Form 3160-3
(December 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPER. OGRID NO. 6137
PROPERTY NO. 3479
POOL CODE 49780
EFF. DATE 10/21/97
API NO. 30-025-34164

Form approved.

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL ☒

b. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ Other ____ SINGLE ZONE ☐ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
DEVON ENERGY CORPORATION (NEVADA)

3. ADDRESS AND TELEPHONE NO.
20 N. BROADWAY, SUITE 1500, OKC, OK 73102 (405) 235-3611

4. LOCATION OF WELL *(Report location clearly and in accordance with any State requirements)**
At surface 2620' FSL & 2620' FEL, Unit J, Section 35-T19S-R34E, Lea Cnty, NM
At top proposed prod. zone (SAME)

5. LEASE DESIGNATION AND SERIAL NO.
NM-052

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
891007465B

8. FARM OR LEASE NAME, WELL NO.
Mescalero Ridge ~~35~~ Unit #25

9. API WELL NO.
30-025-

10. FIELD AND POOL, OR WILDCAT
Pearl (Queen)

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Section J-35-T19S-R34E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
25 miles west of Hobbs, NM

12. COUNTY OR PARISH **LEA**

13. STATE **NM**

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 2620'

16. NO. OF ACRES IN LEASE 1240

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 761'

19. PROPOSED DEPTH 6000'

20. ROTARY OR CABLE TOOLS* ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
GL 3706'

22. APPROX. DATE WORK WILL START*
November 1, 1997

23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	conductor 14"		40' WITNESS	Cmt w/Redi-mix to surface
12 1/4"	J-55 8 5/8"	24#	1500'	500 sx Lite + 200 sx Class C
7 7/8"	J-55 5 1/2"	15.5#	6000'±	550 sx Lite + 500 sx Class C

We plan to circulate cement to surface on the 14" and 8 5/8" casing strings. The cement top will be brought to approximately 1300' on the 5 1/2" casing string.

Devon Energy proposes to drill to 6000'± to test the Queen and Penrose Sand formations for commercial quantities of oil. If the well is deemed noncommercial, the well bore will be plugged and abandoned per Federal regulations. Programs to adhere to onshore oil and gas regulations are outlined in the following exhibits and attachments.

Drilling Program
Surface Use and Operating Plan
Exhibits #1/1-A = Blowout Prevention Equipment
Exhibit #2 = Location and Elevation Plat
Exhibits #3/3-A = Road Map and Topo Map
Exhibit #4 = Wells Within 1 Mile Radius
Exhibits #5 = Production Facilities Plat
Exhibit #6 = Rotary Rig Layout
Exhibit #7 = Casing Design
H_2S Operating Plan

SUBJECT TO LIKE APPROVAL BY STATE

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portions thereof, as described below
Lease #: NM-052
Legal Description: Section 35-T19S-R34E

Bond Coverage: Nationwide
BLM Bond #: CO-1104

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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Candace R. Graham TITLE Candace R. Graham Engineering Tech. DATE September 12, 1997

*(This space for Federal or State office use)

PERMIT NO. ____ APPROVAL DATE ____

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:

APPROVED BY (ORIG. SGD.) TONY L. FERGUSON TITLE ADM, MINERALS

DATE 10/15/97

See Instructions On Reverse Side

EXHIBIT 2

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, NM 87507-2088

State of New Mexico
Energy, Minerals, and Natural Resources Department

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

Form C-102
Revised 02-10-94

Instructions on back

Submit to the Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-025-34164	49780	Pearl (Queen)

4 Property Code	5 Property Name	6 Well Number
3479	MESCALERO RIDGE ~~'35'~~ UNIT	25

7 OGRID No.	8 Operator Name	9 Elevation
6137	DEVON ENERGY CORPORATION (NEVADA)	3706'

10 SURFACE LOCATION

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
J	35	19 SOUTH	34 EAST, N.M.P.M.		2620'	SOUTH	2620'	EAST	LEA

