	26.000		1/100.000	30.000	30.000	SLB_MWD-STD-Depth Only	Original Borehole / Devon Betelgeuse 19 Federal #6H Rev1				
	26.000	13000.338		1/100.000	30.000	30.000	SLB_MWD-STD	Original Borehole / Devon Betelgeuse 19 Federal #6H Rev1				

Devon Betelgeuse 19 Federal #6H Rev1 27Jun13 Anti-Collision Summary Report

Analysis Date-24hr Time: June 27, 2013 - 16 10
 Client: Devon
 Field: NM Eddy County (NAD 83)
 Structure: Devon Betelgeuse 19 Federal #6H
 Slot: Devon Betelgeuse 19 Federal #6H
 Well: Devon Betelgeuse 19 Federal #6H
 Borehole: Original Borehole

Analysis Method: 3D Least Distance
 Reference Trajectory: Devon Betelgeuse 19 Federal #6H Rev1 27Jun13 (Non-Def Plan)
 Depth Interval: Every 10.00 Measured Depth (ft)
 Rule Set: D&M AntiCollision Standard S002 v5.1/5.2
 Min Pts: All local minima indicated.

Offset Trajectories Summary

Offset Selection Criteria

Wellhead distance scan
 Selection filters:

Not performed!
 Definitive Surveys - Definitive Plans - Definitive surveys exclude definitive plans
 - All Non-Def Surveys when no Def-Survey is set in a borehole - All Non-Def Plans when no Def-Plan is set in a borehole

Offset Trajectory	Separation			Allow Dev. (ft)	Sep. Fact.	Controlling Rule	Reference Trajectory		Risk Level			Alert	Status
	Ct-Ct (ft)	MAS (ft)	EOU (ft)				MD (ft)	TVD (ft)	Alert	Minor	Major		
Devon Regal 20 Fed Com #6H Rev1 MD1 7Jun13 (Def Plan)													
49.97	32.81	47.47	17.16	N/A	MAS = 10.00 (m)	0.00	0.00						Fail Minor
49.96	32.81	37.93	17.16	4.98	MAS = 10.00 (m)	1580.00	1580.00	OSF<5.00					Surface
49.96	49.98	15.81	-0.01	1.50	OSF 1.50	5100.00	5100.00		OSF<1.50				Enter Alert
49.94	70.60	2.06	-20.64	1.05	OSF 1.50	7288.00	7288.00						Enter Minor
48.97	70.61	2.04	-20.65	1.05	OSF 1.50	7290.00	7290.00						MinPt-CtCt
68.35	70.58	20.46	-2.23	1.45	OSF 1.50	7460.00	7457.43			OSF>1.50			MinPts
214.35	67.87	168.27	146.48	4.86	OSF 1.50	7710.00	7672.87	OSF>5.00					Exit Minor
5243.57	72.86	5194.16	5170.71	111.73	OSF 1.50	13000.34	7921.00						Exit Alert
													TD
Devon Regal 20 Federal Com #2H Gyro - MWD Off-13117ft (Non-Def Survey)													
173.33	32.81	170.65	140.51	N/A	MAS = 10.00 (m)	0.00	0.00						Pass
173.10	32.81	170.60	140.29	N/A	MAS = 10.00 (m)	10.00	10.00						Surface
174.11	32.81	169.03	141.30	66.70	MAS = 10.00 (m)	530.00	530.00						MinPts
168.47	32.81	158.15	135.66	21.22	MAS = 10.00 (m)	1720.00	1720.00						MINPT-O-EOU
168.58	32.81	157.88	135.77	20.27	MAS = 10.00 (m)	1790.00	1790.00						MinPts
181.26	32.81	167.46	148.46	15.82	MAS = 10.00 (m)	2450.00	2450.00						MINPT-O-EOU
220.93	35.96	196.13	184.97	9.79	OSF 1.50	4480.00	4480.00						MinPt-O-ADP
225.84	41.78	197.15	184.05	8.53	OSF 1.50	5180.00	5180.00						MINPT-O-EOU
226.33	42.38	197.26	183.95	8.42	OSF 1.50	5230.00	5230.00						MinPt-O-ADP
219.61	49.08	186.06	170.54	6.99	OSF 1.50	6440.00	6440.00						MinPt-CtCt
211.25	53.03	175.05	158.22	6.20	OSF 1.50	7300.00	7300.00						MinPt-O-SF
209.58	52.50	173.73	157.08	6.22	OSF 1.50	7410.00	7409.08						MinPt-O-SF
209.33	52.41	173.54	158.92	6.22	OSF 1.50	7440.00	7438.22						MinPts
209.32	52.38	173.55	156.94	6.22	OSF 1.50	7450.00	7447.85						MinPt-CtCt
5320.34	54.07	5283.46	5266.27	154.68	OSF 1.50	13000.34	7921.00						TD
Devon Betelgeuse 19 Federal #1H Gyro - MWD Off-13355ft (Def Survey)													
1424.89	32.81	1422.39	1392.09	N/A	MAS = 10.00 (m)	0.00	0.00						Pass
1423.01	32.81	1418.11	1390.20	592.17	MAS = 10.00 (m)	490.00	490.00						Surface
1423.13	32.81	1418.01	1390.32	542.96	MAS = 10.00 (m)	580.00	580.00						MinPts
1424.71	32.81	1416.54	1391.91	251.36	MAS = 10.00 (m)	1270.00	1270.00						MINPT-O-EOU
1423.41	32.81	1407.59	1390.60	106.70	MAS = 10.00 (m)	3000.00	3000.00						MinPts
1423.58	32.81	1405.29	1390.78	89.98	MAS = 10.00 (m)	3560.00	3560.00						MinPts
1427.99	38.35	1407.59	1389.64	59.65	OSF 1.50	5360.00	5360.00						MINPT-O-EOU
1428.23	38.62	1401.65	1389.60	59.20	OSF 1.50	5400.00	5400.00						MinPt-O-ADP
1431.71	42.20	1402.75	1389.51	54.00	OSF 1.50	5890.00	5890.00						MinPt-O-ADP
1456.72	52.45	1420.92	1404.27	43.67	OSF 1.50	7300.00	7300.00						MinPt-O-SF
891.21	54.84	853.81	836.36	25.47	OSF 1.50	9090.00	7951.57						MinPt-CtCt
891.36	55.25	853.69	838.11	25.27	OSF 1.50	9110.00	7951.42						MinPts
983.83	66.27	938.82	917.56	23.08	OSF 1.50	9510.00	7948.28						MinPt-O-SF
4006.16	85.25	3948.49	3920.91	72.58	OSF 1.50	13000.34	7921.00						TD
Devon Beetle Juice 19 Fed #3H Gyro - MWD Off-13430ft (Def Survey)													
4240.54	32.81	4238.04	4207.73	N/A	MAS = 10.00 (m)	0.00	0.00						Pass
4240.51	32.81	4238.00	4207.70	N/A	MAS = 10.00 (m)	10.00	10.00						Surface
4240.50	32.81	4238.00	4207.69	N/A	MAS = 10.00 (m)	20.00	20.00						MinPt-O-SF
4238.90	32.81	4233.06	4208.09	1288.86	MAS = 10.00 (m)	790.00	790.00						MinPts
4212.31	32.81	4195.79	4179.50	300.36	MAS = 10.00 (m)	2880.00	2880.00						MinPts
4212.63	32.81	4195.53	4179.82	288.41	MAS = 10.00 (m)	3030.00	3030.00						MINPT-O-EOU
4215.16	32.81	4196.98	4182.35	268.78	MAS = 10.00 (m)	3380.00	3380.00						MINPT-O-EOU
4215.13	32.81	4195.69	4182.32	248.72	MAS = 10.00 (m)	3690.00	3690.00						MinPts
4215.10	32.81	4195.02	4182.29	239.65	MAS = 10.00 (m)	3840.00	3840.00						MinPts
4215.23	32.81	4194.91	4182.42	236.35	MAS = 10.00 (m)	3900.00	3900.00						MINPT-O-EOU
4215.28	32.81	4193.78	4182.47	221.75	MAS = 10.00 (m)	4180.00	4180.00						MinPts
4215.71	32.81	4193.55	4182.90	214.25	MAS = 10.00 (m)	4340.00	4340.00						MINPT-O-EOU
4217.01	33.31	4183.97	4183.70	205.20	OSF 1.50	4560.00	4560.00						MinPt-O-ADP
900.96	89.91	840.88	812.05	15.60	OSF 1.50	11120.00	7935.70						MinPt-CtCt
901.14	89.36	840.73	811.78	15.52	OSF 1.50	11140.00	7935.55						MinPts
920.32	92.97	857.51	827.35	15.22	OSF 1.50	11310.00	7934.22						MinPt-O-SF
2062.81	98.98	2015.98	1983.82	32.34	OSF 1.50	13000.34	7921.00						TD
Devon Beetle Juice 19 Federal #4H Gyro - mwd Off-13330ft (Def Survey)													
4287.56	32.81	4285.06	4254.75	N/A	MAS = 10.00 (m)	0.00	0.00						Pass
4225.61	32.81	4286.56	4192.81	255.44	MAS = 10.00 (m)	2990.00	2990.00						Surface
4225.68	32.81	4208.49	4192.87	253.07	MAS = 10.00 (m)	3030.00	3030.00						MinPts
4233.14	32.81	4210.74	4200.33	212.62	MAS = 10.00 (m)	4130.00	4130.00						MINPT-O-EOU
4233.31	32.96	4210.50	4200.35	208.32	OSF 1.50	4230.00	4230.00						MinPts
4233.53	33.23	4210.54	4200.30	206.50	OSF 1.50	4280.00	4280.00						MINPT-O-ADP
4255.68	51.01	4220.84	4204.67	131.52	OSF 1.50	7300.00	7300.00						MinPt-O-SF
2944.85	93.33	2881.43	2851.51	49.18	OSF 1.50	9650.00	7947.20						MinPts
901.55	113.74	824.89	787.81	12.12	OSF 1.50	12460.00	7925.22						MinPt-CtCt
901.65	114.02	824.80	787.63	12.09	OSF 1.50	12470.00	7925.15						MINPT-O-EOU
901.67	114.30	824.84	787.47	12.07	OSF 1.50	12480.00	7925.07						MinPt-O-ADP
911.54	116.76	832.88	794.77	11.83	OSF 1.50	12590.00	7924.21						MinPt-O-SF
1053.46	117.56	974.25	935.80	13.70	OSF 1.50	13000.34	7921.00						TD

