

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.

6. If Indian, Allottee or Tribe Name

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 Street, Bldg 7, Suite 200 Midland, TX 79701-32688-1789

3b. Phone No. (include area code)

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

Geronimo Battery G-24-18S-31E

Inca Battery G-24-18S-31E

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

8. Well Name and No.

Geronimo/Inca Batteries

9. API Well No.

10. Field and Pool or Exploratory Area

11. Country or Parish, State

Eddy County,

NM

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 <u>Update Surface</u>	
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	<u>Commingle</u>	
	☐ 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.)

BLM Request to update Existing Surface Commingle for Geronimo/Inca Batteries

Intent of surface commingle is to Optimize operation for production/sales for ESDU Waterflood Unit. Means of allocation will be by well test. The value of production should not be decreased as a result of commingling.

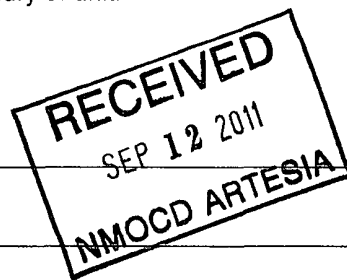
Please see attached documentation:

1. Letter for Commingle request containg details needed for surface commingle.
2. BLM form for surface commingle - off lease storage
3. Copy of notice sent to interest owners by certified mail and list of owners.
4. Facility Diagrams
5. Lease map with all commingled wells listed and identified with Lease ID numbers and boundry of unit.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Accepted for record - NMOC

9-15-11



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)

Donna Huddleston

Title Engineering Tech

Signature

Donna Huddleston

Date

6/16/11
02/28/2011**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

J.D. Whitlock Jr.

Title

LPET

Date

9/7/11

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

(Instructions on page 2)



3300 N A Street, Bldg 7-200
Midland, Texas 79705
432 688 1700
432 688 1701 fax
SM-Energy.com

June 29, 2011

Bureau of Land Management
620 E. Greene Street
Carlsbad, New Mexico 88220-6292

Re: Surface Commingle Application
Geronimo/ESDU/Inca, Eddy County NM

Please find enclosed Commingling Documentation and attachments reflecting locations of oil wells contributing oil/gas/water production/sales to proposed surface commingling order. Included are (20) Federal wells for commingling oil sales at Geronimo Facility (G-24-18S-31E), (11) Federal wells for commingling of gas sales at Geronimo Facility (G-24-18S-31E), and (10) Federal wells for commingling of gas sales at Inca/Conoco Facilities (I-19-18S-31E/4-18-18S-32E) operated by SM Energy Company. All wells are currently producing in the Shugart; Delaware, East Pool (56419) or Shugart; Yates-7RS-QU-Grayburg (56439), which are all spaced on 40 acre spacing. The value of production should not be decreased as a result of commingling. This commingle includes the East Shugart Delaware Unit and (5) additional Federal Leases. The approval of this surface commingle will allow SM Energy Company to be an economically efficient operator. To satisfy the guidelines for off lease measurement, storage, and surface commingling, volumes will be allocated using well test to determine each wells percent of production and sales.

Routine 24 hour test are performed on all producing wells each month. Test include routing individual wells to a 4x20 test heater treater then test tanks (indicated on the facility diagrams) oil test volumes are determined by tank gauging for monthly well test volumes at the Inca/Conoco Facility and Geronimo Facility for oil and water test.

Oil for the Geronimo and Inca Facilities is sold at the Geronimo Battery through a LACT (s/n 61926).

Oil at the Conoco Facility is sold by tank gauging.

Gas test at the Inca Battery are determined by using the total flow Frontier test/sales meter (#6095727) as test, and as gas is run through the Frontier meter it is sold to Frontier. The volumes sold are also used for test volumes for monthly allocation of gas which is sold at the Conoco Federal #2 Battery through DCP sales meter (700227).

202A255422

Gas at the Geronimo Federal Facility is tested through a Barton test meter (~~#N/A~~) and is sold through a DCP sales meter (014886). If gas is flared it goes through a flare meter (202A-277467) located at that facility.

Allocated production is based on the allocation percentage determined by the wells theoretical which uses factors of current monthly well test and downtime.

Enclosed are BLM documents reflecting facility locations for contributing well dispositions with lease numbers, formation, and production data. Also Site Security Flow Diagrams listing wells flowing to specific batteries. Note that wells in the Inca/Conoco battery have gas sales at the battery locations and the oil from the Inca battery is transferred to the Geronimo battery for sales via lact meter to transport trucks. Oil produced from the Conoco Federal #2 is stored and sold at the Conoco battery. A Section, Township, Range map is enclosed reflecting leases and unit boundaries.

Please refer any questions to Donna Huddleston at (432) 688-1789, or email dhuddleston@sm-energy.com. The notice of commingle has been sent to the following:

Oil Conservation Commission: 1220 S. St. Francis Drive, Santa Fe, NM 87505

Bureau of Land Management: 620 East Greene St. Carlsbad, NM 88220

New Mexico State Land Office: 310 Old Santa Fe Trail, Santa Fe, NM 87504

Revenue Interest Owners: List included with attachments

SM Energy request review and approval of the commingle operations. A formal certified notice has been sent to all owners of Revenue Interest and copies of certified receipts along with a list of all revenue interest owners is being included. It is advised that no objections were received within twenty days, of interest owners notification and the Application for Surface Commingle has been approved by the NMOCD.

As per BLM order all interest owner must and will be notified of any wells added to this approved commingle order.

Sincerely,



Donna Huddleston
Engineering Tech

Attachments included:

BLM Form with Lease Locations and estimated BOPD & MCFPD/BTU.
Geronimo-Inca-Conoco Battery diagrams
Boundary Map
Interest Owner notification letter & owner list with mail receipt documentation.

