

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 type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other INJECTION		5. Lease Serial No NMNM106714
2. Name of Operator SM ENERGY		6. If Indian, Allottee or Tribe Name
Contact VICKIE MARTINEZ E-Mail: VMARTINEZ@SM-ENERGY.COM		7. If Unit or CA/Agreement, Name and/or No. NMNM101361X
3a. Address 3300 N A ST BLDG 7 STE 200 MIDLAND, TX 79705	3b. Phone No (include area code) Ph: 432-688-1709 Fx: 432-688-1701	8. Well Name and No ESDU 17
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 24 T18S R31E NENE 475FNL 50FEL		9. API Well No. 30-015-33841-00-S1
		10. Field and Pool, or Exploratory E SHUGART
		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 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 checked="" 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 Workover Operations
	<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 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.)

5/21-30/12 CLEAN OUT

MIRU. PU. TOH W/2-3/8 IN TBG AND 5-1/2 IN PACKER. TIH W/BIT AND WS. TAG FILL @ 5,426'. CLEANED OUT FILL TO PBTD (5507 FT). CIRCULATE WELLBORE CLEAN. TOOH W/BIT. TIH W/PKR. SET PKR AT 5000 FT. ACIDIZED EXISTING PERF 5082-5242 FT W/4500 GALS 15% NEFE HCL AND 500 GALS XYLENE DIVERTING W/ROCK SALT. SWAB LOAD BACK. TOH W/PKR AND TBG. TIH W/BIT AND TAG PBTD (5507 FT). TOH W/BIT. TIH W/5-1/2 IN PKR AND 2-3/8 IN IPC TBG. SET PKR @ 5045 FT AND PRESSURE TEST ANNULUS TO 500# AND CHARTED FOR 30 MIN TEST. HELD PRESSURE.

5/31/12 CONDUCTED MIT TEST - CHART ATTACHED

PLACED WELL BACK ON INJECTION.

SEE ATTACHED ORDERS

BLM ATTACHED ORDERS ARE NOT APPLICABLE  
TO INJECTION WELLS.  
RE - NMOC 7/6/12

RECEIVED

JUN 26 2012

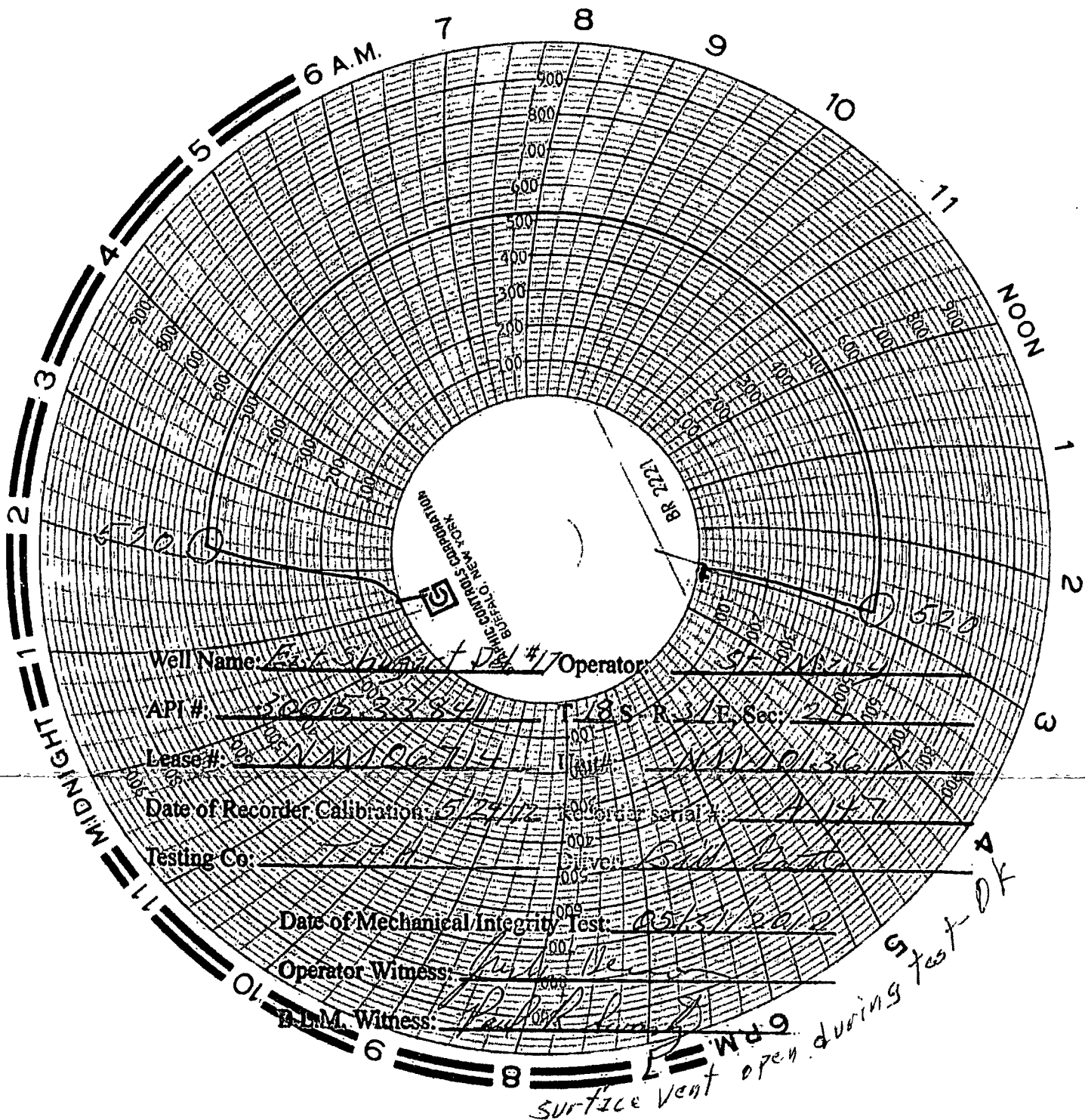
14. I hereby certify that the foregoing is true and correct		Electronic Submission #140049 verified by the BLM Well Information System For SM ENERGY, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 06/18/2012 (12KMS2344SE)	NMOC ARTESIA
Name (Printed/Typed)	VICKIE MARTINEZ		
Signature	(Electronic Submission)	Date	06/07/2012

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

Approved By	ACCEPTED <i>J.D. Whitlock Jr.</i>	Title	L P E T	Date	06/24/2012
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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***



## Order of the Authorized Officer

SM Energy  
ESDU - 17  
API 3001533841  
June 20, 2012

### Well with a Packer - Operations

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
- 3) Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) Make arrangements 24 hours before the test for BLM to witness. In Eddy County 575-361-2822, if there is no response email Paul R. Swartz [pswartz@blm.gov](mailto:pswartz@blm.gov) . If no answer, leave a voice mail with the API#, workover purpose, and a call back phone number. Note the contact, time, & date in your subsequent report.
- 5) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.
- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization. Approved injection pressure compliance is required. If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.

- 9) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 10) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 11) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of the annular fluid level at any time.
- 12) A "Best Management Practice" is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 13) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 14) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 15) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0 psia. Notify the BLM's authorized officer ("Paul R. Swartz" <[pswartz@blm.gov](mailto:pswartz@blm.gov)>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 16) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer. The setting depths and descriptions of each are to be included in the subsequent sundry. List the daily descriptions of any previously unreported wellbore workover(s).

**Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"**

NM Fed Regs & Forms - [http://www.blm.gov/nm/st/en/prog/energy/oil\\_and\\_gas.html](http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html)

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.