UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 20105. Lease Serial No.
NMLC065680

6. If Indian, Allottee or Tribe Name

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 ☐ Other8. Well Name and No.
Shugart 25 Federal Com #22. Name of Operator
Devon Energy Production Company, LP9. API Well No.
30-015-31758

3a. Address

20 N. Broadway, Ste 1500, Oklahoma City, OK 73102

3b. Phone No (include area code)

405-235-3611

10. Field and Pool or Exploratory Area

Shugart Morrow

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

1250' FNL & 660' FWL, Unit D, Section 25, T18S-R31E

11. Country or Parish, State

EDDY

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 recompletable 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 recompletable 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.)

1. Devon Energy has contracted Talon/LPE to reclaim the closed drilling pit at the Shugart 25 Federal Com No. 2, an active well location

2. On 6/18/2012 Talon/LPE mobilized personnel to the site to carry out soil sampling activities for the construction of a work plan. Grab soil samples were collected from the surface of the closed drilling pit and location. The soil samples were sent to Cardinal Laboratories for analysis. The results for the soil samples are attached. A site plan is also attached.

3. The location at the Shugart 25 Federal Com No. 2 will be downsized, other off-set locations in the area may also be downsized for new soil to be placed on the drilling pit area.

4. A minimum of 1-foot of caliche and 3-foot of sandy loam will be placed over the closed drilling pit area. The soil lift will be contoured to match the surrounding terrain

5. The downsized section of the location will then be cut, ripped and windrows will be constructed. A 1-foot berm will be constructed up gradient of the drilling pit to divert run off waters for erosion control. The recontoured soil lift and the downsized section of the location will be seeded using the recommended BLM seed mixture for the area.

Accepted for record

NMOC D

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

Title Assistant Production Foreman

Signature

Date 7/2/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title SEPS

Date

7-15-12

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 LFO

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)



New Mexico Office of the State Engineer Water Column/Average Depth to Water

(A CLW##### in the
POD suffix indicates the
POD has been replaced
& no longer serves a
water right file.)

(R=POD has
been replaced,
O=orphaned,
C=the file is
closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest)

(NAD83 UTM in meters)

(in feet)

POD Number	POD	Code	Subbasin	County	Q	Q	Q	Sec	Tws	Rng	X	Y	Distance	Depth Well	Depth Water	Water Column
L 11092		L		LE	2	3	15	18S	31E		606849	3623669*	3565	160	98	62

Average Depth to Water: 98 feet

Minimum Depth: 98 feet

Maximum Depth: 98 feet

Record Count: 1

UTMNAD83 Radius Search (in meters):

Easting (X): 609593

Northing (Y): 3621392

Radius: 4000

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

6/22/12 9:30 AM

Page 1 of 1

WATER COLUMN/ AVERAGE
DEPTH TO WATER



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

June 21, 2012

MIKE STUBBLEFIELD

TALON LPE

408 W. TEXAS AVE.

ARTESIA, NM 88210

RE: WEST SHUGART 25 FEDERAL COM NO. 2

Enclosed are the results of analyses for samples received by the laboratory on 06/19/12 13:58.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-11-3. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

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 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads 'Coley D. Keene'.

Celey D. Keene

Lab Director/Quality Manager



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

Analytical Results For:

TALON LPE
MIKE STUBBLEFIELD
408 W. TEXAS AVE.
ARTESIA NM, 88210
Fax To: (575) 745-8905

Received:	06/19/2012	Sampling Date:	06/18/2012
Reported:	06/21/2012	Sampling Type:	Soil
Project Name:	WEST SHUGART 25 FEDERAL COM NO. 2	Sampling Condition:	** (See Notes)
Project Number:	NOT GIVEN	Sample Received By:	Jodi Henson
Project Location:	SEC. 25 - T18S - R31E		

Sample ID: S-1 0' DRILLING PIT WEST (H201392-01)

Chloride, SM4500Cl-B		mg/kg	Analyzed By: AP							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	06/21/2012	ND	368	92.0	400	4.26		

Sample ID: S-2 0' DRILLING PIT MIDDLE (H201392-02)

Chloride, SM4500Cl-B		mg/kg	Analyzed By: AP							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	06/21/2012	ND	368	92.0	400	4.26		

