

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM OIL CONSERVATION **OCD-HOBBS**
ARTESIA DISTRICT

SEP 22 2014

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
DC ENERGY, LLC.

3a. Address *c/o* Mike Pippin LLC
 3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)
 505-327-4573

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 660' FSL & 1650' FEL Unit O
 Sec. 33, T25S, R37E

5. Lease Serial No.
 NMLC 054667

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
GREGORY EL PASO FEDERAL #1

8. Well Name and No.
 30-025-20491

10. Field and Pool, or Exploratory Area
 Crosby Devonian
 AND
 Lea County, New Mexico

12. CHECK 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 checked="" 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 checked="" type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other <u>Recomplete To</u> <u>San Andres</u>
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (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.)

MIRUSU. TOH w/all production equipment. Run 4-3/4" bit & csg scraper on 2-7/8" tbg & CO as deep as possible. (Devonian perms @ 8308'-78', model "D" pkr @ 8125', & Junk in hole @ 8000'). TOH. Set 5-1/2" CIBP as deep as possible & top w/25 sx cmt. Circ hole w/P&A mud (25 sx gel/1000 bbl water). W/tbg @ 7537', pump 75 sx (710') cmt to cover DV tool @ 7487' & old csg leak @ 6890'. WOC & tag cmt. Set a 5-1/2" CIBP @ 5055'. Run cased hole neutron log from 5055' to 8-5/8" csg shoe @ 3779'.

Using new cased hole neutron log, perf ~3780'-4000' w/~35-0.41" holes. Stimulate w/1500 gal 15% HCL acid, & frac w/about 100,000# 16/30 sand in X-linked gel. CO after frac to CIBP @ 5055'. Land 2-7/8" 6.5# J-55 tbg @ ~4500'. Run pump & rods. Release rig. Complete as a single San Andres oil well.

**WITNESS
PLUG BACK**

**SUBJECT TO LIKE
APPROVAL BY STATE**

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Mike Pippin Title Petroleum Engineer (Agent)
 Signature [Signature] Date June 23, 2014

Accepted for record
 (2) NMOCD 9-26-14

APPROVED

THIS SPACE FOR FEDERAL OR STATE USE

Approved by _____ Title _____ Date SEP 18 2014
 Office K-3

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.

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false or fraudulent statements or representations as to any matter within its jurisdiction.

**BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE**

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

OCT 15 2014

Conditions of Approval

DC Energy, LLC
Gregory El Paso - 01
API 3002520491, T25S-R37E, Sec 33
September 18, 2014

1. A NMOCD Form C-102 "Well Location and Acreage Dedication Plat" with updated information is necessary with the notice of intent package when recompletion changes a well's Pool designation.
2. Before casing or a liner is added, replaced, or repaired prior BLM approval of the design is required. Use notice of intent Form 3160-5.
3. Subject to like approval by the New Mexico Oil Conservation Division.
4. Notify BLM 575-393-3612 as work begins. Some procedures are to be witnessed.
5. Surface disturbance beyond the existing pad must have prior approval.
6. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
7. Functional H₂S monitoring equipment shall be on location.
8. 3000 (3M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Ram(s) for the work string(s) used is required equipment. Manual BOP closure system including a blind ram and pipe ram(s) designed to close on all (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
9. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
10. The BLM PET witness is to run tbg tally and agree to cement volumes and placement. Sample each plug for cement curing time and tag and/or pressure test as requested by BLM PET witness.
11. **BLM plugback procedures for this wellbore require:**
 - A. CIBP set less than 100ft above the top perf of 8308 and a cement plug.
 - B. A "H" cement plug set from a minimum depth of 50ft below the DV Tool at 7487ft.
 - C. A "C" cement plug set from a minimum depth of 50ft below Glorieta formation top at 5110ft.
 - D. Tag with tubing each cement plug. A BLM witness required.
12. **This procedure is subject to the statements numbered 16 through 18.**

13. Set cement plugs to cover a minimum of 100ft plus 10ft for every 1,000ft from the bottom of the plug, rounding the number of necessary sacks up to the nearest 5 sacks. Never use less than 25sx. Examples: A cement plug set at 8000 in 7" casing would require a min of 35sx. A 25sx plug in 5 1/2" casing should cover 250ft, which may exceed 100ft plus 10ft per 1000ft.
14. Class H > 7500ft & C < 7500ft) cement plugs(s) will be necessary. For any plug that requires a tag or pressure test a minimum WOC time of 4 hours(C) & 8 hours(H) is recommended. Formation isolation plugs of Class "C" to be mixed 14.8#/gal, 1.32 ft³/sx, 6.3gal/sx water and "H" to be mixed 16.4#/gal, 1.06ft³/sx, 4.3gal/sx water.
15. Minimum requirement for mud placed between plugs is 25 sacks of salt water gel per 100 barrels in 9 lb/gal brine.
16. After setting the top plug and before perforating, perform a charted casing integrity test of 1000 psig. **Call BLM 575-393-3612 and arrange for a BLM witness of that pressure test.** Document the pressure test on a one hour full rotation calibrated (within 6 months) recorder chart registering within 25 to 85 per cent of its full range. Verify all annular casing vents are plumbed to the surface and open during this pressure test. Pressure leakoff may require correction for approval. Include a copy of the chart in the subsequent sundry for this workover.
17. **Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 8000 or below to top of cement taken with 0psig casing pressure. The CBL may be attached to a pswartz@blm.gov email. The CFO BLM on call engineer may be reached at 575-706-2779.**
18. File intermediate **subsequent sundry** Form 3160-5 within 30 days of any interrupted workover procedures and a complete workover subsequent sundry. File the subsequent sundry for the frac separately if it is delayed as much as 20 days.
19. Submit the BLM Form 3160-4 **Recompletion Report** within 30 days of the date all BLM approved procedures are complete.
20. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.

An inactive/shut-in well bore is a non-producing completion that is capable of "beneficial use" i.e. production in **paying quantities** or of service use.

21. **Submit evidence to support your determination that the well has been returned to active "beneficial use" for BLM approval on the Sundry Notice Form 3160-5 (the original and 3 copies) before 10/20/2014.**
22. **Should "beneficial use" not be achieved submit for BLM approval a plan for plug and abandonment.**

PRS

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.