STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance __x__ Disposal _____ Storage
Application qualifies for administrative approval? __x__ Yes _____ No

II. OPERATOR: BC Operating, Inc.

ADDRESS: 4000 N Big Spring, Ste 310, Midland, Texas 79705

CONTACT PARTY: Billy Moore PHONE: 432-684-6969

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes __x__ No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

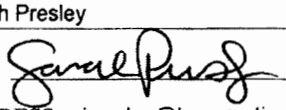
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Sarah Presley TITLE: Regulatory Analyst

SIGNATURE:  DATE: 3/1/2018

E-MAIL ADDRESS: jwacker@bcoperating.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

Side 2

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

(1) The name, address, phone number, and contact party for the applicant;

(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and,

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

III. WELL DATA

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

Federal PP #1, Sec. 24-T23S-R26E, 1980' FNL & 1980' FWL, Eddy County, New Mexico

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

Casing Size	Setting Depth	Sacks of Cement	Hole Size	Top of Cement	Determined
13-3/8"	381'	600	17-1/2"	Surface	Circ.
9-5/8"	5,590'	2,900	12-1/4"	520'	Temp Survey
7"	12,050'	1,150	8-3/4"	Top of Liner	Calc.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

4-1/2" BBE Fiberglass lined, set @ 2,600'

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

9-5/8" Arrow Set Nickel Plated Injection Packer Set @ 2,600'

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

Injection Formation: Cherry, Brushy Canyon

(2) The injection interval and whether it is perforated or open-hole.

2,630' – 5,238'; Perforated

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

The well was originally drilled as a Morrow oil well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

Bone Spring Perfs (6,294' – 6,300'), Cmt Plug (5,367' - 5,517')
Morrow Perfs (11,501' – 11,704'), CIBP @ 6,400' w/ 35' cmt on top, CIBP @ 11,425' w/ 35' cmt on top

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

Next Higher: None
Next Lower: Upper Pennsylvanian 9,954' – 10,123'

Side 1

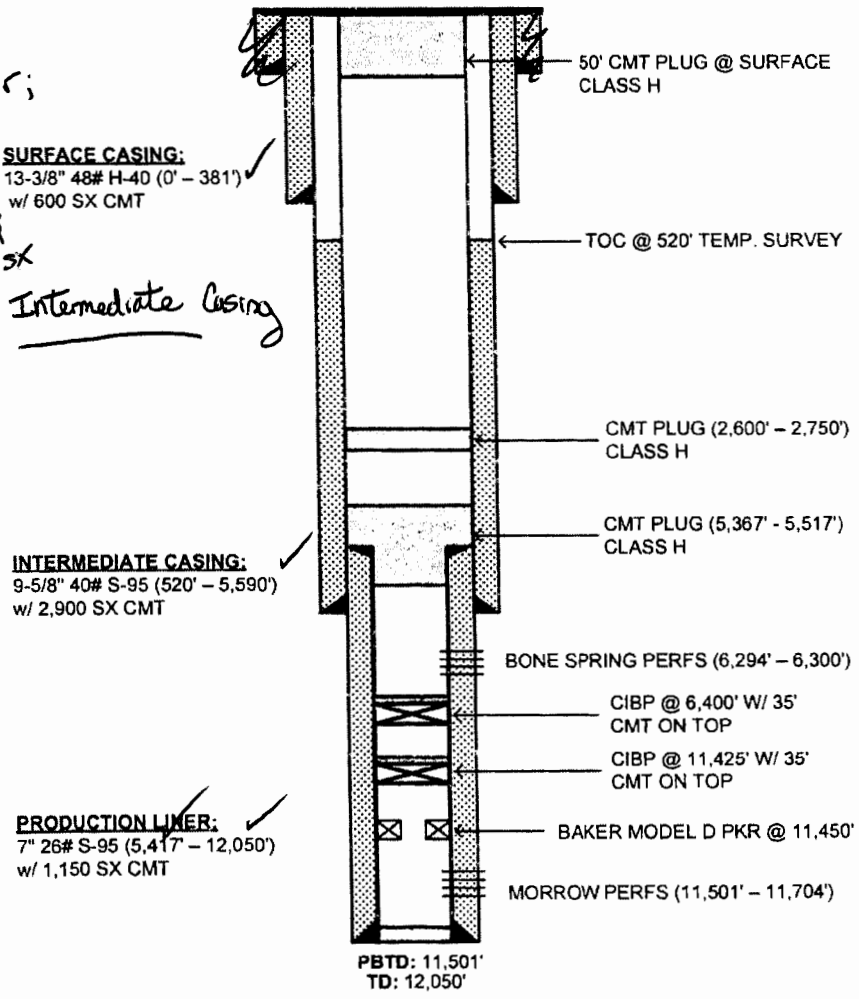
INJECTION WELL DATA SHEET

OPERATOR: BC Operating, Inc.

WELL NAME & NUMBER: Federal PP#1 30-015-20908

WELL LOCATION: 1980' FNL & 1980' FWL (FOOTAGE LOCATION) | F (UNIT LETTER) | 24 (SECTION) | 23 S (TOWNSHIP) | 26 E (RANGE)

WELLBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17-1/2" Casing Size: 13-3/8"

Cemented with: 600 sx. *or* _____ ft³

Top of Cement: Surface Method Determined: Circ.

Intermediate Casing

Hole Size: 12-1/4" Casing Size: 9-5/8"

Cemented with: 2900 sx. *or* _____ ft³

Top of Cement: 520' Method Determined: Temp. Survey

Production Casing

Hole Size: 8-3/4" Casing Size: 7"

Cemented with: 1150 sx. *or* _____ ft³

Top of Cement: Top of Liner Method Determined: Calc.

