

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) 476-3482

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 226755

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 316829 | | 3. API Number 30-015-43917 |
| 5. Property Name RED LIGHT 27 34 STATE COM | | 6. Well No. 002H |

7. Surface Location

| | | | | | | | | | | | | | | | | | | | |
|----------|---|---------|----|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|-----|----------|---|--------|------|
| UL - Lot | D | Section | 27 | Township | 23S | Range | 26E | Lot Idn | D | Feet From | 150 | N/S Line | N | Feet From | 990 | E/W Line | W | County | Eddy |
|----------|---|---------|----|----------|-----|-------|-----|---------|---|-----------|-----|----------|---|-----------|-----|----------|---|--------|------|

8. Proposed Bottom Hole Location

| | | | | | | | | | | | | | | | | | | | |
|----------|---|---------|----|----------|-----|-------|-----|---------|---|-----------|------|----------|---|-----------|-----|----------|---|--------|------|
| UL - Lot | E | Section | 34 | Township | 23S | Range | 26E | Lot Idn | E | Feet From | 2400 | N/S Line | N | Feet From | 990 | E/W Line | W | County | Eddy |
|----------|---|---------|----|----------|-----|-------|-----|---------|---|-----------|------|----------|---|-----------|-----|----------|---|--------|------|

9. Pool Information

| | |
|--------------------------------|-------|
| WC-015 S232627B;WOLFCAMP (GAS) | 98204 |
|--------------------------------|-------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type GAS | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3313 |
| 16. Multiple N | 17. Proposed Depth 16500 | 18. Formation Wolfcamp | 19. Contractor | 20. Spud Date 1/4/2017 |
| 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 | 450 | 450 | 0 |
| Int1 | 12.25 | 9.625 | 36 | 1900 | 550 | 0 |
| Prod | 8.75 | 7 | 26 | 9900 | 1000 | 0 |
| Liner1 | 6.125 | 4.5 | 13.5 | 16500 | 900 | 9500 |

Casing/Cement Program: Additional Comments

| |
|--|
| |
|--|

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------------|
| Annular | 5000 | 5000 | Townsend T-90 Type |
| Double Ram | 10000 | 10000 | Townsend T-90 Type |

| | |
|--|--|
| 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: 9/29/2016 | OIL CONSERVATION DIVISION Approved By: Paul Kautz Title: Geologist Approved Date: 9/29/2016 Expiration Date: 9/29/2018 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 98204 | ³ Pool Name WC-015 S232627B; Wolfcamp (Gas) |
| ⁴ Property Code | ⁵ Property Name RED LIGHT 27--34 STATE COM | ⁶ Well Number 2H |
| ⁷ OGRID No. 160825 | ⁸ Operator Name B.C. OPERATING, INC. | ⁹ Elevation 3313 |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 27 | T23S | R26E | | 150' | NORTH | 990' | WEST | EDDY |

¹¹ Bottom Hole Location If Different From Surface

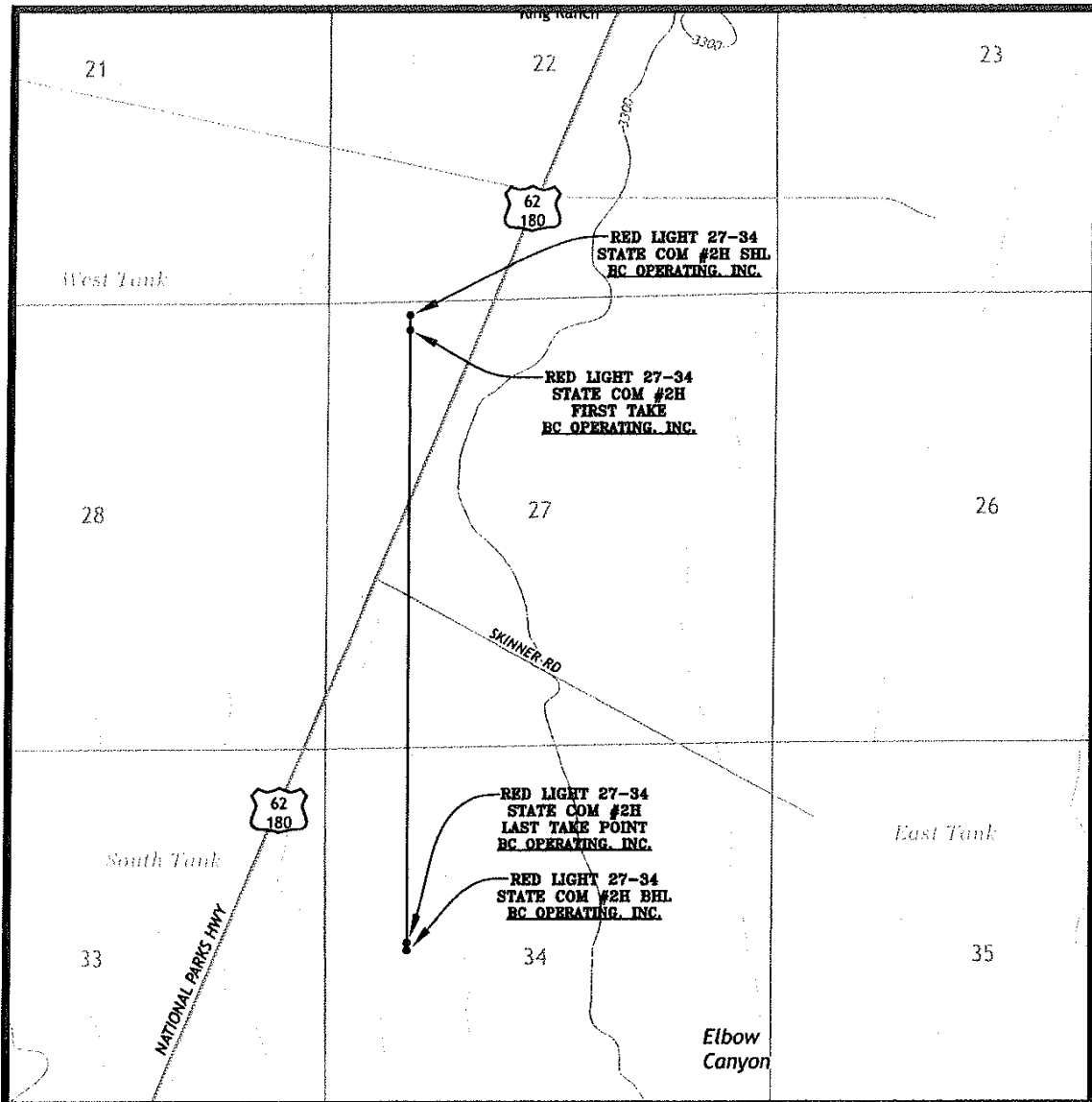
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E | 34 | T23S | R26E | | 2400' | NORTH | 990' | WEST | EDDY |

| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 480.00 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order 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.

| | | | | | |
|--|--|--|--|--|--|
| <p>¹⁶</p> | | | | <p>¹⁷ OPERATOR CERTIFICATION</p> <p>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.</p> <p>Signature: <i>Sarah Presley</i> Date: 9.29.16</p> <p>Sarah Presley Printed Name spresley@bcoperating.com E-mail Address</p> | |
| <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: MAY 18, 2016</p> <p>Signature and Seal of Professional Surveyor: <i>Lloyd P. Short</i></p> <p>Certificate Number: 21653</p> <p>LLOYD P. SHORT 21653 PROFESSIONAL SURVEYOR</p> | | | | <p>CORNER COORDINATES NAD 83, SPCS NM EAST</p> <p>A - Y: 466485.27' / X: 554838.48' B - Y: 466345.58' / X: 557327.50' C - Y: 461251.35' / X: 557514.89' D - Y: 458605.48' / X: 557323.27' E - Y: 458379.67' / X: 554832.59' F - Y: 461213.49' / X: 554836.53'</p> | |

LOCATION VERIFICATION MAP

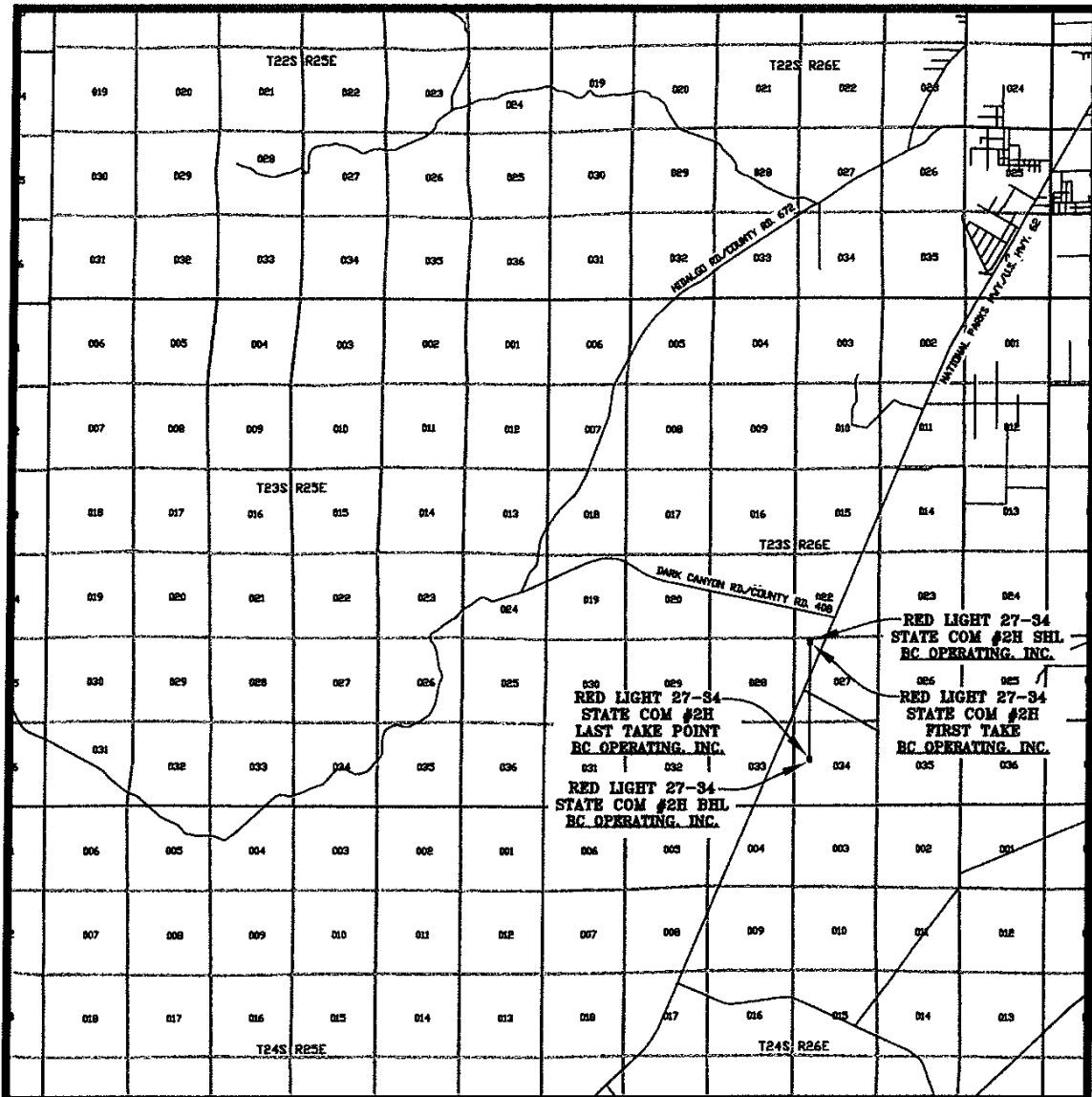


SEC. 27 TWP. 23 S RGE. 26 E
 SURVEY: N.M.P.M.
 COUNTY: EDDY
 DESCRIPTION: 150' FNL & 990' FWL
 ELEVATION: 3313'
 OPERATOR: B.C. OPERATING, INC.
 LEASE: RED LIGHT 27-34 STATE COM
 U.S.G.S. TOPOGRAPHIC MAP: KITCHEN COVE, N.M.

SCALE: 1" = 2000'
 CONTOUR INTERVAL = 20'

PREPARED BY:
 R-SQUARED GLOBAL, LLC
 1309 LOUISVILLE AVENUE, MONROE, LA 71201
 318-323-6900 OFFICE
 JOB No. R3842_002

VICINITY MAP



SEC. 27 TWP. 23 S RGE. 26 E
 SURVEY: N.M.P.M.
 COUNTY: EDDY
 DESCRIPTION: 150' FNL & 990' FWL
 ELEVATION: 3313'
 OPERATOR: B.C. OPERATING, INC.
 LEASE: RED LIGHT 27-34 STATE COM
 U.S.G.S. TOPOGRAPHIC MAP: KITCHEN COVE, N.M.

SCALE: 1" = 2 MILES

PREPARED BY:
 R-SQUARED GLOBAL, LLC
 1309 LOUISVILLE AVENUE, MONROE, LA 71201
 518-323-8900 OFFICE
 JOB No. R3642_002

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

