

H-06-18 5/2/06

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OCD-AKTESIA

Form 3160-3 (April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR

RECEIVED

FORM APPROVED OMB No. 1004-0137 Expires March 31, 2007

If Indian, Allotee or Tribe Name

JUL 2 0 2006 **BUREAU OF LAND MANAGEMENT**

Lease Serial No. NM-97120

APPLICATION	FOR PERMIT	TO DRILL	ON THE ENTERN TERIA
AFFLICATION	FUR PERIVIT	IO DRILL	

la. Type of work: DRILL REENTE	ER		7 If Unit or CA Agreement, Na	me and No.
lb. Type of Well: Oil Well Gas Well Other	✓ Single Zone Multi	ole Zone	8. Lease Name and Well No. Chinaberry 5 Federal	3586
2. Name of Operator Devon Energy Production Company, L	P 6137 Unde	5 .	9. API Well No. 30 0/5 - 3	5013
3a. Address 20 North Broadway Oklahoma City, Oklahoma City 73102-8260	3b. Phone No. (include area code) 405-552-7802		10. Field and Pool, or Explorator	у
4. Location of Well (Report location clearly and in accordance with an At surface SENW 1375' FNL & 660' FWL At proposed prod. zone SENW 1375' FNL & 660' FWL	ny State requirements.*) B. A. S. A. S. X. L. S	th	11. Sec., T. R. M. or Blk. and Su Lot E, Sec 5 T23S R26	•
 Distance in miles and direction from nearest town or post office* Approximately two miles north of Carlsbad. 	4/8/01	CAR	12. County or Parish Eddy County	13. State NM
5. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 642.36	17. Spacin	g Unit dedicated to this well	
8. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 11,850'	20. BLM/	BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3369'	22. Approximate date work will sta 05/15/2006	rt*	23. Estimated duration 45 days	
	24 Attachments	A. A.A.	od Frankrattad Malar	See le

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

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

Name (Printed/Typed) 25. Signature Date Stephanie A. Ysasaga 04/28/2006 Title ff Engineering Technician Name (Printed/Typed) /S/ Tony J. Herrell JUL 1 3 2006 Approved by (Signature, "/s/ Tony J. Herrell Title Office CARLSBAD FIELD OFFICE

FIELD MANAGER 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.

APPROVAL FOR 1 YEAR conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Witness Surface Casing

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS attached

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

CEMENT TO COVER ALL OIL, GAS AND WATER BEARING ZONES

Additional Operator Remarks:

Devon Energy Production Company, LP proposes to drill a Sheep Draw; Morrow well to 11,850' for commercial quantities of oil and gas. If the well is deemed noncommercial, the wellbore will be plugged and abandoned per Federal regulations. Devon Energy Production Co., LP plans to drill the well per the currently attached Drilling and Surface Use Plan.

Directions:

From the junction of US Hwy 62/180 and Co. Rd. 672, go east on 672 for 5.5 miles to lease road; thence northeast on lease road to proposed location.

Access Road:

Existing County Road 672 will be used, see C-102. Archeological survey's will be requested for the pad and access road.

H2S:

No H2S is expected to be encountered.

UNITED STATES DEPARTMENT OF THE INTERIOR

Bureau of Land Management Roswell Field Office 2909 West Second Street Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Devon Energy Production Company, LP 20 North Broadway, Suite 1500 Oklahoma City, Oklahoma 73102-8260				
e terms, conditions, stipulations and restrictions concerning operations on thereof, as described below.				
Chinaberry 5 Federal 1				
NM-97120				
320 acres 5-T23S-R26E Lot F SENW 13752 FNL & 6662 FWL 1400 Morrow loc change				
Morrow los change				
Nationwide				
CO-1104				
Stepkanie A. Ysasaga Sr. Staff Engineering Technician				

04/15/06

Date:

Form 3160-5 *(August 1999)

its jurisdiction.

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT SUNDRY NOTICES AND REPORTS ON WELLS

FORM APROVED
OMB NO. 1004-0135
EXPIRES: NOVEMBER 30, 2000

5. Lease Serial No.

	n for proposals to drill or to re-enter an	NM-97120
	e Form 3160-3 (APU) for such proposals	6. If Indian, Allottee or Tribe Name
30	JBMIT IN TRIPLICATE	7. Unit or CA Agreement Name and No.
1a. Type of Well Oil Well 🗹 Ga	s Well Other	
		8 Well Name and No.
2. Name of Operator DEVON ENERGY PRODUCT	TION COMPANY I D	Chinaberry 5 Federal 1 9. API Well No.
Address and Telephone No.	TON COMPANY, EP	Ja. All Well No.
•	00, Oklahoma City, OK 73102 405-552-7802	10. Field and Pool, or Exploratory
	rly and in accordance with Federal requirements)*	Sheep Draw; Morrow
SENW 1375' FNL & 660' FW	· · · · · · · · · · · · · · · · · · ·	12. County or Parish 13. State
Lot E, Sec 5-T23S-R26E		Eddy NM
	APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPOR	T, OR OTHER DATA
TYPE OS SUBMISSION	TYPE OF ACTION	
✓ Notice of Intent		on (Start/Resume)
	Alter Casing Fracture Treat Reclama	
Subsequent Report	Casing Repair New Construction Recompl	lete
Final Abandonment Notice	Convert to Injection Plug Back Water D	
	& 1400' FWL L & 660' FWL re attached.	**
14. I hereby certify that the foregoing is signed	Name Stephanie A. Ysasaga t Title Sr. Staff Engineering Technician	Date <u>6/8/2006</u>
Conditions of approval, if any:	y J. Herrell Title FIELD MANAGER	
Title 18 U.S.C. Section 1001, makes it a crime for any	person knowingly and willfully to make any department or agency of the United States any fals	e, fictilious or fraudulent statements or representations to any matter with

