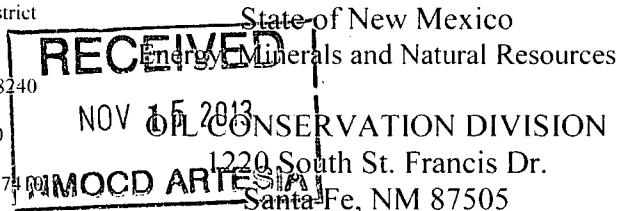


Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505



SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-015-34278
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator SM ENERGY COMPANY		6. State Oil & Gas Lease No.
3. Address of Operator 3300 N "A" STREET, BLDG 7-200 MIDLAND, TX 79705		7. Lease Name or Unit Agreement Name FPR STATE
4. Well Location Unit Letter P : 660 feet from the SOUTH line and 660 feet from the EAST line Section 36 Township 19S Range 29E NMPM County EDDY		8. Well Number 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3326 GR		9. OGRID Number 154903
		10. Pool name or Wildcat PARKWAY; BONE SPRING

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: RE-COMplete <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SM Energy proposes to re-complete the FPR State #1 in the lower Avalon shale formation, as a test of the productivity of the Avalon in the area. The proposed date of operations to start is November 2013. The proposed target interval of 6800' to 6950', will be perforated within the interval, hydraulically fractured, and placed on rod pump for production testing.

The Osage Federal 16 was spud by Marbob on 11/4/2005 and drilled to 12,190'. The well was perforated and completed in several zones from the Lower Morrow at 11,956'-11,969' up to the 3rd Bone Spring at 9,314'-9476', before being TA'd on 9/30/2011. (See current wellbore diagram attached.)

The proposed test of the lower Avalon shale will involve the following work. Obtain partner approval to recomplete the well in the lower Avalon shale. Then casing will be pressure tested. A guage ring and cement bond log will be run to evaluate the cement over the Avalon interval. If the cement bond is adequate, then a di-pole sonic log may be run to evaluate rock properties over the Avalon interval. After logging is finished, an interval between 6800'-6950' will be perforated, and the zone hydraulically fractured. The well will be flowed back up 5 1/2" casing and placed on rod pump when it has died. (See attached proposed wellbore diagram.)

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Vickie Martinez

TITLE ENGINEER TECH II

DATE 10/28/2013

Type or print name VICKIE MARTINEZ

E-mail address: VMARTINEZ@SM-ENERGY.COM PHONE: (432)688-1709

For State Use Only

APPROVED BY:

T. C. Shepard

TITLE

"Geologist"

DATE

11/15/2013

Conditions of Approval (if any):

