

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

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.***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. NMNM91367
2. Name of Operator SM ENERGY COMPANY		6. If Indian, Allottee or Tribe Name
Contact: VICKIE MARTINEZ E-Mail: VMARTINEZ@SM-ENERGY.COM		7. If Unit or CA/Agreement, Name and/or No
3a. Address 3300 N "A" STREET BLDG 7-200 MIDLAND, TX 79705	3b. Phone No. (include area code) Ph: 432-688-1709 Fx: 432-688-1701	8. Well Name and No. ARCO FEDERAL 001
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 24 T18S R31E 1830FNL 660FWL		9. API Well No. 30-015-25218
		10. Field and Pool, or Exploratory SHUGART;YATES-7RS-QU-GRAY
		11. County or Parish, and State EDDY COUNTY COUNTY, NM

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

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

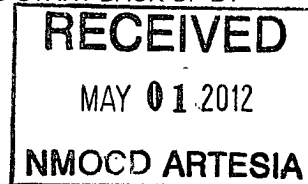
4/22/12 SM ENERGY HAS BEEN ASKED TO SHUTDOWN THE REFERENCED BY 9:00 PM DUE TO DCP'S ANNUAL TURNAROUND TO PERFORM NECESSARY MAINTENANCE WORK. PER DCP, WE ARE EXPECTED TO START BACK UP BY 7:00 AM ON FRIDAY, MAY 4TH.

I WILL FOLLOW UP WITH A SUBSEQUENT LETTING YOU KNOW WHEN WE ARE BACK UP.

METERED VOLUMES WILL BE REPORTED ON THE C-115 FORM.

WE WILL BE FLARING ABOUT 2 MCFPD WHICH INCLUDE THE WELLS LISTED BELOW:

Lease Name UL:Sec:Township:Range API Number Location  
ARCO FEDERAL #002 C-24-18S-31E 30-015-25624 950 FNL & 2310 FWL

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #135960 verified by the BLM Well Information System For SM ENERGY COMPANY, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 04/23/2012 ()	
Name (Printed/Typed) VICKIE MARTINEZ	Title ENGINEER TECH II
Signature (Electronic Submission)	Date 04/19/2012

Accepted for record  
NMOC D

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <i>J. D. W. Kittlock</i>	Title <i>LPE</i>	Date <i>4/29/12</i>
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 <i>CF</i>

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.

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

**Additional data for EC transaction #135960 that would not fit on the form**

**32. Additional remarks, continued**

ARCO FEDERAL #003 H-23-18S-31E 30-015-26850 1980 FNL & 660 FEL  
ARCO FEDERAL #004 B-23-18S-31E 30-015-26926 710 FNL & 1980 FEL

Arco Federal #1,2,3,4

SM Energy Company

April 29, 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.
7. Submit updated facility diagram as per Onshore Order #3.