

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road. Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-141
Revised August 8, 2011

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

Submit 1 Copy to appropriate District Office in
accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

nJMN 1400348209

OPERATOR Initial Report Final Report

Name of Company SM ENERGY COMPANY <i>154903</i>	Contact VICKIE MARTINEZ
Address 3300 N "A" STREET, BLDG 7-200	Telephone No. (432)688-1709
Facility Name OSAGE 34 FEDERAL 1H	Facility Type WELL

Surface Owner BLM	Mineral Owner BLM	API No. 30-015-41508
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	34	19S	29E	450	NORTH	330	EAST	EDDY

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release FOAMY MIXTURE OF WATER,GAS,OIL&SAND	Volume of Release 440 PRELIM	Volume Recovered 270
Source of Release WELLHEAD (BOP)	Date and Hour of Occurrence	Date and Hour of Discovery SAME
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? JIM AMOS W/BLM - MIKE BRATCHER W/NMOCD	
By Whom? MARK BONDY - RICHARD CHOATE	Date and Hour 12/13/13 10:30 PM	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

RECEIVED

DEC 26 2013

Describe Cause of Problem and Remedial Action Taken.*

Wellbore fluids were released to the atmosphere, the well pad and to a small extent, the adjacent pasture. The cause of the incident was the failure of the Annular Blowout Preventer being used to seal the wellbore at the surface. The failed BOP element is being examined by the manufacturer. We have established a policy that requires a pump truck to be connected to all horizontal wells that are under initial completion to ensure the wellbore stays full of water during the work. In addition, Annular Blowout Preventers will not be relied upon as a

Describe Area Affected and Cleanup Action Taken.* **primary wellbore seal.**

Most of the fluids were contained on the well pad. Cleanup crews, safety specialists and well control specialists were immediately dispatched to the site. At approximately midnight, 6 hours after the event started, the flow from the well subsided to the point it was safe for personnel to approach the well, attach a sealing assembly to the tubing and lower it into the wellhead, sealing off the flow. Most of the discharged fluids ran over to a low spot on the West side of the well pad where they were collected by vacuum trucks.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: <i>Vickie Martinez</i>	OIL CONSERVATION DIVISION	
Printed Name: VICKIE MARTINEZ	Approved by Environmental Specialist:	Signed By: <i>Mike Bratcher</i>
Title: ENGINEER TECH II	Approval Date: JAN 03 2014	Expiration Date:
E-mail Address: VMARTINEZ@SM-ENERGY.COM	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 12/20/2013 Phone: (432)688-1709	Remediation per OCD Rule & Guidelines, & like approval by BLM. SUBMIT REMEDIATION PROPOSAL NO LATER THAN:	

* Attach Additional Sheets If Necessary

February 3, 2014

2RP-2/36

OSAGE 34 FEDERAL 1H

C-141 ATTACHMENT

Describe Area Affected and Cleanup Action Taken.* continued:

The cleanup continued throughout the night and into Saturday morning. Jim Amos with the BLM visited the site on Saturday morning to assess the situation and provide some guidance on cleanup strategies. Approximately 17,700 square feet on the pad and another 4,300 off the pad to the west were impacted by the release. Tetra Tech (Environmental testing and consulting company) personnel visited the site Wednesday, December 18, to delineate the extent of the impact. Soil samples were taken to determine hydrocarbon and chloride levels. We are awaiting their recommendations and proposed timing for the final cleanup and remediation of the impacted pasture land. When analysis results are received for the soil samples, they will be evaluated and either a work plan or request for closure will be prepared and submitted for approval. It will likely be mid-January before the work plan or closure request will be ready.

Bratcher, Mike, EMNRD

From: Amos, James <jamos@blm.gov>
Sent: Saturday, December 14, 2013 7:41 AM
To: Subijoy Dutta; Aristotle Evia; Janet Lin; Lisa Morrison; Michael Nedd; Rodney Walker; Rebecca Hunt; Robyn Shoop; Steven Wells; Timothy Spisak; Jeff Krauss; Edward Jerome; John Bramhall; George MacDonell; James Stovall; Mark Cofield; Terry Gregston; Billy Lacewell; Bratcher, Mike, EMNRD; Donna Hummel; Aden Seidlitz; Jesse Juen; Sheila Mallory; Stephen Caffey; Roy Caffall
Subject: Osage 34 Federal 1H, Major Undesirable Event 12/13/13
Attachments: SM Energy 12 13 13.doc; DOC002.pdf

Received a call late last night (2230 hours) involving an uncontrolled release from a well completion/workover operation (MUE with detail attached). This morning receive notice that the well was secured by 0119 hours Central time. I will field check this AM and will provide an update as to current conditions and the rest of the story. If any questions, get with me.

