

OCD-ARTESIA

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.**5. Lease Serial No.  
NMNM90807

6. If Indian, Allottee or Tribe Name

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

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other8. Well Name and No.  
OSAGE 34 FEDERAL 6H2. Name of Operator  
SM ENERGY COMPANYContact: LISA HUNT  
E-Mail: lhunt@sm-energy.com9. API Well No.  
30-015-41597-00-S13a. Address  
3300 N A ST BLDG 7 STE 200  
MIDLAND, TX 797053b. Phone No. (include area code)  
Ph: 432-848-4833  
Fx: 432-688-170110. Field and Pool, or Exploratory  
PARKWAY

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 34 T19S R29E NESE 1750FSL 15FEL  
32.365248 N Lat, 104.031511 W Lon11. 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	Off-Lease Measuremen t
	<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 is requesting approval to measure and sell gas production from the referenced well off lease. The measurement and sale of production from this well will be executed at the existing DCP Sales Meter (Station 718775-00) located at the NW, SW of Sec 35, T19S, R29E and the new Agave Sales Meter to be located at the NW, SW of Sec 36, T19S, R29E. The necessary off lease measurement is due to not having an available pipeline near well/lease. The Agave sales meter will be used to take Osage 34 Fed 6H gas when DCP line is not able due to DCP's lack of gathering capacity. Tie in to Agave's meter is expected to help eliminate/reduce flaring.

Off lease measurement is for gas only. All oil and water will remain on lease until sold. See attached map and site security diagram.

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

Accepted for record  
NMOCDC 10/15/14  
NM OIL CONSERVATION  
ARTESIA DISTRICT  
JUL 14 2014  
RECEIVED

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #251096 verified by the BLM Well Information System  
For SM ENERGY COMPANY, sent to the Carlsbad  
Committed to AFMSS for processing by DUNCAN WHITLOCK on 07/08/2014 (14DW0136SE)

Name (Printed/Typed) LISA HUNT

Title REGULATORY TECHNICIAN

Signature (Electronic Submission)

Date 06/27/2014

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By DUNCAN WHITLOCK

Title EPS

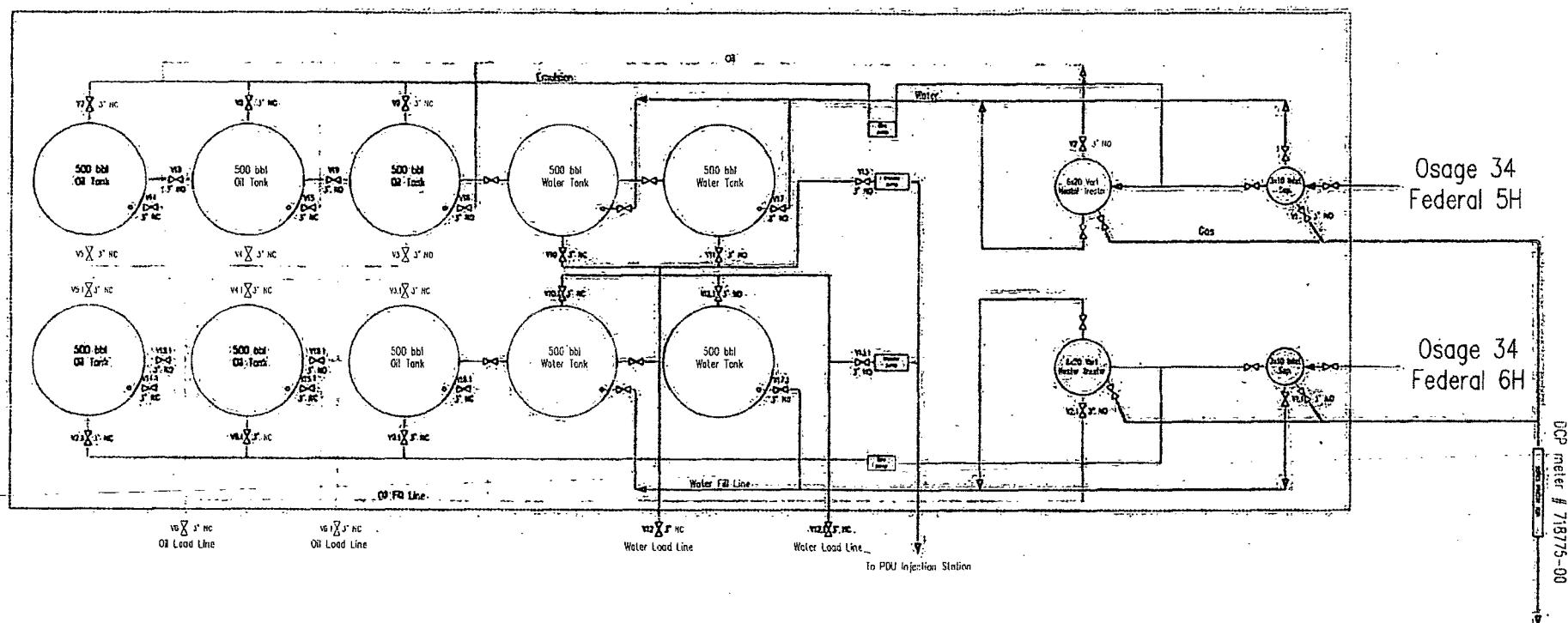
Date 07/08/2014

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 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 \*\***



General sealing of valves, sales by tank gauging.