· DISTRICT I 1825 N. French Dr., Hobbs, NM 88240

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised March 17, 1999

DISTRICT II 811 South First, Artesia, NM 88210

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 South Pacheco Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	7 3 9 60	Carls bad	Pool Name	1 South
Property Code		operty Name	7	Well Number
6137	CHINABER	RY "5" FEDERAL		1
OGRID No.	Op	erator Name		Elevation
	DEVON ENERGY P	RODUCTION COMPANY	LP	3378'

Surface Location

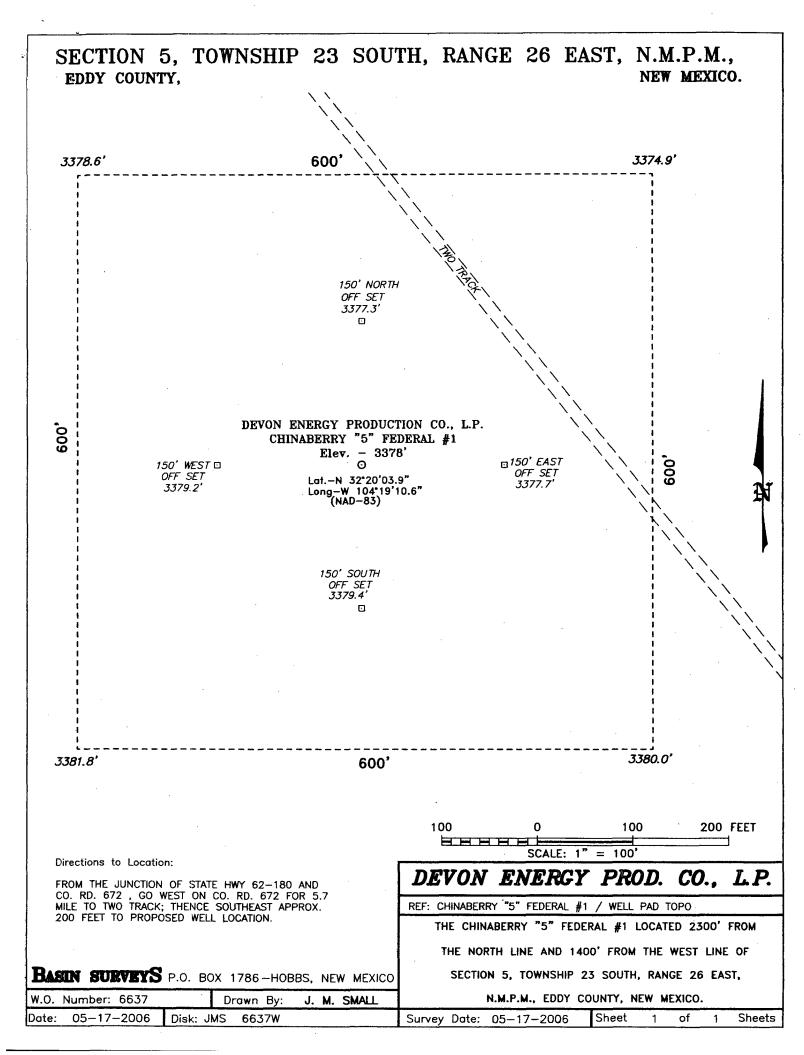
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F F	5	23 S	26 E		2300	NORTH	1 4 00	WEST	EDDY

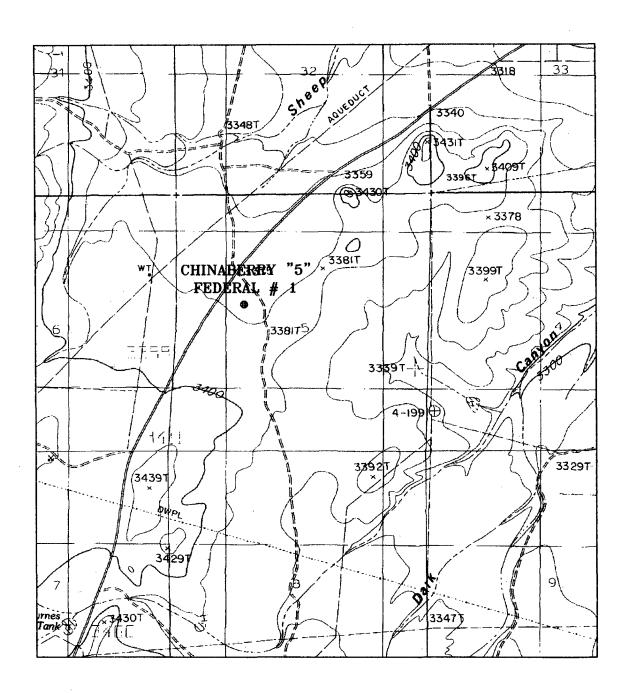
Bottom Hole Location If Different From Surface

-	UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	E	5	235	26E		13751	MORTH	600	WEST	E204
ſ	Dedicated Acres	Joint o	r Infill	Consolidation (Code Or	der No.				
	320									

