

JAN 05 2012

JAN 31 2012

Form C-102

Revised October 15, 2009

Submit one copy to appropriate

District Office

☐ AMENDED REPORTDistrict 1

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

RECEIVED Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-39819	Pool Code 40299	Pool Name DELAWARE
Property Code 39007	Property Name LOST TANK; Delaware	Well Number 1H
OGRIID No. 6137	Operator Name SHAQTUS 26 STATE COM DEVON ENERGY PRODUCTION COMPANY, L.P.	Elevation 3507.5

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	35	21 S	31 E		900	NORTH	1140	WEST	EDDY

" Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	26	21 S	31 E		330	NORTH	660	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
200			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

NW CORNER SEC. 26
LAT. = 32 4568370"N
LONG. = 103 7571414"W
NMSP EAST (FT)
N = 530407.84
E = 719060.11

NE CORNER SEC. 26
LAT. = 32 4568222"N
LONG. = 103.7400165 W
NMSP EAST (FT)
N = 530431.40
E = 724342.30

SECTION CORNER
LAT. = 32.4423165"N
LONG. = 103.7571513"W
NMSP EAST (FT)
N = 525125.24
E = 719085.58

SW CORNER SEC. 35
LAT. = 32.4278020"N
LONG. = 103 7571637"W
NMSP EAST (FT)
N = 519844.84
E = 719110.23

SEC. 26

SEC. 35

SE CORNER SEC. 35
LAT. = 32 4277958"N
LONG. = 103.7400526 W
NMSP EAST (FT)
N = 519871.45
E = 724389.81

Project Area →

Producing Area

SHAQTUS 26 STATE COM 1H
ELEV. = 3507.5'
LAT. = 32.4398416"N (NAD83)
LONG. = 103.7534594 W
NMSP EAST (FT)
N = 524231.02
E = 720229.40

PP: 990 FNL & 1140 FWL

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division

Judy Barnett

Signature

1/4/12

Date

Printed Name

Judy A. Barnett Regulatory Specialist

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of original surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

