

ATS-16-188

Form 3160-3
(March 2012)

UNITED STATES **HOBBS OCD**
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

[H]

5. Lease Serial No.
NMLC ~~066494~~ 069387

6. If Indian, Allottee or Tribe Name

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

1a. Type of work: DRILL REENTER **RECEIVED**

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

2. Name of Operator Devon Energy Production Company, L.P. (6137) /

8. Lease Name and Well No. 376141 ✓
PALOMA BLANCO 19 FED 2H

9. API Well No. 30-025-43193

3a. Address 333 W. Sheridan Ave.
Oklahoma City, OK 73102

3b. Phone No. (include area code)
405-552-7848

10. Field and Pool, or Exploratory
BELL LAKE; BONE SPRING, NORTH (5150) ✓
KCB

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface Lot 4, 500 FSL & 350 FWL, PP: 100 FSL & 350 FWL
At proposed prod. zone Lot 4, 330 FSL & 850 FWL

11. Sec., T. R. M. or Blk. and Survey or Area
SHL: Sec 18-T23S-R34E
BHL: Sec 19-T23S-R34E

14. Distance in miles and direction from nearest town or post office*
Approximately 22.5 miles NW of Jal, NM

12. County or Parish
Lea County

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) See attached map

16. No. of acres in lease
1066.85 acres

17. Spacing Unit dedicated to this well
152.28 acres

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. See attached map

19. Proposed Depth
TVD: 10,276' MD: 15,204'

20. BLM/BIA Bond No. on file
CO-1104 & NMB-000801

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3,540.3' GL

22. Approximate date work will start*
07/30/2016

23. Estimated duration
45 days

24. Attachments To be pad drilled w/Paloma Blanco 19 Fed 1H & 3H

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 *[Signature]* Name (Printed/Typed) David H. Cook Date 10/22/2015

Title
Regulatory Specialist

Approved by (Signature) *[Signature]* Name (Printed/Typed) Date APR 25 2016

Title FIELD MANAGER Office CARLSBAD FIELD OFFICE

Application approval does not constitute a commitment by the BLM to issue a permit or other rights in the subject lease which would entitle the applicant to

conduct operation
Conditions of approval
Title 18 U.S.C. Sec. 1782
States any false, fictitious or fraudulent statements or omissions.
(Continued)
The NMOCD Gas Capture Plan notice has been posted on the web site under Announcements/Notice to Operators. A copy of the GCP form is included with the notice and is also in the Forms section under Unnumbered forms. Please submit accordingly in a timely manner.

APPROVAL FOR TWO YEARS

willfully to make to any department or agency of the United States.

*(Instructions on page 2)

Capitan Controlled Water Basin

KCB
04/27/16

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APR 28 2016

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2. Casing Program

See
COA

Hole Size	Casing Interval		Csg Size	Weight (lbs)	Grade	Conn	SF Collapse	SF Burst	SF Tension
	From	To							
17.5"	0	1,088' / 1140'	13.375"	54.5	J-55	BTC	2.32	5.61	15.33
12.25"	0	4,300'	9.625"	40	J-55	BTC	1.15	3.43	4.69
12.25"	4,300'	5,041'	9.625"	40	HCK-55	BTC	1.46	1.37	4.59
8.75"	0	15,204'	5.5"	17	P-110	BTC	1.73	2.14	3.25
7" x 5.5" Option									
8.75"	0	9,700'	7"	29	P-110	BTC	2.10	2.56	3.63
8.75"	9,911'	15,204'	5.5"	17	P-110	BTC	1.96	2.43	3.69
BLM Minimum Safety Factor							1.125	1.00	1.6 Dry 1.8 Wet

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

Must have table for contingency casing

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	N
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3 rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2 nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

