7013

OCD-ARTESIA

NOV -1 1 2008

OCD-ARTESIA

AT5-08-1065

Form 3160-3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No.	NMNM-120900
6 If Indian, Allotee or Tribe Name	
7 If Unit or CA Agreement, Name and No	
8 Lease Name and Well No	Acme 15 Federal Com 1 36357
9 API Well No	30-015-36748
10 Field and Pool, or Exploratory	Lusk; Morrow (Gas) West
11 Sec , T. R M. or Blk and Survey or Area	Sec 15 T19S R31E
12 County or Parish	Eddy County
13 State	NM

1a Type of work: ☑ DRILL ☐ REENTER

1b Type of Well ☐ Oil Well ☑ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

2 Name of Operator: Devon Energy Production Company, LP

3a Address: 20 North Broadway, Oklahoma City, Oklahoma City 73102-8260

3b Phone No. (include area code): 405-552-7802

4. Location of Well (Report location clearly and in accordance with any State requirements *)

At surface: NWSE 1650' FSL & 1650' FEL

At proposed prod zone: NWSE 1650' FSL & 1650' FEL

14 Distance in miles and direction from nearest town or post office*: Approximately 13 miles southeast of Loco Hills, NM

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any)	1980'	16 No of acres in lease	160
17 Spacing Unit dedicated to this well	320		
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	1320'	19 Proposed Depth	12,725'
20 BLM/BIA Bond No. on file	CO-1104		
21 Elevations (Show whether DF, KDB, RT, GL, etc)	3528' GL	22 Approximate date work will start*	10/01/2008
23 Estimated duration	45 days		

24. Attachments

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)
4 Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
5 Operator certification
6 Such other site specific information and/or plans as may be required by the authorized officer

25 Signature	Name (Printed/Typed): Stephanie A. Ysasaga	Date: 09/15/2008
Title: Sr. Staff Engineering Technician		
Approved by (Signature): /s/ Don Peterson	Name (Printed/Typed): /s/ Don Peterson	Date: NOV 0 1 2008
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

*(Instructions on page 2)

CAPITAN CONTROLLED WATER BASIN

SEE ATTACHED FOR CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

ENTERED

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-36748	80840	Lusk; Morrow (Gas) West

Property Code	Property Name	Well Number
36357	ACME "15" FEDERAL COM	1

OGRID No.	Operator Name	Elevation
6137	DEVON ENERGY PRODUCTION COMPANY LP	3528'

Surface Location

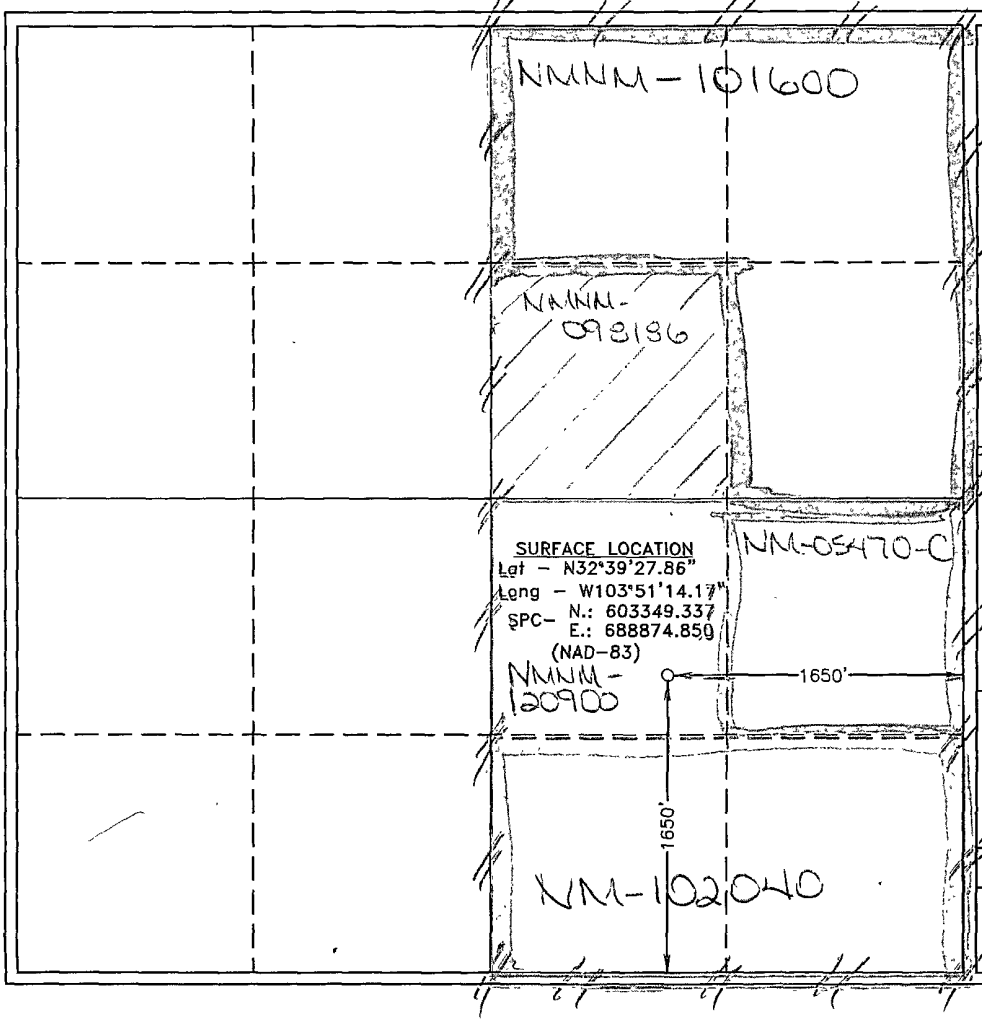
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	15	19 S	31 E		1650	SOUTH	1650	EAST	EDDY

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order 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



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 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 — Date: 09/16/08

Stephanie A. Ysasaga
Printed Name

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 supervison, and that the same is true and correct to the best of my belief.

SEPTEMBER 11, 2008
Date Surveyed
Signature & Seal of Professional Surveyor
GARY L. JONES — NEW MEXICO — 7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

devon

Brett Hudson
Landman

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
(405) 228-8589
(405) 552-8113 FAX

September 19, 2008

Deputy State Director
Bureau of Land Management
P.O. Box 27115
Santa Fe, New Mexico 87502-0115

COPY

Re: Request for Lease Suspension
Federal Lease NMNM-101600
N/2 NE/4 and SE/4 NE/4
Section 15-T19S-R31E
Eddy County, New Mexico

Ladies and Gentlemen:

Devon Energy Production Company, L.P. ("Devon") is in the process of applying for an Application for Permit to Drill ("APD") the Acme 15 Fed Com 1 well dedicating the E/2 of Section 15 as the spacing unit for this well. The NW/4 SE/4 of Section 15, among other lands, has been purchased by The Blanco Company at the July 16, 2008 Federal Lease Sale under Tract Number NM-200807-018. The entire Lease Sale has been protested and the lease has yet to be issued.

Federal Lease NMNM-101600 which will be included in the spacing unit for this well is set to expire at Midnight on November 30, 2008. In that regard, Devon respectfully requests the Bureau of Land Management approve a suspension of operations and production for lease NMNM-101600 pursuant to 43 CFR 3103.4-4 until such time as the drill site lease, Tract NM-200807-018 issues. The suspension should be effective September 1, 2008 being the first of the month in which this application is filed, expire on the first of the month that the lease is issued, and toll the running of the lease term and add the period of the suspension to the term of the lease. Lease rentals should also be suspended during the period of any suspension of operations and production.

Devon looks forward to your favorable response to this application. If there are any questions or if additional information is required, please feel free to contact me at (405) 228-8589.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L. P.