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

Π.				
				OPERATOR CERTIFICATION
		\downarrow	I	I hereby certify that the information contained herein is true and complete to the
И		1	1	best of my knowledge and belief.
	BHL		 	D/4(//
Ш	= 660 =	- + -	+	Signature
	53300			Printed Name
И	7	<i>}</i>	1	Sr. Staff Erkineering Tech
11	3378.6' 3374.9'	4		Title 6/05/06
	1400'		1	Date
\parallel	ISL		İ	SURVEYOR CERTIFICATION
Н	3381.8' 3380.0'			Servicion editification
\parallel	Lat.: N32*20'03.9		1	I hereby certify that the well location shown on this plat was plotted from field notes of
И	Long.: W104*19*10.	6"		actual surveys made by me or under my
71	(NAD-83)	k		supervison and that the same is true and correct to the best of my belief.
Ш	!	1		
				MAX 181. 2000
			l L	Date Surveyed Signature & Seat Of MEXICO
	i			Professional Surveyor
				TE QUITALE S
И	!	k		1 HAVE IST
	1	4		Mas No 6637, 18
				Certificate No. Cory 1 7977
IJ		/	l 1	Basin surveyS





CHINABERRY "5" FEDERAL #1
Located at 2300' FNL AND 1400' FWL
Section 5, Township 23 South, Range 26 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (505) 393-7316 - Office (505) 392-3074 - Fax basinsurveys.com

W.O. Number:	6637	JMS	
	05-17	-2006	.,
Scale: 1" = 2			
Date: 05-18-	-2006	Company Common Street Company Common Company	

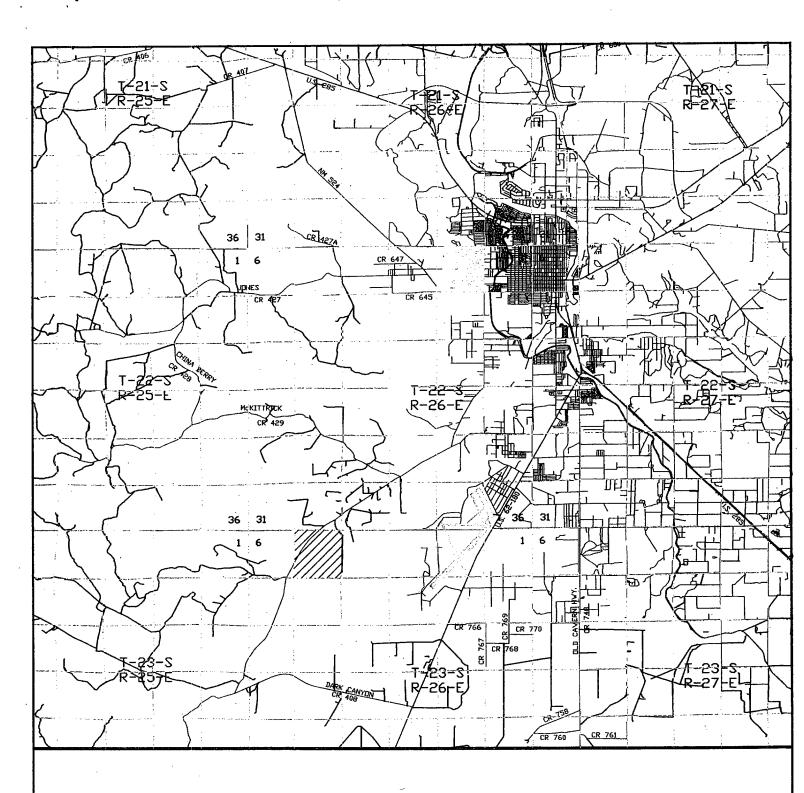
DEVON ENERGY PROD. CO., L.P.

WELL	PATH DAT	A Wellbore: F	Plan Pro	posals	Wellpath: Plan1	† = inter	polated/ext	rapolated station	1
		clination Azimi		/D	Vert Sect North	-	•	•	
	feet de		fe		feet feet	fee		/100ft	
†	500	0	0	500	0	0	0	0	
÷	600	0	0	600	0	0	0	0	
, †	700	0	0	700	0	Ō	0	0	
,	800	0	0	800	0	0	0	0	
†	900	0	0	900	0	0	Ō	0	
†	1000	0	0	1000	0	0	Ö	0	
÷	1100	0	Ö	1100	0	Ö	Ö	0	
†	1200	0	0	1200	0	Ö	0	0	
, †	1300	Ō	Ö	1300	0	Ö	Ő	0	
÷	1400	Ö	Ö	1400	0	Ö	0	0	
+	1500	Ö	Ö	1500	0	0	0	Ö	
+	1600	0	0	1600	0	0	0	0	
† †	1700	Ö	0	1700	0	0	0	0	
+	1800	ő	0	1800	0	0	0	0	
+	1900	0	0	1900	0	0	0	0	
† †	2000	0	0	2000	0	0	0	0	
† †	2100	0	0	2100	0	0	0	0	
+	2200	0	0	2200	0	0	0		
+	2300	0	0	2300	0	0	0	0	
+	2400	0	0	2400				0	
1 +	2500	0	0	2500	0	0	0	0	
 	2600				0	0	0	0	
 	2700	0	0	2600	0	0	0	0	
+		0	0	2700	0	0	0	0	
1 +	2800	0	0	2800	0	0	0	0	
1	2900	0	0	2900	0	0	0	0	
Ţ	3000	0	0	3000	0 .	0	0	0	
Ī	3100	0	0	3100	0	0	0	0	
Ţ	3200	0	0	3200	0	0	0	0	
Ţ	3300	0	0	3300	0	0	0	0	
I	3400	0	0	3400	0.	0	0	0	
Ţ	3500	0	0	3500	0	0	0	0	
Ţ	3600	0	0	3600	0	0	0	0	
Ţ	3700	0	0	3700	0	0	0	0	
Ţ	3800	0	0	3800	0	0	0	0	
Ţ	3900	0	0	3900	0	0	0 ·	0	
Ţ	4000	0	0	4000	0	0	0	0	
Ţ	4100	0	0	4100	0	0	0	0	
I	4200	0	0	4200	0	0	0	0	
†	4300	0	0	4300	0	0	0	0	
†	4400	0	0	4400	0	0	0	0	
†	4500	0	0	4500	0	0	0	0	
†	4600	0	0	4600	0	0	0	0	
†	4700	0	0	4700	0	0	0	0	
	4800		21.34	4800	0	0	0	0	
†	4900			4899.95	2.62	2.04	-1.64	3	
ţ	5000			4999.63	10.46	8.17	-6.54	3	
†	5100			5098.77		18.36	-14.69	3	
	5125.32			5123.75		21.58	-17.27	3	
ţ	5200			5197.35		31.47	-25.17	0	
†	5300	9.76 32	21.34	5295.9	57.25	14.71	-35.76	0	