Total Depth: 12,050'

Injection Interval

2,630' feet to 5,238'

(Perforated or Open Hole; indicate which)

Side 2

INJECTION WELL DATA SHEET

Tubing Size: 4-1/2" 12.6# J-55 Lining Material: BBE Fiberglass lined

Type of Packer: 9-5/8" Arrow-set Nickel Plated injection packer

Packer Setting Depth: 2600'

Other Type of Tubing/Casing Seal (if applicable): N/A

Additional Data

1. Is this a new well drilled for injection? ____Yes __X__ No

   If no, for what purpose was the well originally drilled? Oil producer

2. Name of the Injection Formation: Cherry/ Brushy Canyon

3. Name of Field or Pool (if applicable): Unknown

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. Yes, Morrow 11,501' – 11,704'
   Has 3 plugs above the proposed injection interval. CIBP @ 11,425' w/ 35' cmt on top. CIBP @ 6,400' w/ 35' cmt on top.
   Cement plug @ 5,367' – 5,517' class H w/ 35' cmt on top.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Overlying: None

   Underlying: Upper Pennsylvanian 9954' – 10123'

Additional Questions on C-108

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

See attached data sheet

VII.

1. **Proposed average and maximum daily rate and volume of fluids to be injected;**
   Average: 5,000 BPD
   Maximum: 9,750 BPD
2. **Whether the system is open or closed;**
   Open
3. **Proposed average and maximum injection pressure;**
   Average: 350 PSI
   Maximum: 526 PSI
4. **Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,**
   Initial Bone Spring Water Analysis attached; multiple compatible sources at a later date if converted to Commercial SWD
5. **If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).**
   See attached water analysis of initial Bone Spring formation water

***VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.**

Depth to fresh water: 175' in Sec. 24-T23S-R36E

IX. Describe the proposed stimulation program, if any.

see attached procedure

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

BC OPERATING, INC. has reviewed and examined available geologic and engineering data in the area of interest for the FEDERAL PP #1 and have found no evidence of faults or other hydrologic connections between the Delaware disposal zone and the underground sources of drinking water.

Jason Wacker, P.E.
VP of Engineering & Operations

Federal PP #1 SWD
API# 30-015-20908
Sec 24, T23S, R26E
1980' FNL & 1980' FWL
Eddy County, NM
BC Operating, INC

Re-Entry for SWD injection

This procedure is intended as a guide to be closely followed as actual conditions agree reasonably well with completion predictions. When substantially different conditions are encountered, the BC supervisor will take appropriate action to safely and economically control the new conditions and will advise BC of such actions as job conditions permit.

Background and Objective:

BC plans to re-enter for SWD injection from offset leases.

Directions:

See attached road map.

EHS Instructions:

1. All personnel on location must wear approved fire retardant clothing (FR's), hard hat, steel-toed shoes and eye protection at all times.
2. Tested and properly functioning H2S monitors must be worn at all times.
3. No smoking allowed inside rig anchors.
4. No pits are to be dug, except in an emergency.
5. Have a safety meeting before start of work each day and ensure all personnel know their job and responsibilities.

Well Data: See attached wellbore sketch.

Prod tubing: 4-1/2", 12.6#, CLS tubing, capacity-0.0152 bbl/ft, 0.0854 ft^3/ft

Prod casing: 9-5/8", 40#, S-95, capacity-0.0758 bbl/ft, 0.4257 ft^3/ft

Annulus 9-5/8" x 4-1/2":	0.0562 bbls/ft, 0.3153 ft^3/ft
Existing Perforations:	P&A'ed

Detailed Workover Procedure:

Federal PP #1 SWD
API# 30-015-20908
Sec 24, T23S, R26E
1980' FNL & 1980' FWL
Eddy County, NM
BC Operating, INC

1. Hold tailgate safety meeting and discuss plan, Bruce Madden is to be called for any spill 432-894-0721.
2. Kill power to location
3. Dig csg and find abandoned well bore.
4. Install all wellheads
5. RU pulling unit. R/U pump truck- Test all wellheads to 500 PSI, N/D wellhead N/U BOP.
6. Pull tbg (If any). RIH with bit & collars 2-7/8''BC work string. Drill out plugs down to 5,367'+- .
7. 1st plug should be roughly @50' with cement up tosurface (Test Casing to 500psi for 30 minutes after each plug)
8. 2nd plug is @ 2750' with cement up to 2600'
9. At the very last plug test casing to 500psi, have it charted for 30 mins and sent to BC Operating, Inc. Pstevens@bcoperating.com
10. TOH then lay down D.C.'s. & Bit
11. MIRU Wireline RIH w/ Gauge ring down and tag bottom around 5367' +-.
12. Wireline run CBL/CCL/Gamma ray log from 5250' to 2600'. Neutron Density log as well out of hole.
13. MORD Wireline, MIRU Pulling unit.
14. Proposed avg daily rate of 4500 BBL/D and a maximum of 9750 BBL/D Based off of Erosional Velocity of Steel.
15. Any systems used will be Closed Loop
16. Proposed avg daily pressure is not available (but a Step rate test will be ran to determine what the avg should be.) The maximum injection pressure will be 526 Psi. The step rate test will be ran as shown at the end of the next future job

Procedure

1. Pressure up on 9-5/8" casing to 500 psig with pump truck for 30 min and run chart.

Perforate Cherry/ Brushy Canyon:

2. Rig up wireline lubricator. Perforate Cherry Canyon using 3-1/8" HP slick guns with 60 degree phasing & Titan 23 gram charges 4 spf. Perf Sheet attached and below. Pick perfs once new logs are available.
3. RDMO wireline.

Run Injection Equipment and Acidize Cherry Canyon:

4. TIH w/ RBP and packer on 2-7/8'' Work string
5. MIRU acid trucks. Acidize the Cherry/Brushy Canyon formation:
   1st Job- from 2630' – 4000' with an RBP at 4025' and PKR at 2600', acidize with 6000 Gals of 15% HCL at 3BPM with Rock Salt as Diverter, Over flush with 100 bbl of KCL.
   2nd Job- from 4030' – 5238' with an RBP at 5250' and PKR at 4000', acidize with 6000 Gals of 15% HCL at 3BPM with Rock Salt as Diverter, Over flush with 100 bbl of KCL (2,000 psi max treating pressure).
6. TOH w/ RBP and Packer, laying down work string
7. TIH with 4-1/2" 12.6# J-55 EUE T&C W/SCC and BBE Fiberglass lined and 9-5/8" Arrowset Nickel Plated injection packer. Circulate corrosion inhibited packer fluid down annulus. Set packer at 2,600'.
8. Perform MIT/Step rate test.