Brett A. Hudson
Landman

Serial Register Page

Sep-16-2008

Case Type: O&g lse comp pd -1987 **Serial Number:** NMNM 120900

Commodity: Oil & gas **Acres:** 160.000 **Disposition:** Pending

Lessee

Owner Name	Street	City	State	Zip	Net Acres	%Int
THE BLANCO CO	PO BOX 25968	ALBUQUERQUE	NM	87125	160.000	100.00

Meridian: New Mex **State:** NM **County:** Eddy

Township: 19 S **Range:** 31 E **Admin Agency**

Section: 15 NENW,N2SW,NWSE, BUREAU OF LAND MGMT

Code	Action	Date	Remarks
387	Case established	5/30/2008	200807018,
299	Protest filed	7/1/2008	WESTERN ENVR LAW CTR
143	Bonus bid payment recd	7/16/2008	$320.00;
191	Sale held	7/16/2008	
267	Bid received	7/16/2008	$512000.00,
143	Bonus bid payment recd	7/21/2008	$511680.00;

Remarks

STIPULATIONS ATTACHED TO LEASE:
NM-11-LN SPECIAL CULTURAL RESOURCE
SENM-S-19 PLAYAS & ALKALI LAKES

Data Current To Sep-01-2008

Report Selections:

Location

19S

31E

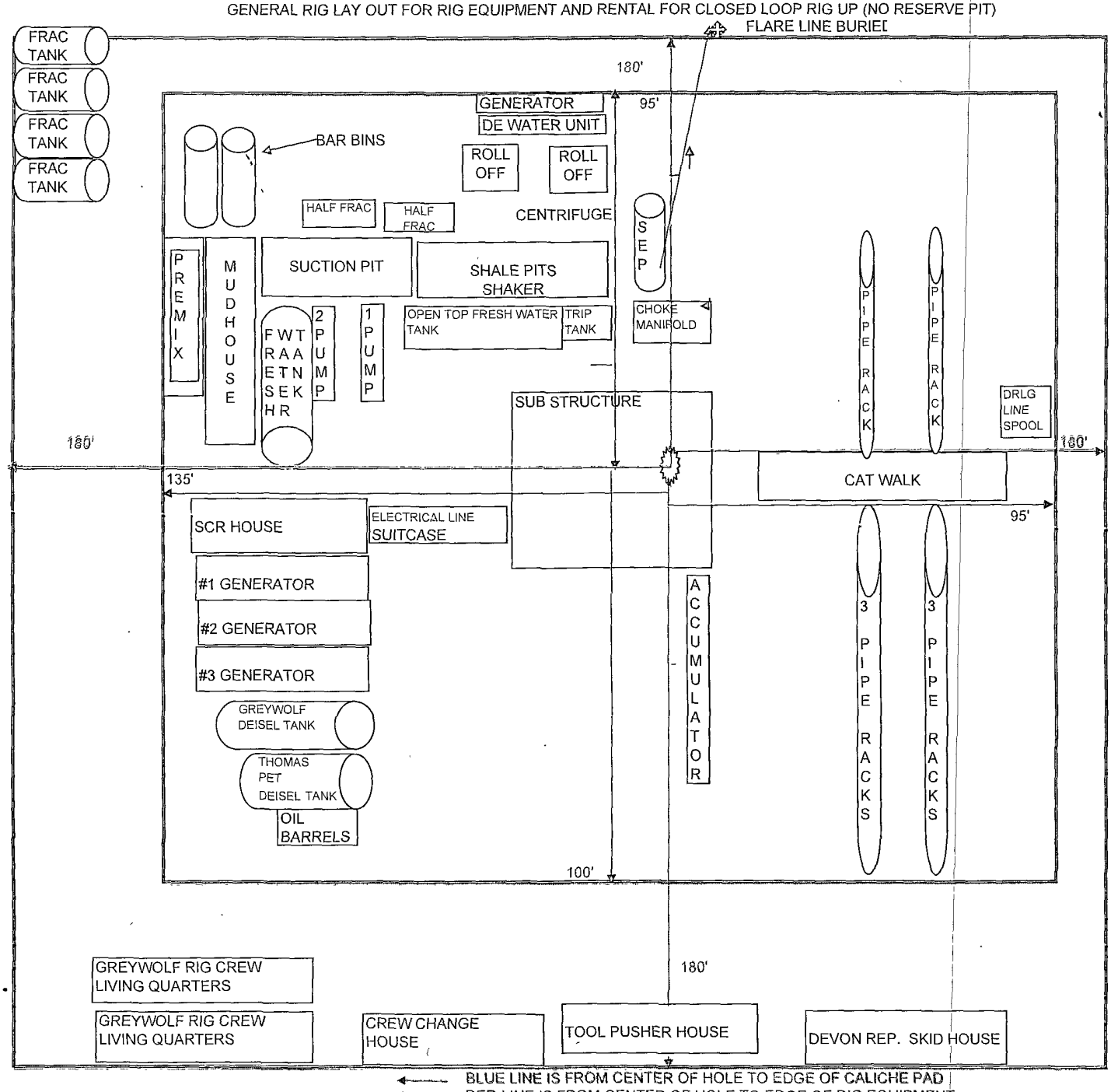
Sections: 15

New Mex

API# 30-015-~~36851~~
36749

GreyWolf RIG # 33

GENERAL RIG LAY OUT FOR RIG EQUIPMENT AND RENTAL FOR CLOSED LOOP RIG UP (NO RESERVE PIT)

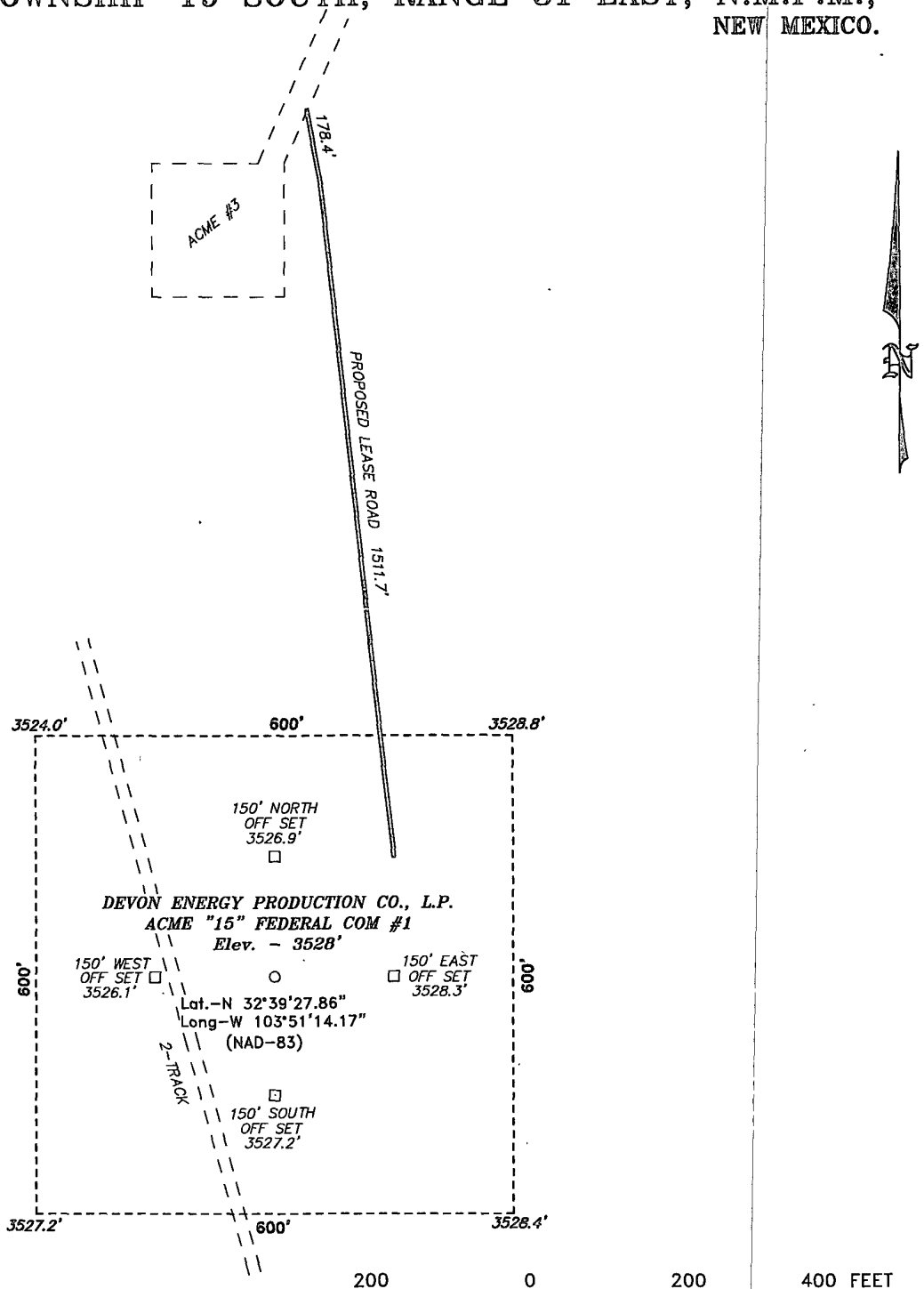


← BLUE LINE IS FROM CENTER OF HOLE TO EDGE OF CALICHE PAD

← RED LINE IS FROM CENTER OF HOLE TO EDGE OF RIG EQUIPMENT

ATTACHMENT TO
DEVON'S
ACME 15 FEDCOM 1
15-19-31

SECTION 15, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF CO. RD. 222 AND CO. RD. 248; GO EAST ON CO. RD. 248 FOR 0.3 MILES TO LEASE ROAD, ON LEASE ROAD GO SOUTH 0.1 MILES TO WELL PAD AND PROPOSED LEASE ROAD.

