

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
NM 33437A

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 ☐ Other

8. Well Name and No.
Sand 7 Federal #3

2 Name of Operator
Devon Energy Production Co LP

9. API Well No.
30-015-26141

3a. Address
PO BOX 250, Artesia, NM 88211

3b. Phone No (include area code)
575-748-0184

10 Field and Pool or Exploratory Area
Shugart Bone Spring North

4. Location of Well (Footage, Sec, T., R., M, or Survey Description)
692' FWL & 330' FNL, Sec. 7, T18S, R31E, Unit D

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 checked="" type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Location _____ |
| | <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.)

1. Devon Energy has contracted Talon/LPE to do reclamation services at the Sand 7 Federal No. 3, a plug and abandoned location.

2. On 7/20/2012 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 location. The soil samples were sent to Cardinal Laboratories for analysis of total Chlorides via Method SM4500Cl-B. The results for the soil samples are attached. A site plan is also attached.

3. The caliche will be removed from the lease road and well location. The removed caliche will be used to repair lease roads in the area.

4. The well location will be contoured to match the surrounding terrain.

5. The lease road and well location will then be cut, ripped, cross-ripped and windrows will be installed. The areas will be seeded using the recommended BLM seed mixture for the area

BLM #2 Seed Mix

6. A road closure berm will be constructed to prevent access to the lease road or location.

RECEIVED

OCT 23 2012

NMOC D ARTESIA

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

Title Production Foreman

Signature

Merle D. Lewis

Date 9/14/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

James R. Amos

Title

SEAS

Date

10-21-12

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

APD

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)

Accepted for record
NMOC D

OCT 23 2012
OCT 23 2012

4' Foot Lift

Lease Road

S-2

S-4



S-1

S-3



0 10 20

Scale in Feet

Legend

◆ - Sample Location



Date: 08/31/2012

Scale: 1" = 20'

Drawn By: TJS

Sand 7 Federal #3
Devon Energy Corporation
Artesia, New Mexico
Figure 1 - Site Plan



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

August 06, 2012

MIKE STUBBLEFIELD
TALON LPE
408 W. TEXAS AVE.
ARTESIA, NM 88210

RE: SAND 7 FED. NO. 3

Enclosed are the results of analyses for samples received by the laboratory on 08/01/12 11:43.

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,

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: 08/01/2012
Reported: 08/06/2012
Project Name: SAND 7 FED. NO. 3
Project Number: 700794.042.01
Project Location: SEC. 7 - T18S - R31E

Sampling Date: 07/20/2012
Sampling Type: Soil
Sampling Condition: ** (See Notes)
Sample Received By: Jodi Henson

Sample ID: S - 1 0' (H201784-01)

| Chloride, SM4500Cl-B | | mg/kg | | Analyzed By: AP | | | | | |
|----------------------|--------|-----------------|------------|-----------------|-----|------------|---------------|------|-----------|
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |
| Chloride | 64.0 | 16.0 | 08/03/2012 | ND | 416 | 104 | 400 | 0.00 | |

Sample ID: S - 2 0' (H201784-02)

| 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 | 08/03/2012 | ND | 416 | 104 | 400 | 0.00 | |

Sample ID: S - 3 0' (H201784-03)

| 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 | 08/03/2012 | ND | 416 | 104 | 400 | 0.00 | |

Sample ID: S - 4 0' (H201784-04)

| Chloride, SM4500Cl-B | | mg/kg | | Analyzed By: AP | | | | | |
|----------------------|--------|-----------------|------------|-----------------|-----|------------|---------------|------|-----------|
| Analyte | Result | Reporting Limit | Analyzed | Method Blank | BS | % Recovery | True Value QC | RPD | Qualifier |
| Chloride | 864 | 16.0 | 08/03/2012 | ND | 416 | 104 | 400 | 0.00 | |

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

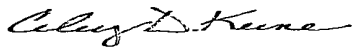
Notes and Definitions

| | |
|-----|--|
| 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

[illegible]

PLEASE NOTE: Liability and Damages. Cardinal's liability and clients exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the services. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 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 the 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.

| | | | | | | |
|--|--|--|---|--|--|----------------|
| Relinquished By: <i>Mike Stappell</i> | | Date: <i>8/11/2012</i> Time: <i>11:43</i> | Received By: <i>Jodi Benson</i> | | Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No | Add'l Phone #: |
| Relinquished By: | | Date: <i>--</i> Time: <i>--</i> | 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> | | | Sample Condition Cool Intact <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | CHECKED BY: (Initials) <i>JS</i> | REMARKS: | |

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476