Offset Trajectory	Separation			Allow Dev. (ft)	Sep. Fact.	Controlling Rule	Reference Trajectory		Risk Level			Alert	Status
	Ct-Ct (ft)	MAS (ft)	EOU (ft)				MD (ft)	TVD (ft)	Alert	Minor	Major		
Devon Beetle Juice-19 Federal #2H Gyro + MWD Off-13340ft (Def Survey)													Pass
2413.33	32.81	2410.83	2380.53	N/A	MAS = 10.00 (m)	0.00	0.00						Surface
2413.25	32.81	2410.74	2380.44	22662.75	MAS = 10.00 (m)	10.00	10.00						MinPt-O-SF
2410.09	32.81	2405.77	2377.28	1321.57	MAS = 10.00 (m)	420.00	420.00						MinPts
2410.23	32.81	2405.67	2377.42	1168.29	MAS = 10.00 (m)	500.00	500.00						MINPT-O-EOU
2334.78	40.14	2307.18	2294.64	92.97	OSF 1.50	5130.00	5130.00						MinPt-CICt
2334.89	40.56	2307.05	2294.38	92.07	OSF 1.50	5190.00	5190.00						MINPT-O-EOU
2335.09	40.74	2307.08	2294.34	91.49	OSF 1.50	5230.00	5230.00						MinPt-O-ADP
2372.67	51.65	2337.40	2321.02	72.34	OSF 1.50	7288.00	7288.00						MinPt-O-SF
976.33	71.78	927.38	904.55	21.32	OSF 1.50	10220.00	7942.74						MinPt-CICt
976.42	72.04	927.28	904.38	21.24	OSF 1.50	10230.00	7942.66						MINPT-O-EOU
976.61	72.31	927.31	904.31	21.16	OSF 1.50	10240.00	7942.58						MinPt-O-ADP
1016.71	78.45	963.37	938.26	20.19	OSF 1.50	10500.00	7940.55						MinPt-O-SF
2949.80	81.12	2894.89	2868.69	56.23	OSF 1.50	13000.34	7921.00						TD