SM-Energy Company is requesting approval for surface commingling and/or off-lease storage and measurement of hydrocarbon production for the following formation(s) and well(s):

Federal Lease No. NMNM101361X

Well Name	API	Location		Formation	BOPD	Gravity	MCFPD	BTU
EAST SHUGART DELAWARE UNIT #001	30-015-25741	SW 4/SE 4	O-13-18S-31E	SHUGART,DELAWARE, EAST (56419)	16	33.12	8	1300.418
EAST SHUGART DELAWARE UNIT #002	30-015-25847	SE 4/ SE 4	P-13-18S-31E	SHUGART;DELAWARE, EAST (56419)	53	34.01	8	1750.939
EAST SHUGART DELAWARE UNIT #003	30-025-29695	SW 4/SW 4	M-18-18S-32E	SHUGART,DELAWARE, EAST (56419)	33	39.16	11	1534.867
EAST SHUGART DELAWARE UNIT #004	30-015-25546	NW 4/NE 4	B-24-18S-31E	SHUGART,DELAWARE, EAST (56419)	3	39.79	1	1521.442
EAST SHUGART DELAWARE UNIT #005	30-015-26022	NW 4/NE 4	B-24-18S-31E	SHUGART,DELAWARE, EAST (56419)	50	38.75	8	1766.317
EAST SHUGART DELAWARE UNIT #006	30-015-25385	NE 4/NE 4	A-24-18S-31E	SHUGART,DELAWARE, EAST (56419)	95	41.01	14	1798.259
EAST SHUGART DELAWARE UNIT #007	30-025-29887	NW 4/NW 4	D-19-18S-32E	SHUGART;DELAWARE, EAST (56419)	64	36.68	10	**
EAST SHUGART DELAWARE UNIT #008	30-025-29978	NE 4/NW 4	C-19-18S-32E	SHUGART,DELAWARE, EAST (56419)	22	35.42	8	1272.982
EAST SHUGART DELAWARE UNIT #009	30-015-25723	SW 4/NW 4	G-24-18S-31E	SHUGART,DELAWARE, EAST (56419)	19	38.97	9	1819.776
EAST SHUGART DELAWARE UNIT #010	30-015-25457	SE 4/NE 4	H-24-18S-31E	SHUGART;DELAWARE, EAST (56419)	168	34.75	16	1573.233
EAST SHUGART DELAWARE UNIT #011	30-025-29940	SW 4/NW 4	E-19-18S-32E	SHUGART,DELAWARE, EAST (56419)	126	38.91	26	1506.473
EAST SHUGART DELAWARE UNIT #012	30-025-29939	SE 4/NW 4	F-19-18S-32E	SHUGART,DELAWARE, EAST (56419)	30	36.75	6	1759.232
EAST SHUGART DELAWARE UNIT #013	30-015-25734	NW 4/SE 4	J-24-18S-31E	SHUGART,DELAWARE, EAST (56419)	3	38.8	1	1489.763
EAST SHUGART DELAWARE UNIT #014	30-015-25652	NE 4/SE 4	I-24-18S-31E	SHUGART,DELAWARE, EAST (56419)	3	36.12	1	1610.529
EAST SHUGART DELAWARE UNIT #015	30-025-30187	NW 4/SW.4	L-19-18S-32E	SHUGART;DELAWARE, EAST (56419)	3	37.46	5	1538.813
EAST SHUGART DELAWARE UNIT #016	30-025-30111	NE 4/SE 4	K-19-18S-32E	SHUGART,DELAWARE, EAST (56419)	1	34.94	1	1314.968

** EAST SHUGART DELAWARE UNIT #007 - had no pressure to pull sample for BTU test

With hydrocarbon production from:

Federal Lease No. NMNM106714

Well Name	API	Location		Formation	BOPD	Gravity	MCFPD	BTU
GERONIMO FEDERAL #001	30-015-24927	SW 4/NE 4	G-24-18S-31E	SHUGART,YATES-7RS-QU-GRAYBURG (56439)	14	35.5	10	1363.927
GERONIMO FEDERAL #006	30-015-25597	NE 4/NE 4	A-24-18S-31E	SHUGART,YATES-7RS-QU-GRAYBURG (56439)	19	30.07	10	1157.164

And hydrocarbon production from:

Federal Lease No. NMNM106715

Well Name	API	Location	Formation	BOPD	Gravity	MCFPD	BTU
INCA FEDERAL #005	30-025-35229	SW 4/NW 4 E-19-18S-32E	SHUGART,YATES-7RS-QU-GRAYBURG (56439)	3	25.83	5	856.039

And hydrocarbon production from:

Federal Lease No. NMNM67987

Well Name	API	Location	Formation	BOPD	Gravity	MCFPD	BTU
JADE FEDERAL #002	30-025-30038	SE 4/NW 4 F-19-18S-32E	SHUGART,YATES-7RS-QU-GRAYBURG (56439)	3	35.32	5	1046.680

And hydrocarbon production from:

Federal Lease No. NMNM106716

Well Name	API	Location	Formation	BOPD	Gravity	MCFPD	BTU
CONOCO FEDERAL #002	30-025-29803	SW 4/SW 4 M-18-18S-32E	SHUGART,YATES-7RS-QU-GRAYBURG (56439)	N/A	N/A	10	1289.020

The Storage and measuring facility for oil and gas is located at SW4/NE4; G-24-18S-31E on Lease No. NMNM106714 (Geronimo Battery) Eddy County NM & for some gas located at NW4/NW4; D 19 18S-32E on Lease No. NMNM106715 (Inca Battery) Lea County NM & NMNM106716 (Conoco Federal) Lea County NM

(ESDu#7)

SWSW M-18-18S-32E

All of these Leases & well & Facilities are also in unit NM 101761X (East Shugart Delaware unit)