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3. Cementing Program

Casing	# Sks.	Wt. lb/gal	H ₂ O gal/sk	Yld ft ³ /sack	500# Comp. Strength (hours)	Slurry Description
13-3/8" Surface	1160	14.8	6.32	1.33	6	Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
13-3/8" Surface Two Stage	850	14.8	6.32	1.33	6	1 st Stage Primary: Class C Cement + 0.125 lbs/sack Poly-E-Flake
	DV Tool = 300ft					
9-5/8" Inter.	320	14.8	6.32	1.33	6	2 nd Stage Primary: Class C Cement + 0.125 lbs/sack Poly-E-Flake
	1080	12.9	9.81	1.85	14	Lead: (65:35) Class C Cement: Poz (Fly Ash): 6% BWOC Bentonite + 5% BWOW Sodium Chloride + 0.125 lbs/sack Poly-E-Flake
9-5/8" Inter. Two Stage	430	14.8	6.32	1.33	6	Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
	460	12.9	9.81	1.85	14	1 st Stage Lead: (65:35) Class C Cement: Poz (Fly Ash): 6% BWOC Bentonite + 5% BWOW Sodium Chloride + 0.125 lbs/sack Poly-E-Flake
	220	14.8	6.32	1.33	6	1 st Stage Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
	DV Tool = 3000ft					
	620	12.9	9.81	1.85	14	2 nd Stage Lead: (65:35) Class C Cement: Poz (Fly Ash): 6% BWOC Bentonite + 5% BWOW Sodium Chloride + 0.125 lbs/sack Poly-E-Flake
5-1/2" Prod Single Stage	210	14.8	6.32	1.33	6	2 nd Stage Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake
	670	11.9	12.89	2.31	n/a	Lead: (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
5-1/2" Prod Two Stage	1460	14.5	5.31	1.2	25	Tail: (50:50) Class H Cement: Poz (Fly Ash) + 0.5% bwoc HALAD-344 + 0.4% bwoc CFR-3 + 0.2% BWOC HR-601 + 2% bwoc Bentonite
	440	11.9	12.89	2.31	n/a	1 st Stage Lead: (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
	1460	14.5	5.31	1.2	25	1 st Stage Tail: (50:50) Class H Cement: Poz (Fly Ash) + 0.5% bwoc HALAD-344 + 0.4% bwoc CFR-3 + 0.2% BWOC HR-601 + 2% bwoc Bentonite
	DV Tool = 6500ft					
	180	11	14.81	2.55	22	2 nd Stage Lead: Tuned Light® Cement + 0.125 lb/sk Pol-E-Flake
	50	14.8	6.32	1.33	6	2 nd Stage Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake

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7 x 5-1/2" Combo Prod.	210	10.4	16.9	3.17	16	Lead: Tuned Light ® + 0.125 lb/sk Pol-E-Flake
	1480	14.5	5.31	1.2	25	Tail: (50:50) Class H Cement: Poz (Fly Ash) + 0.5% bwoc HALAD-344 + 0.4% bwoc CFR-3 + 0.2% BWOC HR-601 + 2% bwoc Bentonite
7 x 5-1/2" Combo Prod. Two Stage	130	10.4	16.9	3.17	16	1 st Stage Lead: Tuned Light ® + 0.125 lb/sk Pol-E-Flake
	1480	14.5	5.31	1.2	25	1 st Stage Tail: (50:50) Class H Cement: Poz (Fly Ash) + 0.5% bwoc HALAD-344 + 0.4% bwoc CFR-3 + 0.2% BWOC HR-601 + 2% bwoc Bentonite
	DV Tool = 5250ft (500)					
	90	10.4	16.9	3.17	16	2 nd Stage Lead: Tuned Light ® + 0.125 lb/sk Pol-E-Flake
	20	14.8	6.32	1.33	6	2 nd Stage Tail: Class C Cement + 0.125 lbs/sack Poly-E-Flake

DV tool depth(s) will be adjusted based on hole conditions and cement volumes will be adjusted proportionally. DV tool will be set a minimum of 50 feet below previous casing and a minimum of 200 feet above current shoe. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.

Casing String	TOC	% Excess
13-3/8" Surface Single Stage Option	0'	100%
13-3/8" Surface Two Stage Option	1 st Stage = 300' / 2 nd Stage = 0'	100%
9-5/8" Intermediate Single Stage Option	0'	75%
9-5/8" Intermediate Casing Two Stage Option	1 st Stage = 3000' / 2 nd Stage = 0'	75%
5-1/2" Production Casing Single Stage Option	4841'	25%
5-1/2" Production Casing Two Stage Option	1 st Stage = 6500' / 2 nd Stage = 4841'	25%
7 x 5-1/2" Production Casing Single Stage Option	5000'	25%
7 x 5-1/2" Production Casing Two Stage Option	1 st Stage = 6500' / 2 nd Stage = 5000'	25%

