

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Mineral and Natural Resources
NM OIL CONSERVATION
ARTESIA DISTRICT
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505
RECEIVED
JUN 03 2017

Form C-103
Revised July 18, 2013

| | | |
|---|--|---|
| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | | WELL API NO. 30-015-44046 |
| 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> | | 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 2. Name of Operator Black Mountain Operating LLC | | 6. State Oil & Gas Lease No. |
| 3. Address of Operator 500 Main Street Suite 1200, Fort Worth, TX 76102 | | 7. Lease Name or Unit Agreement Name Cypress |
| 4. Well Location Unit Letter <u>M</u> : <u>655</u> feet from the <u>South</u> line and <u>190</u> feet from the <u>West</u> line Section <u>9</u> Township <u>23S</u> Range <u>27E</u> NMPM Eddy County | | 8. Well Number <u>1H</u> |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3146' GL | | 9. OGRID Number 371127 |
| | | 10. Pool name or Wildcat Purple Sage, Wolfcamp |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
|--|---|--|--|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | | | |
| CLOSED-LOOP SYSTEM <input type="checkbox"/> | | | |
| OTHER: <input checked="" type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Black Mountain Operating, LLC is requesting a temporary tubing exception for the Cypress #1H well. This well is our first horizontal Wolfcamp well and is being evaluated for maximum potential flow rates and pressures. Installing tubing immediately would introduce a downhole choke point and affect the data we plan to gather over the coming months. The well is currently flowing up the production casing string.

Well control is currently achieved via two 7-1/16" 10k gate valves, flow cross w/two 4-1/16" 10k gate valves and flowing through two 2-9/16" 10k gate valves, 10k iron and a 10k choke manifold.

Flowing wellhead pressure is currently 2150 psi.

Fire control - currently flaring gas until battery is complete. Delays on vessel delivery slowing construction completion.

Black Mountain plans to install tubing within the next 120 days.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Operations Manager DATE 5/31/2017

Type or print name John Wierzowiecki E-mail address: john.wierzowiecki@blackmntn.com PHONE: (817) 698-9901

For State Use Only

APPROVED BY: [Signature] TITLE Geologist DATE 6-6-17

Conditions of Approval (if any):

Black Mountain Operating, LLC

500 Main Street, Suite 500

Fort Worth, Texas 76102

Actual Wellbore

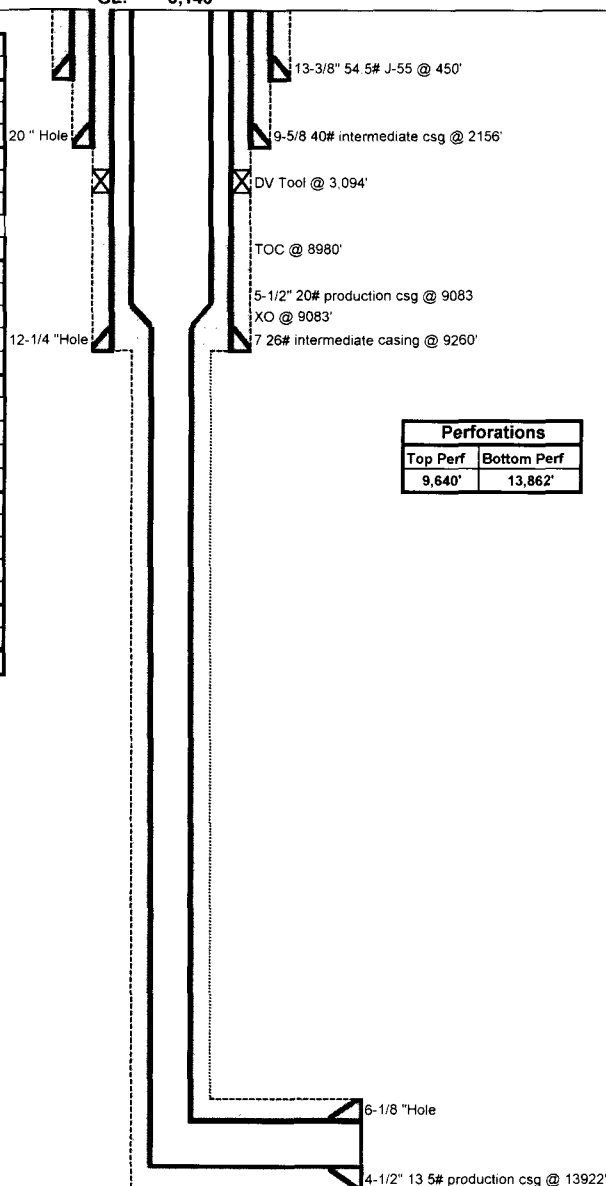
| | | | | | | | |
|----------------|---------------------------------|--------------------|---------------------|----------------|-----------|---------|----------|
| Lease: | | Cypress 1H | | OH Information | | | |
| County/Parish: | Eddy | Section | Size | Beg. Depth | End Depth | MW | Comments |
| State: | NM, M-09-23S-27E | Surface | 20 | 0 | 450 | 8.6 | |
| API: | 30-015-44046 | Intermediate | 12-1/4 | 0 | 2,160 | 10.2 | |
| State ID#: | 316287 | Intermediate | 8-3/4 | 0 | 9,260 | 9.2 | |
| SHL | Lat-Long 32.313848, -104.202477 | Production | 6-1/8 | 0 | 13,922 | 11.7 | |
| | Legal: 655' FSL & 190' FWL | Casing Information | | | | | |
| BHL | Lat-Long 32.313552, -104.186944 | Size | Weight | Grade | Thread | Depth | ID |
| | Legal: 400' FSL & 294' FEL | 13-3/8 | 54.50 | J-55 | STC | 450' | 12.459 |
| Spud Date: | 4/6/2017 | 9-5/8 | 40.00 | J-55 | BTC | 2,156' | 8.835 |
| Rig Release: | 4/30/2017 | 7 | 26.00 | P-110 | TMK BPN | 9,260' | 6.276 |
| AFE: | BMO14007 | 5-1/2" | 20.00 | P-110 HC | ULT-FJ | 9,083' | 4.778 |
| Notes: | | 4-1/2" | 13.50 | P-110 HC | CDC HTQ | 13,922' | 3.920 |
| | | Comments: | TOC 8,980' from CBL | | | | |

Datum

KB: 3,174'

GL: 3,146'

| Cement Information | | | | |
|--------------------|-----------|-------------|-----------|-----------|
| | Surf. | 9-5/8" Int. | 7" Int. | Prod. |
| Spacer | Mud Flush | Mud Flush | Mud Flush | Mud Flush |
| Volume, bbl | 30 | 40 | ? | 100 |
| Density, lb/gal | 8.4 | 8.4 | ? | 8.4 |
| Lead Cement 1 | | | | |
| Sacks | 420 | 320 | 381 | 472 |
| Yield, ft3/sk | 1.6 | 2.61 | 2.61 | 2.29 |
| Volume, ft3 | 672 | 835 | 994 | 1081 |
| Density, lb/gal | 13.8 | 12.8 | 11.6 | 13.5 |
| Tail Cement 1 | | | | |
| Sacks | | 220 | 225 | |
| Yield, ft3/sk | | 1.6 | 1.69 | |
| Volume, ft3 | | 352 | 380 | |
| Density, lb/gal | | 13.8 | 13.1 | |
| Lead Cement 2 | | | | |
| Sacks | | | 130 | |
| Yield, ft3/sk | | | 2.61 | |
| Volume, ft3 | | | 339 | |
| Density, lb/gal | | | 11.60 | |
| Tail Cement 2 | | | | |
| Sacks | | | 60 | |
| Yield, ft3/sk | | | 1.33 | |
| Volume, ft3 | | | 80 | |
| Density, lb/gal | | | 14.80 | |
| Est TOC, ft | Surf. | Surf. | Surf. | 0 |
| Calc or Actual | Actual | Actual | Actual | |
| CBL TOC | | | | 8980 |



PBTD = 13,918'

MD = 13,922'

TVD = 9,116'

Directions to Location:

Take US 285 toward Carlsbad. At E. Derrick Road and US 285 turn west and drive ~2.7 mi to the intersection with Thomason Rd. Turn left (south) on Thomason Rd and drive 1 mile until it dead ends into E Harkness rd. Turn right and drive 0.3 mi on E Harkness Rd to lease road on the Left. Take the lease road from Harkness Rd and follow to location. Don't take Thomason Rd through the double gates. Our authorized access is the cattle guard on Harkness Rd. Attached photo shows lease road from Harkness Rd.

Last Update: 5/31/2017

Updated By: J. Wierzowiecki