

District I  
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., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

**HOBBS OCD**

**FEB 25 2013**

**RECEIVED**

State of New Mexico

Energy Minerals and Natural Resources

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-101  
Revised December 16, 2011

Permit

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

Operator Name and Address BC Operating, Inc. P.O. Box 50820 Midland, Texas 79710		OGRID Number 160825
Property Code 39652		API Number 30-025-41364
Property Name Battle		Well No. 1H

**7 Surface Location**

UL - Lot A	Section 34	Township 21S	Range 33E	Lot Idn	Feet from 160	N/S Line North	Feet From 360	E/W Line East	County Lea
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**8 Pool Information**

WC-025 G-06 S213326D; Legg, Bone Spring	47929 34872
--------------------------------------------	----------------

**Additional Well Information**

Work Type New Well	Well Type Oil	Cable/Rotary Rotary	Lease Type Fee	Ground Level Elevation 3702'
Multiple No	Proposed Depth 12,200' TVD/15,300' MD	Formation Bone Spring	Contractor TBD	Spud Date 10/01/2013
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

**19 Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17 1/2"	13 3/8"	54.5#	1700'	1450	0'
Intermediate	12 1/4"	9 5/8"	40#	5300'	1650	1000'
Production	8 3/4"	5 1/2"	17#	14,300'	2500	0'

**Casing/Cement Program: Additional Comments**

This will be a horizontal well w/BHL Unit P, Sec. 34, T-21S, R-33E, 330' FSL & 360' FEL in Lea County.
--------------------------------------------------------------------------------------------------------

**Proposed Blowout Prevention Program**

Type Double Ram Annular	Working Pressure 3000#	Test Pressure 2000#	Manufacturer Hydrill/Shaeffer
I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		<b>Permit Expires 2 Years From Approval Date Unless Drilling Underway</b>	
Signature: Pam Stevens Printed name: Pam Stevens Title: Regulatory Analyst E-mail Address: pstevens@bcoperating.com Date: 02/25/13		OIL CONSERVATION DIVISION Approved By: [Signature] Title: Petroleum Engineer Approved Date: 08/27/13 Expiration Date: 08/27/15	
Phone: 432-684-9696			

**AUG 28 2013**

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

John Bemis  
Cabinet Secretary

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

HOBBS OCD

FEB 26 2013

RECEIVED

Jami Bailey  
Division Director  
Oil Conservation Division



BUREAU OF LAND MANAGEMENT  
ATTN: Jim Rutley  
P O Box 1778  
Carlsbad, NM 88221

State Land Office  
ATTN: Dan Fuqua  
P O Box 1148  
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR BC Operating Inc

LEASE NAME Battle #1H

PROPOSED LOCATION: SHL: A Sect 34 21S-33E 160 FNL 360 FEL

PROPOSED DEPTH 12200

Gentlemen:

The application for permit to drill indentified above has been filed with this office of the new Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether the location is within an established Life-or-Mine Reserve are filed with an approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

EL Gonzales  
Supervisor, District I

Response:

The above reference location is in the LMR (2012 year)-----Yes \_\_\_ NO X

The above reference location is within the Buffer Zone -----Yes \_\_\_ No X

Signed [Signature] Date 2/26/13

Printed Signature Jessie Hubbling

Representing BLM-CFO

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

HOBBS OCD

John Bemis  
Cabinet Secretary

FEB 27 2013

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

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Very truly yours,

OIL CONSERVATION DIVISION

EL Gonzales  
Supervisor, District I

Response:

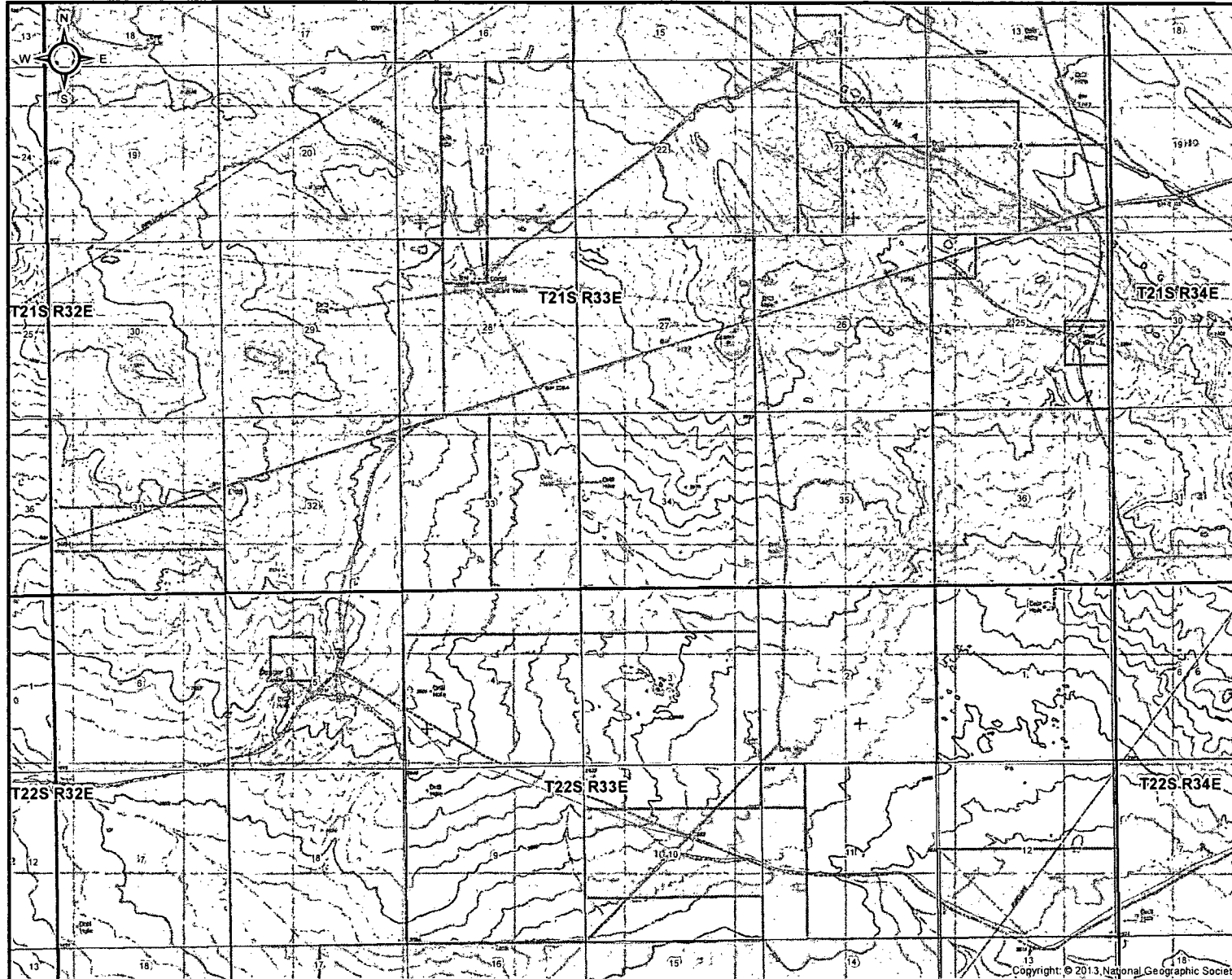
The above reference location is in the LMR (2012 year)-----Yes \_\_\_ NO X

The above reference location is within the Buffer Zone -----Yes \_\_\_ No X

Signed Larry T. Ry Sol Date 27 Feb 13 off

Printed Signature Larry T. Ry Sol

Representing State Land Office



## New Mexico State Land Office Trust Land Status

0 0.25 0.5 0.75 1 1.25 Miles

Projection/Datum: UTM Zone 13N/NAD83

### Legend

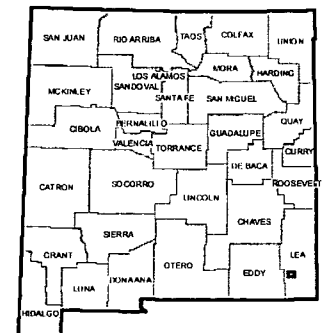
- Major Rivers
- ▭ Major Waterbodies
- ▭ Wilderness Area (GeoSciences, 7/13/00)
- ▭ Wilderness Study Area (GeoSciences, 9/2/03)
- - - County Boundaries
- ▭ Township
- ▭ Section

### New Mexico State Trust Lands

#### Land Status

- ▭ Surface Estate
- ▭ Subsurface Estate
- ▭ Surface and Subsurface Estate
- ▭ Minerals Leases

### LOCATION MAP



The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.

Land Office Geographic Information Center [logic@slo.state.nm.us](mailto:logic@slo.state.nm.us)  
[www.nmstatelands.org](http://www.nmstatelands.org)

## Mull, Donna, EMNRD

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**From:** Pam Stevens <pstevens@bcoperating.com>  
**Sent:** Friday, June 14, 2013 12:47 PM  
**To:** Mull, Donna, EMNRD  
**Subject:** FW: Potash  
**Attachments:** PotashLeaseQuestion.pdf

Donna,  
I think we were waiting on Pot Ash issues for this. Please see email below and attachment.

Thanks,  
Pam

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**From:** Brian Hall [<mailto:bhall@bcoperating.com>]  
**Sent:** Friday, June 14, 2013 1:29 PM  
**To:** 'Pam Stevens'  
**Subject:** FW: Potash

Pam-

Please use this to try and get the Battle #1H well permitted. There are no active Potash leases within one mile from our location.

Thank you,

Brian Hall

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**From:** Yates, Jack [<mailto:jyates@slo.state.nm.us>]  
**Sent:** Friday, June 14, 2013 11:49 AM  
**To:** Brian Hall  
**Cc:** Mariano, Michael; Tise, Debbie  
**Subject:** RE: Potash

Brian,

Based on a database search of the SLO GIS system, the State Land Office does not have any active Potash leases within one mile of the PLS description cited below.

