

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTOCD Artesia
RECEIVED

JUL 26 2013

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.**

| | | |
|--|---|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM88491X |
| 2. Name of Operator SM ENERGY COMPANY | | 6. If Indian, Allottee or Tribe Name |
| Contact: VICKIE MARTINEZ E-Mail: VMARTINEZ@SM-ENERGY.COM | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3a. Address 3300 N "A" STREET BLDG 7-200 MIDLAND, TX 79705 | 3b. Phone No. (include area code) Ph: 432-688-1709 Fx: 432-688-1701 | 8. Well Name and No. PARKWAY DELAWARE UNIT 101 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 26 T19S R29E 330FSL 1980FEL | | 9. API Well No. 30-015-26112 |
| | | 10. Field and Pool, or Exploratory PARKWAY;DELAWARE |
| | | 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 | Venting and/or Flaring |
| | <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 recompletable 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.)

AS OF 06/30/2013 AT 10:00 AM CST SM ENERGY STARTED FLARING APPROXIMATELY 575 MCFPD DUE TO DCP LINE BREAK.

AT THIS TIME WE ARE UNSURE HOW LONG WE WILL BE FLARING BUT WILL FOLLOW UP WITH A SUBSEQUENT WHEN WE ARE NO LONGER FLARING.

METERED VOLUMES WILL BE REPORTED ON THE C-115 FORM.

THE PDU BATTERY IS FLARING AND IS MADE UP OF THE FOLLOWING AS WELL:

Lease Name UL:Sec:Township:Range API Number Location County
PARKWAY DELAWARE UNIT #201 C-35-19S-29E 30-015-26063 990 FNL & 2310 FWL Eddy County

**SEE ATTACHED FOR
CONDITIONS OF APPROV.***Accepted 7/31/13*
Accepted for record

| | |
|--|------------------------|
| 14. I hereby certify that the foregoing is true and correct. | |
| Electronic Submission #212586 verified by the BLM Well Information System For SM ENERGY COMPANY, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 07/12/2013 () | |
| Name (Printed/Typed) VICKIE MARTINEZ | Title ENGINEER TECH II |
| Signature (Electronic Submission) | Date 07/03/2013 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------|------|
| Approved By <i>[Signature]</i> | 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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****
SUBJECT TO LIKE
APPROVAL BY STATE

Additional data for EC transaction #212586 that would not fit on the form

32. Additional remarks, continued

- ✓ PARKWAY DELAWARE UNIT #202 B-35-19S-29E 30-015-26083 990 FNL & 1980 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #203 A-35-19S-29E 30-015-26079 890 FNL & 990 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #204 D-35-19S-29E 30-015-26143 990 FNL & 940 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #208 H-35-19S-29E 30-015-34433 1438 FNL & 969 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #401 F-35-19S-29E 30-015-25985 1980 FNL & 1980 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #301 G-35-19S-29E 30-015-26005 1980 FNL & 1980 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #302 E-35-19S-29E 30-015-26006 2230 FNL & 760 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #305 G-35-19S-29E 30-015-33071 2000 FNL & 1564 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #307Y G-35-19S-29E 30-015-33997 1500 FNL & 2060 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #402 F-35-19S-29E 30-015-34129 1437 FNL & 1986 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #501 J-35-19S-29E 30-015-25960 1980 FSL & 1980 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #502 K-35-19S-29E 30-015-25984 1980 FSL & 1980 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #503 O-35-19S-29E 30-015-26007 660 FSL & 1910 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #504 N-35-19S-29E 30-015-26028 660 FSL & 1980 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #505 L-35-19S-29E 30-015-26029 1980 FSL & 760 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #510 J-35-19S-29E 30-015-33072 1870 FSL & 1480 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #511 J-35-19S-29E 30-015-33073 2570 FSL & 2225 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #512Y K-35-19S-29E 30-015-33998 2615 FSL & 1945 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #514 O-35-19S-29E 30-015-34130 1210 FSL & 2065 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #515 K-35-19S-29E 30-015-34407 1300 FSL & 1675 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #701 I-35-19S-29E 30-015-26025 1980 FSL & 990 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #702 H-35-19S-29E 30-015-26026 1980 FNL & 990 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #705 H-35-19S-29E 30-015-33136 2520 FNL & 990 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #801 P-35-19S-29E 30-015-26012 660 FSL & 810 FEL Eddy County
- ✓ PARKWAY DELAWARE UNIT #901 E-36-19S-29E 30-015-26077 1980 FNL & 330 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #902 D-36-19S-29E 30-015-26078 660 FNL & 330 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #921 L-36-19S-29E 30-015-26070 1980 FSL & 330 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #922 M-36-19S-29E 30-015-26074 990 FSL & 330 FWL Eddy County
- ✓ PARKWAY DELAWARE UNIT #923 K-36-19S-29E 30-015-26075 1980 FSL & 1650 FWL Eddy County

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

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.
8. Approval not to exceed 90 days for date of approval.
9. Submit Subsequent Report to this sundry with actual volumes of gas flared monthly on 3160-5 (sundry notice).
10. If flaring is still required past 90 days submit new request for approval.
11. If a portable unit is used to flare gas it must be monitored at all times.
12. Comply with any restrictions or regulations when on State or Fee surface.

JDB2013