

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

# State of New Mexico

Form C-101  
Revised July 18, 2013

## NM OIL CONSERVATION Division Minerals and Natural Resources

ARTESIA DISTRICT

Oil Conservation Division

☐ AMENDED REPORT

OCT 10 2014

1220 South St. Francis Dr.

Santa Fe, NM 87505

RECEIVED

### APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address BC Operating, Inc. P.O. Box 50820 Midland, Texas 79710		2. OGRID Number 160825	
3. Property Code 313796		4. APN Number 30-015-42732	
5. Property Name Sterling 20 State		6. Well No. 2H	

#### 7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
P	17	23S	27E		240	South	330	East	Eddy

#### 8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
P	20	23S	27E		240	South	330	East	Eddy

#### 9. Pool Information

Pool Name	Pool Code
Forehand Ranch; Wolfcamp Southwest	96409

#### Additional Well Information

11. Work Type New Well	12. Well Type Oil	13. Cable/Rotary Rotary	14. Lease Type State	15. Ground Level Elevation 3179'
16. Multiple No	17. Proposed Depth 14,460' MD / 9500' TVD	18. Formation Wolfcamp	19. Contractor TBD	20. Spud Date 03/01/2015
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits

#### 21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	16"	13 3/8"	48#	580	660	0'
Intermediate	12 1/4"	9 5/8"	36#	2650	850	0'
Production	8 1/2"	5 1/2"	17#	14,440'	2700	2500'

#### Casing/Cement Program: Additional Comments

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#### 22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram Annular	3000#	2000#	Hydrill/Shaeffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.  
I further certify that I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.  
Signature: *Pam Stevens*

Printed name: Pam Stevens

Title: Regulatory Analyst

E-mail Address: pstevens@bcoperating.com

Date: 10/07/2014

Phone: 432-684-9696

#### OIL CONSERVATION DIVISION

Approved By:

*T. C. Shepard*

Title:

"Geologist"

Approved Date:

10-15-2014

Expiration Date:

10-15-2016

Conditions of Approval Attached

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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-42732	<sup>2</sup> Pool Code 96409	<sup>3</sup> Pool Name FOREHAND RANCH; WOLFCAMP SOUTHWEST
<sup>4</sup> Property Code 313796	<sup>5</sup> Property Name STERLING 20 STATE	<sup>6</sup> Well Number 2H
<sup>7</sup> OGRID No. 160825	<sup>8</sup> Operator Name B.C. OPERATING, INC.	<sup>9</sup> Elevation 3169

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	17	T23S	R27E		240'	SOUTH	330'	EAST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	20	T23S	R27E		240'	SOUTH	330'	EAST	EDDY

<sup>12</sup> Dedicated Acres 160.00	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<sup>16</sup> CORNER COORDINATES NAD 83, SPCS NM EAST A - Y: 472008.28' / X: 580112.37' B - Y: 472006.12' / X: 581435.11' C - Y: 466700.36' / X: 581448.80' D - Y: 466709.48' / X: 580131.35'		CORNER COORDINATES NAD 27, SPCS NM EAST A - Y: 471949.55' / X: 538930.22' B - Y: 471947.38' / X: 540252.94' C - Y: 466641.76' / X: 540266.52' D - Y: 466650.89' / X: 538949.09'		<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature: <u>Pam Stevens</u> Date: <u>10/1/14</u> Printed Name: <u>Pam Stevens</u> E-mail Address: <u>pstevens@bcoperating.com</u>	
SECTION 18	SECTION 17	SECTION 16		SECTION 21	<sup>18</sup> SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  SEPTEMBER 30, 2014 Date of Survey Signature and Seal of Professional Surveyor: <u>LLOYD P. SHORT</u> Certificate Number: <u>21653</u> LLOYD P. SHORT
SECTION 19	SECTION 20	SURFACE HOLE LOCATION 240' FSL 330' FEL NAD 83, SPCS NM EAST X:581104.44' / Y:472246.66' LAT:32.29821394N / LON:104.20462967W NAD 27, SPCS NM EAST X:539922.28' / Y:472187.91' LAT:32.29809499N / LON:104.20412987W		FIRST TAKE POINT 330' FNL 330' FEL NAD 83, SPCS NM EAST X:581105.96' / Y:471676.66' LAT:32.29664707N / LON:104.20462697W NAD 27, SPCS NM EAST X:539923.79' / Y:471617.93' LAT:32.29652811N / LON:104.20412721W	
		LAST TAKE POINT 330' FSL 330' FEL NAD 83, SPCS NM EAST X:581117.94' / Y:467032.66' LAT:32.28388127N / LON:104.20460624W NAD 27, SPCS NM EAST X:539935.67' / Y:466884.05' LAT:32.28376224N / LON:104.20410686W			
SECTION 19	SECTION 20	BOTTOM HOLE LOCATION 240' FSL 330' FEL NAD 83, SPCS NM EAST X:581118.17' / Y:466942.65' LAT:32.28363386N / LON:104.20460583W NAD 27, SPCS NM EAST X:539935.90' / Y:466884.05' LAT:32.28351483N / LON:104.20410646W		LAST TAKE POINT	
SECTION 30	SECTION 29			SECTION 28	

[illegible]

SCALE: 1" = 2000'  
CONTOUR INTERVAL = 5'

PREPARED BY:  
R-SQUARED GLOBAL, LLC  
1309 LOUISVILLE AVENUE, MONROE, LA 71201  
318-323-6900 OFFICE  
JOB No. R3450\_002

STERLING 20 STATE #2H BHL  
RC OPERATING, INC.