Thanks

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James A. Amos
Bureau of Land Management
Carlsbad Field Office
Supervisory Environmental Protection Specialist
620 East Greene Street
Carlsbad, NM. 88220
Office: (575) 234-5909
Fax: (575) 234-5927
Cell: (575) 361-2648
E-mail: jamos@blm.gov

**BUREAU OF LAND MANAGEMENT
WO MAJOR UNDESIRABLE EVENT (MUE) REPORTING FORMAT**

BLM Office Reporting: Carlsbad Field Office					
BLM Employee: James A. Amos, Supervisory Environmental Protection Specialist					
Company Official Reporting to BLM: Mark Bondy 432-688-3121					
Operator: SM Energy					
Date/Time of Occurrence: 12/13/13 @ 1915			Date/Time BLM Notified: 12/13/13 @ 2230		
Field/Unit Name: Parkway Bone Spring			Lease Number: NMNM90807		
State: NM	County: Eddy	Twn: 19S	Rng: 29E	Sec: 34	Qtr: NWNW
Surface Ownership: (circle one)		Federal X	Indian	State	FEE
Type of Event: (circle one)					
		Oil Spill	Oil/Water Spill	Gas Venting	Toxic Fluid Spill
		Saltwater Spill	Other Spill (Specify)	Blowout X	Fire
		Injury	Fatality	Property Damage	Explosion
Nature and Cause of Event: Coming out of the hole replacing submersible (ESP) pump, shut down for the day and closed annular type of BOP (utilized due to the red cable), did not get a good seal around the cable. Oil and gas came to the surface exiting the wellbore around the cable sporadically emitting a spray into the air.					
Environmental Impact: An unknown volume of oil spilled onto the well pad. Vacuum trucks, SM-Energy safety and well control experts as well as a third party well control specialist were called to respond to the event.					
Time Required to Control Event (Hours):			6 hours		
Volumes Discharged or Consumed:			Unknown at this time		
Volumes Recovered:			Unknown at this time		
Action Taken to Control Event: Unknown, they were hoping this was just a kick and would blow itself out shortly. The well is currently in a completion status, utilizing pulling unit.					
Resultant Damage: Expect oil saturated surface with the possibility of fluids on and off the well pad.					
Clean-Up Procedures: Per SM-Energy will have crews out in the morning to start clean-up operations.					
Cause/Extent of Personal Injury: No injuries					
Agency Notification List: (Federal/State/Local):	Agency Name	Contact Name	Date/Time		
	New Mexico OCD	Mike Bratcher	12/14/13 @ 0800		
	BLM CFO	Management	12/14/13 @ 0800		
	BLM NMSO	Management	12/14/13 @ 0800		
	BLM WO	Group	12/14/13 @ 0800		
Remarks: I (Jim Amos) will be the initial contact for the environmental aspect and reporting. I will involve Kent Caffal (Lead PET) in the investigation of the BOPE failure. If any questions, I can be contacted via e-mail and/or cell phone @ 575-361-2648.					

Initial Report 12/14/13 @ 0730 hours
Final Report _____

Follow-Up Report _____

**UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
UNDESIRABLE EVENT INSPECTION FORM**

Unique Event Number: EU14003JA		Date of Event: 12/13/2013		Date Reported: 12/13/2013	
State: NM	Office Code: CB		County: EDDY		
1/4 1/4: NENE	Section: 34	Township: 19S		Range: 29E	
Reference Point (Remarks):					
Case Number: NMNM90807					
Operator Name: SM ENERGY			SME: BUREAU OF LAND MANAGEMENT		
Type of Event: UNCONTROLLED FLOW OF WELLBORE FLUIDS					
Volumes -	Discharged Oil:	Gas:	Water:	Other:	
	Recovered Oil:	Gas: N/A	Water:	Other:	
INSPECTION OPEN DATE: 12-13-13			INSPECTION CLOSE DATE:		
INSPECTOR: Anos			COMPANY REPRESENTATIVE: MARK BONDY		
TIMES - OFFICE: 1.5		TRAVEL: Pending		INSPECTION: Pending	
EVENT CLASSIFICATION: MAJOR					
Well or Facility ID: 300154150800X1		Name: OSAGE 34 FEDERAL		Number: 1H	
CAUSE OF EVENT (REMARKS): Not a clear picture at this time. Tripping out of hole with ESP (replacing submersible pump), shut down (probably for the day). Shut annular type BOP. Well started blowing, could not get a good seal around red cable. Emitting a sporadic spray of oil and gas into the air. May have been evacuating the wellbore and not displacing fluids.					
ACTION TO CONTROL (REMARKS): BOPE activated, however, could not get a good seal around the cable. Expecting the gas to pass.					
GENERAL (REMARKS):					
ACTION TAKEN TO PREVENT (REMARKS): Should be looking at BOPE, if just using annular, would not be adequate for much well control. Cut-off rams could cut the cable and tbg and allow for control. Would be causing other issues such as fish job for tbg and cable, but would be able to control the well. Have to see what happened and what equipment was in place.					
DAMAGE DESCRIPTION (REMARKS): Unknown at this time.					
EXTENT OF PERSONAL INJURY (REMARKS): No injury.					
INSPECTION REMARKS:					
SUMMARY OF RESULTS OF RECLAMATION/CORRECTIVE ACTION: Vacuum trucks on location working where safe to pick up fluids. Clean-up pending.					
FOLLOW-UP REQUIREMENTS: (Circle any that apply) NONE VERBAL LETTER INC NOTIFY P.E.T. OTHER:					