

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 Minerals and Natural Resources

ARTESIA DISTRICT

Oil Conservation Division

☐ AMENDED REPORT

OCT 10 2014

1220 South St. Francis Dr.

RECEIVED

Santa Fe, NM 87505

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	
⁴ Property Code 313797		³ API Number 30-015-22133	
⁵ Property Name Cass 16 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
H	17	23S	27E		1650	North	240	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
H	16	23S	27E		1650	North	240	East	Eddy

9. Pool Information

¹⁰ Pool Name Forehand Ranch; Wolfcamp (Gas)	¹¹ Pool Code 76780
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Additional Well Information

¹² Work Type New Well	¹³ Well Type Gas	¹⁴ Cable/Rotary Rotary	¹⁵ Lease Type State	¹⁶ Ground Level Elevation 3164'
¹⁷ Multiple No	¹⁸ Proposed Depth 14,543' MD/9500' TVD	¹⁹ Formation Wolfcamp	²⁰ Contractor TBD	²¹ Spud Date 02/01/2015
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#	14,543'	2700	2500'

Casing/Cement Program: Additional Comments

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

¹ API Number 30-15-42233	² Pool Code 76780	³ Pool Name FOREHAND RANCH; WOLFCAMP (GAS)
⁴ Property Code 313997	⁵ Property Name CASS 16 STATE	⁶ Well Number 2H
⁷ OGRID No. 160825	⁸ Operator Name B.C. OPERATING, INC.	⁹ Elevation 3164

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	17	T23S	R27E		1650'	NORTH	240'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

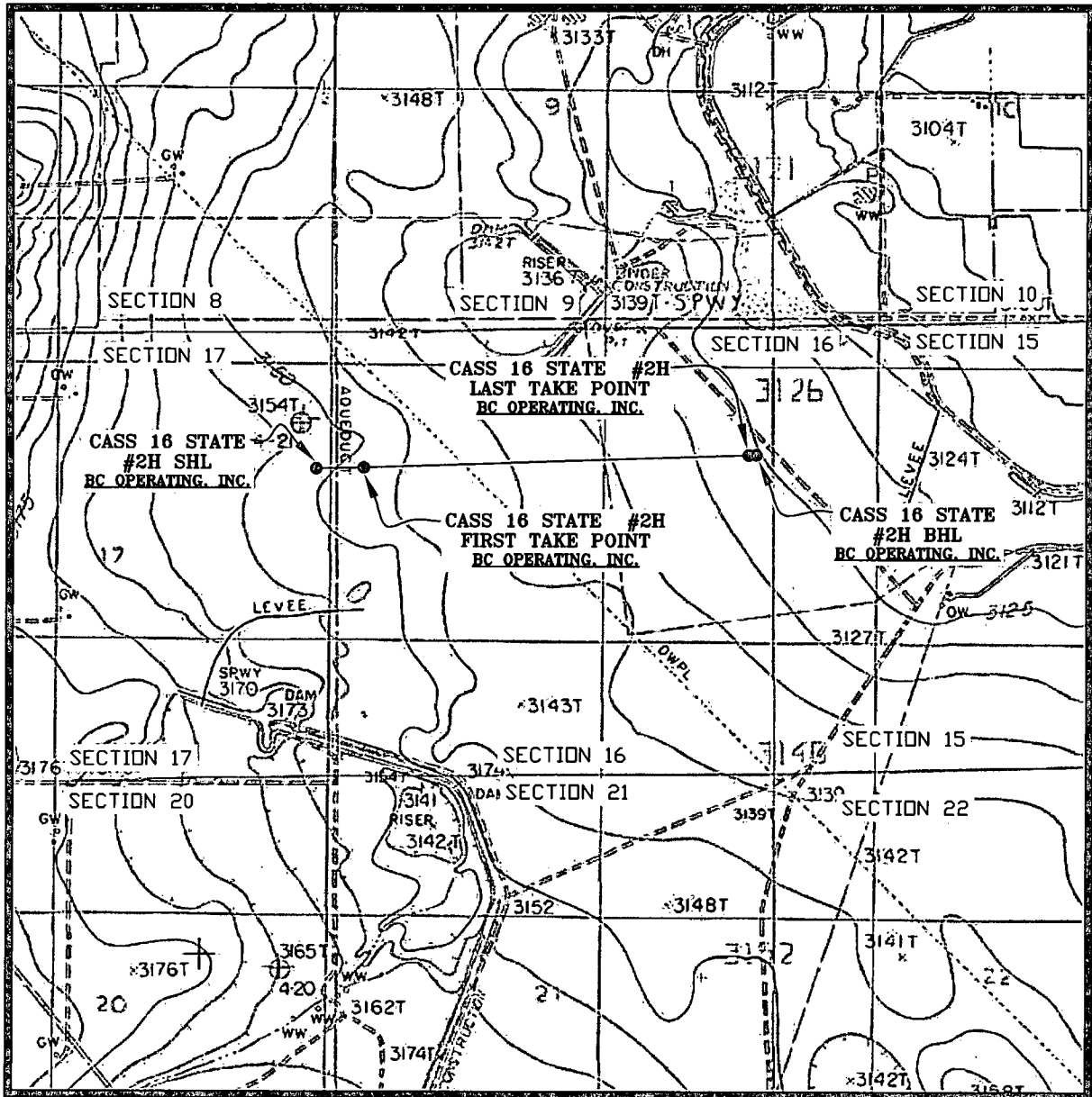
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	16	T23S	R27E		1650'	NORTH	240'	EAST	EDDY

¹² Dedicated Acres 320.00	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

<p>¹⁶</p>				<p>¹⁷ OPERATOR CERTIFICATION</p> <p>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.</p> <p>Pam Stevens 10/1/14 Signature Date</p> <p>Pam Stevens Printed Name</p> <p>pstevens@bcoperating.com E-mail Address</p>	
<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>SEPTEMBER 30, 2014 Date of Survey</p> <p>Lloyd P. Short Signature and Seal of Professional Surveyor</p> <p>LLOYD P. SHORT Certificate Number</p>				<p>NEW MEXICO 21653 PROFESSIONAL SURVEYOR</p>	

LOCATION VERIFICATION MAP

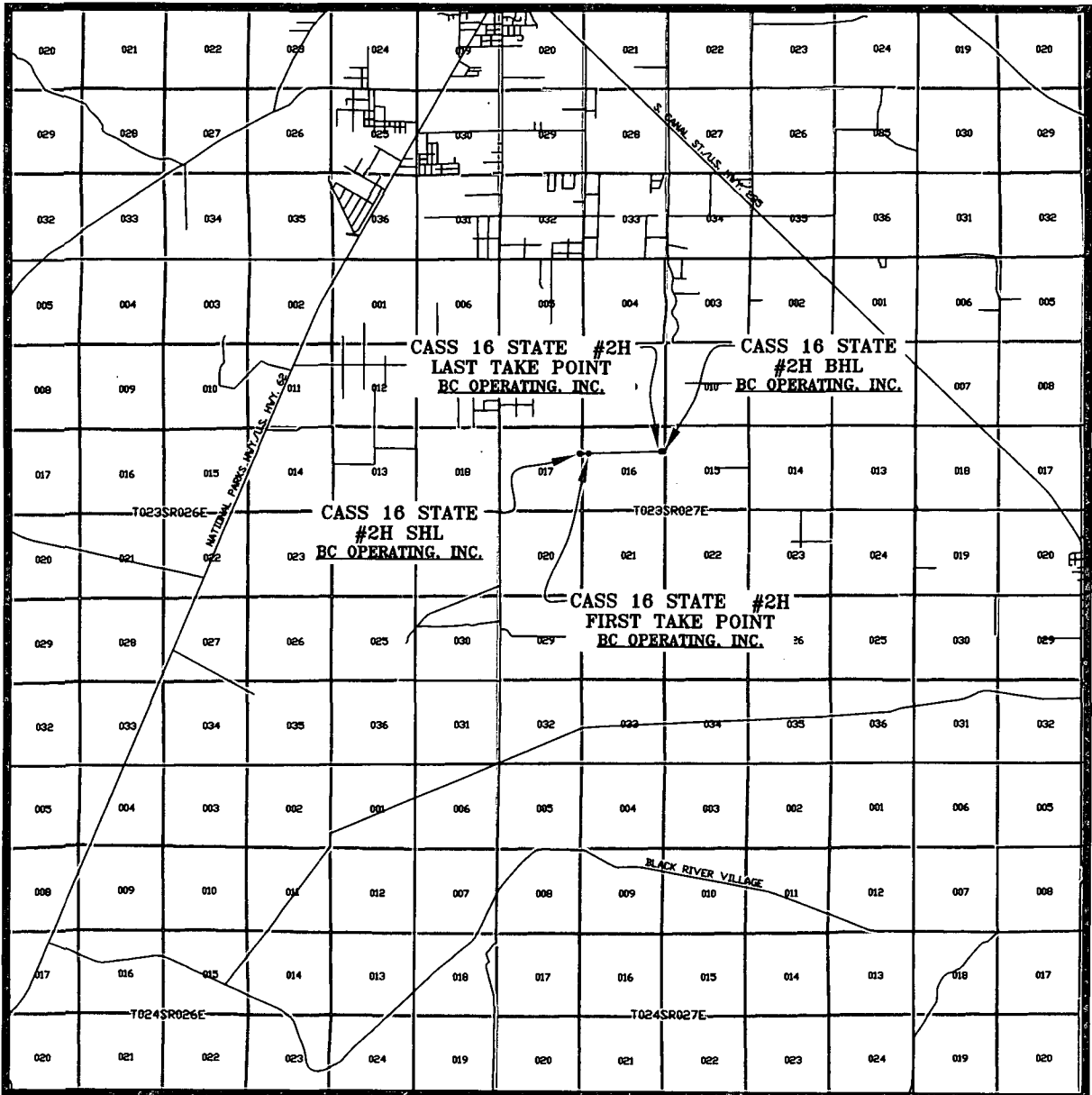


SEC. 17 TWP. 23-S RGE. 27-E
 SURVEY: N.M.P.M.
 COUNTY: EDDY
 DESCRIPTION: 1650' FNL & 240' FEL
 ELEVATION: 3164'
 OPERATOR: B.C. OPERATING, INC.
 LEASE: CASS 16 STATE
 U.S.G.S. TOPOGRAPHIC MAP: OTIS, N.M.

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

PREPARED BY:
 R-SQUARED GLOBAL, LLC
 1309 LOUISVILLE AVENUE, MONROE, LA 71201
 318-323-8900 OFFICE
 JOB No. R3449_002

VICINITY MAP



SEC. 17 TWP. 23-S RGE. 27-E
 SURVEY: N.M.P.M.
 COUNTY: EDDY
 DESCRIPTION: 1650' FNL & 240' FEL
 ELEVATION: 3164'
 OPERATOR: B.C. OPERATING, INC.
 LEASE: CASS 16 STATE
 U.S.G.S. TOPOGRAPHIC MAP: OTIS, N.M.

SCALE: 1" = 2 MILES

PREPARED BY:
 R-SQUARED GLOBAL, LLC
 1309 LOUISVILLE AVENUE, MONROE, LA 71201
 318-323-6900 OFFICE
 JOB No. R3449_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

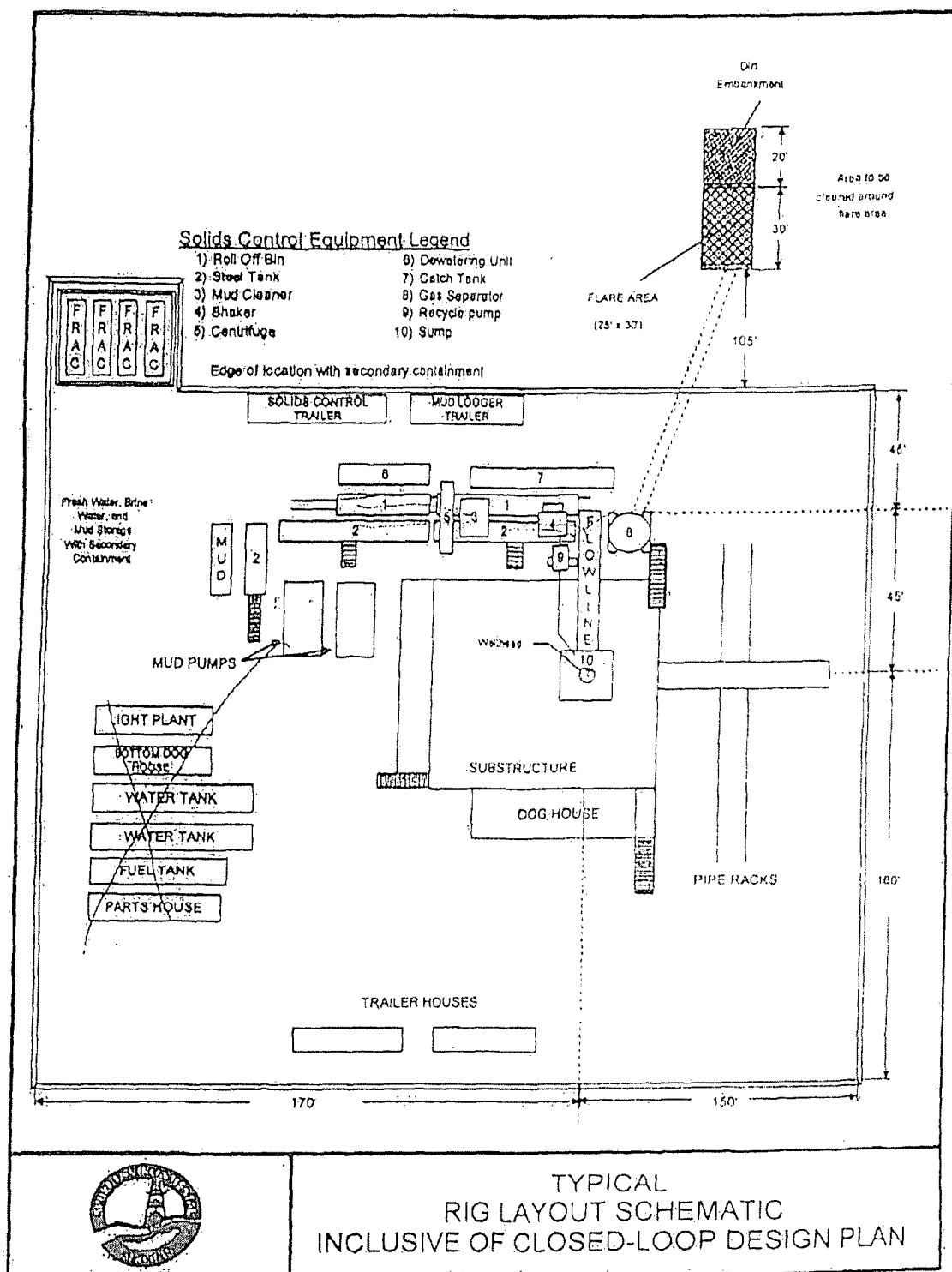
**Equipment manufactures may vary due to availability but components will not.*

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