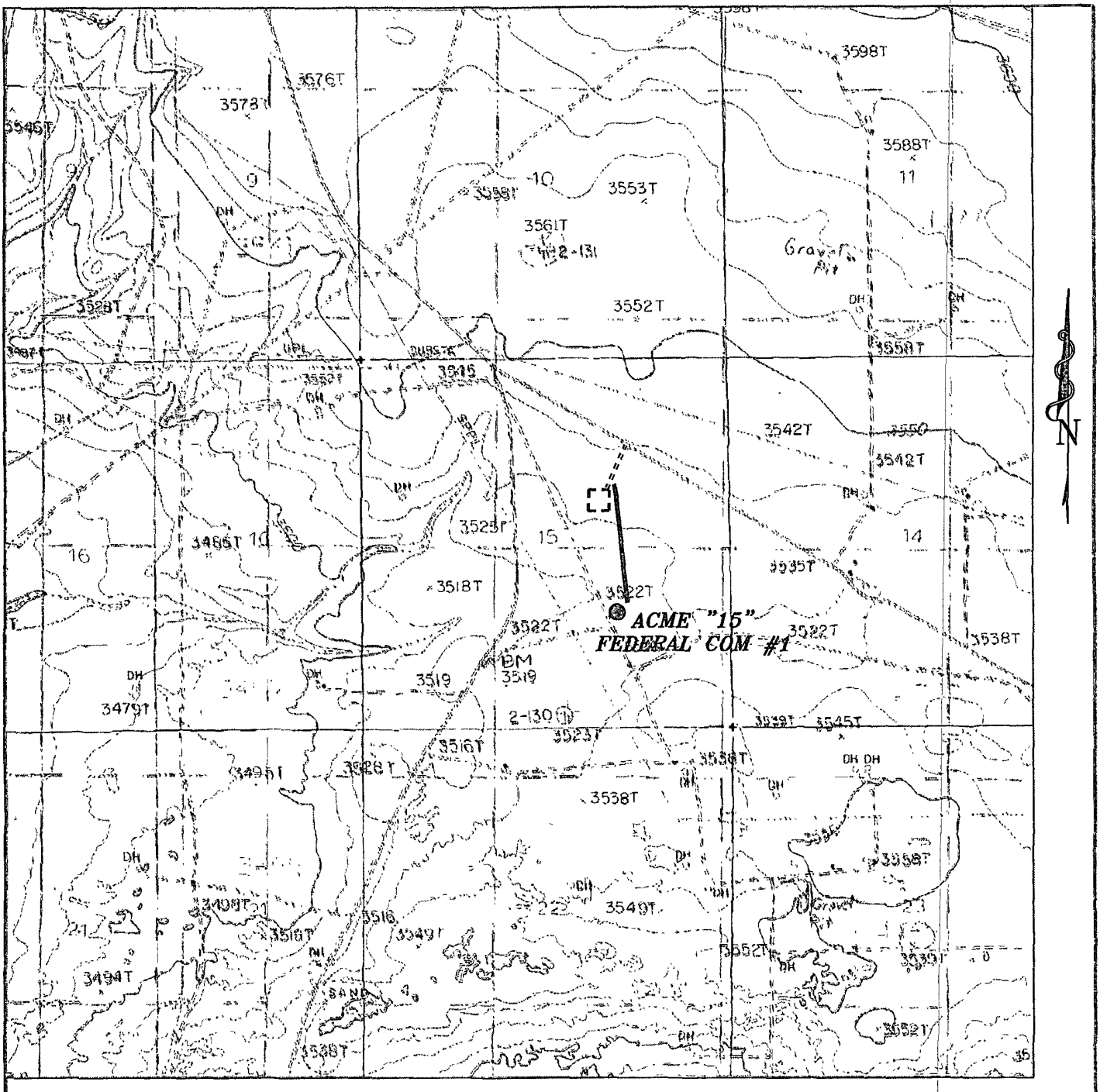
DEVON ENERGY PROD. CO., L.P.

REF: ACME "15" FEDERAL COM #1 / WELL PAD TOPO

THE ACME "15" FEDERAL COM #1 LOCATED 1650' FROM THE SOUTH LINE AND 1650' FROM THE EAST LINE OF SECTION 15, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: 20415	Drawn By: J. M. SMALL		
Date: 09-12-2008	Disk: 20415W JMS	Survey Date: 09-11-2008	Sheet 1 of 1 Sheets



ACME "15" FEDERAL COM #1
Located at 1650' FSL AND 1650' FEL
Section 15, Township 19 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

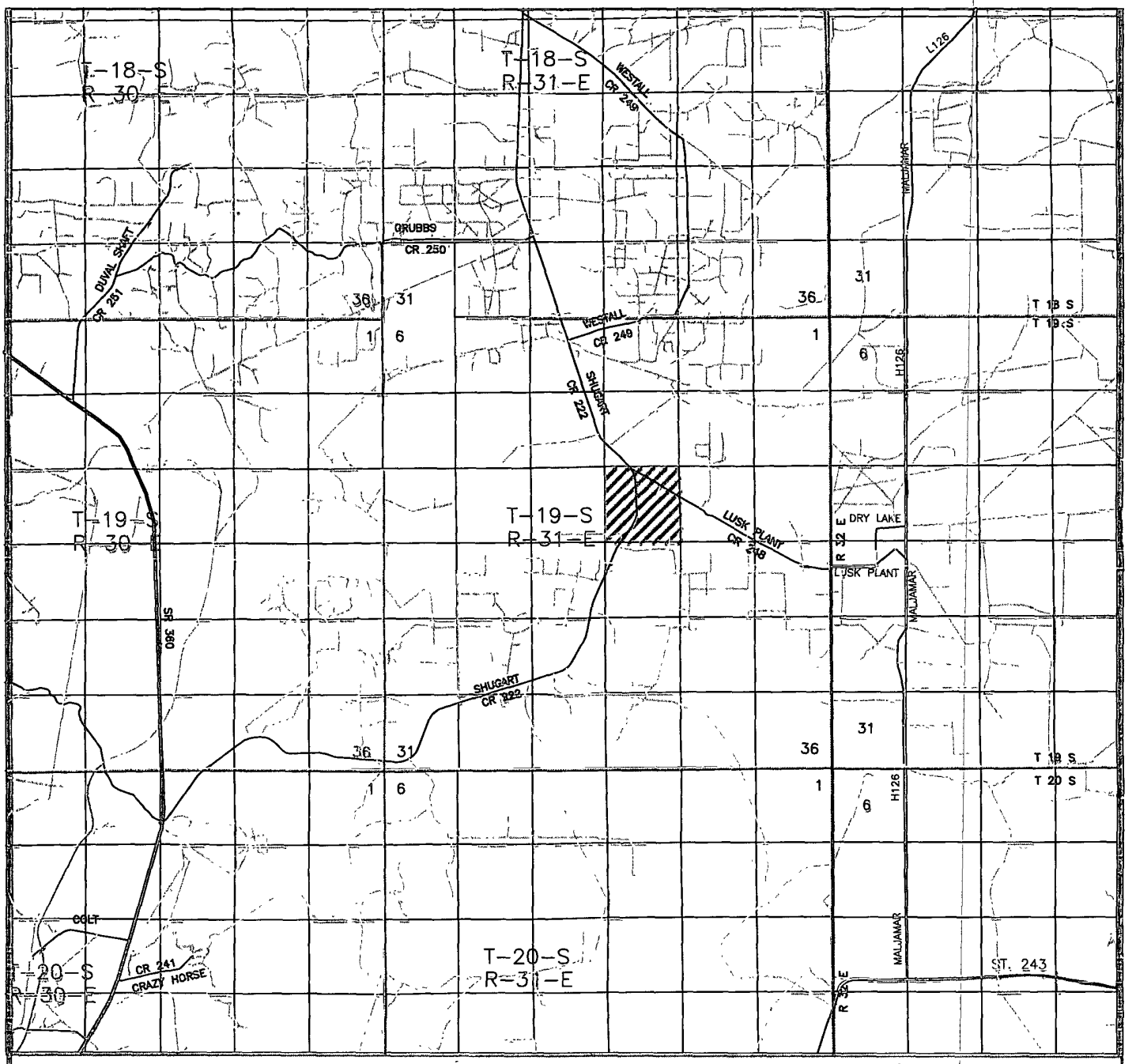
W.O. Number: JMS 20415

Survey Date: 09-11-2008

Scale: 1" = 2000'

Date: 09-12-2008

DEVON ENERGY PROD. CO., L.P.



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Section 15, Township 19 South, Range 31 East,
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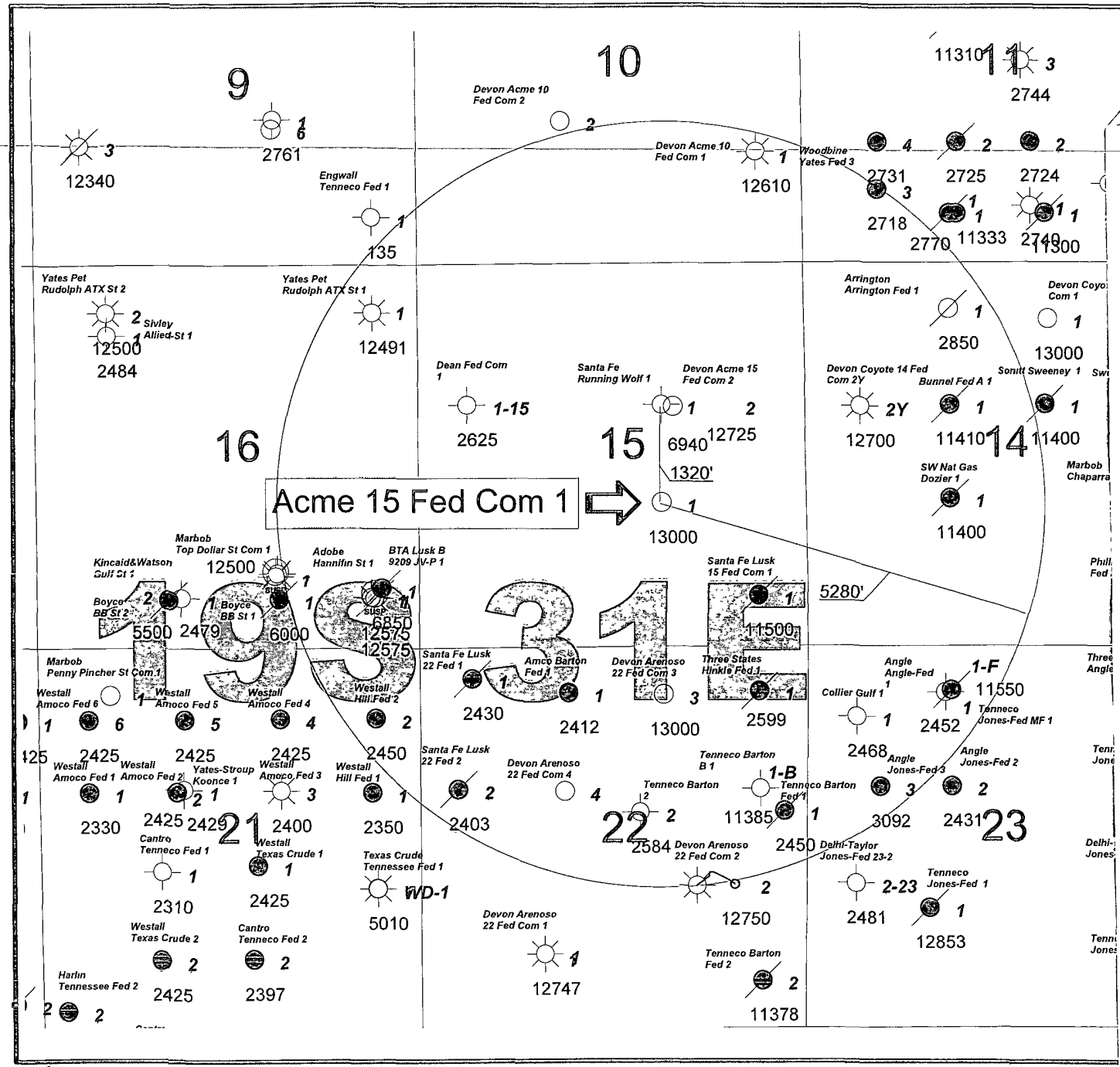
(575) 393-7316 – Office
(575) 392-2206 – Fax
basinsurveys.com

W.O. Number: JMS 20415
Survey Date: 09-11-2008
Scale: 1" = 2 MILES
Date: 09-12-2008

DEVON ENERGY PROD. CO., L.P.


Acme 15 Fed Com 1
1320'
5280'
9
10
11
16
15
14
21
22
23
Devon Acme 10 Fed Com 2
Devon Acme 10 Fed Com 1
Woodbine Yates Fed 3
Engwall Tenneco Fed 1
Yates Pet Rudolph ATX St 2
Sivley Allied-St 1
Yates Pet Rudolph ATX St 1
Arrington Arrington Fed 1
Devon Coyo Com 1
Dean Fed Com 1
Santa Fe Running Wolf 1
Devon Acme 15 Fed Com 2
Devon Coyote 14 Fed Com 2Y
Bunnel Fed A 1
Sonat Sweeney 1
SW Nat Gas Dozier 1
Marbob Chaparra
Marbob Top Dollar St Com 1
Kincaid&Watson Gulf St 1
Adobe Hannifin St 1
BTA Lusk B 9209 JV-P 1
Boyce BB St 2
Boyce BB St 1
Santa Fe Lusk 15 Fed Com 1
Marbob Penny Pincher St Com 1
Santa Fe Lusk 22 Fed 1
Amco Barton Fed 1
Devon Arenoso 22 Fed Com 3
Three States Hinkle Fed 1
Angle Angle-Fed 1
Collier Gulf 1
Tenneco Jones-Fed MF 1
Westall Amoco Fed 6
Westall Amoco Fed 5
Westall Amoco Fed 4
Westall Hill Fed 2
Westall Amoco Fed 1
Westall Amoco Fed 2
Yates-Stroup Koonce 1
Westall Amoco Fed 3
Westall Hill Fed 1
Santa Fe Lusk 22 Fed 2
Devon Arenoso 22 Fed Com 4
Tenneco Barton B 1
Tenneco Barton Fed 1
Angle Jones-Fed 3
Angle Jones-Fed 2
Cantro Tenneco Fed 1
Westall Texas Crude 1
Texas Crude Tennessee Fed 1
Devon Arenoso 22 Fed Com 2
Delhi-Taylor Jones-Fed 23-2
Tenneco Jones-Fed 1
Westall Texas Crude 2
Cantro Tenneco Fed 2
Devon Arenoso 22 Fed Com 1
Tenneco Barton Fed 2
Harlin Tennessee Fed 2

DRILLING PROGRAM

Devon Energy Production Company, LP
Acme 15 Federal Com 1
Surface Location: 1650' FSL & 1650' FEL, Unit J, Sec 15 T19S R31E, Eddy, NM
Bottom hole Location: 1650' FSL & 1650' FEL, Unit J, Sec 15 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.	Rustler Dol	590'	Water
b.	Salado	835'	
c.	Base of Salado .	2175'	
d.	Yates	2360'	Oil
e.	San Andres	2730'	Oil
f.	Delaware	4275'	Oil
g.	Bone Springs	6825'	Oil
h.	3rd Bone Spring Ss	9625'	Oil
i.	Wolfcamp	10075'	Gas
j.	Penn Shale	10475'	Gas
k.	Strawn	11000'	Gas
l.	Atoka	11500'	Gas
m.	Morrow Clastics	12015'	Gas
n.	Lower Morrow	12300'	Gas
o.	Barnett Shale	12500'	
p.	Total Depth	12725'	

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 720' and circulating cement back to surface. Fresh water sands, salt & upper productive formations will be protected by setting 9 5/8" casing at ~~4280'~~ 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.

