

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTRECEIVED
NOV 04 2013
NMOCD ARTESIAFORM 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. NMNM90807
2. Name of Operator SM ENERGY Contact: VICKIE MARTINEZ E-Mail: VMARTINEZ@SM-ENERGY.COM		6. If Indian, Allottee or Tribe Name
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	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 34 T19S R29E NENE 450FNL 330FEL		8. Well Name and No. OSAGE 34 FEDERAL 1H
		9. API Well No. 30-015-41508-00-X1
		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 checked="" type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input type="checkbox"/> Other
	<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 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.)

SM Energy Company respectfully requests permission to reinstate the integrity of the wellbore on the Osage 34 Federal 1H by taking the following actions. A pressure test will be conducted from the stage collar at 3,900 ft down to the liner top at 7,567 ft to confirm casing integrity below the stage collar. A second pressure test will be conducted from the top of the stage tool to surface. Prior to the frac a permanent 5.5? 17# P-110 string of casing with true flush joint couplings and will be cemented to surface with 325 sxs of TXI 13.20 lb/gal and yield of 1.33 ft3/sk. The 5.5? casing will be connected to the seal bore of the liner top to ensure pressure isolation. Should cement not circulate a CBL will confirm the TOC. During the frac the 5.5? X 7? annulus will be monitored to ensure pressure isolation

A 40 arm caliper log has been run the full length of the 7? casing that the 5.5? completion string will be run in. The caliper shows a consistent ID of 6.37?.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct. Electronic Submission #224768 verified by the BLM Well Information System For SM ENERGY, sent to the Carlsbad Committed to AFMSS for processing by WESLEY INGRAM on 10/29/2013 (14WWI0239SE)	
Name (Printed/Typed) VICKIE MARTINEZ	Title ENGINEER TECH II
Signature (Electronic Submission)	Date 10/29/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>EDWARD FERNANDEZ</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>10/30/2013</u>
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 <u>Carlsbad</u>

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ******SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Additional data for EC transaction #224768 that would not fit on the form

32. Additional remarks, continued

SM Energy respectfully requests a variance of the required clearance stated in On Shore Order 2 for the footages between 3,956 ft and 3,942 ft. The ID between these depths shows on the caliper log to be 6.28?. The variance will be given for 0.064? of additional needed clearance between theses depths.



**Do It Once
Do It Right**

Running Procedure for StackFRAC® HD™ Frac String

SM Energy

Osage 34 Fed #1H

Eddy County, NM

Installation Summary:

1 Wellbore Preparation once equipment is unloaded on location:

Final inspection of equipment on location will be:

- Drifting of Sub-Assemblies as necessary with tubing drifts and Solid Steel Drift Balls
- Tally of Assemblies and critical measurements
- ID/OD of all equipment to be taken on location and reported as well as compared to casing report on location

Hydraulic Calculations to be reviewed by onsite personnel and Packers Plus Supervisor

*Liner will be inspected to ensure proper threads, grade, and handling equipment is available on location
Torque for sub-assemblies and liner require to be determined and practice make up
made on rig floor prior to sub-assemblies and liner being picked up.*

Liner will be drifted on the pipe racks or while being picked up to 3.875" (Max ball to be dropped 3.750")

*Final pipe tally to be reviewed and all joints on location to be counted and accounted for prior
to the start in of completion equipment*

1 Make up tie-back string in following order:

- A** Packers Plus 4.750" OD Seal X 3.875" ID Anchor Seal Assembly w/ 3' Pup Joint
- B** 4-1/2" LTC Pin X 5-1/2" LTC Box Cross-Over
- C** 5-1/2", 17#, P-110, LTC Casing (to Surface) *Flush Joint*

- 2** RIH with Frac String to just above liner-top (Note: Up / Down / Neutral Hook-Load).
- 3** Slowly tag top of liner (mark pipe at this point to note liner-top).
- 4** Slack-off until seals land in tieback receptacle on liner top packer.
- 5** Overpull ~20,000# force above neutral hook-load to confirm seal assembly latch (return to neutral weight)
- 6** Pressure test the tie-back string to 500 PSI (Minimum)
- 7** Disengage anchor seal assembly from Liner Hanger Packer by picking up to neutral and applying 10 rounds right hand rotation to tie-back. Rotate the tie-back in increments of 5 right hand rotations and then allow residual torque to work itself out of string. Record residual torque and compensate with additional right hand rotation until anchor seal assembly is released from the liner-hanger packer.
- 8** Pick up the anchor seal assembly to ~10 ft above liner top and prep for cement job
- 9** Pump desired cement job, plus ~10 BBL high viscosity tail spacer.
- 10** Displace the cement (plus spacer) the calculated tie-back capacity to place it in the tie-back annulus
- 11** Shut down displacement (Hold pressure on 5-1/2" tie-back to prevent cement U-Tubing)
- 12** Slowly slack-off until seals land in tieback receptacle on liner top packer.
- 13** Overpull ~20,000# force above neutral hook-load to confirm seal assembly latch (return to neutral weight)
- 14** Pressure test the tie-back string to 500 PSI (Minimum)
- 15** Slack-off weight on landed Frac String as per Packer-Tubing Force Analysis.
- 16** Nipple down BOP's / nipple up wellhead
- 17** Demob drilling rig and prep lease
- 18** Rig up frac crew and stimulate well as per Pumping Company and Packers Plus Program

See COA

CONDITIONS OF APPROVAL

October 29, 2013

OPERATOR'S NAME:	SM Energy Company
LEASE NO.:	NMNM-90807
WELL NAME & NO.:	Osage 34 Federal 1H 30-015-41508
LOCATION:	Section 34, T. 19 S., R 29 E., NMPM
COUNTY:	Eddy County, New Mexico

- All pressure testing conducted on the **7** inch casing shall be chart recorded (**minimum of 30 minutes**) and submitted to the BLM on a Sundry/Subsequent report.
- Variance is approved for the footages between 3,956 ft to 3,942 ft due the fact that the ID between these depths shows on the caliper log to be 6.28" vs 6.37"
- The minimum required fill of cement behind the **5.5** inch flush joint production casing is:
 - -----Cement to circulate to surface. If cement does not circulate, contact the appropriate BLM office. **There shall be a minimum wait on cement time of 8 hours**
- As per On Shore Order No. 2 (B) (h), the Operator shall conduct a chart recorded casing test (minimum of 30 minutes) on the total length of the 5-1/2" flush joint production casing.

EGF 102913