

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.
NM-97120

6. If Indian, Allottee or Tribe Name
JAN - 6 2010

NMOCD ARTESIA

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Rustler Hills 5 Federal 2

2. Name of Operator
Devon Energy Production Co., LP

9. API Well No.
30-015-36084

3a. Address
20 North Broadway
OKC, OK 73102

3b. Phone No. (include area code)
(405)-552-7802

10. Field and Pool or Exploratory Area
Happy Valley; Delaware

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 5-T23S-R26E
760' FNL & 2310' FWL

11. Country or Parish, State
Eddy County, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Off-Lease
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Storage & Sales
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	of Oil Hydrocarbons

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Devon Energy respectfully requests permission for off-lease storage and sales of oil hydrocarbons for the Rustler Hills 5 Fed 2. Oil, water and gas volumes from the Rustler Hills 5 Fed 2 will be measured by production equipment installed at the proposed production facility near the Algerita 32 State 1, located on State Lease LG-8291 in the SWSW of section 32 T22S R26E, Eddy County, New Mexico. The Rustler Hills 5 Fed 2 will have a dedicated heater-treater and oil storage tank (see facility diagram). Water will be the only liquid commingled and stored on location.

* Gas hydrocarbons from the Rustler Hills 5 Fed 2 will be flared along with the gas from the Algerita 32 State 1. Application for Exception to No-Flare Rule 306 has been approved by the NMOCD 11/06/2009 for 360 days (see documentation). The gas is flared because there is no sour gas gathering system and it is cost prohibitive to sweeten.

L For Algerita 32 State #1 only

* DENIED TO FLARE GAS ON THE
RUSTLER HILLS 5 FED. #2

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Stephanie A. Ysasaga

Title Sr. Staff Engineering Technician

Signature

Date 12/09/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ JD Whitlock Jr

Title

LDET

Date

1/4/10

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

CFO

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

(Instructions on page 2)

W2

Devon Energy Corp.
Rustler Hills 5 Fed 2
S5 T23S T26E
Algerita 32 State #1
S32 T22S R26E
Eddy County, NM

Production System: Closed


1) Oil sales by tank gauge to tank truck.

2) Seal requirements:

A. Production Phase: On all Tanks.


(1) All valves 5 sealed closed.

Sales Phase: On Tank being hauled.


(1) Valve 1 sealed closed. 

(2) Valve 3 sealed closed. 

(3) Valve 4 sealed closed. 

(4) Valve 5 sealed closed. 


(5) Misc. Valves: Plugged or otherwise unaccessible. 

NOTE: Valve 2 is either a test or roll line if there is a valve 2 it will be sealed closed. 

Legend for Site Diagram

Valve #1: Production Line 

Valve #2: Test or Roll line 

Valve #3: Circ./Drain Line 

Valve #4: Equalizer Line 

Valve #5: Sales Line 

Valve #6: BS&W Load Line 

Buried Lines: -----

Firewall: 

Wellhead: 

Stak-pak: 

