District I – (575) 393-6161
1625 N French Dr , Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St , Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Road, Aztec, NM 87410
District IV – (505 476-3460
1220 S St Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
June 16, 2008

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
SM Energy Company 3300 N. A Street Bldg. 7 Suite 200 Midland, TX 79705	154903
	[3] API Number 30 - 015-39236

[3] Property Code	[5] Property Name	[6] Well No
19266	Parkway 36 STATE	3H

[9] Proposed Pool 1	[10] Proposed Pool 2
Parkway Bone Spring	

[7] Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	36	19 S	29 E		1750	South	330	West	Eddy

[8] Proposed 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
I	36	19 S	29 E		2150	South	330	East	Eddy

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
New Well	Oil	R	State	3334'
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
No	12,500'	Bone Spring		2/1/2012

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
26"	20"	94	300'	600 sx	Circ to Surf
17 5"	13 3/8"	54 5	1500'	1000 sx	Circ to Surf
12 ¼"	9 5/8"	36	3500'	925 sx	Circ to Surf
8 ¾"	7"	26	8500'	725 sx	
6 1/8"	4.5"	11 6	12,500'	0	

[22] Describe the proposed program If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any Use additional sheets if necessary.

SM Energy Company proposes to drill the Parkway 36-3H. A closed-loop mud system will be used. SM Energy will notify NMOCD of spud date and cementing times so the surface and intermediate casing strings can be witnessed. A contingency plan for H2S is attached. If commercial, production casing will be run and utilize packer/port system. No cement required. Will stimulate as need for production.

Blowout prevention requirements attached

RECEIVED
JUL 1 2011
NMOCD ARTESIA

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief

Signature: Malcolm Kintzing

Printed name. Malcolm Kintzing

Title. Engineer

E-mail Address: MKintzing@SM-Energy.com

Date 6/29/11 | Phone· 432.688.3125

OIL CONSERVATION DIVISION

Approved by

Title Geologist

Approval Date. 07/26/11 | Expiration Date. 07/26/13

Conditions of Approval Attached ☐

PROPOSED MUD PROGRAM

CASING DESIGN
20" Surface Casing at 300'
13 3/8" Intermediate 1 Casing at 1,500'
9 5/8" Intermediate 2 Casing at 3,500'
7" Production Casing at 8,500'
4 ½" Liner at 12,500'

Recommended Mud Properties

Spud Surface hole with Fresh Water.

Depth	Mud Weight	Viscosity	Fluid loss
Spud	8.6-8.7	30-32	No Control
300'	8.9-9.2	30-32	No Control

Set 20" Surface Casing at 300'. Drill out with Brine Water.

300'	9.8-10.0	28-29	No Control
1,500'	9.8-10.0	28-29	No Control

Set 13 3/8" Intermediate Casing at 1,500'. Drill out with Fresh Water.

1,500'	8.4-8.6	28-29	No Control
3,500'	8.4-8.6	28-29	No Control

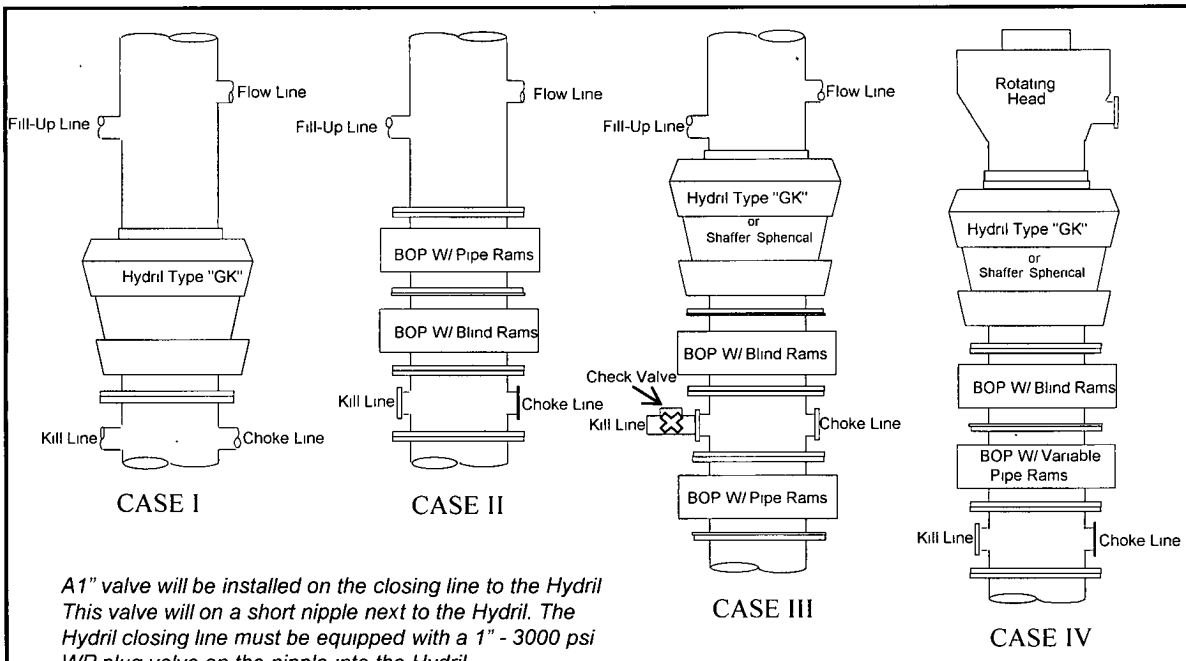
Set 9 5/8" Intermediate Casing at 3,500'. Drill out with Fresh Water.

3,500'	8.4-8.6	28-29	No Control
8,500'	8.4-8.6	28-29	No Control

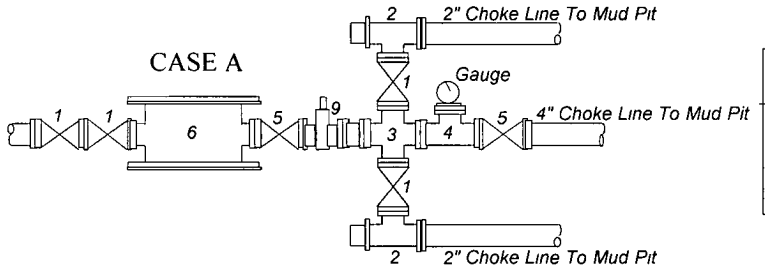
Set 7" Intermediate Casing at 8,500'. Drill out with Fresh Water.

8,500'	8.4-8.6	28-29	No Control
TD	8.4-8.6	28-29	No Control

SM Energy
MINIMUM BLOWOUT PREVENTER REQUIREMENTS

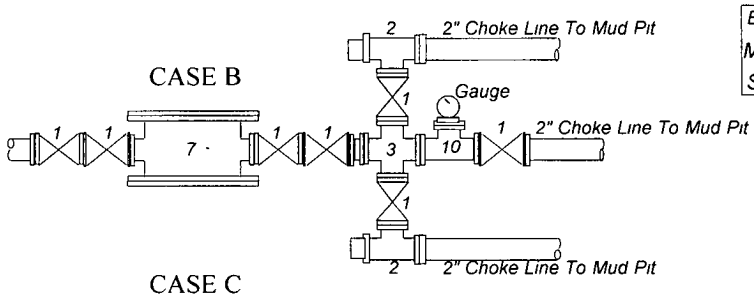


A1" valve will be installed on the closing line to the Hydril This valve will on a short nipple next to the Hydril. The Hydril closing line must be equipped with a 1" - 3000 psi WP plug valve on the nipple into the Hydril

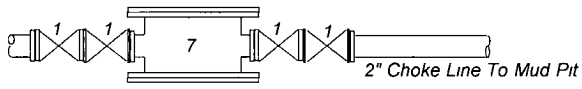


BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
13-3/8"	II	2000 psi	B
9"	III	3000 psi	B

**Rotating head required*



Bradenhead .
Mfr. _____
Size _____ *Type* _____



Legend

1. *2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal*
2. *2" flanged adjustable chokes, min 1" full opening & equiped with hard trim*
3. *4" x 2" flanged steel cross*
4. *4" flanged steel tee*
5. *4" flanged all steel valve (Type as in no 1)*
6. *Drilling Spool with 2" x 4" flanged outlet*
7. *Drilling Spool with 2" x 2" flanged outlet*
8. *2" x 2" flanged steel cross*
9. *4" pressure operated gate valve*
10. *2" flanged steel tee*

Notes

Choke manifold may be located in any convenient position. Use all steel fittings throughout. Make 90° turns with bull plugged tees only. No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes. The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position.

