30-025-40801

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SURFACE USE PLAN

Devon Energy Production Company, LP

Caswell 23 Federal 4H

Surface Location: **2000 FNL & 330 FEL, Unit H, Sec 23 T17S R32E, Lea, NM**

Bottom Hole Location: **1700 FNL & 330 FWL, Unit E, Sec 23 T17S R32E, Lea, NM**

1. **Existing Roads:**
   - **a.** The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by Madron Surveying, Inc.
   - **b.** All roads into the location are depicted on Exhibit 3.
   - **c.** Directions to Location: From the intersection US Highway 82 (Lovington Hwy) and Maljamar Road in Maljamar, go south on Maljamar Road 0.65 miles, turn left (east) on CR 125 (Mescalero Road) 1.9 miles, turn right (south) on caliche road over cattle guard 1.1 miles, site is on left.

2. **New or Reconstructed Access Roads:**
   - **a.** Approximately 103' of new road will be required to access the proposed location. Refer to the attached Exhibit 3.
   - **b.** No cattle guards, grates or fence cuts will be required. No turnouts are planned.

3. **Location of Existing Wells:**
   One Mile Radius Plat shows all existing and proposed wells within a one-mile radius of the proposed location. See attached plat.

4. **Location of Existing and/or Proposed Production Facilities:**
   - **a.** In the event the well is found productive, the Caswell 23 Fed 1H/3H tank battery would be utilized and shared; and the necessary production equipment will be installed at the well site. The tank battery would be located at the Caswell 23 Fed 1H/3H well pad, located in Sec 23-T17S-R32E. Flow lines will be set alongside of the access road, where applicable. When said flowlines are needed, a plat and a Sundry Notice will be filed with your office. See interim reclamation 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, where applicable. If said power poles are needed, a plat and a sundry notice will be filed with your office.
   - **c.** All flow lines will adhere to API standards.
   - **d.** If the well is productive, rehabilitation plans are as follows:
     - i. A closed loop system will be utilized.
     - ii. The location is an already disturbed caliche pit. Minimal additional disturbance will be required and no further reclamation is planned beyond leveling the pad.
   - **e.** It will be necessary to re-route the overhead power line approximately 100' south of its current location in order to safely rip up the drilling rig.

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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:**
The caliche utilized for the drilling pad and proposed access road will be from minerals that are located onsite or will be used onsite. If minerals are not available onsite, then an established mineral pit will be used to build the location and stem road.

7. **Methods of Handling Waste Material:**
   - **a.** Drill cuttings will be disposed.
   - **b.** All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary landfill.
   - **c.** The supplier, including broken sacks, will pick up salts remaining after completion of well.
   - **d.** A Porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
   - **e.** Remaining drilling fluids will be sent to a closed loop system. Water produced during completion will be put into a closed loop system. Oil and condensate produced will be put into a storage tank and sold.
   - **f.** Disposal of fluids to be transported by the following companies:
     i. American Production Service Inc, Odessa TX
     ii. Gandy Corporation, Lovington NM
     iii. I & W Inc, Loco Hill NM
     iv. Jims Water Service of Co Inc, Denver CO

8. **Ancillary Facilities:** No campsite or other facilities will be constructed as a result of this well.

9. **Well Site Layout**
   - **a.** Exhibit D shows the proposed well site layout with dimensions of the pad layout.
   - **b.** This exhibit indicated proposed location of sump pits and living facilities.
   - **c.** Mud pits in the active circulating system will be steel pits.
   - **d.** A closed loop system will be utilized.
   - **e.** If a pit or closed loop system is utilized, Devon will comply with the NMOCD requirements 19.15.17 and submit form C-144 to the appropriate NMOCD District Office. A copy to be provided to the BLM.

10. **Plans for Surface Reclamation Include Both final & Interim:**
    a. After concluding the drilling and/or completion operations, if the well is found non-commercial,
    the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography.
    b. The location and road will be rehabilitated as recommended by the BLM.
    c. If the well is deemed commercially productive, caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography.
    d. All disturbed areas not needed for active support of production operations will undergo interim reclamation. The portions of the cleared well site not needed for operational and safety purposes will be recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Topsoil will be respread over areas not needed for all-weather operations.

11. **Surface Ownership**
    a. The surface is owned by the US Government and is administered by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.
    b. The proposed road routes and the surface location will be restored as directed by the BLM.

