

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.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**5. Lease Serial No.
NMNM67102

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
PARKWAY 35 FEDERAL COM 4H9. API Well No.
30-015-3983910. Field and Pool, or Exploratory
PARKWAY BONE SPRING11. County or Parish, and State
EDDY COUNTY, NM1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
SM ENERGY COMPANY
Contact: VICKIE MARTINEZ
E-Mail: VMARTINEZ@SM-ENERGY.COM3a. Address
3300 N "A" STREET BLDG 7-200
MIDLAND, TX 797053b. Phone No. (include area code)
Ph: 432-688-1709
Fx: 432-688-17014. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 35 T19S R29E 450FSL 330FWL**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	Change to Original APD
	<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.)

Due to lost circulate SM Energy request the ability to use an ECP and two stage the cement. Current estimated setting depth is 390'. The first stage will be 435 sacks Class C 12.5 PPG 2.06 yield lead and 200 sks of Class C neat 14.8 PPG, 1.33 yield. Second stage volume of slurry will be 360 sacks Class H Cement 14.6 PPG, 1.46 yield. Should packer placement change cement volume will be adjusted proportionally determined by annulus volume above the packer with 50% excess and will meet the 500 psi requirement before casing test and drill out. E-mail approval attached.

Accepted for record

NMOCD

SEE ATTACHED FOR
CONDITIONS OF APPROVALRECEIVED
DEC 06 2012
NMOCD ARTESIA

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #161634 verified by the BLM Well Information System
For SM ENERGY COMPANY, sent to the Carlsbad

Name (Printed/Typed) VICKIE MARTINEZ

Title ENGINEER TECH II

Signature (Electronic Submission)

Date 12/04/2012

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

CONDITIONS OF APPROVAL

Sundry dated 12/03/2012

OPERATOR'S NAME:	SM ENERGY COMPANY
WELL NAME & NO.:	PARKWAY 35 FEDERAL #4H
SURFACE HOLE FOOTAGE:	450' FSL & 330' FWL
BOTTOM HOLE FOOTAGE:	660' FSL & 330' FEL
LOCATION:	Section 35, T.19 S., R.29 E., NMPM
COUNTY:	Eddy County, New Mexico

Original COA still applies with the following changes:

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Capitan Reef

Secretary's Potash

High Cave/Karst

Possible lost circulation in the Artesia, Delaware and Bone Spring Groups.

Possible brine and water flows in the Artesia and Salado Groups.

1. The minimum required fill of cement behind the 13-3/8 inch 1st intermediate casing **which shall be set at approximately 1500' below Yates Formation, is:**
(The Yates has been known to be capable of producible hydrocarbons)

Operator has proposed DV tool / ECP at depth of 390', but will adjust cement proportionately if moved. DV tool shall be set a minimum of 50' below previous shoe and a minimum of 200' above current shoe. Operator shall submit sundry if DV tool depth cannot be set in this range.

a. First stage to DV tool:

- ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool:

- ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst and potash.

EGF 120212