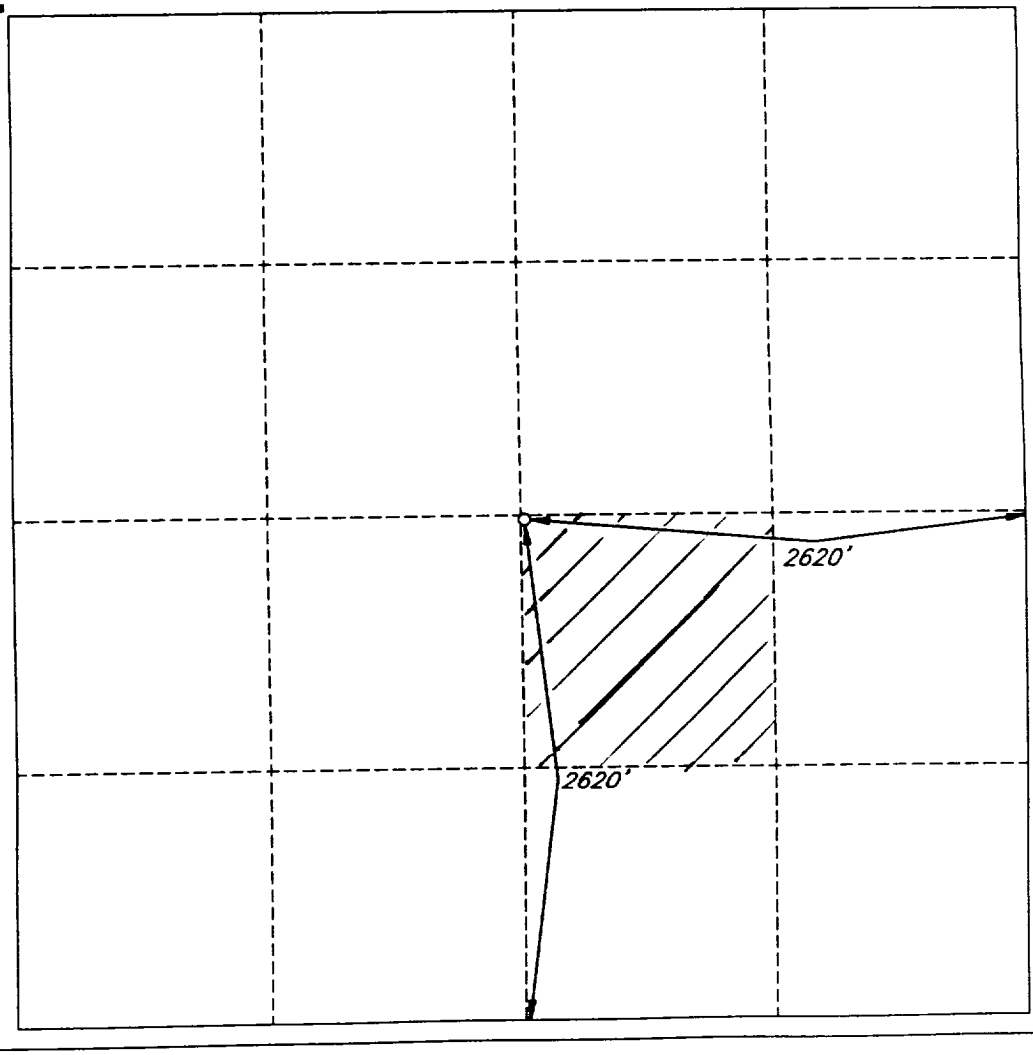
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
40			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: Candace R. Graham
Printed Name: Candace R. Graham
Title: Engineering Tech.
Date: September 4, 1997

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 supervision, and that the same is true and correct to the best of my belief.

Date of Survey: AUGUST 3, 1997
Signature & Seal of Professional Surveyor: ROGER M. ROBBINS NEW MEXICO 12128 REGISTERED PROFESSIONAL SURVEYOR
Certificate No. ROGER M. ROBBINS P.S. #12128

JOB #53393 / 72 SE / V.H.B.

DRILLING PROGRAM

Attached to Form 3160-3
Devon Energy Corporation (Nevada)
Mescalero Ridge 35 Unit #25
2620' FSL & 2620' FEL
Section J-35-T19S-R34E
Lea County, New Mexico

1. Geologic Name of Surface Formation

Quaternary Alluvium

2. Estimated Tops of Important Geologic Markers

Rustler	1771'
Salado	2016'
Yates	3561'
Seven Rivers	3846'
Queen	4553'
Penrose	4918'

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: Random fresh water from surface to approximately 300' and a produced water injection interval at 3300'.