3. Casing Program:

Hole Size	Hole Interval	OD Csg	Casing Interval	Weight	Collar	Grade
17 ½"	0' –720'	13 3/8"	0'- 720'	48#	ST&C	H-40
12 ¼"	0'- ~~4280'~~	9 5/8"	0'- ~~4280'~~	40#	LT&C	J-55
7 7/8"	0'-12725'	5 ½"	0'- 12725'	17#	LT&C	HCP-110

See COA

Design Parameter Factors:

Casing Size	Collapse Design Factor	Burst Design Factor	Tension Design Factor
13 3/8"	2.33	1.02	7.89
9 5/8"	1.16	1.27	2.74
5 ½"	1.15	3.35	2.09

4. **Cement Program:** ← See COA

a. 13 3/8" Surface — Cement with 300 sacks (35:65) Poz (Fly Ash): Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 6% bwoc Bentonite. **Yield:** 1.83 cf/sack. Tail with 250 sacks Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake to surface. **Yield:** 1.35 cf/sack. **Displacement:** 99.7 bbls Mud @ 8.5 ppg. TOC to surf.

b. 9 5/8" Intermediate — Cement with 1100 sacks (35:65) Poz (Fly Ash): Class C Cement + 3% bwow Sodium Chloride + 0.25 lbs/sack Cello Flake + 5 lbs/sack LCM-1 + 6% bwoc Bentonite + 0.005 gps FP-13L. **Yield:** 2.01 cf/sack. Tail with 300 sacks (60:40) Poz (Fly Ash): Class C Cement + 4% bwoc MPA-1 + 5% bwow Sodium Chloride + 0.4% bwoc Sodium Metasilicate to surface. **Yield:** 1.37 cf/sack. **Displacement:** 345.8 bbls Mud @ 9 ppg. TOC to surf.

c. 5 1/2" Production — 2 Stage Long String w/ DV @ 9,000'and TOC at 3780'. ← See COA

STAGE 1

Cement Slurry: 605 sacks (15:61:11) Poz (Fly Ash): Class C Cement: CSE-2 + 1% bwow Potassium Chloride + 0.75% bwoc EC-1 + 0.25 lbs/sack Cello Flake + 0.4% bwoc CD-32 + 5 lbs/sack LCM-1 + 0.6% bwoc FL-25 + 0.6% bwoc FL-52A. **Yield:** 1.59 cf/sack. **Displacement:** 288.7 bbls Displacement Fluid.

STAGE 2

Cement Slurry: 375 sacks (35:65) Poz (Fly Ash): Class H Cement + 0.25 lbs/sack Cello Flake + 3 lbs/sack LCM-1 + 6% bwoc Bentonite + 0.4% FL-52A. **Yield:** 1.95 Tail with 550 sacks (60:40) Poz (Fly Ash): Class H Cement + 1% bwow Sodium Chloride + 0.75% bwoc BA-10 + 0.1% bwoc R-3 + 0.25 lbs/sack Cello Flake + 2 lbs/sack Kol Seal + 4% bwoc MPA-1. **Yield:** 1.35 cf/sack. **Displacement:** 209.2 bbls Displacement Fluid.

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. All casing is new and API approved.

5. **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 (~~3000~~ 5M 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. An annular and rotating head will be installed on the 13⅜ surface casing and utilized to setting depth of the 9⅝" intermediate casing. The annular and associated equipment will be tested to **1000 psi with the rig pump before drilling out the 13-3/8" casing shoe.** The BOPE will be installed on the 9⅝" intermediate casing and utilized continuously until total depth is reached. 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.

See COA

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.

6. **Proposed Mud Circulation System**

Depth	Mud Wt.	Visc	Fluid Loss	Type System
0' – 720'	8.5-9.5	28-35	NC	Fresh Water
720' – ~~4280'~~	10	28	NC	Brine Water ← See COA
~~4280'~~ – 10000'	8.4 – 9.8	28-30	NC	Cut Brine
10000'- 12725'	9.2 - 10.2	36-48	6 – 10 cc	Brine/Polymer

See COA

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

7. **Auxiliary Well Control and Monitoring Equipment:**
   a. A Kelly cock will be in the drill string at all times.
   b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
   c. Hydrogen Sulfide 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.

8. **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 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

9. Potential Hazards:

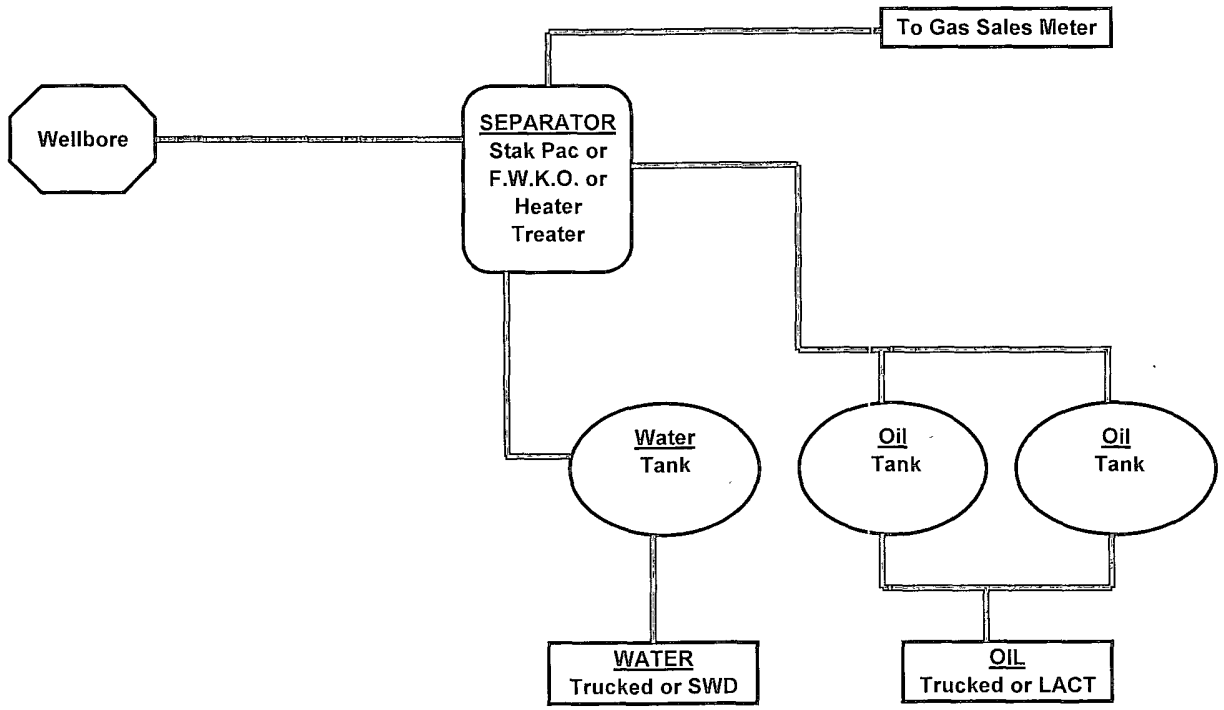
a. No abnormal pressures or temperatures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6 No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 5000 psi and Estimated BHT 180°. No H2S is anticipated to be encountered.

10. 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.

DEVON ENERGY PRODUCTION COMPANY LP

General Production Facilities Diagram



Attachment to Exhibit #1
NOTES REGARDING BLOWOUT PREVENTERS
Devon Energy Production Company, LP
Acme 15 Federal Com 1
Surface Location: 1650' FSL & 1650' FEL, Unit J, Sec 15 T19S R31E, Eddy, NM
Bottom hole Location: 1650' FSL & 1650' FEL, Unit J, Sec 15 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 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.