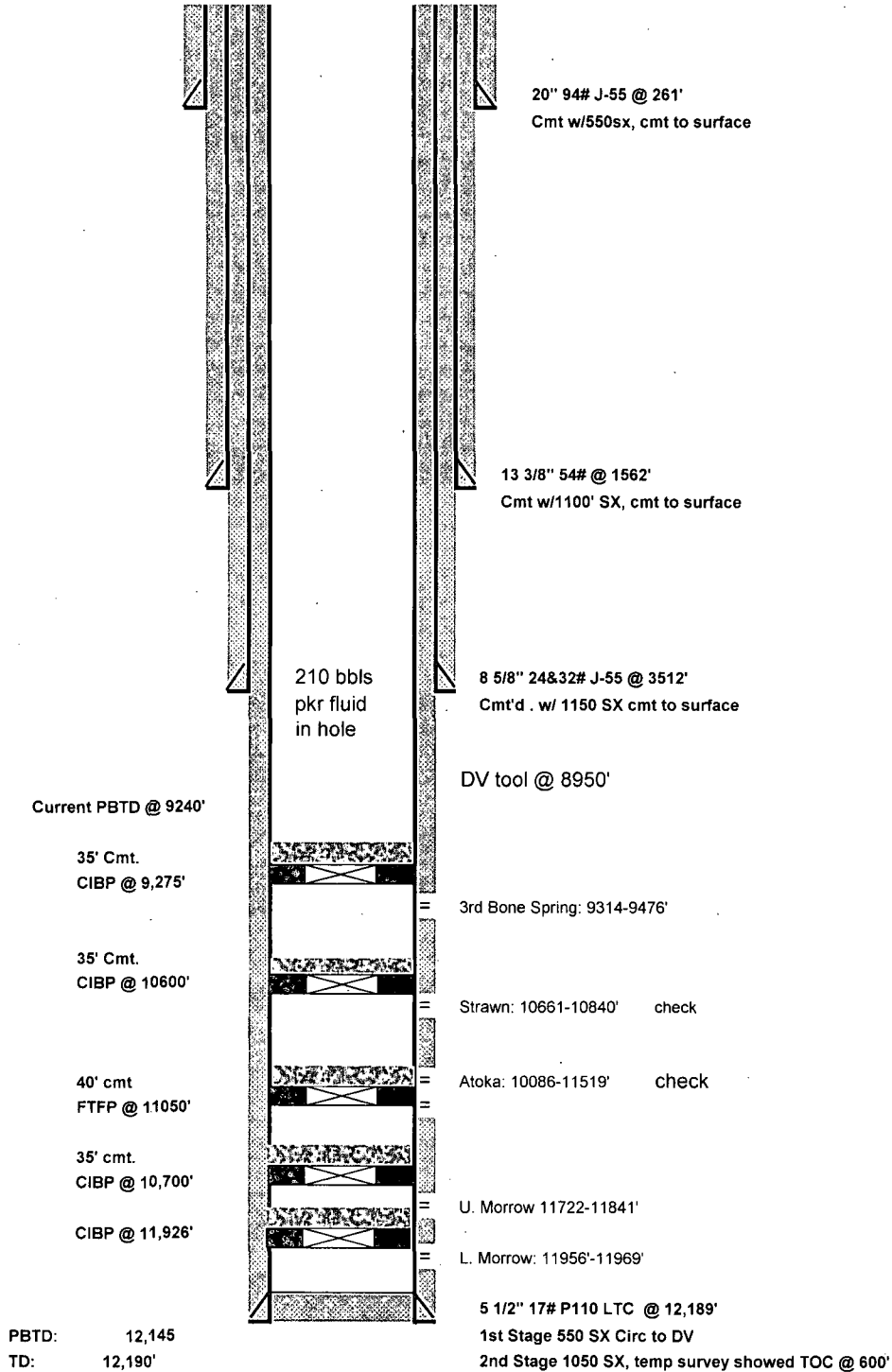
WELLBORE DIAGRAM

FPR State #1

LEASE: FPR
LOCATION: 660' FSL & 660' FEL
FIELD: Parkway
CURRENT STAT. T&A'd

WELL NO. 36-1
SEC: 36 T: 19S R: 29E
GL: 3330' CT/ST: EDDY,NM
KB: 3342'