***** See spreadsheet for list of wells that flow to respected batteries. Spreadsheet is labeled exhibit A, B & C.

WELLHEAD
ESDU 3 TO
INCA 1 BATTERY

WELLHEAD
CONOCO 2

General sealing of valves, sales by tank gauging

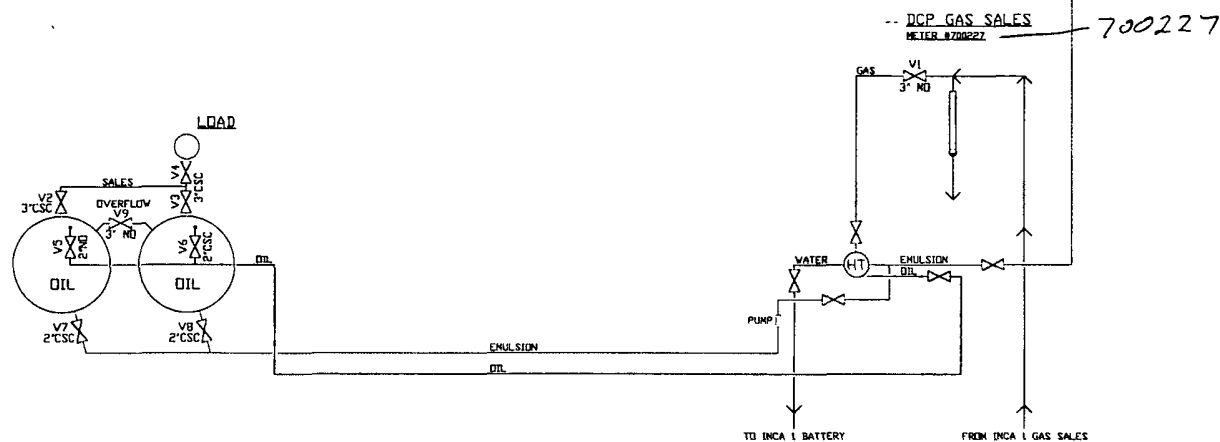
Production phase All drain valves, V7 thru V8, and all sales valves, V2 thru V4, sealed closed

Sales phase The tank from which sales are being made will be isolated by sealing closed the drain valve, fill valve, and the overflow valve(s) during sales

Draining phase The tank being drained will be isolated by sealing closed the sales valve, fill valve, overflow valve(s), and the drain valves on the other tanks

VALVE SERVICE

SALES V1 thru V4
CIRC.&DRN V7, V8
FILL V5, V6
OVERFLOW V9



CONOCO #2 BATT.

1	PROJ 2-3-11	PER WHOLPS	
2	PROJ 2-26-09	REV RELEASE	
NO	BY	DATE	REVISION
SM ENERGY 3300 N A STREET BLDG 7, SUITE 200 MIDLAND, TX 79705			
SITE SECURITY DIAGRAM CONOCO FEDERAL #2 SEC 18, T4N 18 S, R10E 32 E			
LEA COUNTY	DESIGNED BY	DATE	NEW MEXICO
BYRON C			
DATE	DESIGN CHECKED	DATE	
2-26-09	MONICA LAZAR	1-18-11	
SCALE	OWN NO		
NONE			
CAU NO.	APPL 2002529803		A 1
SM-2001-R1	SHEET 1 of 1		

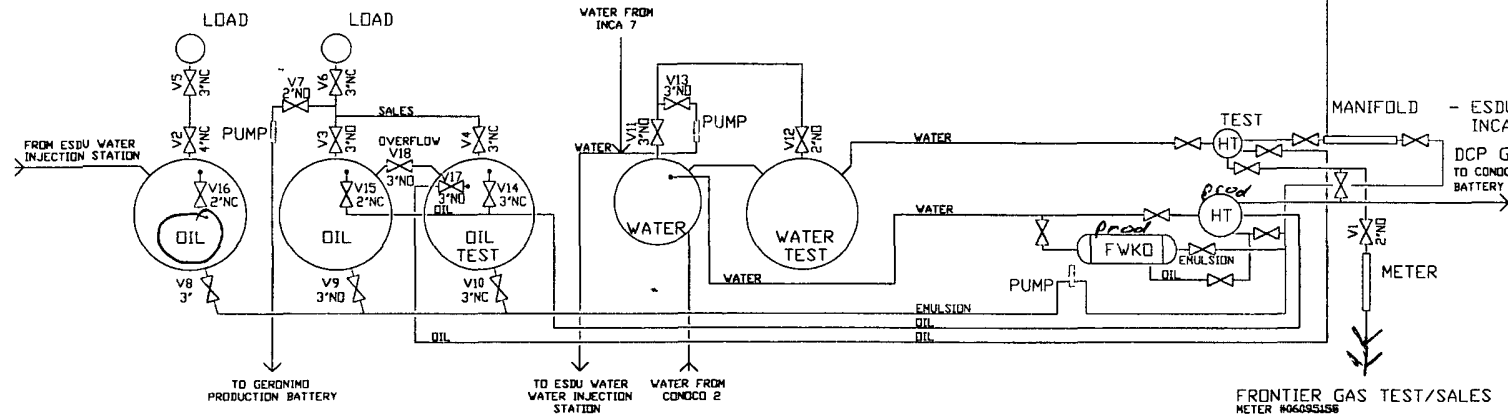
WELLHEAD
ESDU #7

General sealing of valves, sales by tank gauging
Production phase All drain valves, V8 thru V13, and all sales valves, V1 thru V7, sealed closed
Sales phase The tank from which sales are being made will be isolated by sealing closed the drain valve, fill valve, and the overflow valve(s) during sales
Draining phase The tank being drained will be isolated by sealing closed the sales valve, fill valve, overflow valve(s), and the drain valves on the other tanks

VALVE SERVICE

SALES V1 thru V7
CIRC & DRN V8 thru V13
FILL V14 thru V17
OVERFLOW V18

ESDU #7 BATT.



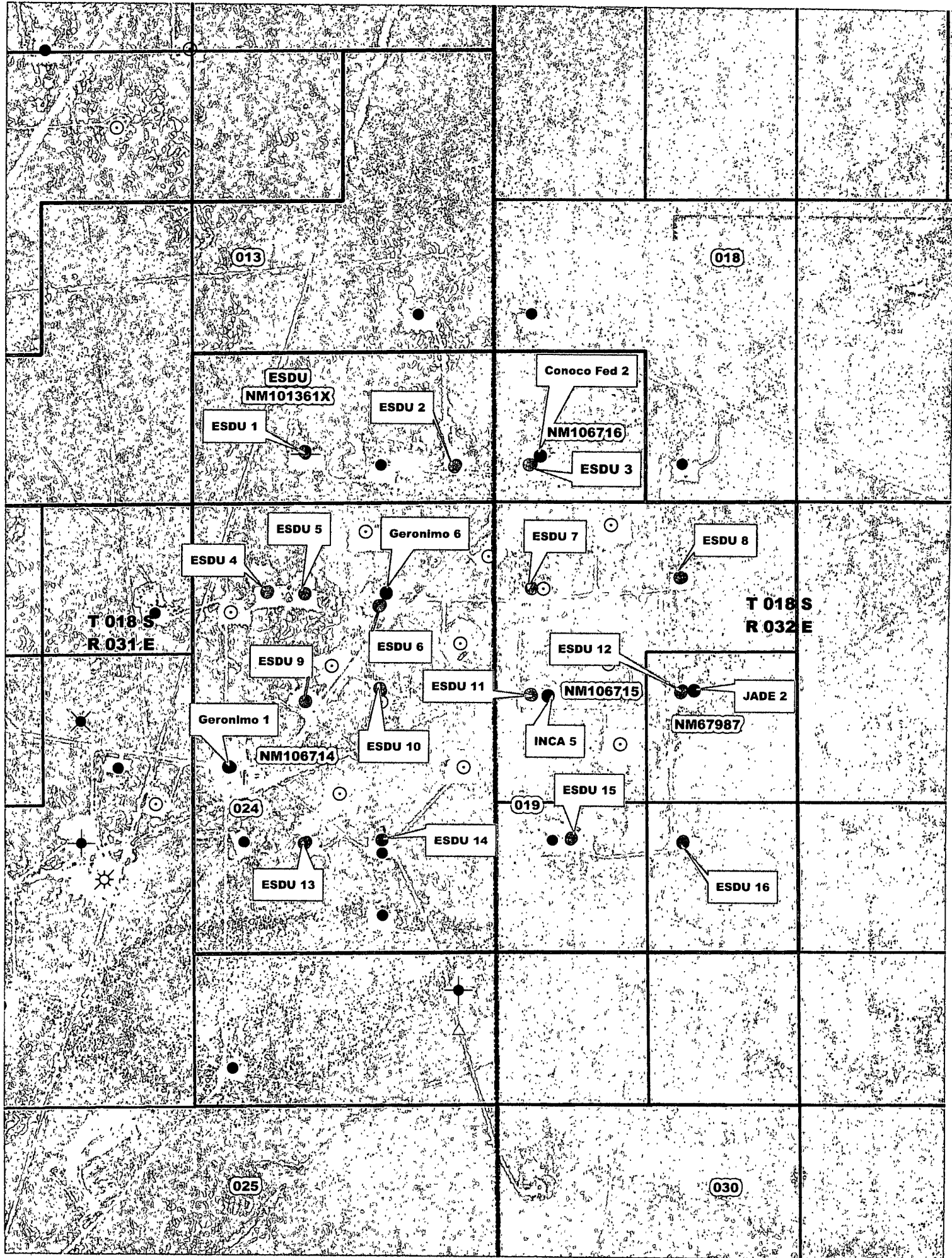
MANIFOLD - ESDU 1,2,3,7,8,11&12
INCA 5 & JADE 2
DCP GAS SALES METER
TO CONOCO BATTERY

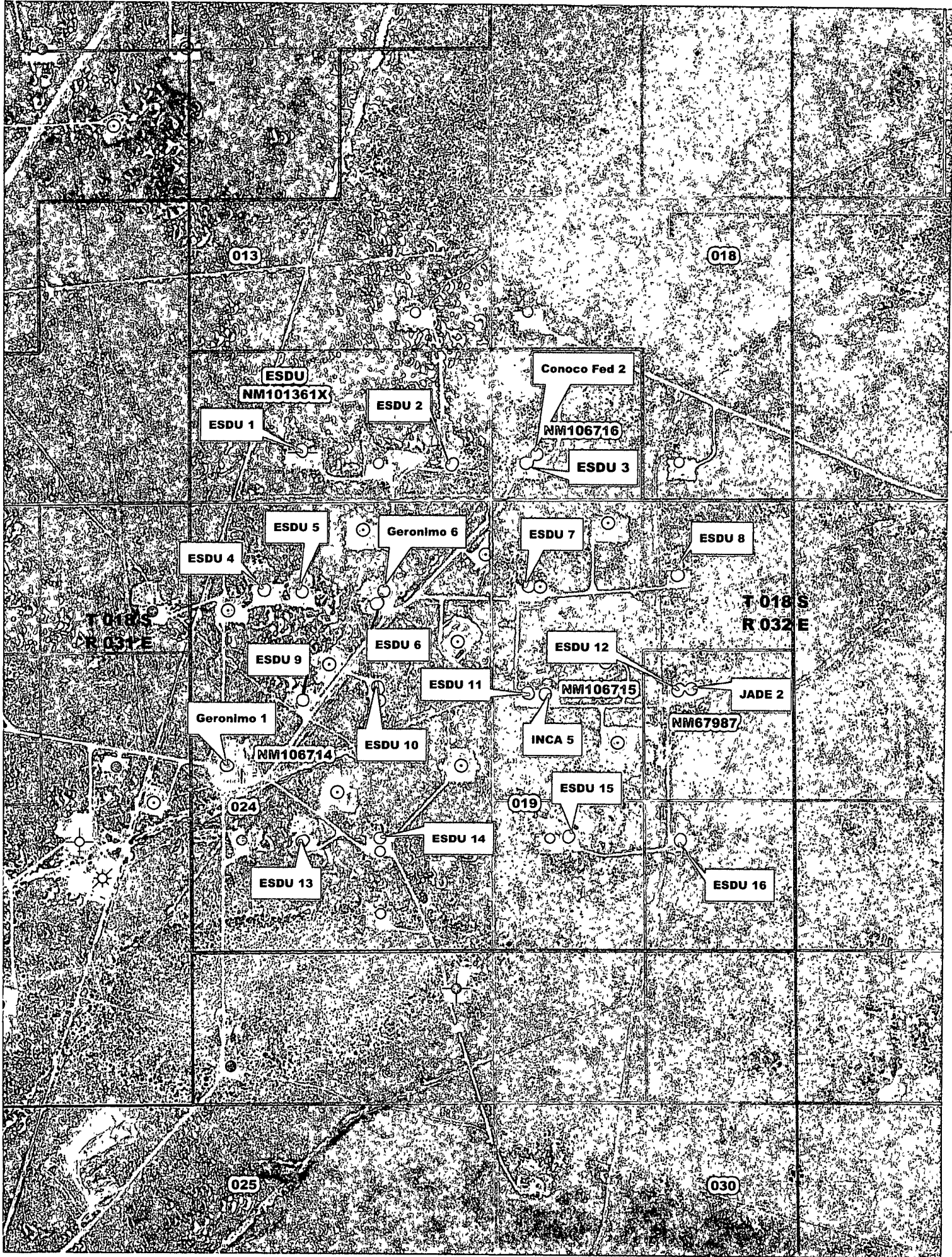
#700227
SEC 18 T85R32E

2	PROJ 2-3-11	NEW AMPLIFY		
1	PROJ 1-10-10	NEW PER FVAIL		
0	PROJ 1-6-09	NEW RELEASE		
NO	BY DATE	REVISION	PROJ	DATE
SM ENERGY 3300 N. A STREET BLDG 7, SUITE 200 MIDLAND, TX 79705				
SITE SECURITY DIAGRAM INCA #1 BATTERY SEC 19 T24N 18 S R4G 32 E				
LEA COUNTY	NEW MEXICO	DATE	DATE	
DRAWN BY RYAN C	CHECKED BY MONICA LAZAR	DATE 4-6-09	DATE 1-18-11	
SCALE NONE	DATE APR 30-09	DATE 22887	DATE A R	
DATE SM-2017-R2	SHEET 1 of 1			