Form APD Comments

Permit 226755

PERMIT COMMENTS

| | |
|---|--|
| Operator Name and Address: BC OPERATING, INC. [160825] P O Box 50820 Midland, TX 79710 | API Number: 30-015-43917 |
| | Well: RED LIGHT 27 34 STATE COM #002H |

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

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State of New Mexico
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1220 S. St Francis Dr.
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Form APD Conditions

Permit 226755

PERMIT CONDITIONS OF APPROVAL

| | | |
|---|--|--|
| Operator Name and Address: BC OPERATING, INC. [160825] P O Box 50820 Midland, TX 79710 | | API Number: 30-015-43917 |
| | | Well: RED LIGHT 27 34 STATE COM #002H |
| OCD Reviewer | Condition | |
| pkautz | Will require a directional survey with the C-104 | |
| pkautz | Will require administrative order for non-standard spacing unit | |
| pkautz | Will require a administrative order for non-standard location prior to placing the well on production. | |
| pkautz | If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well. | |
| 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 | 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 | If cement does not circulate to surface, must run temperature survey or other log to determine top of cement | |
| pkautz | The New! Gas Capture Plan (GCP) notice is posted on the NMOCD website under Announcements. The Plan became effective May 1, 2016. A copy of the GCP form is included with the NOTICE and is also in our FORMS section under Unnumbered Forms. Please review filing dates for all applicable activities currently approved or pending and submit accordingly. Failure to file a GCP may jeopardize the operator's ability to obtain C-129 approval to flare gas after the initial 60-day completion period. | |