

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-141
Revised August 8, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 Copy to appropriate District Office in
accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

nJMW/1400348209

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company SM ENERGY COMPANY 154903	Contact VICKIE MARTINEZ
Address 3300 N "A" STREET, BLDG 7-200	Telephone No. (432)688-1709
Facility Name OSAGE 34 FEDERAL 1H	Facility Type WELL

Surface Owner BLM	Mineral Owner BLM	API No. 30-015-41508
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	34	19S	29E	450	NORTH	330	EAST	EDDY

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release FOAMY MIXTURE OF WATER, GAS, OIL & SAND	Volume of Release 440 PRELIM	Volume Recovered 270
Source of Release WELLHEAD (BOP)	Date and Hour of Occurrence	Date and Hour of Discovery SAME
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? JIM AMOS W/BLM - MIKE BRATCHER W/NMOCD	
By Whom? MARK BONDY - RICHARD CHOATE	Date and Hour 12/13/13 10:30 PM	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

RECEIVED

DEC 26 2013

Describe Cause of Problem and Remedial Action Taken.*

NMOCD ARTESIA

Wellbore fluids were released to the atmosphere, the well pad and to a small extent, the adjacent pasture. The cause of the incident was the failure of the Annular Blowout Preventer being used to seal the wellbore at the surface. The failed BOP element is being examined by the manufacturer. We have established a policy that requires a pump truck to be connected to all horizontal wells that are under initial completion to ensure the wellbore stays full of water during the work. In addition, Annular Blowout Preventers will not be relied upon as a

Describe Area Affected and Cleanup Action Taken.* primary wellbore seal.

Most of the fluids were contained on the well pad. Cleanup crews, safety specialists and well control specialists were immediately dispatched to the site. At approximately midnight, 6 hours after the event started, the flow from the well subsided to the point it was safe for personnel to approach the well, attach a sealing assembly to the tubing and lower it into the wellhead, sealing off the flow. Most of the discharged fluids ran over to a low spot on the West side of the well pad where they were collected by vacuum trucks.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: Vickie Martinez	OIL CONSERVATION DIVISION	
Printed Name: VICKIE MARTINEZ	Approved by Environmental Specialist: Signed By Mike Bratcher	
Title: ENGINEER TECH II	Approval Date: JAN 03 2014	Expiration Date:
E-mail Address: VMARTINEZ@SM-ENERGY.COM	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 12/20/2013 Phone: (432)688-1709	Remediation per OCD Rule & Guidelines, & like approval by BLM. SUBMIT REMEDIATION PROPOSAL NO LATER THAN:	

* Attach Additional Sheets If Necessary

FEBRUARY 3, 2014

2RP-2/36

OSAGE 34 FEDERAL 1H

C-141 ATTACHMENT

Describe Area Affected and Cleanup Action Taken.* continued:

The cleanup continued throughout the night and into Saturday morning. Jim Amos with the BLM visited the site on Saturday morning to assess the situation and provide some guidance on cleanup strategies. Approximately 17,700 square feet on the pad and another 4,300 off the pad to the west were impacted by the release. Tetra Tech (Environmental testing and consulting company) personnel visited the site Wednesday, December 18, to delineate the extent of the impact. Soil samples were taken to determine hydrocarbon and chloride levels. We are awaiting their recommendations and proposed timing for the final cleanup and remediation of the impacted pasture land. When analysis results are received for the soil samples, they will be evaluated and either a work plan or request for closure will be prepared and submitted for approval. It will likely be mid-January before the work plan or closure request will be ready.