Step rate test

9. Establish injection rate at 2 bpm with acid pump truck, document pressure when stable. Increase rate by 1 bpm and wait for pressure to stabilize, 3-5 minutes. Continue increasing by 1 bpm until reaching 2800 psi.
10. Increase rate by 0.5 bpm until reaching 3000 psi, document rate when pressure is stabilized for 3-5 minutes.
11. ND BOP and NU wellhead. RDMO pulling unit.
12. Lay injection lines.

Contacts

Jason Wacker	Operations Manager	432-631-2142
Bruce Madden	Superintendent	432-894-0721
Doug Swift	Geo-Tech	432-684-9696
Nicolas Klopp	Operations Engineer	979-422-2510

Formation Tops – Federal PP #1 SWD

1. Surface: Quaternary Alluvium
2. Rustler: 491'
3. Top Salt: 947'
4. Base Salt: 1570'
5. Lamar: 1814'
6. Delaware Sands (Bell Canyon): 1936'
7. Cherry Canyon: 2630'
8. Brushy Canyon: 3658'
9. Bone Spring Lime: 5238'
10. FBSG Sand: 6263'
11. SBSG Carbonate: 6502'
12. SBSG Sand: 6715'
13. TBSG Carbonate: 6940'
14. TBSG Sand: 8300'
15. Wolfcamp: 8693'
16. Pennsylvanian Canyon Lime: 10122'
17. Strawn: 10456'
18. Atoka: 10670'
19. Atoka Carbonate: 10780'
20. Morrow: 11153'
21. Lower Morrow: 11757'
22. Mississippian: 11910'

Catalyst Oilfield Services
11999 E Hwy 158
Gardendale, TX 79758
(432) 563-0727
Fax: (432) 224-1038

Water Analysis Report

Customer:	BC Operating	Sample #:	34776
Area:	New Mexico	Analysis ID #:	33045
Lease:	Macho Grande		
Location:	1H 0	Bone Spring Water Analysis	
Sample Point:	Heater		

		Anions	mg/l	meq/l	Cations	mg/l	meq/l
Sampling Date:	4/21/2016	**Chloride:**	**104778.1**	**2955.41**	**Sodium:**	**65560.0**	**2851.7**
Analysis Date:	4/25/2016	**Bicarbonate:**	**372.0**	**6.1**	**Magnesium:**	**230.7**	**18.98**
Analyst:	Catalyst	**Carbonate:**			**Calcium:**	**1238.0**	**61.78**
TDS (mg/l or g/m3):	174175.8	**Sulfate:**	**360.0**	7.5	**Potassium:**	**1146.0**	**29.31**
Density (g/cm3):	1.119	**Borate*:**	**104.8**	**0.66**	**Strontium:**	**386.1**	**8.81**
		Phosphate*			**Barium:**	**0.0**	**0.**
Hydrogen Sulfide:	0				**Iron:**	**0.1**	**0.**
Carbon Dioxide:	19	***Calculated based on measured elemental boron and phosphorus.**			**Manganese:**	**0.000**	**0.**
Comments:		pH at time of sampling:		7			
		pH at time of analysis:					
		pH used in Calculation:		**7**			
		Temperature @ lab conditions (F):		**75**	**Conductivity (micro-ohms/cm):**		**196400**
					Resistivity (ohm meter):		**.0509**

	Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl									
Temp	**Calcite $CaCO_3$**		**Gypsum $CaSO_4*2H_2O$**		**Anhydrite $CaSO_4$**		**Celestite $SrSO_4$**		**Barite $BaSO_4$**	
°F	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount
80	0.46	13.61	-1.35	0.00	-1.33	0.00	-0.17	0.00	0.00	0.00
100	0.49	16.57	-1.43	0.00	-1.34	0.00	-0.20	0.00	0.00	0.00
120	0.52	19.83	-1.50	0.00	-1.33	0.00	-0.22	0.00	0.00	0.00
140	0.54	23.68	-1.56	0.00	-1.30	0.00	-0.24	0.00	0.00	0.00
160	0.56	27.52	-1.61	0.00	-1.25	0.00	-0.24	0.00	0.00	0.00
180	0.59	32.26	-1.65	0.00	-1.18	0.00	-0.24	0.00	0.00	0.00
200	0.62	36.99	-1.69	0.00	-1.10	0.00	-0.23	0.00	0.00	0.00
220	0.66	42.32	-1.73	0.00	-1.01	0.00	-0.23	0.00	0.00	0.00