NOTES REGARDING BLOWOUT PREVENTERS

Devon Energy Production Company, LP

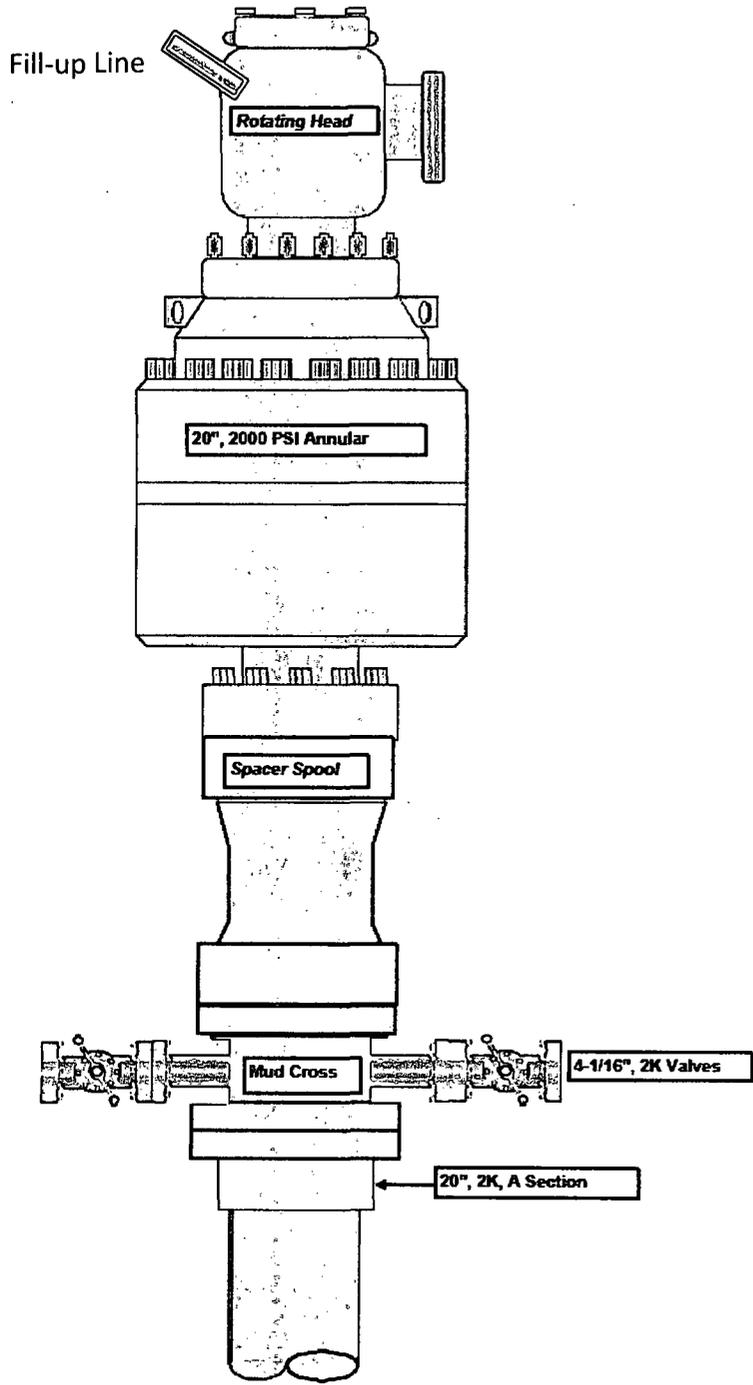
Betelgeuse 19 Federal 6H

Surface Location: 1699' FNL & 265' FWL, Unit E, Sec 20 T19S R31E, Eddy, NM

Bottom Hole Location: 2250' FNL & 340' FWL, Lot 2, Sec 19 T19S R31E, Eddy, NM

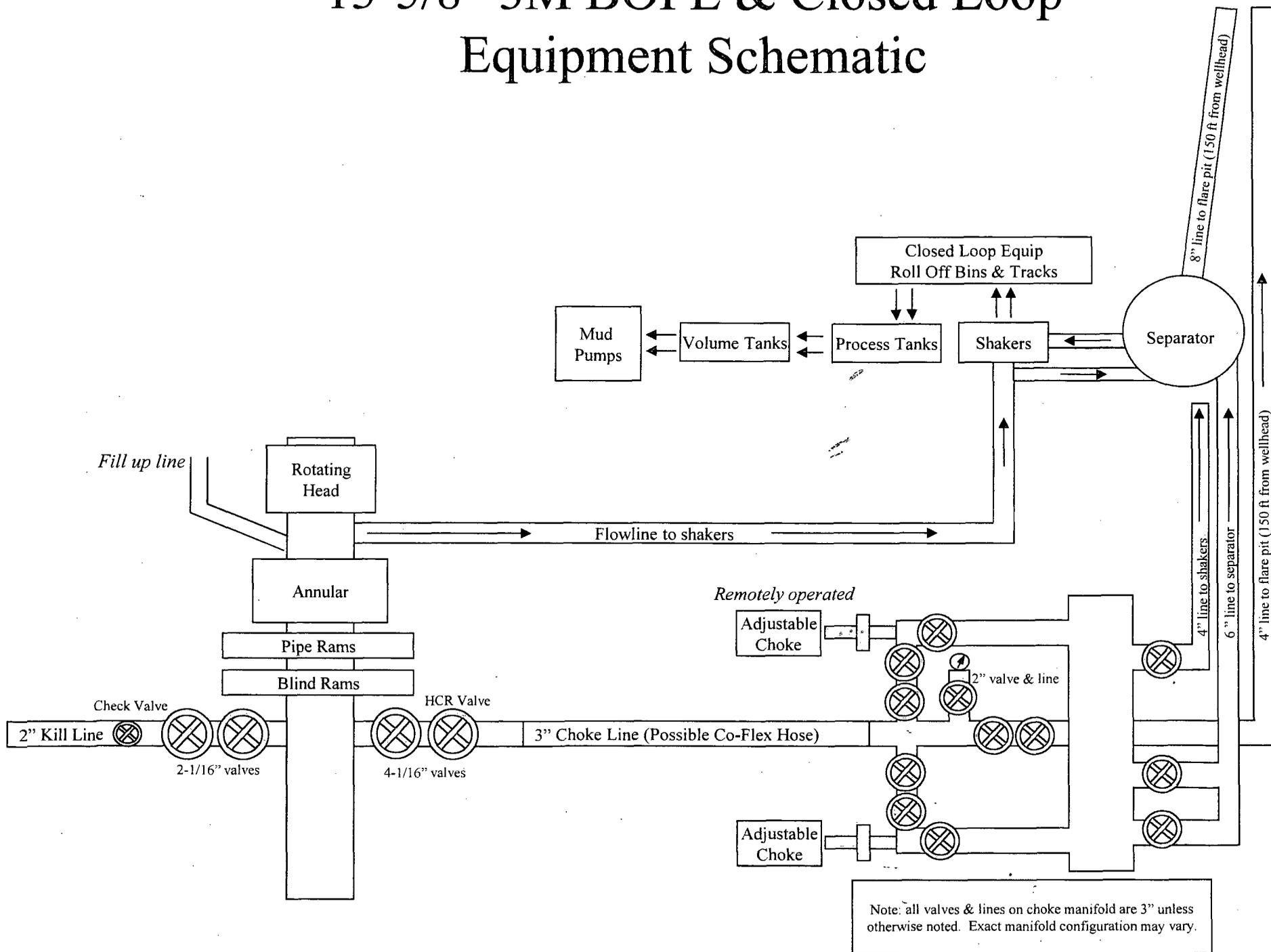
1. Drilling nipple will be constructed so it can be removed mechanically without the aid of a welder. The minimum internal diameter will equal BOP bore.
2. Wear ring will be properly installed in head.
3. Blowout preventer and all associated fittings will be in operable condition to withstand a minimum 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 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.

20" 2K Annular



***The same choke manifold will be used with all BOP's**

13-5/8" 3M BOPE & Closed Loop Equipment Schematic



15

20

10

4)

18000

16000

14000

12000

10000

8000

6000

4000

2000

1000

500

200

100

50

25

10

5

2

1

0.5

0.2

0.1

35

50

45



360 deg = 96 min

360° V.C. MIC MP-25001

MEMBER R/L # 4486

MEMBER OFF

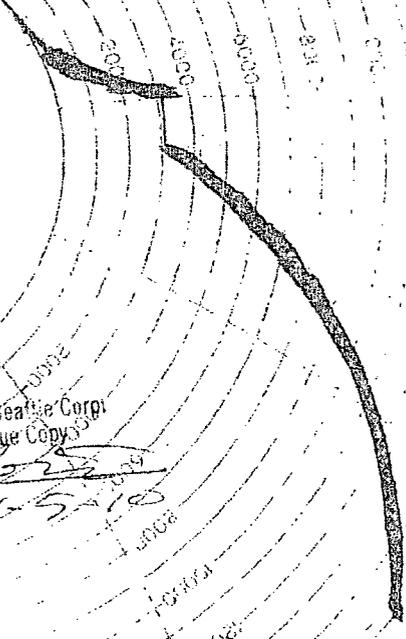
SN 134903

LOCATION: Identification base

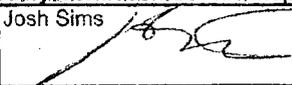
RELEASED LIB. TK. 12/20/10

ContiTech-Beattie Corp
Certified True Copy

[Handwritten signature]
11/5/10



Hydrostatic Test Certificate

Certificate Number: 4520	PBC No: 10321	Customer Name & Address	
Customer Purchase Order No: RIG 300	Project:	HELMERICH & PAYNE INT'L DRILLING CO 1437 SOUTH BOULDER TULSA, OK 74119	
Test Centre Address		Accepted by ContiTech Beattie Inspection	
ContiTech Beattie Corp. 11535 Brittmoore Park Drive Houston, TX 77041 USA	Signed: Josh Sims 	Accepted by Client Inspection	
	Date: 10/27/10		

We certify that the goods detailed herein have been inspected by our Quality Management System, and to the best of our knowledge are found to conform to relevant industrial standards within the requirements of the purchase order as issued to ContiTech Beattie Corporation.

These goods were made in the United States of America.

Item	Part No.	Description	Qty	Serial Number	As-Built Length (m)	Work Press.	Test Press.	Test Time (minutes)
1		3" ID 10K Choke & Kill Hose x 35ft OAL End A: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange End B: 4.1/16" 10Kpsi API Spec 6A Type 6BX Flange Working Pressure: 10,000psi Test Pressure: 15,000psi Serial#: 49106	1	49106		10 kpsi	15 kpsi	60



Fluid Technology

ContiTech Beattie Corp.
Website: www.contitechbeattie.com

Monday, June 14, 2010

RE: Drilling & Production Hoses
Lifting & Safety Equipment

To Helmerich & Payne,

A Continental ContiTech hose assembly can perform as intended and suitable for the application regardless of whether the hose is secured or unsecured in its configuration. As a manufacturer of High Pressure Hose Assemblies for use in Drilling & Production, we do offer the corresponding lifting and safety equipment, this has the added benefit of easing the lifting and handling of each hose assembly whilst affording hose longevity by ensuring correct handling methods and procedures as well as securing the hose in the unlikely event of a failure; but in no way does the lifting and safety equipment affect the performance of the hoses providing the hoses have been handled and installed correctly. It is good practice to use lifting & safety equipment but not mandatory.

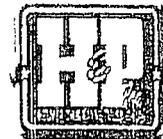
Should you have any questions or require any additional information/clarifications then please do not hesitate to contact us.

ContiTech Beattie is part of the Continental AG Corporation and can offer the full support resources associated with a global organization.

