

**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

## Energy Minerals and Natural Resources

**Oil Conservation Division**  
**NM OIL CONSERVATION**  
ARTESIA DISTRICT  
1220 South St. Francis Dr.  
Santa Fe, NM 87505  
SEP 29 2014

☐ AMENDED REPORT

### 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 313739		4. API Number 30-015-42689	
5. Property Name Black River 10 State Com		6. Well No. 1H	

7. Surface Location									
UL - Lot A	Section 15	Township 24S	Range 27E	Lot Idn	Feet from 240	N/S Line North	Feet From 360	E/W Line East	County Eddy

8. Proposed Bottom Hole Location									
UL - Lot A	Section 10	Township 24S	Range 27E	Lot Idn	Feet from 240	N/S Line North	Feet From 360	E/W Line East	County Eddy

9. Pool Information	
Pool Name Black River, Wolfcamp (Gas) <i>OK</i>	Pool Code 97442 <i>OK</i>

Additional Well Information				
11. Work Type New Well	12. Well Type Gas	13. Cable/Rotary Rotary	14. Lease Type State	15. Ground Level Elevation 3209'
16. Multiple No	17. Proposed Depth 8900' TVD/14,044' MD	18. Formation Wolfcamp	19. Contractor TBD	20. Spud Date 11/01/2014
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#	630'	400	0'
Intermediate	12 1/4"	9 5/8"	40#	3100'	1135	0'
Production	8 1/2"	5 1/2"	17#	14,044'	2500	0'

#### 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 <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: <i>Pam Stevens</i>		OIL CONSERVATION DIVISION	
Printed name: Pam Stevens		Approved By: <i>T. C. Shepard</i>	
Title: Regulatory Analyst		Title: <b>"Geologist"</b>	
E-mail Address: pstevens@bcoperating.com		Approved Date: 9-30-2014 Expiration Date: 9-30-2016	
Date: 09/25/2014	Phone: 432-684-9696	Conditions of Approval Attached: <i>NSL Required</i>	

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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 30-015-42689	<sup>2</sup> Pool Code 97442	<sup>3</sup> <del>BLACK RIVER</del> WOLF CAMP (GAS) EAST
<sup>4</sup> Property Code 313739	<sup>5</sup> Property Name BLACK RIVER 10 STATE COM	<sup>6</sup> Well Number 1H
<sup>7</sup> OGRID No. 160825	<sup>8</sup> Operator Name B.C. OPERATING, INC.	<sup>9</sup> Elevation 3181'

<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
A	15	T24S	R27E		240'	NORTH	360'	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
A	10	T24S	R27E		240'	NORTH	360'	EAST	EDDY

<sup>12</sup> Dedicated Acres 320.00	<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.

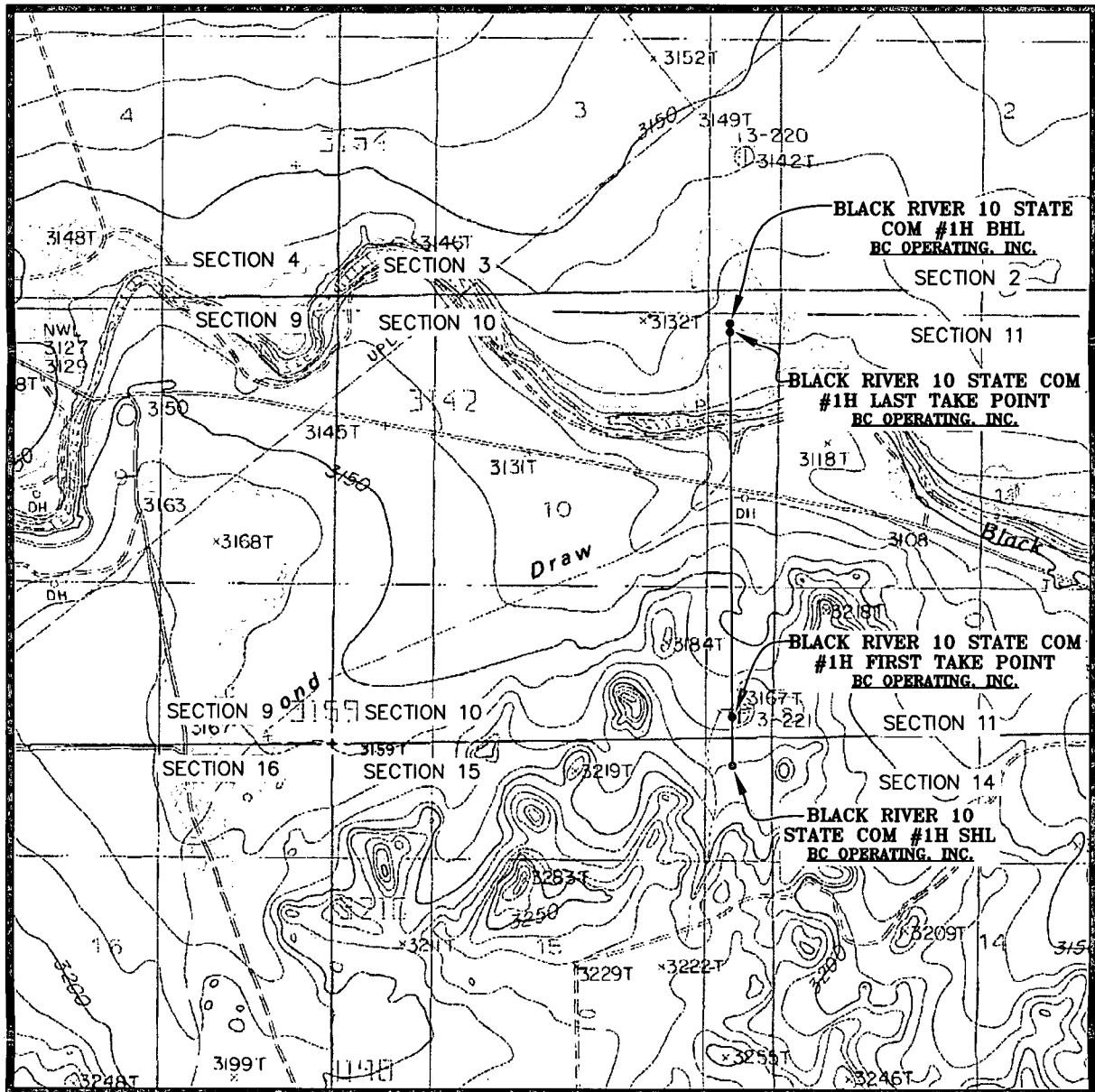
<sup>16</sup> SECTION 4	SECTION 3	SECTION 2	<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including 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.  Pam Stevens 9/22/14 Signature Date  Pam Stevens Printed Name  psterens@bcoperating.com E-mail Address	
SECTION 9	SECTION 10	SECTION 11		<b>18 SURVEYOR CERTIFICATION</b> 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 22, 2014 Date of Survey Signature and Seal of Professional Surveyor  LLOYD P. SHORT NEW MEXICO 21653 PROFESSIONAL SURVEYOR
SECTION 9	SECTION 10	SECTION 11		
SECTION 16	SECTION 15	SECTION 14		

**PRODUCING AREA**

**CORNER COORDINATES**  
NAD 83, SPCS NM EAST  
A - Y: 430743.64' / X: 589192.43'  
B - Y: 430688.80' / X: 591823.83'  
C - Y: 445391.38' / X: 591850.64'  
D - Y: 445423.66' / X: 589198.69'  
NAD 27, SPCS NM EAST  
A - Y: 430685.32' / X: 548009.70'  
B - Y: 430630.45' / X: 550641.05'  
C - Y: 445333.13' / X: 550667.77'  
D - Y: 445365.44' / X: 548015.87'

**SECTION 10**  
BOTTOM HOLE LOCATION  
240' FNL 360' FEL  
NAD 83, SPCS NM EAST  
X:591465.00' / Y:450456.23'  
LAT:32.23827608N / LDM:104.17120492W  
NAD 27, SPCS NM EAST  
X:550282.23' / Y:450397.89'  
LAT:32.23815619N / LDM:104.17070819W  
  
LAST TAKE POINT  
330' FNL 360' FEL  
NAD 83, SPCS NM EAST  
X:591465.50' / Y:450366.20'  
LAT:32.23802860N / LDM:104.17120372W  
NAD 27, SPCS NM EAST  
X:550282.75' / Y:450303.39'  
LAT:32.23790871N / LDM:104.17070700W  
  
FIRST TAKE POINT  
330' FSL 360' FEL  
NAD 83, SPCS NM EAST  
X:591488.94' / Y:445725.81'  
LAT:32.22527257N / LDM:104.17115057W  
NAD 27, SPCS NM EAST  
X:550306.08' / Y:445667.56'  
LAT:32.22515251N / LDM:104.17065419W  
  
SURFACE HOLE LOCATION  
240' FNL 360' FEL  
NAD 83, SPCS NM EAST  
X:591494.81' / Y:445155.65'  
LAT:32.22370525N / LDM:104.17113439W  
NAD 27, SPCS NM EAST  
X:550311.93' / Y:445097.41'  
LAT:32.22358517N / LDM:104.17063805W

# LOCATION VERIFICATION MAP

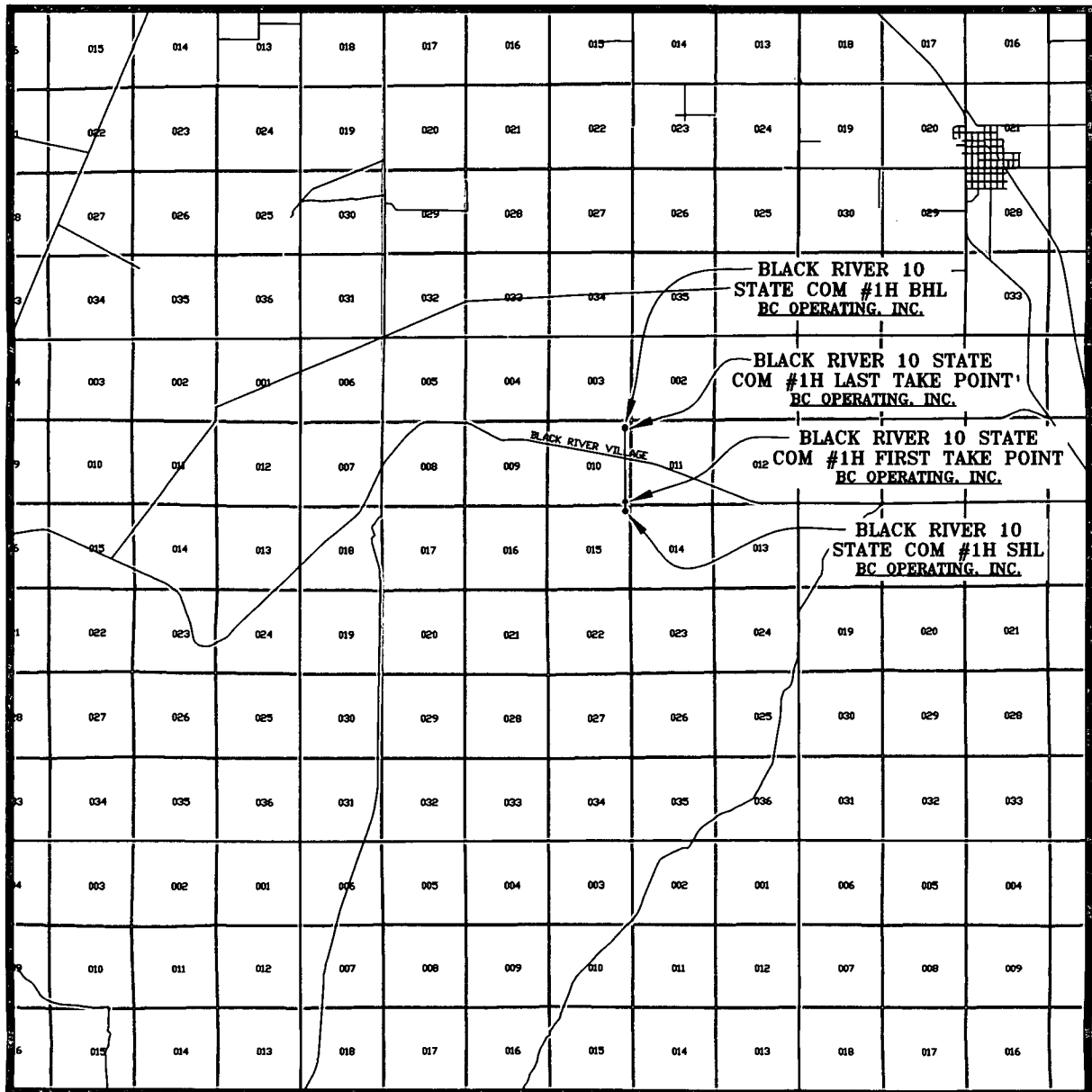


SEC. 15 TWP. 24-S RGE. 27-E  
 SURVEY: N.M.P.M.  
 COUNTY: EDDY  
 DESCRIPTION: 240' FNL & 360' FEL  
 ELEVATION: 3181'  
 OPERATOR: B.C. OPERATING, INC.  
 LEASE: BLACK RIVER 10 STATE COM  
 U.S.G.S. TOPOGRAPHIC MAP: BOND DRAW, N.M.

SCALE: 1" = 2000'  
 CONTOUR INTERVAL = 10'

PREPARED BY:  
 R-SQUARED GLOBAL, LLC  
 1309 LOUISVILLE AVENUE, MONROE, LA 71201  
 318-323-6900 OFFICE  
 JOB No. R3421\_001

# VICINITY MAP



SEC. 15 TWP. 24-S RGE. 27-E

SURVEY: N.M.P.M.

COUNTY: EDDY

DESCRIPTION: 240' FNL & 360' FEL

ELEVATION: 3181'

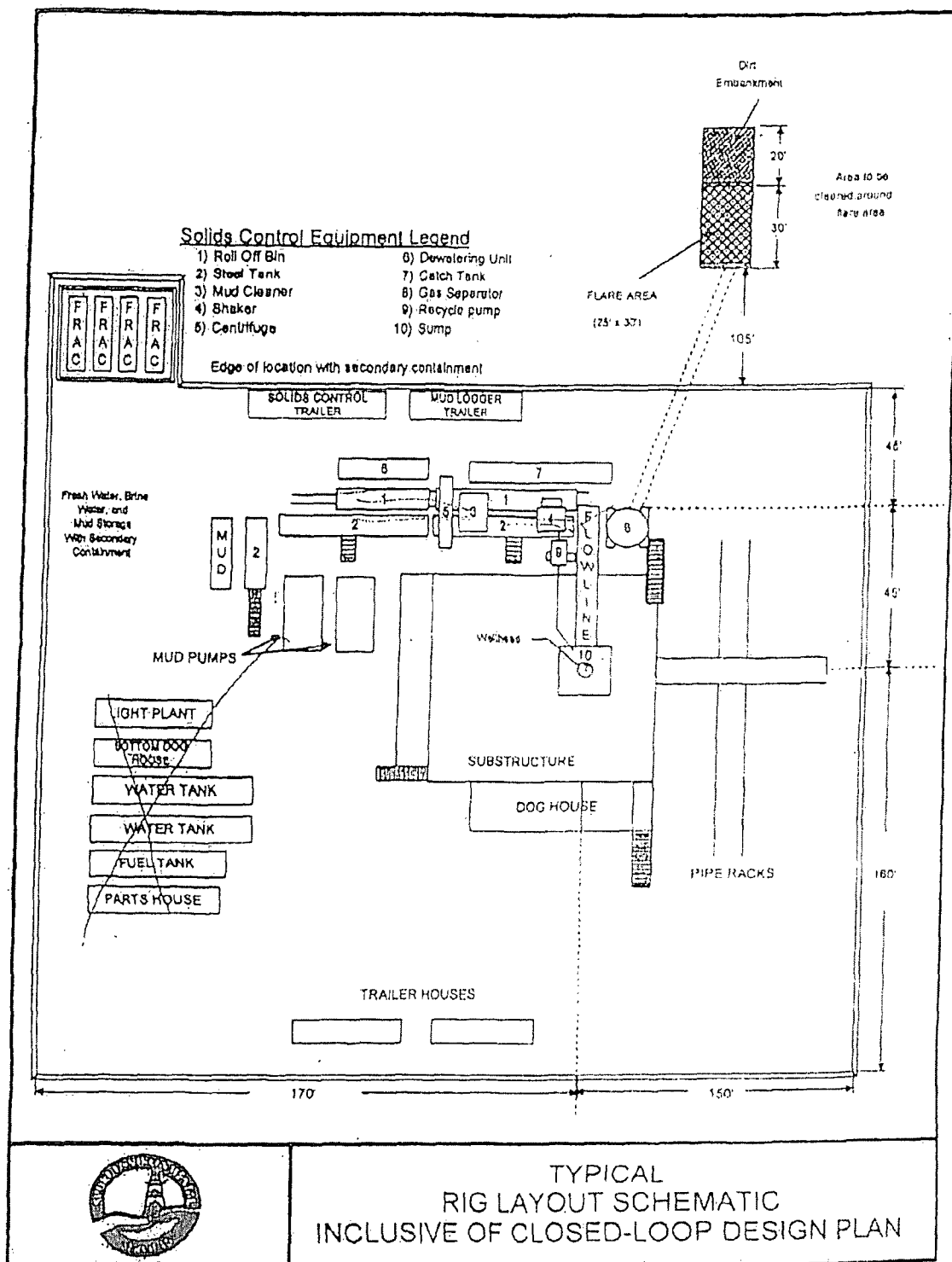
OPERATOR: B.C. OPERATING, INC.

LEASE: BLACK RIVER 10 STATE COM

U.S.G.S. TOPOGRAPHIC MAP: BOND DRAW, N.M.

SCALE: 1" = 2 MILES

PREPARED BY:  
R-SQUARED GLOBAL, LLC  
1309 LOUISVILLE AVENUE, MONROE, LA 71201  
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JOB No. R3421\_001



TYPICAL  
RIG LAYOUT SCHEMATIC  
INCLUSIVE OF CLOSED-LOOP DESIGN PLAN

## **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.