

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBSS OCD

DEC 19 2011

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 (432)688-1709

3b. Phone No. (include area code)

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 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 LEASE USE
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	GAS MEASUREMENT
	<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.)

SM ENERGY COMPANY REQUESTS APPROVAL TO MEASURE LEASE USE GAS FOR OPERATED HEATER TREATERS AT OUR FACILITIES AS OUTLINED ON ATTACHED SPECIFICATIONS FROM PERMIAN FABRICATORS - PART OF INCA 1 BATTERY



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

VICKIE MARTINEZ

Title **ENGINEER TECH II**

Signature

Date **11/10/2011**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

Title

Date

DEC 19 2011

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)

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Heater Specifications from Permian Fabricators
Estimated Fuel Calculations per Chad McNeely (SM Energy Facility Engineer)

4 X 20 and 6 X 20 heater treaters utilize a 500,000 BTU/HR burner and are going to use approx. 8 mcf per day (24 hr day) and you can estimate that it will only burn about 12 hours in a 24 hour period.

For a 30 day month that would equal 120 mcf a month (4 MCF a day(for 12 hrs a day) X 30 days = 120 mcf)

31 days = 124 mcf

8 X 20 heater treaters utilize a 750,000 BTU/HR burner and are going to use approx. 12 mcf per day (24 hr day) and you can estimate that it will only burn about 12 hours in a 24 hour period.

For a 30 day month that would equal 180 mcf a month (6 MCF a day(for 12 hrs a day) X 30 days = 180 mcf)

31 days = 186 mcf

For PDU Battery:

2 - 6X20 treaters @ TR 1.	Approx. 4 MCF per day each when in use
1 - 8X20 treater @ TR 1	Approx. 6 MCF per day when in use
1 - 6X20 treater @ TR 2	Approx. 4 MCF per day when in use
1 - 4X20 treater @ TR 7/8	Approx. 4 MCF per day when in use

For Geronimo Battery

1 - 4X20 treater	Approx. 4 MCF per day when in use
1 - 8X20 treater	Approx. 6 MCF per day when in use

For Inca 1 Battery

1 - 6X20 treater	Approx. 4 MCF per day when in use
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For Quanah/Yuma Battery

1 - 4X20 treater	Approx. 4 MCF per day when in use
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