FRONTIER GAS TEST/SALES
METER #66095727

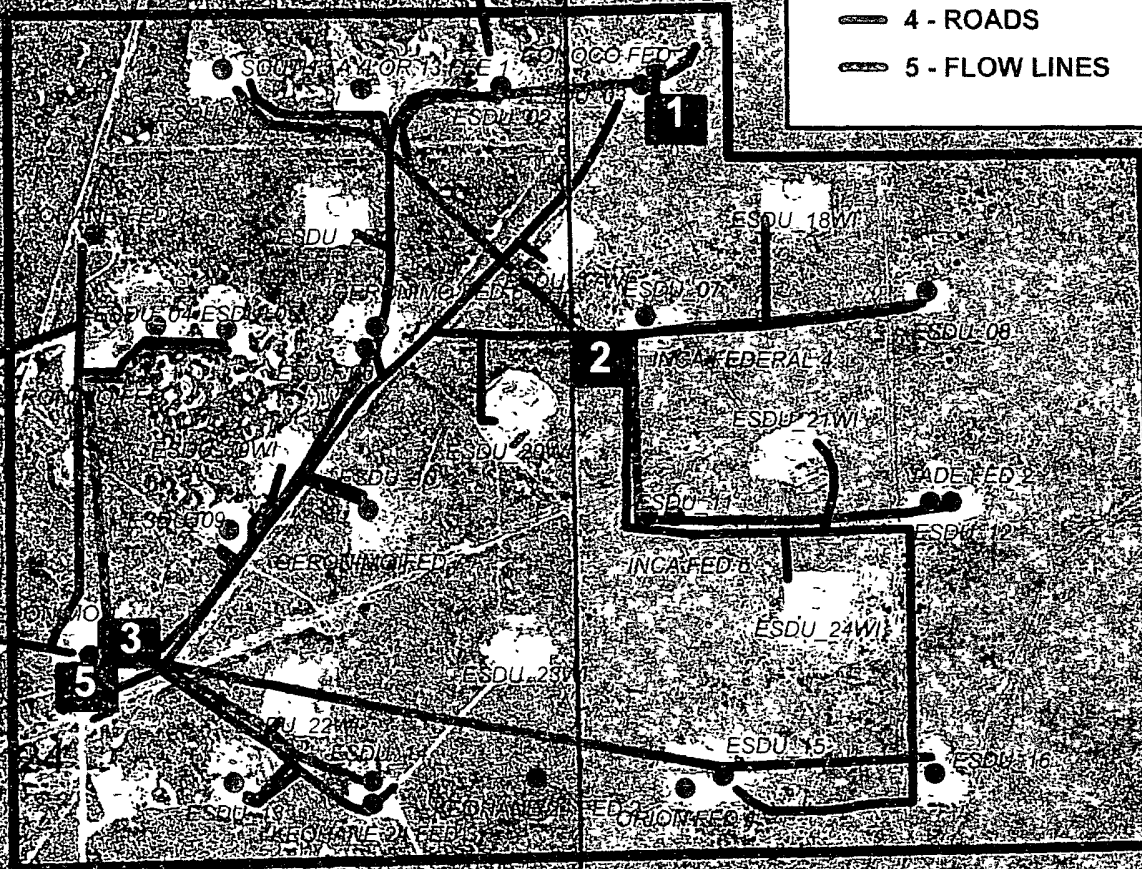
#6095727





ESDU AREA FACILITIES AND ROADS

-  1 - CONOCO FED TANK BATTERY
(CONOCO FED #2)
-  2 - INCA FED TANK BATTERY
(ESDU WELLS #1, #2, #3, #7, #8, #11, #12
JADE #2, INCA #5)
-  3 - GERONIMO FED BATTERY
(ESDU WELLS #4, #5, #6, #9, #10, #13,
#14, #15; GERONIMO #1 & #6)
-  4 - ROADS
-  5 - FLOW LINES



