

OCD-ARTESIA
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
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.

5. Lease Serial No. NMNM90807	
6. If Indian, Allottee or Tribe Name	
7. If Unit of CA/Agreement, Name and/or No.	
8. Well Name and No. REFER TO ATTACHED LIST	
9. API Well No.	
10. Field and Pool or Exploratory Area REFER TO ATTACHED LIST	
11. Country or Parish, State EDDY COUNTY NM	

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other	
2. Name of Operator SM ENERGY COMPANY	
3a. Address 3300 N "A" ST, BLDG 7-200 MIDLAND TX 79705	3b. Phone No. (include area code) (432)688-1709
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)	

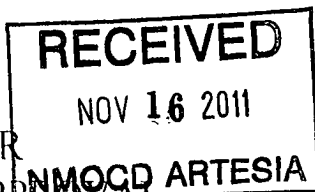
12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other FLARING
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

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

BILL HEARNE, SM ENERGY'S ASST PROD SUPERINTENDENT FOR THE NEW MEXICO AREA, WAS CONTACTED BY DCP ON THURSDAY MORNING, OCTOBER 27TH, AND WAS TOLD THAT DCP'S LINAM RANCH PLANT WAS HIT BY LIGHTNING THE NIGHT BEFORE AND WAS DOWN DUE TO A FRIED TURBINE. FLARING BEGAN AT 9:00 AM THURSDAY, OCTOBER 27TH AND ENDED AT 3:00 PM THURSDAY, OCTOBER 27TH. SO FLARING WAS FOR 6 HRS AND APPROX 16 MCF/D.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



Accepted for record
NMOC D

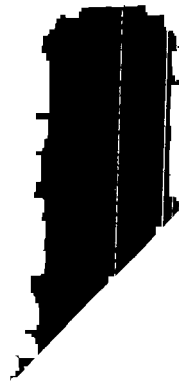


14 I hereby certify that the foregoing is true and correct. Name (Printed/Typed) VICKIE MARTINEZ		Title ENGINEER TECH II
Signature <i>Vickie Martinez</i>		Date 11/01/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
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	

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.



OSAGE FEDERAL
NM90807

SM Energy Company
November 11, 2011

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.
7. Submit updated facility diagram as per Onshore Order #3.