MD	TA Wellt Inclination		TVD	Wellpath: F Vert Sect	•	interpolated East	DLS
feet	deg	deg	feet	feet	feet	feet	deg/100ft
5400	9.76	321.34		74.2	57.94		0
5500	9.76	321.34		91.15			0
5600	9.76	321.34		108.11	84.42		0
5700	9.76	321.34		125.06	97.65		0
5800	9.76	321.34		142.01	110.89		0
5900	9.76	321.34		158.96	124.13		0
6000	9.76	321.34		175.91	137.36		0
6100	9.76	321.34		192.86	150.6		0
6200	9.76	321.34		209.81	163.84		0
6300	9.76	321.34		226.76	177.07		0
6400	9.76	321.34		243.72	190.31	-152.25	0
6500	9.76	321.34		260.67	203.55		0
6600	9.76	321.34		277.62	216.78		0
6700	9.76	321.34		294.57	230.02		0
6800	9.76	321.34		311.52	243.26		0
6900	9.76	321.34		328.47			0
7000	9.76	321.34		345.42	269.73	-215.79	0
7100	9.76	321.34		362.38	282.97		0
7200	9.76	321.34	7168.4	379.33	296.21	-236.96	0
7300	9.76	321.34		396.28	309.44	-247.55	0
7400	9.76	321.34	7365.51	413.23	322.68	-258.14	0
7500	9.76	321.34		430.18	335.92	-268.73	
7600	9.76	321.34		447.13	349.15	-279.32	0
7700	9.76	321.34		464.08	362.39	-289.91	0
7800	9.76	321.34	7759.72	481.04	375.63	-300.5	0
7900	9.76	321.34	7858.27	497.99	388.86	-311.09	0
8000	9.76	321.34	7956.83	514.94	402.1	-321.68	0
8100	9.76	321.34	8055.38	531.89	415.34	-332.27	0
8200	9.76	321.34	8153.93	548.84	428.57		0
8300	9.76	321.34	8252.48	565.79	441.81	-353.45	0
8400	9.76	321.34	8351.04	582.74	455.05	-364.04	0
8500	9.76	321.34	8449.59	599.7	468.28	-374.63	0
8600	9.76	321.34	8548.14	616.65	481.52	-385.22	0
8700	9.76	321.34	8646.7	633.6	494.76		0
8800	9.76	321.34	8745.25	650.55	507.99		0
8900	9.76	321.34	8843.8	667.5	521.23		0
9000	9.76	321.34	8942.35	684.45	534.47		0
9100	9.76	321.34	9040.91	701.4	54 7.7	-438.16	0
9200	9.76	321.34	9139.46	718.36	560.94	-448.75	0
9300	9.76	321.34	9238.01	735.31	574.18	-459.34	0
9400	9.76	321.34	9336.56	752.26	587.42	-469.93	0
9500	9.76	321.34	9435.12	769.21	600.65	-480.52	0
9600	9.76	321.34	9533.67	786.16	613.89	-491.11	0
9700	9.76	321.34	9632.22	803.11	627.13	-501.7	0
9800	9.76	321.34	9730.78	820.06	640.36	-512.29	0
9900	9.76	321.34	9829.33	837.02	653.6	-522.88	0
10000	9.76	321.34	9927.88	853.97	666.84	-533.47	0
10100	9.76	321.34	10026.43	870.92	680.07	-544.06	0
10200	9.76	321.34	10124.99	887.87	693.31	-554.65	0
10300	9.76	321.34	10223.54	904.82	706.55	-565.24	0

WELL	PATH DATA	Wellbore: Plan	Proposals	Wellpath: F	Plan1 †=	interpolated	l/extrapolated station
	MD Incli	nation Azimuth	TVD	Vert Sect		East	DLS Tgt#
	feet deg	deg	feet	feet	feet	feet	deg/100ft
†	10400	9.76 321.3	10322.09	921.77	719.78	-575.83	0
†	10500	9.76 321.3	10420.65	938.72	733.02	-586.42	0
†	10600	9.76 321.3	10519.2	955.68	746.26	-597.01	0
†	10700	9.76 321.3	10617.75	972.63	759.49	-607.6	0
†	10800	9.76 321.3	4 10716.3	989.58	772.73	-618.18	0
†	10900	9.76 321.3	10814.86	1006.53	785.97	-628.77	0
†	11000	9.76 321.34	10913.41	1023.48	799.2	-639.36	0
†	11100	9.76 321.34	11011.96	1040.43	812.44	-649.95	0
†	11200	9.76 321.34	4 11110.51	1057.38	825.68	-660.54	0
†	11300	9.76 321.34	11209.07	1074.34	838.92	-671.13	0
†	11400	9.76 321.34	11307.62	1091.29	852.15	-681.72	0
†	11500	9.76 321.34	1 11406.17	1108.24	865.39	-692.31	0
†	11600	9.76 321.34	11504.73	1125.19	878.63	-702.9	0
†	11700	9.76 321.34	11603.28	1142.14	891.86	-713.49	0
†	11800	9.76 321.34	11701.83	1159.09	905.1	-724.08	0
†	11900	9.76 321.34	11800.38	1176.04	918.34	-734.67	0
	11950.34	9.76 321.34	11850	1184.58	925	-740	0 1

