District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources Department Oil Conservation Division 1220 South St. Francis Dr.

Form C-144 CLEZ July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

<u>Closed-Loop System Permit or Closure Plan Application</u> (that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Santa Fe, NM 87505

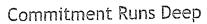
Type of action: Permit Closure Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144. Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances. Operator: _____ Devon Energy Production Co., LP______ OGRID #: _____ 6137____ Address: 20 North Broadway OKC, OK 73102-8260 Facility or well name: ____Cooter 16 State #4H_____ API Number: 30-015-37628 OCD Permit Number: 210059 U/L or Qtr/Qtr N Section 16 Township 25S Range 29E County: Eddy County, NM Longitude NAD: ☐1927 ☐ 1983 Center of Proposed Design: Latitude Surface Owner: Federal State Private Tribal Trust or Indian Allotment ☐ Closed-loop System: Subsection H of 19.15.17.11 NMAC Operation: Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) P&A Above Ground Steel Tanks or Haul-off Bins Signs: Subsection C of 19.15.17.11 NMAC 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers ⊠ Signed in compliance with 19.15.3.103 NMAC Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC Previously Approved Design (attach copy of design) API Number: Previously Approved Operating and Maintenance Plan API Number: Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC) Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required. Disposal Facility Name: ______R9166______ Disposal Facility Permit Number: Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations? Yes (If yes, please provide the information below) \boxtimes No Required for impacted areas which will not be used for future service and operations: Soil Backfill and Cover Design Specifications - - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC **Operator Application Certification:** I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief. Name (Print): Title: Regulatory Analyst ___ Date: __01/27/10_____ Signature:

Judith.Barnett@dvn.com

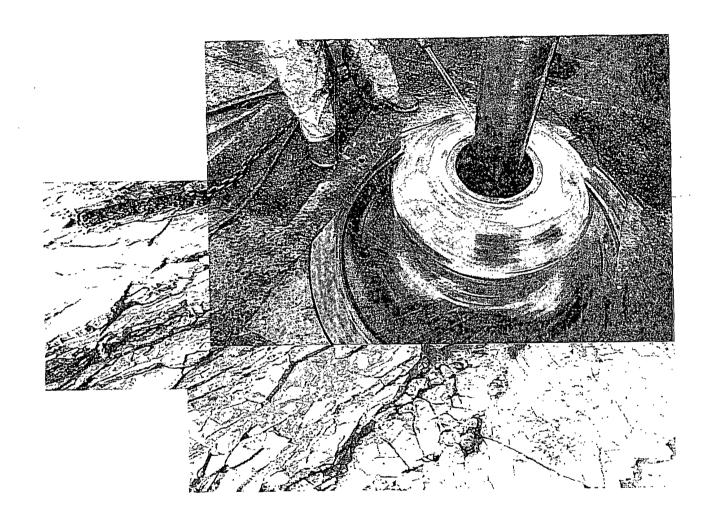
e-mail address:

Telephone: 405.228.8699

OCD Approval: Permit Application (including closure plan) Closure F	Plan (only) Approval Date: 03/08/2010
Title: Dust II Supervisor	OCĎ Pérmit Number: 2/0059
8. Closure Report (required within 60 days of closure completion): Subsection Instructions: Operators are required to obtain an approved closure plan prior The closure report is required to be submitted to the division within 60 days of section of the form until an approved closure plan has been obtained and the complete the submitted to the division within 60 days of section of the form until an approved closure plan has been obtained and the complete the submitted to the division within 60 days of section of the form until an approved closure plan has been obtained and the complete the submitted to the division within 60 days of closure completion):	to implementing any closure activities and submitting the closure report. the completion of the closure activities. Please do not complete this
9. <u>Closure Report Regarding Waste Removal Closure For Closed-loop System</u> <i>Instructions: Please indentify the facility or facilities for where the liquids, dri two facilities were utilized.</i>	
Disposal Facility Name:	Disposal Facility Permit Number:
Disposal Facility Name:	Disposal Facility Permit Number:
Were the closed-loop system operations and associated activities performed on o Yes (If yes, please demonstrate compliance to the items below) No	r in areas that will not be used for future service and operations?
Required for impacted areas which will not be used for future service and operated Site Reclamation (Photo Documentation) Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique	tions·
Operator Closure Certification: I hereby certify that the information and attachments submitted with this closure belief. I also certify that the closure complies with all applicable closure requires	
Name (Print):	Title:
Signature:	Date:
e-mail address:	Telephone:







Design Plan Operation and Maintenance Plan Closure Plan

SENM - Closed Loop Systems June 2008

l. Design Plan

Devon uses MI SWACO closed loop system (CLS). The MI SWACO CLS is designed to maintain drill solids at or below 5%. The equipment is arranged to progressively remove solids from the largest to the smallest size. Drilling fluids can thus be reused and savings is realized on mud and disposal costs. Dewatering may be required with the centrifuges to insure removal of ultra fine solids.

The drilling location is constructed to allow storm water to flow to a central sump normally the cellar. This insures no contamination leaves the drilling pad in the event of a spill. Storm water is reused in the mud system or stored in a reserve fluid tank farm until it can be reused. All lubricants, oils, or chemicals are removed immediately from the ground to prevent the contamination of storm water. An oil trap is normally installed on the sump if an oil spill occurs during a storm.

A tank farm is utilized to store drilling fluids including fresh water and brine fluids. The tank farm is constructed on a 20 ml plastic lined, bermed pad to prevent the contamination of the drilling site during a spill. Fluids from other sites may be stored in these tanks for processing by the solids control equipment and reused in the mud system. At the end of the well the fluids are transported from the tank farm to an adjoining well or to the next well for the rig.

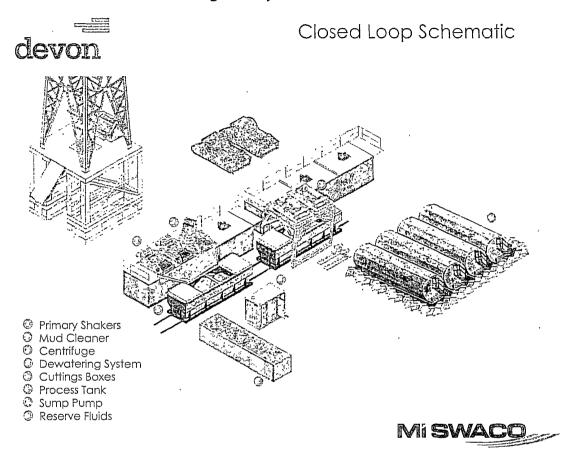
Prior to installing a closed-loop system on site, the topsoil, if present, will be stripped and stockpiled for use as the final cover or fill at the time of closure.

Signs will be posted on the fence surrounding the closed-loop system unless the closed-loop system is located on a site where there is an existing well, that is operated by Devon.

II. Operations and Maintenance Plan

Primary Shakers: The primary shakers make the first removal of drill solids from the drilling mud as it leaves the well bore. The shakers are sized to handle maximum drilling rate at optimal screen size. The shakers normally remove solids down to 74 microns.

Mud Cleaner: The Mud Cleaner cleans the fluid after it leaves the shakers. A set of hydrocyclones are sized to handle 1.25 to 1.5 times the maximum circulating rate. This ensures all the fluid is being processed to an average cut point of 25 microns. The wet discharged is dewatered on a shaker equipped with ultra fine mesh screens and generally cut at 40 microns.



Centrifuges: The centrifuges can be one or two in number depending on the well geometry or depth of well. The centrifuges are sized to maintain low gravity solids at 5% or below. They may or may not need a dewatering system to enhance the removal rates. The centrifuges can make a cut point of 8-10 microns depending on bowl speed, feed rate, solids loading and other factors.

The centrifuge system is designed to work on the active system and be flexible to process incoming fluids from other locations. This set-up is also dependant on well factors.

