AT5-12-621

OCD-HOBBS HOBBS OCD

Form 3160-3
(August 2007)

SEP 24 2012

RECEIVED

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No. NM 114990 BHL

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☐ DRILL ☑ REENTER

7 If Unit or CA Agreement, Name and No.

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

8. Lease Name and Well No. <39468>
N.E. Salado Draw (Deep) Federal 1

2 Name of Operator
DEVON ENERGY PRODUCTION COMPANY, L.P. 6137

9 API Well No.
30-025-28967

3a. Address 333 W. SHERIDAN AVENUE, OKLAHOMA CITY, OKLAHOMA 73102

3b Phone No. *(include area code)* 405.552.7848

10. Field and Pool, or Exploratory 96802
~~Delaware~~ SWD; BELL CANYON-CHERRY CANYON

4. Location of Well *(Report location clearly and in accordance with any State requirements *)*
At surface 1980 FNL & 660 FWL, 2
At proposed prod. zone BHL. 1980 FNL & 660 FWL, 2

11. Sec., T. R. M. or Blk. and Survey or Area
6-T26S-R34E

14 Distance in miles and direction from nearest town or post office*
19 MILES WSW OF JAL, N.M.

12 County or Parish LEA

13. State NM

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) See Attached Map

16 No. of acres in lease 1241.6

17 Spacing Unit dedicated to this well 40

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft See Attached Map

19 Proposed Depth 6,750' TD

20 BLM/BIA Bond No. on file CO1104

21 Elevations (Show whether DF, KDB, RT, GL, etc.) 3320' GL

22. Approximate date work will start* 06/30/2012

23. Estimated duration 45 DAYS

24. Attachments Directions/Comments/Schematics

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

25 Signature D.H.C.

Name *(Printed/Typed)* DAVID H. COOK

Date 05/17/2012

Title REGULATORY ANALYST

Approved by *(Signature)* /s/ Don Peterson

Name *(Printed/Typed)* /s/ Don Peterson

Date SEP 19 2012

Title for FIELD MANAGER

Office CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon
Conditions of approval, if any, are attached. APPROVAL FOR TWO YEARS

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

(Continued on page 2)

SWD-1348

*(Instructions on page 2)

Carlsbad Controlled Water Basin

KZ 09/25/12

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

SEP 25 2012

DIRECTIONS:

From intersection of SR 128 & CR 1 (Orla Rd), go south on Orla Road 13.65 miles, turn left (East) on CR 2 (Battle Axe Road), go 11.8 miles to stop sign. Turn right & go 0.3 miles past Dinwiddie Road, turn left on CR 2 and go 1.9 miles; just before cattle guard, turn right on caliche road, go south 0.15 miles, turn left 0.2 miles to caliche road on south, go approx. 1600 feet to site.

APD COMMENTS:

Devon Energy Production Co., L.P. plans to re-enter this well, plugged and abandoned by Tex/Con Oil & Gas Company, and convert to SWD in the Delaware formation from 6018-6640'. A C-108 is being filed with the OCD-Santa Fe office.

A cultural survey was completed in this area in 1984 and additional fees for being within the PBMOA will not be required, as per Martin Stein, Carlsbad Field Office, Bureau of Land Management, April 18, 2012.

RE-ENTRY PROGRAM

Devon Energy Production Company, LP

NE Salado Draw (Deep) Federal 1

Surface Location: 1980' FNL & 660' FWL, E, Sec 6 T26S R34E, Lea, NM
Bottom Hole Location: 1980' FNL & 660' FWL, E, Sec 6 T26S R34E, Lea, NM

1. Geologic Name of Surface Formation

a. Quaternary Alluvium

2. Estimated Tops of Geological Markers:

a.	Rustler	897'
b.	Salado	1,176'
c.	Top Salt	1,488'
d.	Base Salt	4,967'
e.	Bell Canyon	5,212'
f.	Cherry Canyon	6,292'
g.	Brushy Canyon	7,760'
h.	Bone Spring	9,436'
i.	1st Bone Spring SS	10,254'
j.	2nd Bone Spring LS	10,654'
k.	2nd Bone Spring SS	11,027'
l.	3rd Bone Spring LS	11,430'
m.	3rd Bone Spring SS	12,079'
n.	Wolfcamp	12,495'
o.	Atoka	14,783'
p.	Morrow	15,466'
	Total Depth	16,320'

Casing Program:

Depth	Hole Size	Size	Grade	Weight	Thread	Condition
0-1022'	26"	20"	K-55	106.5#	BTC	
0-5257'	17 ½"	13 3/8"	N-80 & K-55	68# & 72#	BTC	
2000-13000'	12 ¼"	9 5/8"	P-110	53.5#	LTC	
9850-15343'	8 ½"	7"	Q-125	38#	BDS	
15047-16320'	8 ½"	5"		20.3#		

Note: casing program listed above is based upon historical data; no new casing is planned.

3. **Cement Program:**

a.	20"	Surface	**Lead** w/ 1100sx Pacesetter Lite, **Tail** w/ 680 sx Cl C Neat + 2% CaCl. **TOC** @ surface.
b.	13 3/8"	Intermediate	**Lead** w/ 4850 sx Pacesetter Lite + 3% Salt + Hiseal, **Tail** w/ 530 sx Cl C Neat. TOC: circulated 500 sx to surface.
c.	9 5/8"	Intermediate	**Lead** w/ 1480 sx TLW + .75% CF-1 + 0.4% WR-2, **Tail** w/ 2210 sx Cl H + 0.75% CF-1 + 0.4% WR-2. Estimated TOC @ 2000'.
d.	7"	Intermediate	**Lead** w/ 900 sx Cl H + 1.5% CF-9 + 0.3% WR-10, TOC 12100' per CBL.
e.	5"	Liner	**Lead** w/ 160 sx Cl H + 0.9% CF-1 + 0.2% WR-2, TOC @ 14147'.

Note: cement data based upon historical data, filed 4/24/85.

Pressure Control Equipment *See COA

The BOP system used to drill the intermediate hole will consist of a 13-5/8" 5M Double Ram and Annular preventer. The BOP system will be tested as per BLM Onshore Oil and Gas Order No. 2 as a 5M system prior to drilling out the surface casing shoe.

The BOP system used to drill the production hole will consist of a 13-5/8" 5M Double Ram and Annular preventer. The BOP system will be tested as per BLM Onshore Oil and Gas Order No. 2 as a 5M system prior to drilling out the ~~intermediate casing shoe.~~ See COA

See COA

The pipe rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These tests will be logged in the daily driller's log. A 2" kill line and 3" choke line will be incorporated into the drilling spool below the ram BOP. In addition to the rams and annular preventer, additional BOP accessories include a kelly cock, floor safety valve, choke lines, and choke manifold rated at 5,000 psi WP. See attached BOP stack diagram.

Proposed Mud Circulation System

Depth	Mud Wt.	Visc	Fluid Loss	Type System
0' – 6800'				2% KCl Water

No mud products are anticipated to be used. Devon will circulate out the existing 9.5 ppg mud that is between the plugs with 2% KCl water.

used for calculations

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

a. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.

5. **Logging, Coring, and Testing Program:** *See COA

Logs: Gamma Ray/CCL/CBL/Cased hole Neutron: 6700' to surface.
Cores: No coring program is planned.
DST's: None anticipated.

6. **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 2900 psi and Estimated BHT 105°. No H2S is anticipated to be encountered.

7. **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.

Procedure

Devon Energy Production Company, LP
NE Salado Draw (Deep) Federal 1
Surface Location: 1980' FNL & 660' FWL, E, Sec 6 T26S R34E, Lea, NM
Bottom Hole Location: 1980' FNL & 660' FWL, E, Sec 6 T26S R34E, Lea, NM

1. Install and test anchors.

2. Remove dry-hole marker. Hot tap surface P&A plate to insure no pressure below surface plate before removal.

3. Remove surface plate (note csg ID for bit selection), weld on bell nipple (3K) and install wellhead with valves (3K). Spot any necessary tanks, half tanks (returns) and flow lines to tanks.

4. NU 3K double ram BOPE (1 - blind; 1 - 2-7/8" pipe). Test BOPEs to Devon specifications. See COA See COA

5. Drill and clean out 13-3/8" and 9-5/8" casings to top of cement plug reported @ 6,800' KBM (tag plug to verify depth). **Note: top of cut off 9-5/8" reported @ 2,000'. This will require bit change after reaching ~ 2,000'.**

6. Circ hole clean with 2% KCL. Test casings and bottom plug to ~~500~~ psi @ surface for 30 min and chart record pressure test.
   If pressure test was good, TOH and proceed to step 7. See COA
   If not, TIH with 9-5/8", 53.5# packer and tubing to ~5,950' and set packer. Test annulus to ~~500~~ psi for 30 min and chart record pressure test. Notify engineering if preliminary MIT doesn't pass. Will need too further test 13-3/8" & 9-5/8" casings. TOH.