Production line: _____

Water line: -----

Gas Meter   

Liquid Meter 

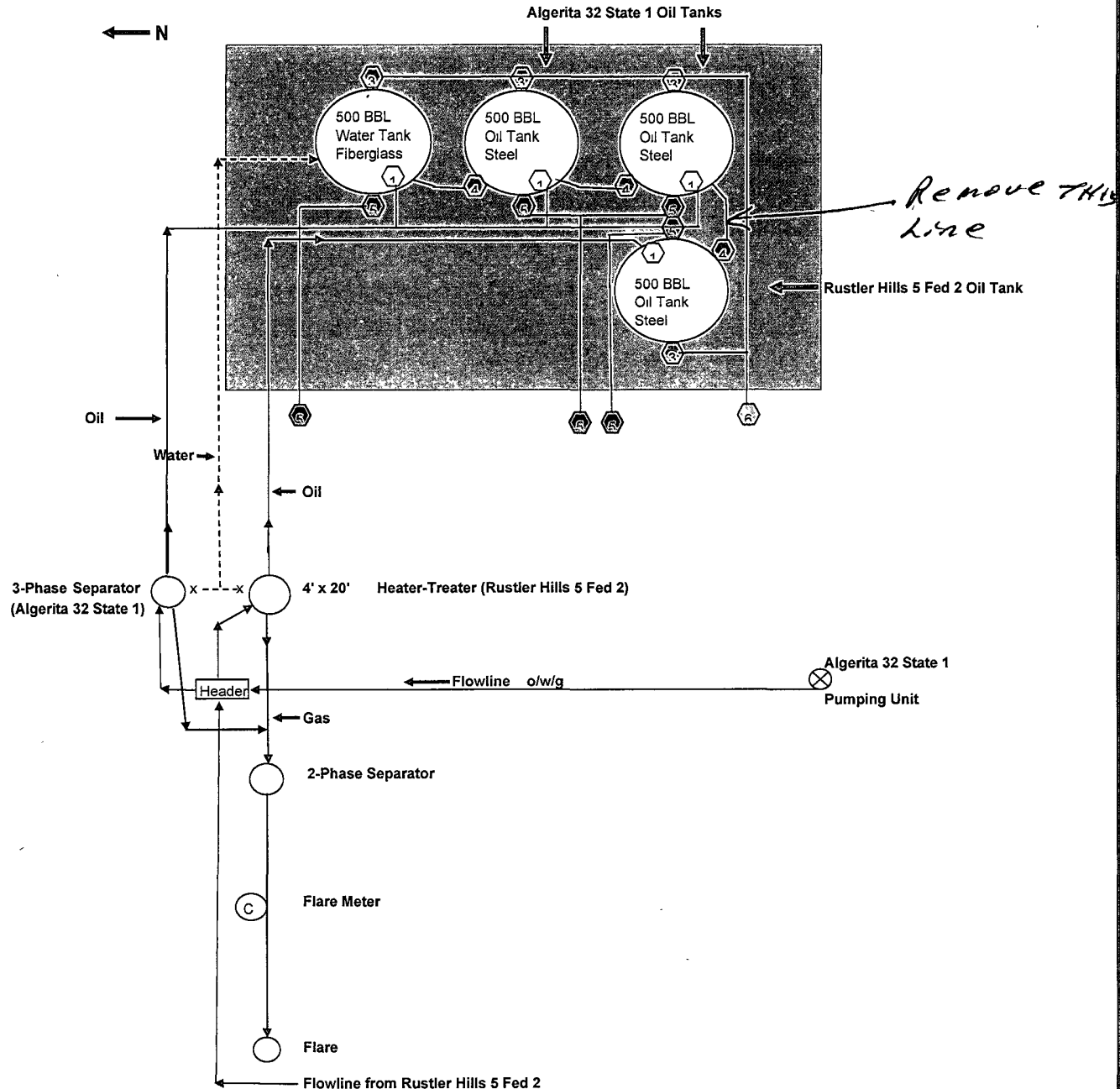
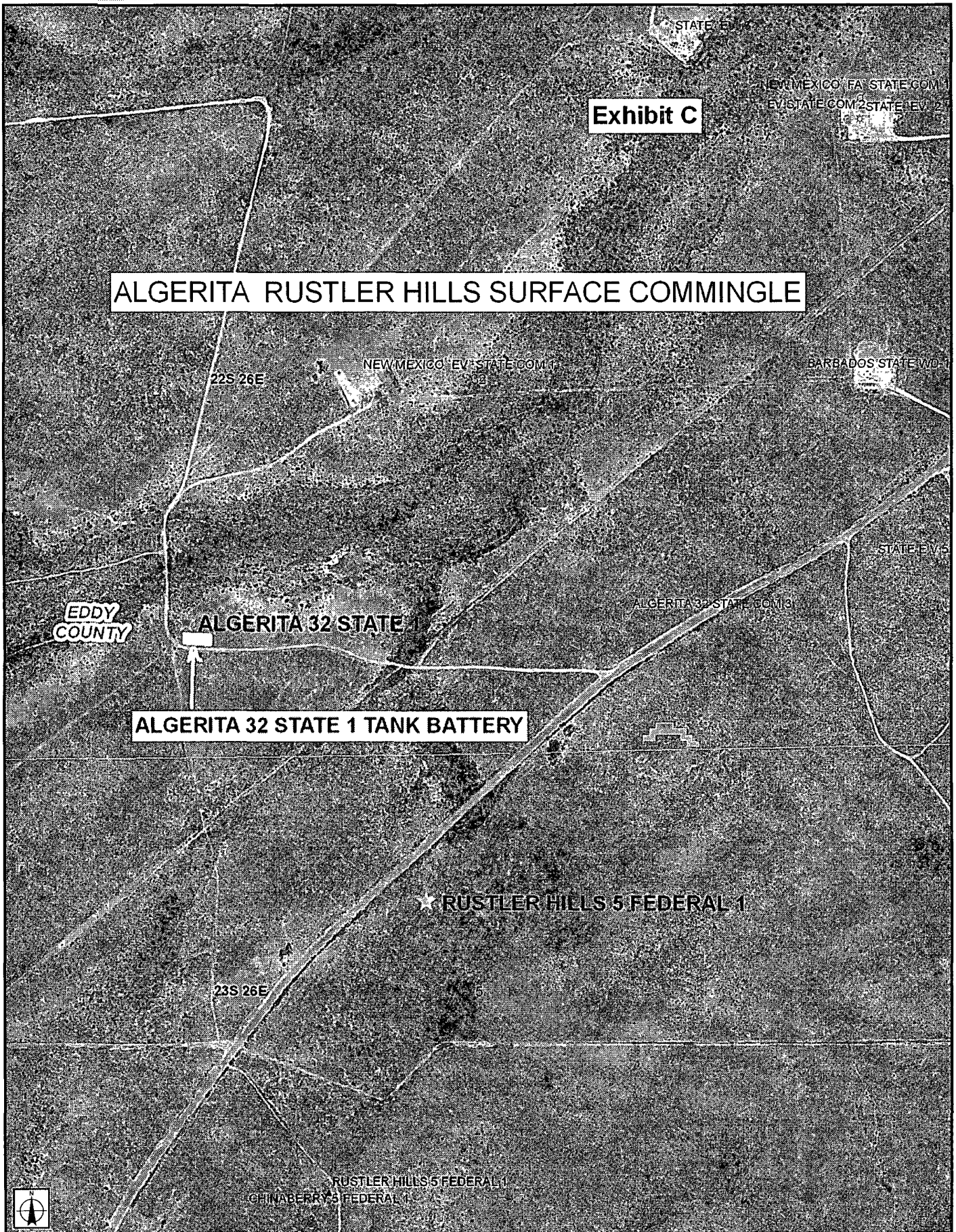