Dewatering System: The dewatering system is a chemical mixing and dosing system designed to enhance the solids removal of the centrifuge. Not commonly used in shallow wells. It may contain pH adjustment, coagulant mixing and dosing, and polymer mixing and dosing. Chemical flocculation binds ultra fine solids into a mass that is within the centrifuge operating design. The

dewatering system improves the centrifuge cut point to infinity or allows for the return of clear water or brine fluid. This ability allows for the ultimate control of low gravity solids.

Cuttings Boxes: Cuttings boxes are utilized to capture drill solids that are discarded from the solids control equipment. These boxes are set upon a rail system that allows for the removal and replacement of a full box of cuttings with an empty one. They are equipped with a cover that insures no product is spilled into the environment during the transportation phase.

Process Tank: (Optional) The process tank allows for the holding and process of fluids that are being transferred into the mud system. Additionally, during times of lost circulation the process tank may hold active fluids that are removed for additional treatment. It can further be used as a mixing tank during well control conditions.

Sump and Sump Pump: The sump is used to collect storm water and the pump is used to transfer this fluid to the active system or to the tank for to hold in reserve. It can also be used to collect fluids that may escape during spills. The location contains drainage ditches that allow the location fluids to drain to the sump.

Reserve Fluids (Tank Farm): A series of frac tanks are used to replace the reserve pit. These are steel tanks that are equipped with a manifold system and a transfer pump. These tanks can contain any number of fluids used during the drilling process. These can include fresh water, cut brine, and saturated salt fluid. The fluid can be from the active well or reclaimed fluid from other locations. A 20 ml liner and berm system is employed to ensure the fluids do not migrate to the environment during a spill.

If a leak develops, the appropriate division district office will be notified within 48 hours of the discovery and the leak will be addressed. Spill prevention is accomplished by maintaining pump packing, hoses, and pipe fittings to insure no leaks are occurring. During an upset condition the source of the spill is isolated and repaired as soon as it is discovered. Free liquid is removed by a diaphragm pump and returned to the mud system. Loose topsoil may be used to stabilize the spill and the contaminated soil is excavated and placed in the cuttings boxes. After the well is finished and the rig has moved, the entire location is scrapped and testing will be performed to determine if a release has occurred.

All trash is kept in a wire mesh enclosure and removed to an approved landfill when full. All spent motor oils are kept in separate containers and they are removed and sent to an approved recycling center. Any spilled lubricants, pipe

dope, or regulated chemicals are removed from soil and sent to landfills approved for these products.

These operations are monitored by Mi Swaco service technicians. Daily logs are maintained to ensure optimal equipment operation and maintenance. Screen and chemical use is logged to maintain inventory control. Fluid properties are monitored and recorded and drilling mud volumes are accounted for in the mud storage farm. This data is kept for end of well review to insure performance goals are met. Lessons learned are logged and used to help with continuous improvement.

A MI SWACO field supervisor manages from 3-5 wells. They are responsible for training personnel, supervising installations, and inspecting sites for compliance of MI SWACO safety and operational policy.

III. Closure Plan

A maximum 170' X 170' caliche pad is built per well. All of the trucks and steel tanks fit on this pad. All fluid cuttings go to the steel tanks to be hauled by various trucking companies to an agency approved disposal.