TARGE	TS					
Name	MD	TVD	North	East		Grid East Grid North Latitude Longitude Shape
	feet	feet	feet	feet		us survey f us survey f DegMinSer DegMinSec
(1) PBHL	11950.34	11850		925	-740	740.18 925.22 30 59 27.4 106 03 47. point



CHINABERRY "5" FEDERAL #1
Located at 1375' FNL AND 660' FWL
Section 5, Township 23 South, Range 26 East,
N.M.P.M., Eddy County, New Mexico.

Date: 04-18-2006



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (505) 393—7316 — Office (505) 392—3074 — Fax basinsurveys.com W.O. Number: 6360AA - KJG CD#4

Survey Date: 04-13-2006

Scale: 1" = 2 MILES

DEVON ENERGY PROD. CO., L.P.

DRILLING PROGRAM

Devon Energy Production Company, LP Chinaberry 5 Federal 1

Surface Location: 1375' FNL & 660' FWL, Unit E, Sec 5 T23S R26E, Eddy, NM Bottom hole Location: 1375' FNL & 660' FWL, Unit E, Sec 5 T23S R26E, Eddy, NM

1. Geologic Name of Surface Formation

a. Permian Undifferentiated

2. Estimated tops of geological markers:

a.	Yates	450'
b.	Capitan	600'
c.	Delaware	1675'
d.	Bone Spring	4875'
e.	Wolfcamp	8500'
f.	Penn	9450'
g.	Strawn	10050'
h.	Atoka	10390'
i.	Morrow Clastics	11010'
j.	Lower Morrow	11375'
k.	Barnett Shale	11400'
1.	Total Depth	11850'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas

a.	Yates	450'	Fresh Water
b.	Capitan	600'	Water
c.	Delaware	1675'	Oil
d.	Bone Spring	4875'	Oil
e.	Wolfcamp	8500'	Gas
f.	Penn	9450'	Gas
g.	Strawn	10050'	Gas
h.	Atoka	10390'	Gas
i.	Morrow Clastics	11010'	Gas
j.	Lower Morrow	11375'	Gas

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 13 3/8" casing at 700' and circulating cement back to surface. Fresh water sands will be protected by setting 9 5/8" casing at 1700' and circulating cement to surface. The Morrow intervals will be isolated by setting 5 ½" casing to total depth and circulating cement above the base of the 9 5/8" casing.

4. Casing Program:

Hole Size	<u>Interval</u>	OD Csg	Weight	<u>Collar</u>	Grade
17 1/2"	0' -700'	13 3/8"	48#	ST&C	H-40 WITNESS

12 1/4"	0'-1700'	9 5/8"	36#	ST&C	J-55
8 ¾"	0'-11850'	5 1/2"	17#	LT&C	HCP110

5.	Cement Pro	Cement Program:									
	a. 13 3/8"	Surface	Cement to surface with 330 sacks (35:65) Poz (Fly Ash):Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 6% bwoc Bentonite + 93.6% Fresh Water. Tail with 300 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 56.3% Fresh Water								
	b. 9 5/8"	Intermediate	Cement to surface with 295 sacks (35:65) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride + 0.25 lbs/sack Cello Flake + 5 lbs/sack LCM-1 + 6% bwoc Bentonite + 95.8% Fresh Water. Tail with 250 sacks Class C Cement + 1% bwoc Calcium Chloride + 56.3% Fresh Water								
	c. 5 1/2"	Production	Cement with Stage 1: 810 sacks (15:61:11) Poz (Fly Ash):Class C Cement:CSE-2 + 0.5% bwoc BA-10 + 0.15% bwoc R-3 + 2% bwow Potassium Chloride + 0.75% bwoc EC-1 + 0.25 lbs/sack Cello Flake + 0.7% bwoc CD-32 + 5 lbs/sack LCM-1 + 0.6% bwoc FL-25 + 0.6% bwoc FL-52A + 70.6% Fresh Water. Stage 2: 1277 sacks (60:40) Poz (Fly Ash):Premium Plus H Cement + 1% bwow Sodium Chloride + 0.75% bwoc BA-10 + 0.15% bwoc R-3 + 0.25 lbs/sack Cello Flake + 2 lbs/sack Kol Seal + 4% bwoc MPA-1 + 61.2% Fresh Water. Stage 3 lead: 620 sacks (35:65) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride + 0.25 lbs/sack Cello Flake + 6% bwoc Bentonite + 107.8% Fresh Water. Tail with 150 sacks (60:40) Poz (Fly Ash):Class C Cement + 5% bwow Sodium Chloride + 0.25 lbs/sack Cello Flake + 0.4% bwoc Sodium Metasilicate + 4% bwoc MPA-1 + 64.7% Fresh Water								

The above cement volumes could be revised pending the caliper measurement from the open hole logs. The top of cement is designed to reach approximately 500' above the 9 5/8" casing shoe.