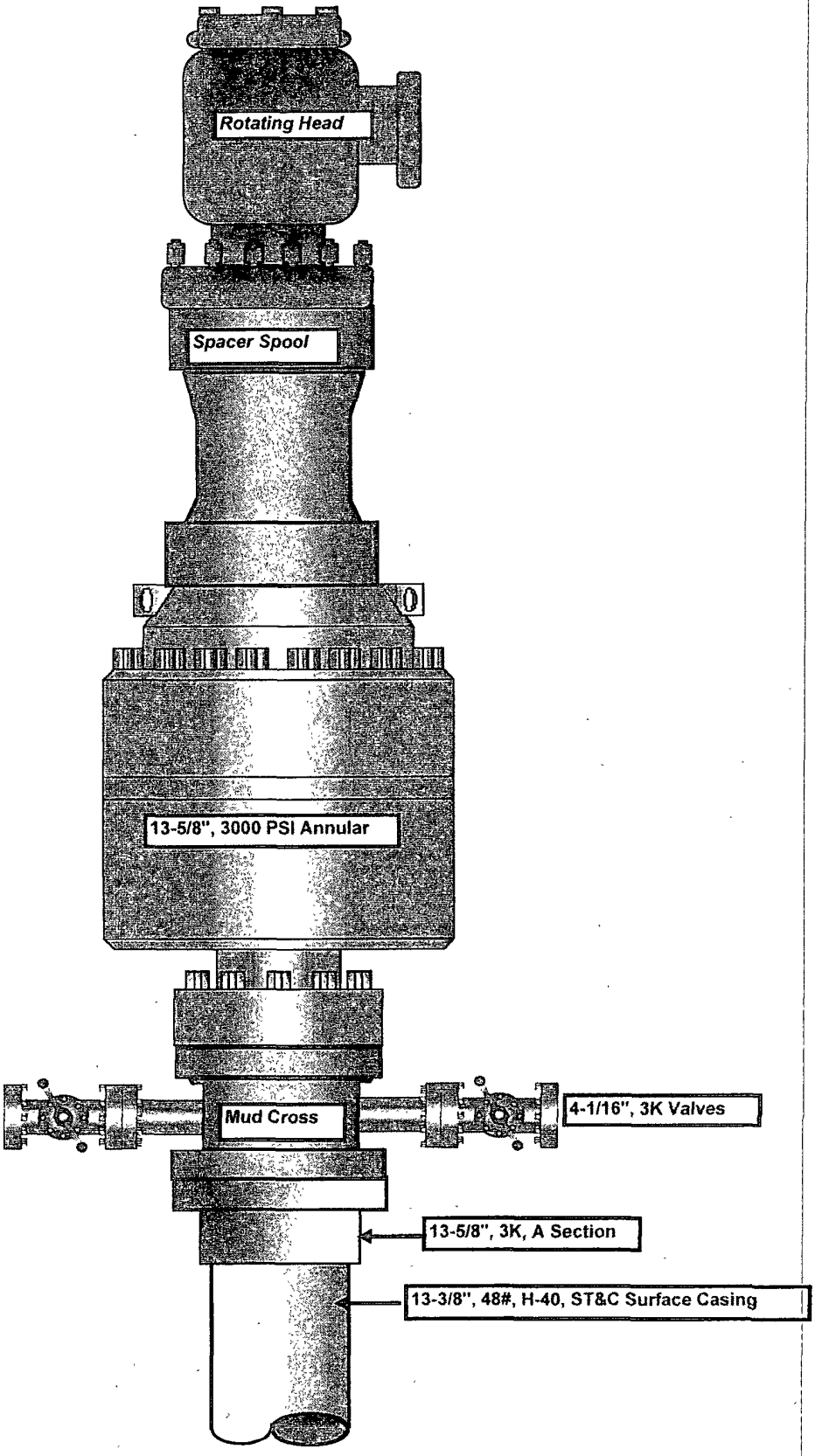
8. Will maintain a kelly cock attached to the kelly.

9. Hand wheels and wrenches will be properly installed and tested for safe operation.

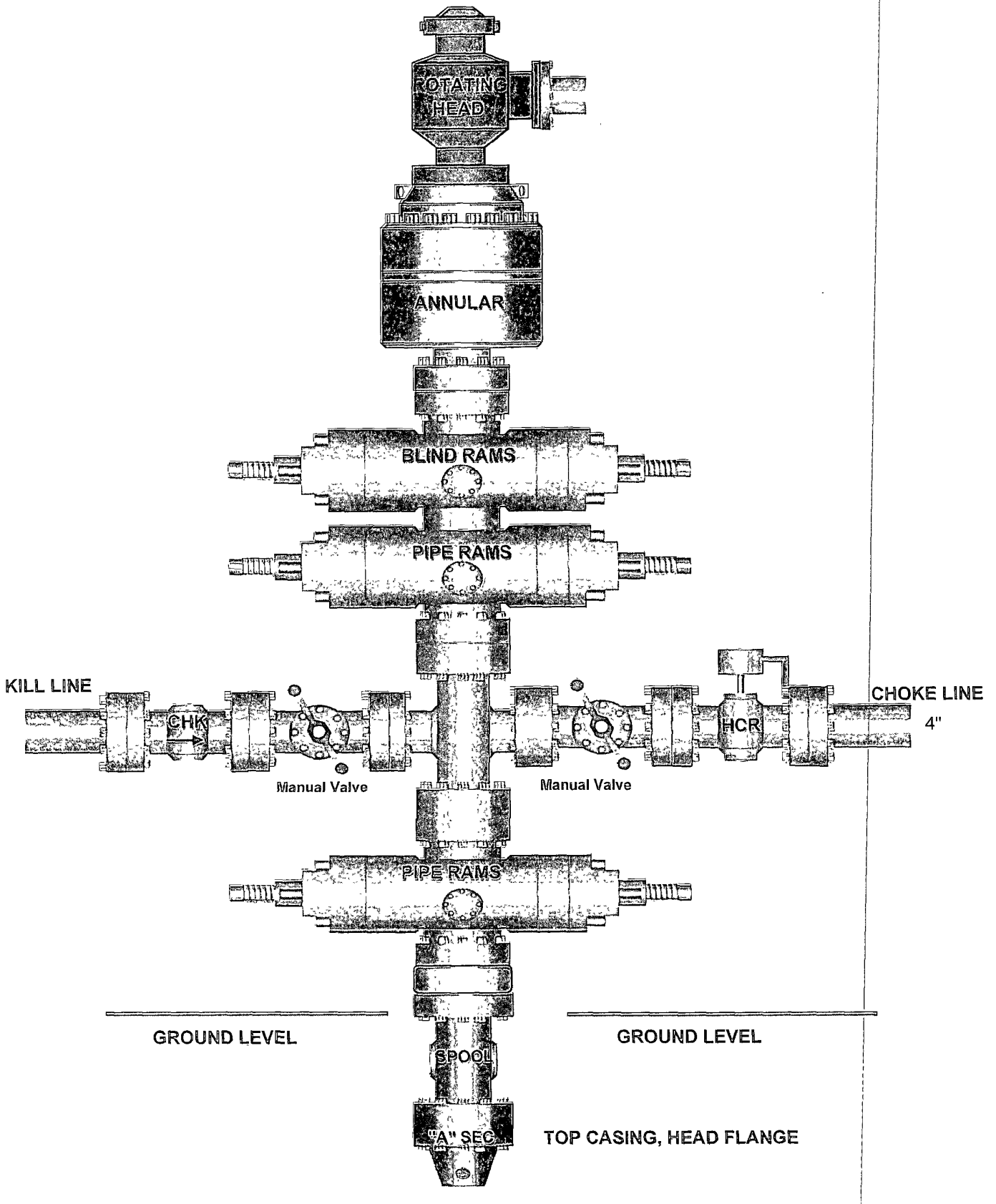
10. Hydraulic floor control for blowout preventer will be located as near in proximity to driller's controls as possible.

