

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
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.

OCD-HOBBS

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5 Lease Serial No. Multiple--See Attached
2 Name of Operator SM ENERGY		6 If Indian, Allottee or Tribe Name
3a. Address 3300 N A ST BLDG 7 STE 200 MIDLAND, TX 79705		7 If Unit or CA/Agreement, Name and/or No. NMNM101361X
3b. Phone No (include area code) Ph: 432-688-1709 Fx: 432-688-1701		8 Well Name and No. Multiple--See Attached
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		9 API Well No. Multiple--See Attached
		10 Field and Pool, or Exploratory E SHUGART
		11 County or Parish, and State LEA COUNTY, NM

HOBBS OCD

AUG 22 2012

RECEIVED

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Venting and/or Flaring

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 shall 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 shall be filed once testing has been completed Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection)

AS OF 8/15/12 AT 9:00 AM SM ENERGY IS FLARING APPROXIMATELY 9 MCFPD DUE TO A HOLE IN DCP'S GAS LINE ON THE REFERENCED WELL AND LIST OF WELLS BELOW:

Lease Name UL:Sec:Township:Range API Number Location Lease SN
ESDU #016 K-19-18S-32E 30-025-30111 2310 FSL & 1650 FWL NM9019

AT THIS TIME, WE ARE UNSURE WHEN WE WILL BE BACK UP. ONCE FLARING HAS STOPPED, I WILL FOLLOW UP WITH A SUBSEQUENT SUNDRY.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. Thereby certify that the foregoing is true and correct Electronic Submission #146037 verified by the BLM Well Information System For SM ENERGY, sent to the Carlsbad Committed to AFMSS for processing by WESLEY INGRAM on 08/18/2012 (12WWI0134SE)	
Name (Printed/Typed) VICKIE MARTINEZ	Title ENGINEER TECH II
Signature (Electronic Submission)	Date 08/16/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By DUNCAN WHITLOCK	Title LEAD PETROLEUM ENGINEERING TECH	Date 08/18/2012
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 Carlsbad

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.

Additional data for EC transaction #146037 that would not fit on the form

5. Lease Serial No., continued

NMNM106716
NMNM9019

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM101361X	NMNM106716	ESDU 15	30-025-30187-00-S1	Sec 19 T18S R32E NWSW 2310FSL 660FWL
NMNM101361X	NMNM9019	ESDU 16	30-025-30111-00-S1	Sec 19 T18S R32E NESW 2310FSL 1650FWL

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**SM Energy Company
ESDU 15 & 16
NM101361X**

August 18, 2012

Condition of Approval to Flare Gas

1. Report all volumes on OGOR reports.
2. Comply with NTL-4A requirements
3. Subject to like approval from NMOCD
4. Flared volumes will still require payment of royalties
5. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time. Gas meter to meet all requirements for sale meter as Federal Regulations and Onshore Order #5.
6. This approval does not authorize any additional surface disturbance.