Production Phase: All drain valves, V7 thru V13 & V7.1 thru V13.1, and all sales valves, V1 thru V6 & V1.1 thru V6.1, sealed closed.

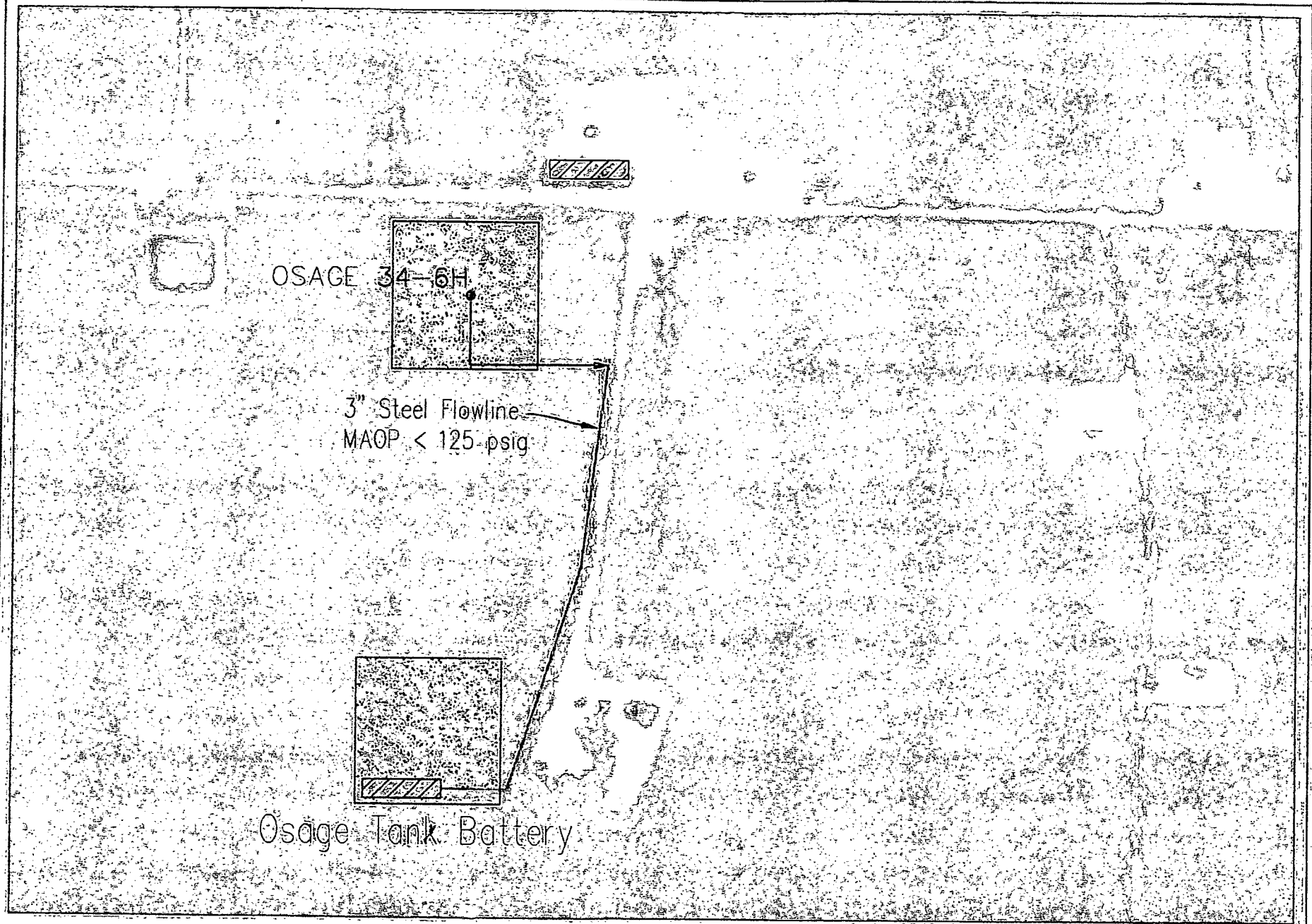
Sales Phase: The tank from which sales are being made will be isolated by sealing closed the drain valve, and the equalizer valves during sales.

Draining Phase: The tank being drained will be isolated by sealing close the sales valve, fill valve, equalizer valves, and the drain valves on the other tanks.

#### VALVE SERVICE

SALES: V1 thru V6 & V1.1 thru V6.1  
 CIRC&DRAIN: V7 thru V13 & V7.1 thru V13.1  
 FILL: V14 thru V17 & V14.1 thru V17.1  
 EQU: V18 thru V19 & V18.1 thru V19.1

<b>SM ENERGY</b> SM Energy 3300 N. A Street Bldg. 7, Suite 200 Midland, TX 79705	
<b>SITE SECURITY DIAGRAM</b> SEC 34 Y195 R29E	
OSAGE 34 FED 5H & OSAGE 34 FED 6H	
EDDY COUNTY, NEW MEXICO	
API 3001541250 & 3001541597	
Lease Serial No. NMNM90807	
DATE: 1/14/2014	Design Engineer: Kevin Hinshaw

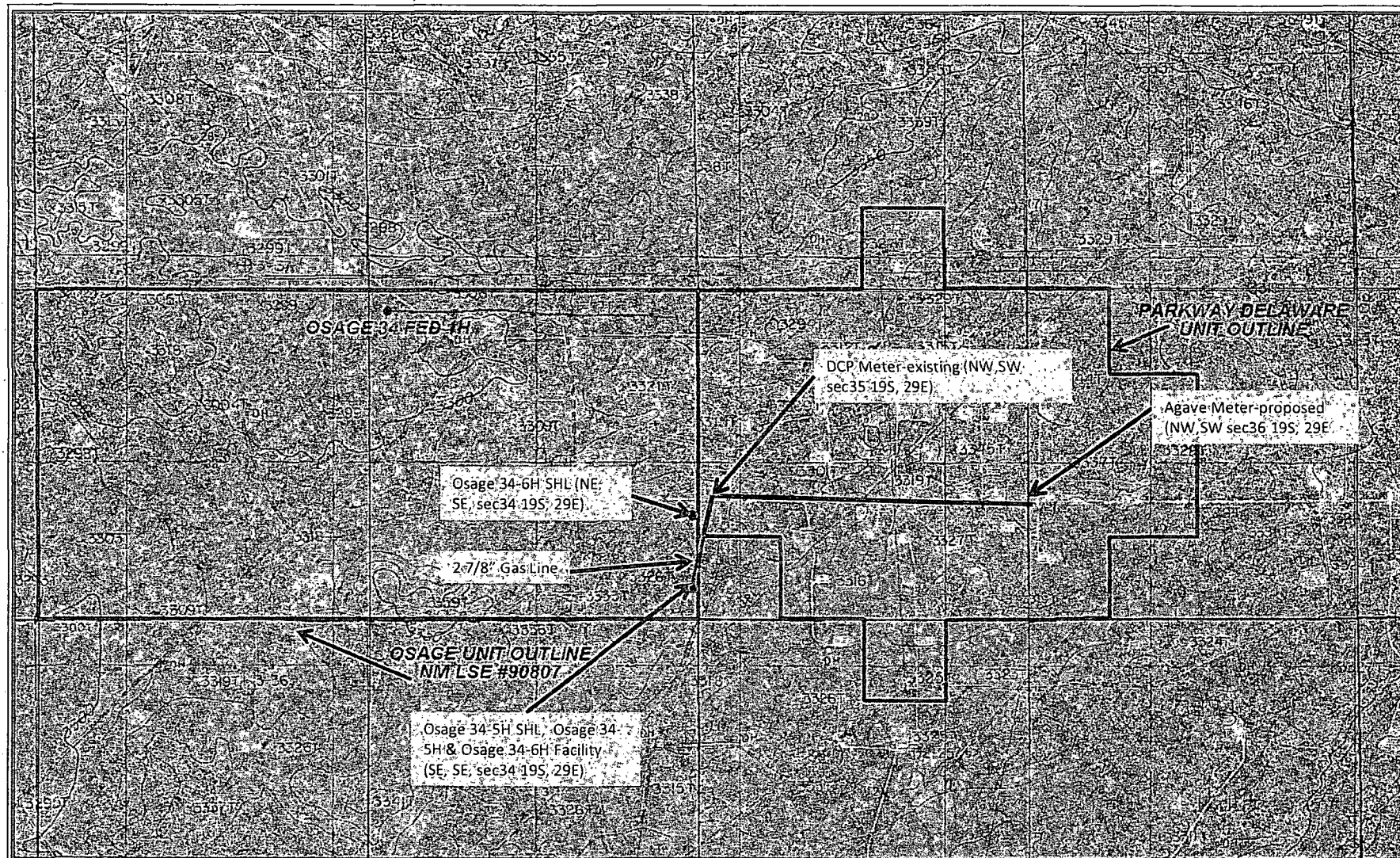


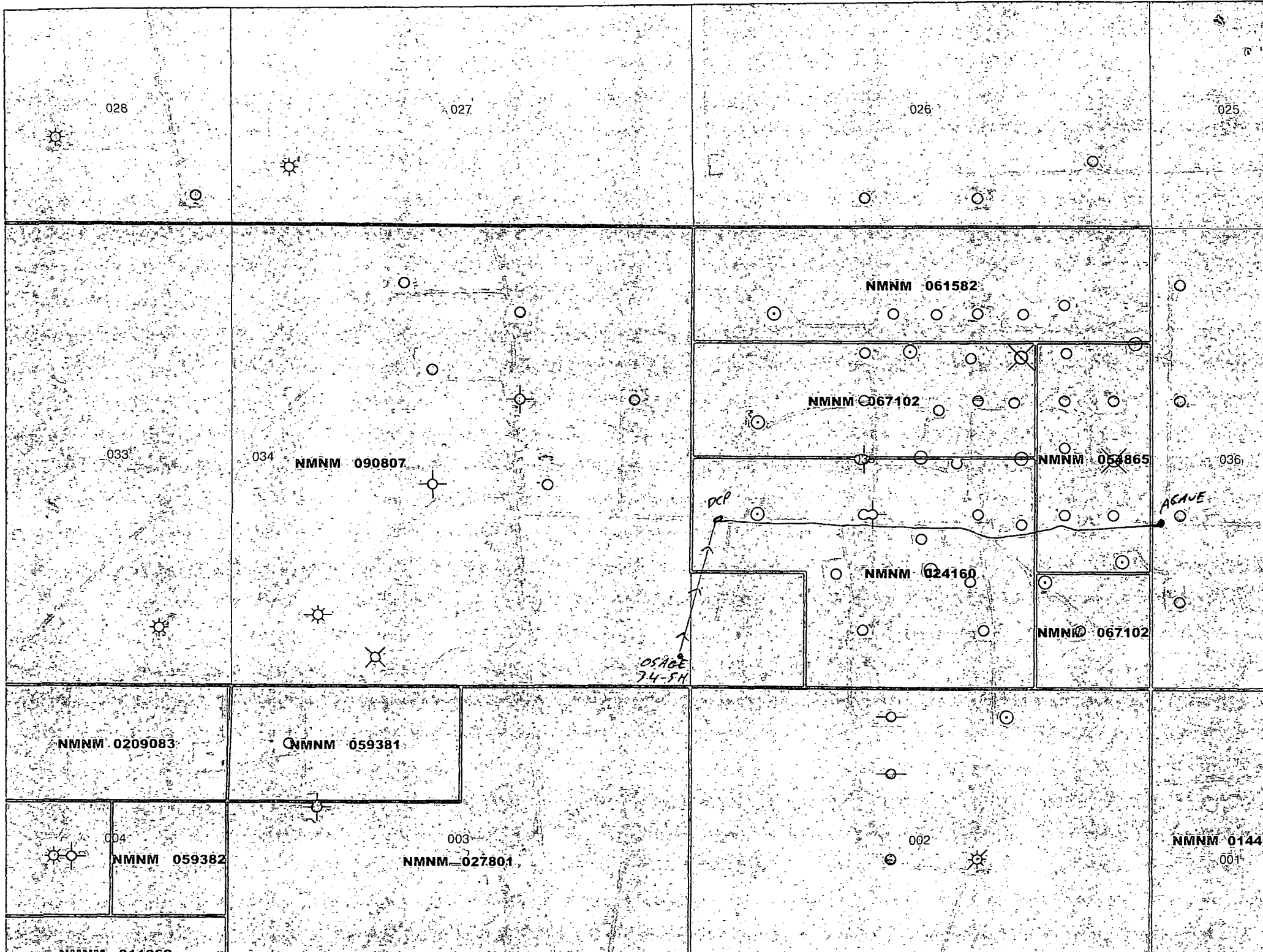
Osage 34 Federal 6H Sundry Notice

API No. 30-015-41597

Date: 1/15/2014

Eddy County, New Mexico





**Bureau of Land Management  
Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972**

**Off-Lease Measurement**

**Conditions of Approval: SM Energy Company  
Osage 34 Federal 6H  
NM90807 3001541597**

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented without proper measurement and prior approval. Any gas vented must be flared.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease measurement from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
8. Notify this office with 24 Hrs. of meter calibration as per Onshore Order #5.III.C.18. Supply a copy of meter calibration report to this office within 30 days.
9. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "standard Environmental Colors" – Shale Green.