12. **Other Information:**
    a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, sage bush, yucca and miscellaneous weeds. 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 the Permian Basin Cultural Resource Fund in lieu of being required to conduct a Class III Survey for cultural resources associated with their project within the BLM office in Carlsbad, New Mexico.

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

Operators Representative:

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

James Allbee - Operations Engineer
Devon Energy Production Company, L.P.
20 North Broadway
Oklahoma City, OK 73102-8260
(405) 228-8698 (office)
(405) 820-8682 (Cellular)

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

Certification

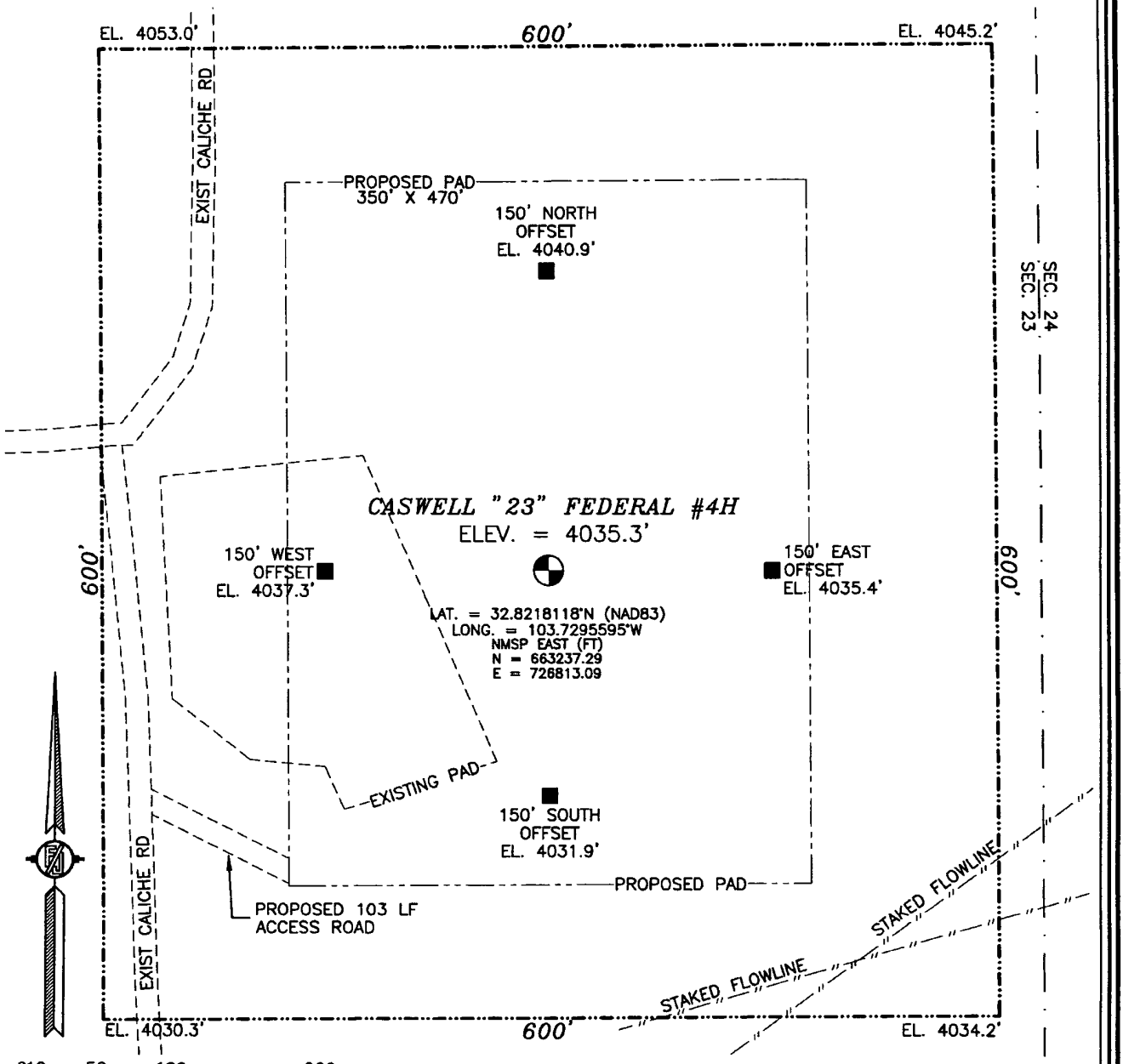
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements 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 _10th__ day of __July, 2012.
Printed Name: David H. Cook
Signed Name: _____
Position Title: Regulatory Specialist
Address: 333 W. Sheridan Ave., OKC OK 73102
Telephone: (405)-552-7848
Field Representative (if not above signatory):
Address (if different from above):
Telephone (if different from above):