SM ENERGY

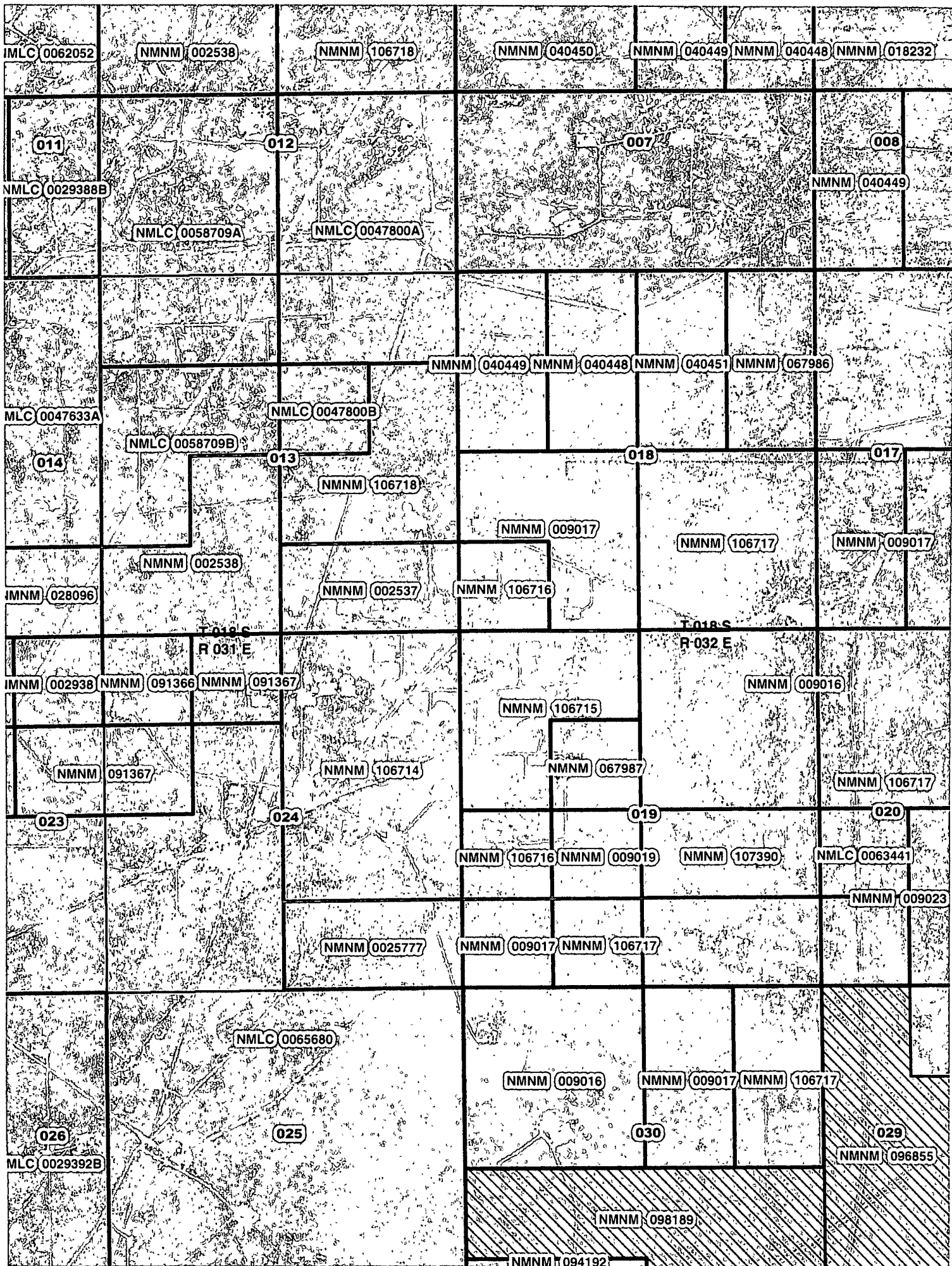
ESDU Boundary Map

POSTED WELL DATA


Well Label

0 849 1,698
FEET

June 30, 2011



TAYLOR UNIT #020

SOUTH TAYLOR 13 FEDERAL #004 BUFFALO FEDERAL #001

EAST SHUGART DELAWARE UNIT #00

SOUTH TAYLOR 19 FEDERAL #00

CONOCO FEDERAL #002

1950

○ EAST SHUGAR DELAWARE UNIT #002

EAST SHUGART DELAWARE UNIT #026

EAST SHUGART DELAWARE UNIT #01

EAST SHUGART DELAWARE UNIT #017

EAST-SHUGART DELAWARE UNIT #008

EAST SHUGART DELAWARE UNIT #008 GERONIMO FEDER

EAST SHUGART, DELAWARE UNIT #008 GERONIMO, FEDER

EAST SHUGART, DELAWARE UNIT #007

ARCQ FEDERAL #002

01 EAST SHUGART DELAWARE UNIT #009

EAST 8HUGART DE AWARE UNIT #020 EAST 8HUGART DE AWARE UNIT #020

EAST SHUGART DELAWARE UNIT #019

EAST SHUGART DELAWARE UNIT #02

EAST SHUGART DELAWARE UNIT #010

GERONIMO FEDERAL #007

FINO A FEDERAZIONE

LADE FEDERAL #002

GERONIMO FEDER

INCA FEDERAL #006
EAST SHUGART DELAWARE UNIT #011

EAST SHUGART DELAWARE UNIT #024

BI: ACKHAWK FEDERAL #002 GERONIMO FEDERAL #001

EAST SHUGART DELAWARE UNIT #023

EAST SHUGART DELAWARE UNIT #022

ORION FEDERAL #001

EAST SHUGART DELAWARE UNIT #018

KEOHANE 24 FEDERAL #002

KEOHANE 24 FEDERAL #003

KEOHANE 24 FEDERAL #004

GERONIMO FEDERAL #011

BERNINO 24 FEDERAL #005

KEOHANE 24 FEDERAL #001



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order PLC-333

SM Energy Company
3300 N. A Street, Building 7, Suite 200
Midland, Texas 79705

Attention. Donna Huddleston

SM Energy Company ("SM Energy") is hereby authorized to surface commingle **oil and gas production** from the following **Pools** and **leases** located in Township 18 South, Ranges 31, and 32 East NMPM, Eddy and Lea Counties, New Mexico.

Pools

Shugart; Delaware, East (**56419**)
Shugart; Yates-7RS-QU-Grayburg (**56439**)

Leases:

NMNM101361X
NMNM106714
NMNM106715
NMNM67987
NMNM106716

and from the following diversely owned wells identified in Tables 1 and 2 below:

The oil and gas production from the wells in Table 1 shall be commingled at the Geronimo Tank Battery located in Unit G of Section 24, Township 18 South, Range 31 East, Eddy County, New Mexico, **EXCEPT** that the gas production only from the wells in Table 2 shall be commingled at the Inca Tank Battery located in Unit I of Section 19, Township 18 South, Range 32 East, Lea County, New Mexico. [**Note: Table 2 is a subset of Table 1**]

The oil and gas production from Geronimo Federal Well Nos. 1 and 6, Inca Federal Well No. 5, Jade Federal Well No. 2, and Conoco Federal Well No. 2 shall be measured continuously with calibrated allocation meters prior to commingling with production from other wells. The allocation meters shall be calibrated semi-annually. The oil and gas production from the rest of the unit wells shall be determined by monthly periodic well tests.



