

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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. NMNM4986
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Devon Energy Production Company, LP

3a. Address

PO Box 250, Artesia, NM 88211

3b. Phone No. (include area code)

575-748-0161

4. Location of Well (Footage, Sec, T., R., M., or Survey Description)

Unit 2, Sec 31, T19S, R28E

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

8. Well Name and No.
PACHECO FEDERAL COM #3

9. API Well No.
30-015-22612

10. Field and Pool or Exploratory Area
Burton Flat North Strawn

11. Country or Parish, State
Eddy

RECEIVED
SEP 07 2010
NMOCD ARTESIA

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 checked="" 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 type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

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 proposes to import an approximate one foot thickness of clean topsoil to the reserve pit area, and till (or disk) the imported soil with fertilizer into the upper one (1) foot of the reserve pit area. Following placement of imported, fertilized soil, winrows will be cut into the surface to prevent runoff, and the entire reserve pit area will be re-seeded with a seed blend recommended by the BLM in the spring of 2011.

Ocotillo Environmental, LLC will be performing the reclamation process. Please see Ocotillo's proposal and results of the lab reports attached.

14 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Jerry Mathews

Title Completions Foreman

Signature

Jerry Mathews

Date 8/19/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

James R. Davis

Title

SEPS

Date

8.29.10

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

CFD

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)

SEE Attached COA's

**Re: Reclamation Work Plan
Devon Energy,
Pacheco Federal Com #3,
Unit Letter E (SW/4, NW/4), Section 31, Township 19 South, Range 28 East,
Eddy County, New Mexico**

Based on published literature (1961), well records of the New Mexico State Engineer (NMSE), and well records from the United States Geological Service (USGS) database, groundwater occurs at approximately 105 feet below ground surface (bgs) at the nearest well. No domestic water wells or surface waters are located within 1,000 feet of the Site. The NMOCD has established RRALs for benzene, total BTEX and TPH resulting from spills of natural gas liquids ("Guidelines for Remediation of Leaks, Spills and Releases, August 13, 1993"). Remediation levels for benzene, total BTEX and TPH were calculated using the following NMOCD criteria:

| Criteria | Result | Ranking Score |
|--------------------------------|-----------------------|-----------------|
| Depth-to-Groundwater | >100 Feet | 0 |
| Wellhead Protection Area | No | 0 |
| Distance to Surface Water Body | >1000 Horizontal Feet | 0 |
| | | Total: 0 |

The following RRALs have been assigned based on NMOCD criteria:

Benzene 10 mg/kg
Total BTEX 50 mg/kg
TPH 5,000 mg/kg

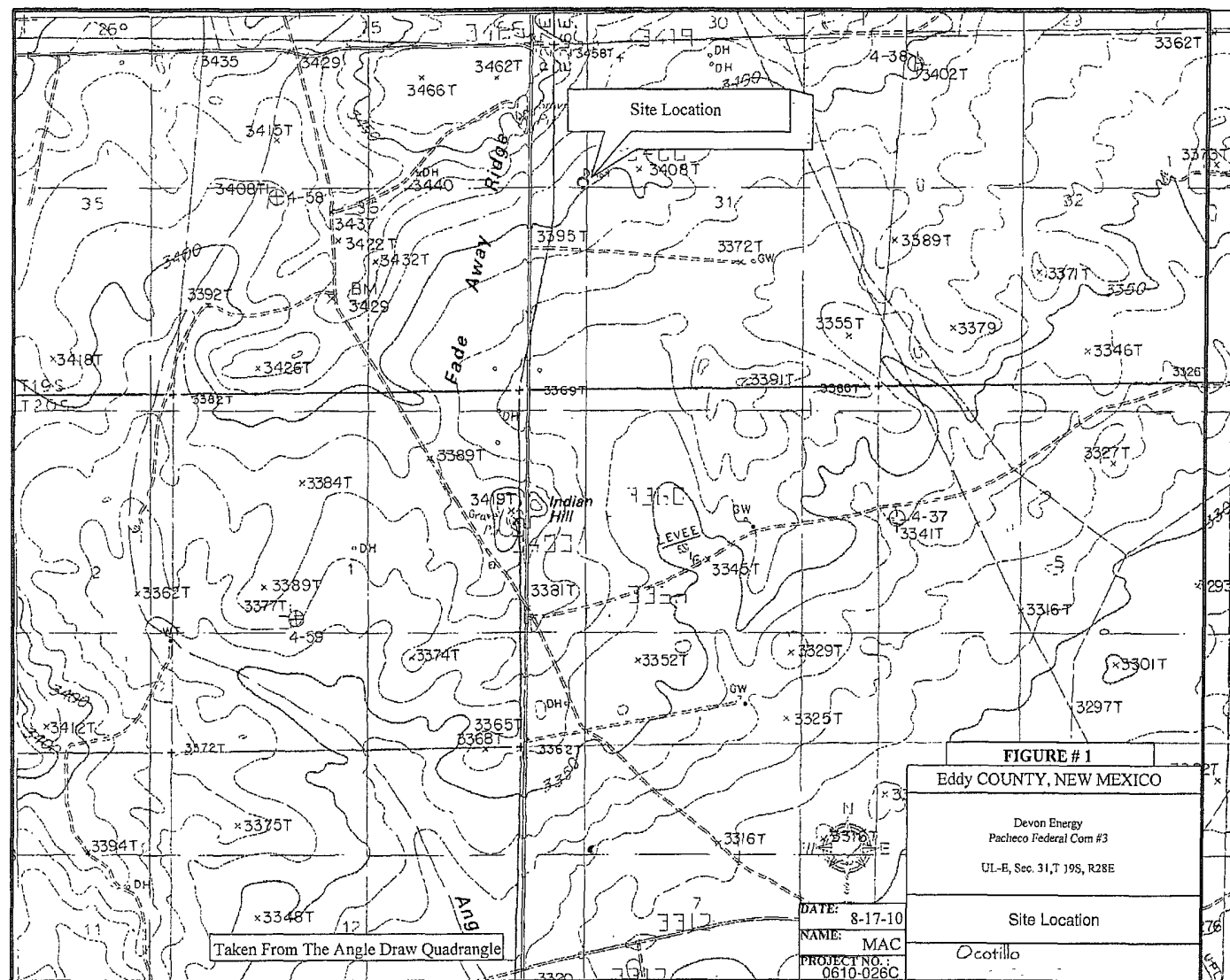
Remediation Proposal

On July 20, 2010, soil samples were collected from two (2) locations (SS-1 and SS-2) within the reserve pit area by hand auger methods. Soil samples were collected at depths of 1 foot, 2 feet and 3 feet at each sample point and submitted to Cardinal Laboratories, of Hobbs, New Mexico for analysis of total petroleum hydrocarbons (TPH), benzene, toluene, ethylbene and xylenes (collectively referred to as BTEX), and chlorides. Figure 2 shows the location of the sample points within the reserve pit area.

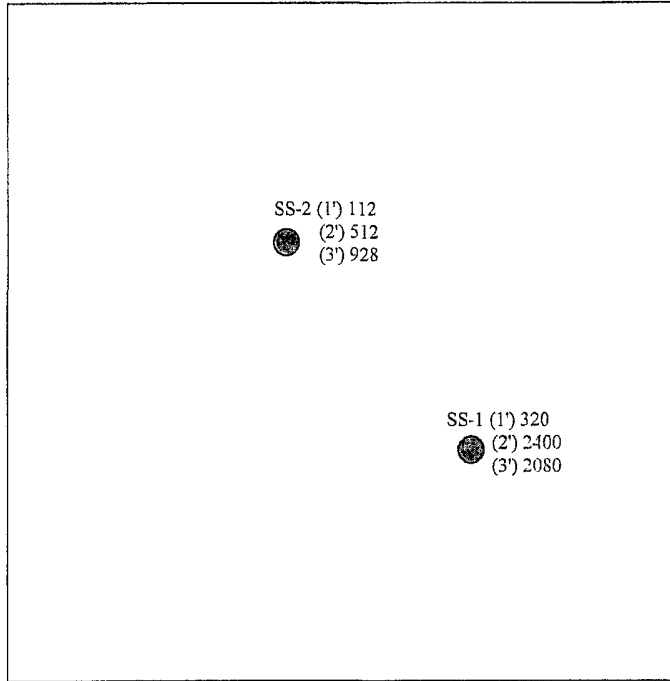
The laboratory reported all TPH concentrations below the test method detection limits, with the exception of the sample SS-1 (13.6 mg/kg) at a depth of 3 feet below ground surface (bgs). All BTEX concentrations were also below the test method detection limits, with the exception of sample point SS-1 at a depth of 1 foot bgs, that reported a toluene concentration of 0.083 mg/kg. Chloride concentrations were reported as follows:

| | |
|-----------|-------------|
| SS-1 (1') | 320 mg/kg |
| SS-1 (2') | 2,400 mg/kg |
| SS-1 (3') | 2,080 mg/kg |
| SS-2 (1') | 112 mg/kg |
| SS-2 (2') | 512 mg/kg |
| SS-2 (3') | 928 mg/kg |

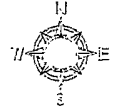
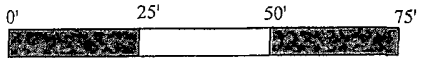
Appendix A provides a copy of the laboratory results and chain of custody documentation.



| GPS Coordinates |
|----------------------------|
| SS-1 N32.61804 W104.22194° |
| SS-2 N32.61827 W104.22208° |



| Legend | |
|---|---|
| SS-1 (1') 320 (2') 2400 (3') 2080 | Soil Sample Location With Depth (feet bgs) and Chloride Concentrations (mg/kg) 7-20-10 |



| | |
|--------------|-----------|
| DATE: | 8-17-10 |
| NAME: | MAC |
| PROJECT NO.: | 0610-026C |

| FIGURE # 2 |
|---|
| Eddy COUNTY, NEW MEXICO |
| Devon Energy Pacheco Federal Com #3 UL-E, Sec 31, T 19S, R28E |
| Site Drawing With Soil Sample Locations (7-20-10) |
| Ocotillo |



ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

July 27, 2010

Cindy Crain
Ocotillo Environmental
P.O. Box 1816
Hobbs, NM 88241

Re: Pacheco Fed Com #1

Enclosed are the results of analyses for sample number H20388, received by the laboratory on 07/20/10 at 6:30 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

| | |
|--------------------|--|
| Method SW-846 8021 | Benzene, Toluene, Ethyl Benzene, and Total Xylenes |
| Method SW-846 8260 | Benzene, Toluene, Ethyl Benzene, and Total Xylenes |
| Method TX 1005 | Total Petroleum Hydrocarbons |

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

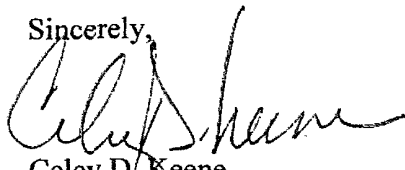
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

| | |
|------------------|------------------------------|
| Method EPA 552.2 | Haloacetic Acids (HAA-5) |
| Method EPA 524.2 | Total Trihalomethanes (TTHM) |
| Method EPA 524.2 | Regulated VOCs (V2, V3) |

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 3 (includes Chain of Custody)

Sincerely,



Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
OCOTILLO ENVIRONMENTAL
ATTN: CINDY CRAIN
P.O. BOX 1816
HOBBS, NM 88241
FAX TO: (432) 272-0304

Receiving Date: 07/20/10
Reporting Date: 07/26/10
Project Owner: DEVON ENERGY
Project Name: PACHECO FED COM #1
Project Location: NOT GIVEN

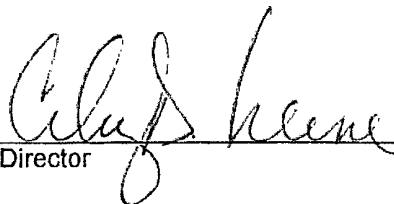
Sampling Date: 07/20/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 6°C
Sample Received By: AB
Analyzed By: AB/ZL/CK

| LAB NO. | SAMPLE ID | GRO | DRO | ETHYL | | | TOTAL | CI* |
|-----------------------------|-----------|---|---|--------------------|--------------------|--------------------|--------------------|----------|
| | | (C ₆ -C ₁₀) (mg/kg) | (>C ₁₀ -C ₂₈) (mg/kg) | BENZENE (mg/kg) | TOLUENE (mg/kg) | BENZENE (mg/kg) | XYLENES (mg/kg) | |
| ANALYSIS DATE: | | 07/26/10 | 07/26/10 | 07/21/10 | 07/21/10 | 07/21/10 | 07/21/10 | 07/23/10 |
| H20388-1 | SS#1-1' | <10.0 | <10.0 | <0.050 | 0.083 | <0.050 | <0.300 | 320 |
| H20388-2 | SS#1-2' | <10.0 | <10.0 | <0.050 | <0.050 | <0.050 | <0.300 | 2,400 |
| H20388-3 | SS#1-3' | <10.0 | 13.6 | <0.050 | <0.050 | <0.050 | <0.300 | 2,080 |
| H20388-4 | SS#2-1' | <10.0 | <10.0 | <0.050 | <0.050 | <0.050 | <0.300 | 112 |
| H20388-5 | SS#2-2' | <10.0 | <10.0 | <0.050 | <0.050 | <0.050 | <0.300 | 512 |
| H20388-6 | SS#2-3' | <10.0 | <10.0 | <0.050 | <0.050 | <0.050 | <0.300 | 928 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Quality Control | | 453 | 443 | 0.009 | 0.009 | 0.009 | 0.026 | 520 |
| True Value QC | | 500 | 500 | 0.010 | 0.010 | 0.010 | 0.030 | 500 |
| % Recovery | | 90.6 | 88.6 | 90.0 | 90.0 | 90.0 | 86.7 | 104 |
| Relative Percent Difference | | 0.2 | 1.1 | <1.0 | <1.0 | <1.0 | 1.0 | < 0.1 |

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B; CI-: Std. Methods 4500-CI-B

*Analyses performed on 1:4 w:v aqueous extracts. Reported on wet weight.

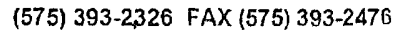
TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE,
AND TOTAL XYLENES. Not accredited for GRO/DRO and Chloride.


Lab Director

07/27/10
Date

H20388 TBCL OCO

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476

Devon Energy Production Company, LP
NMNM72652: Pacheco Federal Com #3
2280' FNL & 660' FWL, Sec. 31, T19S-R28E
Eddy County, New Mexico

RE: Reserve Pit Remediation and Reclamation Condition of Approval

Approved with the condition the soil and fertilizer not be blended into the existing surface material (to prevent the potential for bringing the salts to surface), but used to place a cap on the pit area. Windrows should not be cut into the surfacing material for the same reason. Windrows should be built across the slope with a diversion placed above the pit area to keep runoff from entering the reclamation area. All disturbed surface can be shallow disked at seeding. Seed the location with a combination of #3 and #4 BLM seed mix.

If you have any questions, please contact James A. Amos @ 575-234-5909.

8/29/10