

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD

OCD-HOBBS

MAR 27 2012

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 abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1 Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5 Lease Serial No NMLC034117B
2 Name of Operator DC Energy LLC		6 If Indian, Allottee or Tribe Name
3a Address 105 Oscar Lane Dallas Georgia 30132	3b Phone No (include area code) 770-757-3715	7 If Unit or CA/Agreement, Name and/or No
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 28 T25S R37E 330FSL 1980 FWL		8 Well Name and No. Crosby Deep#1
		9 API Well No 30-025-23891
		10 Field and Pool, or Exploratory Area Crosby Fusselman
		11 County or Parish, State Lea County

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 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 type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" 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 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 recompleat 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 recompleat 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.)

MIRU

Circulate Hole w/9#mud

SET 50 SACKS CEMENT AT 7130' & TAG

CUT 5 1/2" CASING @ +/- 4000'

SET STUB PLUG 50' IN AND OUT OF 5 1/2" STUB AND TAG

SET 50 SACKS CEMENT PLUG @ 3810'

SET 50 SACKS CEMENT PLUG @ 1500'

SET 10 SACKS SURFACE PLUG @ 30'

INSTALL DRY HOLE MARKER

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

DC WILL COMPLETE ALL WORK ABOVE BY 05/30/2012, WILL NOTIFY BLM OCD 7 DAYS PRIOR TO WORK BEING STARTED.
COPY TO OCD HOBBS DISTRICT OFFICE

- 14 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

DAN JOHNSON

Title MANAGING MEMBER

Signature



Date

03/01/2012

APPROVED**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

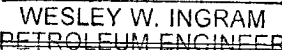
Title

Date

MAR 21 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 these rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office


 WESLEY W. INGRAM
 PETROLEUM ENGINEER

Title 18 USC Section 1001 and Title 43 USC 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)

MAR 29 2012

**Crosby Deep 1
30-025-23891
DC Energy LLC
March 21, 2012
Conditions of Approval**

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. BLM inspector to be on location when operator performs free point on the 5-1/2" casing. If free point is above 3900' (near intermediate shoe), BLM inspector will confer with BLM engineer prior to cutting casing.
 - a. If the free point is above 3900', the intermediate shoe plug will require modification. Contact BLM engineer for review.
8. Proposed stub plug shall be set a minimum of 50' inside the stub. Class C cement plug of a minimum of 25 sacks to be 140' in length. WOC and tag a minimum of 50' above the cut unless 7.a changes this condition.
9. Intermediate shoe plug per original plan, if not already set, shall be set from 3860'- 3730'. Plug to be a minimum of 25 sacks of Class C and tagged at 3730' or shallower.
10. Top of Yates/Base of Salt plug required. Operator to set a minimum 25 sack Class C plug from 2490'-2370'. Plug to be tagged at 2370' or shallower.
11. Plug at 1500' to be replaced by Top of Salt plug. Plug to be a minimum of 25 sacks Class C and set from 1410' to 1300'. Plug to be tagged at 1300' or shallower.
12. Surface shoe plug shall be set from 560' 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.
13. Operator will check all annuli when well head is cut off to verify cement to surface in all annuli.
14. Ground level marker required – see attached COA.
15. Clean location.

WWI 032112

**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 1/4 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 1/4 1/4, Section, Township, and range. If the legal location cannot be placed on one row it can be split into two rows with the 1/4 1/4 (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.