

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.
NMNM90807

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 ☐ Other8. Well Name and No.
OSAGE 34 FEDERAL 1H2. Name of Operator
SM ENERGY COMPANYContact: VICKIE MARTINEZ
E-Mail: VMARTINEZ@SM-ENERGY.COM9. API Well No.
30-015-41508-00-S13a. Address
3300 N A ST BLDG 7 STE 200
MIDLAND, TX 797053b. Phone No. (include area code)
Ph: 432-688-1709
Fx: 432-688-170110. Field and Pool, or Exploratory
PARKWAY

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

Sec 34 T19S R29E NENE 450FNL 330FEL

11. County or Parish, and State

EDDY 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	Off-Lease Measuremen
	<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 recompletion 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.)

SM is requesting approval to measure and sell gas production from the referenced well off lease. The measurement and sale of production from this well will be executed at the existing DCP Sales Meter (Station 15787-00) located at the NW/4 NE/4 of Sec 35, T19S, R29E and a new Agave Sales Meter to be located the SE/4 NE/4 of Sec 35, T19S, R29E. The necessary off lease measurement is due to not having an available pipeline near well/lease. The Agave sales meter will be used to take Osage 34 Fed 1H gas when DCP line is not able due to DCP's lack of gathering capacity. Tie in to Agave's meter is expected to help eliminate/reduce flaring. Both meters are dedicated to this well only.

Off lease measurement is for gas only. All oil and water will remain on lease until sold.

See attached map, site security diagram and DCP and Agave gas line sundry approvals.

SEE ATTACHED FOR**CONDITIONS OF APPROVAL***verbal Approval Given To NATHAN LUOMA 6/4/14*

Accepted for record

NMOC D
#142
Total Flow 6213NM OIL CONSERVATION
ARTESIA DISTRICT

JUN 16 2014

RECEIVED

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #246687 verified by the BLM Well Information System

For SM ENERGY COMPANY, sent to the Carlsbad

Committed to AFMSS for processing by CATHY QUEEN on 05/28/2014 (14CQ0054SE)

Name (Printed/Typed): VICKIE MARTINEZ

Title ENGINEER TECH II

Signature (Electronic Submission)

Date 05/22/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By DUNCAN WHITLOCK