Table 1 Geronimo Battery (Location G-24-18S-31E; SW4/NE4, Eddy Co NM)

Well Name & Number	API	ULSTR	Footages
EAST SHUGART DELAWARE UNIT #001	30-015-25741	O-13-18S-31E	430 FSL & 1650 FEL
EAST SHUGART DELAWARE UNIT #002	30-015-25847	P-13-18S-31E	330 FSL & 330 FEL
EAST SHUGART DELAWARE UNIT #003	30-025-29695	4-18-18S-32E	330 FSL & 330 FWL
EAST SHUGART DELAWARE UNIT #004	30-015-25546	B-24-18S-31E	765 FNL & 1980 FEL
EAST SHUGART DELAWARE UNIT #005	30-015-26022	B-24-18S-31E	790 FNL & 1650 FEL
EAST SHUGART DELAWARE UNIT #006	30-015-25385	A-24-18S-31E	890 FNL & 990 FEL
EAST SHUGART DELAWARE UNIT #007	30-025-29887	1-19-18S-32E	760 FNL & 330 FWL
EAST SHUGART DELAWARE UNIT #008	30-025-29978	C-19-18S-32E	660 FNL & 1650 FWL
EAST SHUGART DELAWARE UNIT #009	30-015-25723	G-24-18S-31E	1730 FNL & 1650 FEL
EAST SHUGART DELAWARE UNIT #010	30-015-25457	H-24-18S-31E	1650 FNL & 990 FEL
EAST SHUGART DELAWARE UNIT #011	30-025-29940	2-19-18S-32E	1700 FNL & 330 FWL
EAST SHUGART DELAWARE UNIT #012	30-025-29939	F-19-18S-32E	1650 FNL & 1650 FWL
EAST SHUGART DELAWARE UNIT #013	30-015-25734	J-24-18S-31E	2310 FSL & 1650 FEL
EAST SHUGART DELAWARE UNIT #014	30-015-25652	I-24-18S-31E	2310 FSL & 990 FEL
EAST SHUGART DELAWARE UNIT #015	30-025-30187	3-19-18S-32E	2310 FSL & 660 FWL
EAST SHUGART DELAWARE UNIT #016	30-025-30111	K-19-18S-32E	2310 FSL & 1650 FWL
GERONIMO FEDERAL #001	30-015-24927	G-24-18S-31E	2310 FNL & 2310 FEL
GERONIMO FEDERAL #006	30-015-25597	A-24-18S-31E	790 FNL & 940 FEL
INCA FEDERAL #005	30-025-35229	2-19-18S-32E	1697 FNL & 470 FWL
JADE FEDERAL #002	30-025-30038	F-19-18S-32E	1650 FNL & 1750 FWL

Table 2 Inca Battery (Location 1-19-18S-32E; NW4/NW4; Lea Co NM)

Well Name & Number	API	ULSTR	Footages
EAST SHUGART DELAWARE UNIT #001	30-015-25741	O-13-18S-31E	430 FSL & 1650 FEL
EAST SHUGART DELAWARE UNIT #002	30-015-25847	P-13-18S-31E	330 FSL & 330 FEL
EAST SHUGART DELAWARE UNIT #003	30-025-29695	4-18-18S-32E	330 FSL & 330 FWL
EAST SHUGART DELAWARE UNIT #007	30-025-29887	1-19-18S-32E	760 FNL & 330 FWL
EAST SHUGART DELAWARE UNIT #008	30-025-29978	C-19-18S-32E	660 FNL & 1650 FWL
EAST SHUGART DELAWARE UNIT #011	30-025-29940	2-19-18S-32E	1700 FNL & 330 FWL
EAST SHUGART DELAWARE UNIT #012	30-025-29939	F-19-18S-32E	1650 FNL & 1650 FWL
INCA FEDERAL #005	30-025-35229	2-19-18S-32E	1697 FNL & 470 FWL
JADE FEDERAL #002	30-025-30038	F-19-18S-32E	1650 FNL & 1750 FWL
CONOCO FEDERAL #002	30-025-29803	4-18-18S-32E	400 FSL & 400 FWL

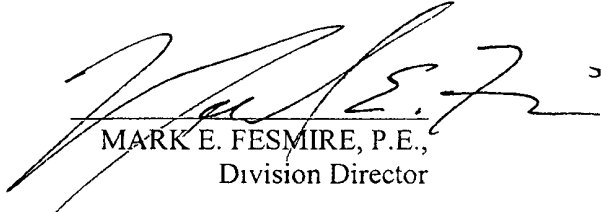
Any expansion of this commingling operation in the future either by the addition of more wells, pools or leases shall require notice to all interest owners.

This approval is subject to like approval by the Bureau of Land Management (BLM), and the State Land Office (SLO) before commencing the commingling operations.

The producer/operator shall notify the transporter of this commingling authority.

The operator shall notify the Hobbs and Artesia district offices of the Division upon commencement of commingling operations.

DONE at Santa Fe, New Mexico, on November 30, 2010.



MARK E. FESMIRE, P.E.,
Division Director

MEF/re

cc: Oil Conservation Division District Office – Hobbs and Artesia
State Land Office (SLO) – Oil, Gas, and Minerals Division – Santa Fe
Bureau of Land Management (BLM) - Roswell

