

Submit Copy To Appropriate District Office
District (505) 293-6161
625 N. French Dr., Hobbs, NM 88240
District II (505) 748-1283
111 S. First St., Artesia, NM 88210
District III (505) 334-6178
609 Rio Brazos Rd., Aztec, NM 87410
District IV (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

RECEIVED
OIL CONSERVATION DIVISION
220 South St. Francis Dr.
Santa Fe, NM 87505

MAY 04 2012

HOBBSOCD

WELL API NO 30-025-11870
5. Indicate Type of Lease STATE <input type="checkbox"/> FEL <input type="checkbox"/>
6. State Oil & Gas Lease No NMLC054667
7. Lease Name or Unit Agreement Name Crosby Gregory
8. Well Number Crosby Deep #3
9. OGRID Number 268370
10. Pool name or Wildcat

SUNDRY NOTICES AND REPORTS ON WELLS
DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

DC Energy LLC

3. Address of Operator

105 Oscar Lane Dallas, Georgia 30132

4. Well Location

Unit Letter J 1980 feet from the South line and 1980 feet from the East line

Section

33

Township

25S

Range

37E

NMPM

County LEA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

12. Check Appropriate Box to Indicate Nature of Notice: Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

MULTIPLE COMPL ☐

DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐

ALTERING CASING ☐

COMMENCE DRILLING OPNS ☐

P AND A

x

CASING/CEMENT JOB ☐

OTHER ☐

OTHER ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 19.15.7.14 NMAC For Multiple Completions. Attach wellbore diagram of proposed completion or recompletion.

4/2/12 drilled through the CIBP @ 8937' and tagged TD fill @ 9581'. Wesley Ingram gave verbal approval to spot 25 sack plug @ 9581'. After spotting the 25 sack plug @ 9581', the crew POH, getting stuck on the 17th joint of tubing (8831'). Operator ran a free point to see where pipe is actually stuck. Stood-by for wire line truck. Rigged up wire line and free point tools. RIH with tools and established free point @ 8667' and stuck @ 8675'. Discussed cutting tubing @ 8640'. Then to set a packer around 8500' to squeeze enough cement out perfs to cover 200' behind pipe then fill the 4 1/2" casing up to the required 8580'. Wesley Ingram gave verbal approval to continue on with this plan. Picked up 2 1/8" tubing cutter and RIH with wire line down to 8640' and cut the tubing. POH and rigged down wire line. Worked tubing and turned it and until tubing came free @ cut. Pulled 8640' of tubing. Shut well in for the weekend. 4/09/12 RIH with tubing and packer. Set packer @ 8280'. Established injection rate then mixed and tried pumping 71 sacks cement. Pump truck kept losing prime and would move barely cement. Pumped all but 28bbls of cement. Released packer and started to reverse out cement when pump locked down. POH with tubing and packer. Order given by BLM to suspend plugging activities until pump could properly mix and pump cement. Stood-by as crew pulled tubing. Tubing was clear all the way to end. Suspect that operator will have to drill out cement. Left location while crew worked on pump. 4/10/12 Pump repairs were made last night. RIH open ended to tag TOC. Tagged solid @ 7683'. Looked at the perforated sub and saw a deep gauge. Looked like it hit a collar. Tripped out of hole, shut down for the day. 4/11/12 Rigged up swivel and reverse unit. Picked up a 6 1/4" tapered mill and 6 drill collars. RIH with work string. Tagged solid and started milling. Was getting metal cuttings at pit. Operator stopped milling with concerns of being outside of casing. Was able to pressure casing up to 700psi bleeding down in 5 1/2 minutes. It was decided to run back in with a 6 1/4" drill bit placing ISB centralizer in BHA. Tripped out of hole. Inspected mill. It appeared to not been rubbed at top of taper. Heaviest wear was at 5" circumference. Shut down for the day. 4/12/12 RIH with 6 1/4" bit and 6 6 1/8" collars. Tagged up at same spot. Drilled for 2 hours drilling down about a foot. Still getting metal chunks back. Stopped drilling and circulated well. POH and layed down 6" collars and bit. 4/13/12 Loaded hole and pressure tested casing. Pressured to 700psi. Bled down in 6 1/2 minutes. Put a bull plug on the end of the tubing.

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and run back in hole to see if we tag or the pipe will slide past tight spot @7683'. RIH with 2 3/8" tubing bull plugged down to 8702' with no problems POH with tubing. Picked up a 4 1/2" packer and RIH Set packer @ 8280' Shut down for the day 4/14/12 Released packer and loaded hole. Set packer and squeezed perfs @ 1200' psi 3/4 Bbls per minute. Pump could not maintain this rate without powering out. Discussed with company man. Had a kill truck come out and try to break formation down Could not get a kill truck that day. Shut down for the weekend. 4/16/12 Rigged kill truck up. Pump and squeezed perfs with 20 Bbls of BW. Established injection rate of 1 Bbls per minute @ 1300 psi. Formation would not break down. Rigged down kill truck and tied back on with cement pump. Mixed and pumped 71 sacks of cement. Rigged up kill truck. Displaced and squeezed cement with 37 Bbls BW. WOCed Released packer Ran down and tagged TOC @ 8570' To low Spot a 80 sack balanced plug @ 8570'. Shut down for the day. 4/17/12 Crew made rig repairs first thing. RIH and tagged TOC @ 8008' To low Pumped another 42 sack balanced plug. WOC'ed. Tagged TOC @ 7825'. Wesley okayed tag @ 7827'. Mixed and pumped 110 Bbls of 9 lbs mud. Rigged up wire line and perforating gun RIH with perforating gun. Couldn't get past 2100' inside tubing. POH layed down perforating gun and disarmed. Shut down for the day. 4/18/12 Pulled out of hole with tubing and layed down 4 1/2" packer. Rigged up wire line. RIH and Perforated @ 5150'. POH and rigged down wire line. RIH with tubing and 7" packer. Set packer @ 4717'. Loaded the hole and then set packer. Well pressured to 700psi and held steady Called Wesley for approval to drop down 50' to spot a balance plug. POH with tubing and packer. Stood by for mechanic to do rig repairs RIH open ended to 5224'. Circulated well with 110 Bbls of 9lbs mud. Spot a 33 sack balance plug. Shut down for the day. 4/19/12 RIH and tagged TOC @ 5080'. To low Closed pipe rams and pressure tested casing to 500psi Held for 10 minutes with zero drop Circulated well with 48 Bbls 9lbs mud. Spot 16 more sacks @ 5080'. WOC'ed Tagged TOC @ 4982' POH with tubing. Rigged up wire line RIH and Perforated @ 3950'. POH and rigged down wire line RIH with tubing and 7" packer Set packer @ 3490'. Loaded hole and set packer. Instantly pressured to 1000psi holding steady. Released packer and ran down to 4016' Circulated well with 14 Bbls of 9 lbs mud. Pumped a 36 sack balanced plug Shut down for the night 4/20/12 RIH and tagged TOC @ 3886', 76' to low. Loaded hole with 9 lbs mud. Pumped 13 sacks cement @ 3886'. WOC'ed. Tagged TOC @ 3806' POH laying down tubing Rigged up wire line RIH and Perforated @ 2565'. POH and rigged down wire line RIH with tubing and 7" packer. Set packer @ 2440'. Loaded hole and tried to set packer Would not set. Closed the pipe rams and pressured to 1800psi Held steady for 10 minutes. Open rams and dropped down to 2615'. Spot a 29 sack balanced plug. WOC'ed. Rigged up wire line and perforating gun RIH and tagged TOC @ 2460'. Pulled line tight and perforated. Rigged down wire line. RIH with tubing and 7" packer Loaded hole and tried to set packer @ 2051'. Packer would not set. Closed pipe rams and was able to establish an injection rate of 1 Bbls a minute @ 1500psi Shut down for the day. 4/21/12 POH with tubing and old packer. Picked up new 7" packer and RIH. Set packer @ 2051' Pump and squeezed 45 sacks of cement WOC'ed. Rigged up wire line and perforating gun RIH and tagged TOC @ 2415' POH and rigged down wire line Pulled up hole to 790' laying down tubing. Rigged up wire line and perforating gun. RIH and perforated @ 1200'. Rigged down wire line Loaded hole and set packer @ 790'. Starting pumping 60 sacks cement The cement pump kept losing prime until reversing out was the only option. Circulated well clean. Dan Johnson shut the crew down until Monday. 4/23/12 Ran in hole to see where cement top is Tagged TOC @ 792'. POH and stood back work string Stood by for reverse unit and drill collars Equipment arrived too late, shut down for the day 4/24/12 Picked up 6, 4 3/4" drill collars and a 6 1/8" bit. RIH and tagged TOC Rigged up swivel and pump Drilled out 140' cement plug. Circulated well bottom up. Rigged down swivel and reverse unit. Ran on down and tagged cement plug @ 2415'. Circulated well with 70 Bbls 9 lbs mud. POH laying down tubing and drill collars Picked up 7" packer and RIH. Set packer @ 784'. Loaded hole and tried to get an injection rate. Perforations were tight Established an injection rate of 1/2 Bbls a minute @ 1300 psi. Dan Johnson wasn't comfortable with this so rigged up wire line. RIH with perforating gun and perforated again @ 1200 psi Shut down for the day 4/25/12 Waited for Shack Energy Services, new pump company, to arrive and get rigged up. Loaded hole and set packer. Squeezed 8 Bbls of mud @ 1 Bbls a minute Pump and squeezed 60 sacks cement. Displaced with 15 Bbls of mud. Shut well in with 1100 psi. WOC'ed. Opened tubing valve to release pressure Was flowing back a solid 2" stream of displacement mud. Called Wesley to discuss options Tried to release packer, packer stuck. Rigged up wire line and sinker bar RIH to tag TOC. Hit solid @ 340'. POH Green cement was on wire line and all over sinker bar Tried to pump down tubing Locked up @ 900 psi Discussed again with Wesley Was given approval to twist out of packer and perforate 10' above @ 784'. Tied on to casing and reversed wellbore clean Rigged up wire line and perforating gun. RIH and tagged TOC @ 745'. Pulled up to 740" and perforated POH and rigged down wire line. RIH with packer and 1 joint of tubing. Set packer and was able to break circulation through the 9 5/8" casing Pumped about 5 Bbls of fresh water Pressure continued

to climb. Stopped pumping when pressure reached 1500 psi. Called and discussed problem with Wesley. We opted to go back down to packer and spot a balance plug across perfs and continue as approved. Shut down for the day. 4/26/12 RIH with tubing and tagged packer. Stood by for Shack Energy to get on location. 4/27/12 perfs at 550' was able to pump cement from 550' to surface filling annulus and 7". Cut wellhead and witnessed cement at surface.

As per NMOCD Order NO. R-12965, "A Ground level Dry Hole Marker Was installed on The Crosby deep #3 as per the COA requirement from the BLM".

Most of the Information was provided by Marlan Deaton BLM Hobbs office, has witnessed all work performed.

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MAY 04 2012
HOBBSUCD

Accepted for Record Only

ELG 5-4-2012

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE



TITLE Managing Member DATE 05/03/2012

Type or print name Dan Johnson E-mail address danje08@yahoo.com PHONE: 770-757-3715

For State Use Only

APPROVED BY:

TITLE

DATE

Conditions of Approval (if any)