Oil: Queen at 4553' and Penrose at 4918'

Gas: None anticipated.

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 8 5/8" casing at 1500' and circulating cement back to surface. The Queen and Penrose intervals will be isolated by setting 5 1/2" casing to total depth and bring the cement top to approximately 1300'.

4. Casing Program

Hole Size	Interval	Casing OD	Weight	Grade	Type
17 1/2"	0' - 40'	14"		Conductor	0.30" wall
12 1/4"	0' - 1500'	8 5/8"	24#	J-55	ST&C, new R-3
7 7/8"	0' - TD (6000'±)	5 1/2"	15.5#	J-55	ST&C, new R-3

Cementing Program

14" Conductor Casing: Cement with Redi-mix to surface.

8 5/8" Surface Casing: Cement to surface: 500 sx Lite (35% Poz, 65% Class C, 6% gel) with 2% $CaCl_2$ and 1/4 lb/sx Cellophane flakes + 200 sx Class C with 2% $CaCl_2$ and 1/4 lb/sx Cellophane flakes.

5 1/2" Production Casing: Cement to 1300': 550 sx Lite (35% Poz, 65% Class C, 6% gel) with 5 lb/sx salt and 1/4 lb/sx Cellophane flakes + 500 sx Class C with 3% salt, .5% Fluid Loss, 1/4 lb/sx Cellophane flakes.

The cement volumes for the 5 1/2" casing will be revised pending the caliper measurement from the open hole logs.

5. Minimum Specifications for Pressure Control

The blowout preventor equipment (BOP) shown in Exhibit #1 will consist of a (3M system) double ram type (3000 psi WP) preventor and a bag-type (Hydril) preventor (3000 psi WP). Both units will be hydraulically operated and the ram type preventor will be equipped with blind rams on top and 4 1/2" drill pipe rams on bottom. Both BOP's will be installed on the 8 5/8" surface casing and utilized continuously until total depth is reached. As per BLM Drilling Operations Order #2, prior to drilling out the 8 5/8" casing shoe, the BOP's and Hydril will be function tested.

Pipe rams will be operated and checked each 24 hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drillers log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram-type BOP. Other accessory BOP equipment will include a kelly cock, floor safety valve, choke lines and choke manifold having 3000 psi WP rating.

6. Types and Characteristics of the Proposed Mud System

The well will be drilled to total depth brine with starch mud systems. Depths of systems are as follows:

Depth	Type	Weight (ppg)	Viscosity (1/sec)	Water Loss (cc)
0' -1500	Fresh Water	8.8	34-36	No control
1500' - TD	Brine with starch	10.1	28-30	10-20

The necessary mud products for weight addition and fluid loss control will be on location at all times.

7. Auxiliary Well Control and Monitoring Equipment

A. A kelly cock will be in the drill string at all times.

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

8. Logging, Testing and Coring Program

A. No drillstem tests are planned.

B. The open hole electrical logging program will be:

CNL/FDC/LDT/GR from TD to 1500' with GR/CNL to surface
DLL/MSFL/GR from TD to 1500'

C. No coring program is planned.

D. Additional testing will be initiated subsequent to setting the 5-1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drillstem tests.

9. Abnormal Pressures, Temperatures and Potential Hazards

No abnormal pressures or temperatures are foreseen. The anticipated bottom hole temperature at total depth is 130 degrees and maximum bottom hole pressure is 2700 psig. Small quantities of hydrogen sulfide gas are associated with the Yates and Queen formations in this area. A hydrogen sulfide operations plan will be implemented prior to penetrating the Yates formation (see attached "Hydrogen Sulfide Operations Plan"). No major loss circulation intervals have been encountered in adjacent wells.

10. Anticipated Starting Date and Duration of Operations

Barry Hunt of the Carlsbad, New Mexico BLM office has performed the onsite inspection for the proposed pad site of this location. A Cultural Resources Examination has been completed by Desert West Archaeological Services and a copy forwarded to the Carlsbad, New Mexico BLM office.