6. Pressure Control Equipment:

The blowout preventor equipment (BOP) shown in Exhibit #1 will consist of a (5M system) double ram type (5000 psi WP) preventor and a bag-type (Hydril) preventor (5000 psi WP) and rotating head. Both units will be hydraulically operated and the ram type preventor will be equipped with blind rams on top and 4 ½" drill pipe rams on bottom. The drilling head will be installed on the 13 3/8" surface casing and utilized continuously until total depth is reached. All BOP's and associated equipment will be tested to 1200 psi with the rig pump before drilling out the 13 3/8" casing shoe

(70% of 48#, H-40 casing). Prior to drilling out the 9 5/8" casing shoe, the BOP's and Hydril will be tested as per BLM Drilling Operations Order #2.

Pipe rams will be operated and checked each 24-hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drillers log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram-type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having 5000 psi WP rating.

7. Proposed Mud Circulation System

<u>Depth</u>	Mud Wt.	<u>Visc</u>	Fluid Loss	Type System
0' – 700'	8.4-9.4	32-34	NC	Fresh Water
700'- 1700'	8.5-9.6	28-35	NC	Fresh Water
1700'-10000'	8.4-9.4	28-32	NC	Fresh Water/Cut Brine
10000'-11850'	9.8-10.5	36-42	8-6	Brine

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

8. Auxiliary Well Control and Monitoring Equipment:

- a. A Kelly cock will be in the drill string at all times.
- b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
- c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 1/2" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

9. Logging, Coring, and Testing Program:

- a. Drill stem tests will be based on geological sample shows.
- b. 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 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

10. Potential Hazards:

a. No abnormal pressures or temperatures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6 No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 4700 psi and Estimated BHT 180°. No H2S is anticipated to be encountered.

11. Anticipated Starting Date and Duration of Operations:

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

SURFACE USE PLAN

Devon Energy Production Company, LP

Chinaberry 5 Federal 1

Surface Location: 1375' FNL & 660' FWL, Unit E, Sec 5 T23S R26E, Eddy, NM Bottom hole Location: 1375' FNL & 660' FWL, Unit E, Sec 5 T23S R26E, Eddy, NM

1. Existing Roads:

- a. The well site and elevation plat for the proposed well are reflected on Exhibit 2. The well was staked by Basin Surveys.
- b. All roads into the location are depicted on Exhibit 3.
- c. Directions to Location: From the junction of US Hwy 62/180 and Co. Rd. 672, go east on 672 for 5.5 miles to lease road; thence northeast on lease road to proposed location.

2. Access Road

- a. Exhibit #3 shows the existing county road 672.
- b. The maximum width of the road will be 15'. It will be crowned and made of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion.
- c. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 1%.
- d. No cattle guards, grates or fence cuts will be required. No turnouts are planned.

3. Proposed Facilities

- a. In the event the well is found productive, the Chinaberry 5 Federal 1 tank battery would be utilized and the necessary production equipment will be installed at the well site.
- b. If necessary, the well will be operated by means of an electric prime mover. Electric power poles will be set along side of the access road.
- c. All flow lines will adhere to API standards.
- d. If the well is productive, rehabilitation plans are as follows:
 - i. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after completion, weather permitting).
 - ii. 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.

4. Methods of Handling Waste Material:

- a. Drill cuttings will be disposed of in the reserve pits.
- 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. Wastewater from living quarters will be drained into hole with a minimum of 10'. These holes will be covered during drilling and will be back filled when the well is completed. 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 allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for further drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approved disposal site. Later pits will be broken out to speed dry. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in a storage tank and sold.

5. Well Site Layout

- a. Exhibit D shows the proposed well site layout.
- b. This exhibit indicated proposed location of reserve and sump pits and living facilities.
- c. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be unlined unless subsurface conditions encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- d. If needed, the reserve pit is to be lined with polyethylene. The pit liner will be 6 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.
- e. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

6. 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, some mesquite bushes and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- b. The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is of limited use except for the grazing of livestock and the production of oil and gas.
- c. A Cultural Resources Examination will be completed by Southern New Mexico Archaeological Services, Inc. and forwarded to the BLM office in Carlsbad, New Mexico.
- d. There are no dwellings within 2 miles of location.

Operators Representative:

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

Wyatt Abbitt Don Mayberry
Operations Engineer Advisor Superintendent

Devon Energy Production Company, L.P.

20 North Broadway, Suite 1500

Oklahoma City, OK 73102-8260

Devon Energy Production Company, L.P.

Post Office Box 250

Artesia, NM 88211-0250

(405) 552-8137 (office) (505) 748-3371 (office) (405) 245-3471 (Cellular) (505) 746-4945 (home)

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road; that I am familiar with the conditions that presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Devon Energy Production Company, L.P. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Signed:

Stephanie A. Ysasaga Sr. Staff Engineering Technician Date:

April 28th, 2006

Attachment to Exhibit #1 NOTES REGARDING BLOWOUT PREVENTERS

Devon Energy Production Company, LP Chinaberry 5 Federal 1

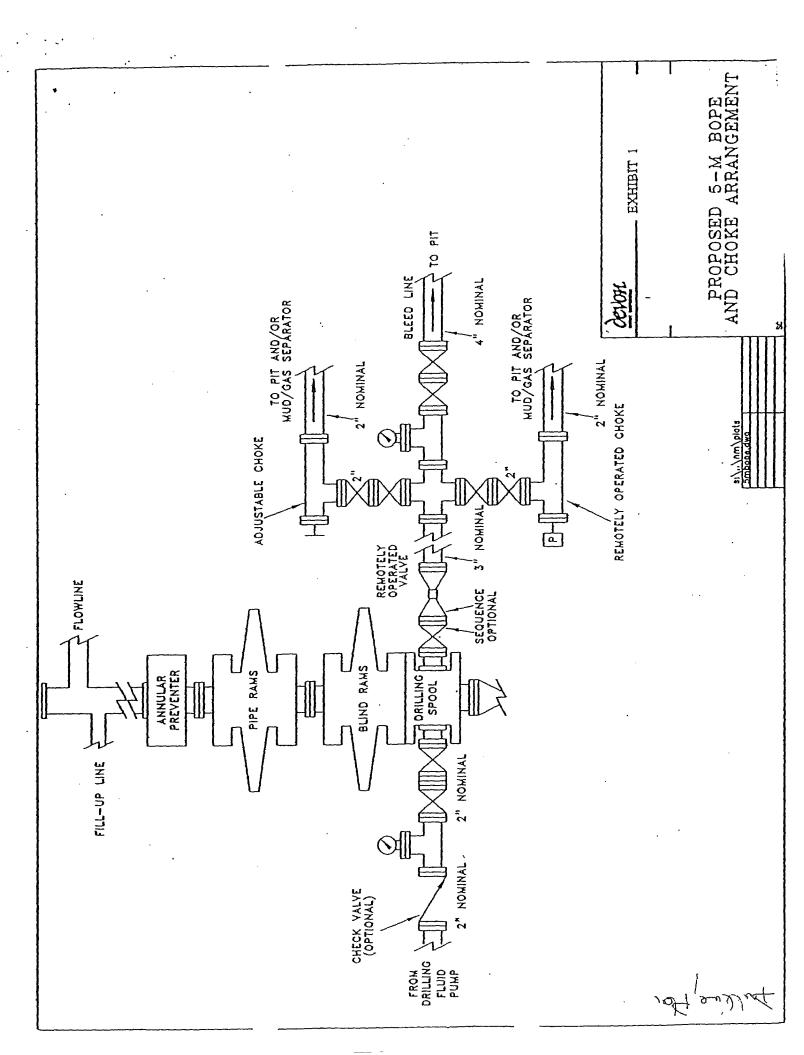
Surface Location: 1375' FNL & 660' FWL, Unit E, Sec 5 T23S R26E, Eddy, NM Bottom hole Location: 1375' FNL & 660' FWL, Unit E, Sec 5 T23S R26E, Eddy, NM

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

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

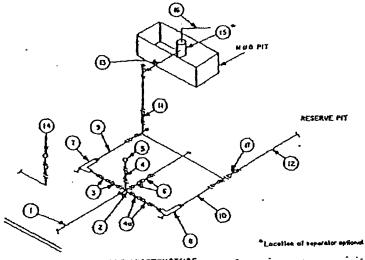
- 1. All Company and Contract personnel admitted on location must be trained by a qualified H2S safety instructor to the following:
 - a. Characteristics of H2S
 - b. Physical effects and hazards
 - c. Proper use of safety equipment and life support systems.
 - d. Principle and operation of H2S detectors, warning system and briefing areas
 - e. Evacuation procedures, routes and first aid.
 - f. Proper use of 30-minute pressure demand air pack.
- 2. H2S Detection and Alarm System
 - a. H2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
- 3. Windsock and/or wind streamers
 - a. Windsock at mud pit area should be high enough to be visible
 - b. Windsock at briefing area should be high enough to be visible
 - c. There should be a windsock at entrance to location
- 4. Condition Flags and Signs
 - a. Warning Sign on access road to location
 - b. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H2S present in dangerous concentration. Only emergency personnel admitted to location.
- 5. Well Control Equipment
 - a. See Exhibit "E" & "E-1"
- 6. Communication
 - a. While working under masks chalkboards will be used for communication.
 - b. Hand signals will be used where chalk board is inappropriate
 - c. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at most drilling foreman's trailer or living quarters.
- 7. Drill stem Testing
 - a. Exhausts will be watered
 - b. Flare line will be equipped with an electric igniter or a propane pilot light in case gas reaches the surface.
 - c. If the location is near to a dwelling a closed DST will be performed.
- 8. Drilling contractor supervisor will be required to be familiar with the effects H2S has on tubular goods and other mechanical equipment.

If H2S is encountered, mud system will be altered if necessary to maintain control or formation. A mud gas separator will be brought into service along with H2S scavengers if necessary.



