New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

K-2

Form 3160-3
(August 1999)

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

847

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NM-68820

6. If Indian, Allottee 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 ☒ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.: Paloma Blanco 19 Federal Com 1

2. Name of Operator: Devon ~~SFS Operating, Inc~~ Energy Prod Co LP

9. API Well No.: ~~30-025-34950~~ 30-025-36065

3a. Address: 20 North Broadway, Ste 1500

3b. Phone No. *(include area code)*: (405)228-7512

10. Field and Pool, or Exploratory: Bell Lake (Morrow) Mid

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 660' FNL & 935' FEL
At proposed prod. zone A

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

14. Distance in miles and direction from nearest town or post office*: 20 miles west of Jal, New Mexico — Capitan Controlled Water Basin

12. County or Parish: Lea County

13. State: NM

15. Distance from porposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
660'	320	320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
n/a	14,000'	UT-1195
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
3506' GR	10/01/2002	50 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. Operation certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name *(Printed/Typed)*	Date
Karen Cottom	Karen Cottom	08/05/2002

Title: Engineering Technician

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Mary J. Rugwell	/s/ Mary J. Rugwell	SEP 10 2002
Title: FOR FIELD MANAGER	Office: CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify the 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 1 YEAR

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 and false, fictitious or fradulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

OPER. OGRID NO. 6137
PROPERTY NO. 30877
POOL CODE 72000
EFF. DATE 12-2-02
API NO. 30-025-36065

SEP 2002
RECEIVED
HOBBS
OCD

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DRILLING PROGRAM

Attached to Form 3160-3
Devon SFS Operating, Inc.
PALOMA BLANCO 19 FEDERAL COM #1
(A) 660' FNL & 935' FEL, Section 19, T-23-S, R-34-E
Eddy County, New Mexico

1. Geologic Name of Surface Formation Alluvium

2. Estimated Tops of Important Geologic Markers

Rustler	1,050'
Salt	4,454'
Delaware	5,000'
Bone Spring	8,600'
Wolfcamp	10,600'
Strawn	11,900'
Atoka	12,300'
Morrow	12,900'
TD	14,000'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas

The estimated depths at which water, oil and gas will be encountered are as follows.

Water:	None expected in area
Oil	Bone Spring @ 9,100'
Gas:	Upper Morrow @ 13,100'

4. Proposed Casing Program: See Attached casing design
5. Pressure Control Equipment: See Exhibit A
6. Drilling Fluid Program: See Exhibit C
7. Auxiliary Equipment: A mud-logging unit will be utilized to monitor penetration rate and hydrocarbon shows while drilling below 5500' to TD.
8. Testing, Logging and Coring Program:

Drill Stem Test: None Planned
Logging:
Dual Laterolog W/MSFL and Gamma Ray 11,800' – 14,000'
Compensated Neutron/Litho-Density/Gamma Ray 5000' – 11,800' & 11,800' – 14,000'
Compensated Neutron/Gamma Ray (thru csg) Surface –5000'

Coring: No conventional cores are planned

9. Abnormal Pressures, Temperatures and Potential Hazards

Abnormally high-pressured zones with a bottom hole pressure of approximately 7500 psi could possibly be encountered while drilling the Pennsylvanian interval. Sufficient barite will be on location to enable the weighting up to the estimated 11.5 ppg to control any high-pressure zone encountered. Along with the above mentioned primary control, a Blow Out Preventer System as outlined in **Exhibit B** will be utilized should the need arise to shut the well in prior to running and cementing the drilling liner. The estimated bottom hole temperature is 170° F. No Hydrogen Sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major lost circulation zones have been reported in the offsetting wells.

10. Anticipated Starting Date and Duration of Operations

The road & location were constructed under the original APD approval.
The anticipated spud date for the project is in October 1, 2002. The drilling operation should require approximately 50 days. If the well is deemed productive, completion operations will require, at minimum, an additional 30 days of testing to ascertain whether permanent production facilities will be constructed.

EXHIBIT A
OPERATIONS PLAN
DEVON SFS OPERATING, INC
PALOMA BLANCO 19 FEDERAL COM #1
SECTION 19, T-23S, R34-E
LEA COUNTY, NM MEXICO

1. Drill a 17 ½" hole to approximately 1075'
2. Run 13 3/8" 48.0 ppf H-40 ST&C casing. Cement with 350 sx 35/65 POZ w 6% gel & ¼ pps Cello-Flake followed by 200 sx Class "C" cement containing 2% CaCl2. Run centralizers on every other joint above the shoe. Apply thread lock to bottom two joints and guide shoe.
3. Wait on cement twelve hours prior to cutting off.
4. Nipple up an annular BOP system and test casing to 600 psi. WOC twenty-four (24) hours prior to drilling out.
5. Drill a 12 ¼" hole to approximately 5000'.
6. Run 9 5/8" 40.0 ppf N-80 & HCK-55, LT&C casing. Cement with 1200 sx 50/50 POZ "C" w/10% gel 5% salt and ¼ pps celloflake followed by 250 sx Class "C" with 2% CaCl2. Run guide shoe on bottom and float collar two joints from bottom. Cemtralize every other joint for bottom 400' of casing and place two centralizers in surface casing. Thread lock bottom 2 joints.
7. Wait on cement for twelve hours prior to cutting off.
8. Nipple up and install a Double Ram and Annular BOP system with choke manifold.
9. Test BOP system to 3000 psi. Test casing to 1500 psi.
10. Drill 8 ¾" hole to the first good lime section after drilling into the Wolfcamp, which is anticipated to be at approximately ±11,800'. Run logs.
11. Run 11,800' of 7" 26.HCP-110, LT&C casing set @ 11,800'. Cement with 500 sx "Light" cement followed with 300 sx Calss "H". Run guide shoe on bottom and float collar two joints off bottom. Centralize bottom 1000' of casing with on centralizer on every other joint. Thread lock bottom two joints. Our plan is to bring the top of cement to ±6000.
12. Nipple down BOP. Set slips. Cut off casing. Nipple up 10000 psi BOP Stack. Test to 10000 psi.
13. Test casing to 2500 psi
14. Drill a 6 1/8" hole to 14,000'. Log run and cement 4 ½" 13.5 ppf P-110 LT&C flush joint liner from 11,650' – 14,000'. Cement w/250 sx Class "H" containing necessary additives. Lay down setting tool and RIH with a 6 1/8" bit to dress off the liner top. Perform negative test on liner top.
15. Clean out inside of 4 ½" liner.
16. Run production equipment and test well as necessary.

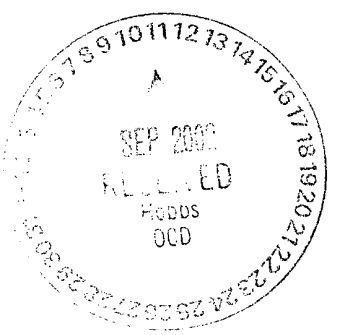


EXHIBIT C
DRILLING FLUID PROGRAM
DEVON SFS OPERATING, INC
PALOMA BLANCO 19 FEDERAL COM #1
SECTION 19, T-23S, R-34E
LEA COUNTY, NEW MEXICO

0 – 1075'

Spud mud consisting of fresh water gel flocculated with Lime. Use ground paper for seepage control and to sweep the hole. MW-8.5 ppg and Vis –40.

1075' – 5000'

Drill out with brine water circulating the reserve pit. Utilize ground paper mixed in prehydrated fresh gel to sweep the hole. MW 10.0 ppg and Vis-28.

5000 – 11,800

Drill out with fresh water circulating the outer portion of the reserve pit. Maintain ph at 8.5 – 9.5 with caustic and sweep the hole as necessary with ground paper. Keep mud weight as low as possible. MW-8.4/8.6 ppg and Vis-28.

11,800' – 14,000'

Drill out with brine containing MF-55, circulating the steel pits. At 12,000' mud up existing brine with XCD polymer/Drispac Plus mud system to an initial mud weight of 11.0 ppg with a 38-40 Vis. Add barite as required to control formation pressures and shale.

EXHIBIT C
AUXILIARY EQUIPMENT
DEVON SFS OPERATING, INC
PALOMA BLANCO 19 FEDERAL COM #1
SECTION 19, T-23S, R-34E
LEA COUNTY, NEW MEXICO

DRAWWORKS	National 80-B
ENGINES	National 3 Section Compound w/3 Caterpillar D379 diesel engines
ROTARY	27-1/2" National C-275
MAST/SUB	Derrick Services International 142' jackknife. 25' high substructure
TRAVELING EQUIPMENT	National 545-G 350 ton hook and block. National P-400 ton swivel
PUMPS	Two National 8-P-80, 6 ¼" X 8 ½" 800 HP triplex pumps charged by 6" x 8" centrifugal pump
PIT SYSTEM	Three steel mud pits with lighting mixers. Two 6" X 8 " centrifugal pumps each driven by a 75 hp electric motor.
Light	Two 320 KW AC generators each powered by a turbocharged diesel engine
BOP EQUIP	13 5/8" 5000 psi WP double ram and 13 5/8" 5000 psi WP Shaffer Annular Preventer. Choke manifold rated at 5000 psi. Valvcon 5-station 80 gallon closing unit.

DEVON SFS OPERATING, INC
MULTI-POINT SURFACE USE AND OPERATIONS PLAN
PALOMA BLANCO 19 FEDERAL COM #1
SECTION 19, T-23S, R-34E
LEA COUNTY, NEW MEXICO

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed by rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with the operations.

1. Location Construction

    a. Exhibit E is a 7.5 minute topographic map which shows the location of the wellsite and roads in the vicinity. The location is situated approximately 20 miles West of Jal, New Mexico.

    b. Directions:

        i. From the intersection of State Hwy 128 & CR-21, go North 6.5 miles and turn right (East) 0.4 miles to the proposed location.

2. ACCESS ROAD.

    a. ±0.4 miles of new road was built from the existing road to the new location.

3. LOCATION OF EXISTING WELLS.

    a. The well locations in the vicinity of the proposed well are show in Exhibits E.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

    a. There are no producing gas wells on this lease at this time.

    b. In the Event the well is productive, the necessary production equipment will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY.

    a. It is planned to drill the well with both fresh water and brine water systems. Both types of waters will be hauled to the location by truck over existing roads. Both types will be obtained from commercial sources.

6. SOURCES OF CONSTRUCTION MATERIALS.

    a. Any caliche required for construction of the drilling pad will be obtained from a pit approved by the BLM.

7. METHODS OF HANDLING WASTE DISPOSAL.

    a. Drill cuttings will be disposed of in the reserve pits.

b. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.

c. Water produced during operations will be either placed in the reserve pits and allowed to evaporate or collected in tanks until hauled to an approved disposal system or a separate disposal application will be submitted to the BLM for appropriate approval.

d. Oil produced during operations will be stored in tanks until sold.

e. Human waste will be disposed of per current standards.

f. Trash, waste paper, garbage, and junk will be collected in trash trailers and disposed of in an approved waste facility such as a land fill. The trash trailers will contain all of the material to prevent scattering by the wind.

g. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES

a. None required at this time.

9. WELLSITE LAYOUT

a. Exhibit G shows the dimensions of the well pad and reserve pits, and the location of major rig components.

b. The ground surface of the location is relatively flat. Minor cutting will be required to level the pad areas, which will be covered with at least six inches of compacted caliche.

c. The reserve pits will be plastic lined.

d. A 400' x 400' work area which will contain the pad and pit area has been staked and flagged.

10. PLAN FOR RESTORATION OF THE SURFACE

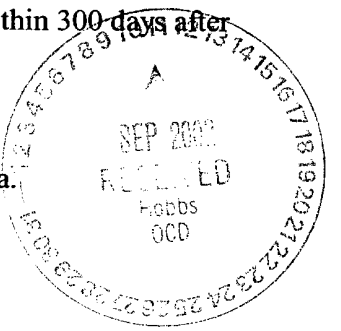
a. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleared of all trash and junk, to leave the wellsite in as aesthetically pleasing a condition as possible.

b. Unguarded pits, if any, containing fluid will be fenced until they have been filled.

c. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 300 days after abandonment.

11. TOPOGRAPHY

a. The wellsite and access route are located in a relatively flat area.



b. The top soil [redacted] the wellsite and access route is sandy.[redacted]

c. The vegetation cover at the wellsite is moderately sparse, with prairie grasses, some mesquite bushes, and shinnery oak.

d. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.

12. LESSEE'S AND OPERATOR'S REPRESENTATIVE

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

Bill Greenlees
Sr. Operations Engineer Advisor

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

(405) 552-8194 (office)
(405) 203-7778 (Mobile)

Don Mayberry
Superintendent

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

(505) 748-3371 (office)
(505) 746-4945 (home)

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road; that I am familiar with the conditions that presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Devon Energy Production Company, L.P. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Signed: _____ Date: August 5, 2002

NOTES REGARDING BLOWOUT PREVENTERS
Devon SFS Operating, Inc.
PALOMA BLANCO 19 FEDERAL COM #1
(A) 660' FNL & 935' FEL, Section 19, T-23-S, R-34-E
Lea County, New Mexico

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 3000 psi working pressure.

4. All fittings will be flanged.

5. A full bore safety valve tested to a minimum 3000 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.

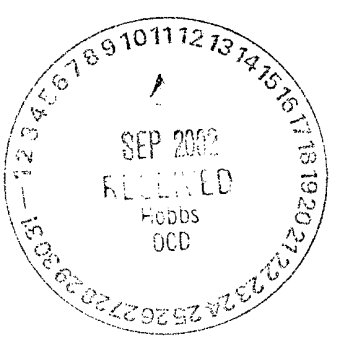
7. All BOP equipment will be equal to or larger in bore than the internal diameter of the last casing string.

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.



