

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8161 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 Rd., Aztec, NM 87410
Phone:(505) 334-8178 Fax:(505) 334-8170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 228522

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, TX 79710 | | 2. OGRID Number 160825 |
| 4. Property Code 317091 | | 3. API Number 30-015-43965 |
| 5. Property Name CAMPANA 3 2 STATE B2 | | 6. Well No. 002H |

7. Surface Location

| | | | | | | | | | | | | | | | | | | | |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|------|----------|---|-----------|-----|----------|---|--------|------|
| UL - Lot | H | Section | 3 | Township | 24S | Range | 26E | Lot Idn | H | Feet From | 2310 | N/S Line | N | Feet From | 240 | E/W Line | E | County | Eddy |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|------|----------|---|-----------|-----|----------|---|--------|------|

8. Proposed Bottom Hole Location

| | | | | | | | | | | | | | | | | | | | |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|------|----------|---|-----------|-----|----------|---|--------|------|
| UL - Lot | H | Section | 2 | Township | 24S | Range | 26E | Lot Idn | H | Feet From | 2310 | N/S Line | N | Feet From | 330 | E/W Line | E | County | Eddy |
|----------|---|---------|---|----------|-----|-------|-----|---------|---|-----------|------|----------|---|-----------|-----|----------|---|--------|------|

9. Pool Information

| | |
|----------|---|
| WOLFCAMP | 0 |
|----------|---|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type GAS | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3296 |
| 16. Multiple N | 17. Proposed Depth 14500 | 18. Formation Wolfcamp | 19. Contractor | 20. Spud Date 3/3/2017 |
| 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 |
|--------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 48 | 400 | 500 | 0 |
| Int1 | 12.25 | 9.625 | 36 | 2150 | 800 | 0 |
| Prod | 8.75 | 7 | 26 | 11000 | 950 | 0 |
| Liner1 | 6.125 | 4.5 | 13.5 | 14500 | 250 | 9500 |

Casing/Cement Program: Additional Comments

| |
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| |
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22. Proposed Blowout Prevention Program

| | | | |
|------------|------------------|---------------|--------------|
| Type | Working Pressure | Test Pressure | Manufacturer |
| Double Ram | 5000 | 5000 | CAMERON |

| | |
|---|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify 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: Printed Name: Electronically filed by Sarah Presley Title: Regulatory Analyst Email Address: spresley@bcoperating.com Date: 11/14/2016 | <div style="text-align: center;">OIL CONSERVATION DIVISION</div> Approved By: Paul Kautz Title: Geologist Approved Date: 11/22/2016 Expiration Date: 11/22/2018 Conditions of Approval Attached |
| Phone: 432-684-9696 | |

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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 | ² Pool Code | ³ Pool Name |
| ⁴ Property Code | ⁵ Property Name CAMPANA 3-2 STATE B2 | ⁶ Well Number 2H |
| ⁷ OGRID No. 160825 | ⁸ Operator Name B.C. OPERATING, INC. | ⁹ Elevation 3296' |

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 | 3 | T24S | R26E | | 2310' | 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 | 2 | T24S | R26E | | 2310' | NORTH | 330' | EAST | EDDY |

| ¹² Dedicated Acres | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| 320.32 | | | |

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.

| | | | |
|---|--|--|--|
| ¹⁶ SECTION 34 SECTION 3 2310' FNL 240' FEL NAD 83, SPCS NM EAST X559928.49' / Y453669.26' LAT32.24719808N / LON104.27319819W NAD 27, SPCS NM EAST X518746.28' / Y453611.36' LAT32.24708009N / LON104.27269727V | | ¹⁷ 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: <i>Sarah Presley</i> Date: 11-14-16 SARAH PRESLEY Printed Name SPRESLEY@BCOPERATING.COM E-mail Address | |
| ¹⁸ SECTION 3 SECTION 2 2310' FNL 330' FVL NAD 83, SPCS NM EAST X560498.56' / Y453672.85' LAT32.24720706N / LON104.27135423W NAD 27, SPCS NM EAST X519316.34' / Y453614.94' LAT32.24708902N / LON104.27085338V | | ¹⁹ 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, 2016 Date of Survey Signature and Seal of Professional Surveyor: <i>Lloyd P. Short</i> Certificate Number: LLOYD P. SHORT 21653 NEW MEXICO PROFESSIONAL SURVEYOR | |
| ²⁰ SECTION 10 SECTION 11 CORNER COORDINATES NAD 83, SPCS NM EAST A - X: 560190.00' / Y: 455981.18' B - X: 565511.48' / Y: 456010.66' C - X: 565488.24' / Y: 453390.95' D - X: 560166.00' / Y: 453399.90' | | ²¹ SECTION 12 SECTION 11 CORNER COORDINATES NAD 27, SPCS NM EAST A - X: 519007.83' / Y: 455923.22' B - X: 524329.25' / Y: 455952.57' C - X: 524305.97' / Y: 453392.92' D - X: 518983.78' / Y: 453432.00' | |

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Energy, Minerals and Natural Resources
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Form APD Comments

Permit 228522

PERMIT COMMENTS

| | |
|---|-------------------------------------|
| Operator Name and Address: BC OPERATING, INC. [160825] P O Box 50820 Midland, TX 79710 | API Number: 30-015-43965 |
| | Well: CAMPANA 3 2 STATE B2 #002H |

| | | |
|------------|---------|--------------|
| Created By | Comment | Comment Date |
|------------|---------|--------------|

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Form APD Conditions

Permit 228522

PERMIT CONDITIONS OF APPROVAL

| | |
|---|-------------------------------------|
| Operator Name and Address: BC OPERATING, INC. [160825] P O Box 50820 Midland, TX 79710 | API Number: 30-015-43965 |
| | Well: CAMPANA 3 2 STATE B2 #002H |

| OCD Reviewer | Condition |
|--------------|--|
| pkautz | Will require a directional survey with the C-104 |
| pkautz | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |
| pkautz | Pit construction and closure must satisfy all requirements of your approved plan. |
| pkautz | If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well. |
| pkautz | 1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing -- 3) Liner - Cement must tie back into production casing |
| pkautz | Operator shall notify appropriate District office when setting conductor pipe. |
| pkautz | The Operator is to notify NMOCD by sundry within ten (10) days of spudding a well. |
| pkautz | It is the operator's responsibility to monitor cancellation dates of approved APDs. |
| pkautz | If an APD expires and if site construction has occurred, site remediation is required. |
| pkautz | Submit Gas Capture Plan form prior to spudding or initiating recompletion operations |