3 MWP - 5 MWP - 10 MWP

Exhibit E



BEYO)	an sh	URTZA	Ċī	UR

			MINIM	MUM REOL	HREMENT		·			
	· · · · · · · · · · · · · · · · · · ·	3,000 MWP			5,000 MWP			10,000 MWP		
		LD.	HOMINAL	RATING	LO.	NOMINAL	RATING	LD.	NOMMAL	RATING
Na		1	3*	3,000		3"	5,000		3"	10,000
1	Line from drifting spool	. 		3,000			5,000			
2	Cross 3. KJ. KJ. KJ.		 	- 4,000						10,000
	Cross 3"x3"x3"x3"					 				
3	Valves(1) Gale []	3-1/8*		3,000	J-1/8"		5,000	3-1/8"		10,000
4	Valve Gale []	1-13/16"		3,000	1-13/16"		5,000	1-13/16*		16,000
<u> </u>	Valves(1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8*	·	10,000
48:		1-1		3,000	•		2,000			10,000
_5	Pressure Gauge	+					5.000	3-1/8"	1	10,000
6	Valves Plag □(2)	3-1/6"		2,000	3-1/8"		5,000	2-		10,000
7	Adjustable Choke(3)	2"	l	3,000	2"					10,000
-	Adjustable Choke	1-		3,000	1,		5,000	2"	 	
9	Line	1 -	3"	3,000	<u> </u>	3-	5,000		3-	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Gale []	3-1/6*		3,900	3-1/E*		5,000	3-1/8*		10,000
	Valves Plug ()(2)	 	3.	1,000		3.	1,000		3*	2,000
12	Lines	 	3.	1,000		3"	1,000		3"	2,000
13	Lines			1,000						
14	Remote reading compound standpipe pressure gauge]		3,000			5,000		23.61	10,000
15	Gas Separator	7	235			215			5,72,	
16	Line	1	4"	₹,000	<u> </u>		1,000		4	2,030
17	Valves Plug ()(2)	3-1/0"		3,000	J-1/8"		5,000	3-1/8*		10,000

- (1) Only one required in Class JAC
- [2] Gate valves only shall be used for Class 10M.
- (3) Remote operated hydrausic choka required on 5,000 psi and 10,000 psi for drilling.

EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS

- 1. All connections in choke manifold shall be welded, studded, llanged or Cameron clamp of comparable rating.
- 2. All flanges shall be API 68 or 68X and ring gaskets shall be API RX or 8X. Use only 8X for 10 MWP.
- 3. All lines shall be securely anchored.
- 4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
- 5. Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternale with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
- 6. Line from drilling spoot to choke manifold should be as straight as possible. Lines downstream from chokes shall make lums by large bends or 90° bends using bull plugged tees.
- 7. Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name:

Devon Energy Production Company, L.P.

Well Name & No.

Chinaberrry 5 Federal #1

Location: 2300 FNL, 652' FWL, Section 5 T. 23 S., R. 26 E., Eddy County, New Mexico SHL Lease: NM-97120 1400' per attached SN dated 6/8/06 BH Location: 1375' FNL & 660' FWL. Section 5. T.23S., R.26E. BHL

I. DRILLING OPERATIONS REQUIREMENTS:

- 1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:
 - A. Well spud
 - B. Cementing casing: 13-3/8 inch 9-5/8 inch 5-1/2 inch
 - C. BOP tests
- 2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
- 3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.
- 4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

- 1. The 13-3/8 inch surface casing shall be set at approximately 700 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
- 2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is to be circulated to the surface.
- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.

III. PRESSURE CONTROL:

- 1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch surface casing shoe and shall be tested as follows. Any equipment failing to test satisfactorily shall be repaired or replaced.
- Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 5000 psi.
- A variance to test the BOP's to 1200 psi with the rig pumps before drilling out the 13-3/8 inch surface casing shoe is granted.
- 4. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
- The tests shall be done by an independent service company.

- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

- Recording pit level indicator to indicate volume gains and losses.
- Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
- Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

acs 5/10/06 District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.

For downstream facilities, submit to Santa Fe office

Form C-144

Pit or Below-Grade Tank Registration or Closure

	or below-grade tank \(\times\) Closure of a pit or below-gra						
Operator: _Devon Energy Production Company, L.P	Telephone: _(405)-552-7802e-mail address	s: Stephanie Ysasaga@dvn.com					
Address: P.O. Box 250 Artesia, NM 88211							
Facility or well name: _Chinaberry 5 Federal 1API #: 30-00	<u>/</u>	3S R26E					
County: _Eddy Latitude	Longitude	NAD: 1927 🔲 1983 🗍					
Surface Owner: Federal 🛭 State 🔲 Private 🔲 Indian 🗌							
Pit	Below-grade tank						
Type: Drilling ☑ Production ☐ Disposal ☐	Volume:bbl Type of fluid:	/1.5%					
Workover							
Lined Unlined	Double-walled, with leak detection? Yes If no	ot, explain why not. JUL 2 7 2006					
Liner type: Synthetic M Thickness 12 mil Clay							
Pit Volume20,000bbl		and the second of the second o					
Death to account the form the form better of the control of	Less than 50 feet	(20 points)					
Depth to ground water (vertical distance from bottom of pit to seasonal	50 feet or more, but less than 100 feet	(10 points)					
high water elevation of ground water.)	100 feet or more	(0 points)					
	Yes	(20 points)					
Wellhead protection area: (Less than 200 feet from a private domestic	No	(0 points)					
water source, or less than 1000 feet from all other water sources.)	100	(v points)					
Distance to surface water: (horizontal distance to all wetlands, playas,	Less than 200 feet	(20 points)					
	200 feet or more, but less than 1000 feet	(10 points)					
irrigation canals, ditches, and perennial and ephemeral watercourses.)	1000 feet or more	(0 points)					
	Ranking Score (Total Points)						
If this is a pit closure: (1) Attach a diagram of the facility showing the pit		ageta dismosal location. (check the empite how if we					
are burying in place) onsite Offsite I If offsite, name of facility							
remediation start date and end date. (4) Groundwater encountered: No		π. and attach sample results.					
(5) Attach soil sample results and a diagram of sample locations and excavi	ations.	112 1					
Additional Comments: Devon Will Com Stipulations.							
I hereby certify that the information above is true and complete to the bes has been/will be constructed or closed according to NMOCD guideling Date:05/04/06	hnician Signature signature signature signature signature signature	ts of the pit or tank contaminate ground water or					
regulations.							