DI CEMBER 17 2011

Date of Survey

Frank J. Ramirez

Signature and Seal of Professional Surveyor

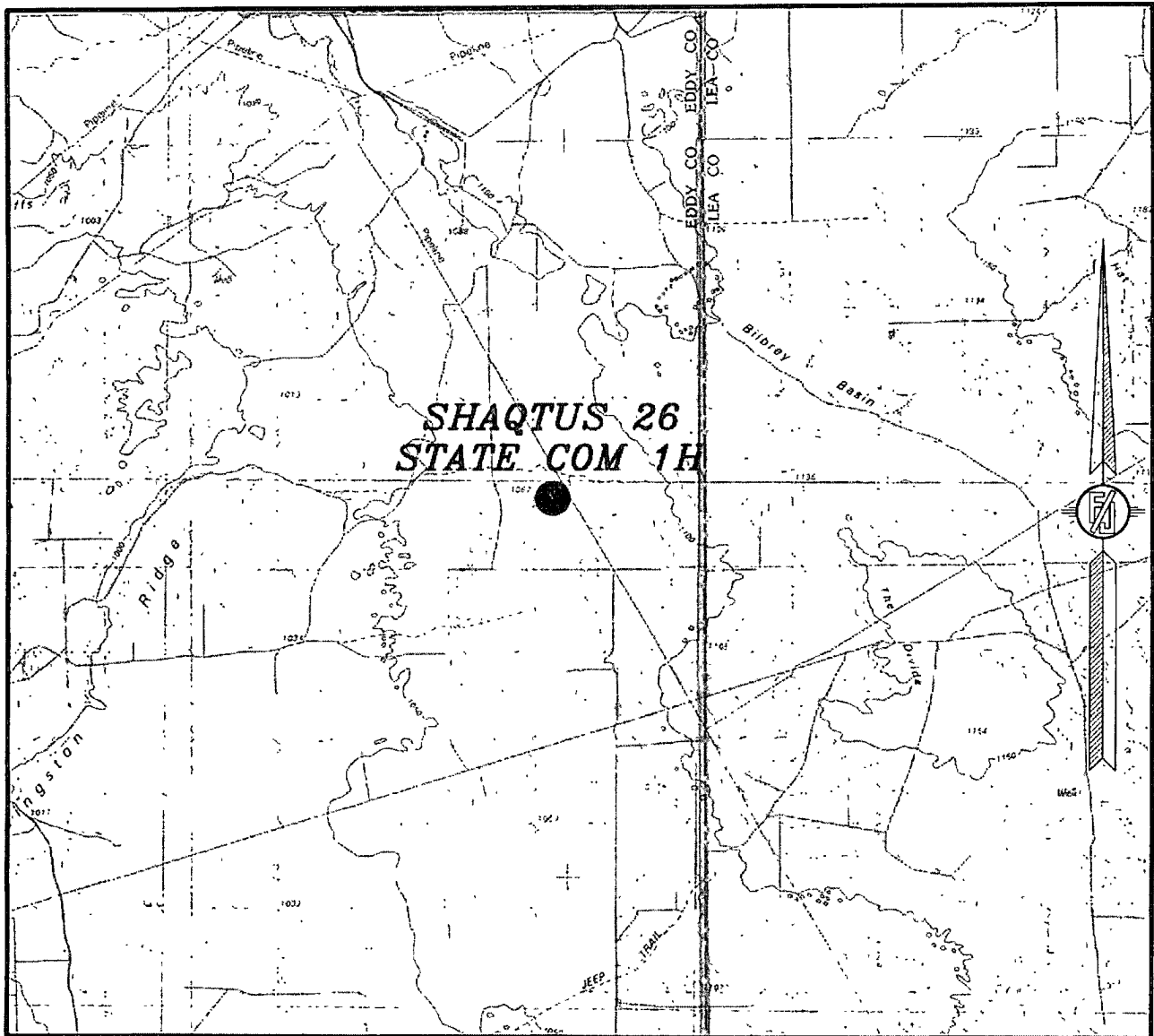
Certificate Number 12797

STATE OF TEXAS

PLS 12797

SURVEY NO 743

SECTION 35, TOWNSHIP 21 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
VICINITY MAP



NOT TO SCALE

DEVON ENERGY PRODUCTION COMPANY, L.P.

SHAQTUS 26 STATE COM 1H

LOCATED 900 FT. FROM THE NORTH LINE
AND 1140 FT. FROM THE WEST LINE OF
SECTION 35, TOWNSHIP 21 SOUTH,
RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO

DECEMBER 17, 2011

SURVEY NO. 743

MADRON SURVEYING, INC. 101 SOUTH CANAL (575) 734-1341 CARLSBAD, NEW MEXICO

I. Design Plan

Devon uses MI SWACO closed loop system (CLS). The MI SWACO CLS is designed to maintain drill solids at or below 5%. The equipment is arranged to progressively remove solids from the largest to the smallest size. Drilling fluids can thus be reused and savings is realized on mud and disposal costs. Dewatering may be required with the centrifuges to insure removal of ultra fine solids.

The drilling location is constructed to allow storm water to flow to a central sump normally the cellar. This insures no contamination leaves the drilling pad in the event of a spill. Storm water is reused in the mud system or stored in a reserve fluid tank farm until it can be reused. All lubricants, oils, or chemicals are removed immediately from the ground to prevent the contamination of storm water. An oil trap is normally installed on the sump if an oil spill occurs during a storm.

A tank farm is utilized to store drilling fluids including fresh water and brine fluids. The tank farm is constructed on a 20 ml plastic lined, bermed pad to prevent the contamination of the drilling site during a spill. Fluids from other sites may be stored in these tanks for processing by the solids control equipment and reused in the mud system. At the end of the well the fluids are transported from the tank farm to an adjoining well or to the next well for the rig.

Prior to installing a closed-loop system on site, the topsoil, if present, will be stripped and stockpiled for use as the final cover or fill at the time of closure.

Signs will be posted on the fence surrounding the closed-loop system unless the closed-loop system is located on a site where there is an existing well, that is operated by Devon.

