Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

HOBBS OCD

Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

AUG 18 2014

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

RECEIVED

5. Lease Serial No.
NMNM94186

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NMNM88526X

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
THISTLE UNIT 59H

2. Name of Operator
DEVON ENERGY PRODUCTION CO LP
Contact: TRINA C COUCH
Mail: trina.couch@dvn.com

9. API Well No.
30-025-41796-00-X1

3a. Address
333 WEST SHERIDAN AVE
OKLAHOMA CITY, OK 73102

3b. Phone No. (include area code)
Ph: 405-228-7203

10. Field and Pool, or Exploratory
TRIPLE X

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 28 T23S R33E NWNE 200FNL 1980FEL
32.282533 N Lat, 103.575239 W Lon

11. County or Parish, and State
LEA COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change to Original APD
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Devon Energy Production Company, L.P. respectfully requests using a multi-bowl wellhead assembly (FMC Uni-Head) for the subject well.

Please see attachment for procedure details

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #255185 verified by the BLM Well Information System
For DEVON ENERGY PRODUCTION CO LP, sent to the Hobbs
Committed to AFMSS for processing by JENNIFER MASON on 08/12/2014 (14JAM0076SE)

Name *(Printed/Typed)* TRINA C COUCH — Title REGULATORY ANALYST

Signature (Electronic Submission) — Date 07/30/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By — Title — Date

APPROVED

AUG 14 2014

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

AUG 20 2014

Thistle Unit 59H– APD DRILLING PLAN
Li Zhang – Nov 5, 2013

Casing program:

Hole Size	Hole Interval	Casing OD	Casing interval	Casing Wt (ppf)	Connection	Casing Grade
17-1/2"	0 – 1,415'	13-3/8"	0 - 1,415'	48	STC	H-40
12-1/4"	1,415 - 5,200'	9-5/8"	0-4,300'	40	BTC	J-55
12-1/4"	1,415 - 5,200'	9-5/8"	4300 - 5200'	40	BTC	HCK-55
8-3/4"	5,200 – 16,145'	7"	0 – 10,650'	29	BTC	P-110
8-3/4"	5,200 - 16,145'	5-1/2"	10,650 - 16,145'	17	BTC	P-110

Design factors:

Casing	Collapse	Burst	Tension
13-3/8" H-40 STC	1.28	3.02	5.06
9-5/8" J-55 BTC	1.15	3.43	4.69
9-5/8" HCK-55 BTC	1.57	4.63	6.07
7" P-110 BTC	1.78	1.25	2.16
5-1/2" P-110 BTC	1.42	1.25	2.07

There is no potential for the intermediate casing to be used as a production string. All casing strings utilized are new.

Mud program:

Depth	Mud Wt. (ppg)	Visc. (cp)	Fluid loss	Type System
0 - 1,415'	8.5 - 8.7	1 - 3	NC	Fresh water
1,415 - 5,200'	9.8 - 10.0	1 - 3	< 100	Brine
5,200 - 16,145'	8.4 - 9.0	1 - 3	< 100	Fresh water/cut brine

Pressure control equipment:

Devon proposes using a multi-bowl wellhead assembly (FMC Uni-head). This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi.

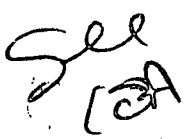
- Wellhead will be installed by FMC's representatives.
- If the welding is performed by a third party, the FMC's representative will monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
- FMC representative will install the test plug for the initial BOP test.
- FMC will install a solid steel body pack-off to completely isolate the lower head after cementing intermediate casing. After installation of the pack-off, the pack-off and the lower flange will be tested to 5M, as shown on the attached schematic. Everything above the pack-off will not have been altered whatsoever from the initial nipple up. Therefore the BOP components will not be retested at that time.

- If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head will be cut and top out operations will be conducted.
- Devon will pressure test all seals above and below the mandrel (but still above the casing) to full working pressure rating.
- Devon will test the casing to 70% of burst or 1500 psi, whichever is greater, as per Onshore Order #2.

After running the 13-3/8" surface casing, a 13-5/8" BOP/BOPE system with a minimum rating of 3M will be installed on the FMC Uni-head wellhead system and will undergo a 250 psi low pressure test followed by a 3,000 psi high pressure test. The 3,000 psi high and 250 psi low test will cover testing requirements a maximum of 30 days, as per Onshore Order #2. If the well is not complete within 30 days of this BOP test, another full BOP test will be conducted, as per Onshore Order #2.

After running the 9-5/8' intermediate casing with a mandrel hanger, the 13-5/8" BOP/BOPE system with a minimum rating of 3M will already be installed on the FMC Uni-head.

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 3,000 psi WP.



Devon requests a variance to use a flexible line with flanged ends between the BOP and the choke manifold (choke line). The line will be kept as straight as possible with minimal turns.