Drilling Services

Proposal



COOTER 16 STATE #4H

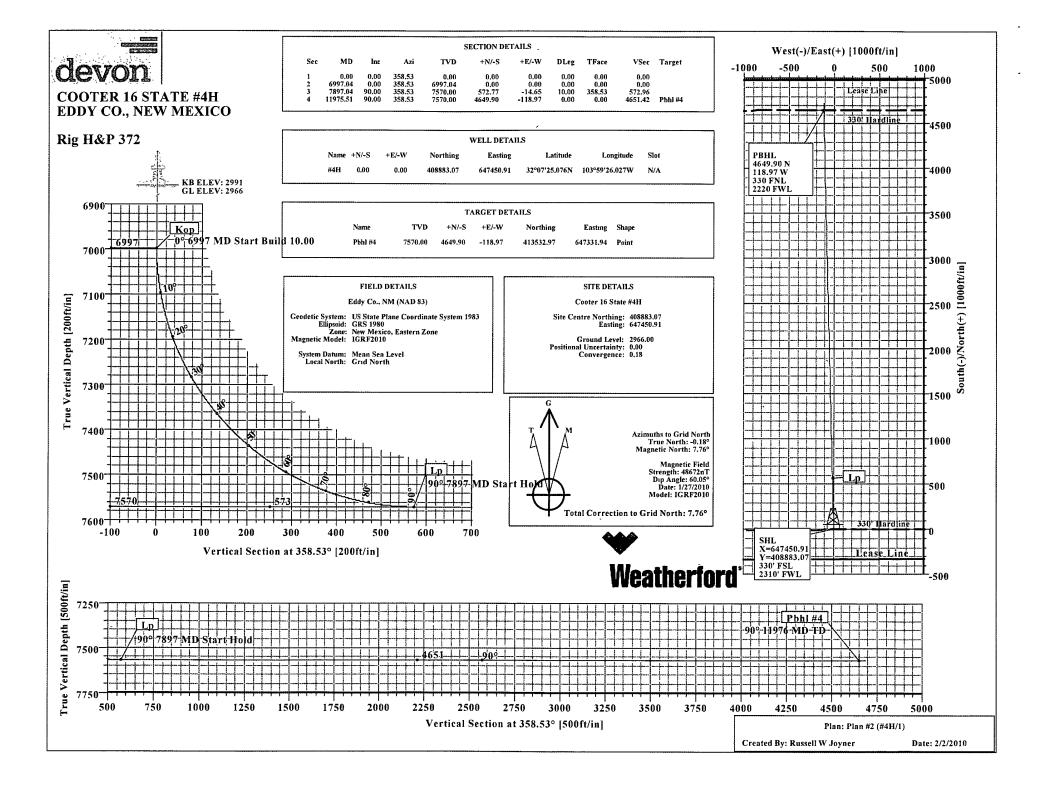
EDDY COUNTY, NM

WELL FILE: PLAN 2

FEBRUARY 2, 2010

Weatherford International, Ltd.

P.O. Box 61028 Midland, TX 79711 USA +1.432 561.8892 Main +1.432.561.8895 Fax www.weatherford.com





Weatherford International Ltd.

WFT Plan Report - Geographic



#4H

Company: Devon Energy Field: Eddy Co.; NM (NAD 83) Site: Cooter 16 State #4H

Date: 2/2/2010

Co-ordinate(NE) Reference: Vertical (TVD) Reference: Section (VS) Reference: Survey Calculation Method:

SITE 2991.0 Well (0.00N,0.00E,358.53Azi)

Well: #4H, Grid North

Time: 09:39:39

Minimum Curvature

Db: Sybase

Page:

Wellpath: Survey:

Well:

Company: Tool:

Start Date:

Engineer:

Tied-to:

Field:

Eddy Co., NM (NAD 83)

Map System: US State Plane Coordinate System 1983

Geo Datum: GRS 1980 Sys Datum: Mean Sea Level

#4H

Map Zone:

New Mexico, Eastern Zone Well Centre

Coordinate System: Geomagnetic Model:

IGRF2010

Site:

Well:

Cooter 16 State #4H

+N/-S

+E/-W

Site Position: Мар From: Position Uncertainty: Northing: Easting:

Northing:

Easting:

408883.07 ft 647450.91 ft

Latitude: Longitude:

32 7 25.076 N 103 26.027 W

North Reference: **Grid Convergence:** Grid 0.18 deg

Ground Level:

Well Position:

Wellpath: 1

Current Datum:

Magnetic Data:

Field Strength:

Vertical Section:

0.00 ft 2966.00 ft

Slot Name:

1/27/2010

Depth From (TVD)

0.00

408883.07 ft 647450.91 ft

Latitude: Longitude:

32 25.076 N 103 59 26.027 W

Position Uncertainty:

0.00 ft 0.00 ft 0.00 ft

48672 nT

Drilled From: Tie-on Depth:

Surface 0.00 ft Above System Datum: Mean Sea Level

Declination: Mag Dip Angle:

7.94 deg 60.05 deg Direction

+E/-W ft

deg

0.00

+N/-S

ft

Height 2991.00 ft

0.00

358.53

Plan Section Information

MD ∜ ft	Incl	Azim deg	TVD	+N/-S ft	+E/-W ft	DLS deg/100f	Build t deg/100f	Turn deg/100ft	TFO deg	Target	e and a	
0.00	0.00	358.53	0.00	0.00	0.00	0 00	0.00	0.00	0.00			
6997.04 7897.04	0.00 90.00	358.53 358.53	6997.04 7570.00	0.00 572 77	0.00 -14.65	0.00 10.00	0.00 10.00	0.00 0.00	0.00 358.53			
11975.51	90.00	358.53	7570.00	4649.90	-14.03	0.00	0.00	0.00	0.00	Pbhl #4		

Survey

MD ft	Incl deg	Azim deg	TVD .	N/S ft	E/W ft	VS ft	DLS deg/100ft	* MapN ft	MapE ft	Commen
6900.00	0.00	358.53	6900.00	0.00	0.00	0.00	0.00	408883.07	647450.91	
6997.04	0.00	358.53	6997.04	0.00	0.00	0.00	0.00	408883.07	647450.91	Kop
7000.00	0.30	358.53	7000.00	0.01	0.00	0.01	10.00	408883.07	647450.91	•
7100.00	10.30	358.53	7099.45	9.22	-0 24	9.23	10.00	408892.29	647450.67	
7200.00	20.30	358.53	7195.78	35.56	-0.91	35.57	10 00	408918.63	647450.00	
7300.00	30.30	358.53	7286.08	78.22	-2.00	78.25	10.00	408961.29	647448.91	
7400.00	40.30	358 53	7367.59	135.91	-3.48	135.95	10.00	409018.98	647447.43	
7500.00	50.30	358.53	7437.85	206.87	-5.29	206.94	10.00	409089.94	647445.62	
7600.00	60.30	358.53	7494.71	288.95	-7.39	289.04	10.00	409172 02	647443.52	
7700.00	70.30	358.53	7536.45	379.65	-9.71	379.78	10.00	409262.72	647441.20	
7800 00	80.30	358.53	7561.80	476.22	-12.18	476.38	10.00	409359.29	647438.73	
7897.04	90.00	358.53	7570.00	572 77	-14.65	572.96	10.00	409455.84	647436.26	Lp
7900.00	90 00	358.53	7570 00	575.73	-14.73	575.92	0.00	409458.79	647436.18	_r
8000.00	90.00	358.53	7570.00	675.69	-17.29	675.92	0.00	409558 76	647433.62	
8100.00	90.00	358.53	7570.00	775.66	-19.85	775.92	0.00	409658.73	647431.06	
8200.00	90 00	358.53	7570.00	875.63	-22.40	875.92	0.00	409758.70	647428.51	



Weatherford International Ltd. WFT Plan Report - Geographic



Site: Well:

Company: Devon Energy
Field: Eddy Co., NM (NAD 83)
Site: Cooter 16 State #4H

#4H Wellpath: 1

Date: 2/2/2010

Co-ordinate(NE) Reference:

Well: #4H, Grid North SITE 2991.0

Time: 09.39:39

Vertical (TVD) Reference: Section (VS) Reference: Survey Calculation Method:

Well (0.00N,0.00E,358.53Azi) Minimum Curvature Dt

Db: Sybase

S	u	rv	ev

ırvey			as Mh							
MD	Incl	Azim	TVD"	13/13	E/W	VS	DLS	MapN	MapE	Commen
ft	deg	deg	ft	ft	ft `	ft ,	deg/100ft	ft	ft .	
8300.00	90.00	358.53	7570.00	975.60	-24.96	975.92	0.00	409858.66	647425.95	
8400.00	90.00	358 53	7570.00	1075.56	-27.52	1075.92	0.00	409958.63	647423.39	
8500.00	90.00	358.53	7570.00	1175.53	-30.08	1175.92	0.00	410058.60	647420.83	
8600.00	90.00	358.53	7570.00	1275.50	-32.63	1275.92	0.00	410158.57	647418.28	
8700.00	90.00	358.53	7570.00	1375.47	-35.19	1375.92	0.00	410258.53	647415.72	
8800.00	90.00	358.53	7570.00	1475.43	-37.75	1475.92	0.00	410358.50	647413.16	
8900.00	90.00	358.53	7570.00	1575.40	-40.31	1575.92	0.00	410458.47	647410.60	
9000.00	90.00	358.53	7570.00	1675.37	-42.86	1675.92	0.00	410558.43	647408.05	
9100.00	90.00	358.53	7570.00	1775.33	-45.42	1775.92	0.00	410658.40	647405.49	
9200.00	90.00	358.53	7570.00	1875.30	-47.98	1875.92	0.00	410758.37	647402.93	
9300.00	90.00	358.53	7570.00	1975.27	-50.54	1975.92	0.00	410858.34	647400.37	
9400.00	90.00	358.53	7570.00	2075.24	-53.10	2075.92	0.00	410958.30	647397.81	
9500.00	90.00	358.53	7570.00	2175.20	-55.65	2175.92	0.00	411058.27	647395.26	
9600.00	90.00	358.53	7570.00	2275.17	-58.21	2275.92	0.00	411158.24	647392.70	
9700.00	90.00	358.53	7570.00	2375.14	-60.77	2375.92	0.00	411258.21	647390.14	
9800.00	90.00	358.53	7570.00	2475.11	-63.33	2475.92	0.00	411358.17	647387.58	
9900.00	90.00	358.53	7570.00	2575.07	-65.88	2575.92	0.00	411458.14	647385.03	
10000.00	90.00	358.53	7570.00	2675.04	-68.44	2675.92	0.00	411558.11	647382.47	
10100 00	90.00	358.53	7570.00	2775.01	-71.00	2775.92	0.00	411658.07	647379.91	
10200.00	90.00	358.53	7570.00	2874.97	-73.56	2875.92	0.00	411758.04	647377.35	
10300.00	90.00	358.53	7570.00	2974.94	-76.11	2975.92	0.00	411858.01	647374.80	
10400.00	90.00	358.53	7570.00	3074.91	-78.67	3075.92	0.00	411957.98	647372.24	
10500.00	90.00	358.53	7570.00	3174.88	-81.23	3175 92	0 00	412057.94	647369.68	
10600.00	90 00	358.53	7570.00	3274.84	-83.79	3275.92	0.00	412157.91	647367.12	
10700.00	90.00	358 53	7570.00	3374.81	-86.35	3375.92	0.00	412257.88	647364.56	
10800.00	90.00	358.53	7570.00	3474.78	-88.90	3475.92	0.00	412357.85	647362.01	
10900.00	90.00	358.53	7570.00	3574.75	-91.46	3575.92	0.00	412457.81	647359.45	
11000.00	90.00	358.53	7570.00	3674.71	-94.02	3675.92	0.00	412557.78	647356.89	
11100.00	90.00	358.53	7570.00	3774.68	-96.58	3775.92	0.00	412657.75	647354.33	
,	90.00	330.53	7570.00	3114.00	-90.00	3113.52	0.00	412037.73	047334.33	
11200.00	90.00	358.53	7570.00	3874.65	-99.13	3875.92	0.00	412757.71	647351.78	
11300.00	90.00	358.53	7570.00	3974.61	-101.69	3975.92	0.00	412857.68	647349.22	
11400.00	90 00	358.53	7570.00	4074.58	-104.25	4075.92	0.00	412957.65	647346.66	
11500.00	90.00	358.53	7570.00	4174.55	-106.81	4175.92	0.00	413057.62	647344.10	
11600.00	90.00	358.53	7570.00	4274.52	-109.36	4275.92	0.00	413157.58	647341.55	
11700.00	90.00	358.53	7570.00	4374.48	-111.92	4375.92	0.00	413257.55	647338.99	
11800.00	90.00	358.53	7570.00	4474.45	-114.48	4475.92	0.00	413357.52	647336.43	
11900.00	90.00	358.53	7570 00	4574.42	-117.04	4575.92	0.00	413457.49	647333.87	
11975 51	90 00	358.53	7570.00	4649.90	-118.97	4651.42	0.00	413532.97	647331.94	Pbhl #4

