Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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OCD-HOBBS
MAY 03 2012
RECEIVED

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

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.*

5. Lease Serial No
NMLC034117B

6 If Indian, Allottee or Tribe Name

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

1 Type of Well
☐ Oil Well ☐ ☑ Gas Well ☐ ☐ Other

8. Well Name and No.
Crosby Deep# 1

2. Name of Operator **DC energy LLC**

9. API Well No.
30-025-23891

3a Address
105 Oscar Lane, Dallas, Georgia 30132

3b. Phone No *(include area code)*
770-757-3715

10. Field and Pool, or Exploratory Area

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 28 T25S R37E 330' FSL 1980' FWL

11. County or Parish, State
Lea

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other **Request to change sundry 3-21-2012**
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 recompletion 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.)

Request to change Sundry notice approved referenced in Paragraph #7 of approval. Please allow DC to perforate the lower zones attempt to circulate instead of freepoint and or cutting casing.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

(3) originals mailed - 4/22/2012 DF

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Dan Johnson Title **Managing member**

Signature Date **04/20/2012**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
MAY 2 2012
WESLEY W. INGRAM
PETROLEUM ENGINEER

Approved by Title Date MAY 04 2012

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)

Crosby Deep 1
30-025-23891
DC Energy LLC
May 2, 2012
Conditions of Approval

Contact BLM at 575-393-3612 a minimum of 24 hours prior to commencing plugging.

See attached standard Conditions of Approval for plug and abandonment.

In reviewing the well bore, it was determined that a plug was not set across the DV tool at 9200'. Second, the initial perforations from 8810'-8834', 8863'-8880' and 8939'-8943' were squeezed by setting a CICR at 8850'. There is no approval in the well record for this operation. Third, in October 1978, additional perforations from 8734'-8788' were added to the Fusselman and a CICR set at 8760'. Fourth, in December 1992, perforations were added from 8662'-8708'. Operator at that time set a CIBP at 8688', which is in the middle of the perforations and added 35' of cement. Even if this cement actually built to 35' on the CIBP, the cement top is only 9' above the perforations. Previous operator reported perforations from 7146'-7211. Therefore, since this is the final abandonment for this well, the well bore shall be cleaned out to TD.

1. **Operator to clean out hole with a bit and scraper to ~9400'. Operator shall run a gauge ring to 8800' to verify that CIBPs can be set.**
2. **Operator to set a plug across the DV tool at 9200'. Plug shall be Class H, minimum of 25 sacks, 190 feet in length and set from 9290' to 9100'. WOC and tag at 9100' or shallower.**
3. **For the Fusselman perforations, operator shall set a Class H cement plug from 9000'-8575'. This will cover the Fusselman perforations and Fusselman top. WOC and tag at 8575' or shallower. Operator has the option of setting a CIBP at 8720' and placing a 190' Class H plug on top of the CIBP, minimum of 25 sacks. WOC and tag at 8575' or shallower. This plug will separate the Fusselman perforations and top from the Devonian. Formations plugs are required to be set across the top of the formation.**
4. **Devonian perforations from 8032'-8218'. Operator shall set a Class H cement plug from 8270'-7960'. WOC and tag at 7960' or shallower. Operator has the option of setting a CIBP at 8020', tag CIBP and pump a 25 sack Class H plug on CIBP. This will provide a plug for the Devonian perforations and the Devonian top.**
5. **Previous operator submitted well bore schematic with perforations from 7146'-7211'. This was requested on an NOI, but operator did not submit a Subsequent Report detailing this work. Operator shall move the proposed cement plug for 7120' to 7275'. Plug shall be Class C, a minimum of 25 sacks and placed from 7275'-7000'. WOC and tag at 7000' or shallower.**

6. Casing leak that was squeezed from 5043'-5707' shall have a plug across the casing leak. Plug shall be set from 5707'-5150'. At 5130', casing shall be perforated for the Glorietta plug (top is 5073'). Attempt to establish circulation, if circulation is established, pump a minimum of 25 sacks of Class C cement. Tag plug at 4980' or shallower. If circulation cannot be established, set plug from 5150'-4980' and tag at 4980' or shallower.
7. SINCE OPERATOR REQUESTED APRIL 20, 2012 TO NOT PULL CASING, THE FOLLOWING CHANGES ARE REQUIRED TO THE PROCEDURE.
8. Operator shall perforate at 3860' and attempt to establish circulation. If circulation is established, operator shall pump sufficient cement to achieve a 140' plug inside and outside of the casing. Plug to be a minimum of 25 sacks of Class C and tagged at 3730' or shallower.
9. Top of Yates/Base of Salt plug required. Operator to perforate at 2490', establish circulation and set a minimum 25 sack Class C plug from 2490'-2370'. Plug to be tagged at 2370' or shallower.
10. If circulation cannot be established, operator shall set a balance plug across the perforations. Plug to begin a minimum of 50' below the perforations and shall be a 25 sack Class C plug and shall be tagged at 2300' or shallower. Operator shall then perforate above the previous plug and attempt again to establish circulation. This plug shall be a minimum of 25 sacks of Class C and 120' in length. Plug shall be tagged.
11. Plug at 1500' to be replaced by Top of Salt plug. Operator to perforate at 1410', establish circulation and set a minimum 25 sack Class C plug from 1410'-1300'. Plug shall be tagged at 1300' or shallower.
12. If circulation cannot be established, operator shall set a balance plug across the perforations. Plug to begin a minimum of 100' below the perforations and shall be a 25 sack Class C plug and shall be tagged at 1210' or shallower. Operator shall then perforate above the previous plug and attempt again to establish circulation. This plug shall be a minimum of 25 sacks of Class C and 110' in length. Plug shall be tagged.
13. Operator shall perforate at 560', establish injection and set a plug inside and outside to surface. Operator shall place sufficient Class C cement at 560' to bring cement to surface. This will provide additional protection for the surface water.
14. Operator will check all annuli when well head is cut off to verify cement to surface in all annuli.
15. Ground level marker required – see attached COA.
16. Clean location.

WWI 050212

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Federal Wells
Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within **ninety (90)** days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may result in enforcement action.

2. **Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.**

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of **brine** water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. **Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). **The BLM is to be notified a minimum of 4 hours prior to the wellhead being cut off to verify that cement is to surface in the casing and all annuluses. Wellhead cut off shall commence within ten (10) calendar days of the well being plugged. If the cut off cannot be done by the 10th day, the BLM is to be contacted with justification to receive an extension for completing the cut off.**
The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement, unless otherwise noted in COA (requirements will be attached). The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and three copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration will be required. See attached reclamation procedure.

Requirements for ground level dry hole markers
Well Identification Markers
Conditions of Approval (COA)

The BLM Carlsbad Field Office (CFO) Conditions of Approval (COA) Requires that ground level dry hole markers be placed on well within the Lesser Prairie Chicken habitat area. The dry hole markers will be to the following specifications. The operator will construct the markers as follows:

1. An 8 inch X 8 inch steel plate 1/8 to 3/16 of an inch thick is to be placed on the old dry hole marker stand pipe 2 inches from ground level, in the Lesser Prairie Chicken habitat area.

2. Steel plate may be welded or bolted approximately 2 inches from ground level on the stand pipes. If plates are bolted to the stand pipe, the person installing the plate will be required to weld a pipe collar on the plate and place a minimum of two set screws/bolt on each collar. Aluminum data plates may be bolted with minimum ¼ inch bolt and locking nuts or self tapping fine threaded screws. A minimum of one in each corner is to be installed on each plate.

3. An 8 inch x 8 inch aluminum plate, which is 12 gauge or .080 sign material (1/8 inch aluminum plate may be used in place of the .080 plate) with the required information for that well stamped or engraved in a minimum 3/8 inch tall letter or number.

4. The following information will be stamped or engraved on the 8 inch X 8 inch aluminum plate in the following order.

    a. First row: Operators name
    b. Second row: Well name and number
    c. Third row: Legal location to include ¼ ¼, Section, Township, and range. If the legal location cannot be placed on one row it can be split into two rows with the ¼ ¼ (example: 1980 FNL 1980 FWL) being on the top row.
    d. Fourth row: Lease Number and API number.
        i. Example marker plate: (attached)

NMOCD Order No. R-12965 also required the operator to notify NMOCD when this type of dry hole marker is used. This can be done on the subsequent report of abandonment which is submitted to the BLM after the well is plugged. State that a ground level dry hole marker was installed as required in the COA's from the BLM.

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E Greene St
Carlsbad, New Mexico 88220-6292
www blm gov/nm

TAKE PRIDE IN AMERICA

In Reply Refer To: 1310

Reclamation Objectives and Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and power lines. Strip and remove caliche, contour the location to blend with the surrounding landscape, re-distribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.

2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months of well abandonment.

3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.

4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation

equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.

6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.

7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Supervisory Environmental Protection Specialist

Jim Amos	575-234-5909	575-361-2648

Environmental Protection Specialist

Jennifer Van Curen	575-234-5905	575-361-0042
Linda Denniston	575-234-5974	575-361-3568
Mike Burton	575-234-2226	
Terry Gregston	575-234-5958	575-361-2635

Natural Resource Specialist

Bobby Ballard	575-234-2230	575-361-0084
Justin Frye	575-234-5922	575-361-2632
Trishia Bad Bear	575-393-3612	575-390-2258

Civil Engineering Technician

Doug Hoag	575-234-5979