Road and location preparation will not be undertaken until approval has been received from the BLM. If approved, this well will be drilled as part of a development project. The anticipated spud date for the project is approximately November 1, 1997 The drilling operation should require approximately 15 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.

13. Lessee's and Operator's Representative

The Devon Energy Corporation (Nevada) representatives responsible for ensuring compliance of the surface use plan are:

Walter Frank
District Engineer

DEVON ENERGY CORPORATION
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260

(405) 552-4595 (office)
(405) 364-3504 (home)

Daryl Lowder
Superintendent

DEVON ENERGY CORPORATION
Post Office Box 250
Artesia, NM 88211-0250

(505) 748-3371 (office)
(505) 677-2103 (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 Corporation (Nevada) and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Signed: _____ Date: 9/12/97
Walter M. Frank
District Engineer

MINIMUM BLOWOUT PREVENTER REQU[illegible]ENTS

3,000 psi Working Pressure

3 MWP

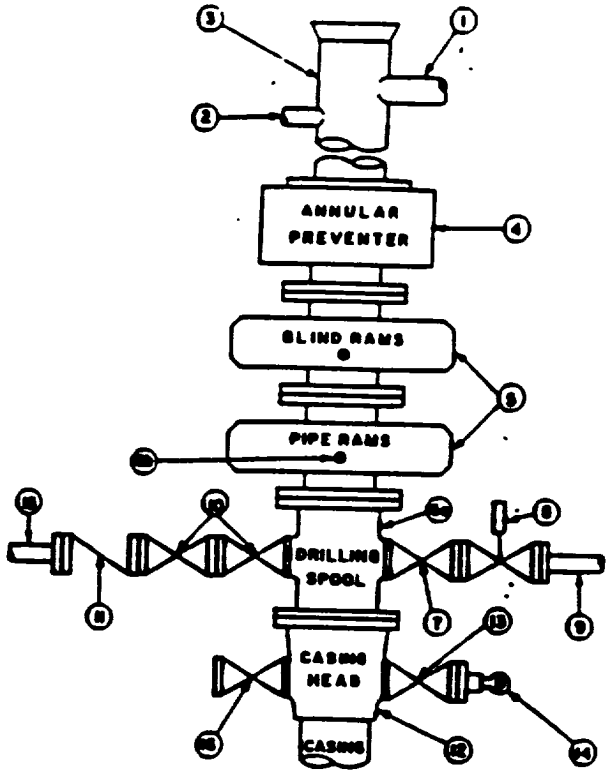
Mescalero Ridge 35 Unit
Lea County, New Mexico
Exhibit #1

STACK REQUIREMENTS

No.	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets —— or ——		
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above.)		
7	Valve Gate ☐ Plug ☐	3-1/8"	
8	Gate valve—power operated	3-1/8"	
9	Line to choke manifold		3"
10	Valves Gate ☐ Plug ☐	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Valve Gate ☐ Plug ☐	1-13/16"	
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL			
16	Flanged valve	1-13/16"	

CONFIGURATION A



CONTRACTOR'S OPTION TO FURNISH:

1. All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 3,000 psi, minimum.
2. Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
3. BOP controls, to be located near drillers position.
4. Kelly equipped with Kelly cock.
5. Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
6. Kelly saver-sub equipped with rubber casing protector at all times.
7. Plug type blowout preventer tester.
8. Extra set pipe rams to fit drill pipe in use on location at all times.
9. Type RX ring gaskets in place of Type R.

MEC TO FURNISH:

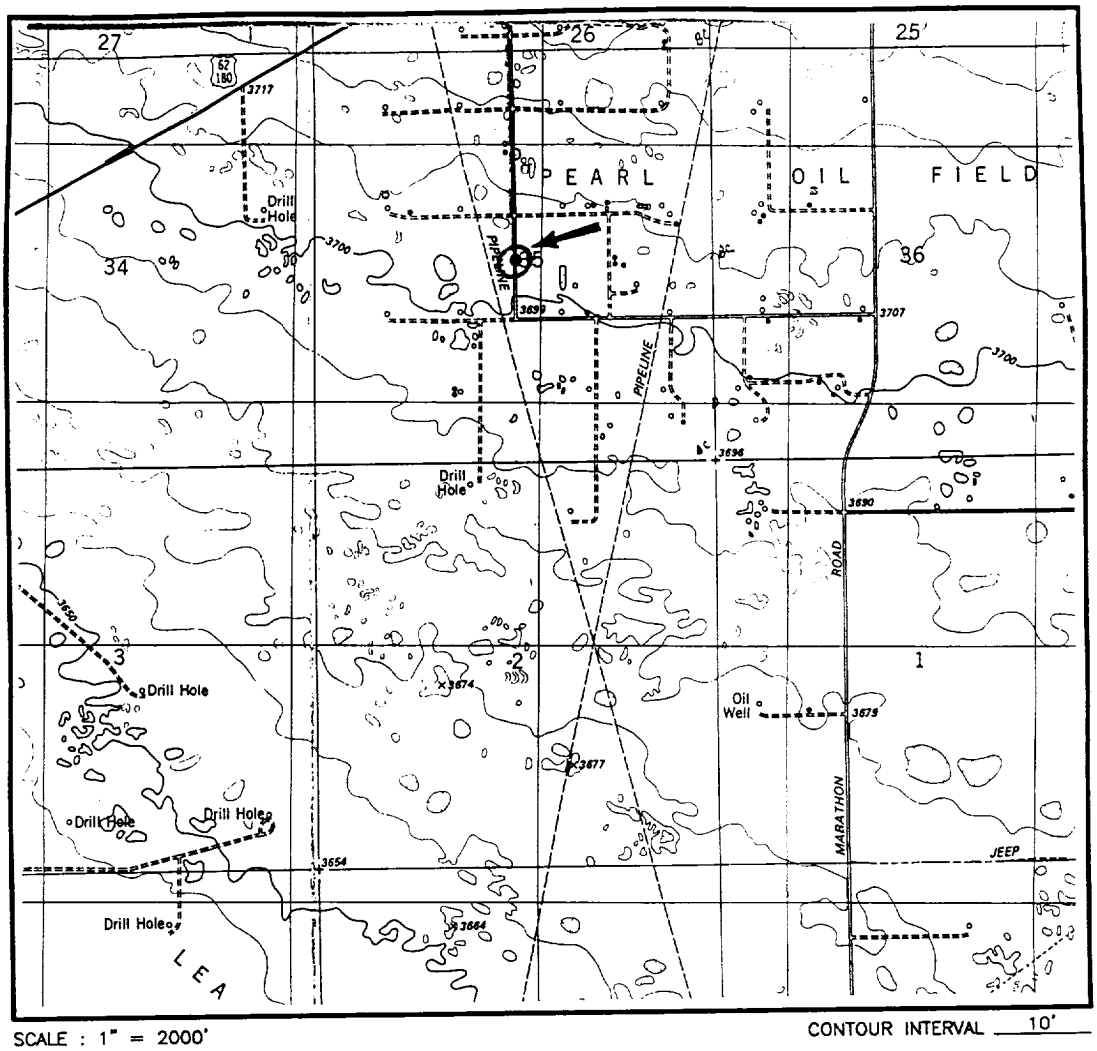
1. Bradenhead or casinghead and side valves.
2. Wear bushing, if required.

GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through choke. Valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, other bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
5. All valves to be equipped with handwheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.
7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. Do not use kill line for routine fill-up operations.

EXHIBIT 2A

LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 10'

SECTION 35 TWP 19-S RGE 34-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY LEA STATE NM

DESCRIPTION 2620' FSL & 2620' FEL

ELEVATION 3706'

OPERATOR DEVON ENERGY CORPORATION

LEASE MESCALERO RIDGE "35" UNIT #25

U.S.G.S. TOPOGRAPHIC MAP

LEA, NEW MEXICO

LAT. N 32°36'59.68"

LONG. W 103°31'49.29"

N

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plat and notify us immediately of any possible discrepancy.

TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

1307 N. HOBART
PAMPA, TX. 79065
(800) 658-6382

6709 N. CLASSEN BLVD.
OKLAHOMA CITY, OK. 73116
(800) 654-3219

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653