T	ar	σ	e	t
	aı	×	٠	

Name	Descriptio Dip.	n Dir.	TVD ft	+N/-S - ft	+Ê/-W , ft	Map Northing ft	Map Easting ft ~			ude> Sec	> < Longitude> Deg Min Sec
Pbhl #4			7570.00	4649.90	-118.97	413532.97	647331.94	32	8 11	.096 N	103 59 27.239 W

Casing Points

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1	1	-	7.			3	-		i, i		,	1	4 9	ek,	,	*



Weatherford International Ltd. WFT Plan Report - Geographic



Well:

Company: Devon Energy
Field: Eddy Co., NM (NAD 83)
Site: Cooter 16 State #4H

Date: 2/2/2010 Co-ordinate(NE) Reference: Vertical (TVD) Reference: Section (VS) Reference:

Time: 09:39:39 Page: 3
e: Well: #4H, Grid North
SITE 2991.0
Well (0.00N,0.00E,358.53Azi)
d: Minimum Curvature Db: Sybase

#4H 1 Wellpath:

Survey Calculation Method:

Annotation

	•MD	TVD		The state of the s		/ 400 miles	ino Linia.		
П	6997.04	6997.04	Kop						
П	7897.04	7570.00	Lp						
П	11975.50	7570.00	Pbhl #4						

Formations

MD TVD Formations Lithology Dip Angle Dip Direct
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Weatherford Drilling Services

GeoDec v5.03

Report Date:	February 02, 2010									
Job Number: Customer: Devon Energy .										
Well Name:	Cooter 16 State #4	·								
API Number:										
Rig Name:										
Location:	Eddy Co, NM									
Block:										
Engineer: R Joyner										
US State Plane 1983		Geodetic Latitude / Long	itude							
System: New Mexico	Eastern Zone	System: Latitude / Longit	rude							
Projection: Transvers	se Mercator/Gauss Kruger	Projection: Geodetic Lati	tude and Longitude							
Datum: North Americ	an Datum 1983	Datum: North American I	Datum 1983							
Ellipsoid: GRS 1980 Ellipsoid: GRS 1980										
North/South 408883.070 USFT Latitude 32.1236346 DEG										
East/West 647450.9	10 USFT	Longitude -103.9905590	DEG							
Grid Convergence: .	18°									
Total Correction: +7.	76°									
Geodetic Location W	GS84 Elevation	n = 0.0 Meters								
Latitude = 32	.12363° N 32°	7 min 25.085 sec								
Longitude = 103	.99056° W 103° 5	59 min 26.012 sec								
Magnetic Declination	= 7.94°	[True North Offset]								
Local Gravity =	.9988 g	CheckSum =	6638							
Local Field Strength	= 48668 nT	Magnetic Vector X =	24062 nT							
Magnetic Dip =	60.05°	Magnetic Vector Y =	3356 nT							
Magnetic Model =	IGRF-2010g11	Magnetic Vector Z =	42170 nT							
Spud Date =	Jan 27, 2010	Magnetic Vector H =	24295 nT							
Signed:		Date:								