Exhibit 3

SECTION 23, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO



010 50 100 200
SCALE 1" = 100'

DIRECTIONS TO LOCATION
FROM THE INTERSECTION US HIGHWAY 82 (LOVINGTON HWY) AND MALJAMAR ROAD IN MALJAMAR GO SOUTH ON MALJAMAR ROAD 0.65 MILES TURN LEFT (EAST) ON Cr 125 (MESCALERO RD) 1.9 MILES TURN RIGHT (SOUTH) ON CALICHE ROAD OVER CATTLE GUARD 1.1 MILES SITE IS ON LEFT.

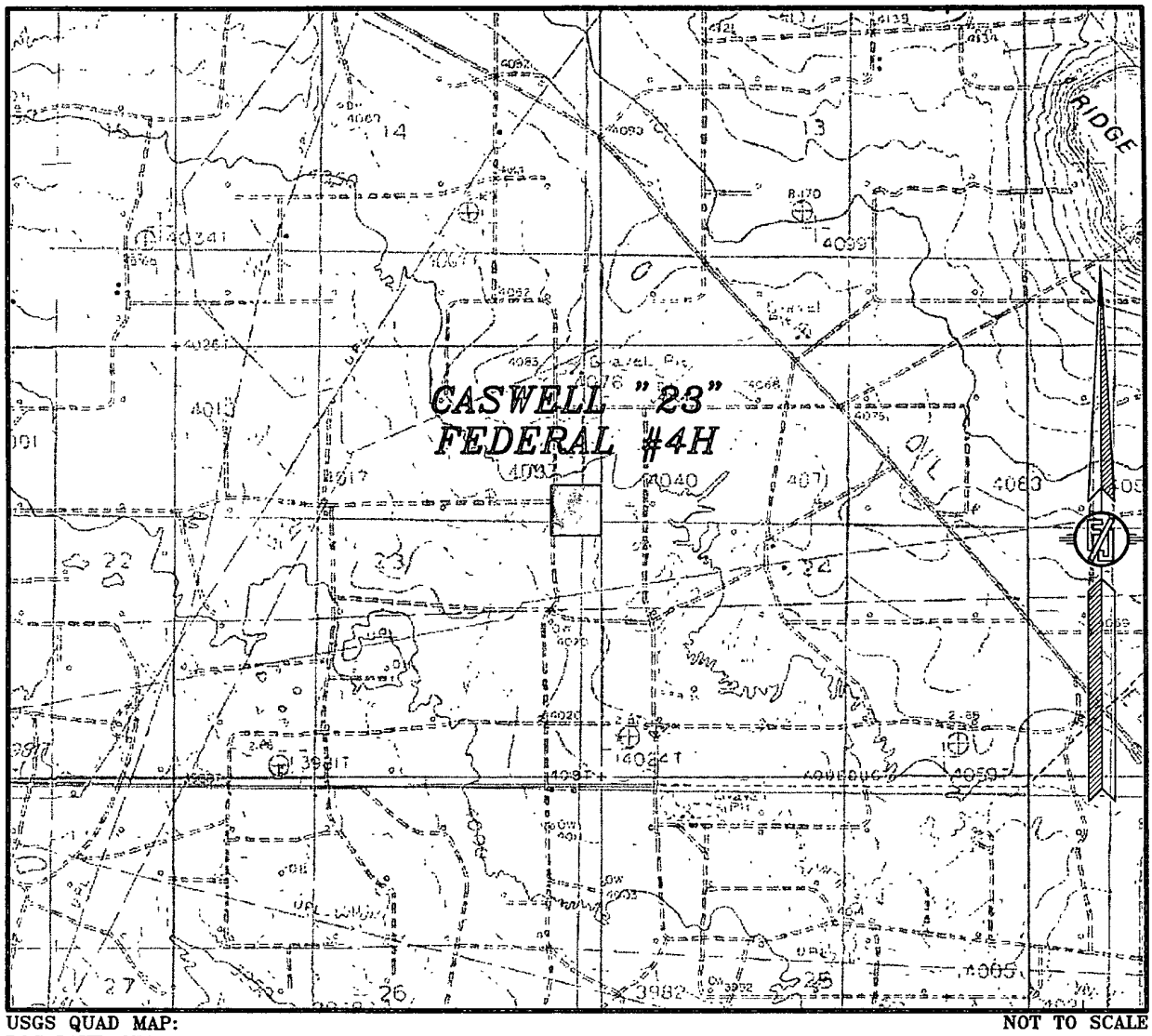
DEVON ENERGY PRODUCTION COMPANY, L.P.
CASWELL "23" FEDERAL #4H
LOCATED 2000 FT. FROM THE NORTH LINE AND 330 FT. FROM THE EAST LINE OF SECTION 23, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