4. Pressure Control Equipment

N	A variance is requested for the use of a diverter on the surface casing. See attached for schematic.
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BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	✓	Tested to:
12-1/4"	13-5/8"	3M	Annular	x	50% of working pressure 3M
			Blind Ram		
			Pipe Ram		
			Double Ram	x	
			Other*		
8-3/4"	13-5/8"	3M	Annular	x	50% testing pressure 3M
			Blind Ram		
			Pipe Ram		
			Double Ram	x	

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			Other *			
			Annular			
			Blind Ram			
			Pipe Ram			
			Double Ram			
			Other *			

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

Y	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.
Y	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
Y	Are anchors required by manufacturer?
Y	<p>A multibowl wellhead may be being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested.</p> <p>Devon may use 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.</p> <ul style="list-style-type: none"> Wellhead will be installed by wellhead representatives. If the welding is performed by a third party, the wellhead representative will monitor the temperature to verify that it does not exceed the maximum temperature of the seal. Wellhead representative will install the test plug for the initial BOP test. The wellhead company 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

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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 0.22 psi/ft 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 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 wellhead

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

See attached schematic.

5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	1,088' / 1140	FW Gel	8.6-8.8	28-34	N/C
1,088' / 1140	5,041'	Saturated Brine	10.0-10.2	28-34	N/C
5,041'	15,204'	Cut Brine	8.5-9.3	28-34	N/C

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times.

What will be used to monitor the loss or gain of fluid?	PVT/Pason/Visual Monitoring
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6. Logging and Testing Procedures

Logging, Coring and Testing	
x	Will run GR/CNL from TD to surface (horizontal well – vertical portion of hole). Stated logs run will be in the Completion Report and submitted to the BLM.
	No Logs are planned based on well control or offset log information.
	Drill stem test? If yes, explain
	Coring? If yes, explain

Additional logs planned	Interval
	Resistivity
	Int. shoe to KOP
	Density
	Int. shoe to KOP
X	CBL
	Production casing
X	Mud log
	Intermediate shoe to TD
	PEX

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	5094 psi
Abnormal Temperature	No

Mitigation measure for abnormal conditions. Describe. Lost circulation material/sweeps/mud scavengers.

Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.	
N	H2S is present
Y	H2S Plan attached

8. Other facets of operation

Is this a walking operation? No.

Will be pre-setting casing? No.

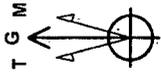
Attachments

Directional Plan

Other, describe



Project: Lea County, NM (NAD-83)
 Site: Paloma Blanco 19 Fed
 Well: 2H
 Wellbore: OH
 Design: Plan #1



Azimuths to Grid North
 True North: -0.44°
 Magnetic North: 6.78°
 Magnetic Field
 Strength: 48258.9snt
 Dip Angle: 60.22°
 Date: 7/28/2015
 Model: BGGM2015



DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting
SHL (PB19F 2H)	0.00	0.00	0.00	473378.77	793761.92
PBHL (PB19F 2H)	10276.00	-5446.58	540.70	467932.19	794302.62

SECTION DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/-W	Dlog	TFace	VSect
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5100.00	0.00	0.00	5100.00	0.00	0.00	0.00	0.00	0.00
5500.00	6.00	145.00	5499.27	-17.14	12.00	1.50	145.00	17.35
8500.00	0.00	0.00	8482.83	-274.01	191.87	1.50	0.00	280.51
8900.00	0.00	0.00	8682.10	-291.16	203.67	1.50	180.00	298.06
9700.95	0.00	0.00	9683.05	-291.16	203.67	1.50	168.00	298.06
10598.45	89.75	168.00	10256.00	-849.15	322.47	10.00	168.00	859.83
11265.48	89.75	178.01	10258.91	-1510.36	403.63	1.50	90.01	1523.47
15204.12	89.75	178.01	10276.00	-5446.58	540.70	0.00	0.00	5462.07

PROJECT DETAILS: Lea County, NM

Geodetic System: US State Plane 1983
 Datum: North American Datum 1983
 Ellipsoid: GRS 1980
 Zone: New Mexico Eastern Zone
 System Datum: Mean Sea Level

FORMATION TOP DETAILS

TVDPath	MDPath	Formation
1063.00	1063.00	Rustler
1569.00	1569.00	Top Salt
4995.00	4995.00	Base Salt
5042.00	5042.00	Delaware
7249.00	7259.37	Brushy Canyon
8433.00	8449.89	Lwr Brushy
8605.00	8622.65	Bone Spring
9672.00	9689.90	1st BS SS
10236.00	10449.08	2nd BS SS

