

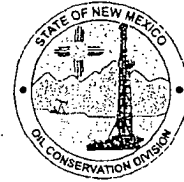
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



July 17, 2012

Mr. Dan Johnson
DC Energy, LLC
105 Oscar Lane
Dallas, GA 30132

Re: Administrative Order SWD-1234

Crosby Deep Well No. 2 (API 30-025-24287)
1650 FNL, 2310 FEL, Unit letter G, Sec 33, T25S, R37E, NMPM, Lea County
Permitted Disposal: Fusselman formation, Perforated Depths: 8780 to 8790 feet

The above referenced permit limits disposal depths to 8780 feet to 8790 feet in the Fusselman formation, with packer to be set within 100 feet above this interval and requires the well to be internally plugged back to within 200 feet below the permitted disposal depths.

The Division's records are inconsistent as to whether the above mentioned requirements of this well have been met.

Consistent with the Division's and the U.S. EPA's requirements for periodic mechanical integrity testing for UIC Class II disposal wells, please verify the above mentioned requirements of your permit prior to 1 October, 2012, by running an internal wireline in this well at your earliest convenience, or alternate method as approved by the Division's Hobbs district supervisor.

If inconsistencies are found to exist between the mechanical condition of this well and the permitted well conditions within disposal permit SWD-1234, DC Energy, LLC will be expected to obtain an alternative permit allowing these changes and/or remedy the situation on a schedule approved by the Division's compliance manager.

A handwritten signature in black ink, appearing to read "William V. Jones".

William V. Jones, P.E.
Petroleum Engineer – Oil Conservation Division
505-476-3448 william.v.jones@state.nm.us

Cc: Oil Conservation Division – Hobbs
File: SWD-1234
Division Attorneys - Gabrielle Gerholt