STERLING 20 STATE #2H FIRST TAKE POINT  
RC OPERATING, INC.

S. LOWE STATE HIGHWAY

BLACK RIVER VILLAGE

T023SR026E

T024SR027E

SCALE: 1" = 2 MILES

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JOB No. R3450\_002

## **BC Operating, Inc. Closed Loop System**

### **Design Plan**

#### *Equipment List*

- 2 – 414 MI Swaco *Centrifuges*
- 2 – MI Swaco 4 screen Moongoose *Shale Shakers*
- 2 – double screen *Shakers* with rig inventory
- 2 – CRI *Haul off bins* with track system
- 2 – additional 500bbl *Frac tanks* for fresh and brine water
- 2 – 500bbl *water tanks* with rig inventory

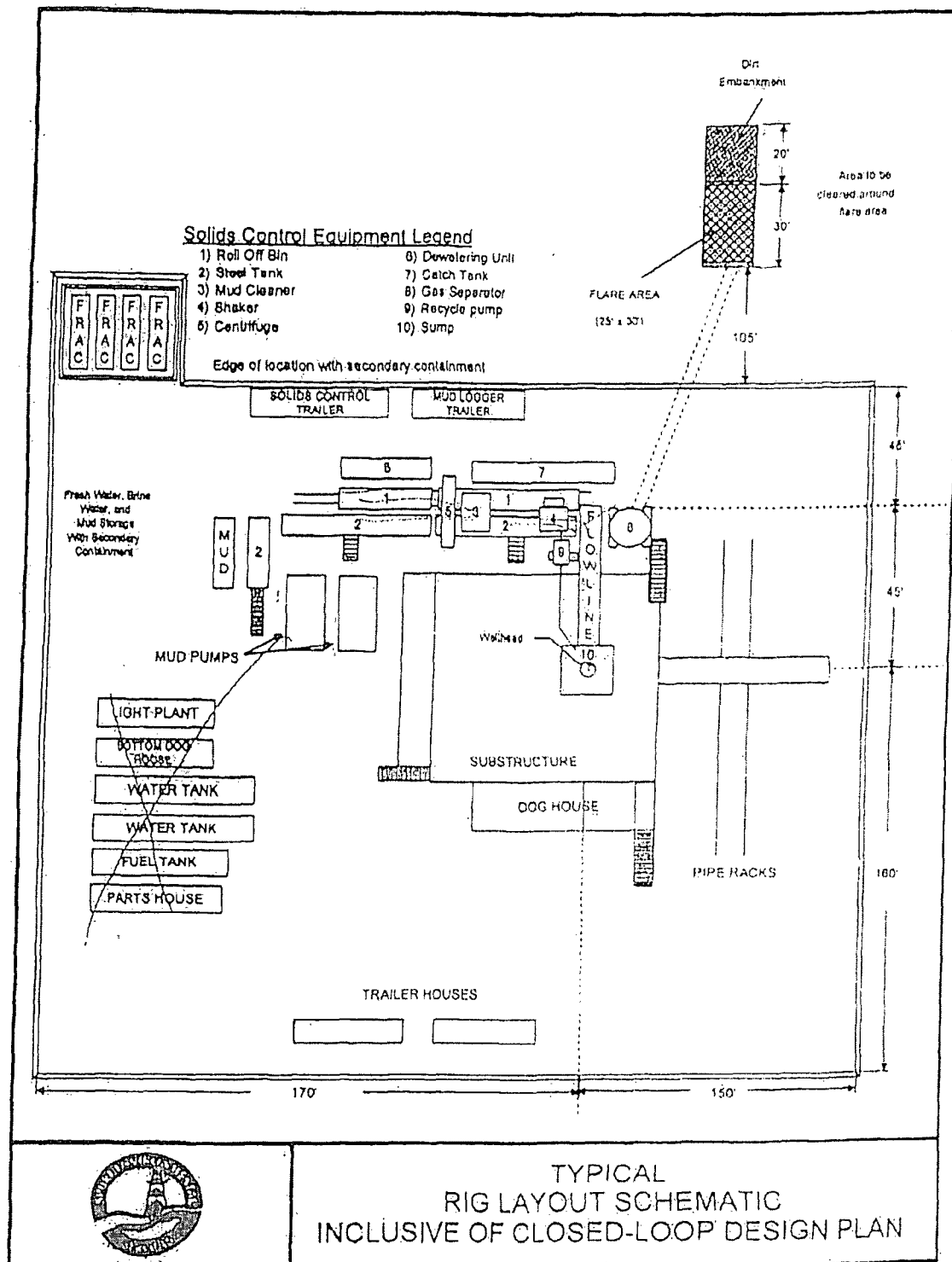
*\*Equipment manufactures may vary due to availability but components will not.*

### **Operation and Maintenance**

The system along with equipment will be inspected numerous times a day by each tour to make sure all equipment is operating correctly. Routine maintenance will be done to keep system running properly. Any leak in system will be repaired and/or contained immediately and the OCD notified within 48 hours of the remediation process start.

### **Closure Plan**

While drilling, all cuttings and fluids associated with drilling will be hauled off and disposed of via Controlled Recovery Incorporated Facilities Permit NM01-0006.



TYPICAL  
RIG LAYOUT SCHEMATIC  
INCLUSIVE OF CLOSED-LOOP DESIGN PLAN