Attached is a map of the area showing SLO surface and mineral ownership.

Thanks,

-Jack

---

**From:** Brian Hall [<mailto:bhall@bcoperating.com>]  
**Sent:** Friday, June 14, 2013 10:28 AM

**To:** Yates, Jack  
**Subject:** FW: Potash

Hello Mr. Yates-

I was told that you are the man with all the answers. That is a good thing since I have no answers.

I was just trying to find out how we find out whom has Potash leases within 1 mile of the E/2 of Sec. 34, T21S-R33E, NMPM, Lea County, NM. We have proposed a well, but the OCD will not issue a permit until we let them know of any potash leases in the area.

I have absolutely no idea how to accomplish this. Any help would be greatly appreciated.

Thank you,

Brian Hall  
Landman

OFF: 432-684-9696 ext. 738  
FAX: 432-686-0600  
[bhall@bcoperating.com](mailto:bhall@bcoperating.com)

BC  PERATING, INC.

---

**From:** Brian Hall [<mailto:bhall@bcoperating.com>]  
**Sent:** Friday, June 14, 2013 11:21 AM  
**To:** Tise, Debbie ([dtise@slo.state.nm.us](mailto:dtise@slo.state.nm.us))  
**Cc:** Wust, Stephen ([swust@slo.state.nm.us](mailto:swust@slo.state.nm.us)); [smanning@slo.state.nm.us](mailto:smanning@slo.state.nm.us)  
**Subject:** Potash

Hello everybody in Santa Fe-

How is everybody doing? I hope all is wonderful on your side. I am down here in *windy* Midland, TX. Other than the wind, there are no complaints.

I have a question. I was trying to figure out how to determine if there are any active Potash leases near E/2 of Sec. 34, T21S-R33E, NMPM, Lea County, NM. If you could point me in the right direction, that would be very much appreciated. We are trying to get a permit to drill, but have to list the potash leases in the area.

Any help would be greatly appreciated.

Thank you,

Brian Hall  
Landman

OFF: 432-684-9696 ext. 738  
FAX: 432-686-0600  
[bhall@bcoperating.com](mailto:bhall@bcoperating.com)

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**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

RunDate/Time: 06/20/13 10:41 AM

Page 1 of 1

01 02-25-1920;041STAT0447;30USC181 ET SE  
Case Type 353201: POTASSIUM PROSP PERMIT  
Commodity 480: POTASH,POTASSIUM L  
Case Disposition: AUTHORIZED

Total Acres  
2,249.630

Serial Number  
NMNM-- - 124371

Case File Juris: CARLSBAD FIELD OFFICE

Serial Number: NMNM-- - 124371

Name & Address	Int Rel	% Interest
INTERCONTINENTAL POTASH (USA) 1600 JACKSON ST #160	GOLDEN CO 80401	PERMITTEE 100.000000000

Serial Number: NMNM-- - 124371

Mer Twp Rng Sec	SType	Nr Suff	Subdivision	District / Field Office	County	Mgmt Agency
23 0220S 0320E 019	ALIQ		E2SW,SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0220S 0320E 019	LOTS		3,4;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0220S 0320E 020	ALIQ		S2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0220S 0320E 021	ALL		ENTIRE SECTION	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0220S 0320E 022	ALL		ENTIRE SECTION	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0220S 0330E 029	ALIQ		S2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 124371

Act Date	Code	Action	Action Remarks	Pending Office
02/10/2010	124	APLN RECD		
09/21/2010	104	ADDTL INFO RQSTD	EXPLOR PLAN;	
11/23/2010	353	EXPLORATION PLAN REC		
03/01/2011	106	MONIES REQUESTED	\$2548.00;PROC FEE	
03/15/2011	005	NEPA ANALYSIS APPROVED		
03/16/2011	392	MONIES RECEIVED	\$2548.00;PROC FEE	
04/01/2011	496	FUND CODE	05;145003	
04/01/2011	868	EFFECTIVE DATE		
04/21/2011	104	ADDTL INFO RQSTD		
04/28/2011	103	ADDTL INFO RECD		
04/28/2011	420	PREF RGT LEASE APLN REC	NMNM124371-01;	
04/28/2011	992	RIDER FILED	NMB000567;CONSENT LTR	
04/29/2011	254	QUALIFICATION APPV/ACPT	10/15/08;	
04/29/2011	276	PMT-LIC ISSUED		
04/29/2011	354	EXPLORATION PLAN APPV		
04/29/2011	993	RIDER ACCEPTED	NMB000567;4/01/11	
05/12/2011	974	AUTOMATED RECORD VERIF	NH;	
12/06/2012	314	RENEWAL APLN FILED		
02/05/2013	235	EXTENDED	04/01/2013;	
04/01/2015	763	EXPIRES		

Line Nr Remarks

Serial Number: NMNM-- - 124371

0002 BLM BOND #NMB000567, \$50000 PERSONAL CASH BOND;  
0003 IPC 27;

NO WARRANTY IS MADE BY BLM  
FOR USE OF THE DATA FOR  
PURPOSES NOT INTENDED BY BLM