

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.

OCD Artesia

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|--|---|--|
| SUBMIT IN TRIPLICATE - Other instructions on reverse side. | | 5. Lease Serial No. NMNM90807 |
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator SM ENERGY | | 7. If Unit or CA/Agreement, Name and/or No |
| Contact VICKIE MARTINEZ E-Mail: VMARTINEZ@SM-ENERGY.COM | | 8. Well Name and No. OSAGE 34 FEDERAL 3H |
| 3a. Address 3300 N A ST BLDG 7 STE 200 MIDLAND, TX 79705 | 3b. Phone No. (include area code) Ph: 432-688-1709 Fx: 432-688-1701 | 9. API Well No. 30-015-39785-00-X1 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 34 T19S R29E NWSW 1880FSL 330FWL | | 10. Field and Pool, or Exploratory PARKWAY |
| | | 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 Change to Original APD |
| | <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 recomplete 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 ENERGY IS REQUESTING THE PERMISSION TO CHANGE THE SCOPE OF OUR COMPLETION DESIGN. THE NEWEST SUNDRY FOR THE WELL CHANGES IS EC141078. DUE TO HOLE CONDITION WE HAVE DECIDED TO NOT RISK RUNNING AN OPEN HOLE PACKER ASSEMBLY. INSTEAD WE ARE GOING TO RUN 5 1/2" 17# P-110 BTC FROM 12,318' TO 7,542' AND 5 1/2" 17# P-110 LTC FROM 7,542 TO SURFACE. THE CEMENT WILL BE PUMPED IN ONE STAGE AND THE SLURRIES ARE AS FOLLOWS:

LEAD: 1,495 SKS
DENSITY: 12.5 PPG
YIELD: 2.11 CF/SK

(35.65) POS (FLY ASH) CLASS H CEMENT 4% BWOC BENTONITE II 5% BWOC MPA-5 0.3% BWOC FL-52 5% BWOW
SODIUM CHLORIDE 5 LBS/SACK LCM - 1 0.125 LBS/SACK CELLO FLAKE

Accepted for record
10/1/12 NMOC

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|---|------------------------|--|
| 14. I hereby certify that the foregoing is true and correct | | RECEIVED OCT 02 2012 NMOC ARTESIA |
| Electronic Submission #151120 verified by the BLM Well Information System For SM ENERGY, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 09/20/2012 (12KMS3188SE) | | |
| Name (Printed/Typed) VICKIE MARTINEZ | Title ENGINEER TECH II | |
| Signature (Electronic Submission) | Date 09/20/2012 | |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------------------------|-----------------|
| Approved By CHRISTOPHER WALLS | Title PETROLEUM ENGINEER | Date 10/01/2012 |
| 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 USC Section 1001 and Title 43 USC 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 **

Additional data for EC transaction #151120 that would not fit on the form

32. Additional remarks, continued

TAIL: 1,361 SKS
DENSITY: 15.60 PPG
YIELD: 1.19 CF/SK
CLASS H CEMENT 0.4% BWOC FL-25 1% BWOW SODIUM CHLORIDE

DESIGNED TOC IS 1,900'