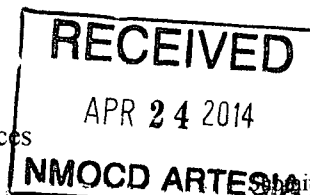


District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

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



Form C-141  
Revised October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

**Release Notification and Corrective Action**

**OPERATOR**

☐ Initial Report ☒ Final Report

Name of Company	SM Energy Company	Contact	Vickie Martinez
Address	3300 N "A" ST BLDG 7-200 Midland, TX 79705	Telephone No.	(432) 688-1709
Facility Name	Osage 34 Federal 1H	Facility Type	Well
Surface Owner: BLM		Mineral Owner: BLM	Lease No. (API#) 30-015-41508

**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 N 32.62298° Longitude W 104.05507°

**NATURE OF RELEASE**

Type of Release: Foamy mixture of produced, water, gas, oil and sand.	Volume of Release 440 bbls	Volume Recovered 270 bbls
Source of Release: Wellhead (BOP)	Date and Hour of Occurrence 12/13/13	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 with BLM / Mike Bratcher with NMOCD	
By Whom? Mark Bondy - Richard Choate	Date and Hour 12/13/2013 10:30 P.M.	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. N/A	

If a Watercourse was Impacted, Describe Fully.\*

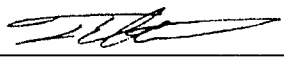
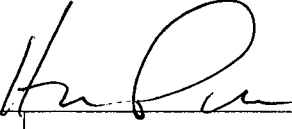
Describe Cause of Problem and Remedial Action Taken.\*

Wellbore fluids were released to the atmosphere, the well pad and small extent of the adjacent pasture. The cause of the incident was the failure of the Annular Blowout Preventer being used to seal the wellbore to 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 under initial completion to ensure the wellbore stays full of water during the work. Annular BOPs will not be relied upon as a primary wellbore seal.

Describe Area Affected and Cleanup Action Taken.\*

Tetra Tech personnel inspected the site and collected samples to define spills extent. Soil that exceeded RRAL was removed and hauled away for proper disposal. The site was then brought up to surface grade with clean backfill material. Tetra Tech prepared a closure report and submitted to NMOCD for review.

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: 		<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Tom Elliott as agent for SM Energy		Approved by District Supervisor: 	
Title: Project Manager		Approval Date: 5/7/14	Expiration Date: NA
E-mail Address: Tom.Elliott@TetraTech.com		Conditions of Approval: Final	Attached <input type="checkbox"/>
Date: 3-14-2014	Phone: (432) 682-4559		

\* Attach Additional Sheets If Necessary

22P-2136