

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.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM67102
2. Name of Operator SM ENERGY COMPANY Contact: VICKIE MARTINEZ E-Mail: VMARTINEZ@SM-ENERGY.COM		6. If Indian, Allottee or Tribe Name
3a. Address 6301 HOLIDAY HILL ROAD BLDG 1 MIDLAND, TX 79707	3b. Phone No. (include area code) Ph: 432-688-1709 Fx: 432-688-1702	7. If Unit or CA/Agreement, Name and/or No. NMNM131078
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T19S R29E 450FSL 330FWL		8. Well Name and No. PARKWAY 35 FEDERAL COM 4H
		9. API Well No. 30-015-39839
		10. Field and Pool, or Exploratory PARKWAY;BONE SPRING
		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 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.)

After the 7 in. casing is successfully repaired at 3,434 ft, we will perforate at 3,600 ft and establish circulation. A cement retainer will then be set at 3,500 ft on tubing and cemented with 200 sks 50:50 Poz Class C cement 11.80 ppg, 2.45 cf/sk yield + 10% bentonite + 0.4%FL-16 + 0.3% CD-35 + 5% Salt (BWOW). The TOC is designed for 1,000 ft to cover the top of the Capitan at 1,700 ft. TOC will be verified with a temperature survey. After the TOC is verified, the cement will be drilled out and the casing will be tested to 500 psi. After the casing is successfully tested the well will then be returned to production.

NM OIL CONSERVATION
ARTESIA DISTRICT

MAR 16 2015

RECEIVED

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Electronic Submission #294583 verified by the BLM Well Information System
For SM ENERGY COMPANY, sent to the Carlsbad
Committed to AFMSS for processing by PAUL SWARTZ on 03/11/2015 ()

Name (Printed/Typed) BRADY ADAMS

Title PRODUCTION ENGINEER

Signature (Electronic Submission)

Date 03/11/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title

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

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD 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

SM Energy Company
Parkway Com - 04H, API 3001539839
T19S-R29E, Sec 35, 450FSL & 330FWL
March 11, 2015

1. Subject to like approval by the New Mexico Oil Conservation Division.
2. **The well is within the BLM designated Capitan Reef four casing boundary and was completed without adequate cement coverage. Operator contention is that a cement weight above 11.80 lb/gal will result in loss of cement coverage for the 7" casing due to low frac gradient of the Capitan Reef. Cement coverage for this 7" casing (due to poor coverage of the 9 5/8" casing) is to the surface.**
3. **Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 3800 or below to top of cement taken with 0psig casing pressure. The CBL may be attached to a pswartz@blm.gov email. The CFO BLM on call engineer may be reached at 575-706-2779.**
4. Surface disturbance beyond the existing pad shall have prior approval.
5. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
6. Functional H₂S monitoring equipment shall be on location.
7. 3000 (3M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Blind ram(s) and pipe ram(s) designed to close on all workstring diameters used is required equipment. A manual BOP closure system (hand wheels) shall be available for use regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
8. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
9. Before pulling the RBP **perform a charted casing integrity test** of 500psig minimum. Document the pressure test on a one hour full rotation calibrated (within 6 months) recorder chart registering within 25 to 85 per cent of its full range. **Verify all annular casing vents are plumbed to the surface and open during this pressure test. Call BLM 575-361-2822 and arrange for a BLM witness of that pressure test.** Include a copy of the chart in the subsequent sundry for this workover.

10. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.
11. Submit a subsequent Sundry Form 3160-5 relating the dated daily wellbore and MIT activities. File the form within 30 days of any interrupted workover procedures and a complete workover subsequent sundry.
12. Submit the BLM Form 3160-4 Recompletion Report within 30 days of the date all BLM approved procedures are complete.