

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		HOBBS OCD		5. Lease Serial No. LC-054667
2. Name of Operator DC ENERGY, LLC.		JUN 20 2014		6. If Indian, Allottee or Tribe Name
3a. Address c/o Mike Pippin LLC 3104 N. Sullivan, Farmington, NM 87401		3b. Phone No. (include area code) 505-822-4575		7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 785' FNL & 1980' FWL Unit C Sec. 33, T25S, R37E				8. Well Name and No. CROSBY DEEP #4
				10. Field and Pool, or Exploratory Area Upper Fusselman Pool (75520)
				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 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 checked="" type="checkbox"/> Other Hold For SWD
	<input checked="" 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/BLA. 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.)

This well currently has an approved NOI sundry to P&A. As we discussed in the conference call on 6/3/14, DC ENERGY, LLC is in the process of selling the company. The potential buyers have asked DC ENERGY, LLC to stop the P&A process on this well because they wish to utilize it for a SWD well. Since DC ENERGY, LLC believes this to be a strong selling point, we would now like to recend the P&A sundry & hold the well for the new owner to convert it to a SWD well.

See attached

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

Name (Printed/Typed) Mike Pippin mike@pippinllc.com	Title Petroleum Engineer (Agent)
Signature <i>Mike Pippin</i>	Date June 4, 2014

THIS SPACE FOR FEDERAL OR STATE USE

Approved by DENIED	Title DENIED	Date
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.	Office <i>M. M. Ingram Supv Petr Eng</i>	

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, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

MJB/OCD 6/24/2014

JUN 24 2014

Crosby Deep 4
30-025-25985
DC Energy, LLC
June 18, 2014
Reasons for Denial

The request to rescind the NOI for P&A is denied. The operator will be given an extension on the plugging procedure. This well shall be plugged by October 1, 2014.

Information used for the denial follows:

Crosby Deep 2, which is on Fee surface with Fee minerals, was injecting into at least the Fusselman. Previous owner pulled out of the hole and reported that they could only go back into approximately 7400'. The top of the Fusselman injection zone is 8870'. The former owner requested a shallower zone (San Andres), but due to the inability to plug the lower zone and the problems with the Crosby Deep 1, the request was not approved. These two wells (2 and 1) are less than one half mile apart. Therefore, the Crosby Deep 2 would have to be repaired or plugged properly for any possible injection to occur in the Crosby Deep 4 since the wells are only 1,314' apart.. At this point, the BLM would object to a proposal to convert the Crosby Deep 4 to an injector without verification that the Crosby Deep 2 was properly repaired or plugged. This well if repaired could only inject into the Fusselman.

Crosby Deep 1 was not able to be plugged properly and as a result of that plugging operation, the BLM stated that they would object to any well proposed for injection between the top of the Salt and the top of the Fusselman within one half mile of the Crosby Deep 1. This well is only 1,114' away from the Crosby Deep 4. Therefore, only the Fusselman formation would be the possible injection zone and this will not change due to the plugging operations on the Crosby Deep 1. The Crosby Deep 1 will not be approved for a re-entry at any time due to the plugging difficulties.

WWI 061814

Land Patent Details						
Accession Nr: 934813 Document Type: Serial Patent State: New Mexico Issue Date: 3/26/1924 Cancelled: No						
Names On Document			Miscellaneous Information			
<input checked="" type="checkbox"/> LANEHART, JOHN T Military Rank: ---			Land Office: Roswell US Reservations: Yes Mineral Reservations: Yes Tribe: --- Militia: --- State In Favor Of: --- Authority: December 29, 1916: Homestead Entry-Stock Raising (39 Stat. 862)			
Document Numbers			Survey Information			
Document Nr: 934813 Misc. Doc. Nr: 0 BLM Serial Nr: NMR 0039896 Indian Allot. Nr: ---			Total Acres: 320.00 Survey Date: --- Geographic Name: --- Metes/Bounds: No			
Land Descriptions						
State	Meridian	Twp - Rng	Aliquots	Section	Survey #	County
NM	New Mexico PM	0255 - 037E	SW¼	28		Lea
REMARKS: COAL AND OTHER MINERALS RESERVED TO US						
NM	New Mexico PM	0255 - 037E	NW¼	33		Lea
REMARKS: COAL AND OTHER MINERALS RESERVED TO US						