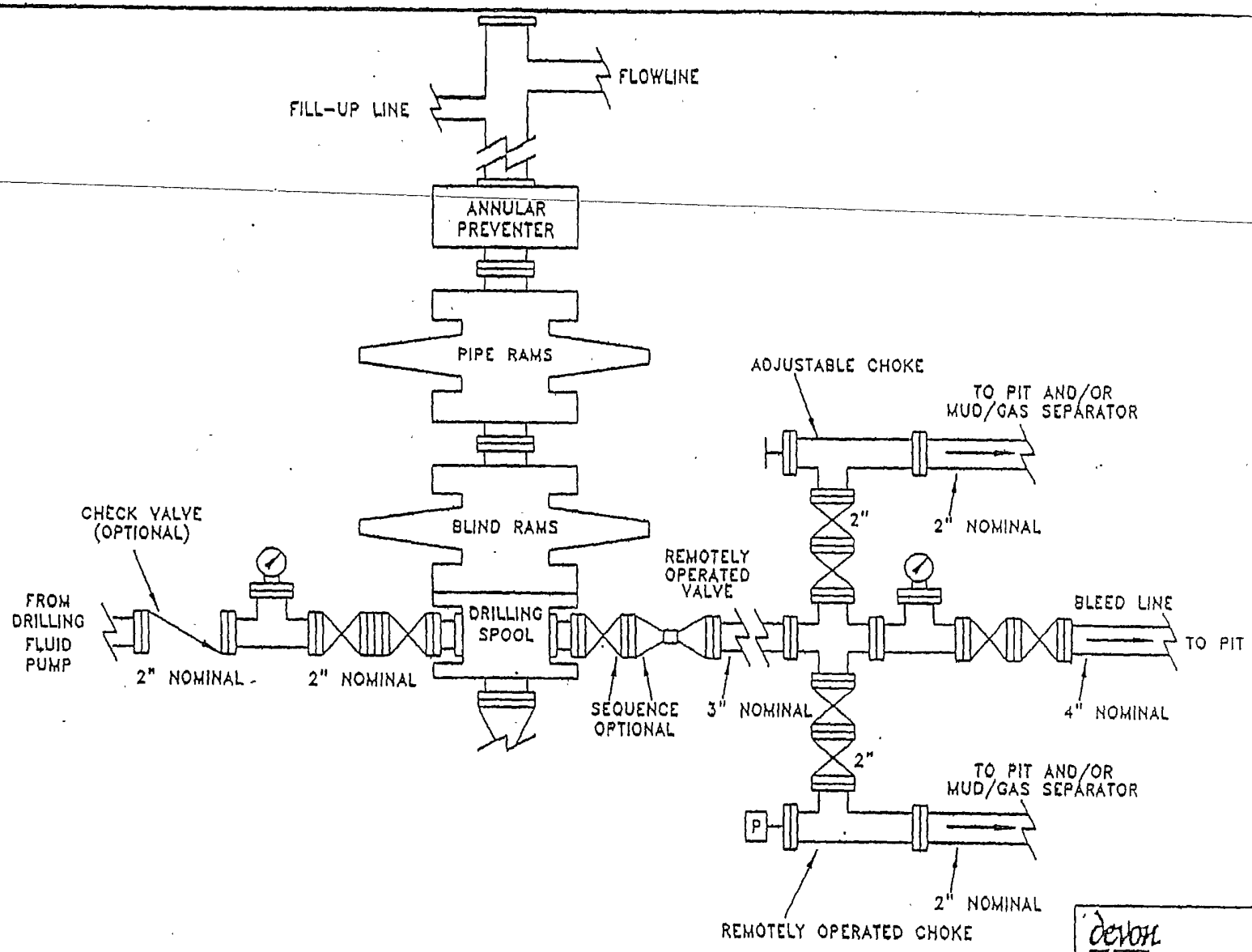
11. All BOP equipment will meet API standards and include a minimum 40 gallon accumulator having two independent means of power to initiate closing operation.

13-5/8" 3K Annular



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





devon

EXHIBIT 1

PROPOSED 5-M BOPE AND CHOKE ARRANGEMENT

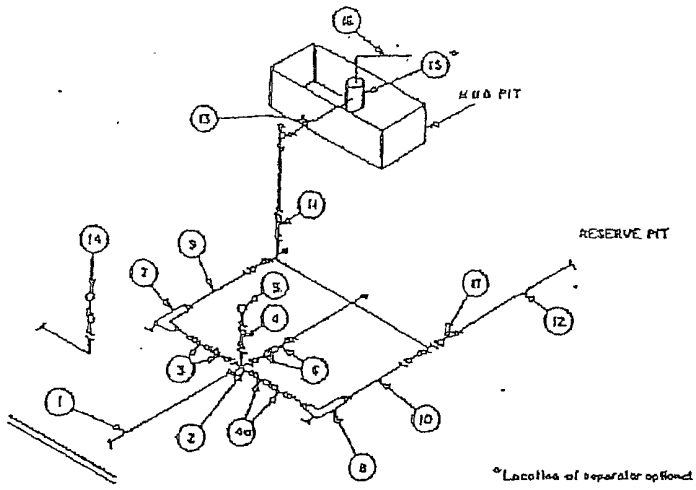
s:\...\nm\plots
5mbope.dwg

sc

Exhibit E

MINIMUM CHOKE MANIFOLD
3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP



MINIMUM REQUIREMENTS										
		3,000 MWP			5,000 MWP			10,000 MWP		
No.		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2"			3,000			5,000			
	Cross 3"x3"x3"x3"									10,000
3	Valves[1] Gate ☐ Plug ☐[2]	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate ☐ Plug ☐[2]	1-13/16"		3,000	1-13/16"		5,000	1-13/16"		10,000
4a	Valves[1]	2-1/16"		3,000	2-1/16"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gate ☐ Plug ☐[2]	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
7	Adjustable Choke[3]	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate ☐ Plug ☐[2]	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate ☐ Plug ☐[2]	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic choke 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, flanged or Cameron clamp of comparable rating.
2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX 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 alternate 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 spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns 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.

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.

Emergency Procedures

In the case of a release of gas containing H_2S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H_2S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H_2S monitors and air packs in order to control the release. Use the "buddy system' to ensure no injuries during the 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 (SO_2). 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 H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO_2	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)

Devon Energy Corp. Company Call List

Artesia (575)	Cellular	Office	Home
Foreman – BJ Cathey	390-5893	748-0176	887-6026
Asst. Foreman – Bobby Jones	748-7447	748-0176	746-3194
Don Mayberry	748-7180	748-5235	746-4945
Montral Walker	(575) 390-5182	(575) 748-0193	
Linda Berryman	(575) 513-0534	(575) 748-0177	

Agency Call List

Lea County (505)

Hobbs

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 (505)

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
New Mexico Emergency Response Commission (Santa Fe)	(575) 476-9600
24 HR	(575) 827-9126
National Emergency Response Center (Washington, DC)	(800) 424-8802

Emergency Services

Boots & Coots IWC	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control	(915) 699-0139 or (915) 563-3356
Halliburton	(575) 746-2757
B. J. Services	(575) 746-3569
Flight For Life - Lubbock, TX	(806) 743-9911
Aerocare - Lubbock, TX	(806) 747-8923
Med Flight Air Amb - Albuquerque, NM	(575) 842-4433
Lifeguard Air Med Svc. Albuquerque, NM	(575) 272-3115

Give GPS position:

SURFACE USE PLAN
Devon Energy Production Company, LP
Acme 15 Federal Com 1
Surface Location: 1650' FSL & 1650' FEL, Unit J, Sec 15 T19S R31E, Eddy, NM
Bottom hole Location: 1650' FSL & 1650' FEL, Unit J, Sec 15 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 Basin Surveys.
   b. All roads into the location are depicted on Exhibit 3.
   c. Directions to Location: From the Co. Rd 222 and Co. Rd. 248; go east on Co. Rd 248 for 0.3 miles to lease road, on lease rod go south 0.1 miles to well pad and proposed lease road.

2. **New or Reconstructed Access Roads:**
   a. The well site layout, Form C-102 shows the existing County Road. Approximately 1689' of new access road will be constructed as follows:
   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. **Location of Existing Wells:**
   1 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 Acme 15 Federal Com 1 tank battery would be utilized and the necessary production equipment will be installed at the well site. See Production Facilities Layout diagram.
   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.

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 in the C-102. 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:**
All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by for roads, if available.

7. **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. 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.
   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. Exhibit D shows the proposed well site layout with dimensions of the pad 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 will be lined.
   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 to preclude endangering wildlife.

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 reserve pit area will be broken out and leveled after drying to a condition where these efforts are feasible. The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography. Will close the pits per OCD compliance regulations.
    b. The pit lining will be buried or hauled away in order to return the location and road to their pristine nature. All pits will be filled and location leveled, weather permitting, within 120 days after abandonment.
    c. The location and road will be rehabilitated as recommended by the BLM.
    d. If the well is a producer, the reserve pit fence will be torn down after the pit contents have dried. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.
    e. If the well is deemed commercially productive, the reserve pit will be restored as described in 10(A) within 120 days subsequent to the completion date. 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.

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, sagebush, yucca and miscellanous weeds. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
    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 Southern New Mexico Archaeological Services, Inc. and forwarded to the BLM office in Carlsbad, New Mexico.