Best regards,

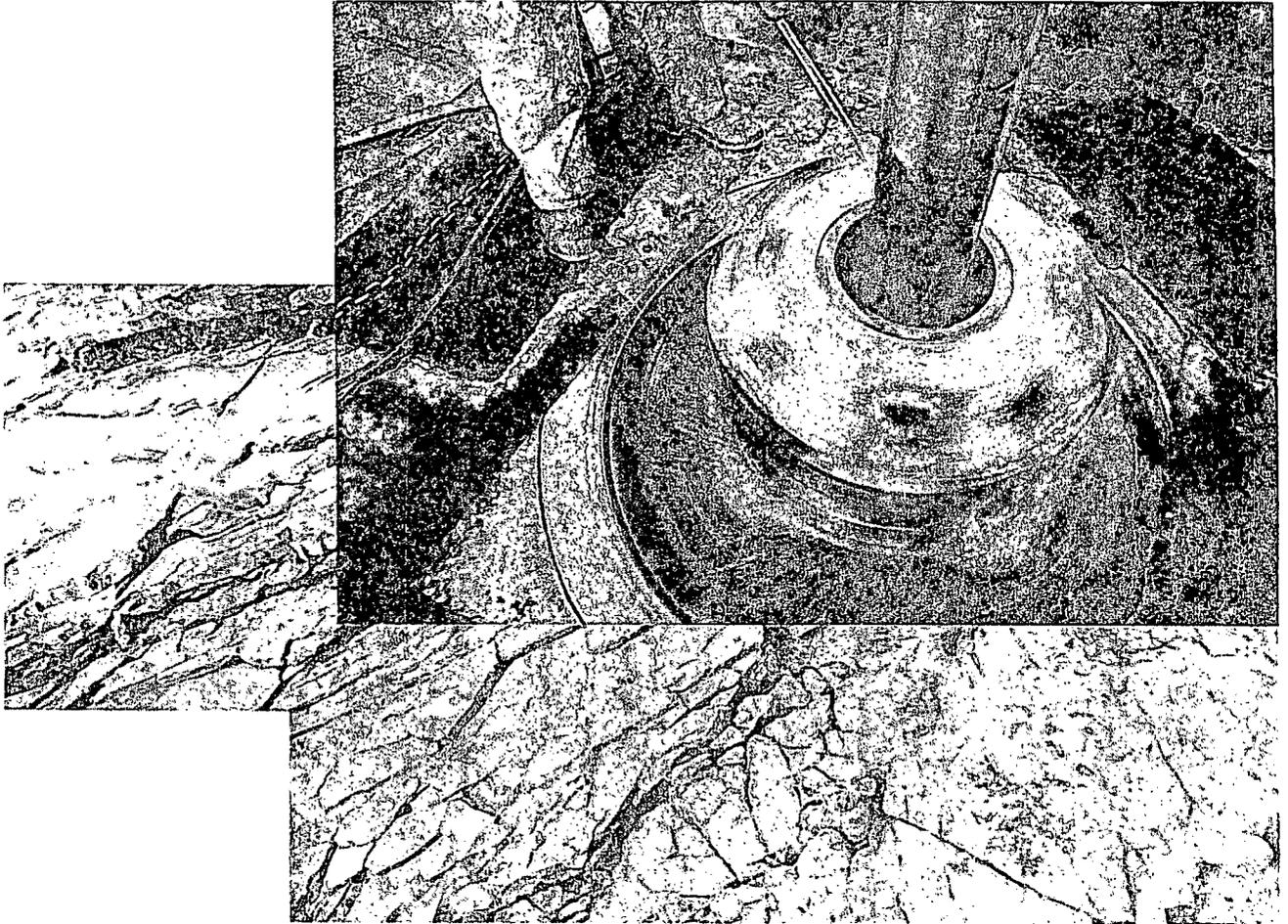
Robin Hodgson
Sales Manager
ContiTech Beattie Corp

ContiTech Beattie Corp,
11535 Brittmoore Park Drive,
Houston, TX 77041
Phone: +1 (832) 327-0141
Fax: +1 (832) 327-0148
www.contitechbeattie.com





Commitment Runs Deep



Design Plan
Operation and Maintenance Plan
Closure Plan

SENM - Closed Loop Systems
June 2008

I. Design Plan

Devon uses MI SWACO closed loop system (CLS). The MI SWACO CLS is designed to maintain drill solids at or below 5%. The equipment is arranged to progressively remove solids from the largest to the smallest size. Drilling fluids can thus be reused and savings is realized on mud and disposal costs. Dewatering may be required with the centrifuges to insure removal of ultra fine solids.

The drilling location is constructed to allow storm water to flow to a central sump normally the cellar. This insures no contamination leaves the drilling pad in the event of a spill. Storm water is reused in the mud system or stored in a reserve fluid tank farm until it can be reused. All lubricants, oils, or chemicals are removed immediately from the ground to prevent the contamination of storm water. An oil trap is normally installed on the sump if an oil spill occurs during a storm.

A tank farm is utilized to store drilling fluids including fresh water and brine fluids. The tank farm is constructed on a 20 ml plastic lined, bermed pad to prevent the contamination of the drilling site during a spill. Fluids from other sites may be stored in these tanks for processing by the solids control equipment and reused in the mud system. At the end of the well the fluids are transported from the tank farm to an adjoining well or to the next well for the rig.

Prior to installing a closed-loop system on site, the topsoil, if present, will be stripped and stockpiled for use as the final cover or fill at the time of closure.

Signs will be posted on the fence surrounding the closed-loop system unless the closed-loop system is located on a site where there is an existing well, that is operated by Devon.

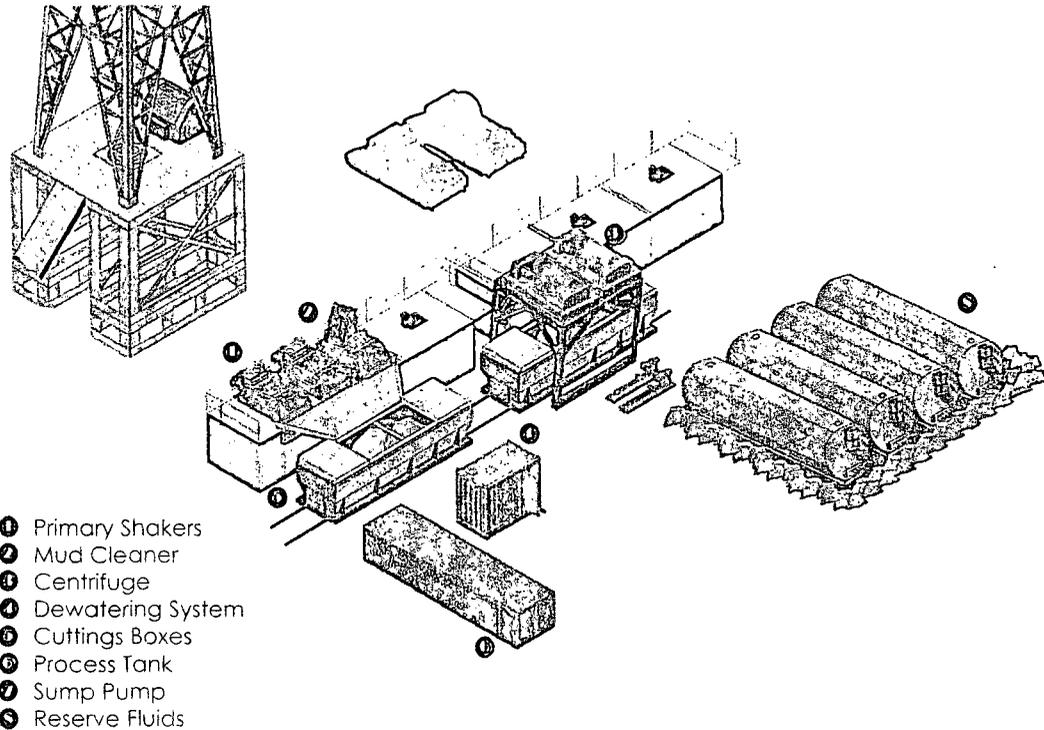
II. Operations and Maintenance Plan

Primary Shakers: The primary shakers make the first removal of drill solids from the drilling mud as it leaves the well bore. The shakers are sized to handle maximum drilling rate at optimal screen size. The shakers normally remove solids down to 74 microns.

Mud Cleaner: The Mud Cleaner cleans the fluid after it leaves the shakers. A set of hydrocyclones are sized to handle 1.25 to 1.5 times the maximum circulating rate. This ensures all the fluid is being processed to an average cut point of 25 microns. The wet discharged is dewatered on a shaker equipped with ultra fine mesh screens and generally cut at 40 microns.



Closed Loop Schematic



Centrifuges: The centrifuges can be one or two in number depending on the well geometry or depth of well. The centrifuges are sized to maintain low gravity solids at 5% or below. They may or may not need a dewatering system to enhance the removal rates. The centrifuges can make a cut point of 8-10 microns depending on bowl speed, feed rate, solids loading and other factors.

The centrifuge system is designed to work on the active system and be flexible to process incoming fluids from other locations. This set-up is also dependant on well factors.

Dewatering System: The dewatering system is a chemical mixing and dosing system designed to enhance the solids removal of the centrifuge. Not commonly used in shallow wells. It may contain pH adjustment, coagulant mixing and dosing, and polymer mixing and dosing. Chemical flocculation binds ultra fine solids into a mass that is within the centrifuge operating design. The

dewatering system improves the centrifuge cut point to infinity or allows for the return of clear water or brine fluid. This ability allows for the ultimate control of low gravity solids.

Cuttings Boxes: Cuttings boxes are utilized to capture drill solids that are discarded from the solids control equipment. These boxes are set upon a rail system that allows for the removal and replacement of a full box of cuttings with an empty one. They are equipped with a cover that insures no product is spilled into the environment during the transportation phase.