Exhibit C

ALGERITA RUSTLER HILLS SURFACE COMMINGLE



* Gas-Oil ratio test may be required to verify estimated gas volume.



BILL RICHARDSON
Governor

DIANE DENISH
Lieutenant Governor

New Mexico ENVIRONMENT DEPARTMENT

Air Quality Bureau

1301 Siler Road, Building B
Santa Fe, NM 87507-3113

Phone (505) 476-4300

Fax (505) 476-4375

www.nmenv.state.nm.us



RON CURRY
Secretary

JON GOLDSTEIN
Deputy Secretary

September 24, 2009

CERTIFIED MAIL NO. 7008 0500 0001 1244 4644
RETURN RECEIPT REQUESTED

Ronald Truelove
Environmental Manager
Devon Energy Production Company LP
20 N Broadway
Suite 1500
Oklahoma City, OK 731028260

Notice of Intent No. 4082
IDEA ID No. 28750 - PRN20090001
Devon Energy - Algerita 32 NO. 1
AIRS No. 350158145

Dear Mr. Truelove:

This letter acknowledges the receipt of your Notice of Intent (NOI) application dated August 25, 2009 to construct and operate the Devon Energy - Algerita 32 NO.1 in Township 22S, Range 26E, Section 23 in Eddy County, New Mexico. The Department received the application on August 28, 2009.

