

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.*

OCD Artesia

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

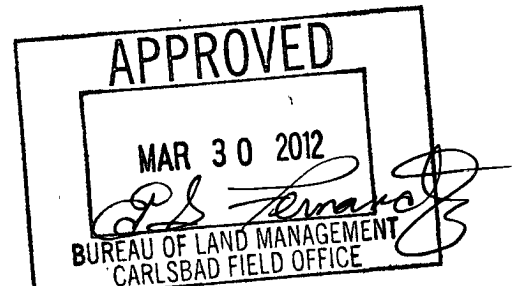
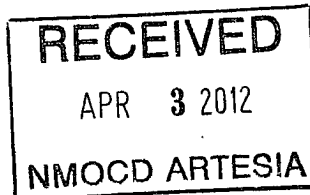
1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other INJECTION		5. Lease Serial No NMNM67102
2. Name of Operator SM ENERGY		6. If Indian, Allottee or Tribe Name
3a. Address 3300 N A ST BLDG 7 STE 200 MIDLAND, TX 79705		7. If Unit or CA/Agreement, Name and/or No NMNM88491X
3b. Phone No. (include area code) Ph: 432-688-1709 Fx: 432-688-1701		8. Well Name and No PARKWAY DELAWARE UNIT 521
4. Location of Well (Footage, Sec, T, R, M, or Survey Description) Sec 35 T19S R29E SENW 1420FNL 1330FWL		9. API Well No 30-015-39880-00-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"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Change to Original APD

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 WOULD LIKE TO REQUEST SOME CHANGES IN CASING GRADE, THREAD AND COLLARS DUE TO AVAILABILITY TO THE APPROVED APD FOR THE PDU 521. PLEASE SEE ATTACHED FOR SPECIFIC DETAILS.

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct Electronic Submission #134289 verified by the BLM Well Information System For SM ENERGY, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 03/30/2012 (12KMS1424SE)	
Name (Printed/Typed) VICKIE MARTINEZ	Title AUTHORIZED REPRESENTATIVE
Signature (Electronic Submission)	Date 03/29/2012

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

Approved By EDWARD FERNANDEZ	Title PETROLEUM ENGINEER	Date 03/30/2012
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.

**CONDITIONS OF APPROVAL**  
SM ENERGY COMPANY  
PARKWAY DELAWARE UNIT #521 (30-015-39880)  
Section 35, T.19 S., R.29 E., NMPM  
Sundry dated 3/30/2012

Original COA still applies with the following being re-stated:

As per email dated 3/30/2012 Final Casing Design

HOLE SIZE	INTERVAL	CASING OD	WEIGHT	THREAD	COLLAR	GRADE	CONDITION
26"	0-200'	20"	94#	BTC	BTC	J-55	NEW
17 - 1/2"	0-1,200'	13-3/8"	48#	8-R	STC	J-55	NEW
17 - 1/2"	1,200'-1,500	13-3/8"	54.5#	8-R	STC	J-55	NEW
11"	0-2,000'	8-5/8"	24#	8-R	STC	J-55	NEW
11"	2,000-3,200	8-5/8"	32#	8-R	STC	J-55	NEW
7 - 7/8"	0-4,500'	5-1/2"	15.5#	8-R	LTC	J-55	NEW

1. The **20** inch surface casing shall be set at approximately **200** feet (a minimum of 25 feet into the Competent Bed and above the salt) and cemented to the surface. **Additional cement will be required as excess calculates to negative 6%.**
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
  - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
  - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
  - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **13-3/8** inch intermediate casing is:  
☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.  
**Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst and potash.**

3. The minimum required fill of cement behind the **8-5/8** inch 2nd intermediate casing, **which shall be set in the Base of the Capitan Reef or in the Top of the Delaware Mountain Group**, is:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst and potash.**

**If 75% or greater lost circulation occurs while drilling the second intermediate hole, the cement on the 7 inch production casing must come to surface.**

**The BLM shows the Capitan Reef marker at 1700 feet. Top of cement on 5-1/2" production casing shall reach a minimum of 50 feet above that depth.**

4. The minimum required fill of cement behind the **5-1/2** inch production casing is:

☒ Cement should tie-back a minimum of 50 feet above the Capitan Reef. Operator shall provide method of verification. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to Capitan Reef, cave/karst and potash. Additional cement will be required as excess calculates to 18%.**

5. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

EGF 033012