Process Tank: (Optional) The process tank allows for the holding and process of fluids that are being transferred into the mud system. Additionally, during times of lost circulation the process tank may hold active fluids that are removed for additional treatment. It can further be used as a mixing tank during well control conditions.

Sump and Sump Pump: The sump is used to collect storm water and the pump is used to transfer this fluid to the active system or to the tank for to hold in reserve. It can also be used to collect fluids that may escape during spills. The location contains drainage ditches that allow the location fluids to drain to the sump.

Reserve Fluids (Tank Farm): A series of frac tanks are used to replace the reserve pit. These are steel tanks that are equipped with a manifold system and a transfer pump. These tanks can contain any number of fluids used during the drilling process. These can include fresh water, cut brine, and saturated salt fluid. The fluid can be from the active well or reclaimed fluid from other locations. A 20 ml liner and berm system is employed to ensure the fluids do not migrate to the environment during a spill.

If a leak develops, the appropriate division district office will be notified within 48 hours of the discovery and the leak will be addressed. Spill prevention is accomplished by maintaining pump packing, hoses, and pipe fittings to insure no leaks are occurring. During an upset condition the source of the spill is isolated and repaired as soon as it is discovered. Free liquid is removed by a diaphragm pump and returned to the mud system. Loose topsoil may be used to stabilize the spill and the contaminated soil is excavated and placed in the cuttings boxes. After the well is finished and the rig has moved, the entire location is scrapped and testing will be performed to determine if a release has occurred.

All trash is kept in a wire mesh enclosure and removed to an approved landfill when full. All spent motor oils are kept in separate containers and they are removed and sent to an approved recycling center. Any spilled lubricants, pipe

dope, or regulated chemicals are removed from soil and sent to landfills approved for these products.

These operations are monitored by Mi Swaco service technicians. Daily logs are maintained to ensure optimal equipment operation and maintenance. Screen and chemical use is logged to maintain inventory control. Fluid properties are monitored and recorded and drilling mud volumes are accounted for in the mud storage farm. This data is kept for end of well review to insure performance goals are met. Lessons learned are logged and used to help with continuous improvement.

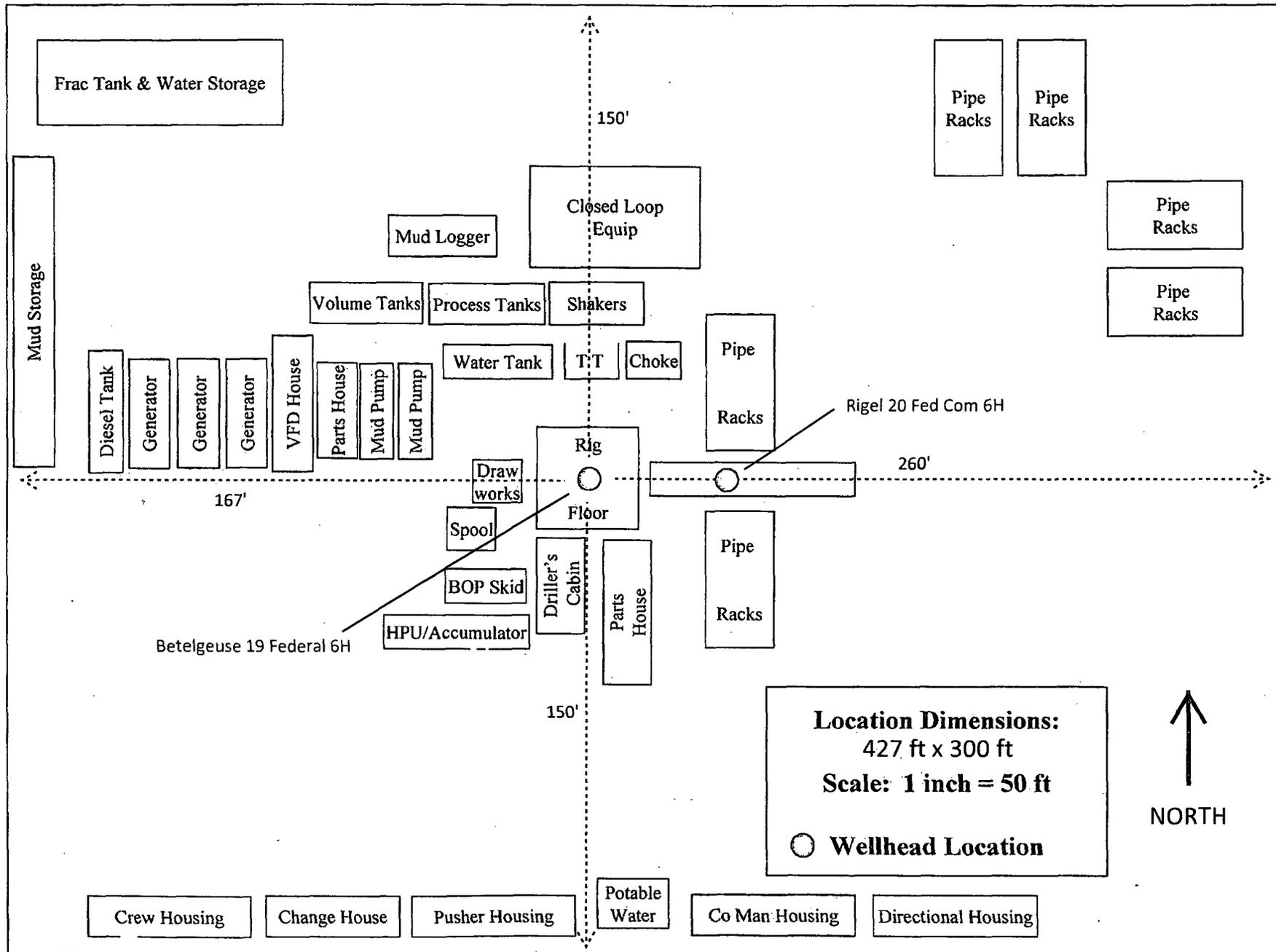
A MI SWACO field supervisor manages from 3-5 wells. They are responsible for training personnel, supervising installations, and inspecting sites for compliance of MI SWACO safety and operational policy.

III. Closure Plan

A maximum 340' X 340' caliche pad is built per well. All of the trucks and steel tanks fit on this pad. All fluid cuttings go to the steel tanks to be hauled by various trucking companies to an agency approved disposal.

H&P Flex Rig Location Layout

2 Well Pad





**Devon Energy Center
333 West Sheridan Avenue
Oklahoma City, Oklahoma 73102-5015**

Hydrogen Sulfide (H₂S) Contingency Plan

For

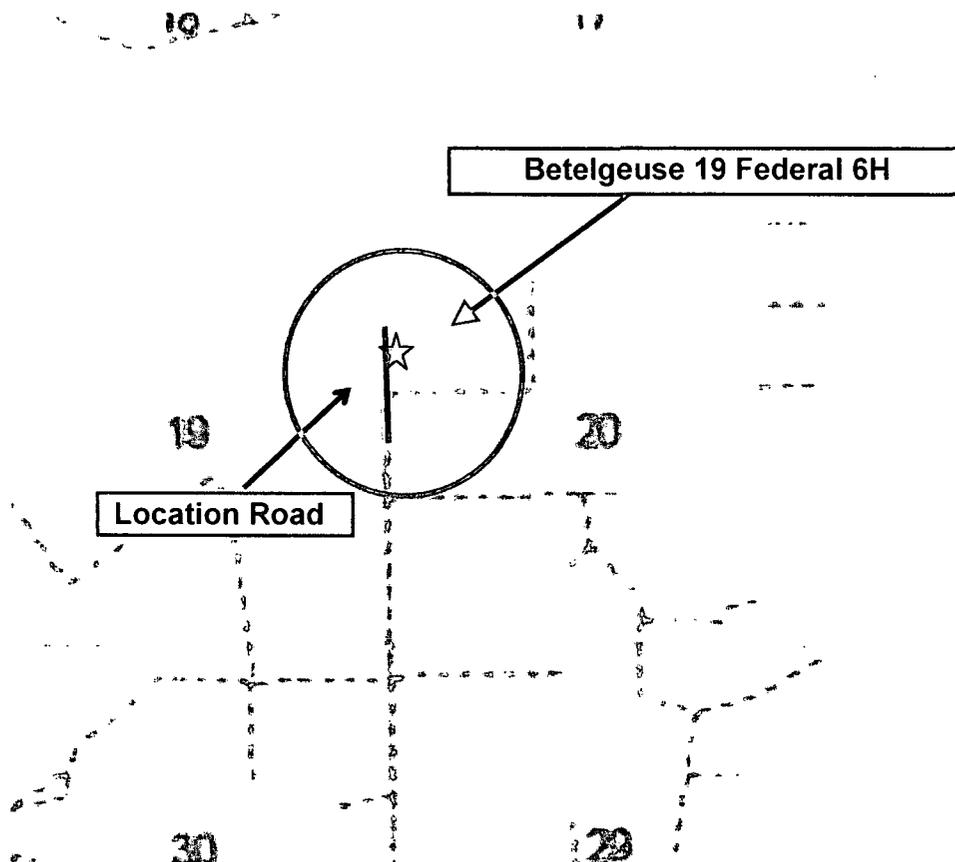
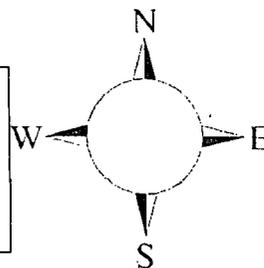
Betelgeuse 19 Federal 6H