This facility shall consist of

TEMPO SI No. Unit No.	Unit Type	Manufacturer	Model No.	Serial No.	Operating Capacity Max/Site	Subject Item Status	Subject Item Description
Unit 2 EQPT1	Tank - Above Ground	not applicable	not applicable		500 bbl / 500 bbl	Active	500 bbl Crude Oil Tank
Unit 3 EQPT2	Tank - Above Ground	not applicable	not applicable		500 bbl / 500 bbl	Active	500 bbl Crude Oil Tank
Unit 4 EQPT4	Heater				.5 MM BTU/h / .5 MM BTU/h	Active	.5 MM BTU/h / .5 MM BTU/h
Unit 5 EQPT5	Loading/Unlo ading Rack				/	Active	/
Unit 6 RPNT1	Fugitives				/	Active	/

Unit 7 EQPT6	Process Flare	not applicable	not applicable		4.35 MM BTU/h / 4.35 MM BTU/h	Active	4.35 MM BTU/h / 4.35 MM BTU/h
Unit 8 EQPT7	Tank - Above Ground	not applicable	not applicable		500 bbl / 500 bbl	Active	500 bbl Produced Water Tank
Unit 9 EQPT3	Tank - Above Ground	not applicable	not applicable		500 bbl / 500 bbl	Active	500 bbl Crude Oil Tank

Based on the information provided in the submitted application, the Department has determined that the potential uncontrolled emission rate of any regulated air pollutant from this facility for which there is a National or New Mexico Ambient Air Quality Standard is less than ten (10) pounds per hour and twenty-five (25) tons per year. Therefore, in accordance with Title 20, Chapter 2, Part 72 of the New Mexico Administrative Code, (20.2.72 NMAC), an air quality permit is not required and construction may commence. Because the potential emission rate is greater than ten (10) tons per year, this facility is subject to 20.2.73 NMAC. The submitted application will serve as the Notice of Intent in accordance with 20.2.73.200.A. NMAC.

In addition to 20.2.73 NMAC, this facility may be subject to additional state and federal regulations *such as* those found in Table 1. It is the Permittee's responsibility to determine applicability and to comply with all applicable regulations.

Table 1: Other Regulations

Citation	Title
20.2.38 NMAC	Hydrocarbon Storage Facilities
20.2.61 NMAC	Smoke and Visible Emissions
40 CFR 60 Subpart Ka	Standards of Performance for Storage Vessels for Petroleum Liquids for Which Construction, Reconstruction, or Modification Commenced After May 18, 1978, and Prior to July 23, 1984
40 CFR 60 Subpart Kb	Standards of Performance for Volatile Organic Liquid Storage Vessels (Including Petroleum Liquid Storage Vessels) For Which Construction, Reconstruction, or Modification Commenced After July 23, 1984
40 CFR 60, Subpart IIII	Standards of Performance for Stationary Compression Ignition Internal Combustion Engines
40 CFR 60, Subpart JJJJ	Standards of Performance for Stationary Spark Ignition Internal Combustion Engines
40 CFR 63 Subpart ZZZZ	National Emissions Standards for Hazardous Air Pollutants (NESHAP) for Stationary Reciprocating Internal Combustion Engines
40 CFR 63 Subpart HH	National Emission Standards for Hazardous Air Pollutants From Oil and Natural Gas Production Facilities

Before any asbestos demolition or renovation work, the Permittee shall determine whether 40 CFR 61, Subpart M, National Emission Standard for Asbestos applies.

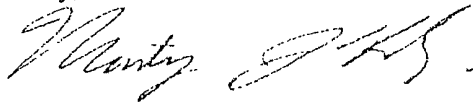
Any changes in the method of operation or addition of more units at the site may constitute a modification, which requires the Department's prior approval for construction and/or operation.

In the event of any change in ownership or operator of this facility, the new owner or operator shall notify the Department in writing within thirty (30) days of that change.

Any new owner or operator shall notify the Department, within thirty (30) days of assuming ownership, of the new owner's or operator's name and address.

If you have any questions, please call me in Santa Fe at 505-476-5565.

Sincerely,



Martyne Kieling
New Source Review Unit/Title V
Air Quality Bureau

Enclosure: Industry/Consultant Feedback Questionnaire with envelope
Zero Balance Invoice

xc via e-mail: Ronald D. Truelove, Devon Energy Production Co. L.P.
Rita Zebian, BENHAM Companies, LLC

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Off-Lease Measurement and Storage

Conditions of Approval

Approval of off-lease storage and/or measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the facility.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease storage and/or measurement from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
8. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "standard Environmental Colors" – Shale Green, Munsell Soil Color No. 5Y 4/2.
9. Equalization line between state and federal tanks needs to be removed.