

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		8. Well Name and No. OSAGE 34 FEDERAL 1H
2. Name of Operator SM ENERGY		9. API Well No. 30-015-41508-00-X1
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	10. Field and Pool, or Exploratory PARKWAY
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 34 T19S R29E NENE 450FNL 330FEL		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 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	Drilling Operations
	<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 Energy respectfully requests the use of an ECP and DV tool on the 7? production casing on the Osage 34 Federal 1H. Seepage has been encountered in the 8-3/4? vertical section. The seepage experienced is coming from the Brushy Canyon who's top is shown to be 3,973?. Based on the drilling rate the most competent formation is just above that at 3,900?. The projected TD of the curve section is 8,389?. Placing the DV tool at 3,900? the cement job will be pumped in two stages. Stage one slurries: 450 sks lead, 12.0 ppg, 2.06 cuft/sack, 250 sks 13.2 ppg, 1.36 cuft/sack. Stage two will be 350 sks 12.0 ppg, 2.06 cuft/sack. Designed TOC is 1,500?.

Accepted for record
HMDCD

URDade 8/7/13

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Electronic Submission #216053 verified by the BLM Well Information System For SM ENERGY, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 08/06/2013 (13KMS6906SS)	
Name (Printed/Typed) VICKIE MARTINEZ	Title ENGINEER TECH II
Signature (Electronic Submission)	Date 08/06/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By EDWARD FERNANDEZ	Title PETROLEUM ENGINEER	Date 08/06/2013
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 ****

CONDITIONS OF APPROVAL

August 4, 2013

OPERATOR'S NAME:	SM Energy Company
LEASE NO.:	NMMN-90807
WELL NAME & NO.:	Osage 34 Federal 1H
SURFACE HOLE FOOTAGE:	0450' FNL & 0330' FEL
BOTTOM HOLE FOOTAGE	0330' FNL & 0330' FWL
LOCATION:	Section 34, T. 19 S., R 29 E., NMPM
COUNTY:	Eddy County, New Mexico

Original COA still applies with the following changes:

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

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

- a. First stage to DV tool:
-----Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.
- b. Second stage above DV tool:
---Operator shall cement to a minimum of 50' above the Capitan Reef top. 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 cave/karst and Capitan Reef.**

EGF 080413