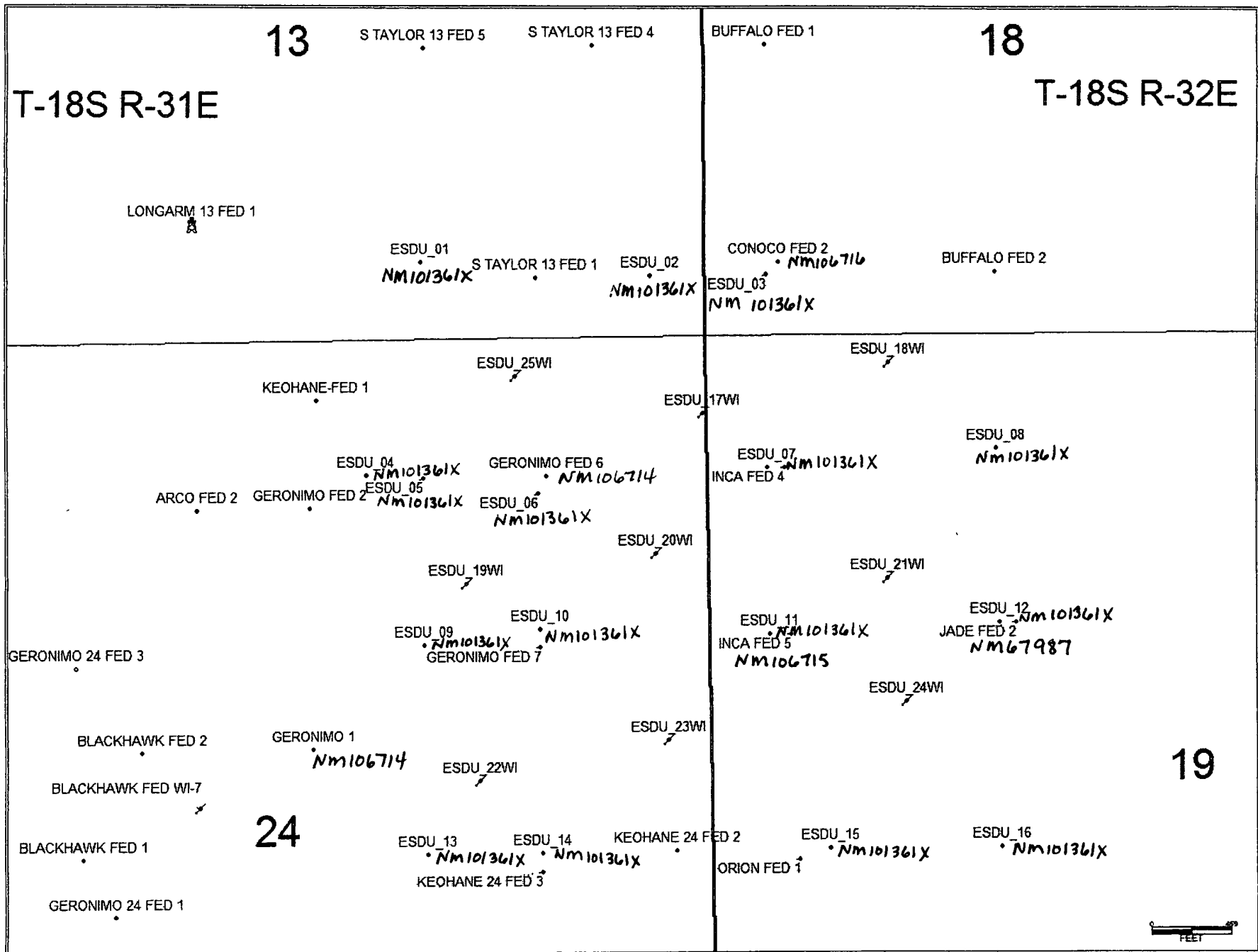
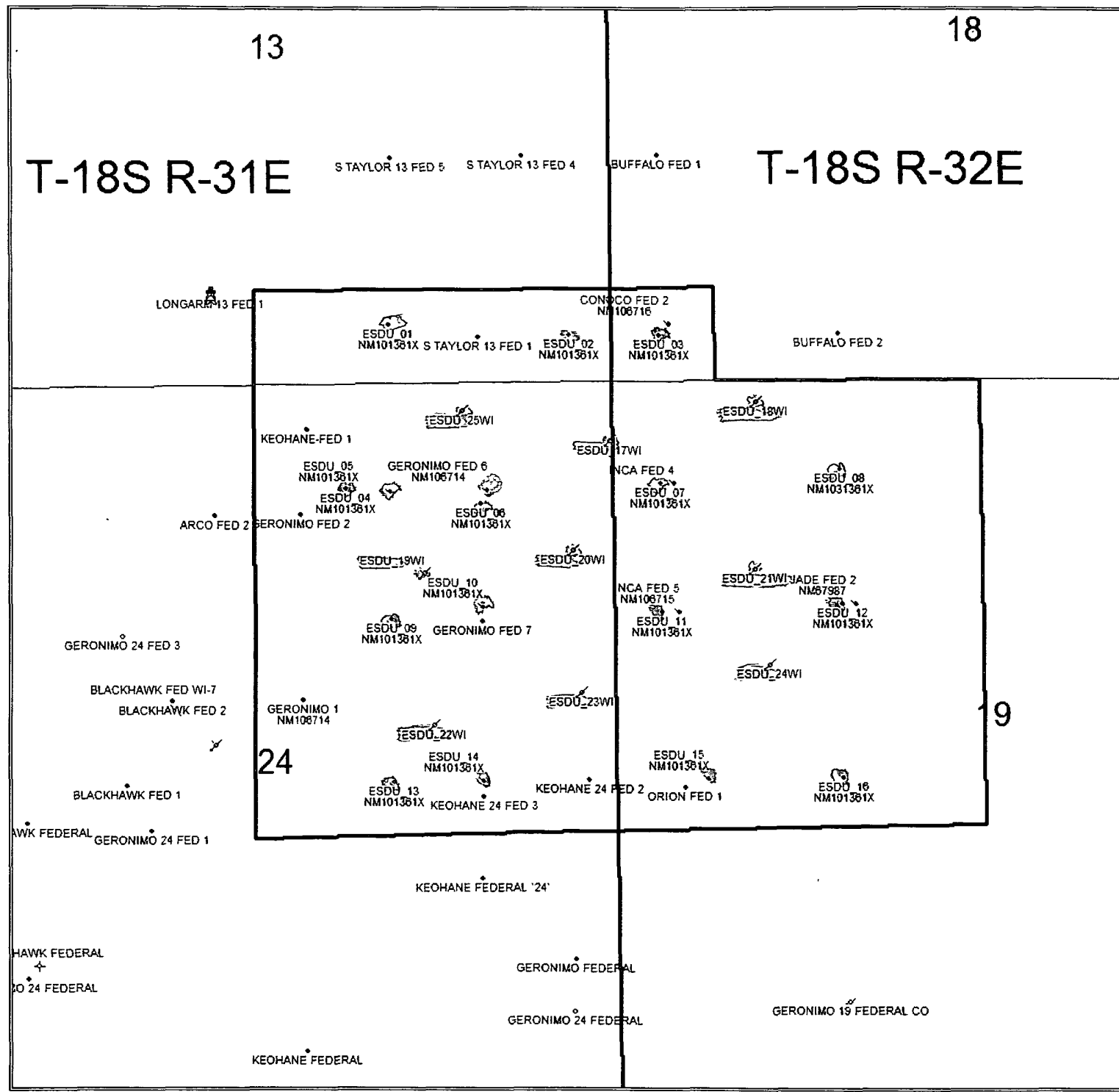


Exhibit F



Geronimo/Inca/ESDU/Jade/Conoco

SM Energy Company

September 7, 2011

**Condition of Approval
Commingle on and off lease**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
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 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.
5. Approval for combining production 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.
6. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
7. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
8. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to MMS as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to MMS. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.

NMOC D- Rule 18.12 - operator shall not Flare or vent gas. If Flaring is necessary - File Form C-129.