13. **Bond Coverage:**
    Bond Coverage is Nationwide; Bond # is CO-1104

Operators Representative:

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

Marcos Ortiz
Operations Engineer Advisor

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260

(405) 552-8152 (office)
(405) 317-0666 (cell)

Don Mayberry
Superintendent

Devon Energy Production Company, L.P.
Post Office Box 250
Artesia, NM 88211-0250

(575) 748-0164 (office)
(575) 748-5235 (cell)

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 15th day of September, 2008.
Printed Name: Stephanie A. Ysasaga
Signed Name: _____
Position Title: Sr. Staff Engineering Technician
Address: 20 North Broadway, OKC OK 73102
Telephone: (405)-552-7802
Field Representative (if not above signatory): Don Mayberry (see above)
Address (if different from above):
Telephone (if different from above):
E-mail (optional):

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	DEVON ENERGY PRODUCTION CO LP
LEASE NO.:	NM-120900
WELL NAME & NO.:	Acme 15 Federal Com #1
SURFACE HOLE FOOTAGE:	1650' FSL & 1650' FEL
BOTTOM HOLE FOOTAGE	Same
LOCATION:	Section 15, 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.

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. 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) 234-5972 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 stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 4 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

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

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. 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. 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 thirty (30) 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.

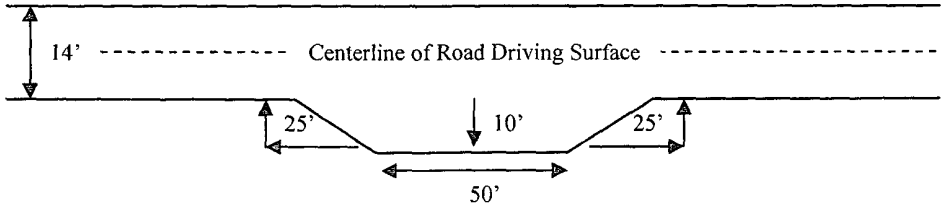
Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

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 be constructed on all blind curves. Turnouts shall conform to the following diagram:

Standard Turnout – Plan View

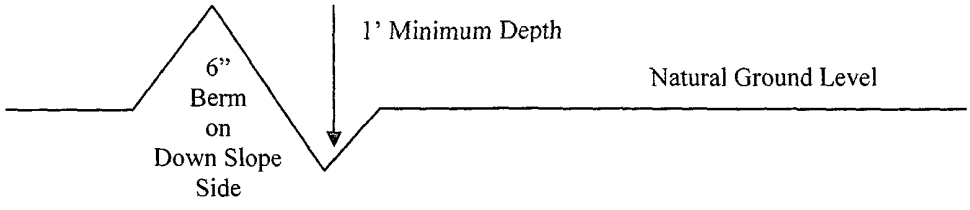


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, 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 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Culvert Installations
Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards
An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road 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 cattleguard(s) that are in place and are utilized during lease operations.

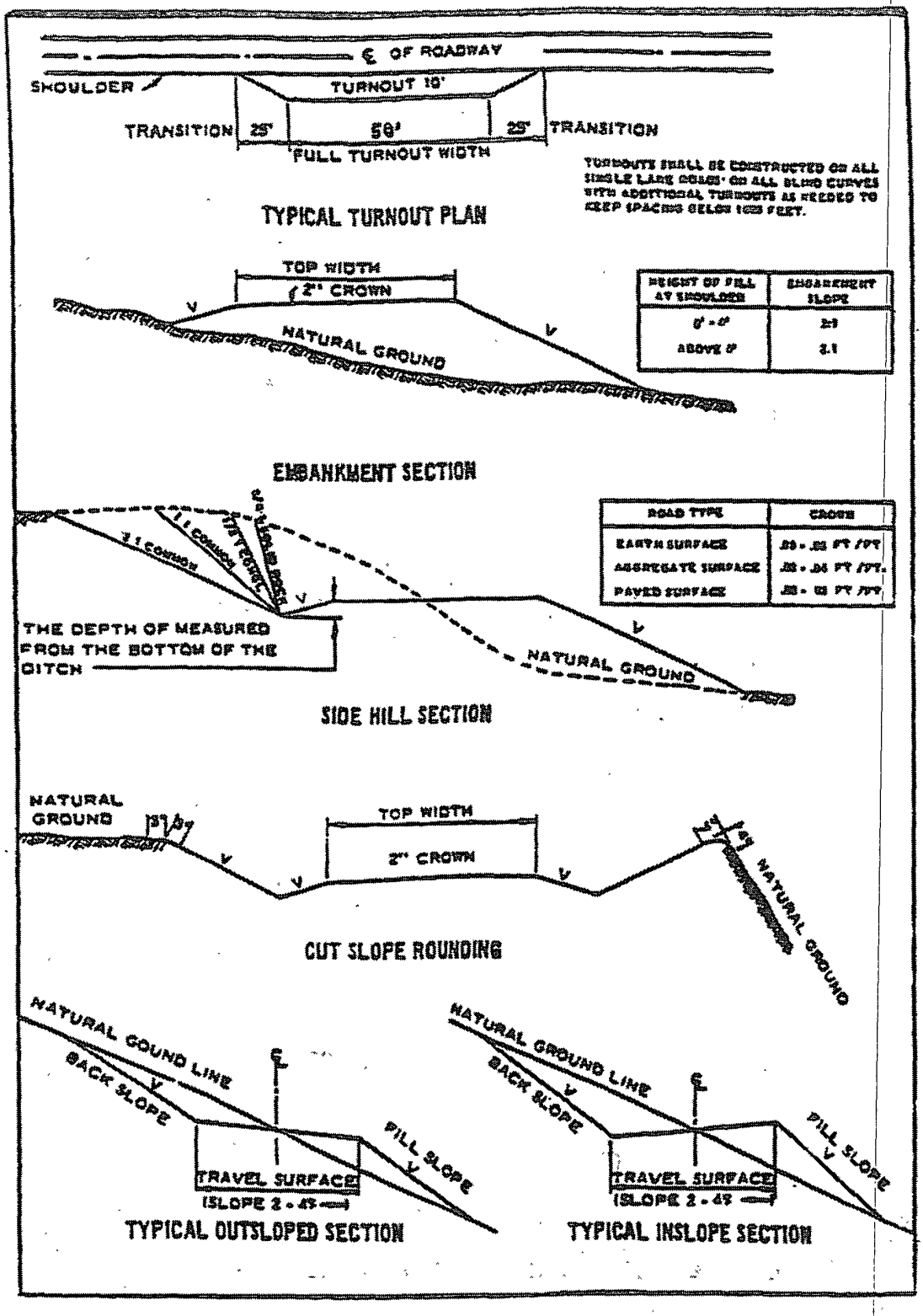
A gate shall be constructed and fastened securely to H-braces.

Fence Requirement
Where entry is required 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 fence(s).

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

Figure 1 – Cross Sections and Plans For Typical Road Sections



VI. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding well
b. Setting and/or Cementing of all casing strings
c. BOPE tests

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

1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the **Yates** formation. **If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

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

Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possible lost circulation in the Artesia Group and in the Capitan Reef.
Possible water flows in the Artesia Group and brine flows in the Salado Group.
Possible high pressure gas in the Wolfcamp and Pennsylvanian formations.

1. The **13-3/8** inch surface casing shall be set **at approximately 720 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface.

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

    ☒ Cement to surface. If cement does not circulate see B.1.a-d above. **If circulation is lost in the Capitan Reef, switch to fresh water mud to the intermediate casing setting depth. Casing to be set at approximately 3900' at the base of the Capitan Reef and not in the Delaware formation. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**

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

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

   a. First stage to DV tool, cement shall:

   ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office, before proceeding with second stage cement job.

   b. Second stage above DV tool, cement shall:

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

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

5. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8"** intermediate casing shoe shall be **5000 (5M)** psi. **Annular must be rated as 5M not 3M. Choke manifold requires a manual choke – diagram attached to APD does not meet 5M requirements.**

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

   a. The tests shall be done by an independent service company.

   b. The results of the test shall be reported to the appropriate BLM office.

   c. 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.

d. 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.

e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

f. A variance to test the surface casing and BOP/BOPE **(entire system)** to the reduced pressure of **1000** psi with the rig pumps is approved.

D. 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.

E. DRILL STEM TEST

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

NOTE – area code for Eddy/Lea counties is 575 with effective date 10/05/2008 according to Windstream. H2S plan still has 505 numbers.

WWI 102408

VII. 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.

Containment Structures
The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

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, Munsell Soil Color Chart # 5Y 4/2

VIII. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting 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.

The operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions 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 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.

Seed Mixture 1, for Loamy 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 bye the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper 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 (small/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:

Species	lb/acre
Plains lovegrass (Eragrostis intermedia)	0.5
Sand dropseed (Sporobolus cryptandrus)	1.0
Sideoats grama (Bouteloua curtipendula)	5.0

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent gemination = pounds pure live seed

(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.