7. R.U. Wireline Service Company and full lubricator. Test lubricator to Devon specifications.
   Run in hole and set 9-5/8" CIBP @ 50' above top of cement plug tagged in Step 5. Dump bail 35' of cement on top of CIBP.

   Run Gamma Ray/CCL/CBL/Cased hole Neutron log from 6,700' to Surface (note TOC). Log the main run with 500 psi @ surface.

   See COA → CBL From TD to Surface

8. If bond log looks good above and below planned perforated intervals, perforate the Delaware as follows: Perforate using 3-1/8" slick guns (4" charge loading) – 0.40" EHD. **Correlate to: Schlumberger Compensated Neutron Litho Density Log dated 12/22/84**

Top Shot	Bottom Shot	Feet	Phasing	SPF	Holes
6,018'	**6,028'**	**10**	**120**	**2**	**20**
6,040'	**6,050'**	**10**	**120**	**2**	**20**
6,130'	**6,150'**	**20**	**120**	**2**	**40**
6,315'	**6,325'**	**10**	**120**	**2**	**20**
6,365'	**6,380'**	**15**	**120**	**2**	**30**
6,465'	**6,480'**	**15**	**120**	**2**	**30**
6,530'	**6,535'**	**5**	**120**	**2**	**10**
6,630'	**6,640'**	**10**	**120**	**2**	**20**
		Total Feet 95'			Total Holes 190

9. TIH with 9-5/8",53.5# packer and 4-1/2",11.6#, N-80 casing (rental work string) to 5,950' KBM and set packer. NU Frac Valve. Close pipe rams and chain down 4-1/2" casing work string. Monitor 4-1/2" x 13-3/8" annulus during Frac job. Install a pressure relief valve to annulus (set to release any pressure above 500 psi at surface). Pipe and divert any release pressure to flowback tank. Test Lines. Fracture Stimulate the Delaware Sand perfs from 6,018' – 6,640' (OA). **Top surface pressure 6,000 psi.**

See COA

Frac general info: See - Well Completion - COA

80 BPM	
2,000 gals	**15% HCL Acid**
133,000 gals	**Viking 2500 (25# gel system)**
3,900 gals	**Linear 10# Gel**
324,000 lbs	**Sand, White 16/30 (1 - 8 ppg)**

Tag w/tracer

(Record average treating pressure, rates and job load along with ISIP, 5, 10 & 15 minute readings).SWI

10. RD BJ Services. RU flowback equipment. Flowback well @ 0.5 bbl/min rate (30 bbl/hr) the first 12 hrs; then a 1.0 bbl/min rate (60 bbl/hr) the next 12 hrs and then a 2.0 bbl/min rate (120 bbl/hr) until well dies. RD flowback equipment.

11. ND frac valve. Unset 9-5/8" packer @ 5,950' KBM. TOH laying down 4-1/2" work string and treating packer.

12. TIH with 8-3/8" bit on 2-7/8" tubing (or original drillout string) to make clean out run. Check and clean out (if necessary) to insure PBTD is at least 50' above CIBP set in step 7 using clean 2% KCL. TOH. Close blind rams and change out 2-7/8" pipe rams for 3-1/2".

13. MI & unload ~ 6,100', 3-1/2", 9.3#, J-55 lined tubing. PU and TIH w/ Weatherford 9-5/8", 53.5# x 3-1/2" nickel coated/IPC pkr, on/off tool, 2.31" profile nipple & 3-1/2" tubing to 5,950' KBM.

14. RU reverse unit. Load hole and circulate 13-3/8"/9-5/8" csgs x 3-1/2" tbg annulus with packer fluid (2% KCL containing corrosion inhibitor).

15. Set 9-5/8" packer @ ~ 5,950' KBM. See COA — Well Completion Item #2

16. Notify the NMOCD office prior to performing mechanical integrity test & step-rate injection test (if required). Perform and chart record MIT & step rate test. RDMO

Note: Once NMOCD approval is received for injection and the injection facility has been built. Hook up well for injection. Anticipated maximum allowable surface pressure is 1,203 psig (6,018' top perf x 0.2).

Final
See COA "Well with a Packer- Operations"

EXHIBIT A

DEVON ENERGY PRODUCTION COMPANY LP

Well Name: N.E. SALADO DRAW DEEP FED UNIT 1	Field: SALADO DRAW		
Location: 1980' FNL & 660' FWL; 6-T26S-R34E	County: LEA	State: NM	
Elevation: 3345' KB; 3320' GL; 25' KB to GL	Spud Date: 10/27/84	Compl Date: 8/20/85	
API#: 30-025-28967	Prepared by: Ronnie Slack	Date: 2/1/12	Rev:

CURRENT WELLBORE
PLUGGED & ABANDONED BY TEX/CON
OIL & GAS-- 11/1/90

26" Hole
20", 106.5#, K55, @ 1,022'
Cmt'd w/ 1930 sx to surface

9-5/8" pulled from ~2000' *(11/90)*

17-1/2" Hole
13-3/8", 68# & 72#, K55 & N80, @ 5,257'
Cmt'd w/ 5380 sx to surface

7" pulled from ~9850' *(11/90)*

12-1/4" Hole
9-5/8", 53.5#, P110, @ 13,000'
Cmt'd w/ 3690 sx. ETOC @ 2000'

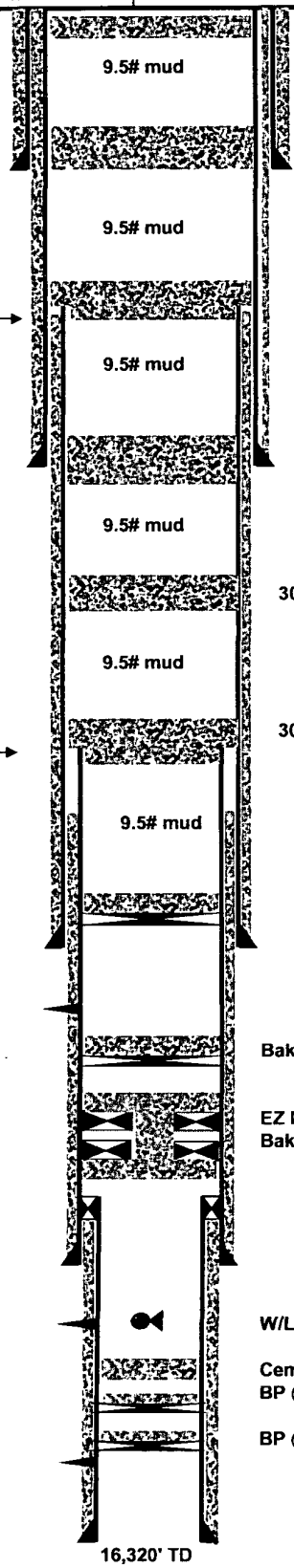
***Wolfcamp:* 13450-13655; 13829' - 13835'**

8-1/2" Hole
7", 38#, Q125, @ 15,357'
Cmt'd w/ 900 sx. TOC @ 12100' (CBL)

***Morrow:* 15385-15691; 15760-15783**

***Morrow:* 16144-16203**

5-7/8" Hole (proposed on apd)
5" Liner from 15,047' - 16,320'
Cmt'd w/ 160 sx



20 sx surface plug @ 30' *(11/90)*

60 sx cmt pumped @ 850' *(11/90)*

60 sx cmt 1890'-2000' *(11/90)*

30 sx cmt 5120' - 5350' *(11/90)*

30 sx cmt 6800-6900' *(11/90)*

30 sx cmt 9800-9900' *(11/90)*

50' cement
CIBP @ 12950' *(11/90)*

Baker Plug @ 14360 w/20 sx cmt

EZ Drill Ret 14942. 95 sx pumped thru, TOC 14470'
Baker Model D 14981

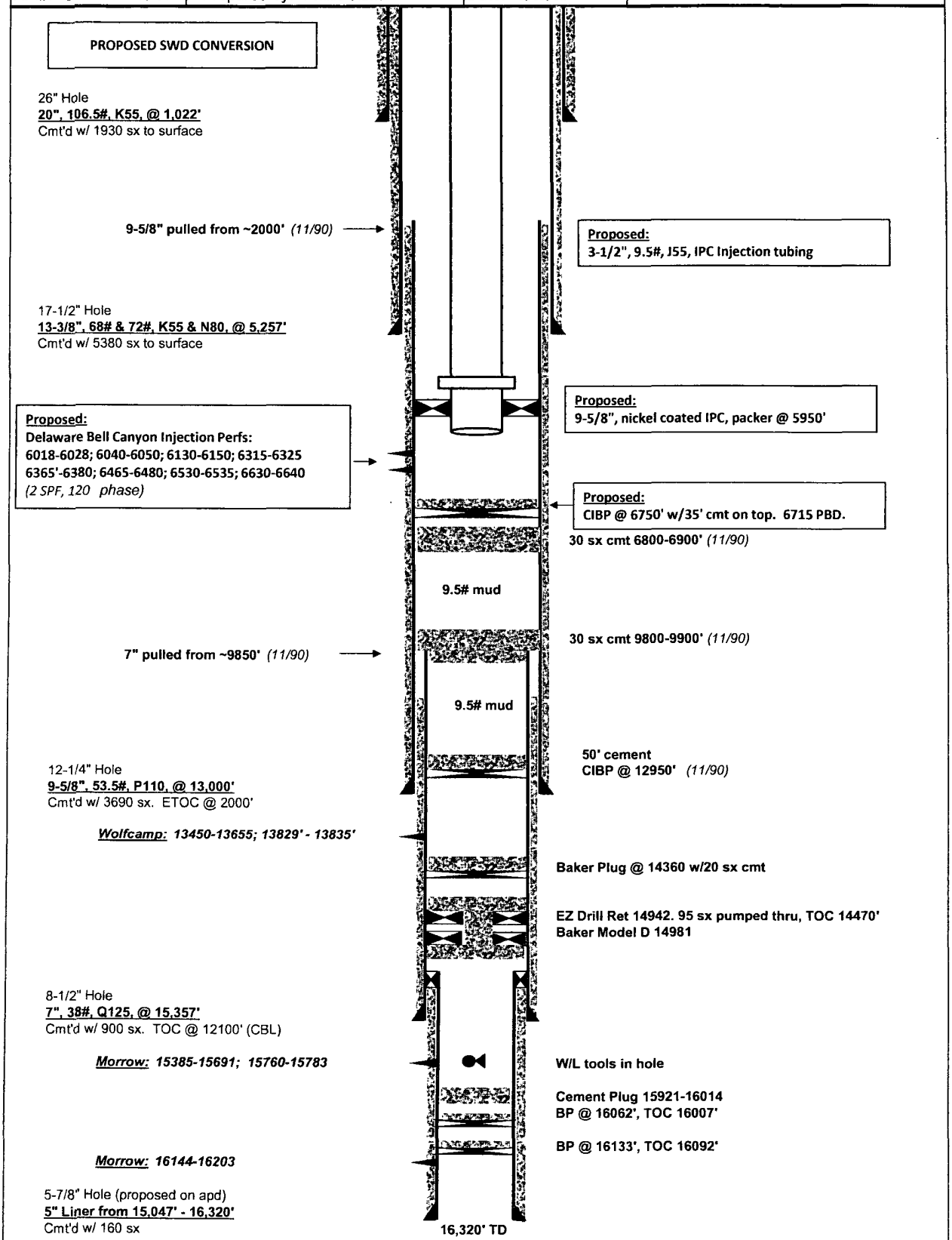
W/L tools in hole

Cement Plug 15921-16014
BP @ 16062', TOC 16007'

BP @ 16133', TOC 16092'

EXHIBIT B

DEVON ENERGY PRODUCTION COMPANY LP			
Well Name: N.E. SALADO DRAW DEEP FED UNIT 1		Field: SALADO DRAW	
Location: 1980' FNL & 660' FWL; 6-T26S-R34E		County: LEA	State: NM
Elevation: 3345' KB; 3320' GL; 25' KB to GL		Spud Date: 10/27/84	Compl Date: 8/20/85
API#: 30-025-28967	Prepared by: Ronnie Slack	Date: 3/15/12	Rev:



NOTES REGARDING BLOWOUT PREVENTERS
RE-ENTRY PROGRAM
Devon Energy Production Company, LP
NE Salado Draw (Deep) Federal 1

Surface Location: 1980' FNL & 660' FWL, E, Sec 6 T26S R34E, Lea, NM
Bottom Hole Location: 1980' FNL & 660' FWL, E, Sec 6 T26S R34E, Lea, 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.