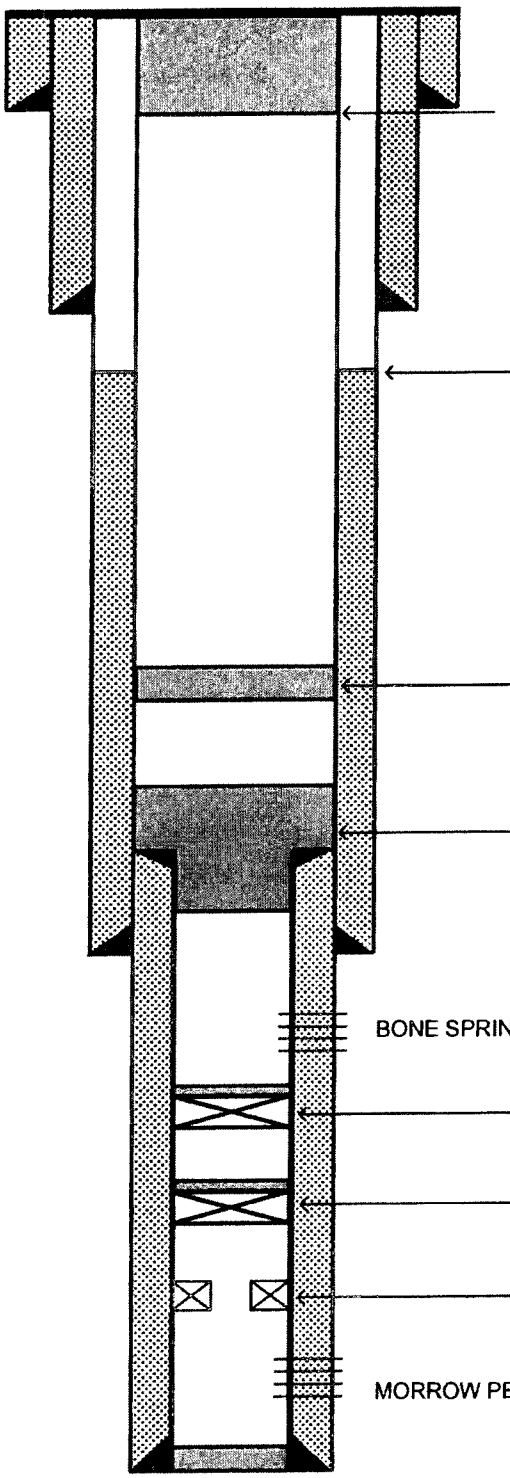
BC OPERATING, INC.

FEDERAL PP #1

API # 30-015-20908
1980' FNL & 1980' FWL, 24, T23S, R26E
EDDY COUNTY, NEW MEXICO

ELEVATION:
GL: 3,421'

CURRENT WELLBORE



SURFACE CASING:
13-3/8" 48# H-40 (0' – 381')
w/ 600 SX CMT

INTERMEDIATE CASING:
9-5/8" 40# S-95 (520' – 5,590')
w/ 2,900 SX CMT

PRODUCTION LINER:
7" 26# S-95 (5,417' – 12,050')
w/ 1,150 SX CMT

PBTD: 11,501'
TD: 12,050'

Updated 09/27/16

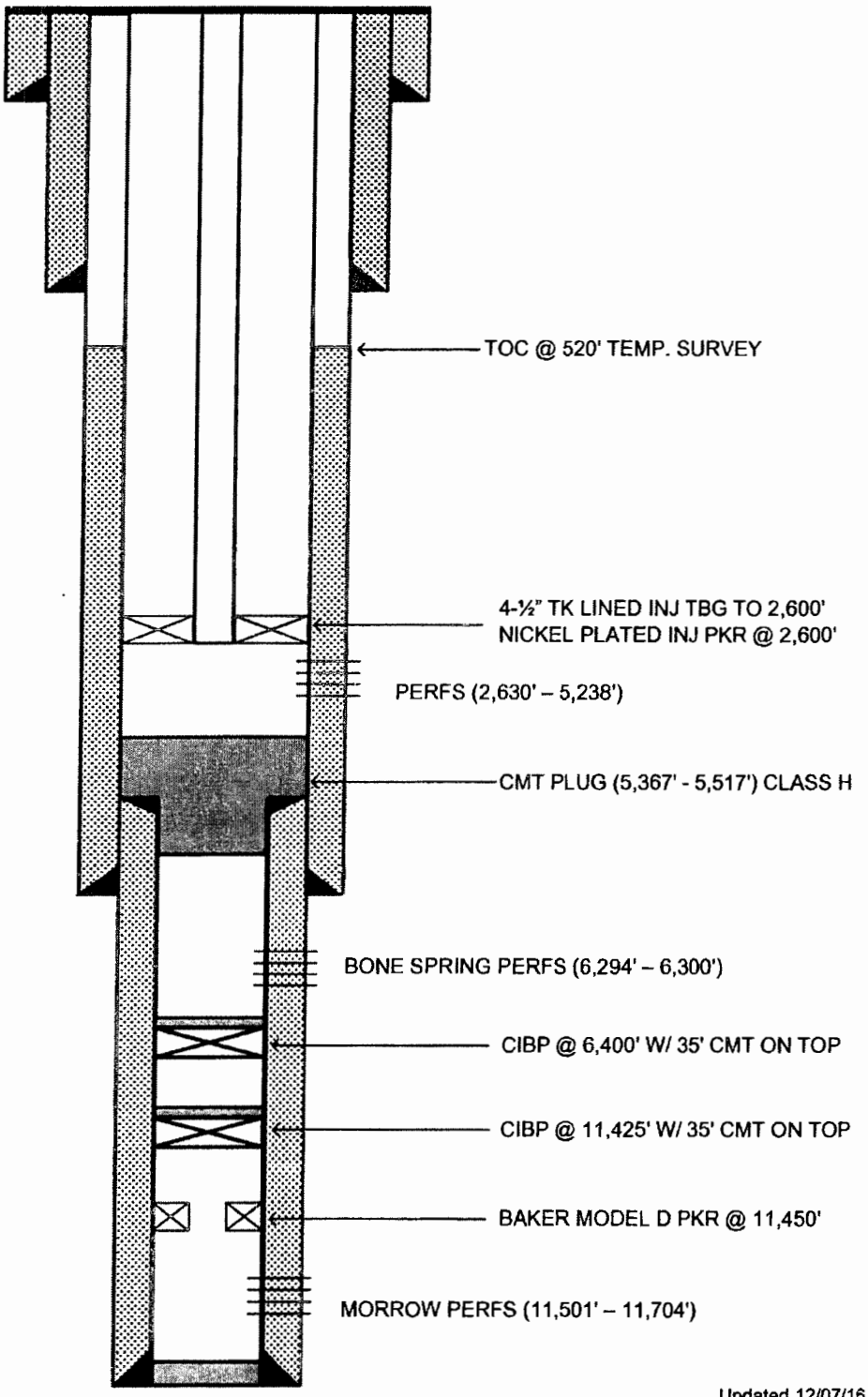
BC OPERATING, INC.

