

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised August 1, 2011

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| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | | WELL API NO. 30-025-37368 |
| 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <u>Trj</u> | | 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> <u>Fee</u> |
| 2. Name of Operator SM ENERGY COMPANY | | 6. State Oil & Gas Lease No. |
| 3. Address of Operator 3300 N "A" ST BLDG 7-200 MIDLAND, TX 79705 | | 7. Lease Name or Unit Agreement Name EAST SHUGART DELAWARE UNIT |
| 4. Well Location Unit Letter <u>D</u> : 200 feet from the <u>NORTH</u> line and <u>1025</u> feet from the <u>WEST</u> line Section <u>19</u> Township <u>18</u> Range <u>32</u> NMPM County <u>LEA</u> | | 8. Well Number 018 |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) | | 9. OGRID Number 154903 |
| | | 10. Pool name or Wildcat SHUGART; DELAWARE, EAST |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
|---|---|--|--|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | | | |
| OTHER: STEP RATE TEST <input checked="" type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

THIS IS TO NOTIFY YOU THAT SM ENERGY COMPANY WILL BE DOING A STEP RATE TEST TO DETERMINE POSSIBLE PRESSURE INCREASE FOR EXISTING INJECTION PERMIT ON THE EAST SHUGART DELAWARE UNIT #018 ON THURSDAY, DECEMBER 15TH IN THE AM.

ONCE WE HAVE THE RESULTS OF THE STEP RATE TEST, WE WILL FOLLOW UP WITH A C108.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Vickie Martinez TITLE ENGINEER TECH II DATE 12/07/2011

Type or print name VICKIE MARTINEZ E-mail address: VMARTINEZ@SM-ENERGY.COM PHONE: (432)688-1709

For State Use Only

APPROVED BY [Signature] TITLE STATE MGR DATE 12-13-2011

Conditions of Approval (if any):

DEC 14 2011