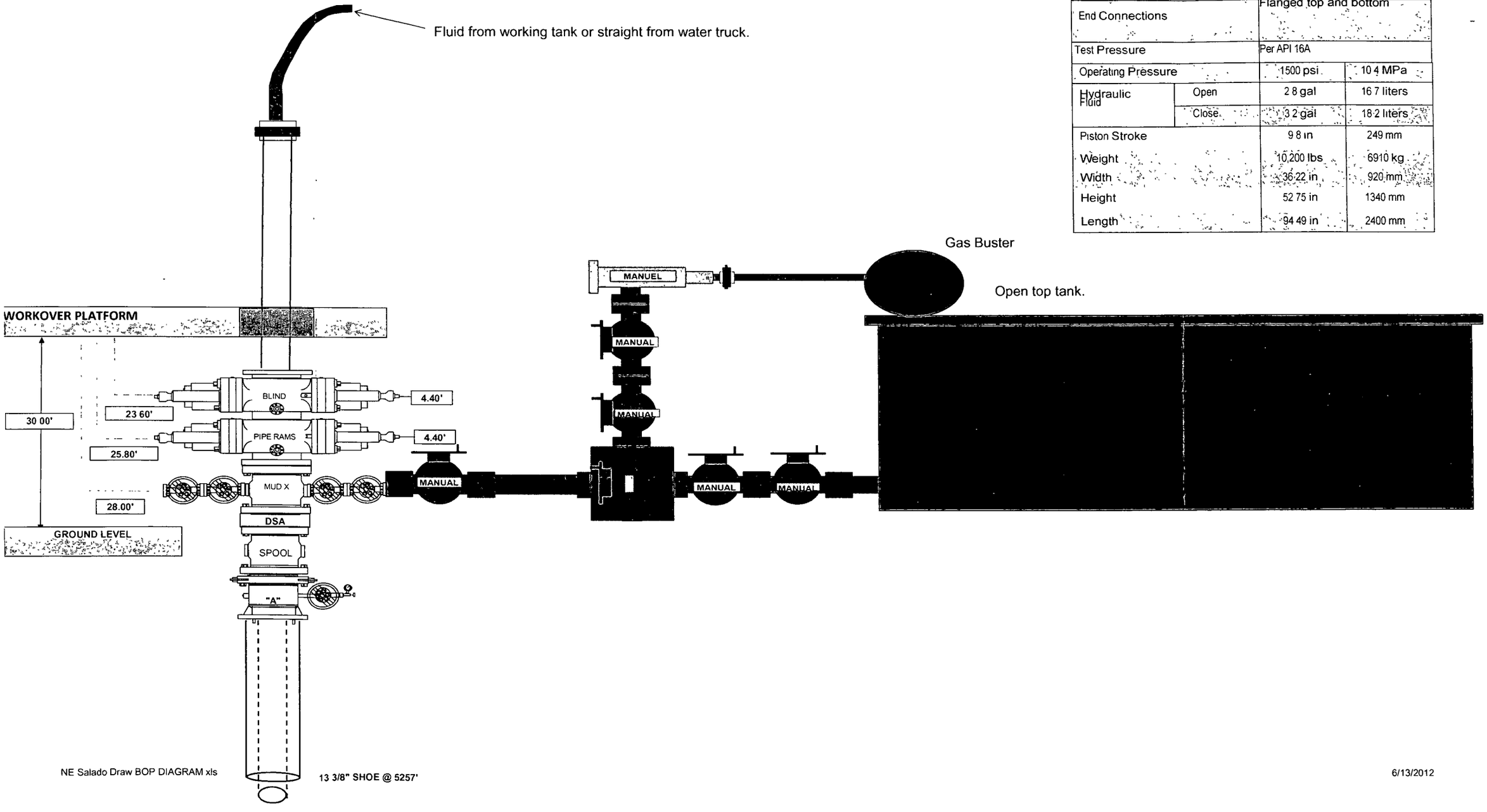
9. Hand wheels and wrenches will be properly installed and tested for safe operation.

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.

DEVON ENERGY	BOP Stack Diagram	DATE: 5/30/2012 Rig.

		5000 Double Ram	
Bore Size		13 5/8 in	346 1 mm
Pressure Rating		5000 psi	34 5 MPa
End Connections		Flanged top and bottom	
Test Pressure		Per API 16A	
Operating Pressure		1500 psi	10 4 MPa
Hydraulic Fluid	Open	2 8 gal	16 7 liters
	Close	3 2 gal	18 2 liters
Piston Stroke		9 8 in	249 mm
Weight		10,200 lbs	6910 kg
Width		36 22 in	920 mm
Height		52 75 in	1340 mm
Length		94 49 in	2400 mm



NE Salado Draw BOP DIAGRAM xls

13 3/8" SHOE @ 5257'

6/13/2012