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[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TY PE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statem	ent must be completed by	an individual with ma	anagerial and/or supervisory	capacity.
Jordan L. Kessler	d. e.	\mathcal{V}	Attorney	5/27/16
Print or Type Name	Signature	-	Title	Date /
	V		jlkessler@hollandh	art.com
			c-mail Address	

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Jordan L. Kessler Associate Phone (505) 988-4421 Fax (505) 983-6043 jlkessler@hollandhart.com

May 27, 2016

VIA HAND DELIVERY

David Catanach Oil Conservation Division New Mexico Department of Energy, Minerals and Natural Resources 1220 South Saint Francis Drive Santa Fe, New Mexico 87505 RECEIVED OCD

Re: Application of BC Operating, Inc. for administrative approval of an unorthodox well location for its Cass 16 State No. 1H Well to be located in the N/2 of Section 16, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Catanach:

BC Operating, Inc. (OGRID No. 160825) seeks administrative approval of an unorthodox well location for its **Cass 16 State No. 1H Well** to be completed within the Forehand Ranch Wolfcamp (Gas) Pool (Pool Code 76780) underlying the N/2 of Section 16, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. This well will be drilled from a surface location 330 feet from the North line and 240 feet from the East line of Section 17, Township 23 South, Range 27 East. The upper most perforation will be 330 feet from the North line and 330 feet from the West line of Section 16 (Unit D) and the lower most perforation will be 330 feet from this acreage is governed by the Division Rule 19.15.15.10.B which provides for wells in defined gas pools in Eddy County to be spaced on 320 acres and located no closer than 660 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox. Approval of the unorthodox completed interval will allow for efficient well spacing and prevent waste of a productive reservoir.

Exhibit A is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Cass 16 State No. 1H Well** encroaches on the spacing and proration units to the North, Northwest, West, East, and Northeast.

Exhibit B is a Midland map showing an outline of the subject acreage and the surrounding sections.

Holland & Hart up

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O.Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. O



Exhibit C is a land plat for Section 16 and the surrounding sections that shows the proposed Cass 16 State No. 1H Well in relation to adjoining units and existing wells. Exhibit C also contains a list of the parties affected by the encroachment. A copy of this application with all attachments has been sent by certified mail to each affected party advising them that if they have an objection it must be filed in writing with the division within 20 days from the date the division receives this application. A courtesy a copy of this application has also been provided to the New Mexico State Land Office.

Exhibit D is a notice of publication directed to unlocatable unknown heirs of affected interest owners.

Your attention to this matter is appreciated.

Sincerely,

An J. M

Jordan L. Kessler ATTORNEY FOR BC OPERATING, INC.

cc: New Mexico State Land Office P.O. Box 1148 Santa Fe, NM 87504 District.J 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. 220 S. St. Francis Dr. Phone: (505) 476-3460 Fax: (505) 476-3462

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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

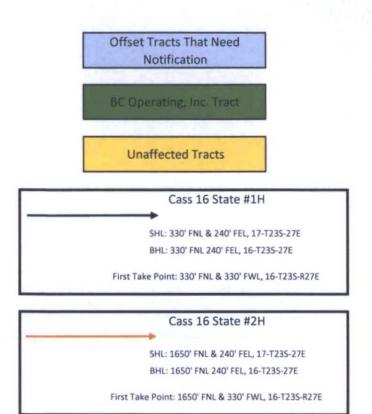
			WELL LO	OCATIO	N AND ACR	EAGE DEDIC	ATION PL	A T	
30-01	S-7	1000 Code 72 230 76780				³ Pool Name FOREHAND RANCH; WOLFCAMP (GAS)			
3/319	iode 7	³ Property Name CASS 16 STATE						⁴ Well Number 1H	
odafi. 16082		*Operator Name B.C. OPERATING, INC. 3159							
					* Surface I	Location			
UL or lot no. A	Section 17	Township T23S	Range R27E	Let Ida				East/West lin EAST	e County EDDY
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UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West lin	e County
A	16	T23S	R27E		330' NORTH			EAST	EDDY
¹² Dedicated Acres 320.00	¹³ Joint of	r Infill ¹⁴	Consolidation	Code ¹⁵ Or	der No.				

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.

SECTION 8 SECTION 17 240'	POINT SECTION 9 A SECTION 16 PRD		SECTION B 10 SECTION 15 	¹⁷ OPERATOR CERTIFICATION I hereby certly that the information constained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working beness or unicased mineral interest in the land including the proposed bottom hale facation or has a right to doill this well at this facation purstant to a contract with an owner of such a mineral or working biterest. In the a valuedary pooling agreement or a computary pooling order heretofore entered by the division. Pam Atourno 10/11/14 Signature Date Printed Name <u>Partners & becape mating</u> . Com Fermal Address
	SURFACE HUE LOCATION 330" FNL 240" FEL NAD 83, SPCS NM EAST KGBIBBAY / Y475985.81" LAT32.312409591 / LONIO4.20136074V MAD 27, SPCS NM EAST KG399997.78" / Y476575.54" LAT32.3112207N / LONIO4.27386056V	LAST TAKE PODAT 300° FNL 300° FFL MD 03, SPC3 NH EAST X38637803° / 1477145.61° LATG2.31661930 / LONID4.18754046V MD 27, SPC5 NH EAST X645195.89° / 1477086.67° LATG2.31154261N / LONID4.18704990V I		*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
	FIRST YAKI PUINT 300' FIR 300' FVL MUD 33. SPCS NH EAST XG8175182' / Y476996.96' LAT3231126970N / LUNI0420251570V NAD 27. SPCS NH EAST XG4056373' / Y476938.08' LAT323115079N / LUNI042025159V	80TTDM HDLE LOCATION 330° FNL 2447 FEL HAD 83, SPC3 NM EAST X386448422 / 147714850° LATG2.31166954H / LDM04.19724915V HAD 27, SPC5 NM EAST X545205.88' / 1477089.55' LATG2.31155041N / LDM104.18674960V	SECTION 15	und correct to the best of my belief. SEPTEMBER 30, 2014 Date of Survey Signature and Seal of Professional Survey N MELLO
SECTION 17	SECTION 16			JEN METIC
SECTION ED	SECTION 21 CORRER CORDINATES NAD 60, SPCS NM EAST A - Y1 47736.50° / X 38670724' C - Y1 47465.31° / X 386713.32° D - Y1 474766.31° / X 386713.32° D - Y1 47466.31° / X 581426.04°	CURNER COURDNATES 0 NAD 27, SPCS NH EAST B - Yi 47742742' / Xi 545531.33' N B - Yi 4745026 / Xi 54624529' -	TECTION 22 RECTE SS-RECTE	Certificate Number LLOYD SPRIAZ 555

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Section 8	Section 9	Section 10
Tract 5	Tract 1	Tract 2
Tract 4		Tract 3
Section 17	Section 16	Section 15

Tract 1 C	Winership:	TRACKING NUMBER INFORMATION
Merit Management Partners IV, L.P. 13727 Noel Road, Suite 500 Dallas, Texas 75240	SENE, NESE (100%) SWNE, SESE, W2SE (100%) SWNW, NWSW, S2SW (100%) SENW, NESW (100%) N2N2 (100%)	7015 3010 0001 8827 3127
Tract 2 C	Winership:	
Chase Oil Corporation 11344 Lovington Hwy.	S2SE (64.166667%) W2SW (17.708334%)	7015 3010 0001 8827 3134
Artesia, New Mexico 88210	E2SW (85%)	
Robert Chase	S2SE (5%)	
P.O. Box 297	W2SW (1.041667%)	7015 3010 0001 8827 3141
Artesia, New Mexico 88211	E2SW (5%)	

Ventana Minerals LLC	S2SE (5%)		
P.O. Box 359	W2SW (1.041667%)	7015 3010 0001 8827 3158	
Artesia, New Mexico 88211	E2SW (5%)	7013 3010 0001 8827 3138	
DiaKan Minerals LLC	······································	······································	
P.O. Box 693	S2SE (5%)	7015 2010 0001 0027 2105	
	W2SW (1.041667%)	7015 3010 0001 8827 3165	
Artesia, New Mexico 88211	E2SW (5%)		
BC Operating, Inc.			
P.O. Box 50820	S2SE (20.833333%)	NOT APPLICABLE	
Midland, Texas 79701			
MRC Permian Company	SENW (100%)		
5400 LBJ Freeway, Suite 1500	N2NW, SWNW (100%)	7015 3010 0001 8827 3172	
Dallas, Texas 75240	N2SE (100%)	/015 5010 0001 002/ 51/2	
	W2SW (79.166666%)	•	
	<u>Dwnership:</u>		
Chase Oil Corporation	E2NE (48.875%)		
11352 Lovington Highway	NENW, NWNE (85%)	7015 3010 0001 8827 3134	
Artesia, NM 88210			
Robert Chase	E2NE (2.875%)		
P.O. Box 297	NENW, NWNE (5%)	7015 3010 0001 8827 3141	
Artesia, New Mexico 88211			
DiaKan Minerals LLC	E2NE (2.875%)		
P.O. Box 693	NENW, NWNE (5%)	7015 3010 0001 8827 3165	
Artesia, New Mexico 88211			
Ventana Minerals LLC		· · · · · · · · · · · · · · · · · · ·	
P.O. Box 359	E2NE (2.875%)	7015 3010 0001 8827 3158	
Artesia, New Mexico 88211	NENW, NWNE (5%)		
Tritex Energy A, LP		, , , , , , , , , , , , , , , , , , ,	
15455 Dallas Parkway, Suite 600	SWNE, NWNW, S2NW (100%)	7015 3010 0001 8827 3196	
Addison, Texas 75001	SW (100%)		
Charlie Thomas Stewart			
	E2NW (2.5%)	PUBLISHED NOTICE	
Unknown Heirs			
Austin E. Stewart			
	E2NW (20%)	PUBLISHED NOTICE	
Unknown Heirs			

<mark>Blanche M. Stewart</mark> Unknown Heirs	E2NW (20%)	PUBLISHED NOTICE
<u>Tract 4</u>	Ownership:	
Mobil Producing Texas & NM Inc. P.O. Box 2305 Houston, Texas 77252	Lessee of Record - L0-0428 (E2SE - 100%) Lessee of Record - L0-0429 (NW, W2NE, 52 -100%)	7015 3010 0001 8827 3202
Tract 5	o Ownership:	
ConocoPhillips Company P.O. Box 7500 Bartlesville, Oklahoma 74005	Lessee of Record - BLM NMNM 0 540701A (SW)	7015 3010 0001 8827 3219
Merit Management Partners IV, LP 13727 Noel Road, #500 Dallas, Texas 75240	N2NE (91.666666%) SENE, NESE, S2SE (91.6666666%) SWNE, NWSE (100%)	7015 3010 0001 8827 3127
BC Operating, Inc. P.O. Box 50820 Midland, Texas 79701	N2NE (8.333333%) SENE, NESE, S2SE (8.333333%)	NOT APPLICABLE

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Affidavit of Publication

State of New Mexico, County of Eddy, ss.

Erin CoatsSmith, being first duly sworn, on oath says:

That she is the Publisher of the Carlsbad Current-Argus, а newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices advertisements may and be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

May 10

2016

That the cost of publication is **\$75.49** and that payment thereof has been made and will be assessed as court

costs

A mato

My commission Expires

Notary Public



May 10, 2016 To: Charlie Thomas Stewart, his heirs and devisees, Austin E. Stewart, his Austin E. Stewart, Mar heirs and devisees, Blanche M. Stewart, her and devisees. ۰. Application of BC Operating, Inc. for ad-ministrative approval of an unorthodox well location for its Cass 16 State No. 2H Well to be located in the N/2 of Section 16, Township 23 South, Range 27 East, N.M.P.M., Eddy Coun-ty, New Mexico. Ap-plicant seeks an order approval of an unor-thedgy well location thodox well location. for its Cass 16 State No. 1H Well to be completed within the Forehand Ranch Wolfcamp (Gas) Pool (Pool Code 76780) (Pool Code 76780) underlying the N/2 of Section 16; Township 23 South, Range 27. East, N.M.P.M., Eddy County, New Mexico. The completed inter-val of the proposed Cass 16 State No. 1H Well encroaches on and the spacing and proration units to the North, Northwest, the North, Northwest, West, East, and North east. If you have any questions about this application, please contact Caleb Hopson at BC Operating, Inc. ext. 432 684 9696 OF 762 chopson@bcoperating <u>.com</u>, If no objection, is received within this twenty-day period; this application may be approved administratively by the Divi-





Jordan L. Kessler Associate Phone (505) 988-4421 Fax (505) 983-6043 jlkessler@hollandhart.com

May 27, 2016

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: Affected Parties

Re: Application of BC Operating, Inc. for administrative approval of an unorthodox well location for its Cass 16 State No. 1H Well to be located in the N/2 of Section 16, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

To Land Manager:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Caleb Hopson BC Operating, Inc. T 432-684-9696 ext. 762 F 432-686-0600 chopson@bcoperating.com

Sincerely,

Jordan L. Kessler ATTORNEY FOR BC OPERATING, INC.

From:	Lowe, Leonard, EMNRD
Sent:	Tuesday, June 21, 2016 9:58 AM
То:	'Jordan L. Kessler'
Cc:	McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Jones, William V, EMNRD; Bayliss,
	Randolph, EMNRD; Sharp, Karen, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip,
	EMNRD; Jones, William V, EMNRD; 'lisa@rwbyram.com'; Holm, Anchor E.; Martin, Ed
Subject:	NSL - 7426 _Cass 16 State Well No. 1H_6 23S 27E, Eddy County

.

Ms. Jordan Kessler,

The following permits has been issued and will soon be available on the Division's web site: <u>http://ocdimage.emnrd.state.nm.us/imaging/WellFileCriteria.aspx</u>

NSL-7426

BC Operating, Inc. API: 30-015-42730 WELL: Cass 16 State Well No. 1H; 16 23S 27E; Eddy County

Leonard Lowe

Engineering Bureau Oil Conservation Division Energy Minerals and Natural Resources Department 1220 South St. Frances Santa Fe, New Mexico 87004 Office: 505-476-3492 Fax: 505-476-3462 E-mail: <u>leonard.lowe@state.nm.us</u> Website: <u>http://www.emnrd.state.nm.us/ocd/</u>