

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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.**

SUBMIT IN TRIPLICATE - Other instructions on page 2

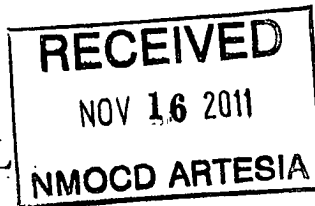
|                                                                                                                                  |  |                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------|
| 1. Type of Well<br><input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other |  | 7 If Unit of CA/Agreement, Name and/or No.<br>NMNM101361X        |
| 2. Name of Operator<br>SM ENERGY COMPANY                                                                                         |  | 8. Well Name and No.<br>REFER TO ATTACHED LIST                   |
| 3a. Address<br>3300 N "A" ST, BLDG 7-200 MIDLAND TX 79705                                                                        |  | 9 API Well No.                                                   |
| 3b. Phone No. (include area code)<br>(432)688-1709                                                                               |  | 10. Field and Pool or Exploratory Area<br>REFER TO ATTACHED LIST |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)                                                           |  | 11. Country or Parish, State<br>EDDY/LEA COUNTY    NM            |

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

| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |                                           |                                                    |                                                          |
|-------------------------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------------------------------|----------------------------------------------------------|
| <input 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 checked="" 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 <u>FLARING</u> |
|                                                       | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       |                                                          |
|                                                       | <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 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 12 MCF/D.

Accepted for record  
NMOCDSEE ATTACHED FOR  
CONDITIONS OF APPROVAL

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

(Instructions on page 2)

ESDU  
NM101361X

**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.