Title EPS

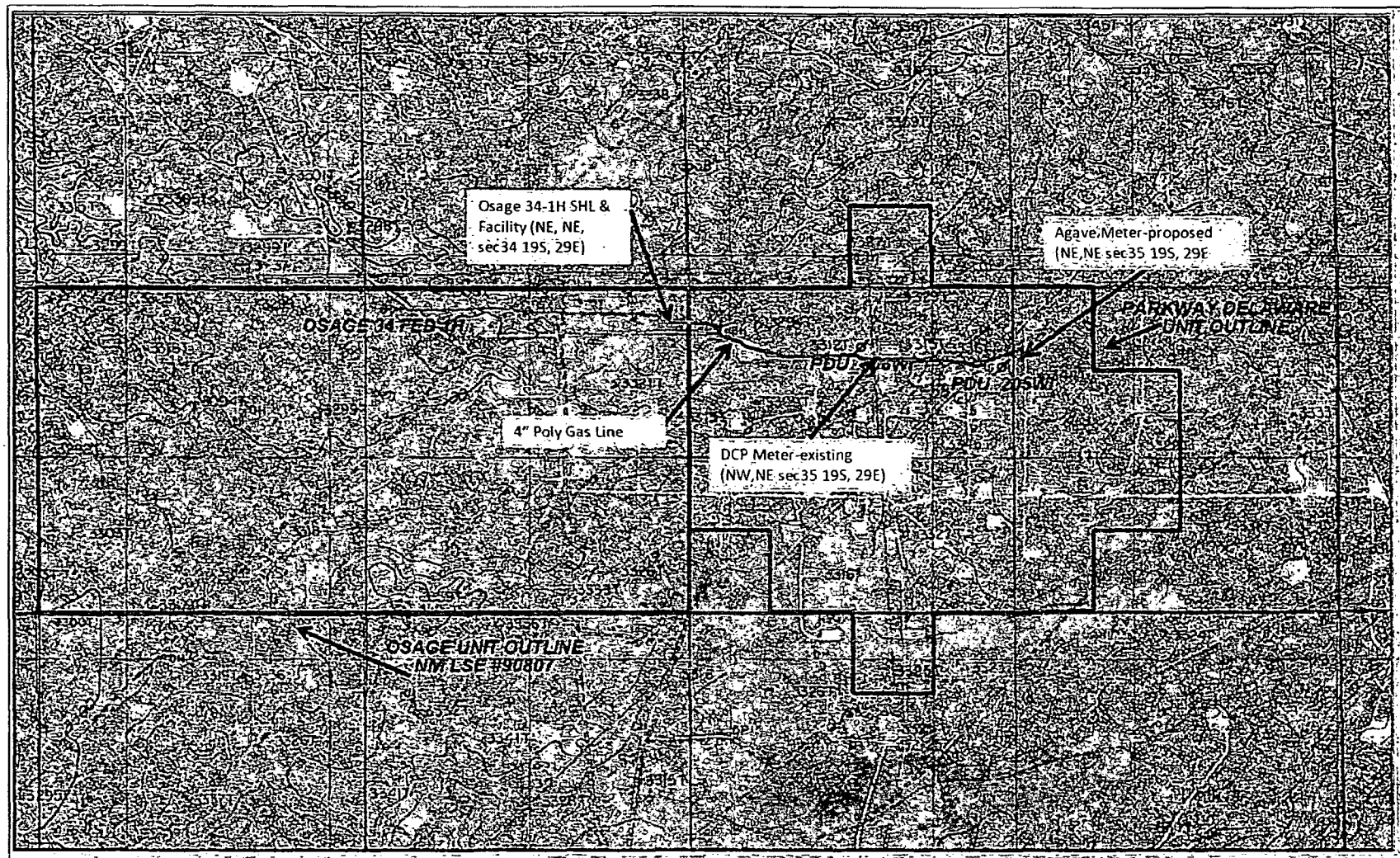
Date 06/05/2014

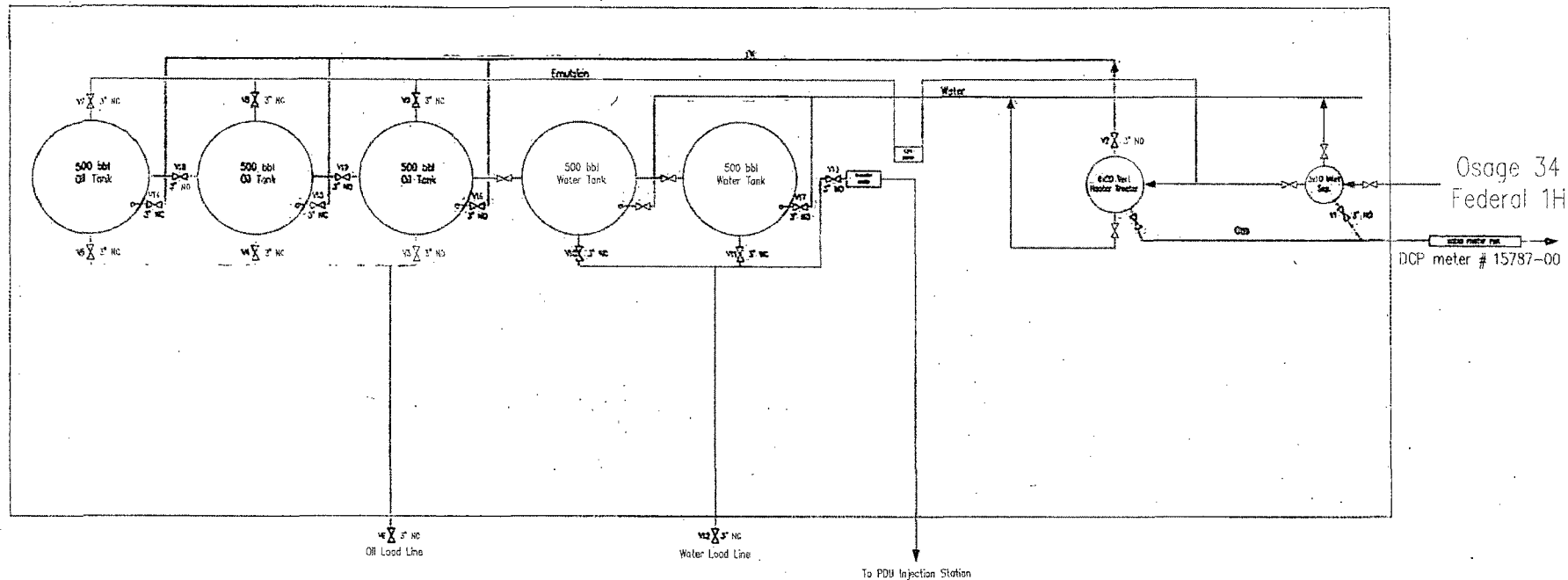
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office Carlsbad

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****





General sealing of valves, sales by tank gauging.

Production Phase: All drain valves, V7 thru V13, and all sales valves, V1 thru V6, sealed closed.

Sales Phase: The tank from which sales are being made will be isolated by sealing closed the drain valve, and the equalizer valves during sales.

Draining Phase: The tank being drained will be isolated by sealing close the sales valve, fill valve, equalizer valves, and the drain valves on the other tanks.

VALVE SERVICE:

SALES:.....V1 thru V6
CIRC&DRAIN:.....V7 thru V13
FILL:.....V14 thru V17
EQUIL:.....V18 thru V19

○ Osage 34 Federal 1H

SMA ENERGY	SM Energy 3300 N. A Street Bldg. 7, Suite 200 Midland, TX 79705
SITE SECURITY DIAGRAM	
SEC 34 T105 R29E	
OSAGE 34 FEDERAL 1H	
EDDY COUNTY, NEW MEXICO	
API 3007527502	
Lease Serial No.	
NMIN190807	
DATE: 3/14/2014	Design Engineer: Kevin Hinchey



Osage 34 Federal 1H Agave Meter Information

1:10 PM - 6/5/14

Nathan Luoma <nluoma@sm-energy.com>

Wed, Jun 4, 2014 at 5:56 AM

To: "dwhitloc@blm.gov" <dwhitloc@blm.gov>

Duncan,

Late yesterday, Agave gave us the meter number and make and model of the meter that will be set. The information is listed below.

Well Name: Osage 34 Federal 1H

Meter #: 14205

Meter Type: Totalflow 6213

Please attach this documentation to the off lease measurement sundry dated 5/22/14. Please approve the sundry at your earliest convenience as it is critical that we have a second gas purchaser for this well due to the lack of gas capacity in the DCP pipelines.

Regards,

Nathan Luoma

Production Engineer

SM Energy Company

432-688-3134 (O)

432-260-5564 (Cell)

SM ENERGY

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Off-Lease Measurement

**Conditions of Approval: SM Energy Company
Osage 34 Federal 1H
NM90807 3001541508**

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented without proper measurement and prior approval. Any gas vented must be flared.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease measurement from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
8. Notify this office with 24 Hrs. of meter calibration as per Onshore Order #5.III.C.18. Supply a copy of meter calibration report to this office within 30 days.
9. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "standard Environmental Colors" – Shale Green.