MARCH 22, 2012

SURVEY NO. 898
MADRON SURVEYING, INC. 301 SOUTH CANAL (575) 234-3341 *CARLSBAD, NEW MEXICO*

SECTION 23, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO

LOCATION VERIFICATION MAP



USGS QUAD MAP:
DOG LAKE, NM

NOT TO SCALE

DEVON ENERGY PRODUCTION COMPANY, L.P.

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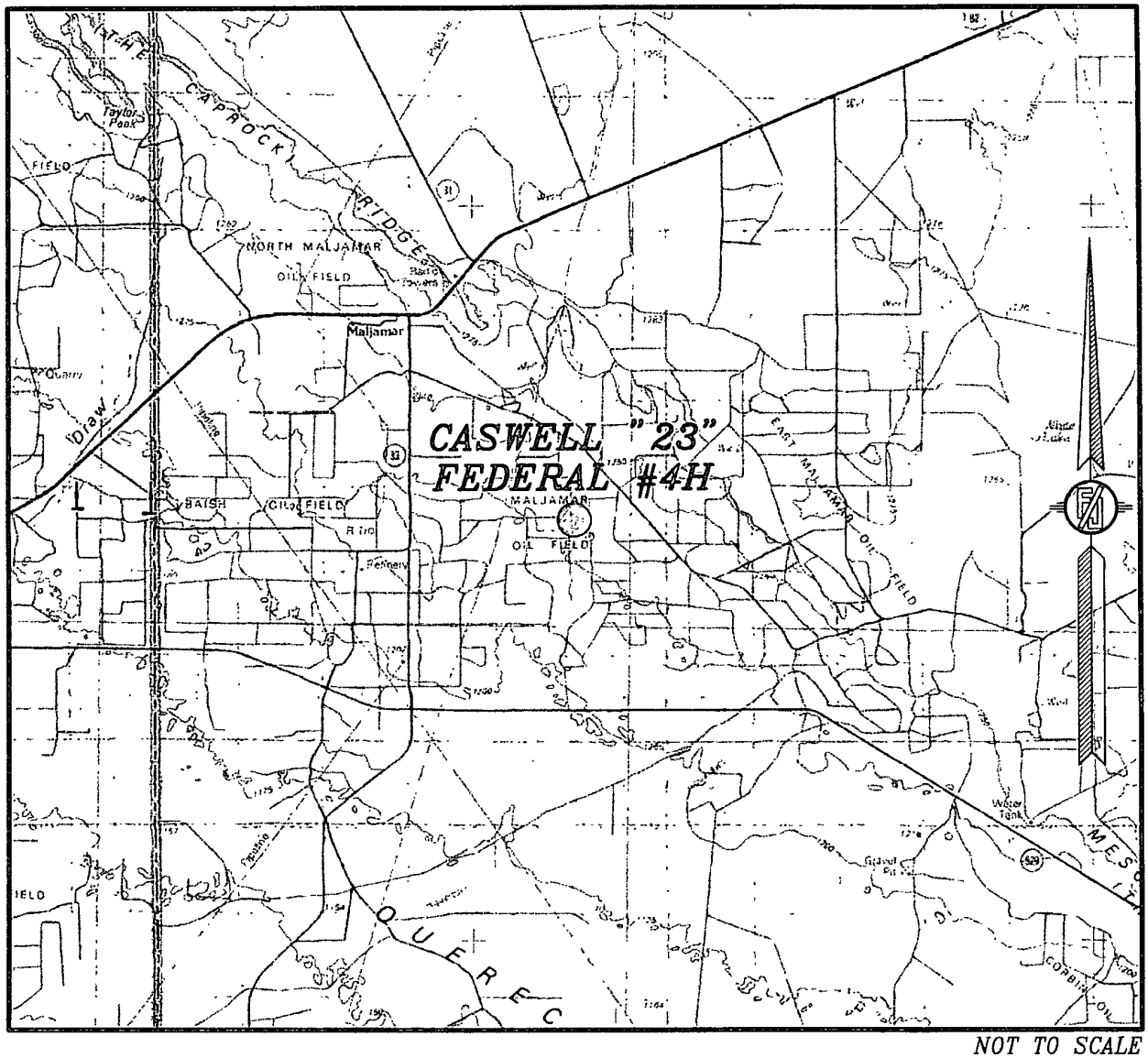
VICINITY MAP



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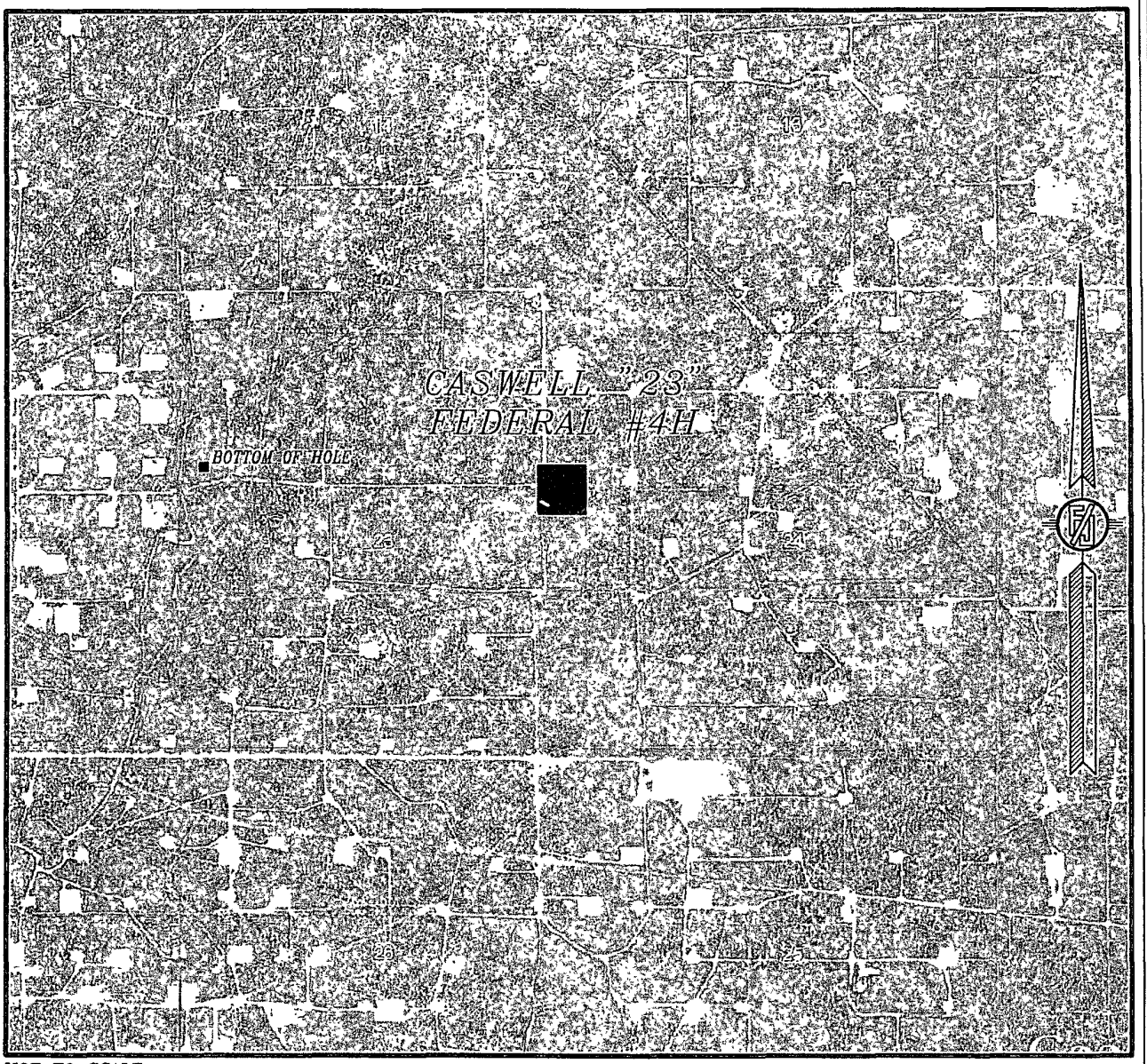
AERIAL PHOTO



