

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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

NM OIL CONSERVATION Form C-141
ARTESIA DISTRICT Revised August 8, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

SEP 08 2014
Submit appropriate District Office in accordance with 19.15.29 NMAC.

RECEIVED

Release Notification and Corrective Action

NAB1425241401

OPERATOR Initial Report Final Report

| | |
|---|-----------------------------------|
| Name of Company Devon Energy | Contact Rudy Zuniga |
| Address PO Box 250 Artesia, NM 88211 | Telephone No. 575-390-5435 |
| Facility Name Shugart 25 Federal Com 1 | Facility Type Gas |

| | | |
|-------------------------------|---------------|-----------------------------|
| Surface Owner: Federal | Mineral Owner | API No. 30-015-31454 |
|-------------------------------|---------------|-----------------------------|

LOCATION OF RELEASE

| | | | | | | | | |
|-------------------------|----------------------|------------------------|---------------------|------------------------------|----------------------------------|------------------------------|-------------------------------|-----------------------|
| Unit Letter K | Section 25 | Township 18S | Range 31E | Feet from the 1980 | North/South Line SOUTH | Feet from the 1980 | East/West Line WEST | County EDDY |
|-------------------------|----------------------|------------------------|---------------------|------------------------------|----------------------------------|------------------------------|-------------------------------|-----------------------|

Latitude: ___ Longitude: ___

NATURE OF RELEASE

| | | |
|--|---|---|
| Type of Release Ball valve to load line left open | Volume of Release: 7 bbls | Volume Recovered: 0 |
| Source of Release: Produced Water | Date and Hour of Occurrence 08/08/14 3:30 AM | Date and Hour of Discovery 08/08/14 3:30 AM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Rudy Zuniga-Foreman/Hubert Perry-Night Foreman/Randy Gladden-Assistant Foreman/Amancio Cruz-EHS/Roy White-Senior Production Foreman/Mike Bratcher-OCD/Jeff Robertson-BLM | |
| By Whom? Freddy Ramirez/Jason Anderson - Night lease operators | Date and Hour: 08/08/14 3:30 AM | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | |

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
On August 8, 2014 at the Shugart 25 Federal #1, a leak occurred on a 3" ball valve on poly transfer line causing an estimated 7 bbls of produced water to be released outside the facility. There was no produced water recovered. Banta was called to repair the poly line.

Describe Area Affected and Cleanup Action Taken.*
The area affected outside the facility was 7 feet wide by 12 feet long. Diversified was contacted to perform the site assessment and soil sampling activities.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

| | | |
|---|---|----------------------------|
| Signature: <i>Shammy Ingram</i> | OIL CONSERVATION DIVISION | |
| Printed Name: Shammy Ingram | Approved by Environmental Specialist: <i>[Signature]</i> | |
| Title: Field Admin Support | Approval Date: <i>9/9/14</i> | Expiration Date: <i>NA</i> |
| E-mail Address: Shammy.Ingram@dvn.com | Conditions of Approval: Remediation per OCD Rule & Guidelines. | |
| Date: August 15, 2014 Phone: 575-748-0174 | Attached <input type="checkbox"/> | |

* Attach Additional Sheets If Necessary

SUBMIT REMEDIATION PROPOSAL NO LATER THAN: 10/19/14

2BP-2474