

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.*5. Lease Serial No.
NMNM88491X

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

SM ENERGY COMPANY

Contact: VICKIE MARTINEZ

E-Mail: VMARTINEZ@SM-ENERGY.COM

8. Well Name and No.
PARKWAY DELAWARE UNIT 1019. API Well No.
30-015-26112

3a. Address

3300 N "A" STREET BLDG 7-200
MIDLAND, TX 79705

3b. Phone No (include area code)

Ph: 432-688-1709
Fx: 432-688-170110. Field and Pool, or Exploratory
PARKWAY;DELAWARE

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 26 T19S R29E 330FSL 1980FEL

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 | |

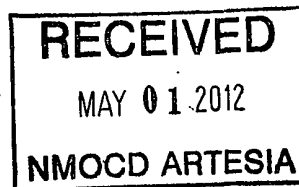
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 309 MCFPD WHICH INCLUDE THE WELLS LISTED ON THE ATTACHED.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL***RDade 05/09/12*
Accepted for record
NMOCD

14. Thereby certify that the foregoing is true and correct.

Electronic Submission #135966 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

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

J. D. R. Little

Title LPET

Date 4/29/12

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 CFO

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 ****

PDU Battery

| Well Type | Lease Name | UL:Sec:Township:Range | API Number | Location | Formations | Lease/Agreement No. | County |
|-----------|-----------------------------|-----------------------|--------------|---------------------|------------------|---------------------|-------------|
| Producer | PARKWAY DELAWARE UNIT #101 | O-26-19S-29E | 30-015-26112 | 330 FSL & 1980 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #201 | C-35-19S-29E | 30-015-26063 | 990 FNL & 2310 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #202 | B-35-19S-29E | 30-015-26083 | 990 FNL & 1980 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #203 | A-35-19S-29E | 30-015-26079 | 890 FNL & 990 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #204 | D-35-19S-29E | 30-015-26143 | 990 FNL & 940 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #208 | H-35-19S-29E | 30-015-34433 | 1438 FNL & 969 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #301 | G-35-19S-29E | 30-015-26005 | 1980 FNL & 1980 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #302 | E-35-19S-29E | 30-015-26006 | 2230 FNL & 760 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #305 | G-35-19S-29E | 30-015-33071 | 2000 FNL & 1564 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #307Y | G-35-19S-29E | 30-015-33997 | 1500 FNL & 2060 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #401 | F-35-19S-29E | 30-015-25985 | 1980 FNL & 1980 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #402 | F-35-19S-29E | 30-015-34129 | 1437 FNL & 1986 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #501 | J-35-19S-29E | 30-015-25960 | 1980 FSL & 1980 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #502 | K-35-19S-29E | 30-015-25984 | 1980 FSL & 1980 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #503 | O-35-19S-29E | 30-015-26007 | 660 FSL & 1910 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #504 | N-35-19S-29E | 30-015-26028 | 660 FSL & 1980 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #505 | L-35-19S-29E | 30-015-26029 | 1980 FSL & 760 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #510 | J-35-19S-29E | 30-015-33072 | 1870 FSL & 1480 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #511 | J-35-19S-29E | 30-015-33073 | 2570 FSL & 2225 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #512Y | K-35-19S-29E | 30-015-33998 | 2615 FSL & 1945 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #514 | O-35-19S-29E | 30-015-34130 | 1210 FSL & 2065 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #515 | K-35-19S-29E | 30-015-34407 | 1300 FSL & 1675 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #701 | I-35-19S-29E | 30-015-26025 | 1980 FSL & 990 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #702 | H-35-19S-29E | 30-015-26026 | 1980 FNL & 990 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #705 | H-35-19S-29E | 30-015-33136 | 2520 FNL & 990 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #801 | P-35-19S-29E | 30-015-26012 | 660 FSL & 810 FEL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #901 | E-36-19S-29E | 30-015-26077 | 1980 FNL & 330 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #902 | D-36-19S-29E | 30-015-26078 | 660 FNL & 330 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #921 | L-36-19S-29E | 30-015-26070 | 1980 FSL & 330 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #922 | M-36-19S-29E | 30-015-26074 | 990 FSL & 330 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |
| Producer | PARKWAY DELAWARE UNIT #923 | K-36-19S-29E | 30-015-26075 | 1980 FSL & 1650 FWL | PARKWAY;DELAWARE | NM88491X | Eddy County |

A total of 309 MCFPD will be flare at the PDU Battery

Parkway Delaware Unit wells
NM88491X

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.