NOT TO SCALE
AERIAL PHOTO:
GOOGLE EARTH
JULY, 2011

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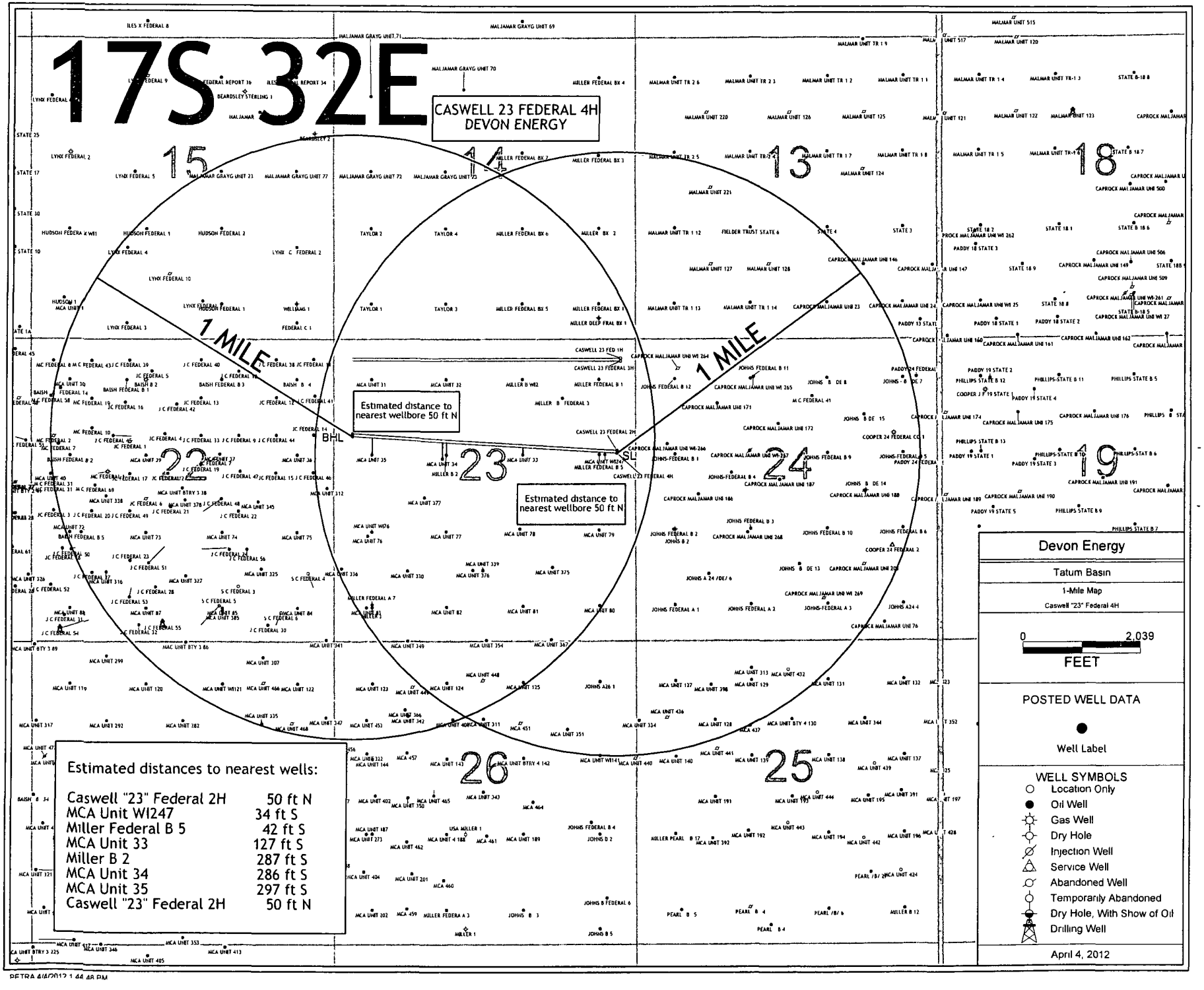

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