



HOBBS OCD

MAY 07 2014

May 2, 2014

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State of New Mexico, Oil Conservation Division
1625 N. French Drive
Hobbs, New Mexico 88240
Attention: Geoffrey R. Leking

RE: Shirley Boyd #2 Well, API No. 3002535484
Lea County, New Mexico

Dear Mr. Leking,

Please consider this correspondence a follow up to the prior letter submitted to you by Denbury Onshore, LLC ("Denbury") dated October 23, 2012. Denbury intends to complete its work at the Shirley Boyd # 2 Well (the "Shirley Boyd Well") in July or August 2014. Denbury's prior work on the site has addressed the use of the site by Encore Operating, L.P. ("Encore"), Denbury's predecessor in interest, as well as closure of the site.

Denbury intends to complete its operations at the tank battery area and workover pit by placing an impermeable liner in the bottom of both excavation areas before backfilling with clean material. Denbury will also refill any other excavations made in the course of its investigation into alleged saltwater contamination, ultimately determined to be attributable to the Baker C #2 Well, API No. 30-025-31350 (the "Baker Well").

Upon completion of this work, Denbury requests that the Oil Conservation Division ("OCD") release the site as it relates to the Shirley Boyd Well and release the following bonds: (1) \$10,000 Statewide New Mexico Bond, Bond No. 103615079; (2) \$12,465.00 One Well Plugging Bond, Bond No. 6449774; (3) \$50,000 Blanket Plugging Bond, Bond No. 6197822; and (4) \$25,000 Surface Improvement Damage Megabond, Bond No. 6449762.

Please contact Denbury immediately if the OCD anticipates continuing any remediation of the Baker Well site so that Denbury can coordinate its operations with the OCD. If you should have any questions, please do not hesitate to contact me at (972) 673-2133.

Respectfully,

DENBURY ONSHORE, LLC

A handwritten signature in black ink that reads "Matt Elmer". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Matt Elmer
Vice President – West Region

cc: Michael Newell
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