

UNITED STATES N.M. Oil Cons. DIV-Dist. 2
DEPARTMENT OF THE INTERIOR 1001 W. Grand Avenue
BUREAU OF LAND MANAGEMENT Artesia, NM 88210

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other _____

2. Name of Operator

Devon Energy Production Company L.P.

3. Address and Telephone No.

20 N. Broadway, Suite 1500, Oklahoma City, OK 73102 (Wally Frank 405-235-3611 X4595)

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

J-25-18S-31E; 1250' N & 660' W

5. Lease Designation and Serial No.

NMLC065680

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

Shugart 25 Federal 2

9. API Well No.

30-015-31758

10. Field and Pool, or Exploratory Area

Morrow

11. County or Parish, State

Eddy County, NM

CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment

☐ Recompletion

☐ Plugging Back

☐ Casing Repair

☐ Altering Casing

☐ Other _____

☐ Change of Plans

☐ New Construction

☐ Non-Routine Fracturing

☐ Water Shut-Off

☐ Conversion to Injection

☒ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Devon Energy is requesting authorization for water disposal.

1. Formation is Morrow

2. Disposal water is moved via pipeline

3. Water analysis attached

4. Facility operator: Merit Energy Co

East Shugart Waterflood Plant

SWNE 35-18S-31E

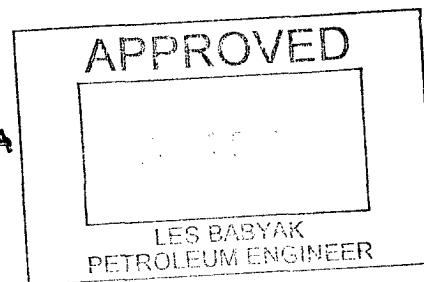
5. Permit number for Disposal facility is H-23930

6. Alternative disposal is the Walter Solt disposal owned by I & W. See attached.

RECEIVED

NOV 17 2004

ODD-ARTESIA



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

Signed Jennifer Van Curen
(This space for Federal or State office use)

Jennifer Van Curen

Title Field Technician

Date 11-1-04

Approved by _____

Title _____

Date _____

Conditions of approval, if any:

Item #2

Water Production & disposal Information

Shugart 25-2

D-25-185-31E
30-015-31758

Prod 85300

In order to process your disposal request, the following information must be completed:

1. Name of formations producing water on the lease. _____

Shugart; Marrow

2. Amount of water produced from all formations in barrels per day. _____

20 bbls / day.

3. Attach a current water analysis of produced water from all zones showing at least the total dissolved solids, ph, and the concentrations of chlorides and sulfates. (one sample will suffice if the water is commingled)

4. How water is stored on the lease. 1-210 EG TANK

5. How water is moved to the disposal facility. pipeline to disposal

6. Identify the Disposal Facility by.:

- A. Facility operators name. Ment Energy Co
B. Name of facility or well name & number. E Shugart Waterflood Plant
C. Type of facility or well (WDW) (WIW) etc. WTW
D. Location by 1/4 1/4 SENE section 35 township 18S range 31E

7. Attach a copy of the State issued permit for the Disposal Facility.

Permit # H 23930

Submit to this office, 414 West Taylor, Hobbs, NM 88240, the above required information on a Sundry Notice 3160-5. Submit 1 original and 5 copies, within the required time frame. (This form may be used as an attachment to the Sundry Notice.) Call me at 505-393-3612 if you need to further discuss this matter.