**Sec-20, T-19S R-31E
1699' FNL & 265' FWL,
LAT. = 32.6484787'N (NAD83)
LONG = 103.8991444'W**

Eddy County NM

Betelgeuse 19 Federal 6H

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed 100 ppm 3000' (500' ROE) 100 ppm H₂S concentration shall trigger activation of this plan.

Escape

Crews shall escape upwind of escaping gas in the event of an emergency release of gas. Escape can be facilitated from the location entrance road, West then Northwest on lease road. Crews should then block entrance to the location from the lease road so as not to allow anyone traversing into a hazardous area. The blockade should be at a safe distance outside of the ROE. There are no homes or buildings in or near the ROE.

Assumed 100 ppm ROE = 3000'

100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

In the event of a release of gas containing H₂S, the first responder(s) must

- **Isolate the area and prevent entry by other persons into the 100 ppm ROE.**
- **Evacuate any public places encompassed by the 100 ppm ROE.**
- **Be equipped with H₂S monitors and air packs in order to control the release.**
- **Use the “buddy system” to ensure no injuries occur during the response**
- **Take precautions to avoid personal injury during this operation.**
- **Contact operator and/or local officials to aid in operation. See list of phone numbers attached.**
- **Have received training in the**
 - **Detection of H₂S, and**
 - **Measures for protection against the gas,**
 - **Equipment used for protection and emergency response.**

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H₂S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

Devon Energy Corp. personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. Devon Energy Corp. Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE (H₂S) TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H₂S)
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H₂S metal components. If high tensile tubular are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H₂S Drilling Operations Plan and Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan.

II. HYDROGEN SULFIDE TRAINING

Note: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonable expected to contain H₂S.

1. Well Control Equipment

- A. Flare line
- B. Choke manifold (w/remotely operated choke)
- C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
- D. Auxiliary equipment may include if applicable: annular preventer and rotating head.
- E. Mud/Gas Separator

2. Protective equipment for essential personnel:

- A. 30-minute SCBA units located in the doghouse and at briefing areas, as indicated on well site diagram. As it may be difficult to communicate audibly while wearing these units, hand signals shall be utilized.

3. H₂S detection and monitoring equipment:

- A. Portable H₂S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H₂S levels of 20 PPM are reached. These units are usually capable of detecting SO₂, which is a byproduct of burning H₂S.

4. Visual warning systems:

- A. Wind direction indicators as shown on well site diagram

- B. Caution/ Danger signs shall be posted on roads providing direct access to locations. Signs will be painted a high visibility yellow with black lettering of sufficient size to be reasonable distance from the immediate location. Bilingual signs will be used when appropriate.

5. Mud program:

- A. The mud program has been designed to minimize the volume of H₂S circulated to surface. Proper mud weight, safe drilling practices and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.

6. Metallurgy:

- A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold lines, and valves shall be H₂S trim.
- B. All elastomers used for packing and seals shall be H₂S trim.

7. Communication:

- A. Radio communications in company vehicles including cellular telephones and 2-way radio
- B. Land line (telephone) communications at Office

8. Well testing:

- A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safety and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill-stem-testing operations conducted in an H₂S environment will use the closed chamber method of testing.
- B. There will be no drill stem testing.

Devon Energy Corp. Company Call List

Artesia (575)	Cellular	Office	Home
Foreman – Robert Bell.....	748-7448	748-0178	746-2991
Asst. Foreman –Tommy Polly.....	748-5290	748-0165	748-2846
Don Mayberry	748-5235	748-0164	746-4945
Montral Walker	390-5182	748-0193	(936) 414-6246
Engineer – Marcos Ortiz.....	(405) 317-0666.....	(405) 552-8152.....	(405) 381-4350

Agency Call List

Lea County (575)	Hobbs	
	Lea County Communication Authority	393-3981
	State Police	392-5588
	City Police	397-9265
	Sheriff's Office	393-2515
	Ambulance.....	911
	Fire Department.....	397-9308
	LEPC (Local Emergency Planning Committee).....	393-2870
	NMOCD	393-6161
	US Bureau of Land Management.....	393-3612

Eddy County (575)	Carlsbad	
	State Police	885-3137
	City Police	885-2111
	Sheriff's Office	887-7551
	Ambulance	911
	Fire Department.....	885-2111
	LEPC (Local Emergency Planning Committee).....	887-3798
	US Bureau of Land Management.....	887-6544
	NM Emergency Response Commission (Santa Fe)	(505) 476-9600
	24 HR	(505) 827-9126
	National Emergency Response Center (Washington, DC)	(800) 424-8802

