

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David Catanach, Division Director
Oil Conservation Division



December 23, 2015

DC Energy, LLC
PO Box 328
Andrews, TX 79714
Certified Mail Return Receipt No. 7012 0470 0000 0882 4652

Re: OCD Case No. 15432 Application of the New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a compliance order against DC Energy, LLC, for wells operated in Lea County, New Mexico.

To whom it may concern:

You are hereby notified that on January 21, 2016 at 8:15 AM, the New Mexico Oil Conservation Division ("OCD") Enforcement and Compliance Bureau will hold a hearing in front of a Division examiner seeking an order against DC Energy, LLC, requesting a finding that the operator is in violation of the Oil and Gas Act, NMSA 1978, §§ 70-2-1 *et seq.* and OCD rules, NMAC 19.15.2 *et seq.*, requiring operator to return to compliance with division rules by a date certain, and in the event of non-compliance, request for additional sanctions. The hearing will be held in Porter Hall at 1220 South St. Francis Dr., Santa Fe, New Mexico.

Please review 19.15.4 NMAC to see applicable rules for division hearings. A person entitled to notice may enter an appearance at any time by filing a written notice of appearance with the division or the commission clerk, as applicable, or, subject to the provisions in Subsection C of 19.15.4.10 NMAC, by oral appearance on the record at the hearing. A party who has not entered an appearance at least one business day prior to the pre-hearing statement filing date provided in Paragraph (1) of Subsection B of 19.15.4.13 NMAC shall not be allowed to present technical evidence at the hearing unless the commission chairman or the division examiner, for good cause, otherwise directs. If you have any questions regarding the hearing process please contact me at (505) 476-3463.

Sincerely

A handwritten signature in black ink, appearing to read "Keith Herrmann", with a long horizontal line extending to the right.

Keith Herrmann
Assistant General Counsel
Keith.Herrmann@state.nm.us



December 23, 2015

Page 2

Cc: Wells Fargo Bank, NA, 101 N. Phillips Avenue, Sioux Falls, South Dakota, 57104

Certified Mail Return Receipt No. 7008 1300 0001 4428 4118

Clarke C. Coll, P.O. Box 2288, Roswell, New Mexico 88202

Certified Mail Return Receipt No. 7008 1300 0001 4428 4125

DC Energy, LLC, P.O. Box 12977, Palm Desert, California 92255

Certified Mail Return Receipt No. 7008 1300 0001 4428 4132

DC Energy, LLC, 483 Falcon View Circle, Palm Desert, California 92211

Certified Mail Return Receipt No. 7012 0470 0000 0882 4669

Encl: OCD Application for Hearing, Case No. 15432

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 DC Energy, LLC
 PO Box 328
 Andrews, TX 79714

9590 9403 0561 5173 9417 95

2. Article Number (Transfer from service label)
 7012 0470 0000 0882 4652

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
- Adult Signature
 - Adult Signature Restricted Delivery
 - Certified Mail®
 - Certified Mail Restricted Delivery
 - Collect on Delivery
 - Collect on Delivery Restricted Delivery
 - Insured Mail
 - Priority Mail Express®
 - Registered Mail™
 - Registered Mail Restricted Delivery
 - Return Receipt for Merchandise
 - Signature Confirmation™
 - Signature Confirmation Restricted Delivery
 - Restricted Delivery

PS Form 3811, April 2015 PSN 7530-02-000-9053

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Clark C. Coll
 PO Box 2288
 Roswell, NM 88202

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery
 Clark C. Coll

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
- Certified Mail Express Mail
 - Registered Return Receipt for Merchandise
 - Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Wells Fargo Bank, NA
 101 N. Phillips Ave
 Sioux Falls, SD 57104

2. Article Number
(Transfer from service label)

7008 1300 0001 4428 4132

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-154

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

 Agent
 Addressee

B. Received by (Printed Name)

DEC 28 2015

C. Date of Delivery

 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

DC Energy, LLC
 P.O. Box 12977
 Palm Desert, CA 92255

2. Article Number
(Transfer from service label)

7008 1300 0001 4428 4132

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

 Agent
 Addressee

B. Received by (Printed Name)

D J Richter

C. Date of Delivery

12/29/15

 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes