

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 136619

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

| | | |
|--|--|-------------------------------|
| 1. Operator Name and Address SM ENERGY COMPANY 3300 N. A Street, Bldg. #7 Midland, TX 79705 | | 2. OGRID Number 154903 |
| 4. Property Code 19266 | | 3. API Number 30-015-41546 |
| 5. Property Name PARKWAY 36 STATE | | 6. Well No. 005H |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| P | 36 | 19S | 29E | P | 990 | S | 330 | E | EDDY |

8. Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| M | 36 | 19S | 29E | M | 860 | S | 330 | W | Eddy |

9. Pool Information

| | |
|---------------------|-------|
| PARKWAY;BONE SPRING | 49622 |
|---------------------|-------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3326 |
| 16. Multiple N | 17. Proposed Depth 11800 | 18. Formation 1st Bone Spring Sand | 19. Contractor | 20. Spud Date 8/1/2013 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|--------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 26 | 20 | 94 | 300 | 875 | 0 |
| Int1 | 17.5 | 13.375 | 48 | 1200 | 995 | 0 |
| Int1 | 17.5 | 13.375 | 54.5 | 1400 | 165 | 0 |
| Int2 | 12.25 | 9.625 | 36 | 3300 | 970 | 0 |
| Prod | 8.75 | 7 | 26 | 7500 | 975 | 1700 |
| Liner1 | 6.125 | 4.5 | 11.6 | 11800 | 0 | |

Casing/Cement Program: Additional Comments

| |
|--|
| 4 1/2" LINER WILL USE PACKER AND PORT SYSTEM NO CEMENT IS REQUIRED |
|--|

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|---------|------------------|---------------|--------------|
| Annular | 1500 | 3000 | |
| Pipe | 3000 | 5000 | |
| Blind | 3000 | 5000 | |

| | |
|--|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: _____ Printed Name: Electronically filed by DONNA HUDDLESTON Title: PRODUCTION ANALYST Email Address: dhuddleston@stmaryland.com Date: 7/12/2013 | OIL CONSERVATION DIVISION Approved By: Randy Dade Title: District Supervisor Approved Date: 7/13/2013 Expiration Date: 7/13/2015 Conditions of Approval Attached |
|--|--|

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Energy, Minerals and Natural Resources
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Form C-102
August 1, 2011
Permit 136619

WELL LOCATION AND ACREAGE DEDICATION PLAT

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|-------------------------------|---------------------------------------|-------------------------------------|
| 1. API Number 30-015-41546 | 2. Pool Code 49622 | 3. Pool Name PARKWAY;BONE SPRING |
| 4. Property Code 19266 | 5. Property Name PARKWAY 36 STATE | 6. Well No. 005H |
| 7. OGRID No. 154903 | 8. Operator Name SM ENERGY COMPANY | 9. Elevation 3326 |

10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|----------------|
| UL - Lot P | Section 36 | Township 19S | Range 29E | Lot Idn M | Feet From 990 | N/S Line S | Feet From 330 | E/W Line E | County EDDY |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|----------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------|---------------------|--------------|------------------------|------------------|---------------|------------------|---------------|----------------|
| UL - Lot M | Section 36 | Township 19S | Range 29E | Lot Idn M | Feet From 860 | N/S Line S | Feet From 330 | E/W Line W | County EDDY |
| 12. Dedicated Acres 160.00 | | 13. Joint or Infill | | 14. Consolidation Code | | | 15. Order No. | | |

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

| | |
|---|---|
| <div style="border: 1px solid black; width: 200px; height: 150px; margin: 0 auto; position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; background-color: #cccccc;"></div> <div style="position: absolute; top: 50px; left: 50px; width: 20px; height: 20px; background-color: #ff00ff; border: 1px solid black;"></div> <div style="position: absolute; top: 100px; left: 150px; width: 20px; height: 20px; background-color: #00ff00; border: 1px solid black;"></div> </div> | <p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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 unleased mineral interest in the land including the proposed bottom hole location(s) 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.</i></p> <p>E-Signed By: DONNA HUDDLESTON Title: PRODUCTION ANALYST Date: 7/12/2013</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Gary Jones Date of Survey: 6/13/2013 Certificate Number: 7977</p> |
|---|---|

Permit Comments

Operator: SM ENERGY COMPANY , 154903

Well: PARKWAY 36 STATE #005H

API: 30-015-41546

| Created By | Comment | Comment Date |
|------------|---|--------------|
| vmartinez | BACK UP DOCUMENTATION WILL BE PUT IN MAIL TODAY | 7/12/2013 |
| CSHAPARD | Land s/S | 7/12/2013 |

Permit Conditions of Approval

Operator: SM ENERGY COMPANY , 154903

Well: PARKWAY 36 STATE #005H

API: 30-015-41546

| OCD Reviewer | Condition |
|-----------------|--|
| CSHAPARD | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |