

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 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		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	
3b Phone No (include area code) Ph: 432-688-1709 Fx: 432-688-1701		8 Well Name and No OSAGE 34 FEDERAL COM 4H	
4 Location of Well (Footage, Sec., T, R, M, or Survey Description) Sec 34 T19S R29E SWSW Lot M 530FSL 230FWL		9 API Well No 30-015-39786-00-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"/> Fracture Treat
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Drilling Operations
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Convert to Injection

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 request permission carry out the following procedure in an attempt to remediate the cement behind the 9-5/8" casing.

Step 1: Place maximum allowable amount of pea gravel on bottom.
Step 2: Run in hole with one inch pipe
Step 3: Pump Baker LCM Spacer (Seal Bond) down one inch pipe
Step 4: Displace LCM Spacer with 25 sks Thixotropic Cement
Step 5: Pull one inch pipe
Step 6: Put CaCl₂ Down back side of pipe
Step 7: Pump Thixotropic cement (14.8 ppg) through the valve on the wellhead and displace the remaining annulus volume. CaCl₂ will be added as needed for the Thixotropic cement to gain gel strength. This will be done until cement is circulated to surface.

New Procedure Via Email From Operator - See Attached

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Accepted for record
NMOCD
JUN 04 2012
NMOCD ARTESIA

14 I hereby certify that the foregoing is true and correct	
Electronic Submission #139267 verified by the BLM Well Information System For SM ENERGY, sent to the Carlsbad Committed to AFMSS for processing by WESLEY INGRAM on 05/30/2012 (12WWI0072SE)	
Name (Printed/Typed): VICKIE MARTINEZ	Title ENGINEER TECH II
Signature (Electronic Submission)	Date 05/30/2012
THIS SPACE FOR FEDERAL OR STATE OFFICE USE	
Approved By EDWARD FERNANDEZ	
Title PETROLEUM ENGINEER	
Office Carlsbad	
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.	
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 ****

New Procedure

SM Energy Company respectfully request permission carry out the following procedure for a remedial cement job behind the 9-5/8" casing.

- Step 1: Run in hole with one inch pipe
- Step 2: Pump Baker LCM Spacer (Seal Bond) down one inch pipe
- Step 3: Displace LCM Spacer with 25 sks class C 4% CaCl_2
- Step 4: Pull one inch pipe
- Step 5: WOC Till sample gets hard go down and tag
- Step 6: Pull one inch pipe
- Step 7: Pump CaCl_2 water down back side of pipe
- Step 8: Pump Thixotropic cement (14.8 ppg) through the valve on the wellhead and displace the remaining annulus volume. CaCl_2 will be added as needed for the Thixotropic cement to gain gel strength. This will be done until cement is circulated to surface.

Note: A CBL will run to further evaluate the cement behind the 9-5/8" casing.

*From
Michael Mataalii
SM Energy*

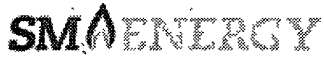
Fernandez, Edward

From: Michael Mataalii <mmataalii@sm-energy.com>
Sent: Wednesday, May 30, 2012 4:10 PM
To: Fernandez, Edward
Cc: David Hall
Subject: SM Energy Osage 34 Federal 4 H
Attachments: Osage 34 Federal 4H Remedial Cement.docx

Ed,

Attached is the procedure that we had discussed. Upon further discussion with people in the office we are going to change the plug to Class C with 4% CaCl_2 . Let me know if you have any questions.

Thanks,



Michael Mataalii
Drilling Engineer
3300 N. A Street Bldg. #7, Suite 200
Midland, Texas 79705
O) 432-688-3392
C) 432-271-2230
mmataalii@sm-energy.com

Additional data for EC transaction #139267 that would not fit on the form

32. Additional remarks, continued

Note: A CBL will run to further evaluate the cement behind the 9-5/8" casing.

CONDITIONS OF APPROVAL

Sundry dated 05/01/2012

OPERATOR'S NAME:	SM ENERGY COMPANY
LEASE NO.:	NM90807
WELL NAME & NO.:	OSAGE 34 FEDERAL - 4H 3001539786
SURFACE HOLE FOOTAGE:	530' FSL & 230' FWL
BOTTOM HOLE FOOTAGE:	660' FSL & 330' FEL
LOCATION:	Section 34, T.19 S., R.29 E., NMPM
COUNTY:	Eddy County, New Mexico

Original COA still applies with the following changes:

A CBL on the 9-5/8" casing will be required after proposed cement job is done to further evaluate the cement.

1. The minimum required fill of cement behind the 7 inch production casing is:

☒ **Cement to surface.** (Due to high cave/karst and the elimination of a casing string) If cement does not circulate see a, c-d above under surface casing. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst. Additional cement will be required as excess calculates to negative 9%.**

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

☒ No cement required on the 4-1/2" segment as it utilizes a Packer/Port completion system from TD to up inside 7" casing.

EGF 053012