Devon
Thistle Unit 59H
Cementing Program (cement volumes based on at least Surface 100% excess, Intermediate 75% excess and Production is 25% excess)

13-3/8" Surface	**Lead**: **670 sacks** Class C Cement + 0.25 lbs/sack Poly-E-Flake + 4% bwoc Bentonite + 70.8% Fresh Water, 13.5 ppg
	Yield: 1.75 cf/sk
	Water Requirement: 9.07 gal/sk
	Mix Water Volume: 145bbls
	TOC @ surface
	Tail: **560 sacks** Class C Cement + 0.125 lbs/sack Poly-E-Flake + 63.1% Fresh Water, 14.8 ppg
	Yield: 1.33 cf/sk
	Water Requirement: 6.32 gal/sk
	Mix Water Volume: 85bbls
9-5/8" Intermediate	**Lead**: **1140 sacks** (65:35) Class C Cement: Poz (Fly Ash): 6% BWOC Bentonite + 5% BWOW Sodium Chloride + 0.125 lbs/sack Poly-E-Flake + 70.9 % Fresh Water, 12.9 ppg
	Yield: 1.85 cf/sk
	Water Requirement: 9.81gal/sk
	Mix Water Volume: 266bbls
	TOC @ surface
	Tail: 430 sacks Class C Cement + 0.125 lbs/sack Poly-E-Flake + 63.9% Fresh Water, 14.8 ppg
	Yield: 1.33 cf/sk
	Water Requirement: 6.32 gal/sk
	Mix Water Volume: 65bbls
5-1/2" Production	**Lead #1**: **550 sacks** (50:50) Class H Cement: Poz (Fly Ash) + 10% BWOC Bentonite + 1 lb/sk of Kol-Seal + 0.3% BWOC HR-601 + 0.5lb/sk D-Air 5000 + 76.4% Fresh Water, 11.9 ppg
	Yield: 2.26 cf/sk
	Water Requirement: 12.89 gal/sk
	Mix Water Volume: 169bbls
	TOC @ 4750ft
	Lead #2:**330 sacks** (65:35) Class H Cement: Poz (Fly Ash) + 6% BWOC Bentonite + 0.25% BWOC HR-601 + 0.125 lbs/sack Poly-E-Flake + 74.1 % Fresh Water, 12.5 ppg
	Yield: 1.95 cf/sk
	Water Requirement: 10.79 gal/sk
	Mix Water Volume: 85bbls
	TOC @ 8763ft

Tail: **1400 sacks** (50:50) Class H Cement: Poz (Fly Ash) + 1 lb/sk Sodium Chloride + 0.5% bwoc HALAD-344 + 0.4% bwoc CFR-3 + 0.2% bwoc HR-601 + 2% bwoc Bentonite + 58.8% Fresh Water, 14.5 ppg

Yield: 1.22 cf/sk

Water Requirement: 5.38 gal/sk

Mix Water Volume: 180bbls

ACTUAL CEMENT VOLUMES WILL BE ADJUSTED BASED ON FLUID CALIPER AND CALIPER LOG DATA.

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Devon Energy Production Company, L.P.
LEASE NO.:	NMNM-94186
WELL NAME & NO.:	Thistle Unit 59H
SURFACE HOLE FOOTAGE:	0200' FNL & 1980' FEL
BOTTOM HOLE FOOTAGE	0330' FNL & 1980' FEL Sec. 21, T. 23 S., R 33 E.
LOCATION:	Section 28, T. 23 S., R 33 E., NMPM
COUNTY:	Lea County, New Mexico
API:	30-025-41796

The original COAs still stand with the following drilling modifications:

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

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

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

☒ **Lea County**
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. A Hydrogen Sulfide (H2S) Drilling Plan shall be activated 500 feet prior to drilling into the **Delaware** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM. Operator has stated that they will have monitoring equipment in place prior to drilling out of the surface shoe.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

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

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

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

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. See individual casing strings for details regarding lead cement slurry requirements.

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

Possibility of water flows in the Salado and Castile.
Possibility of lost circulation in the Rustler and Delaware.

1. The **13-3/8** inch surface casing shall be set at approximately **1415** feet (**in a competent bed <u>below the Magenta Dolomite</u>, which is a <u>Member of the Rustler</u>, and if salt is encountered, set casing at least 25 feet above the salt**) and cemented to the surface. **<u>Fresh water mud to be used to setting depth.</u>**

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

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

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

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

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing, which shall be set at approximately **5200** feet, is:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.

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

3. The minimum required fill of cement behind the **7 X 5-1/2** inch production casing is:

☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification. **Excess calculates to 6% - Additional cement may be required.**

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.

C. PRESSURE CONTROL

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

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. **Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 3000 (3M) psi.**

    a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
    b. **If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.**
    c. **Manufacturer representative shall install the test plug for the initial BOP test.**
    d. **Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.**
    e. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**

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

    a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

    b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

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

e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

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

E. WASTE MATERIAL AND FLUIDS

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

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

JAM 081414