Sample ID: S-3 0' DRILLING PIT EAST (H201392-03)

Chloride, SM4500Cl-B		mg/kg	Analyzed By: AP							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	11500	16.0	06/21/2012	ND	368	92.0	400	4.26		

Sample ID: S-4 0' LOCATION WEST (H201392-04)

Chloride, SM4500Cl-B		mg/kg	Analyzed By: AP							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	112	16.0	06/21/2012	ND	368	92.0	400	4.26		

Cardinal Laboratories

* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



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Analytical Results For:

TALON LPE
MIKE STUBBLEFIELD
408 W. TEXAS AVE.
ARTESIA NM, 88210
Fax To: (575) 745-8905

Received:	06/19/2012	Sampling Date:	06/18/2012
Reported:	06/21/2012	Sampling Type:	Soil
Project Name:	WEST SHUGART 25 FEDERAL COM NO. 2	Sampling Condition:	** (See Notes)
Project Number:	NOT GIVEN	Sample Received By:	Jodi Henson
Project Location:	SEC. 25 - T18S - R31E		

Sample ID: S-5 0' LOCATION EAST (H201392-05)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	96.0	16.0	06/21/2012	ND	368	92.0	400	4.26	

Sample ID: S-6 0' LOCATION TO BE DOWNSIZED (H201392-06)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	06/21/2012	ND	368	92.0	400	4.26	

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*=Accredited Analyte

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Coley D. Keene

Coley D. Keene, Lab Director/Quality Manager

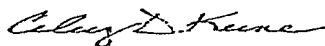
Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C Samples reported on an as received basis (wet) unless otherwise noted on report

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

101 East Marland, Hobbs, NM 88240
(575) 393-2326 FAX (575) 393-2476

Company Name: <u>Talco/LPE</u>		P.O. #:		ANALYSIS REQUEST											
Project Manager: <u>Mike Stobbsfield</u>		Company: <u>Talco/LPE</u>													
Address: <u>408 West Tarrs Ave</u>		Attn:													
City: <u>Alameda</u> State: <u>NM</u> Zip: <u>88230</u>		Address:													
Phone #: <u>505-441-7254</u> Fax #:		City:													
Project #: _____ Project Owner: <u>Down Energy Corp.</u>		State: _____ Zip: _____													
Project Name: <u>West Shugart 25 Federal Cor. No. 2</u>		Phone #:													
Project Location: <u>Sec. 25-T18S-R31E</u>		Fax #:													
Sampler Name: <u>Mike Stobbsfield</u>															

Lab I.D.	Sample I.D.	GRAB OR (COMP. # CONTAINERS)	MATRIX					PRESERV.		SAMPLING		DATE	TIME	Total Chlorides	
			GROUNDWATER	WASTEWATER	SOIL	SLUDGE	OTHER:	ACID/BASE	ICE/COOL	OTHER:					
<u>H201392</u>															
<u>1</u>	<u>5-1 0' Drilling pit West</u>	<u>2</u>										<u>6/18/12</u>	<u>2:40P</u>		
<u>2</u>	<u>5-2 0' Drilling pit Middle</u>	<u>2</u>										<u>6/18/12</u>	<u>2:48P</u>		
<u>3</u>	<u>5-3 0' Drilling pit East</u>	<u>2</u>										<u>6/18/12</u>	<u>2:48P</u>		
<u>4</u>	<u>5-4 0' location West</u>	<u>2</u>										<u>6/18/12</u>	<u>2:52P</u>		
<u>5</u>	<u>5-5 0' location east</u>	<u>2</u>										<u>6/18/12</u>	<u>2:54P</u>		
<u>6</u>	<u>5-6 0' location to be down siged.</u>	<u>2</u>										<u>6/18/12</u>	<u>2:58P</u>		

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Relinquished By: <u>Mike Stobbsfield</u>	Date: <u>6/18/12</u> Time: <u>1:58</u>	Received By: <u>Jodi Benson</u>	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
Relinquished By:	Date:	Received By:	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Delivered By: (Circle One) Sampler - UPS - Bus - <u>Other</u>			REMARKS:	
Sample Condition Cool <input checked="" type="checkbox"/> Intact <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>			CHECKED BY: <u>(initials)</u>	

† Cardinal cannot accept verbal changes. Please fax written changes to (575) 393-2326