

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS
HOBBS OCD

FORM APPROVED
OMB No. 1004-0137
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.

5. Lease Serial No.

NMNM106715

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

SM ENERGY COMPANY

3a. Address

3300 N "A" ST, BLDG 7-200 MIDLAND TX 79705

3b. Phone No. (include area code)

(432)688-1709

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

(E) SEC 19-T18S-R32E
1697' FNL & 470' FWL

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.

INCA FEDERAL #005

9. API Well No.

30-025-35229

10. Field and Pool or Exploratory Area

SHUGART; YATES-7RS-QU-GRAYBURG

11. Country or Parish, State

LEA COUNTY

NM

12. CHECK THE 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 SITE SECURITY |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | DIAGRAMS |
| | <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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

DUE TO OPERATOR NAME CHANGE FILED EFFECTIVE 6/1/10, I AM ATTACHING THE SITE SECURITY DIAGRAMS AS PER ONSHORE ORDER #3.

FYI, THE PRODUCED WATER IS BEING INJECTED INTO THE EAST SHUGART WATERFLOOD UNIT OR THE PDU WATER INJECTION STATION AND NOT BEING DISPOSED.

Accepted for Record Purposes.
Approval Subject to Onsite Inspections.
Date: 11-11-11

/s/ JD Whitlock Jr

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

VICKIE MARTINEZ

Title ENGINEER TECH II

Signature

Vickie Martinez

Date 10/20/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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.

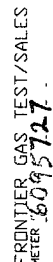
(Instructions on page 2)

MW/OCD 11-18-2011

Production phase. All drain valves, V8 thru V13, and all sales valves, V1 thru V7, sealed closed

Draining phase The tank being drained will be isolated by sealing closed the sales valve, fill valve, overflow valve(s), and the drain valves on the other tanks

SALES: . . . V1 thru V7
CIRC.&DRN: V8 thru V13
FILL: . . . V14 thru V17
OVERFLOW: . . . V18



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