API # : 30-015-34278
SPUD: 11/4/2005
COMP: 12/28/2005
INITIAL FROM: Strawn



DATE: 10/24/2013
Updated By:
NDL

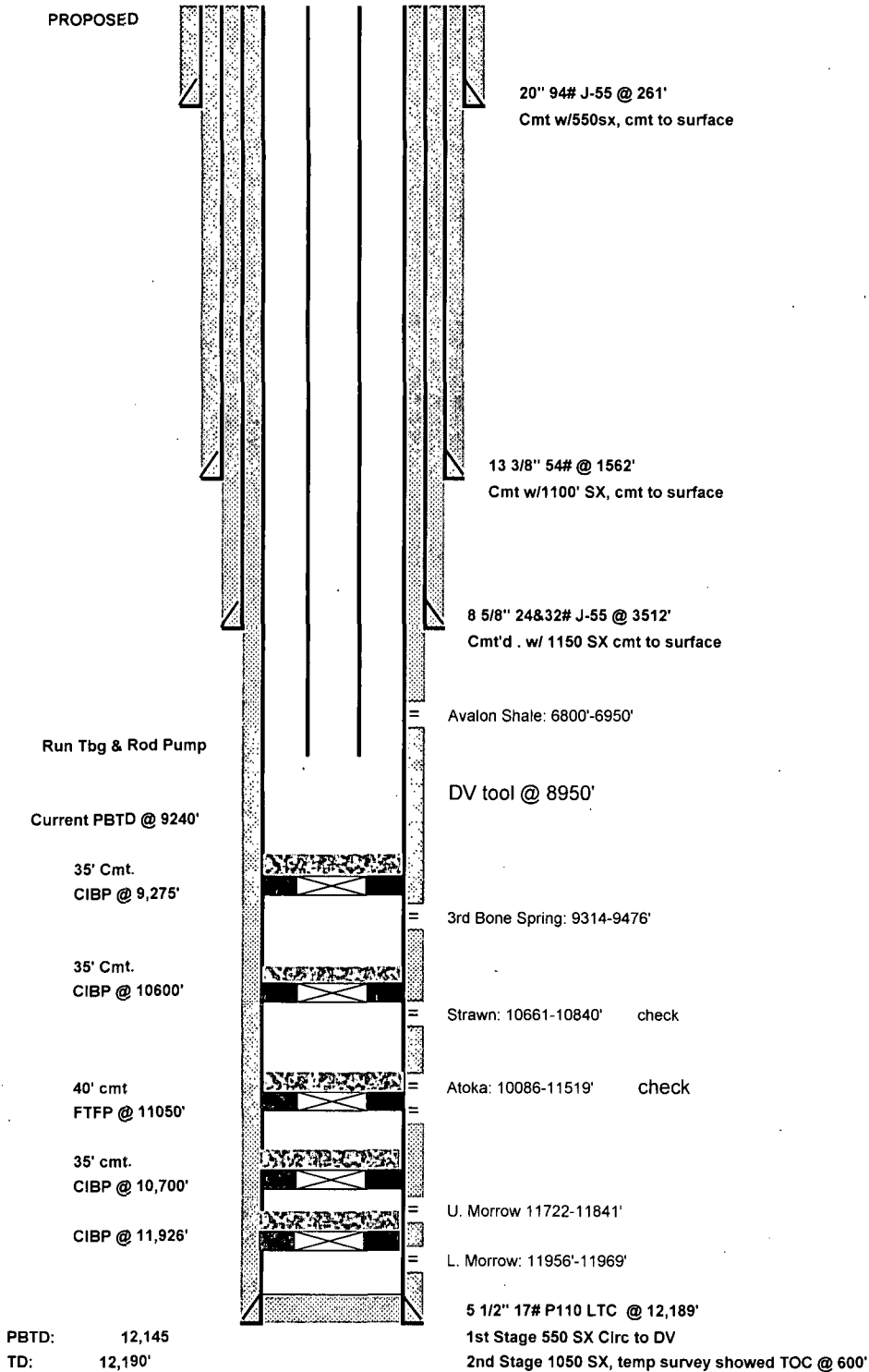
PROPOSED WELLBORE DIAGRAM

FPR State #1

LEASE: FPR
LOCATION: 660' FSL & 660' FEL
FIELD: Parkway
CURRENT STAT. T&A'd

WELL NO. 36-1
SEC: 36 T: 19S R: 29E
GL: 3330' CT/ST: EDDY, NM
KB: 3342'

API # : 30-015-34278
SPUD: 11/4/2005
COMP: 12/28/2005
INITIAL FROM: Strawn



DATE: 10/24/2013
Updated By:
NDL

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

¹ API Number	² Pool Code	³ Pool Name
30-015-34278	49622	PARKWAY BONE SPRING
⁴ Property Code	⁵ Property Name	⁶ Well Number
311848	FPR STATE	1
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
154903	SM ENERGY COMPANY	3326

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	36	19S	29E		660	SOUTH	660	EAST	EDDY

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
40			

16					17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling or an heretofore entered by the division.</i>
					<i>Vickie Martinez</i> 10/30/2013 Signature Date
					VICKIE MARTINEZ Printed Name VMARTINEZ@SM-ENERGY.COM E-mail Address
					18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>
					Date of Survey Signature and Seal of Professional Surveyor: 6660' 6660'
					Certificate Number