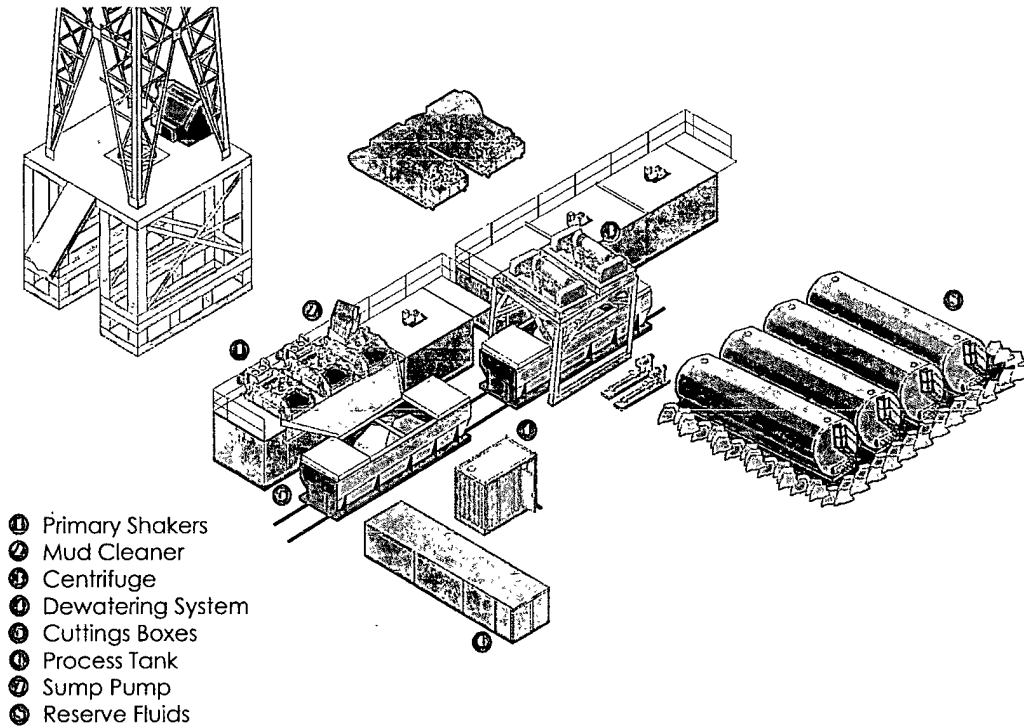
II. Operations and Maintenance Plan

Primary Shakers: The primary shakers make the first removal of drill solids from the drilling mud as it leaves the well bore. The shakers are sized to handle maximum drilling rate at optimal screen size. The shakers normally remove solids down to 74 microns.

Mud Cleaner: The Mud Cleaner cleans the fluid after it leaves the shakers. A set of hydrocyclones are sized to handle 1.25 to 1.5 times the maximum circulating rate. This ensures all the fluid is being processed to an average cut point of 25 microns. The wet discharged is dewatered on a shaker equipped with ultra fine mesh screens and generally cut at 40 microns.



Closed Loop Schematic



Centrifuges: The centrifuges can be one or two in number depending on the well geometry or depth of well. The centrifuges are sized to maintain low gravity solids at 5% or below. They may or may not need a dewatering system to enhance the removal rates. The centrifuges can make a cut point of 8-10 microns depending on bowl speed, feed rate, solids loading and other factors.

The centrifuge system is designed to work on the active system and be flexible to process incoming fluids from other locations. This set-up is also dependant on well factors.

Dewatering System: The dewatering system is a chemical mixing and dosing system designed to enhance the solids removal of the centrifuge. Not commonly used in shallow wells. It may contain pH adjustment, coagulant mixing and dosing, and polymer mixing and dosing. Chemical flocculation binds ultra fine solids into a mass that is within the centrifuge operating design. The

dewatering system improves the centrifuge cut point to infinity or allows for the return of clear water or brine fluid. This ability allows for the ultimate control of low gravity solids.

Cuttings Boxes: Cuttings boxes are utilized to capture drill solids that are discarded from the solids control equipment. These boxes are set upon a rail system that allows for the removal and replacement of a full box of cuttings with an empty one. They are equipped with a cover that insures no product is spilled into the environment during the transportation phase.

Process Tank: (Optional) The process tank allows for the holding and process of fluids that are being transferred into the mud system. Additionally, during times of lost circulation the process tank may hold active fluids that are removed for additional treatment. It can further be used as a mixing tank during well control conditions.

Sump and Sump Pump: The sump is used to collect storm water and the pump is used to transfer this fluid to the active system or to the tank for to hold in reserve. It can also be used to collect fluids that may escape during spills. The location contains drainage ditches that allow the location fluids to drain to the sump.

Reserve Fluids (Tank Farm): A series of frac tanks are used to replace the reserve pit. These are steel tanks that are equipped with a manifold system and a transfer pump. These tanks can contain any number of fluids used during the drilling process. These can include fresh water, cut brine, and saturated salt fluid. The fluid can be from the active well or reclaimed fluid from other locations. A 20 ml liner and berm system is employed to ensure the fluids do not migrate to the environment during a spill.

If a leak develops, the appropriate division district office will be notified within 48 hours of the discovery and the leak will be addressed. Spill prevention is accomplished by maintaining pump packing, hoses, and pipe fittings to insure no leaks are occurring. During an upset condition the source of the spill is isolated and repaired as soon as it is discovered. Free liquid is removed by a diaphragm pump and returned to the mud system. Loose topsoil may be used to stabilize the spill and the contaminated soil is excavated and placed in the cuttings boxes. After the well is finished and the rig has moved, the entire location is scrapped and testing will be performed to determine if a release has occurred.

All trash is kept in a wire mesh enclosure and removed to an approved landfill when full. All spent motor oils are kept in separate containers and they are removed and sent to an approved recycling center. Any spilled lubricants, pipe

dope, or regulated chemicals are removed from soil and sent to landfills approved for these products.

These operations are monitored by Mi Swaco service technicians. Daily logs are maintained to ensure optimal equipment operation and maintenance. Screen and chemical use is logged to maintain inventory control. Fluid properties are monitored and recorded and drilling mud volumes are accounted for in the mud storage farm. This data is kept for end-of well review to insure performance goals are met. Lessons learned are logged and used to help with continuous improvement.

A MI SWACO field supervisor manages from 3-5 wells. They are responsible for training personnel, supervising installations, and inspecting sites for compliance of MI SWACO safety and operational policy.

III. Closure Plan

A maximum 340' X 340' caliche pad is built per well. All of the trucks and steel tanks fit on this pad. All fluid cuttings go to the steel tanks to be hauled by various trucking companies to an agency approved disposal.