FEDERAL PP #1 SWD

API # 30-015-20908
1980' FNL & 1980' FWL, 24, T23S, R26E
EDDY COUNTY, NEW MEXICO

ELEVATION:
GL: 3,421'

PROPOSED WELLBORE



SURFACE CASING:
13-3/8" 48# H-40 (0' – 381')
w/ 600 SX CMT

INTERMEDIATE CASING:
9-5/8" 40# S-95 (520' – 5,590')
w/ 2,900 SX CMT

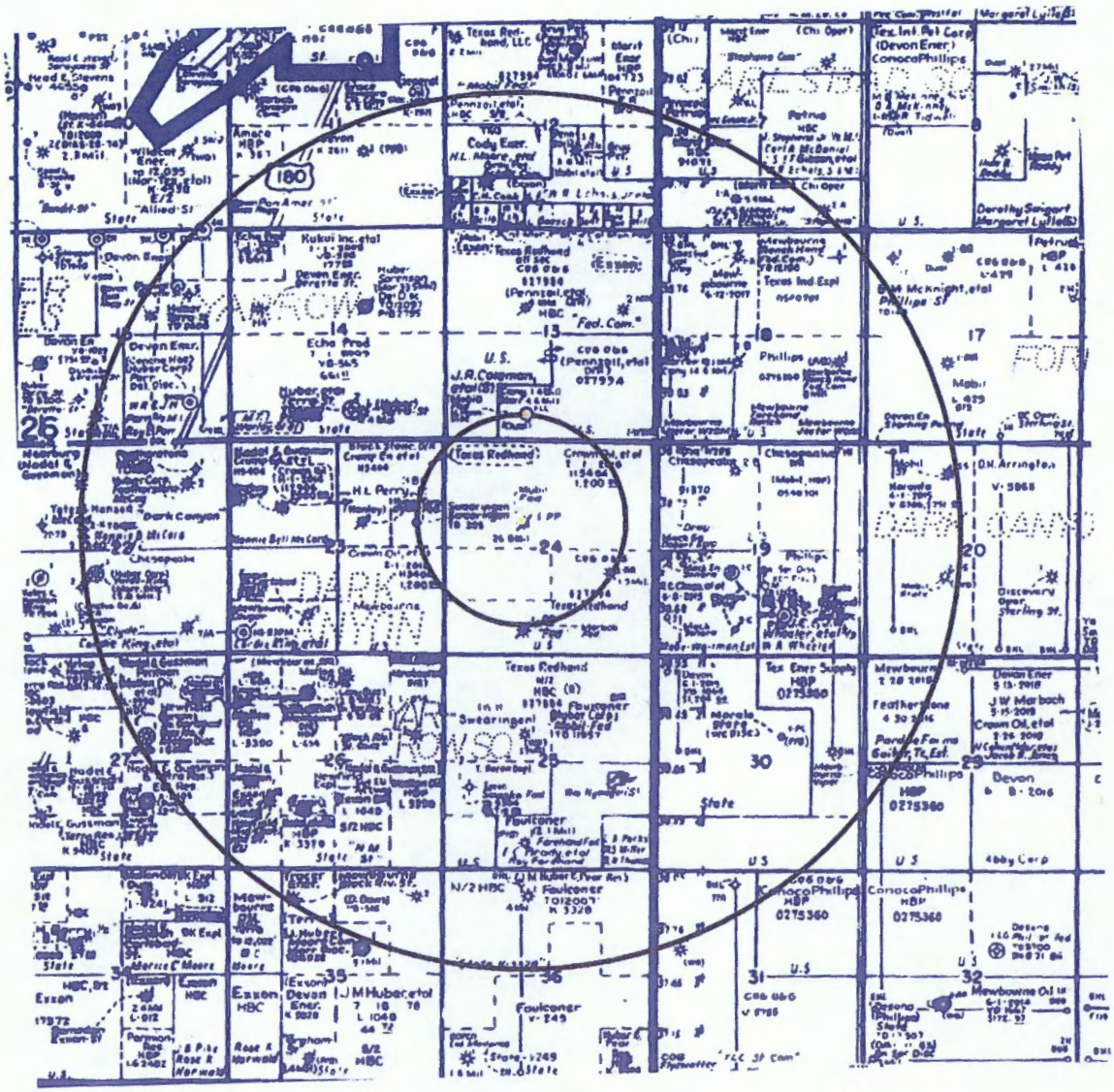
PRODUCTION LINER:
7" 26# S-95 (5,417' – 12,050')
w/ 1,150 SX CMT

PBTD: 11,501'
TD: 12,050'

Updated 12/07/16

Half Mile Radius

Well Name	Operator	Prod, Inj, or P&A'd	TD PBTD	Location SHL/BHL	Unit	Sec	Twn	Rng	Footage Calls	Type of Well	Spud Date	Comp Date	Completion Interval	Producing Formation	Casing Program Casing	Depth	Sks Cmt	TOC	BY:
Federal RR Com #1 30-015-21051 Eddy County	Marbob Energy Corp PO BOX 227 ARTESIA, NEW MEXICO 88211	P&A'd	9,800' (TD) 12,005' (PBTD)	SHL	N	24	23S	26E	660' FNL & 1980' FWL	Gas	1/1/1974	5/13/2005	9,923'-9,954'	Wolfcamp	13-3/8" 9-5/8" 7"	0' - 392' 0' - 5,420' 5,236' - 11,478'	400 2,900 1,950	Surface Surface 5,236'	Circ. Circ. Calc.
Federal PP #1 30-015-20908 Eddy County	BC Operating, Inc. 4000 N BIG SPRING STE 310 MIDLAND, TEXAS 79701	P&A'd	12,050' (TD) 11,786' (PBTD)	SHL	F	24	23S	26E	1980' FNL & 1980' FWL	Oil	8/2/1973	10/3/1973	11,501' - 11,563'	Morrow	13-3/8" 9-5/8" 7"	0'-381' 0'-5,590' 520'-12,107'	600 2900' 1150'	Surface Surface 520'	Circ. Circ. Temp Survey
Federal RR #2 30-015-32657 Eddy County	RKI Exploration & Production, LLC 3500 ONE WILLIAMS CENTER TULSA, OKLAHOMA 74172	Prod	11,783' (TD) 12,150' (PBTD)	SHL	I	24	23S	26E	1980' FSL & 990 FEL	Gas	10/25/2003	9/14/2013	11,604' - 11,973'	Morrow	13-3/8" 9-5/8" 7" 4-1/2"	0'-582' 0'-1,772' 0'-9,150' 7,700' - 12,135'	550 550 1,325 360	Surface Surface Surface 7,700'	Circ. Circ. Circ. Circ.
Federal 'LL' #1 30-015-20855 Eddy County	Marbob Energy Corp PO BOX 227 ARTESIA, NEW MEXICO 88211	Prod	12,090' (TD) 11,958' (PBTD)	SHL	N	13	23S	26E	660 FSL & 1980 FWL	Gas	6/3/1973	9/28/1973	9,954' - 10,023' 10,295' - 11,466'	Penn Morrow	13-3/8" 9-5/8" 7"	0'-375' 0'-5,600' 5,392'-12,090'	400 3,600 250	Surface 390' 5,392'	Circ. Circ. Circ.