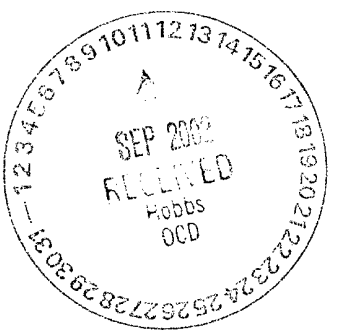
UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name:	**Devon SFS Operating, Inc.**
Street or Box:	**20 North Broadway, Suite 1500**
City, State:	**Oklahoma City, Oklahoma**
Zip Code:	**73102-8260**

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease No.:	**NM-68820**
Legal Description of Land:	**320 acres 19-T23S-R34E**
Formation(s):	**Bell Lake (Morrow)**
Bond Coverage:	**Nationwide**
BLM Bond File No.:	**UT-1195**
Authorized Signature:	**Bill Greenlees**
Title:	**Sr. Operations. Engineering Advisor**
Date:	8/05/02



DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Depart

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-36065	72000	Bell Lake Morrow Mid

Property Code	Property Name	Well Number
30877	PALOMA BLANCO 19 FED. COM.	1

OGRID No.	Operator Name	Elevation
~~20305~~ 6137	Devon ~~SFS Operating, Inc.~~ Energy Prod. Co. LP	3506

Surface Location

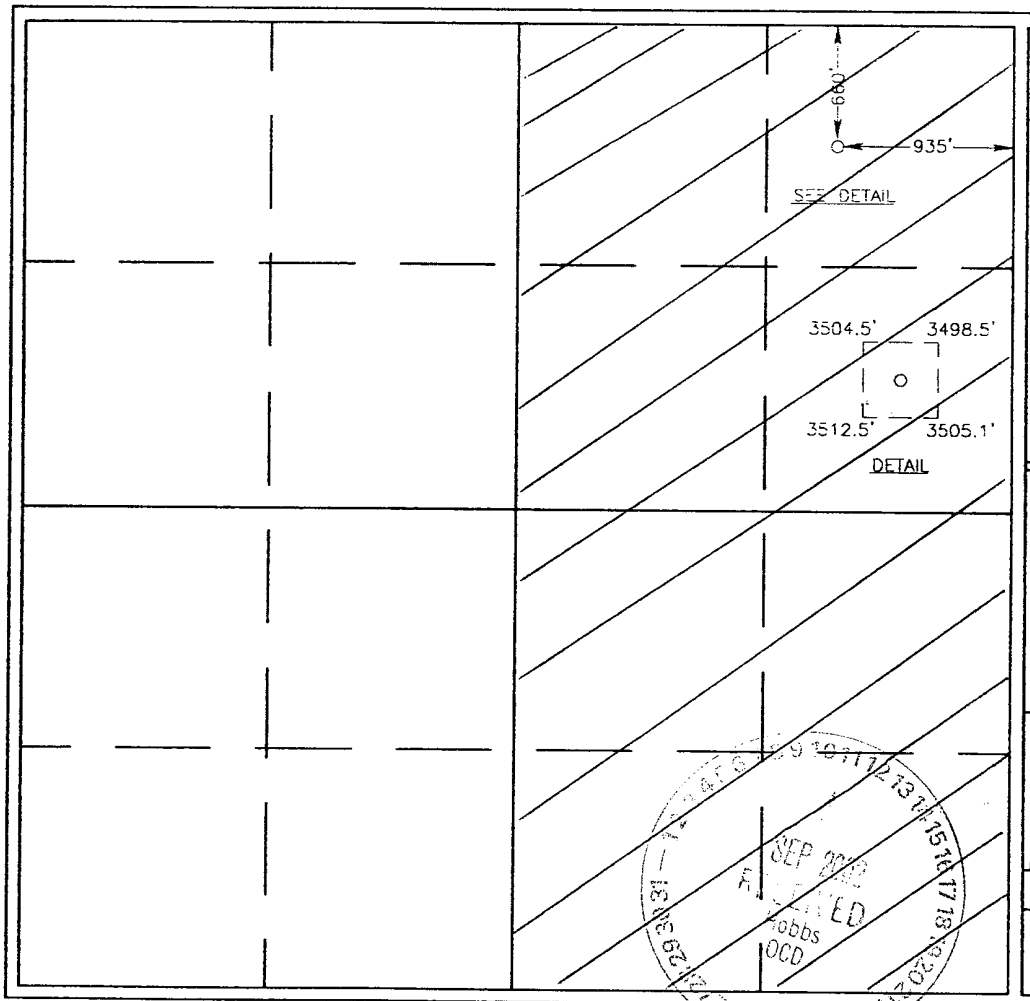
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	19	23 S	34 E		660	NORTH	935	EAST	LEA

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 the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Bill Greenlees
Printed Name

Sr. Operations Advisor
Title

August 5, 2002
Date

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.

NOVEMBER 30, 1999
Date Surveyed DC

Signature & Seal of Professional Surveyor

NEW MEXICO — RONALD J. EIDSON — REGISTERED PROFESSIONAL SURVEYOR

11-30-99

99-11-1027

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641
MACON McDONALD 12185

Well name:	**Paloma Blanco 19-1**
Operator:	**Devon Energy**
String type:	Surface
Location:	New Mexico

Design parameters:

Collapse

Mud weight: 8.800 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 500 psi
Internal gradient: 0.080 psi/ft
Calculated BHP 586 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC:	1.80 (J)
8 Round LTC:	1.80 (J)
Buttress:	1.60 (J)
Premium:	1.50 (J)
Body yield:	1.60 (B)

Tension is based on air weight.
Neutral point: 937 ft

Environment:

H2S considered?	No
Surface temperature:	75 °F
Bottom hole temperature:	90 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	1,000 ft
Minimum Drift:	2.250 in

Non-directional string.

Re subsequent strings:

Next setting depth:	5,000 ft
Next mud weight:	10.000 ppg
Next setting BHP:	2,597 psi
Fracture mud wt:	10.500 ppg
Fracture depth:	1,075 ft
Injection pressure	586 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
1	1075	13.375	48.00	H-40	ST&C	1075	1075	12.59	13332

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	491	740	1.51	586	1730	2.95	51.6	322	6.24 J

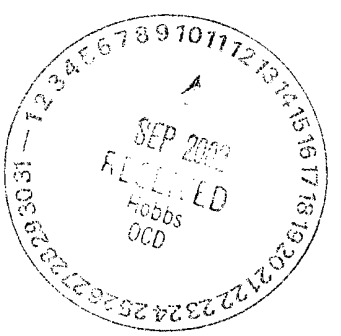
Devon Energy

Date: June 4,2002
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 1075 ft, a mud weight of 8.8 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



Well name:	**Paloma Blanco 19-1**
Operator:	**Devon Energy**
String type:	Intermediate
Location:	New Mexico

Design parameters:

Collapse

Mud weight: 10.000 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,390 psi
Internal gradient: 0.268 psi/ft
Calculated BHP 2,727 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC:	1.80 (J)
8 Round LTC:	1.80 (J)
Buttress:	1.60 (J)
Premium:	1.50 (J)
Body yield:	1.60 (B)

Tension is based on air weight.
Neutral point: 4,256 ft

Estimated cost: 62,357 ($)

Environment:

H2S considered?	No
Surface temperature:	75 °F
Bottom hole temperature:	145 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	1,000 ft

Non-directional string.