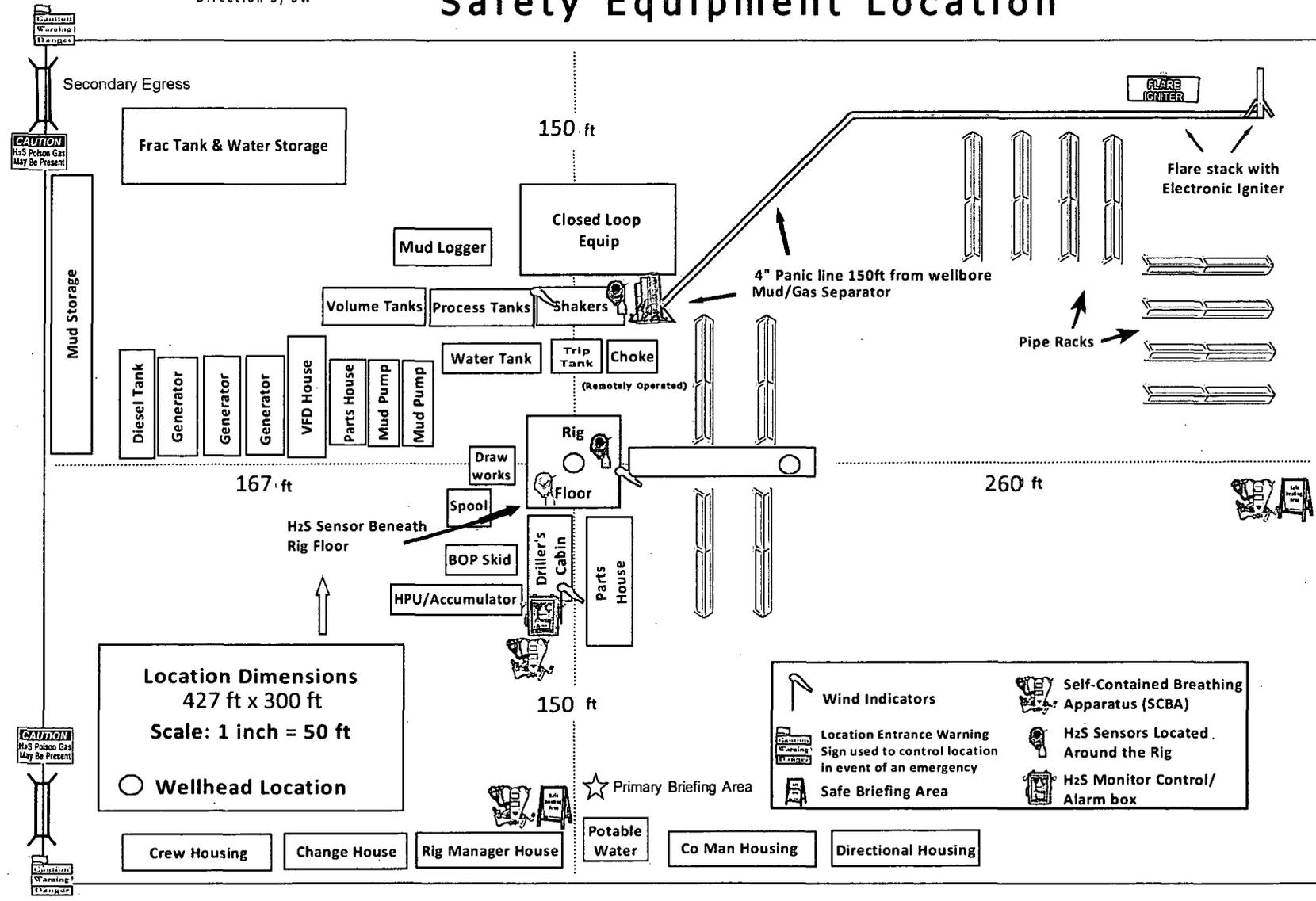
Emergency Services

	Boots & Coots IWC	(800)-256-9688 or (281) 931-8884
	Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
	Halliburton	(575) 746-2757
	B. J. Services.....	(575) 746-3569
<i>Give</i>	Native Air – Emergency Helicopter – Hobbs.....	(575) 392-6429
<i>GPS</i>	Flight For Life - Lubbock, TX	(806) 743-9911
<i>position:</i>	Aerocare - Lubbock, TX	(806) 747-8923
	Med Flight Air Amb - Albuquerque, NM	(575) 842-4433
	Lifeguard Air Med Svc. Albuquerque, NM	(575) 272-3115

Prepared in conjunction with
Dave Small



Devon Energy - 2 Well Pad Rig Location Layout Safety Equipment Location





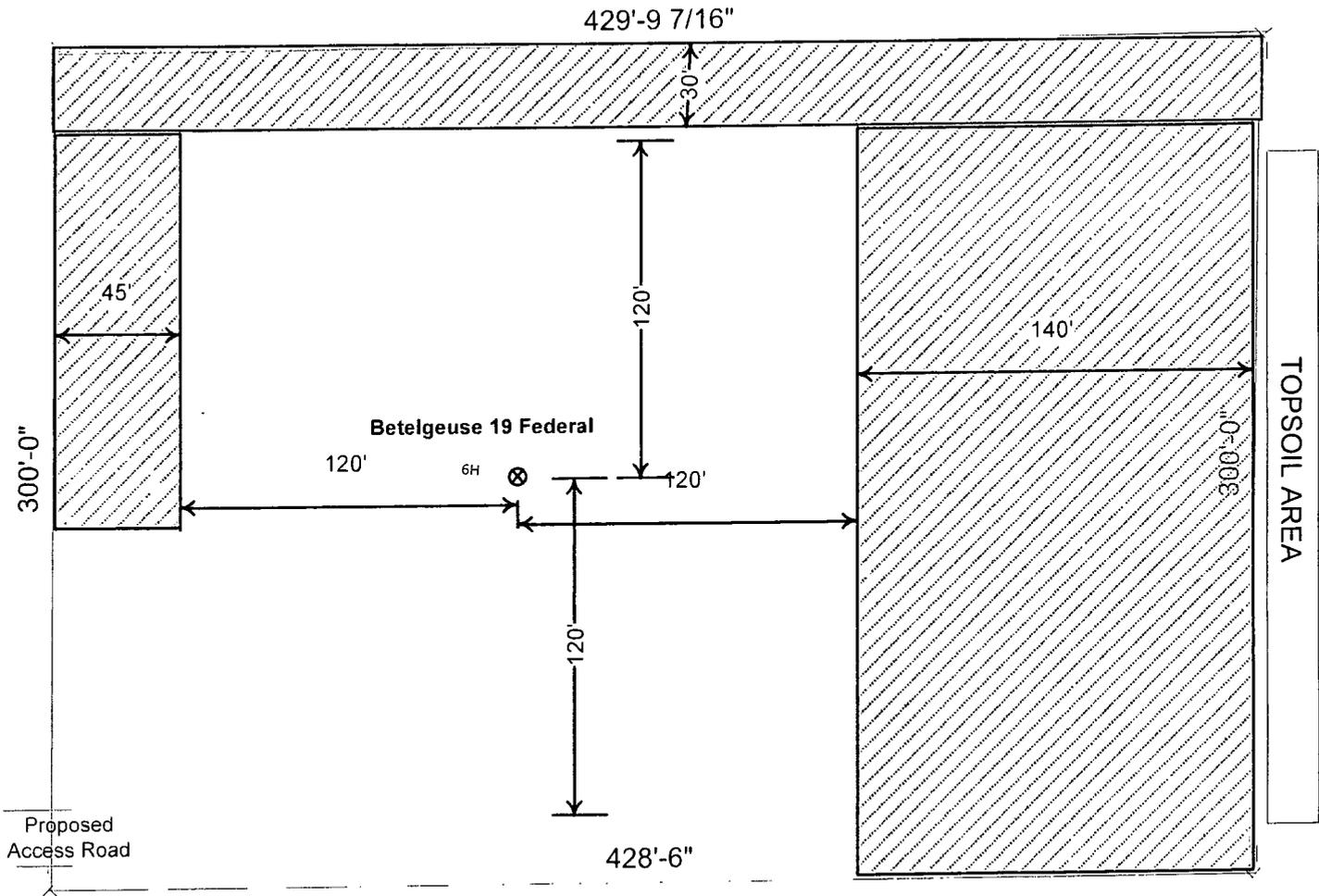
Proposed Interim Site Reclamation

Devon Energy Production Co.
Betelgeuse 19 Federal 6H
1699' FNL & 265' FWL
Sec. 19-T19S-R31E
Eddy County, NM



Proposed Reclamation Area

Scale: 1in = 60ft.



SURFACE USE PLAN
Devon Energy Production Company, LP
Betelgeuse 19 Federal 6H

Surface Location: 1699' FNL & 265' FWL, Unit E, Sec 20 T19S R31E, Eddy, NM
Bottom Hole Location: 2250' FNL & 340' FWL, Lot 2, Sec 19 T19S 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 Madron Surveyors.
- b. All roads into the location are depicted on Site Map. Existing roads will be maintained and kept the same or better condition than before operations began.
- c. Directions to Location: From intersection of SR 360 (Bluestem Rd) & CR 222 (Shugart Rd) go east on CR 222 4.95 miles to caliche lease road past cattle guard on left, go north on caliche lease road 1.8 miles ~ 200' on right.

2. New or Reconstructed Access Roads:

- a. The "Vicinity Map" shows the existing County road. No new access road will be constructed.
- 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 Beetle Juice 19 Fed 1H tank battery Sec 19 T19S R31E will be utilized and the necessary production equipment will be installed at the well site.
If necessary, the well will be operated by means of an electric prime mover. If power poles are needed, a plat and a sundry notice will be filed with your office.
- b. All flow lines will adhere to API standards.
- c. 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 on the "Vicinity Map". 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:

Obtaining caliche: One primary way of obtaining caliche to build locations and roads will be by "turning over" the location. This means caliche will be obtained from the actual well site. Actual amounts will vary for each pad. The procedure below has been approved by BLM personnel:

- a. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
- b. Subsoil is removed and stockpiled within the surveyed well pad.
- c. When caliche is found, material will be stock piled within the pad site to build the location and road.
- d. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- e. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced.
- f. Neither caliche, nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the Well Site Layout or survey plat.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit or other established mineral pit. A BLM mineral material permit will be acquired prior to obtaining any mineral material from BLM pits or land.

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. Remaining drilling fluids will be sent to a closed loop system. Water produced during completion will be put into a closed loop system. Oil and condensate produced will be put into a storage tank and sold.
- f. 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. The "Site Map" 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 provide a copy of the Design Plan 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.
- d. All disturbed areas not needed for active support of production operations will undergo interim reclamation. The portions of the cleared well site not needed for operational and safety purposes will be recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Topsoil will be respread over areas not needed for all-weather operations.

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. It is likely that deer, rabbits, coyotes, and rodents traverse the area. No wildlife was observed, but a raptor nest was located in a nearby Mesquite Tree. Devon will construct a temporary fence around this tree to deter human disturbance (see "Site Map"). Furthermore, Devon agrees to inform employees of this secure area, the disturbance mitigation measures in place, and the consequences for human disturbance, prior to spudding the well.
- 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; NMB-000801

Operators Representative:

The Devon Energy Production Company, L.P. representatives responsible for ensuring compliance of the surface use plan are listed below.

Justin Lazzari - Operations Engineer Advisor
Devon Energy Production Company, L.P.
333 W. Sheridan
Oklahoma City, OK 73102-8260
(405) 228-8466 (Office)
(405) 464-9261 (Cellular)

Jerry Mathews - Superintendent
Devon Energy Production Company, L.P.
Post Office Box 250
Artesia, NM 88211-0250
(575) 748-0161 (Office)
(575) 748-5234 (Cellular)

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Devon Energy Production Company, LP
LEASE NO.:	NMNM-90534
WELL NAME & NO.:	Betelgeuse 19 Federal 6H
SURFACE HOLE FOOTAGE:	1699' FNL & 0265' FWL
BOTTOM HOLE FOOTAGE	2250' FNL & 0340' FWL Sec. 19, T. 19 S., R 31 E.
LOCATION:	Section 20, T. 19 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

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.

- General Provisions**
- Permit Expiration**
- Archaeology, Paleontology, and Historical Sites**
- Noxious Weeds**
- Special Requirements**
 - Right-of-Way**
 - Lesser Prairie-Chicken Timing Stipulations
 - Ground-level Abandoned Well Marker
- Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- Road Section Diagram**
- Drilling**
 - Cement Requirements
 - H2S Requirements
 - Capitan Reef
 - Logging Requirements
 - Waste Material and Fluids
- Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- Interim Reclamation**
- Final Abandonment & Reclamation**

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)

Right-of-Way

A Right-of-Way grant for road access will need to be obtained prior to construction of the pad if a Right-of-Way is not already established.

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, 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 feet 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

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 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 strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

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

Payment shall be made to the BLM prior to removal of any federal mineral materials. 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. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. 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 twenty-five (25) 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

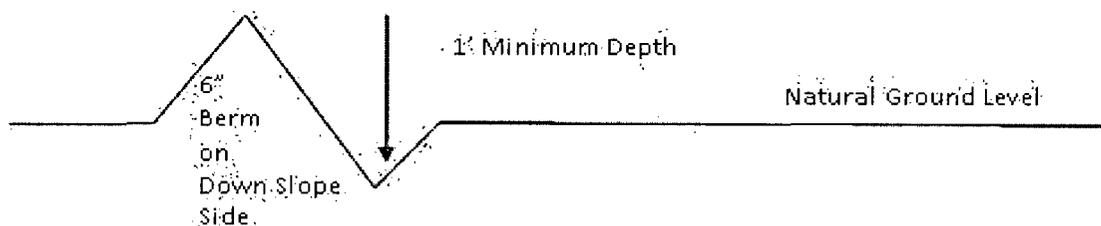
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill out-sloping and in-sloping, 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.

Cross Section of a Typical 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:

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

Culvert Installations

Appropriately sized culverts shall be installed at deep waterway channel flow crossings through the road.

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings.

Any existing cattleguards on the access road route 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 cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted 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 fences.

Public Access

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

Construction Steps

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

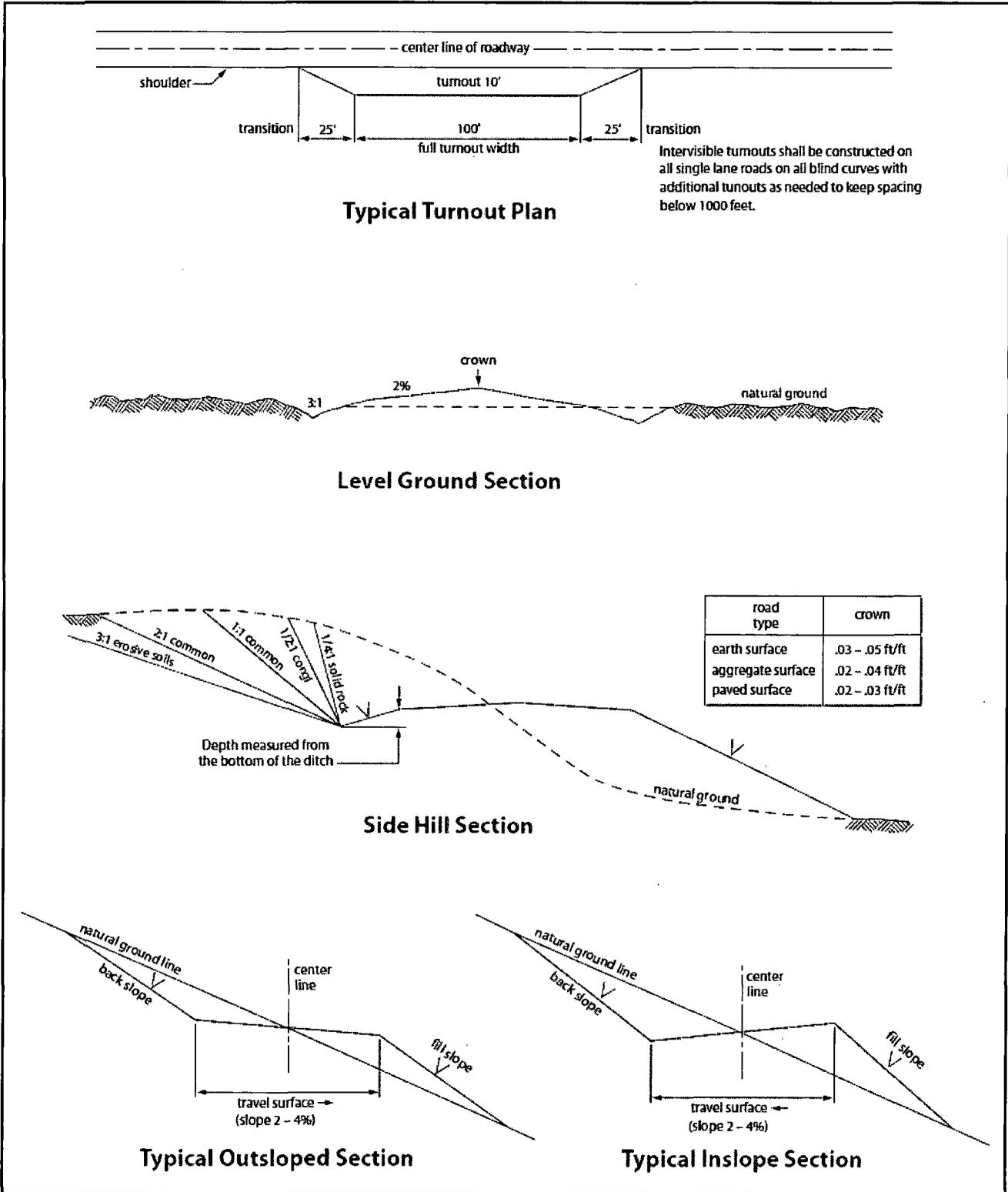


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Eddy County

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. A Hydrogen Sulfide (H₂S) Drilling Plan shall be activated 500 feet prior to drilling into the Yates formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM. Operator has stated that they will have monitoring equipment in place prior to drilling out of the surface shoe.**
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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
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 GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall 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 program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

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

Wait on cement (WOC) time prior to drilling out 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. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. 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.

Capitan Reef

Possibility of water flows in the Artesia Group, Salado, and Delaware.

Possibility of lost circulation in the Artesia Group, Capitan Reef, and Delaware.

1. The **20** inch surface casing shall be set at approximately **350** feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, set casing at least 25 feet above the salt.**
 - 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. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - 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 **13-3/8** inch 1st intermediate casing, which shall be set at approximately **2450** feet, is:
- Cement to surface. If cement does not circulate see B.1.a, c-d above.
3. The minimum required fill of cement behind the **9-5/8** inch 2nd intermediate casing, which shall be set at approximately **3950** feet, is:

Operator has proposed DV tool at depth of 2382', but with the change in casing depth this is no longer acceptable. DV tool shall be at least 50' below previous casing shoe. Operator shall adjust cement proportionately according to the depth change. Operator is to submit sundry if DV tool depth varies by more than 100' from approved depth.

- a. First stage to DV tool:
- Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.
- b. Second stage above DV tool:
- Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to Capitan Reef. Excess calculates to negative 1% - Additional cement will be required.**

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

4. The minimum required fill of cement behind the **5-1/2** inch production casing is:
- Cement should tie-back at least 50' above the Capitan Reef. Operator shall provide method of verification.
5. 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. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).
3. 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.
 - 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.
4. 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.
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
- d. The results of the test shall be reported to the appropriate BLM office.
- e. 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.**
- f. 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. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

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

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

JAM 120513

II. 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.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

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** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES (No pipelines were applied for in the APD)

C. ELECTRIC LINES (No electric lines were applied for in the APD)

III. INTERIM RECLAMATION

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.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation 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 that is free of contaminants 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.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory

revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

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.

Seed Mixture 2, for Sandy 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>
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed