

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD #1055

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well ☒ Oil Well ☐ Gas Well ☐ Dry ☐ Other
b. Type of Completion ☒ New Well ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resrv.
Other _____

2. Name of Operator BC OPERATING INCORPORATED E-Mail: jvancuren@marathonoil.com Contact: JENIFFER VAN CUREN
3. Address 3303 VETERANS AIRPARK LANE SUITE 6101 MIDLAND, TX 79710 3a. Phone No. (include area code) Ph: 713-296-2500
4. Location of Well (Report location clearly and in accordance with Federal requirements)*
At surface Lot 4 420FSL 996FWL Sec 7 T20S R33E Mer NMP
At top prod interval reported below Lot 4 420FSL 996FWL Sec 6 T20S R33E Mer NMP
At total depth Lot 4 240FNL 660FWL
14. Date Spudded 12/25/2016 15. Date T.D. Reached 01/24/2017 16. Date Completed ☐ D & A ☒ Ready to Prod. 07/19/2017
17. Elevations (DF, KB, RT, GL)* 3562 KB
18. Total Depth: MD 19654 TVD 9902 19. Plug Back T.D.: MD 19605 TVD 20. Depth Bridge Plug Set: MD TVD
21. Type Electric & Other Mechanical Logs Run (Submit copy of each) GAMMARAY 22. Was well cored? ☒ No ☐ Yes (Submit analysis)
Was DST run? ☒ No ☐ Yes (Submit analysis)
Directional Survey? ☐ No ☒ Yes (Submit analysis)

23. Casing and Liner Record (Report all strings set in well)

| Hole Size | Size/Grade | Wt. (#/ft.) | Top (MD) | Bottom (MD) | Stage Cementer Depth | No. of Sks. & Type of Cement | Slurry Vol. (BBL) | Cement Top* | Amount Pulled |
|-----------|-------------|-------------|----------|-------------|----------------------|------------------------------|-------------------|-------------|---------------|
| 24.000 | 20.000 J-55 | 106.5 | 0 | 1150 | | 2340 | | 0 | |
| 26.000 | 20.000 J55 | 169.0 | 0 | 1158 | | 2000 | | 0 | 759 |
| 17.500 | 13.375 J55 | 68.0 | 0 | 2776 | | 2030 | | 0 | 80 |
| 17.500 | 13.375 J-55 | 68.0 | 0 | 2800 | | 1950 | | 0 | |
| 12.250 | 9.625 L-80 | 40.0 | 0 | 5100 | 3200 | 1300 | | 0 | |
| 12.250 | 9.625 L80 | 40.0 | 0 | 5125 | | 1042 | | 0 | 90 |

24. Tubing Record

| Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) |
|------|----------------|-------------------|------|----------------|-------------------|------|----------------|-------------------|
| | | | | | | | | |

25. Producing Intervals

| Formation | Top | Bottom | Perforated Interval | Size | No. Holes | Perf. Status |
|----------------|-------|--------|---------------------|-------|-----------|--------------|
| A) BONE SPRING | 10098 | 19558 | 10098 TO 19558 | 0.000 | 1655 | ACTIVE/OPEN |
| B) | | | | | | |
| C) | | | | | | |
| D) | | | | | | |

26. Perforation Record

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

| Depth Interval | Amount and Type of Material |
|----------------|-----------------------------|
| 10098 TO 19558 | 21,093.920 LBS - PROPANT |
| | |
| | |
| | |

28. Production - Interval A

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity |
|---------------------|--------------------------|-------------------|-----------------|--------------|-------------|----------------|-----------------------|-----------------|
| 07/19/2017 | 10/07/2017 | 24 | → | 1695.0 | 622.0 | 1973.0 | | |
| Choke Size | Tbg. Press. Flwg. 480 SI | Csg. Press. 160.0 | 24 Hr. Rate → | Oil BBL 1695 | Gas MCF 622 | Water BBL 1973 | Gas:Oil Ratio | Well Status POW |

28a. Production - Interval B

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| | | | → | | | | | | |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate → | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio | Well Status | |

(See Instructions and spaces for additional data on reverse side)

ELECTRONIC SUBMISSION #406911 VERIFIED BY THE BLM WELL INFORMATION SYSTEM

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Reclamation by 01/19/2018



28b. Production - Interval C

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| | | | → | | | | | | |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio | Well Status | |
| | | | → | | | | | | |

28c. Production - Interval D

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| | | | → | | | | | | |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio | Well Status | |
| | | | → | | | | | | |

29. Disposition of Gas(Sold, used for fuel, vented, etc.)
SOLD

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

| Formation | Top | Bottom | Descriptions, Contents, etc. | Name | Top Meas. Depth |
|---------------|------|--------|------------------------------|---------------|--------------------|
| RUSTLER | 1110 | 1250 | BARREN | RUSTLER | 1110 |
| TOP OF SALT | 1250 | 2600 | BARREN | TOP OF SALT | 1250 |
| BASE OF SALT | 2600 | 2780 | BARREN | BASE OF SALT | 2600 |
| YATES | 2780 | 3260 | OIL/GAS | YATES | 2780 |
| CAPITAN REEF | 3260 | 4820 | BARREN | CAPITAN REEF | 3260 |
| CHERRY CANYON | 4820 | 5060 | OIL/GAS | CHERRY CANYON | 4820 |
| MANZANITA | 5060 | 5310 | BARREN | MANZANITA | 5060 |

32. Additional remarks (include plugging procedure):

Summary of Porous Zones Continued:

| Formation | Top | Bottom | Description |
|--------------------|-------|--------|-------------|
| Brushy Canyon | 5310 | 8050 | Barren |
| Bone Spring Lime | 8050 | 9120 | Barren |
| 1st Bone Spring SS | 9120 | 9730 | Oil/Gas |
| 2nd Bone Spring SS | 9730 | 10570 | Oil/Gas |
| 2rd Bone Spring SS | 10570 | 11500 | Oil/Gas |

33. Circle enclosed attachments:

- | | | | |
|---|--------------------|---------------|-----------------------|
| 1. Electrical/Mechanical Logs (1 full set req'd.) | 2. Geologic Report | 3. DST Report | 4. Directional Survey |
| 5. Sundry Notice for plugging and cement verification | 6. Core Analysis | 7 Other: | |

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions):

Electronic Submission #406911 Verified by the BLM Well Information System.
For BC OPERATING INCORPORATED, sent to the Hobbs
Committed to AFMSS for processing by DUNCAN WHITLOCK on 03/12/2018 (18DW0098SE)

Name (please print) JENIFFER VAN CURENTitle SR. REGULATORY COMPLIANCE REP.

Signature _____ (Electronic Submission)

Date 03/07/2018

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ****

Additional data for transaction #406911 that would not fit on the form

23. Casing and Liner Record, continued

| Hole Size | Size/Grade | Wt. (#/ft.) | Top (MD) | Btm (MD) | Stg Cmnt | Sx, Type Cmnt | Slurry Vol | Cement Top | Amt Pulled |
|-----------|-------------|-------------|----------|----------|----------|---------------|------------|------------|------------|
| 8.750 | 5.500 P110 | 23.0 | 0 | 19654 | | 2560 | | 0 | 0 |
| 8.750 | 5.500 P-110 | 17.0 | 0 | 19849 | 6000 | 3360 | | 4700 | |

32. Additional remarks, continued

Formation Markers Continued:

| Formation | Top |
|--------------------|-------|
| Brushy Canyon | 5310 |
| Bone Spring Lime | 8050 |
| 1st Bone Spring SS | 9120 |
| 2nd Bone Spring SS | 9730 |
| 2rd Bone Spring SS | 10570 |

Revisions to Operator-Submitted EC Data for Well Completion #406911

| | Operator Submitted | BLM Revised (AFMSS) |
|-----------------------------------|--|---|
| Lease: | NMNM67995 | NMNM67995 |
| Agreement: | | NMNM137570 (NMNM137570) |
| Operator: | MARATHON OIL PERMIAN LLC 5555 SAN FELIPE ST HOUSTON, TX 77056 Ph: 713-296-2500 | BC OPERATING INCORPORATED 3303 VETERANS AIRPARK LANE SUITE 6101 MIDLAND, TX 79710 Ph: 432.684.9696 |
| Admin Contact: | JENIFFER VAN CUREN SR. REGULATORY COMPLIANCE REP. E-Mail: jvancuren@marathonoil.com Ph: 713-296-2500 | JENIFFER VAN CUREN SR. REGULATORY COMPLIANCE REP. E-Mail: jvancuren@marathonoil.com Ph: 713-296-2500 |
| Tech Contact: | JENIFFER VAN CUREN SR. REGULATORY COMPLIANCE REP. E-Mail: jvancuren@marathonoil.com Ph: 713-296-2500 | JENIFFER VAN CUREN SR. REGULATORY COMPLIANCE REP. E-Mail: jvancuren@marathonoil.com Ph: 713-296-2500 |
| Well Name: | RUSTY ANCHOR 7 FEDERAL COM | RUSTY ANCHOR 7 FEDERAL COM |
| Number: | 1H | 1H |
| Location: | | |
| State: | NM | NM |
| County: | LEA | LEA |
| S/T/R: | Sec 7 T20S R33E Mer NMP | Sec 7 T20S R33E Mer NMP |
| Surf Loc: | SWSW 420FSL 996FWL | Lot 4 420FSL 996FWL |
| Field/Pool: | GEM; BONE SPRING | GEM-BONE SPRING |
| Logs Run: | GAMMA RAY | GAMMARAY |
| Producing Intervals - Formations: | BONE SPRING | BONE SPRING |
| Porous Zones: | SURFACE RUSTLER TOP OF SALT BASE OF SALTE/CASTILLE YATES CAPITAN REEF CHERRY CANYON MANZANITA MARKER | RUSTLER TOP OF SALT BASE OF SALT YATES CAPITAN REEF CHERRY CANYON MANZANITA |
| Markers: | SURFACE RUSTLER TOP OF SALT BASE OF SALTE/CASTILLE YATES CAPITAN REEF CHERRY CANYON MANAZANITA MARKER | RUSTLER TOP OF SALT BASE OF SALT YATES CAPITAN REEF CHERRY CANYON MANZANITA |