(10-31-96) WTXBOPS PPT

SM Energy Company
3300 N. A Street, Suite 200
Midland, TX 79705
(432) 688-3125 (Office)
(432) 682-1701 (Fax)

6/29/11

District 2 Geologist
New Mexico Oil and Gas Division
811 South First Street
Artesia, NM 88210

Re: Parkway 36-3H
SHL: 1750' FSL & 330' FWL
BHL: 2150' FSL & 330' FWL
Sec. 36-T19S-R29E
Eddy, NM
Rule 118 H2S Exposure

SM Energy Company has evaluated this well and we do not expect to encounter hydrogen sulfide. However, we will employ a third party monitoring system. We will begin monitoring prior to drilling out the intermediate casing and will continue monitoring the remainder of the well.

Please contact me if you have any additional questions.

Sincerely,

Malcolm Kintzing
Engineer

Hydrogen Sulfide Drilling Operations Plan

1. Company and Contract personnel admitted on location should be trained by a qualified H_2S safety instructor to the following:
   A. Characteristics of H_2S.
   B. Physical Effects and Hazards.
   C. Proper Use of Safety Equipment and Life Support Systems.
   D. Principle and Operation of H_2S Detectors, Warning System and Briefing.
   E. Evacuation Procedure, Routes and First Aid.
   F. Proper Use of 30 minute Pressure Demand Air Pack.

2. H_2S Detection and Alarm Systems
   A. H_2S Detectors and Audio Alarm System to be Located at Bell Nipple, End of Blooie Line (mud pit) and on Derrick floor or doghouse.

3. Windsock and/or Wind Streamers
   A. Windsock at Mud Pit Area Should be High Enough to be Visible.
   B. Windsock at Briefing Area Should be High Enough to be Visible.
   C. There Should be a Windsock at Entrance to Location.

4. Condition Flags and Signs
   A. Warning Sign on Access Road to Location.
   B. Flags to be Displayed on Sign at Entrance to Location.
      1. Green Flag, Normal Safe Condition.
      2. Yellow Flag, Indicates Potential Pressure and Danger.
      3. Red Flag, Danger H_2S Present in Dangerous Concentration Only Emergency Personnel Admitted to Location.

5. Well Control Equipment
   A. See Attached Diagram.

6. Communication
   A. While Working Under Masks Chalkboards Will be Used for Communication.
   B. Hand Signals will be Used Where Chalk Board is Inappropriate.
   C. Two Way Radio or Cell Phone will be Used to Communicate off Location in Case of Available at Most Drilling Foreman's Trailer or Living Quarters.

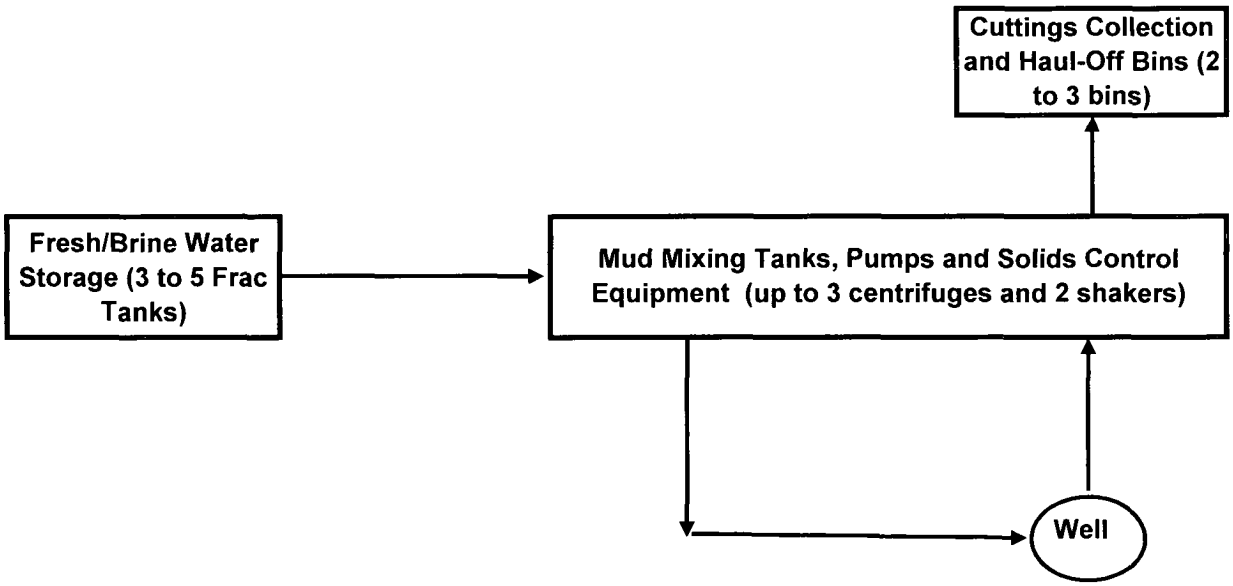
7. Drillstem Testing
   A. Exhausts will be Watered.
   B. Flare Line will be Equipped with an Electric Igniter or a propane pilot light in case gas reaches the surface.
   C. If Location is near any Dwelling a Closed DST will be Performed.

8. Drilling Contractor Supervisor will be Required to be Familiar with the Effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S Encountered, Mud system will be Altered if Necessary to Maintain Control of Formation. A Mud Gas Separator will be Brought into Service Along with H_2S Scavengers if Necessary.

CLOSED-LOOP SYSTEM

Design Plan:



Operating and Maintenance Plan:

During drilling operations, third party service companies will utilize solids control equipment to remove cuttings from the drilling fluid and collect it in haul-off bins. Equipment will be closely monitored at all times while drilling by the derrick man and the service company employees.

Closure Plan:

During drilling operations, third party service companies will haul-off drill solids and fluids to an approved disposal facility as noted on the C-144 form. At the end of the well, all closed loop equipment will be removed from the location.

SM Energy Company
3300 North A Street building 7 Suite 200
Midland, TX 79705
(432) 688-3125(Office)
(432) 688-1701 (Fax)

6/28/11

District II Geologist
New Mexico Oil and Gas Division
811 South First Street
Artesia, NM 88210

Re: Parkway 36-3H
SHL: 1750' FSL & 330' FWL
BHL: 2150' FSL & 330' FEL
Sec. 36-T19S-R29E
Eddy, NM

Application for Permit to Drill

Attached you will find an original and 4 copies of a C-101, C-102, H2S contingency letter, blowout preventer requirements, mud program, plats, and maps for the referenced well. This well will be drilled with a closed loop mud system.

Please contact me if you have any additional questions.

Sincerely,

Malcolm Kintzing
Engineer

DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL

Operator SM ENERGY CO OGRID # 154903

19266 Well Name & # PARKWAY 36 #3H Surface Type (F) (S) (P)

Location: UL____, Sect 36, Twnship 19 s, RNG 29e, Sub-surface Type (F) (S) (P)

A. Date C101 rec'd ____/____/____ C101 reviewed ____/____/____

B. 1. Check mark, Information is OK on Forms:
OGRID X, BONDING X, PROP CODE X, WELL # X, SIGNATURE ____
2 Inactive Well list as of : 7/26/17 # wells 101, # Inactive wells 1
a. District Grant APD but see number of inactive wells
No letter required X; Sent Letter to Operator ____, to Santa Fe ____
3. Additional Bonding as of: 7/26/17
a. District Denial because operator needs addition bonding:
No Letter required X; Sent Letter to Operator ____, To Santa Fe____
b District Denial because of Inactive well list and Financial Assurance:
No Letter required X; Sent Letter to Operator ____, To Santa Fe ___

C. C102 YES___, NO___, Signature ____
1. Pool PARKWAY; BS, Code 49622
a. Dedicated acreage 160, What Units_____
b. SUR. Location Standard X; Non-Standard Location_____
c. Well shares acres: Yes ___, No ___, # of wells ____ plus this well #____
2. 2nd. Operator in same acreage, Yes_____, No _____
Agreement Letter _____, Disagreement letter_____
3. Intent to Directional Drill Yes X, No ___
a. Dedicated acreage 160, What Units _____
b. Bottomhole Location Standard X, Non-Standard Bottomhole _____
4. Downhole Commingle: Yes_____, No X
a. Pool #2_____,Code_____, Acres_____
Pool #3_____, Code _____, Acres _____
Pool #4_____, Code_____, Acres_____
5. POTASH Area Yes _____, No X

D Blowout Preventer Yes X, No _____,

E. H2S Yes X No _____,

F. C144 Pit Registration Yes _____, No _____, need

G Does APD require Santa Fe Approval:
1. Non-Standard Location: Yes _____, No X, NSL #_____
2. Non-Standard Proration: Yes_____, No X, NSP # _____
3. Simultaneous Dedication: Yes _____, No X, SD # _____
Number of wells _____ Plus #_____
4. Injection order Yes _____, No X; PMX #_____ or WFX #_____
5. SWD order Yes _____, NO X; SWD # _____
6. DHC from SF_____; DHC-HOB_____; Holding_____

7. OCD Approval Date ____/____/____ API #30-015-39236

8. Reviewers_____