Re subsequent strings:

Next setting depth:	11,800 ft
Next mud weight:	10.000 ppg
Next setting BHP:	6,130 psi
Fracture mud wt:	10.500 ppg
Fracture depth:	5,000 ft
Injection pressure	2,727 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
2	2000	9.625	40.00	N-80	LT&C	2000	2000	8.75	25450
1	3000	9.625	40.00	HCK-55	LT&C	5000	5000	8.75	36907

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
2	1039	2960	2.85	1925	5750	2.99	200	737	3.68 J
1	2597	4230	1.63	2727	3950	1.45	120	630	5.25 B

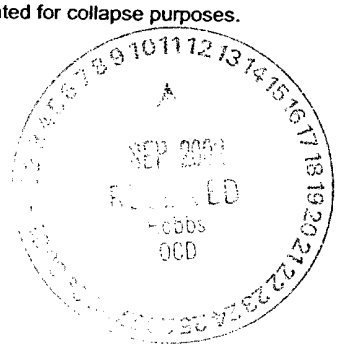
Devon Energy

Date: June 4,2002
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 5000 ft, a mud weight of 10 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



Well name:	**Paloma Blanco 19-1**
Operator:	**Devon Energy**
String type:	Production
Location:	New Mexico

Design parameters:

Collapse

Mud weight: 10.000 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,061 psi
Internal gradient: 0.430 psi/ft
Calculated BHP 6,130 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Tension is based on air weight.
Neutral point: 10,020 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 240 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,000 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
1	11800	7	26.00	HCP-110	LT&C	11800	11800	6.151	122661

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	6130	7800	1.27	6130	9950	1.62	306.8	693	2.26 J

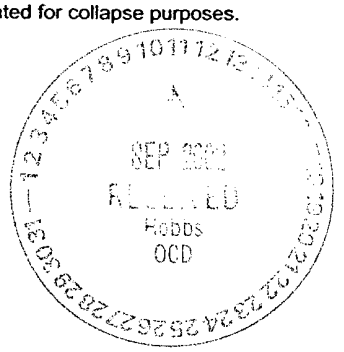
Devon Energy

Date: June 4,2002
Oklahoma City, Oklahoma

Remarks:
Collapse is based on a vertical depth of 11800 ft, a mud weight of 10 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



Well name:	**Paloma Blanco 19-1**
Operator:	**Devon Energy**
String type:	Liner: Production
Location:	New Mexico

Design parameters:

Collapse

Mud weight: 11.500 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 2,350 psi
Internal gradient: 0.430 psi/ft
Calculated BHP 8,364 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Tension is based on air weight.
Neutral point: 13,627 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 271 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,000 ft

Liner top: 11,800 ft
Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
1	2200	4.5	13.50	P-110	LT&C	14000	14000	3.795	12327

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	8364	10680	1.28	8364	12410	1.48	29.7	338	11.38 J

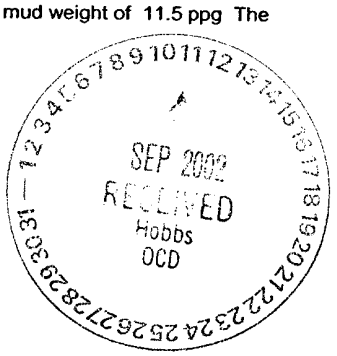
Devon Energy

Date: June 4,2002
Oklahoma City, Oklahoma

Remarks:
For this liner string, the top is rounded to the nearest 100 ft.Collapse is based on a vertical depth of 14000 ft, a mud weight of 11.5 ppg The Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



PROPOSED 5-M BOPE AND CHOKE ARRANGEMENT

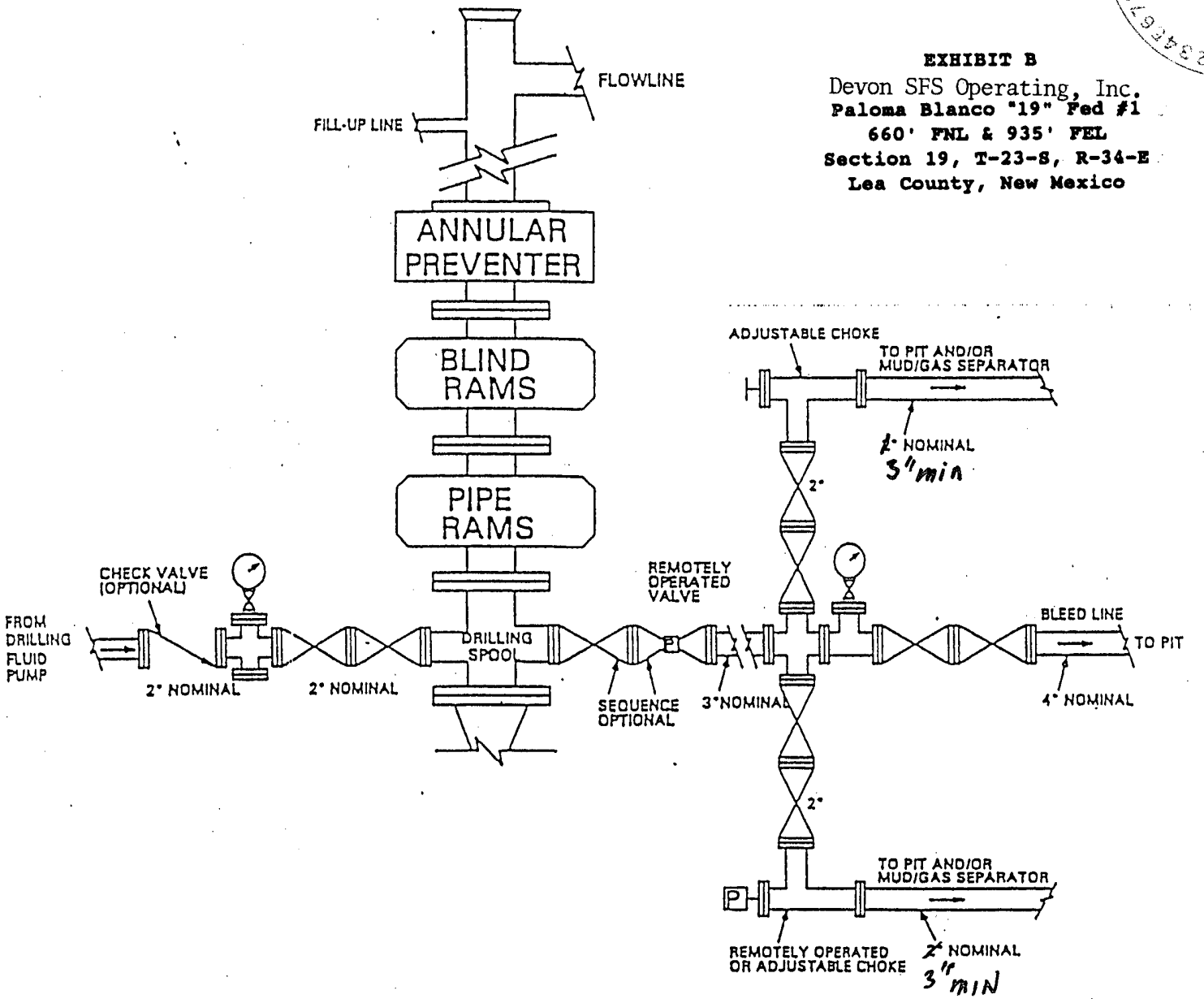
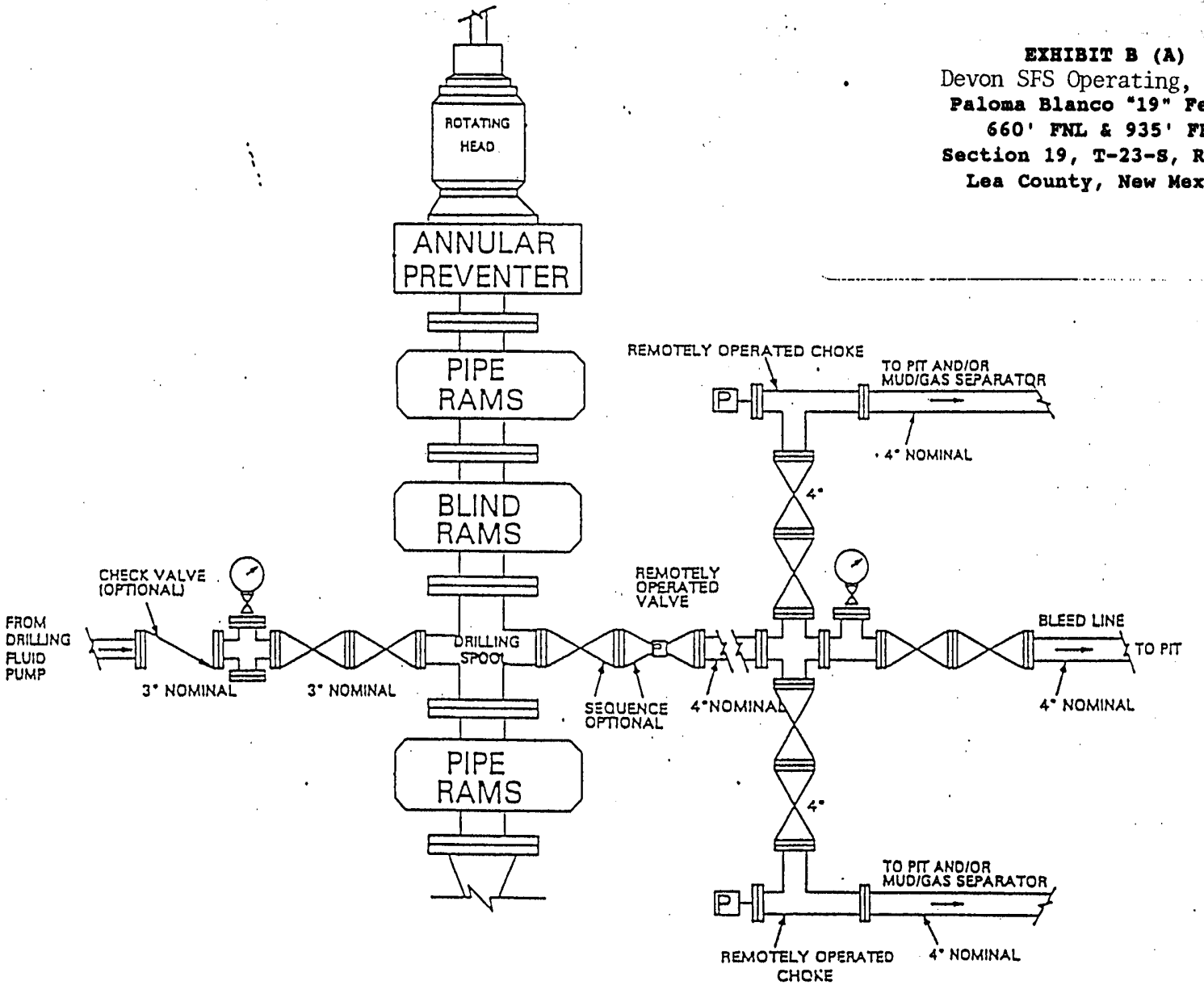


EXHIBIT B

Devon SFS Operating, Inc.
Paloma Blanco "19" Fed #1
660' FNL & 935' FEL
Section 19, T-23-S, R-34-E
Lea County, New Mexico

PROPOSED 10-M BOPE AND CHOKE ARRANGEMENT

EXHIBIT B (A)
Devon SFS Operating, Inc.
Paloma Blanco "19" Fed #1
660' FNL & 935' FEL
Section 19, T-23-S, R-34-E
Lea County, New Mexico



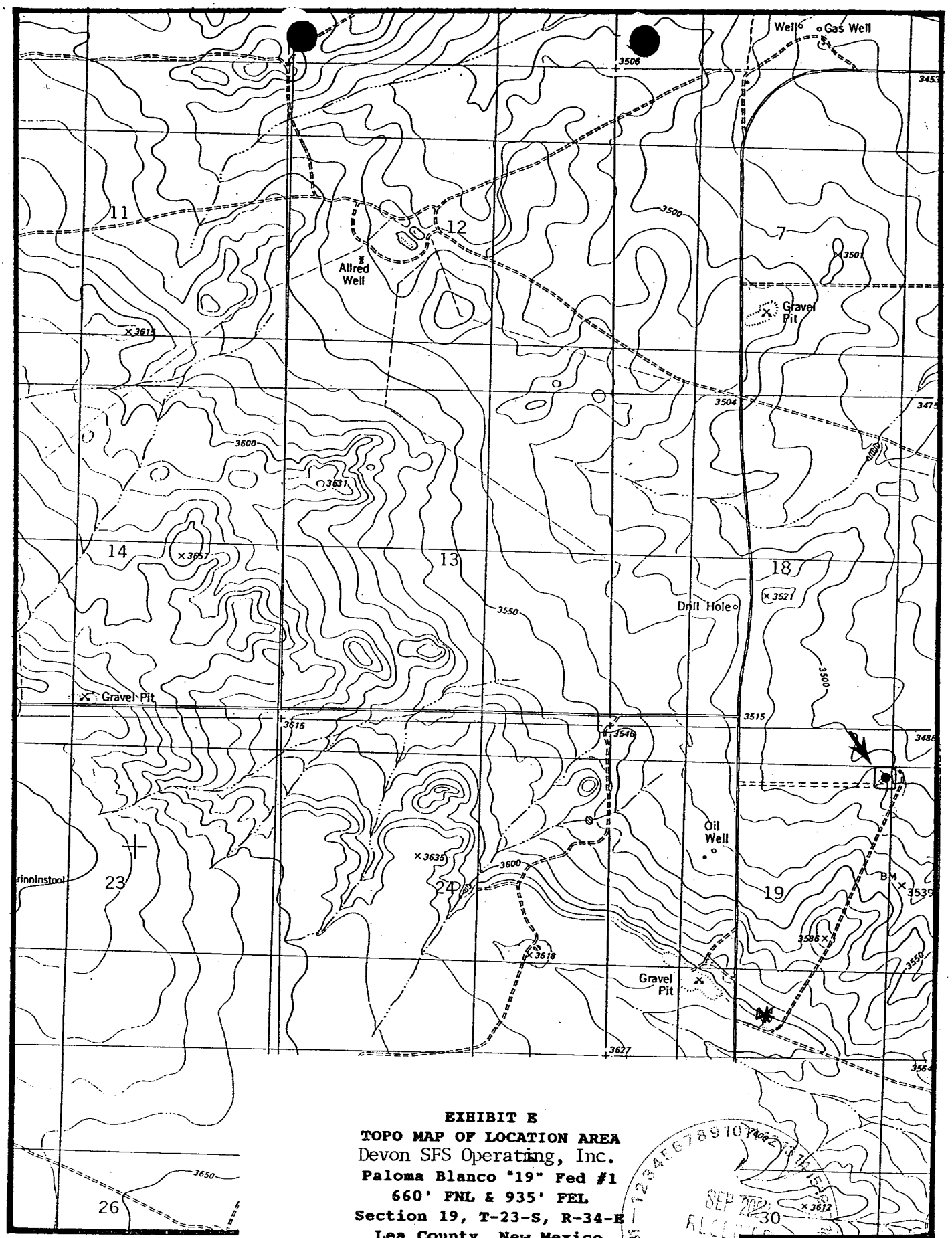


EXHIBIT E
TOPO MAP OF LOCATION AREA
Devon SFS Operating, Inc.
Paloma Blanco "19" Fed #1
660' FNL & 935' FEL
Section 19, T-23-S, R-34-E
Lea County, New Mexico

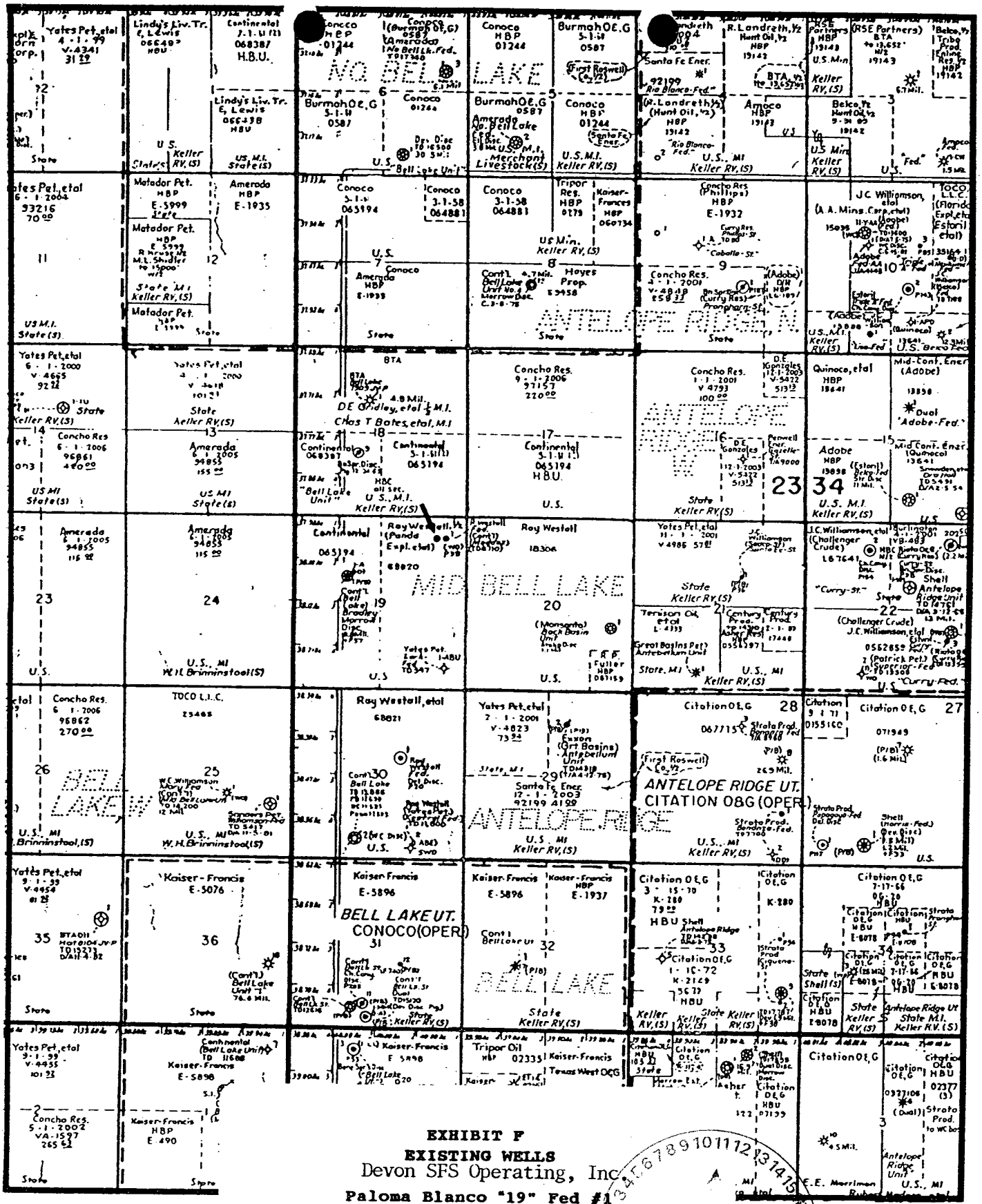


EXHIBIT F

EXISTING WELLS

Devon SFS Operating, Inc.

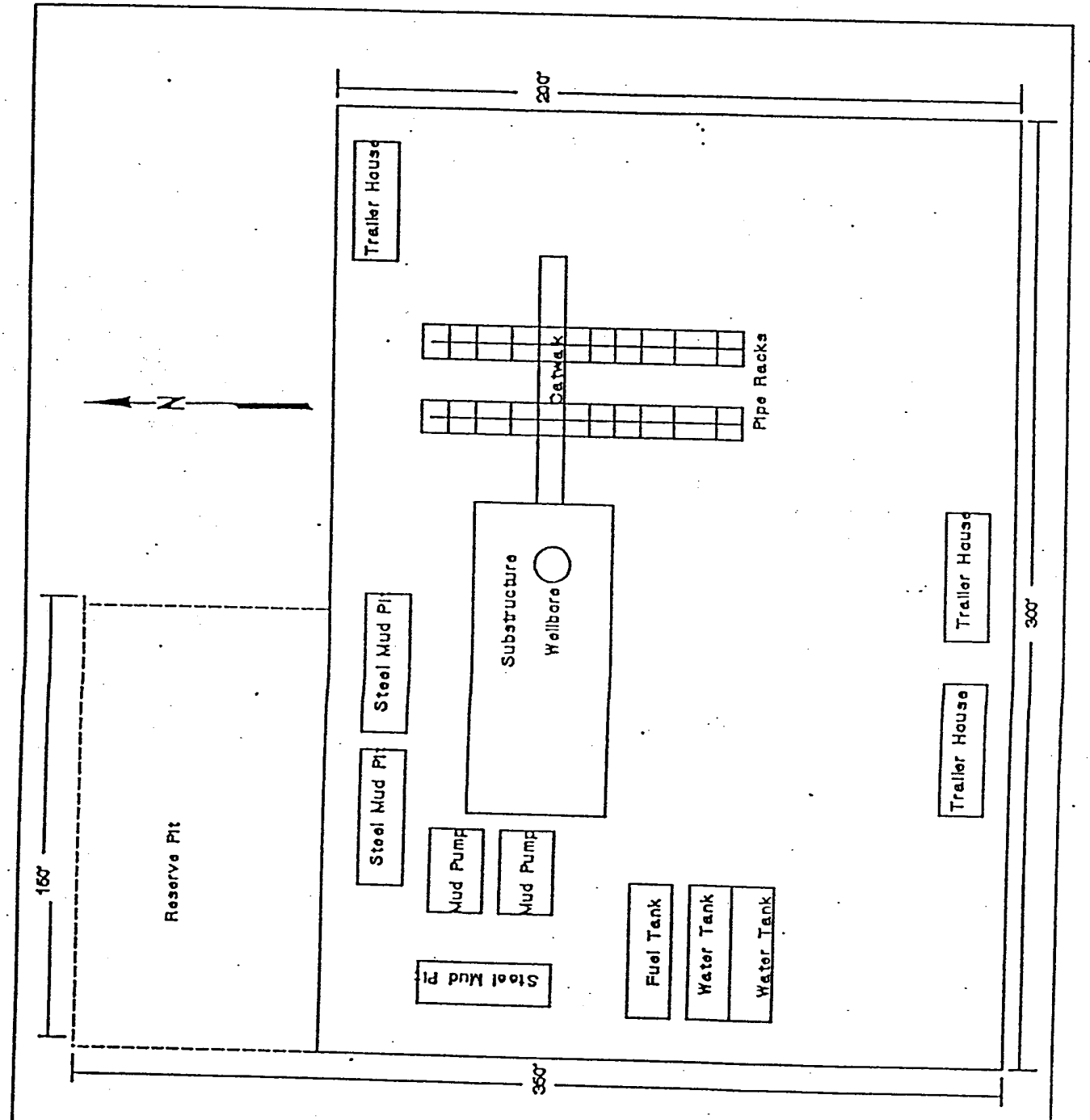


EXHIBIT G
WELL SITE LAYOUT
Devon SFS Operating, Inc.
Paloma Blanco "19" Fed #1
660' FNL & 935' FEL
Section 19, T-23-S, R-34-E
Lea County, New Mexico

Desert West
ARCHAEOLOGICAL SERVICES

February 9, 2000

Mr. Phil Stinson
OGE DRILLING
550 West Texas, Suite 1140
Midland, TX 79701

Dear Mr. Stinson:

Enclosed please find your copy of Desert West Archaeological Services, Inc. (DWAS) archaeological survey report for SANTA FE SNYDER CORPORATION's proposed Paloma Blanco "19" Federal Com. Well No. 1 (660' FNL; 935' FEL) and associated access road in Section 19, T23S, R34E, NMPM, Lea County, New Mexico. This survey was conducted to evaluate any potential effect that SANTA FE SNYDER CORPORATION's proposed Paloma Blanco "19" Federal Com. Well No. 1 (660' FNL; 935' FEL) and associated access road might have on the historic properties.

No cultural resources were encountered during this survey. Therefore, we are recommending that archaeological clearance be granted for this undertaking of SANTA FE SNYDER CORPORATION's proposed Paloma Blanco "19" Federal Com. Well No. 1 (660' FNL; 935' FEL) and associated access road as presently staked. No further archaeological work should be required.

An archaeologist at the Bureau of Land Management will review this report and decide whether or not SANTA FE SNYDER CORPORATION should proceed with this undertaking. Someone should advise you of that decision in that agency.

We appreciate this opportunity to serve you. If you have any questions, or feel that we might be of additional service, please call our office.

Sincerely,

Arita Slate

Enclosure

Xc: Bureau of Land Management, Carlsbad Field Office, Carlsbad, NM (2)

P.O. Box 645 · Carlsbad, NM 88220 · Phone (505) 887-7646 · Fax (505) 887-2264

APPENDIX B.

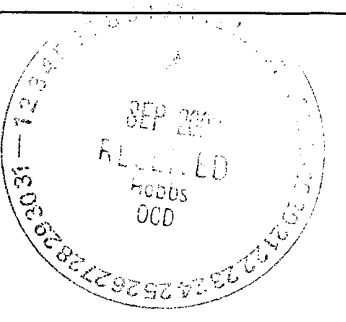
TITLE PAGE/ABSTRACT/ NEGATIVE SITE REPORT CARLSBAD FIELD OFFICE

BLM/ RDO 1/95

1. BLM Report No.	2. (ACCEPTED) (REJECTED)	3. NMCRIS No. 67207
4. Title of Report (Project Title): Archaeological survey of Santa Fe Snyder Corporation's proposed Paloma Blanco 19 Federal Com. Well No. 1 and associated access road in Section 19, T23S, R34E, NMPM, Lea, NM.		5. Project Date(s) 02-08-2000 6. Report Date - 02-08-2000
7. Consultant Name & Address: Direct Charge: David Wilcox Name: Desert West Archaeological Services Address: P.O. Box 645, Carlsbad, NM 88220 Authors Name: David Wilcox Field personnel names – David Wilcox Phone (505) 887-7646		8. Permit No. 123-2920-99-U NM99-077 9. Consultant Report No. DWAS 00-14F
10. Sponsor Name and Address: Indiv. Responsible: Mr. Phil Stinson Name: OGE Drilling Address: 550 West Texas, Suite 1140 Phone (915) 682-6373		11. For BLM Use only. 12 ACREAGE: Total No. of acres surveyed – 8.54 Per Surface - Ownership: State of New Mexico Lands with Federal Minerals

13. Location & Area: (Maps Attached if negative survey)

a. State – NM
b. County – Lea
c. BLM Field Office: Carlsbad
d. Nearest City or town: Jal, New Mexico
e. Location: Section 19, T23S, R34E (ACCESS ROAD – sw/4, ne/4, nw/4; se/4, ne/4, nw/4; sw/4, nw/4, ne/4; se/4, nw/4, ne/4; sw/4, ne/4, ne/4.)
' Well Pad footages: 660' FNL; 935' FEL (ne/4, ne/4)
f. 7.5 ' Map Name(s) and Code Numbers(s): Tip Top Wells, NM (1984 [32103-C5]).
g. Area: Block: Impact: within the staked area
Surveyed: 400' x 400'
Linear: Impact: 50' x 2125'
Surveyed: 100' x 2125'



14. a. Records Search:

Location: BLM and ARMS
Date: 02-08-2000
Conducted by: David Wilcox
List by LA# All sites within .25 miles of the project:
(Those sites within 500' are to be shown on the project map)

b. Description of undertaking:

Class III pedestrian survey of Santa Fe Snyder Corporation's proposed Paloma Blanco 19 Federal Com. Well No. 1 and associated access road in Section 19, T23S, R34E, NMPM, Lea, NM. This proposed access road connects to Delaware Basin Road (C-21) to the west.

c. Environmental Setting (NRCS soil designation; vegetative community; etc.)

Vegetation – Yucca, snakeweed, creosote, mesquite, prickly pear cactus, eagle claw cactus, assorted grasses and salt brush.

Topography – The project lies on a loamy flat terrain with a slight slope towards the north-northeast. This terrain slopes towards San Simon Sink's physiographic feature. The area around the proposed well pad and eastern ¼ of the associated access road is on a terraced feature that has indurated caliche everywhere. The eastern ¼ of this proposed well pad is abutted to an existing well pad and it's old pits. The rest of the project area (western ¾ of the access road) lies in a loamy catchment basin that has created a thick thicket of mesquite/salt brush vegetation. This undertaking crosses an existing power line, and some modern refuse is present on the proposed access road's BOL.

Soils – Berino-Cacique association: Nearly level and gently sloping, sandy soils that are deep and moderately deep to soft or indurated caliche.

d. Field Methods:

Transect Intervals: straight and zigzag transects, spaced not greater than 15 meters apart
Crew Size: 1
Time in Field: 2 hours total
Collections: no

Cultural Resource Findings: n/a

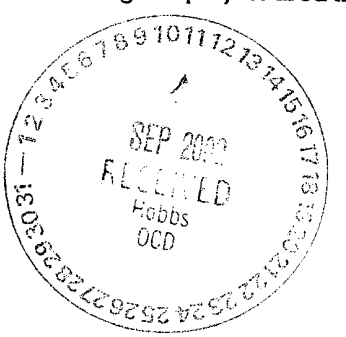
16. Management Summary (Recommendations):

Archaeological clearance for Santa Fe Snyder Corporation's proposed Paloma Blanco 19 Federal Com. Well No. 1 and associated access road in Section 19, T23S, R34E, NMPM, Lea, NM is recommended as staked.

I maintain that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist _____ 2-8-2000
Signature Date

Figure 1. Topographic map of USGS 7.5' Series Tip Top Wells, NM (1984) showing the project area in Section 19, T23S, R34E.



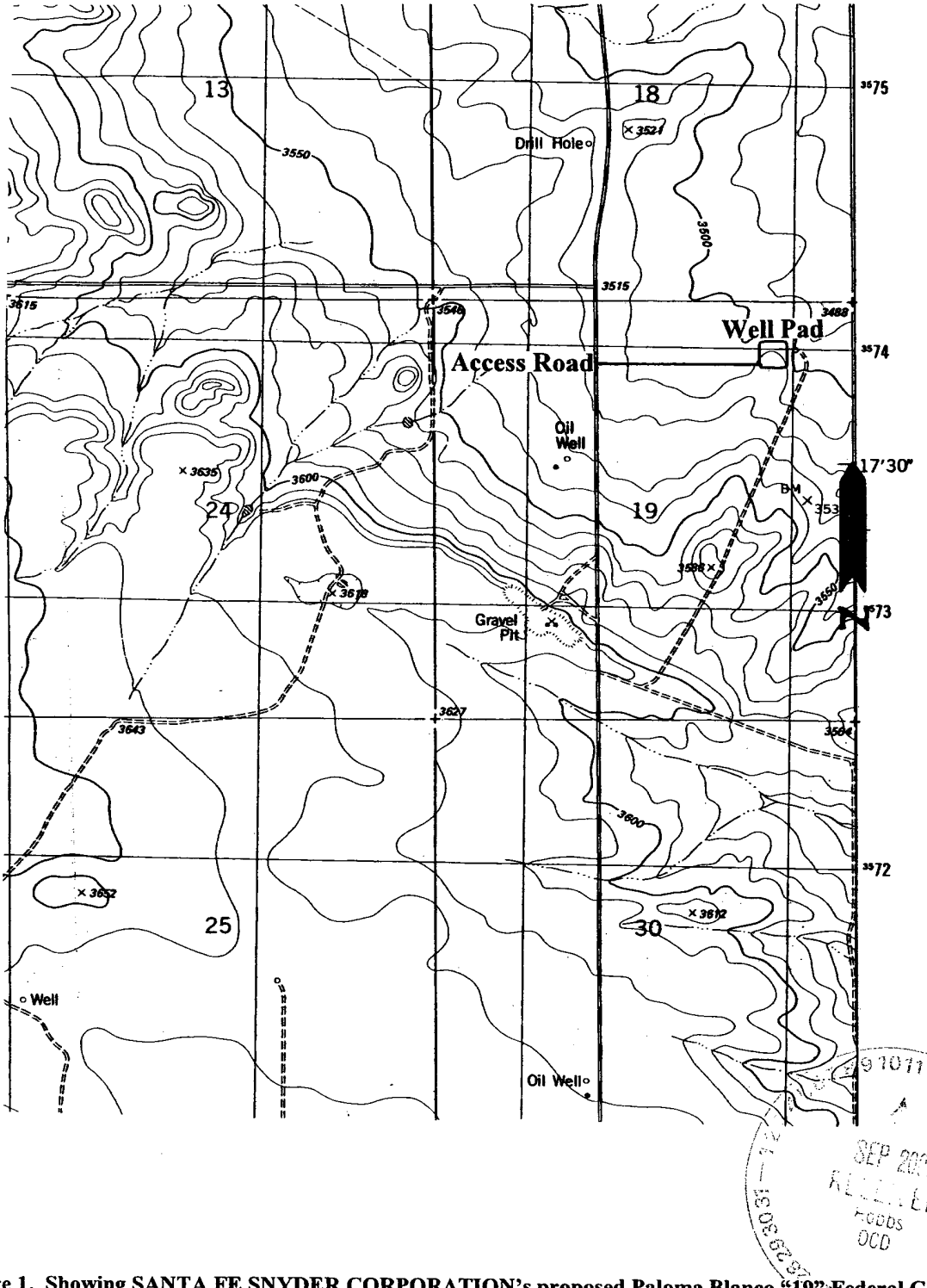


Figure 1. Showing SANTA FE SNYDER CORPORATION's proposed Paloma Blanco "19" Federal Com. Well No. 1 (660' FNL; 935' FEL) and associated access road in Section 19, T23S, R34E, NMPM, Lea County, NM. Map Reference: USGS 7.5' series, Tip Top Wells, NM (1984)