B J Services Water AnalysisArtesia District Laboratory
(505)-746-3140Date: 22-Feb-01
Company: Devon Energy
Lease: Shugart 25
State: N.M.
Depth:Test #:
Well #: Federal #1
County: Eddy
Formation:
Source:

pH:	6.71	Temp (F):	70.9
Specific Gravity	1.02		

CATIONS

	mg/l	me/l	ppm
Sodium (calc.)	13777	599.3	13507
Calcium	802	40.0	786
Magnesium	122	10.0	119
Barium	< 25	---	---
Potassium	< 10	---	---
Iron	25	0.9	24

ANIONS

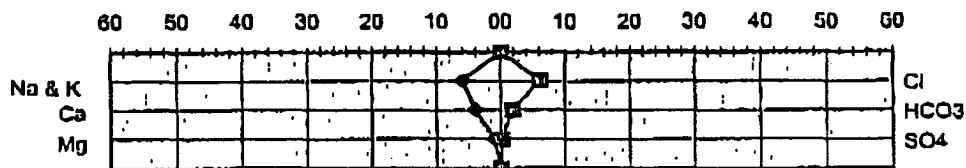
Chloride	22400	631.9	21961
Sulfate	78	1.6	77
Carbonate	< 1	---	---
Bicarbonate	1159	19.0	1136

Total Dissolved Solids(calc.)	38362		37610
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Total Hardness as CaCO3	2503	50.0	2454
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COMMENTS:**SCALE ANALYSIS:**

CaCO3 Factor	929518	Calcium Carbonate Scale Probability->
CaSO4 Factor	64160	Calcium Sulfate Scale Probability ->

Possible
Remote**Stiff Plot**

NEW MEXICO STATE LAND OFFICE**SALT WATER DISPOSAL EASEMENT**

SALT WATER DISPOSAL

EASEMENT NO. **SWD-130**

THIS AGREEMENT, dated this 13th day of March, 1999, made and entered into between the State of New Mexico, acting by and through the undersigned, its Commissioner of Public Lands, hereinafter called the grantor, and I & W, Inc., of P.O. Box 98, Loco Hills, New Mexico 88255 hereinafter called the grantee,

WITNESSETH:

That, whereas, the said grantee has filed in the Land Office an application for salt water disposal easement and has tendered the sum of \$500.00, together with the sum of \$30.00 application fee;

NOW, THEREFORE, in consideration of the foregoing tender, receipt of which is acknowledged, and the covenants herein, grantor does grant to the grantee a salt water disposal easement for the sole and only purpose of underground disposal of salt water produced in connection with oil and gas operations, together with the right to make such reasonable use of the land as may be necessary to dispose of said salt water. Said easement shall cover the following described lands:

<u>INSTITUTION</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SUBDIVISION</u>	<u>ACRES</u>
C.S.	05	18S	28E	Portion Within NW1/4SW1/4	2.00

TO HAVE AND TO HOLD said lands and privileges hereunder for a term of Two years from the date first above written, subject to all terms and conditions hereinafter set forth:

1. Grantee shall pay the grantor the sum of \$500.00 annually, in advance.

2. With the consent of the grantor and payment of a fee of \$30.00, the grantee may surrender or relinquish this salt water disposal easement to the grantor; provided, however, that this surrender clause shall become absolutely inoperative immediately and concurrently with the filing of any suit in any court or law or equity by the grantor or grantee or any assignee to enforce any of the terms of this salt water disposal easement.

3. The grantee, with the prior written consent of the grantor, may assign his salt water disposal easement in whole only. Upon approval of the assignment, in writing, by the grantor, the grantee shall stand relieved from all obligations to the grantor with respect to the lands embraced in the assignment, and the grantor shall likewise be relieved from all obligations to the assignor as to such tracts, and the assignee shall succeed to all of the rights and privileges of the assignor with respect to such tracts and shall be held to have assumed all of the duties and obligations of the assignor to the grantor as to such tracts.

4. The grantor may cancel this salt water disposal easement for non-payment of annual consideration or for violation of any of the terms and covenants hereof; provided, however, that before any such cancellation shall be made, the grantor must mail to the grantee or assignee, by registered mail, addressed to the post office address of such grantee or assignee, shown by the records, a thirty-day notice of intention to cancel said salt water disposal easement, specifying the default for which the salt water disposal easement is

subject to cancellation. No proof of receipt of notice shall be necessary and thirty days after such mailing, the grantor may enter cancellation unless the grantee shall have sooner remedied the default.

5. The grantee shall furnish copies of records and such reports and plats of his operations, including any and all data relating to geological formations as the grantor may reasonably deem necessary to his administration of the lands.

6. Grantee may make or place such improvements and equipment upon the land as may reasonably be necessary to dispose of salt water, and upon termination of this salt water disposal easement for any reason, grantee may remove such improvements and equipment as can be removed without material injury to the premises; provided, however, that all sums due the grantor have been paid and that such removal is accomplished within one year of the termination date or before such earlier date as the grantor may set upon thirty days written notice to the grantee. All improvements and equipment remaining upon the premises after the removal date, as set in accordance with this paragraph, shall be forfeited to the grantor without compensation. All pipelines constructed hereunder shall be buried below plow depth.

7. This salt water disposal easement is made subject to all the provisions and requirements applicable thereto which are to be found in various acts of the legislature of New Mexico and the rules of the Commissioner of Public Lands of the State of New Mexico, the same as though they were fully set forth herein, and said laws and rules, so far as applicable to this salt water disposal easement, are to be taken as a part hereof.

8. All the obligations, covenants, agreements, rights and privileges of this salt water disposal easement shall extend to and be binding and inure to the benefit of the lawful and recognized assigns or successors in interest of the parties hereto.

9. Grantee shall post with grantor a bond or undertaking in an amount required by grantor in favor of the owner of improvements lawfully located upon the lands herein to secure payment of damage, if any, done to such improvements by reason of grantee's operations.

10. Payment of all sums due hereunder shall be made at the office of the Commissioner of Public Lands, 310 Old Santa Fe Trail, P. O. Box 1148, Santa Fe, New Mexico 87504-1148.

11. Grantee, including his heirs, assigns, agents, and contractors shall at their own expense fully comply with all laws, regulations, rules, ordinances, and requirements of the city, county, state, federal authorities and agencies, in all matters and things affecting the premises and operations thereon which may be enacted or promulgated under the governmental police powers pertaining to public health and welfare, including but not limited to conservation, sanitation, aesthetics, pollution, cultural properties, fire, and ecology. Such agencies are not to be deemed third party beneficiaries hereunder; however, this clause is enforceable by the grantor as herein provided or as otherwise permitted by law.

12. Grantee shall save and hold harmless, indemnify and defend the State of New Mexico, the Commissioner of Public Lands, and his agent or agents, in their official and individual capacities, of and from any and all liability claims, losses, or damages arising out of or alleged to arise out of or indirectly connected with the operations of grantee hereunder, off or on the herein above described lands, or the presence on said lands of any agent, contractor or sub-contractor of grantee.

AFFIRMATION OF GEOLOGIC, ENGINEERING & HYDROLOGIC INVESTIGATION: I hereby affirm that the available geologic and engineering data have been examined and no evidence has been found of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.

IN WITNESS WHEREOF, the State of New Mexico has hereunto signed and caused its name to be signed by its Commissioner of Public Lands, thereunto duly authorized with the seal of his office affixed, and the grantee has signed this agreement to be effective the day and year above written.

STATE OF NEW MEXICO

Zilla Porter Padilla
DirectorBY: Ray PowellRAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDSBY: Michael R Butts

GRANTEE

(PERSONAL ACKNOWLEDGMENT)

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____

(ACKNOWLEDGMENT BY ATTORNEY-IN-FACT)

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, as attorney-in-fact on behalf of _____

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF New Mexico)
) ss.
COUNTY OF Eddy)

The foregoing instrument was acknowledged before me this 17th day of February, 1999, by Michael R. Butts, Vice President
(NAME) (TITLE)
of I & W, Inc.
(CORPORATION)

My Commission Expires: March 17, 2001Notary Public: Deeey L. Law