WELLS – ONE-HALF MILE RADIUS

SECTION 24-T23S-R26E

FEDERAL PP #1 SWD
BC OPERATING, INC. (OPERATOR)
4000 N BIG SPRING ST, SUITE 300
MIDLAND, TEXAS 79705

FEDERAL RR #1
MARBOB EVERGY CORP. (OPERATOR)
P.O. BOX 227
ARTESIA, NEW MEXICO 88211

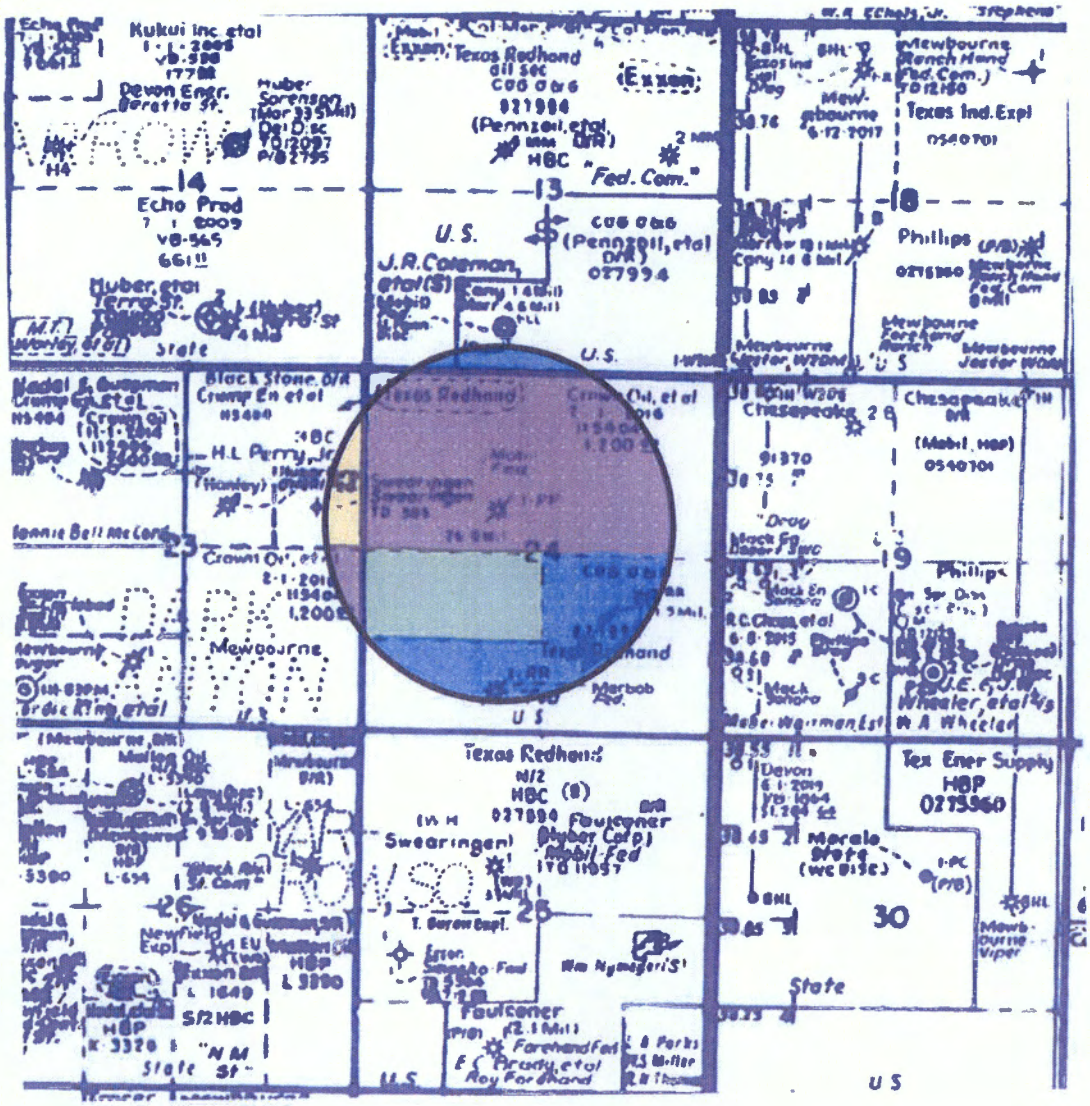
FEDERAL RR #2
MARBOB EVERGY CORP. (OPERATOR)
3500 ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172

SECTION 23-T23S-R26E

SWEARINGEN #1
SWEARINGEN W H (OPERATOR)
P.O. BOX 93
SANTA FE, NEW MEXICO

SECTION 13-T23S-R26E

FEDERAL LL #1
MARBOB ENERGY CORP. (OPERATOR)
3500 ONE WILLIAMS CENTER
TULSA, OKLAHOMA 74172



LEASES – ONE-HALF MILE RADIUS

SECTION 24-T23S-R26E

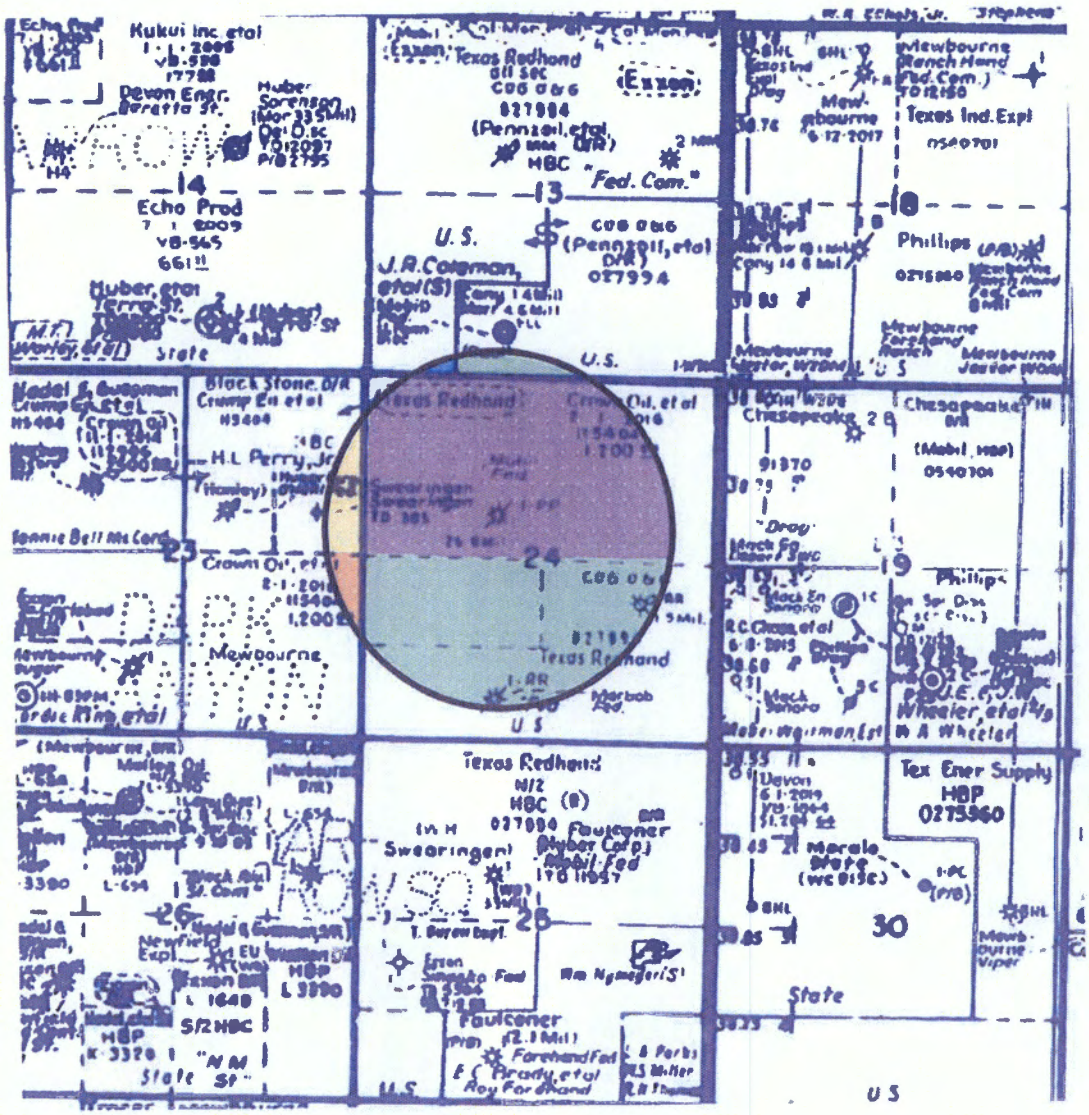
- NMNM 115404
  CROWN OIL PARTNERS V LP (LESSEE)
  4000 N BIG SPRING ST, SUITE 300
  MIDLAND, TEXAS 79705
- NMNM 017572
  EXXONMOBIL OIL CORP (LESSEE)
  P.O. BOX 4358
  HOUSTON, TEXAS 77210
- [redacted]
  MOBIL PROD TX & NM (LESSEE)
  12450 GREENSPOINT DR.
  HOUSTON, TEXAS 77060

SECTION 23-T23S-R26E

- NMNM 0027994A
  O'NEILL PROPERTIES LTE (LESSEE)
  410 W OHIO
  MIDLAND, TX 79701

SECTION 13-T23S-R26E

- [redacted]
  MOBIL PROD TX & NM (LESSEE)
  12450 GREENSPOINT DR.
  HOUSTON, TEXAS 77060



SURFACE OWNERS – ONE-HALF MILE RADIUS

SECTION 24-T23S-R26E

- [redacted]
  2602 74TH PLACE
  LUBBOCK, TEXAS 79423

- STATE OF NEW MEXICO
  310 OLD SANTA FE TRAIL
  SANTA FE, NEW MEXICO 87504

SECTION 13-T23S-R26E

- [redacted]
  8524 MOLINAR DRIVE
  CARLSBAD, NEW MEXICO 88220

- STATE OF NEW MEXICO
  310 OLD SANTA FE TRAIL
  SANTA FE, NEW MEXICO 87504

SECTION 23-T23S-R26E

- CARLSBAD 960 LLC
  7641 EAST GRAY RD SUITE B-1
  SCOTTSDALE, ARIZONA 85260

- [redacted]
  P.O. BOX 2459
  CARLSBAD, NEW MEXICO 88221

LEGAL NOTICE

BC Operating, Inc. has filed a form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval to utilize the Federal PP #1 (API: 30-015-20908) as a Salt Water Disposal well.

