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[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE 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: Statement must be completed by an individual with managerial and/or supervisory capacity.

,

Jordan L. Kessler	And t	Attorney	7/11/16
Print or Type Name	Signature	Title	Date
		jlkessler@hollandh	art.com
		e-mail Address	

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

July 11, 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

701b ÷

Re: Application of BC Operating, Inc. for administrative approval of an unorthodox well location for its Kyle 34 Federal Com No. 5H Well to be located in the E/2 of Section 34, Township 24 South, Range 28 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 **Kyle 34 Federal Com No. 5H Well** to be completed within the WC; Salt Draw; Wolfcamp, (G) Pool (Pool Code 97721underlying the E/2 of Section 34, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. This well will be drilled from a surface location 225 feet from the South line and 990 feet from the East line of Section 34. The upper most perforation will be <u>330 feet</u> from the South line and 990 feet from the East line of Section 34. The upper most perforation will be <u>330 feet</u> from the South line and 990 feet from the East line of Section 34. The upper most perforation will be <u>330 feet</u> from the South line and 990 feet from the East line of Section 34 (Unit P) and the lower most perforation will be 330 feet from the North line and 990 feet from the East line of Section 34 (Unit A). Since 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 **Kyle 34 Federal Com No. 5H Well** encroaches on the spacing and proration units to the North and South.

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

Holland & Hart LLP

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 Bolse Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. O



Exhibit C is a land plat for Section 34 and the surrounding sections that shows the proposed **Kyle 34 Federal Com No. 5H 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 and the Bureau of Land Management-Carlsbad Office.

Your attention to this matter is appreciated.

Sincerely,

Jordan L. Kessler ATTORNEY FOR BC OPERATING, INC.

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cc: New Mexico State Land Office P.O. Box 1148 Santa Fe, NM 87504

> Bureau of Land Management 620 E. Greet Street Carlsbad, NM 88220

1051RICT1 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-610(Fay: (575) 393-0720 DISTRICT II 511 5 Final St. Arresia, NM 88210 Phone: 1575) 748-1283 Fax: 1575) 748-9720 Phone (572) (48-1283 Fax (575) 748-0726 <u>DISTRUCT HI</u> DOOR BW BROOK BOAL AZEC NM 57449 Phone (502) 334-6178 Fax (505) 334-6170 <u>DISTRUCT IV</u> <u>DISTRUCT V</u> 12205 S. Francus Dr., Santa Fe, NM 57505 Phone (505) 476-3460 Fax (505) 476-3452

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State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

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Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

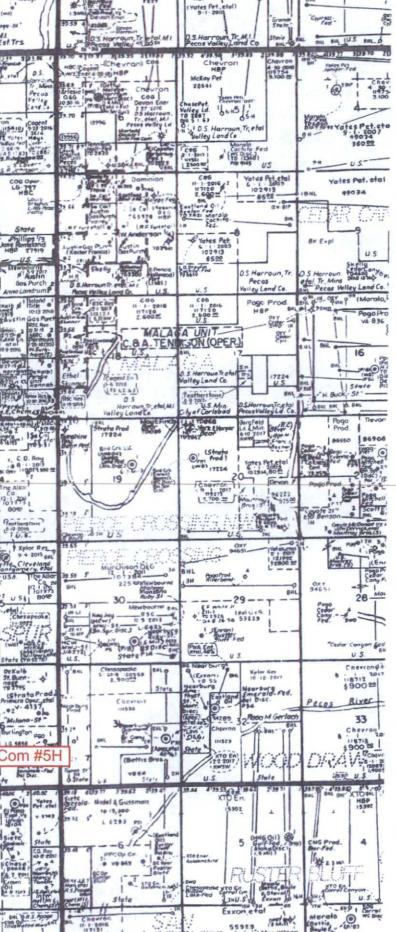
DAMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

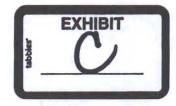
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Offset Tracts That Need Notification					
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Kyle 34 Federal Com #5 SHL: 225' FSL & 990' FEL, 34-24S-28 BHL: 330' FNL 990' FEL, 34-24S-28E First Take Point: 330' FSL, 990' FEL, 34-	E	Section 34	Tract 2		
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RKI Exploration & Production, LLC 210 Park Avenue, #700 Oklahoma City, OK 73102		Operator (S2)	7015 3010 0001 8827 4834		
WPX Energy One Williams Center Tulsa, OK 74172	Operator (S2)	7015 3010 000	1 8827 4841		
OXY USA Inc. 5 Greenway Plaza Houston, Texas 77046	Lessee of Record V0 - 0492		7015 3010 0001 8827 4858		
	ract 2				
COG Operating, LLC 600 W. Illinois Avenue Midland, Texas 79701	Operator (N2)		7015 3010 0001 8827 4865		
Southwestern Energy Production Company 2350 N. Sam Houston Parkway E Suite 300 Houston, Texas 77032	Lessee	of Record V0 - 5920	7015 3010 000:	L 8827 4872	
Concho Oil & Gas LLC / COG Operating, LLC 600 W. Illinois Avenue Midland, Texas 79701	Lessee of R	ecord VA - 2964 - 0002	7015 3010 0003	l 8827 4889	





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

July 11, 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 Kyle 34 Federal Com No. 5H Well to be located in the E/2 of Section 34, Township 24 South, Range 28 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,

In N.K

Jordan L. Kessler **ATTORNEY FOR BC OPERATING, INC.**

Holland & Hart LLP
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

Lowe, Leonard, EMNRD

From:	Lowe, Leonard, EMNRD
Sent:	Monday, August 22, 2016 9:42 AM
To:	'Jordan L. Kessler'
Cc:	Bayliss, Randolph, EMNRD; Sharp, Karen, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Jones, William V, EMNRD; 'lisa@rwbyram.com'; 'jglover@blm.gov'; 'scaffey@blm.gov'; 'rjsanche@blm.gov'; 'jstovall@blm.gov'
Subject:	APPROVED: NSL-7445 (Kyle 34 Federal Com Well No. 5H, Eddy County)
Importance:	High

Ms. Jordan L. Kessler,

The following permit 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-7445 BC Operating Inc. API: 30-015-43295 WELL: Kyle 34 Federal Com Well No. **5H**, 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: leonard.lowe@state.nm.us Website: http://www.emnrd.state.nm.us/ocd/