

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD

OCD Hobbs
JUN 28 2012

FORM APPROVED
OMB No 1004-0137
Expires October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

RECEIVED

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1 Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2 Name of Operator
DC Energy LLC

3a. Address
105 Oscar Lane Dallas Georgia 30132

3b. Phone No (include area code)
770757-3715

4. Location of Well (Footage, Sec., T, R, M., or Survey Description)
SEC 28 25S 37E 330' FSL 1980' FWL

5. Lease Serial No
NMLC034117B

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No

8. Well Name and No
Crosby Deep#1

9. API Well No
30-025-23891

10. Field and Pool or Exploratory Area
Crosby

11. County or Parish, State
LEA

12 CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Please see attached

**RECLAMATION
DUE 12-2-12**

See attached

Accepted as to plugging of the well bore.
Liability under bond is retained until
Surface restoration is completed.

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

Title Managing Member

Signature

Dan Johnson

Date 06/12/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

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 and Title 43 U.S.C. 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)

ACCEPTED FOR RECORD

JUN 24 2012

CARLSBAD FIELD OFFICE

MSB/ocb 7/3/2012

JUL 03 2012

DC Energy, LLC.
Crosby Deep #1

05-15-12 MRI and RU, Move reverse Unit and 160 bbl Pit in and setup, Ran 3090' of 2 7/8" tubing W/6 3 1/2" Drill collars and 4 3/4" Bit shut down for day.

05-16-12 Ran 4424' Total Tagged solid dilled to 4648' tripped out of hole put on centralizer per BLM Trip back in hole. Shut Down

5-17-12 Started drilling hard Iron Sulfate, Scale, lost circulation, broke thru at 4724' got circulation back, cleaned hole for 30 min. Hole appears to have many holes in 5 1/2" casing in many places

05-18-12 Check Pressure (no Pressure) started circulation drilling very hard Iron Sulfate and scale, circulation going in and out, cleaning hole for 20 min after each joint, and operator afraid of getting stuck.

Broke thru and able to run free to 5236' then was stuck, stopped making hole, worked tubing was able to get free, circulation getting back a lot of scale and Iron Sulfate, tripped out of hole and cleaned hole for 1 hr Shut down for day.

05-19-12 Run back into hole Tagged at 4828' cleaned hole again to 5236' with scraper + centralizer come out of hole shutdown

5-21-12 Run back into hole clean again, change out scraper for new bit attach centralizer tag at 5205' drill again to 5236' pooh shutdown

05-22-12 Run back into hole drilled down to 5911' Rig broke down, shut well in and sent crew home while mechanic repaired rig

05-23-12 Opened up well no pressure, tagged at 5940' begin drilling got to 5941' with all steel cuttings including threads stopped all drilling, while BLM man checked with Wesley in Carlsbad. Talked with Wesley and he suggested me obtaining help from someone other than another engineer. I spoke with Ralph Varon owner of Varon Services who has 40+ years' Experience in Business, he agreed we were cutting Casing and that the casing was collapsed, but suggested to go into hole open ended with just tubing to determine if we could get thru the casing.

05-24-12 tripped out of hole shut well in

05-25-12 circulated hole clean, run in hole w/Impression block as per BLM and tagged at 5841'

05-26-12 Released reverse unit, Rig Crew tripped out of hole, showed BLM man the Impression Block, he took pictures sent to Wesley, all agreed to Plug well and start at 5941'

05-27-12 rig crew started to rig down, had trouble getting rig hydraulics to work.

05-28-12 completed the rig down and move for plugging crew to move in and setup'

05-29-12

(Plug #1) Tubing set at 5938-Pumped 100 sacks class H cement-Disp. total tubing cap.

05-30-12

Tag plug #1 at 5476

(Plug #2) No perf as per BLM-squeezed 110 sacks H cement-disp. to 4980

05-31-12

Tubing & packer stuck-tag cement inside tubing with wireline at 4649-stretch showed 4550-cut tubing four times (4575, 4540, 4540, 4025)-not free.

06-01-12

Free point tubing & cut at 3833-left 5 ½ AD-1 packer+880 Ft. 2 7/8 tubing in hole, Wesley approved the cutting of tubing

(Plug #3) Perf at 3830-squeezed 52 sacks class C cement-disp. to 3730

06-02-12

Tag at 3730

(Plug #4) Perf at 2490-press. to 2200-held-spot 28 sacks class C cement from 2596 to 2370-tag at 2255

(Plug #5) Perf at 2300-squeezed 36 sacks class C cement-disp. to 2180

06-04-12

Tag at 2064

(Plug #6) Perf at 1410-squeezed 41 sacks class C cement-disp. to 1300-tag at 1410-could still pump into

(Plug #7) Squeezed 41 sacks class C cement at 1410-disp. to 1300

06-05-12

Tag at 1153

(Plug #8) Perf at 560-Ran 12' sub+5 ½ packer-squeezed 168 sacks class C cement to 9 5/8 surface casing

(Plug #9) Cut 5 ½ - 9 5/8- 13 5/8 12' below ground-pumped 20 sacks class C cement in all to top off

Operator witnessed that cement was at the surface of the annulus.

Required Plugging Marker has been placed on the well.

**Crosby Deep 1
30-025-23891
DC Energy LLC
June 25, 2012
Wellbore Condemnation**

Due to down hole conditions that did not enable this well to be properly plugged, the BLM has condemned this wellbore for any future re-entry activities.

In addition, the BLM will object to any future injection proposals (secondary, disposal, etc.) into the formations from the top of the Salt to the top of the Fusselman within a half mile radius of this wellbore.

The BLM recommends that NMOCD review all injection wells within a half mile radius (using an injection profile) to determine that the wells are injecting into the approved zone. Since NMOCD has primacy for injection wells, they may determine that MITs are also necessary.