The Federal PP SWD #1 is located at 1980' FNL and 1980' FWL, Unit Letter F, Section 24, Township 23 South, Range 26 East, Eddy County, New Mexico. The well will dispose of water produced from oil and gas wells into the Cherry/Brushy Canyon formations at 2,630' to 5,238' at a maximum rate of 9,750 barrels of water per day at a maximum pressure of 526 psi.

Interested parties must file objections or requests for hearing with the Oil Conservations Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

Additional information can be obtained by contacting Jason Wacker, BC Operating, Inc., at (432) 684-9696.

Legal Notice

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Published in the Artesia Daily Press, Artesia, N.M., March 2, 2018 Legal No. 24585.

BC OPERATING, INC.

P.O. Box 50820
Midland, Texas 79710
(432) 684-9696

4000 N. Big Spring Street, Suite 310
Midland, Texas 79705
Fax (432) 686-0600

March 1, 2018

Surface Owner / Offset Operators

Re: Notification of Application for Authorization to Inject
Federal PP #1

Ladies and Gentlemen:

BC Operating, Inc. is seeking administrative approval to utilize its Federal PP #1 (API – 30-015-20908) as a Salt Water Disposal well. As required by the New Mexico Oil Conservation Division Rules, we are notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is required unless you have questions or objections.

Well:	Federal PP #1
Proposed Disposal Zone:	Cherry/Brushy Canyon (from 2,630' – 5,238')
Location:	1980' FNL & 1980' FWL, Sec. 24, T23S, R36E, Eddy Co., NM
Applicants Name:	BC Operating, Inc.
Applicants Address:	P.O. Box 50820, Midland, TX 79710

This application for water disposal well will be filed with the New Mexico Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Conservation Division address is 1220 South St. Francis Dr., Santa Fe, NM 87505 and their phone number is 505-476-3460.

Please call Jason Wacker if you have any questions at 432-684-9696.

Sincerely,

Sarah Presley
Regulatory Analyst

DISTRIBUTION LIST

BLM
Carlsbad Field Office
620 E. Greene Street
Carlsbad, NM 88220

Surface Owner

Helen Mignon Preston
2602 74th Place
Lubbock, TX 79423

State of New Mexico
310 Old Santa Fe Trail
Santa Fe, NM 87504

Brian James Weston
8524 Molinar Drive
Carlsbad, NM 88220

Carlsbad 960 LLC
7641 East Gray Rd, Suite B-1
Scottsdale, AZ 85260

Offset Operators

Exxonmobile Oil Corp
P.O. Box 4358
Houston, TX 772210

Mobil Prod TX & NM
12450 Greenspoint Drive
Houston, TX 77060

O'Neill Properties LTE
410 W Ohio
Midland, TX 79701

Royalty Owners

RKI Exploration & Production, LLC
3500 One Williams Center, Suite 3500
Tulsa, OK 73172

TKM Resources, LLC
1775 Sherman Street, Suite 2990
Denver, Co 80203

Texas Oil & Mineral Co., LLC
303 W Wall St
Midland, TX 79701

Estate of Peter L. Shea, c/o Mr. John Walsh, Bryan Cave Law Firm
1290 Avenue of the Americas
New York, NY 10104-3300

Frank Borden Hanes, Jr.
2870 BARTRAM RD
Winston Salem, NC 27106-5105

Edmund T. Anderson, IV
2521 Humble
Midland, TX 79705-8407

William G. McCoy (deceased)
P. O. Box 1773
Roswell, NM 88202-1773

Dominion OK TX Exploration & Production, Inc.
14000 Quail SPGS Parkway
Oklahoma City, OK 73134

Mewbourne Oil Company
P.O. Box 7698
Tyler, TX 75711

Edwina S. Millington, c/o Mr. John
Walsh, Bryan Cave Law Firm
1290 Avenue of the Americas
New York, NY 10104-3300

Clare Lundbeck Fraser
133 East 64th Street, APT 6B
New York, NY 10065-7076

Mary Lavelle Anderson, Trustee of the
Mary Anderson Bell Family Trust
4006 Blakeford
Durham, NC 27713

Sonic Oil and Gas, LP (Bettis)
P.O. Box 1240
Graham, TX 76450

Black Stone Energy Company, LLC.
1001 Fannin St., Suite 2020
Houston, TX 77002

Willischild Oil and Gas Corporation (Wellbore)
621 E St
Snyder, OK 73566

Drastic Legacy, LLP
P. O. Box 1852
Midland, TX 79702

Don M. Kidwell
4208 FAIRWOOD DR
Midland, TX 79707-1460

Sigyn Lund
801 Ferne Drive
Longwood, FL 32779

Faulconer 1996, LP
1001 E. S.e. Loop 323
Tyler, TX 75703

Bettis Brothers, Inc.
500 W. Texas, #830
Midland, TX 79701

V-F Petroleum, Inc.
550 W. Texas Avenue
Midland, TX 79701

Black Mountain Operating, LLC
500 Main Street, Suite 1200
Fort Worth, TX 76102

Marathon Oil Permian LLC
5555 San Felipe Street
Houston, TX 77056

Chisholm Energy Operating
801 Cherry Street, Suite 1200 – Unit 20
Fort Worth, TX 76102

Goetze, Phillip, EMNRD

From: Jason Wacker <jwacker@bcoperating.com>
Sent: Friday, April 20, 2018 10:11 AM
To: Goetze, Phillip, EMNRD
Cc: Jones, William V, EMNRD; McMillan, Michael, EMNRD; Nick Klopp
Subject: Federal PP #1 Injection Permit Application
Attachments: Federal PP Injection Permit Application with OCR.PDF; Federal PP Radius of Investigation Maps.pdf; Federal PP Public Notice.pdf; Federal PP Offset Owner Notifications.pdf

Phillip,

Please find our Injection Permit Application for the Federal PP #1, attached.

Thanks for your help!

Jason Wacker, P.E.
VP of Engineering & Operations

BC Operating, Inc.
4000 N. Big Spring #310
Midland, Texas 79705

PO BOX 50820
Midland, Texas 79710

Office (432) 684-9696
Cell (432) 631-2142