DATE IN 06/14/2019	SUSPENSE	ENGINEER	LOGGED IN	TYPE SWD	APP NO. pMAM1911657559

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

- BC ID Operating 25670
- West Jal Deep SWD #3
30-025-Pending
Paul

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☒ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☒ Waivers are Attached

- SWD; Devonian-Silurian 97869

[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.

Richard Hill	R~ H	SVP Engineering	6/2/19
Print or Type Name	Signature	Title	Date

Hill.richie@gmail.com
e-mail Address

BC&D Operating, Inc

P.O. Box 302 Hobbs, NM 88241
(405) 837-8147

June 2, 2019

West Jal Deep SWD #3

2640' FNL & 200 FWL, Sec 5, T25S, R36E, Lea Co, NM

Contents:

1. Administrative Application Checklist.
2. Form C-108: Application for Authority to inject.
3. Form C-108: Additional Questions Answered.
4. Form C-102.
5. Proposed wellbore diagram of West Jal Deep SWD #3.
6. Water Well Samples and Water Column Information.
7. Point Diversion.
8. Letter sent to Surface Owner and Leasehold Operator within- One-half Mile of the Well Location.
9. Legal Notice that will be run as required in the Hobbs News Sun.
10. Formation Tops.
11. Casing assumptions.
12. General Drilling Plan.
13. H2S and Well Control Plan.
14. Emergency Contact List.

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 ___✓___Disposal _____Storage
Application qualifies for administrative approval? _____Yes _____No

II. OPERATOR: BC&D Operating, Inc. (25620)

ADDRESS: P.O. Box 302, Hobbs, NM 88241

CONTACT PARTY: Donnie Hill PHONE: 575-390-2626

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 ___✓___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: Donnie Hill TITLE: President

SIGNATURE: _____ DATE: _____

E-MAIL ADDRESS: dhillewellconsultant.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.

West Jal Deep SWD #3

BC&D Operating, Inc
2640' FNL & 200 FWL
Sec. 5, T25S, R36E, Lea Co, NM
Lat. 32.159435, Long. 103.294891

Surface - (Conventional)

Hole Size	26"
Casing	20" - 94# J-55 BTC Casing
Depth Top:	Surface
Depth Bottom:	1250'
Cement:	560 sxs tail, 1.35 yield, class C + additives
	645 sxs lead, 1.75 yield, class C + additives
Cement Top:	Surface - (circulated)

Intermediate #1 - (Conventional)

Hole Size	17.5"
Casing	13-3/8" - 61# L-80HC BTC Casing
Depth Top:	Surface
Depth Bottom:	5400'
Cement:	490 sxs tail, 1.33 yield, Class C 50/50 + additives
	1480 sxs lead, 1.75 yield, Class C + additives
Cement Top:	Surface - (circulated)

Intermediate #2 - (Conventional)

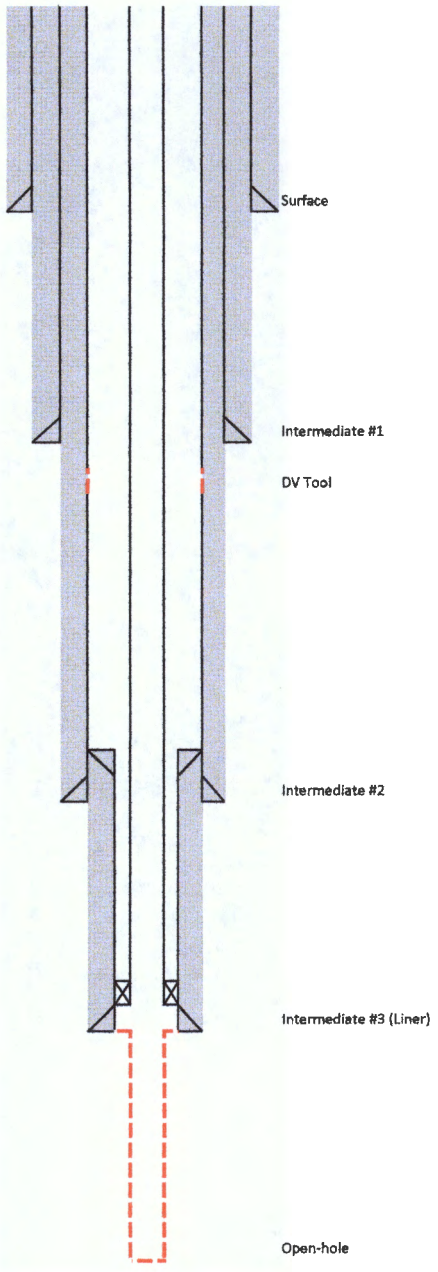
Hole Size	12.25"
Casing	9-5/8" - 40# L-80HC BTC Casing
Depth Top:	Surface
Depth Bottom:	11564'
Cement:	Stage 1 - 520 sxs tail, 1.2 yield, Class H + additives
	Stage 1 - 590 sxs lead, 2.0 yield, Class H 50/50 + additives
	Stage 2 - 260 sxs tail, 1.33 yield, Class C + additives
	Stage 2 - 550 sxs lead, 2.5 yield, Class C 50/50 + additives
Cement Top:	Surface - (circulated)
ECP/DV Tool:	5500'

Intermediate #3 - (Liner)

Hole Size	8.5"
Casing	7" - 32# P-110HC BTC SpCL Casing
Depth Top:	11265'
Depth Bottom:	15250'
Cement:	388 sxs tail, 1.33 yield, Class H 50/50 + additives
Cement Top:	11265' - (Volumetric)

Intermediate #4 - (Open Hole)

Hole Size	6"
Casing	7" - 32# P-110HC BTC SpCL Casing
Depth Top:	15250'
Depth Bottom:	17100'
Inj Interval:	15000' - 17100' (Open-Hole Completion)



Tubing

Tubing Depth:	15140'
Tubing:	4-1/2" 11.6# N-80 Duoline
Packer Depth:	15150'
Packer:	4-1/2" TCPC Permanent packer w/ high temp elastomer & full inconel

Side 2

INJECTION WELL DATA SHEET

Tubing Size: 4-1/2" Lining Material: DuoLine

Type of Packer: 4-1/2" TCP Permanent Packer w/ High Temp Elastomer & Full Inconel

Packer Setting Depth: Within 100' of 7" shoe

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

Additional Data

1. Is this a new well drilled for injection? ✓ Yes _____ No

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

2. Name of the Injection Formation: Miss - Dev - Fuss - Montoya (100')

3. Name of Field or Pool (if applicable): SWD; Miss - Dev - Fusselman - Montoya

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. NO

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Yate - Seven Rivers @ 3589'

   Bone Spring - 8,070'

   Wolfcamp - 11,145

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

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

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

☐AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name

Property Code	Property Name	Well Number
	WEST JAL DEEP SWD	3
OGRID No.	Operator Name	Elevation
	BC & D OPERATING, INC.	3254'

Surface Location

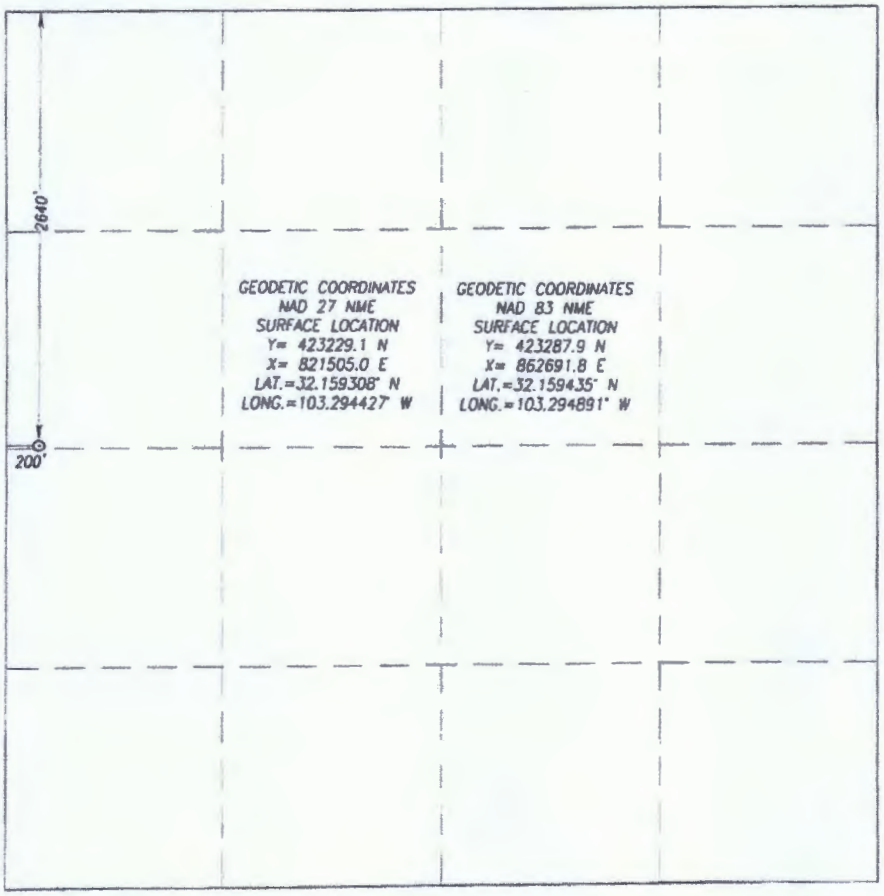
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	5	25-S	36-E		2640	NORTH	200	WEST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	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



OPERATOR CERTIFICATION

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature 1/10/2019 Date

Richard Hall
Printed Name

hall.richie@gmail.com
E-mail Address

SURVEYOR CERTIFICATION

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.

DECEMBER 15, 2018

Date of Survey

Signature & Seal of Professional Surveyor:

RONALD J. EIDSON NEW MEXICO 3239

1/08/2019

Certificate Number	Gary G Eidson	12641
	Ronald J. Eidson	3239

LSL JWSC W.O. 18.11.1268

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
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Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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

☐AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name

Property Code	Property Name	Well Number
	WEST JAL DEEP SWD	3
OGRID No.	Operator Name	Elevation
	BC & D OPERATING, INC.	3254'

Surface Location

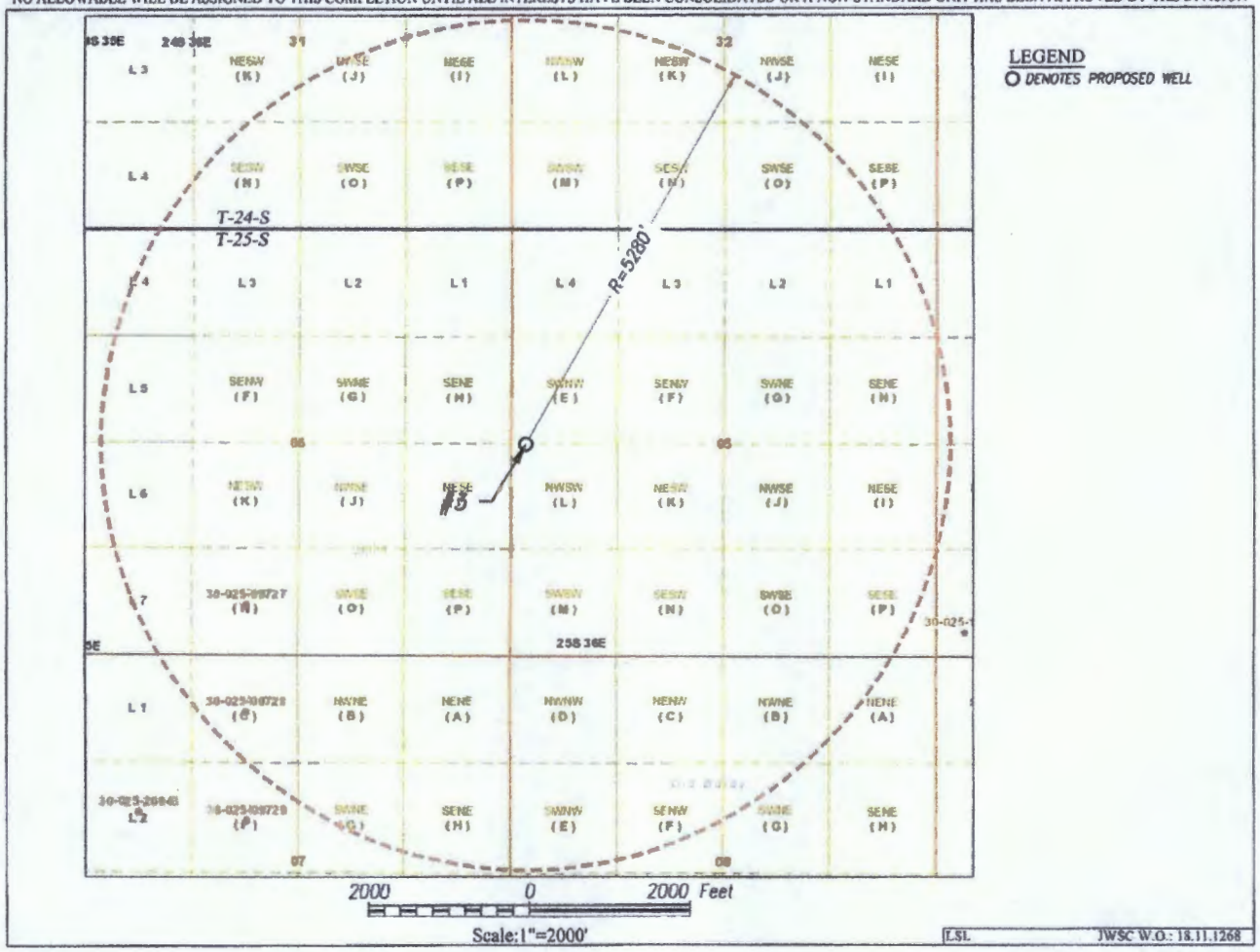
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	5	25-S	36-E		2640	NORTH	200	WEST	LEA

Bottom Hole Location If Different From Surface

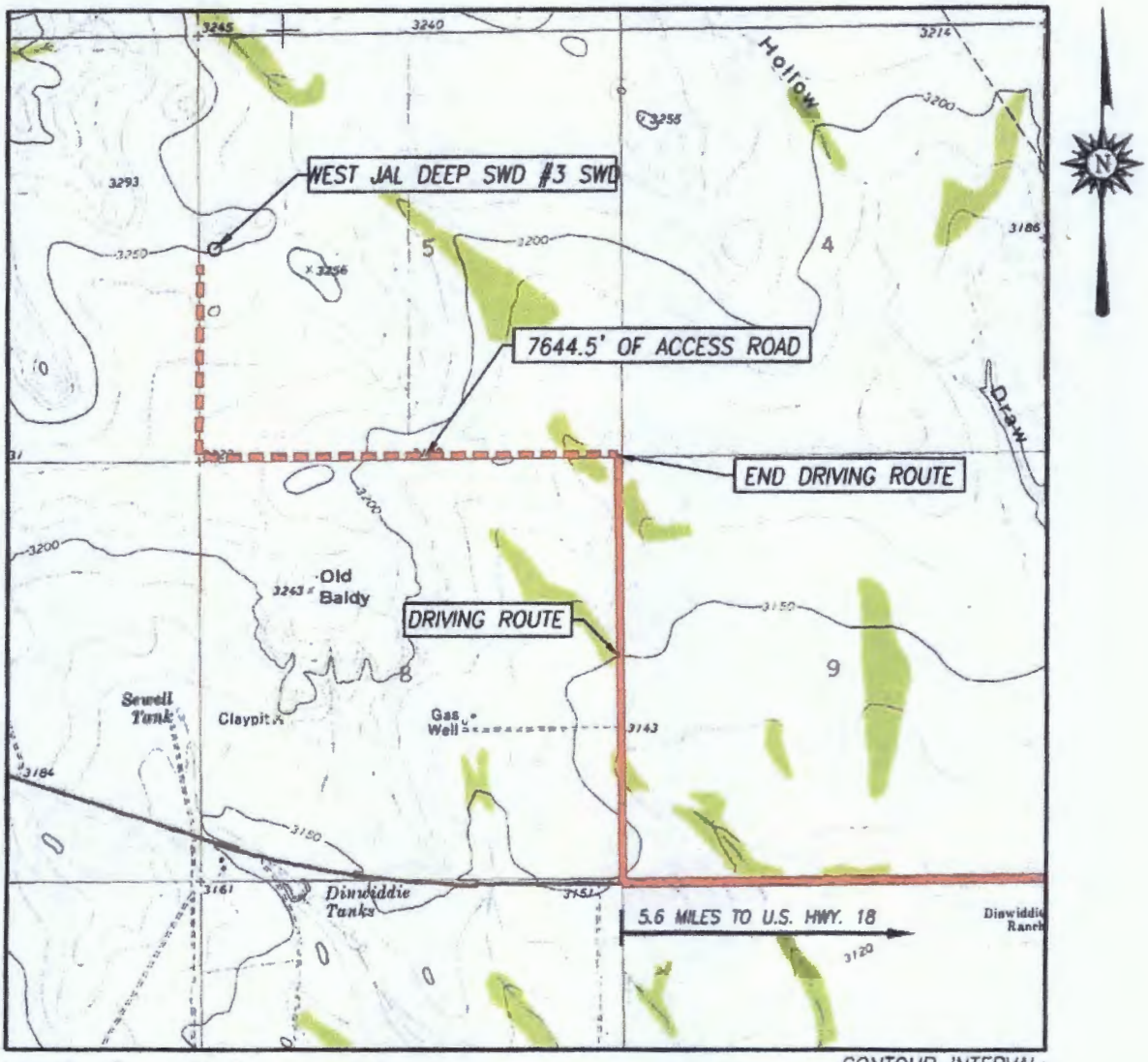
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	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



TOPOGRAPHIC AND ACCESS ROAD MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
CUSTER MOUNTAIN, N.M. - 10'

SEC. 5 TWP. 25-S RGE. 36-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 2640' FNL & 200' FWL

ELEVATION 3254'

OPERATOR BC & D OPERATING, INC.

LEASE WEST JAL DEEP SWD

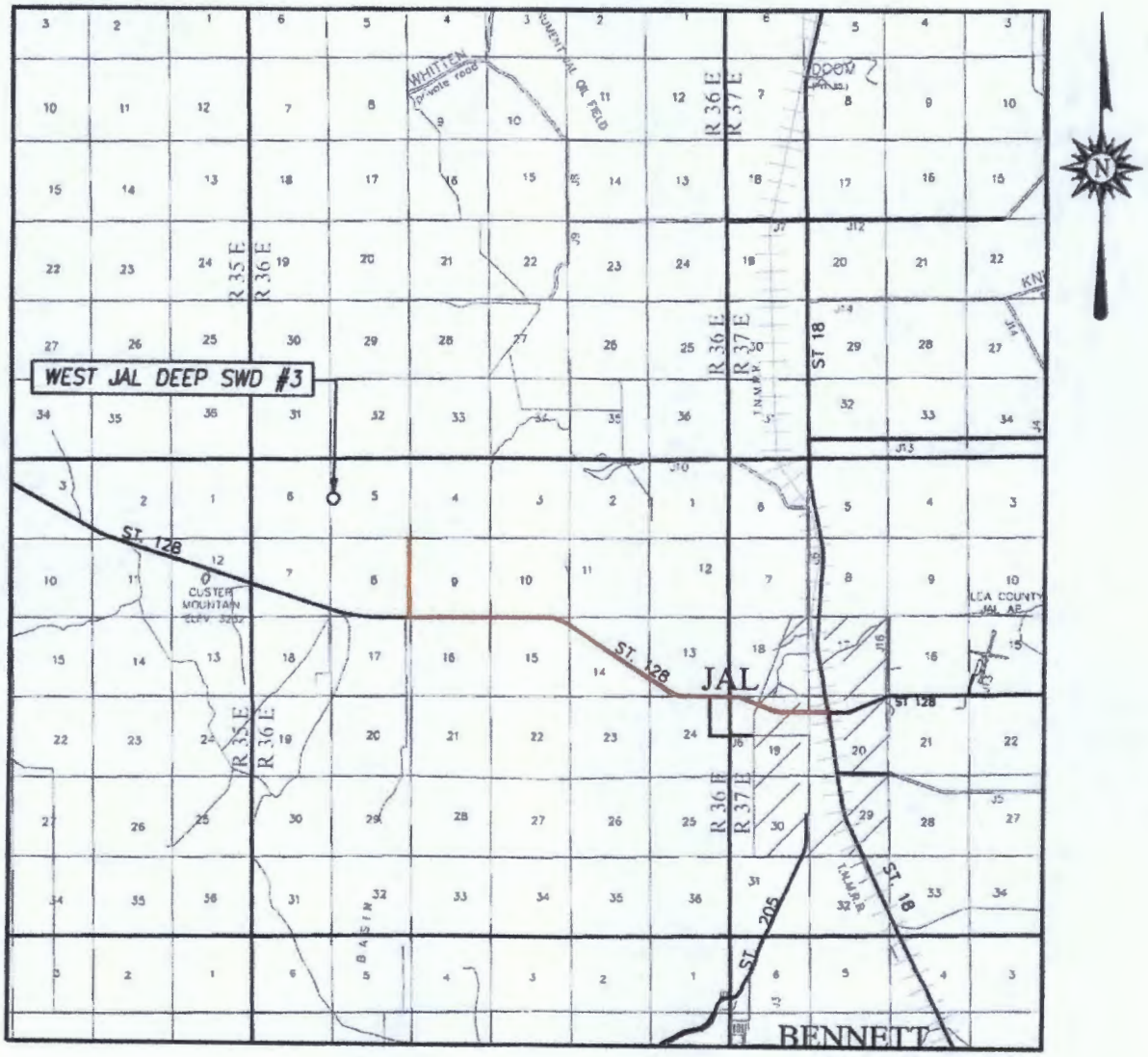
U.S.G.S. TOPOGRAPHIC MAP
CUSTER MOUNTAIN, N.M.

DIRECTIONS TO LOCATION:

FROM THE INTERSECTION OF HWY. 18 AND HWY. 128 (IN JAL) GO WEST ON HWY 128 APPROX. 5.6 MILES, TURN RIGHT AND GO NORTH APPROX. 1 MILE TO STAKED ACCESS ROAD FOLLOW ROAD STAKES WEST 1 MILE THEN TURN RIGHT AND GO NORTH 2400 FEET TO THIS LOCATION.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz
TBPLS# 10021000

VICINITY MAP



SCALE: 1" = 2 MILES

DRIVING ROUTE: SEE TOPOGRAPHICAL AND ACCESS ROAD MAP

SEC. 5 TWP. 25-S RGE. 36-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 2640' FNL & 200' FWL

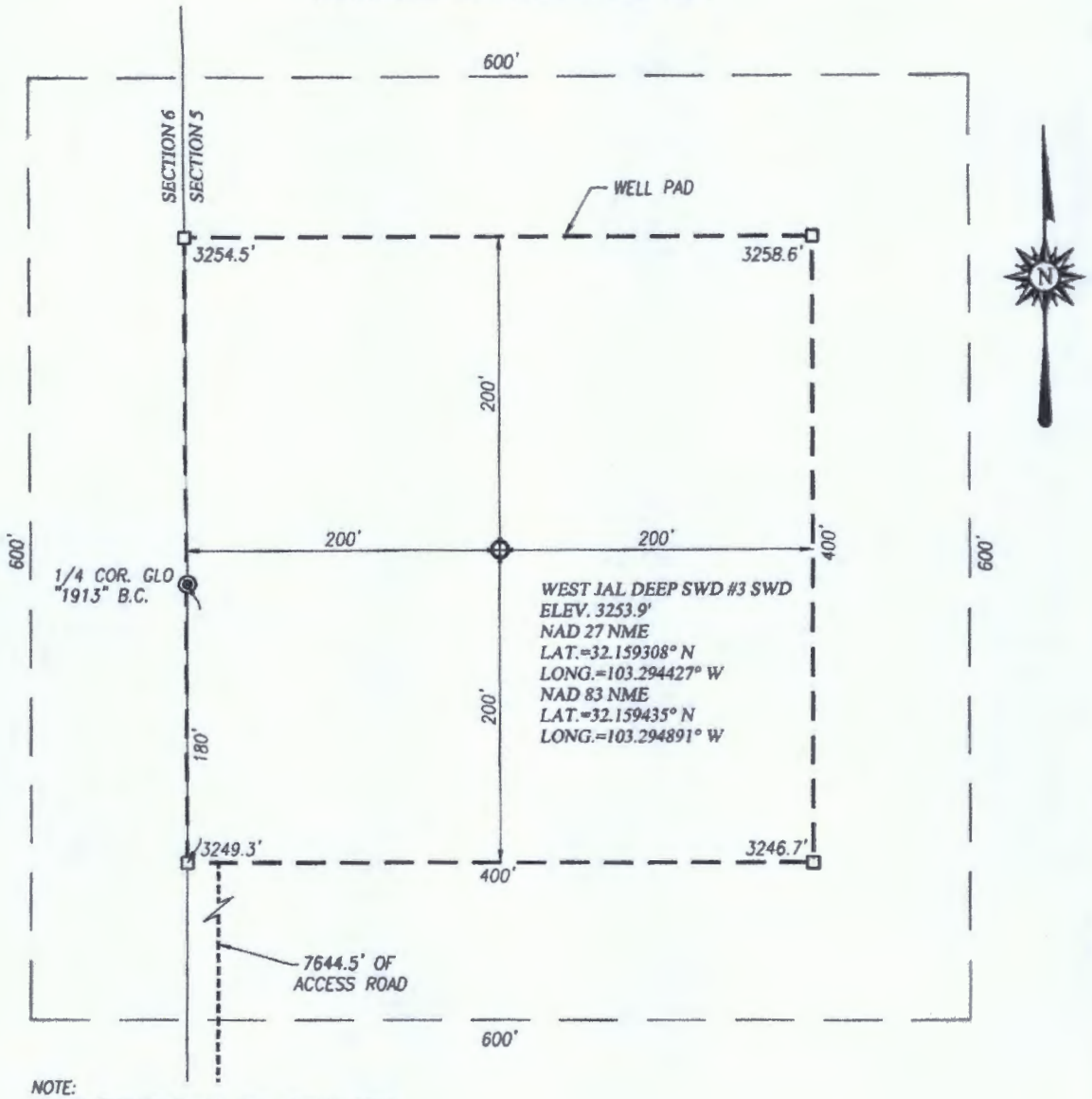
ELEVATION 3254'

OPERATOR BC & D OPERATING, INC.

LEASE WEST JAL DEEP SWD

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz
TBPLS# 10021000

WELL SITE PLAN



NOTE:
1) SEE "TOPOGRAPHICAL AND ACCESS ROAD MAP" FOR PROPOSED ROAD LOCATION.

100 0 100 200 Feet

Scale: 1"=100'

DIRECTIONS TO LOCATION:

FROM THE INTERSECTION OF HWY. 18 AND HWY. 128 (IN JAL) GO WEST ON HWY 128 APPROX. 5.6 MILES, TURN RIGHT AND GO NORTH APPROX. 1 MILE TO STAKED ACCESS ROAD FOLLOW ROAD STAKES WEST 1 MILE THEN TURN RIGHT AND GO NORTH 2400 FEET TO THIS LOCATION.

BC & D OPERATING, INC.

WEST JAL DEEP SWD #3 WELL LOCATED 2640 FEET FROM THE NORTH LINE AND 200 FEET FROM THE WEST LINE OF SECTION 5, TOWNSHIP 25 SOUTH, RANGE 36 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz
TBPLS# 10021000

Survey Date: 12/15/18	CAD Date: 12/28/18	Drawn By: LSL
W.O. No.: 18111268	Rev: .	Rel. W.O.:	Sheet 1 of 1

BC&D Operating

P.O. Box 302 Hobbs, NM 88241
(405) 837-8147

III. WELL DATA

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

   West Jal Deep SWD #3, Sec 5, T25S, R36E, 2640 FNL & 200 FWL.

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	Sack of Cement	Hole Size	Top of Cement	Determined
20"	1,250'	1,205	26"	Surface	Circulate
13-3/8"	5,400'	1,970	17-1/2"	Surface	Circulate
9-5/8"	11,564'	1,920	12-1/4"	Surface	Circulate
7"	11,265' - 15,250'	388	8-1/2"	11,265'	Circulate

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

   4-1/2" (0 – 15,150') OD, Internally Plastic-Coated tubing set 50' – 100' above open hole.

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

   4-1/2" TCPC Permanent packer w/ high temp elastomer & full Inconel.

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.**

   Miss-Devonian-Silurian Formations
   Pool Name: SWD (Devonian-Fusselman)

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

   14,544' – 17,100'

BC&D Operating
P.O. Box 302 Hobbs, NM 88241
(405) 837-8147

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

   New well drilled for injection.

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.**

   N/A

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: Wolfcamp 11,145', Bone Spring/Avalon 8,070', and Yates 3,589'.

   Next Lower: None

BC&D Operating

P.O. Box 302 Hobbs, NM 88241
(405) 837-8147

Additional Questions on C-108

VII.

1. **Proposed average and maximum daily rate and volume of fluids to be injected;**

    a. Average 30,000 BWPD, Max 40,000 BWPD.
    b. Rate will also be determined by maximum pressure. (.2 psi/ft to top of injection interval).

2. **Whether the system is open or closed;**

    a. Closed System, Commercial SWD

3. **Proposed average and maximum injection pressure;**

    a. Average injection pressure: 2,340 psi (surface pressure).
    b. Maximum injection pressure: 2,908 psi (surface pressure).

4. **Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,**

    a. The injection fluid is to be locally produced water. It is expected that the source water will predominantly be from the Bone Spring and Wolfcamp formations. Attached are produced water sample analyses taken from the closest wells that feature samples from the Delaware, Bone Spring, Wolfcamp, and Strawn formations.

5. **If injection is for disposal purposes into a zone not productive of oil and 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.)**

    a. The disposal interval is non-productive. No water samples are available from the surrounding area.

VIII.

1. **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.**

BC&D Operating

P.O. Box 302 Hobbs, NM 88241
(405) 837-8147

a. The Devonian formation is a dolomitic ramp carbonate that occurs below the Woodford shale and above the Fusselman formation. Strata found in the Devonian formation include two major groups, the Wristen Buildups and Thirtyone Deepwater Chert, with the Wristen being more abundant. The Wristen Groups is composed of mixed limestone and dolomites with mudstone to grainstone and boundstone textures. Porosity in the Wristen group is a result of both primary and secondary development. Present are moldic, vugular, karstic (including collapse breccia) features that allow for higher porosities and permeabilities. The Thirtyone Formation contains two end-member reservoir facies, skeletal packstones/grainstones and spiculitic chert, with most of the porosity and permeability found in the coarsely crystalline cherty dolomite. These particular characteristics allow for this formation to be a tremendous Salt Water Disposal horizon.

b. Injection Zone: Siluro-Devonian Formation

Formation Tops	Depth
Rustler	1,351'
Top Salt	1,460'
Base Salt	3,360'
Top Capitan Reef	4,030'
Base Capitan Reef	5,050'
Delaware	5,221'
Bone Spring	7,884'
Wolfcamp	11,145'
Penn	11,269'
Strawn	11,482'
Atoka	12,095''
Morrow	12,449'
Mississippian Shale	14,544'
Woodford	15,217'
Devonian	15,381'
Fusselman	16,404'
Montoya	16,972'

c. Underground sources of drinking water within 1-mile of the proposed location. There are three water wells and one of these has been reported of having a depth of 505' while the depths of the other two have not been reported. Water wells in the surrounding area have an average depth of 495' and an average water depth of 295' generally producing from the Santa Rosa. The upper Rustler may also be another USDW and will be protected.

BC&D Operating

P.O. Box 302 Hobbs, NM 88241
(405) 837-8147

IX.

1. **Describe the proposed stimulation program, if any.**

    a. Stimulate with up to 50,000 gallons of acid.

X.

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

    a. There are no logs or test data on the well during the process of drilling. During completion resistivity, gamma, and density logs will be run.

XI.

1. **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.**

    a. There are three water wells that exist within one mile of the well location. If a sample can be obtained, analysis results will be provided as soon as possible. A map showing the three water wells and Water Right Summary from the New Mexico Office of the state Engineer for water well CP 01170 POD5 are attached

XII.

1. 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.

    b. BC&D Operating, INC. has reviewed and examined geologic and engineering data in the area of interest for the West Jal SWD #3 and have found no evidence of faults or other hydrologic connections between Devonian disposal zones and underground sources of drinking water.

BC&D Operating

P.O. Box 302 Hobbs, NM 88241
(405) 837-8147

Santa Rosa Sandstone

The Santa Rosa Sandstone consists primarily of red, white, gray or greenish-gray and varies from a fine grain to coarse grain sandstone. In the vicinity of the West Jal B Deep #1 well it occurs at a depth of around 700' to 850'. In this area the Santa Rosa is of minor hydrological significance and there are no Santa Rosa water wells in the vicinity of the well in application. Consequently, the Santa Rosa quality in this area is not known. However, over southern Lea County it yields small quantities of water, with some reports of wells producing 100 gpm. Santa Rosa water in the southern part of the county usually has high sulfate content.

Water Sample Analysis

Pool	Location Section	Township	Range	Chlorides
North Justis Montoya	2	25S	37E	45440
North Justis McKee	2	25S	37E	58220
North Justis Fusselman	2	25S	37E	68533
North Justis Ellenburger	2	25S	37E	34151
Fowler Blinebry	22	24S	37E	116085
Skaggs Grayburg	18	20S	38E	84845
Warren McKee	18	20S	38E	85910
Warren Abo	19	20S	39E	91600
DK Drinkard	30	20S	39E	106855
Littman San Andres	8	21S	38E	38695
East Hobbs grayburg	29	18S	39E	6461
Halfway Yates	16	20S	32E	14768
Arkansas Junction San Andres	12	18S	36E	7171
Pearl Queen	28	19S	35E	114310
Midway Abo	17	17S	37E	36494
Lovinton Abo	31	16S	37E	22933
Lovington San Andres	3	16S	37E	4899
Lovington Paddock	31	16S	37E	93720
Mesa Queen	17	16S	32E	172530
Kemnitz Wolfcamp	27	16S	34E	49345
Hume Queen	9	16S	34E	124960
Anderson Ranch Wolfcamp	2	16S	32E	11040
Anderson Ranch Devonian	11	16S	32E	25702
Anderson Ranch Unit	11	16S	32E	23786
Caudill Devonian	9	15S	36E	20874
Townsend Wolfcamp	6	16S	36E	38695
Dean Permo Penn	5	16S	37E	44730
Dean Devonian	35	15S	36E	19525
South Denton Wolfcamp	26	15S	37E	54315
South Denton Devonian	36	15S	37E	34080
Medicine Rock Devonian	15	15S	38E	39760
Little Lucky Lake Devonian	29	15S	30E	23288
Waritz Abo	26	21S	37E	132770
Crosby Devonian	18	25S	37E	58220
Scarborough Yates Seven Rivers	7	26S	37E	3443(Reef)
Teague Simpson	34	23S	37E	114665
Teague Ellenburger	34	23S	37E	120345
Rhodes Yates 7 Rivers	27	26S	37E	144485
House SA	11	20S	38E	93365
House Drinkard	12	20S	38E	49700
South Leonard Queen	24	26S	37E	115375
Elliot Abo	2	21S	38E	55380
Scharb Bone Springs	5	19S	35E	30601
EK Queen	13	18S	34E	41890
East EK Queen	22	18S	34E	179630
Maljamar Grayburg SA	22	17S	32E	46079
Maljamar Paddock	27	17S	32E	115375
Maljamar Devonian	22	17S	32E	25418

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

BC & D OPERATING P. O. BOX 302 HOBBS NM, 88241	Project: TOMMIE DINWIDDIE FWW #1 Project Number: NONE GIVEN Project Manager: DONNIE HILL Fax To: (575) 942-2005	Reported: 19-Sep-13 15:26

TOMMIE DINWIDDIE FWW #1

H302139-01 (Water)

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
Cardinal Laboratories									
Inorganic Compounds									
Alkalinity, Bicarbonate	249	5.00	mg/L	1	3082302	AP	09-Sep-13	310.1	
Alkalinity, Carbonate	ND	0.00	mg/L	1	3082302	AP	09-Sep-13	310.1	
Chloride*	80.0	4.00	mg/L	1	3090904	AP	09-Sep-13	4500-Cl-B	
Conductivity	1060	1.00	uS/cm	1	3091004	AP	10-Sep-13	120.1	
pH*	7.50	0.100	pH Units	1	3091003	AP	10-Sep-13	9045	
Sulfate*	234	50.0	mg/L	5	3090903	AP	09-Sep-13	375.4	
TDS*	684	5.00	mg/L	1	3083008	AP	06-Sep-13	160.1	
Alkalinity, Total*	204	4.00	mg/L	1	3082302	AP	09-Sep-13	310.1	
Green Analytical Laboratories									
Total Recoverable Metals by ICP (E200.7)									
Calcium*	69.6	1.00	mg/L	1	B309142	JGS	17-Sep-13	EPA200.7	
Magnesium*	48.8	1.00	mg/L	1	B309142	JGS	17-Sep-13	EPA200.7	
Potassium*	7.41	1.00	mg/L	1	B309142	JGS	17-Sep-13	EPA200.7	
Sodium*	104	1.00	mg/L	1	B309142	JGS	17-Sep-13	EPA200.7	

Cardinal Laboratories

*=Accredited Analyte

Celey D. Keene, Lab Director/Quality Manager

New Mexico Office of the State Engineer
Point of Diversion Summary

Well Tag	POD Number	(quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are smallest to largest) Q64	Q16	Q4	Sec	Tws	Rng	(NAD83 UTM in meters) X	Y
	CP 01170 POD5	2	2	2	19	25S	36E	660687	3555164

Driller License:	1607	**Driller Company:**	DURAN DRILLING		
Driller Name:	DURAN, LUIS (TONY)				
Drill Start Date:	10/28/2014	**Drill Finish Date:**	11/04/2014	**Plug Date:**	
Log File Date:	02/19/2015	**PCW Rcv Date:**		**Source:**	Shallow
Pump Type:		**Pipe Discharge Size:**		**Estimated Yield:**	35 GPM
Casing Size:	8.00	**Depth Well:**	505 feet	**Depth Water:**	270 feet

API (30-025-...)	WELL NAME	WELL TYPE	STATUS	OPERATOR	TVD (FT.)	LATITUDE (NADR3 DD)	LONGITUDE (NAD83 DD)	DATE DRILLED
20857	WEST JAL B #001	S	N	BC & D OPERATING INC.	12275	32.12848280000	-103.28498080000	3/12/1964
09778	PRE-ONGARD WELL #001	O	P	PRE-ONGARD WELL OPERATOR	3891	32.12124250000	-103.29780580000	1/1/1900
21039	PRE-ONGARD WELL #001	O	P	PRE-ONGARD WELL OPERATOR	12950	32.12760160000	-103.30099490000	1/1/1900
44107	BRANDY FEE WCB #001H	O	N	ONEENERGY PARTNERS OPERATING, LLC	0	32.12417500000	-103.30298600000	12/31/9999
44108	SHIFT FEE WCB #001H	O	N	ONEENERGY PARTNERS OPERATING, LLC	0	32.12416500000	-103.29691400000	12/31/9999
44109	CONVERT FEE WCB #001H	O	N	ONEENERGY PARTNERS OPERATING, LLC	0	32.12934600000	-103.30542500000	12/31/9999
44110	PINCH FEE WCB #001H	O	N	ONEENERGY PARTNERS OPERATING, LLC	0	32.12923000000	-103.31103400000	12/31/9999

wellname	api	county	formation	ph	tds_mgl	sodium_mgl	calcium_mgl	iron_mgl	magnesium_mgl	manganese_mgl	chloride_mgl	bicarbonate_mgl	sulfate_mgl	co2_mgl
BELL LAKE UNIT #009	3002520261	LEA	BONE SPRING		204652						130000	512	260	
THISTLE UNIT #071H	3002542425	Lea	BONE SPRING 1ST SAND	5.6	171476.3	55363.2	9140	40.4	1023	1.1	104576.4	244	560	770
BELL LAKE 19 STATE #004H	3002541517	Lea	BONE SPRING 2ND SAND	6.3		76378	6238	11	834	0	131397	159	670	200
BELL LAKE 19 STATE #003H	3002541516	Lea	BONE SPRING 2ND SAND	6.7		59599	7326	11	942	0.69	108190	171	680	230
SALADO DRAW 6 FEDERAL #001H	3002541293	Lea	BONE SPRING 3RD SAND	6.7	95604	31066	3196	10	394	0.5	59071	183	0	100
SALADO DRAW 6 FEDERAL #001H	3002541293	Lea	BONE SPRING 3RD SAND	7			3289	0.3	474.5	0.38		219.6		300
NORTH ELMAR UNIT #057	3002508440	LEA	DELAWARE		259554						163000	61	253	
GOTTFRIED #002	3002508407	LEA	DELAWARE		293925						184000	85	210	
PRONGHORN AHO FEDERAL #001	3002526496	LEA	STRAWN	5.5			20.1	0	12.2		35.5	61.1	48.8	
SNAPPING 2 STATE #014H	3001542688	EDDY	WOLFCAMP	7.3	81366.4	26319.4	2687.4	26.1	326.7		50281.2		399.7	100

wellname	api	county	formation	ph	tds_mgl	sodium_mgl	calcium_mgl	iron_mgs	[illegible]	manganese_mgl	chloride_mgl	bicarbonate_mgl	sulfate_mgl	co2_mgl
BELL LAKE UNIT #009	3002520261	LEA	BONE SPRING		204652						130000	512	260	
THISTLE UNIT #071H	3002542425	Lea	BONE SPRING 1ST SAND	5.6	171476.3	55363.2	9140	40.4	1023	1.1	104576.4	244	560	770
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BELL LAKE 19 STATE #003H	3002541516	Lea	BONE SPRING 2ND SAND	6.7		59599	7326	11	942	0.69	108190	171	680	230
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NORTH ELMAR UNIT #057	3002508440	LEA	DELAWARE		259554						163000	67	253	
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SNAPPING 2 STATE #014H	3001542683	EDDY	WOLFCAMP	7.3	81366.4	26319.4	2687.4	26.1	326.7		50281.2		399.7	100

Advertising Invoice

Hobbs Daily News-Sun
201 N Thorp
P. O. Box 850
Hobbs, NM 88241
Phone: 575-393-2123
Fax: 575-397-0610
URL: www.hobbsnews.com

RICHARD HILL
BC&D OPERATING
PO BOX 302
HOBBS , NM 88241

Customer #: 67115820
Phone: (405)837-8147
Date: 06/3/2019
Ad #: 00229190
Salesperson: Ad Taker: Kayla

Class: 671
Sort Line: 34235 JAL DEEP SWD #3

Ad Notes: 34235 JAL DEEP SWD #3

Description	Amount
AFF2 Affidavits (Legals)	6.25
BOLD bold	1.00
	2.60
07 07 Daily News-Sun 2019-06-04	30.85

Ad Text:

LEGAL NOTICE
JUNE 4, 2019

BC&D Operating, INC, P.O. BOX 302 Hobbs, NM 88241, has filed a form C-108 (Application for Authorization to inject) with the Oil Conservation Division seeking administrative approval to utilize the West Jal Deep SWD #3 as a Commercial Salt Water Disposal well.

The West Jal Deep SWD #3 is located at 2,640' FNL & 200 FWL, Sec. 5, T25S, R36E, Lea County New Mexico. The well will dispose of water produced from oil and gas wells into the Devonian-Silurian Formations from 14,544' – 17,100' at a maximum rate of 40,000 barrel

Payment Reference:

null

Total:	38.10
Tax:	2.60
Net:	40.70
Prepaid:	null
Total Due	**40.70**

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Todd Bailey, Editor of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
June 04, 2019
and ending with the issue dated
June 04, 2019.

Editor

Sworn and subscribed to before me this
4th day of June 2019.

Business Manager

My commission expires
January 29, 2023
(Seal)

OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires 1-29-23

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE
JUNE 4, 2019

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The West Jal Deep SWD #3 is located at 2,640' FNL & 200 FWL, Sec. 5, T25S, R36E, Lea County New Mexico. The well will dispose of water produced from oil and gas wells into the Devonian-Silurian Formations from 14,544' – 17,100' at a maximum rate of 40,000 barrel of water per day with a maximum pressure of 2,908 psi.

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.

Additional information can be obtained by contacting BC&D Operating, Inc at (405) 837-8147.
#34235

67115835 00229190

RICHARD HILL
BC&D OPERATING
PO BOX 302
HOBBS , NM 88241

BC&D Operating, Inc

P.O. Box 302 Hobbs, NM 88241
(405) 837-8147

May 23, 2019

Surface Owner / Offset Operators

Re: Notification of Application for Authorization to Inject into the West Jal Deep SWD #3 Well.

Ladies and Gentlemen:

BC&D Operating, Inc is seeking administrative approval to utilize the West Jal Deep SWD #3 (new drill) 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:	West Jal Deep SWD #3
Proposed Disposal Zone:	Devonian Formation (14,544' – 17,100')
Location:	2,640' FNL & 200 FWL, Sec. 5, T25S, R36E, Lea Co., NM
Applicants Name:	BC&D Operating, Inc
Applicants Address:	P.O. Box 302, Hobbs, NM 88241

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 Richard Hill with BC&D Operating, Inc if you have any questions at (405) 837-8147

Sincerely,

Richard Hill

BC&D Operating, Inc

P.O. Box 302 Hobbs, NM 88241
(405) 837-8147

Offset Operators and Minerals

Surface Owner
Intrepid Potash
220 Red Cloud
Carlsbad, NM 88220

Ameredev II, LLC
5707 Southwest Pkwy
Bldg. 1 Ste. 275
Austin, Tx 78735

Morrow Family Trust
30393 Oak Grove Rd
Paolo, Kansas 66071

Franklin Mountain Energy
2401 E. 2nd Ave. Suite 300
Denver, CO 80206

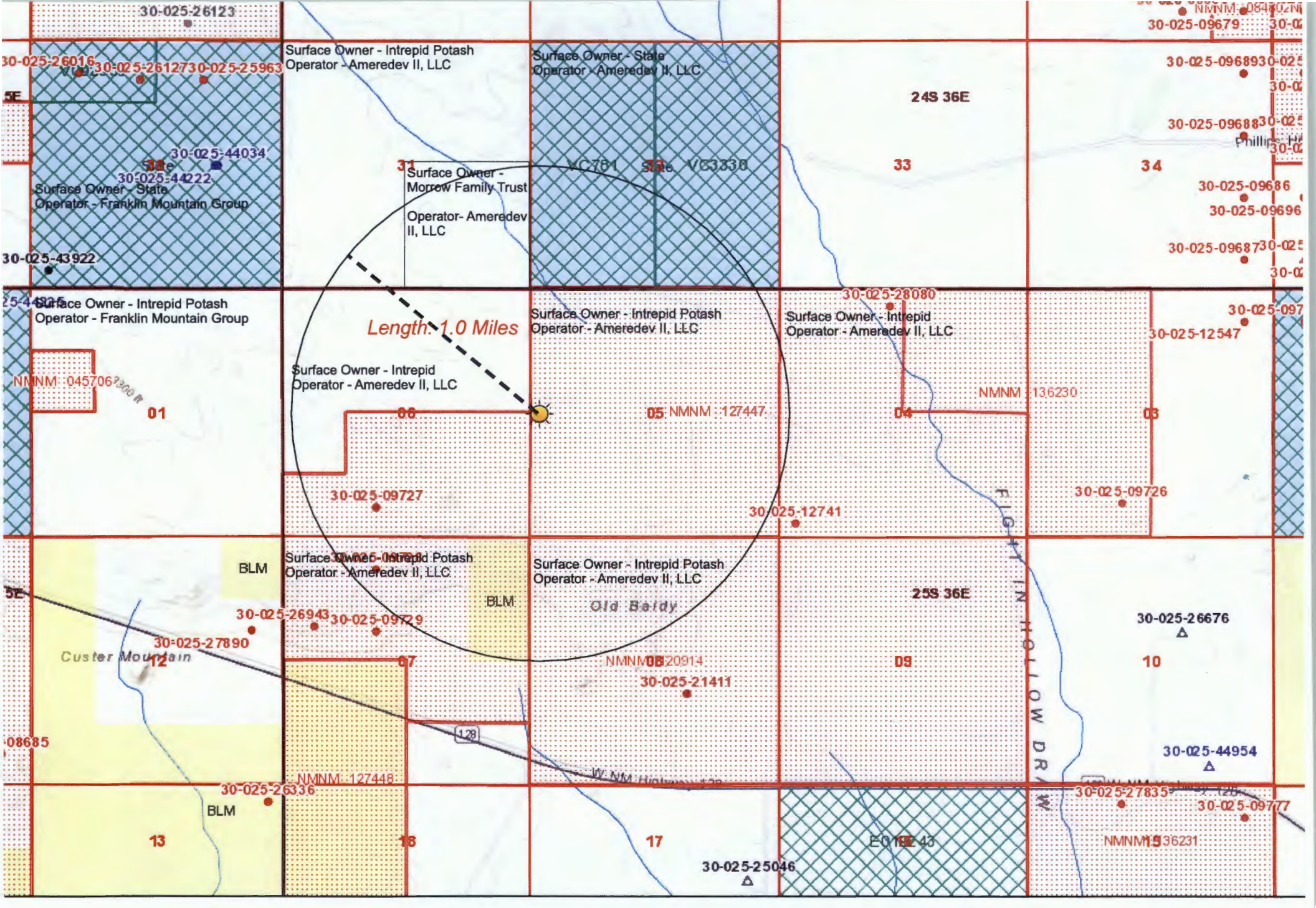
Lilis Energy
1800 Bering Drive
Houston, Tx 77057

U.S – BLM
620 E. Green St.
Carlsbad, NM 88220

NM State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501

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

New Mexico Oil Conservation Division – Hobbs Field Office
1625 N. French Drive
Hobbs, NM 88240


30-025-26123
30-025-09679
30-025-26016
30-025-26127
30-025-25963
Surface Owner - Intrepid Potash
Operator - Ameredev II, LLC
Surface Owner - State
Operator - Ameredev II, LLC
24S 36E
30-025-09689
30-025-09688
30-025-44034
30-025-44222
Surface Owner - State
Operator - Franklin Mountain Group
31
Surface Owner -
Morrow Family Trust
Operator- Ameredev
II, LLC
VC781
VC3338
33
34
30-025-09686
30-025-09696
30-025-09687
30-025-43922
Surface Owner - Intrepid Potash
Operator - Franklin Mountain Group
Length: 1.0 Miles
Surface Owner - Intrepid
Operator - Ameredev II, LLC
Surface Owner - Intrepid Potash
Operator - Ameredev II, LLC
30-025-28080
Surface Owner - Intrepid
Operator - Ameredev II, LLC
30-025-12547
NMNM 045706
NMNM 136230
01
06
05
NMNM 127447
04
03
30-025-09727
30-025-09726
30-025-12741
BLM
Surface Owner - Intrepid Potash
Operator - Ameredev II, LLC
Surface Owner - Intrepid Potash
Operator - Ameredev II, LLC
25S 36E
30-025-26943
30-025-09729
30-025-27890
Old Boldy
30-025-26676
12
07
08
NMNM 120914
09
10
30-025-21411
128
NMNM 127448
30-025-26336
30-025-44954
BLM
30-025-27835
30-025-09777
13
18
17
NMNM 136231
30-025-25046
0
0.38

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☐ Return Receipt (electronic)	$0.00
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☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$0.55
Total Postage and Fees	$6.85

0708 07
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MAY 30 2019
05/30/2019

Sent To: Entrepid
Street and Apt. No., or PO Box No.: 1801 17th St, Suite 1052
City, State, ZIP+4®: Denver, CO 80202

West JPI Deal Sub #3

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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☐ Return Receipt (electronic)	$0.00
☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$0.55
Total Postage and Fees	$6.85

0708 07
Postmark Here
MIDLAND, TX GRAVES STATION 79708
MAY 30 2019
05/30/2019

Sent To: Franklin Mountain Energy
Street and Apt. No., or PO Box No.: 2401 E 2nd Ave Ste 300
City, State, ZIP+4®: Denver, CO 80206

West JPI Deal Sub #3

PS Form 3800, April 2015 PSN [illegible] See Reverse for Instructions

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☐ Return Receipt (electronic)	$0.00
☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$0.55
Total Postage and Fees	$6.85

0708 07
Postmark Here
MIDLAND, TX GRAVES STATION 79708
MAY 30 2019
05/30/2019

Sent To: Lilis Energy
Street and Apt. No., or PO Box No.: 1800 Bering Drive
City, State, ZIP+4®: Houston TX 77057

West JPI Deal Sub #3

PS Form 3800, April 2015 PSN [illegible] See Reverse for Instructions

7019 0160 0000 5239 0324

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CARLSBAD, NM 88220

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Certified Mail Fee	$3.50
Extra Services & Fees (check box, add fee as appropriate)	$2.80
☐ Return Receipt (hardcopy)	$0.00
☐ Return Receipt (electronic)	$0.00
☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$0.55
Total Postage and Fees	$6.85

0708 07
Postmark Here
MIDLAND, TX GRAVES STATION 79708
MAY 30 2019
05/30/2019

Sent To: US-BLM
Street and Apt. No., or PO Box No.: 620 E Green Street
City, State, ZIP+4®: Carlsbad, NM 88220

West JPI Deal Sub #3

PS Form 3800, April 2015 PSN [illegible] See Reverse for Instructions

7019 0160 0000 5239 0348

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Extra Services & Fees (check box, add fee as appropriate)	$2.80
☐ Return Receipt (hardcopy)	$0.00
☐ Return Receipt (electronic)	$0.00
☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$0.55
Total Postage and Fees	$6.85

0708 07
Postmark Here
05/30/2019

Sent To: Morrow Family Trust
Street and Apt. No., or PO Box No.: 30393 Oak Grove Rd
City, State, ZIP+4®: Paola, Kansas 66071

West JPI Deal Sub #3

PS Form 3800, April 2015 PSN [illegible] See Reverse for Instructions

7019 0160 0000 5239 0362

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AUSTIN, TX 78735

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Extra Services & Fees (check box, add fee as appropriate)	$2.80
☐ Return Receipt (hardcopy)	$0.00
☐ Return Receipt (electronic)	$0.00
☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$0.55
Total Postage and Fees	$6.85

0708 07
Postmark Here
MIDLAND, TX GRAVES STATION 79708
MAY 30 2019
05/30/2019

Sent To: Anneredeu II, LLC
Street and Apt. No., or PO Box No.: 5707 Southwest Pkwy Bld 1 Ste 225
City, State, ZIP+4®: Austin, Texas 78735

West JPI Deal Sub #3

PS Form 3800, April 2015 PSN [illegible] See Reverse for Instructions

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7019 0160 0000 5239 0331

BC&D Operating

P.O. Box 302 Hobbs, NM 88241
(405) 837-8147

June 2, 2019

BC&D Operating, INC, P.O. BOX 302 Hobbs, NM 88241, has filed a form C-108 (Application for Authorization to inject) with the Oil Conservation Division seeking administrative approval to utilize the West Jal Deep SWD #3 as a Commercial Salt Water Disposal well.

The West Jal Deep SWD #3 is located at 2,640' FNL & 200 FWL, Sec. 5, T25S, R36E, Lea County New Mexico. The well will dispose of water produced from oil and gas wells into the Devonian-Silurian Formations from 14,544' – 17,100' at a maximum rate of 40,000 barrel of water per day with a maximum pressure of 2,908 psi.

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.

Additional information can be obtained by contacting BC&D Operating, Inc at (405) 837-8147.

BC&D Operating

West Jal Deep SWD #3

Drilling plan

Surface Hole

- Drill 26" hole to 1,250' and R&C 20" 94# J-55 BTC casing. A lead and a tail slurry will be pumped with top of cement at surface (150% excess on lead and 50% excess on tail). Directional surveys will be take taken for directional control. The mud will be a freshwater system with a weight of 8.4 ppg. A 5M BOPE system will be installed and tested before drilling out the 20" casing shoe.

Intermediate 1

- Drill 17-1/2" hole to 5,400' and R&C 13-3/8" 61# HCL-10 BTC casing. A lead and a tail slurry will be pumped with top of cement at surface (150% excess on lead and 100% excess on tail). Directional surveys will be take taken for directional control. The mud will be a cut brine system with w weight of 8.4 – 8.9 ppg using loss circulation control. Any broken connection will be tested for well control.

Intermediate 2

- Drill 12-1/4" hole to 11,564' and R&C 9-5/8" 40# HCL-80 BTC casing. A Two stage cement job will be performed with the DV tool at 5,500'. A lead and a tail cement will be pumped on both stages. Stage 2 cement will be circulated to surface (150% excess on lead and 100% excess on tail). Directional surveys will be take taken for directional control. The mud will be a cut brine system with a weight of 9.6 – 10 ppg using loss circulation control. A 10M BOPE system will be installed and tested before drilling out the shoe.

Intermediate 3

- Drill 8-1/2" hole to 15,250' and R&C 7" 32# HCP-110 BTC drilling liner. One slurry of cement will be pumped with the top of cement covering the liner top (50% excess). Directional surveys will be take taken for directional control. The mud will be a 70/30 oil base mud system with a weight of 12 – 12.5 ppg. Any broken connections will be tested for well control.

Open Hole

- Drill 6" hole to 17,100' and will be left open hole for the injection interval. Directional surveys will be take taken for directional control. The mud will be a cut brine system with a weight of 9 – 9.8 ppg using loss circulation control.

BC&D Operating

Well: West Jal Deep SWD #3

Casing Assumptions

Section	Hole Size	Csg Size	Drift	From (MD)	To (MD)	From (TVD)	To (TVD)	Tapered String	Weight (lbs)	Grade	Conn.	Collapse	Burst	Body Tension	Joint Tension	Dry/Buoyant	Mud Weight (ppg)
Surface	26.000	20	18.937	0	1250	0	1250	No	94	J-55	BTC	520	2110	1480	1402	Dry	8.4
Intermediate #1	17.500	13.375	12.359	0	5400	0	5400	No	61	HCL-80	BTC	2060	4500	1399	1399	Dry	9.7
Intermediate #2	12.250	9.625	8.679	0	11564	0	11564	No	40	HCL-80	BTC	3870	5750	916	947	Dry	9.8
Intermediate #3	8.500	7	6	11,564	15250	0	15250	No	32	P110HC	SpCL BTC	11890	12450	1025	1053	Dry	12.5

Safety Factors

Section	Csg Size	Weight (lbs)	Grade	Collapse	Burst	Body Tension	Joint Tension
Surface	20	94	J-55	1.919	3.864	12.596	11.932
Intermediate #1	13.375	61	HCL-80	1.341	1.652	4.247	4.247
Intermediate #2	9.625	40	HCL-80	1.156	1.717	1.980	2.047
Intermediate #3	7	32	P110HC	1.813	1.899	2.100	2.158

Clearance

Hole Size	Conn.	Tube OD	Drift	Conn. OD	Tube Clearance	Conn. Clearance
26.000	BTC	20.000	18.937	21.000	3.000	2.500
17.500	BTC	13.375	12.359	14.375	2.063	1.563
12.250	BTC	9.625	8.679	10.625	1.313	0.813
8.500	SpCL BTC	7.000	6.000	7.375	0.750	0.563

Criteria	
Collapse	1.125
Burst	1.125
Body Tension	2
Joint Tension	2

Engineering Notes:

Please see the the special clearance BTC conn. being used with the 7" casing. It has an coupling OD of 7.375" and will yield a 0.563" clearance inside of open hole. All collapse values assume vacated pipe with a gas gradiat .22 psi/ft.

BC&D Operating

Well: West Jal Deep SWD #3

Circulating Medium Table

Section	Hole Size	Top Depth	Bottom Depth	Mud Type	Min Mud Weight (ppg)	Max Mud Weight (ppg)	Gel Strength (lbs/100 sqft)	PH	Viscosity	Salinity (ppm)	Filtration	Additional Characteristics
Surface	26.000	0	1250.00	Fresh Water	8.4	8.4	-	9	28-36	-	N/C	
Intermediate #1	17.500	1250	5400.00	Cut Brine	8.4	9.7	-	9	28-36	-	N/C	Loss Circulation Control
Intermediate #2	12.250	5400	11564.00	Cut Brine	9.6	9.8	-	10-10.5	28-36	-	N/C	Los Circulation Control
Intermediate #3	8.500	11564	15250.00	Oil Base Water	12	12.5	-	-	60	-	N/C	30/70 %
Production	6.000	15250	17100.00	Cut Brine	9	9	-	9	28-36	-	-	

BC&D Operating

West Jal Deep SWD #3

Well Control Plan

BOP Equipment

- A BOP consisting of 3 rams with 2 pipe rams, 1 blind ram and one annular preventer. The BOP will be utilized below surface casing to TD. Also present will be an accumulator that meets the requirements of Onshore Order #2 for the pressure rating on the BOP stack. A rotating head will also be installed as needed. BOP will be inspected and operated as recommended in Onshore Order #2. A Kelly cock and sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position.

Testing Procedure 10M System

- Pressure tests will be conducted before drilling out from under all casing strings. BOP will be inspected and operated as required by Onshore Order #2. Kelly cock sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position. A third-party company will test the BOP's. After setting the surface casing, and before drilling the surface casing shoe, a minimum of 5M BOPE system will be installed. It will be tested to 250 psi low and 5000 psi high. Annular will be tested to 250 psi low and 3500 psi high. After setting intermediate 1 casing, a minimum 5M BOPE system will be installed and tested to 250 psi low and 5000 psi high. Annular will be tested to 250 psi low and 3500 psi high. After setting Intermediate #2, a 10M system will be installed and tested to 250 psi low and 8500 psi high with the annular being tested to 250 psi low and 3500 psi high. The 13-3/8" 10M flange on the wellhead will also be tested to 10,000 psi at this time.

Variance Request

- BC&D Operating requests a variance to have the option of running a speed head for the setting of intermediate 1 and 2 strings. If running speed head with landing mandrel for the 13-3/8" and 9-5/8" casing, then a minimum 5M BOPE system will be installed after surface casing is set. BOP test pressures will be 250 psi low and 5000 psi high. Annular will be tested to 250 psi low and 3500 psi high before drilling below the surface shoe. After 9-5/8" casing is set in the speed head the BOP will then be lifted to install another casing head section for the production casing. BC&D Operating will nipple up the casing head and BOP and a minimum 10M BOPE system will be installed. Pressure tests will be made to 250 psi low and 8500 psi high. BC&D Operating requests a variance to have a 5M Annular on top of a 10M BOP and will be tested to 250 psi low and 3500 psi high. A diagram of the speed head and BOP is attached. BC&D Operating requests

a variance to drill this well using a co-flex line between the BOP and Choke manifold. Certification for the proposed co-flex hose is attached. The hose is not required by the manufacturer to be anchored. If the specific hose is not available, then one of equal or higher rating will be used.

A. Component and Preventer Compatibility Table

The table below, which cover the drilling and casing of the 10M MASP portion of the well, outlines the tubulars and the compatible preventers in use. This table, combined with the mud program, documents and that two barriers to flow can be maintained at all times, independent of the rating of the annular preventer.

8-1/2" Production hole section, 10M requirement

	OD	Preventer	RWP
DrillPipe	5"	Fixer lower 5" Upper 4.5 - 7" VBR	10M
HWDP	5"	Fixed Lower 5" Upper 4.5 - 7" VBR	10M
Jars	5"	Fixed Lower 5" Upper 4.5 - 7" VBR	10M
Drill Collars and MWD tools	6.25" - 6.75"	Upper 4.5 - 7" VBR	10M
Mud Motor	6.75"	Upper 4.5 - 7" VBR	10M
Production Casing	7"	Upper 4.5 - 7" VBR	10M
All	0 - 13-5/8"	Annular	5M
Open hole	-	Blind Rams	10M

6" Production hole section, 10M requirement.

Component	OD	Preventer	RWP
Drill Pipe	4"	Upper 3.5" - 5.5" VBR Lower 3.5 - 5.5" VBR	10M
HWDP	4"	Upper 3.5" - 5.5" VBR Lower 3.5 - 5.5" VBR	10M
Jars	4"	Upper 3.5" - 5.5" VBR Lower 3.5 - 5.5" VBR	10M
Drill Collars and MWD tools	4" - 5"	Upper 4.5 - 5.5" VBR	10M
Mud Motor	4.75" - 5"	Upper 4.5 - 5.5" VBR	10M
Production Casing	NA	Upper 4.5 - 5.5" VBR	10M
All	1" - 13-5/8"	Annular	5M
Open hole	-	Blind Rams	10M

VBR = Variable Bore Ram. Compatible range listed in chart.
HWDP = Heavy Weight Drill Pipe
MWD = Measurement While Drilling

B. Well Control Procedures

Well control procedures are specific to the rig equipment and the operation at the time the kick occurs. Below are the minimal high-level tasks prescribed to assure a proper shut-in while drilling, tripping, running casing, pipe out of the hole (open hole), the pressure at which control is swapped from the annular to another compatible ram is variable, but the operator will document in the submission of their well control plan what their operating pressure limit is for the 5M annular preventer. The operator may choose an operating pressure less than or equal to RWP, but in no case will it exceed the Rated Working Pressure (RWP) of the annular preventer.

General Procedure While Drilling

- Sound alarm (alert crew).
- Space out drill string.
- Shut down pumps (stop pumps and rotary).
- Shut-in well (uppermost applicable BOP, typically annular preventer first. The hydraulic Control Remote (HCR) valve and choke will already be in the closed position).

- Confirm shut-in.
- Notify tool pusher/onsite supervisor.
- Read and record the following:
    - SIDPP and SICP
    - Pit gain
    - Time
- Regroup and identify forward plan.
- If pressure has built or is anticipated during the kill to reach the RWP of the annular preventer, confirm spacing and swap to the upper pipe ram.

General Procedure While Tripping

- Sound alarm (alert crew).
- Stab full opening safety valve and close.
- Space out drill string.
- Shut-in (uppermost applicable BOP, typically annular preventer first. The HCR and choke will already be in the closed position.
- Confirm shut-in.
- Notify tool pusher/onsite supervisor.
- Read and record the following.
    - SIDPP and SICP
    - Pit gain
    - Time

- Regroup and identify forward plan.
- If pressure has built or is anticipated during the kill to reach the RWP of the annular preventer, confirm spacing and swap to the upper pipe ram.

General Procedure While Running Casing

- Sound alarm (alert crew).
- Stab crossover and full opening safety valve and close.
- Space out string.
- Shut-in (uppermost applicable BOP, typically annular preventer first. The HCR and choke will already be in the closed position.
- Confirm shut-in.
- Notify tool pusher/onsite supervisor.
- Read and record the following.
  - SIDPP and SICP
  - Pit Gain
  - Time
  - Regroup and identify forward plan.
  - If pressure has built or is anticipated during the kill to reach the RWP of the annular preventer, confirm spacing and swap to compatible pipe ram.

General Procedure with No Pipe in Hole (Open Hole)

- Sound alarm (alert crew).
- Shut-in with blind rams or BSR. (The HCR and choke will already be in the closed position).
- Confirm shut-in
- Notify tool pusher/company representative.
- Read and record the following.
  - SICP
  - Pit gain
  - Time
- Regroup and identify forward plan.

General Procedures While Pulling BHA thru Stack

- PRIOR to pulling last joint of drill pipe thru the stack.
  - Perform flow check, if flowing:
  - Sound alarm (alert crew).
  - Stab full opening safety valve and close.
  - Space out drill string with tool joint just beneath the upper pipe ram.

- Shut-in using upper pipe ram. (The HCR and choke will already be in the closed position.
- Confirm shut-in.
- Notify tool pusher/onsite supervisor.
- Read and record the following.
  - SIDPP and SICP
  - Pit gain
  - Time
  - Regroup and identify forward plan.

- With BHA in the stack and compatible ram preventer and pipe combo immediately available.
  - Sound alarm (alert crew).
  - Stab crossover and full opening safety valve and close.
  - Space out drill string with upset just beneath the compatible pipe ram.
  - Shut-in using compatible pipe ram. (The HCR and choke will already be in the closed position.)
  - Confirm shut-in.
  - Notify tool pusher/onsite supervisor.

- With BHA in the stack and NO compatible ram preventer and pipe combo immediately available.
  - Sound alarm (alert crew).
  - If possible to pick up high enough, pull string clear of the stack and follow "Open Hole" scenario.
  - If impossible to pick up high enough to pull the string clear of the stack.
  - Stab crossover, make up one joint/stand of drill pipe, and full opening safety valve and close.
  - Space out drill string with tool joint just beneath the upper pipe ram.
  - Shut-in using upper pipe ram. (The HCR and choke will already be in the closed position).
  - Confirm shut-in.
  - Notify tool pusher/company representative.
  - Read and record the following:
    - SIDPP and SICP
    - Pit gain
    - Time
  - Regroup and identify forward plan.

BC&D Operating

Hydrogen Sulfide Drilling Operations Plan

1. **Hydrogen Sulfide Training**

All personnel, whether regularly assigned, contracted, or employed on a unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this will:

- The hazards and characteristics of hydrogen sulfide (H2S).
- The proper use and maintenance of personal protective equipment and life support systems.
- The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
- The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- The effects of H2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- The contents and requirements of the H2S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500') and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

2. **H2S Safety Equipment and systems**

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500' above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S. If H2S greater than 100 ppm is encountered in the gas stream, we will shut in the install H2S equipment.

- Well Control Equipment:
    - Flare Line.
    - Choke manifold with remotely operated choke.
    - Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
    -

  - Auxiliary equipment to include: annular preventer, mud-gas, separator, rotating head.
- Protective equipment for essential personnel:
  - Mark II Surviveair 30 minute units located in the dog house and at briefing areas.
- H2S detection and monitoring equipment:
  - 2 portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.
- Visual warning systems:
  - Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate.
- Mud program:
  - The mud program has been designed to minimize the volume of H2S circulated to the surface.

BC&D Operating, INC has conducted a review to determine if an H2S contingency plan is required for the above referenced well. We were able to conclude that any potential hazardous volume would be minimal.

BC&D Operating

Contact Information

In at this time the supervising person determines the release of H2S cannot be contained to the site loction and the general public is in harm's way he will take the necessary steps to protect the workers and the public.

Key Personnel	Title	Office	Mobile
Donnie Hill	Owner/President		575-390-7626
Richard Hill	Drilling	405-837-8147	405-837-8147

Lea County	Contact
Ambulance	911
Nor Lea General Hospital (Hobbs)	575-397-0560
State Police (Hobbs)	575-392-5580
City Police (Hobbs)	575-397-9625
Sheriff's Office (Lovington)	575-396-3611
Fire Marshall (Lovington)	575-391-2983
Volunteer Fire Dept. (Jal)	575-395-2221
Emergency Management (Lovington)	575-391-2983
New Mexico Oil Conservation Division (Hobbls)	575-393-6161
BLM (Hobbs)	575-393-3612
Hobbs Animal Clinic	575-392-5563
Dal Paso Animal Hospital (Hobbs)	575-397-2286
Mountain States Equine (Hobbs)	575-392-7488
Carlsbad	
BLM	575-234-5972
Santa Fe	
New Mexico Emergency Response Commission	505-476-9600
New Mexico Emergency Response Commission (24 hrs)	505-827-9126
New Mexico State Emergency Operations Center	505-476-9635
National	
National Emergency Response Center (Washington, D.C.)	800-424-8802
Medical	
Flight for Life - 4000 24th Lubbock, Tx	806-743-9911
Aerocare - R3, Box 49F; Lubbock, Tx	806-747-8923
Med Flight Air Amb - 2301 Yale Blvd SD, D3; Albuquerque, NM	505-842-4433
SB Air Med Service - 2505 Clark Carr Loop SE; Albuquerque, NM	505-842-4949
Other	
Boots & Coots IWC	800-256-9688
Cudd Pressure Control	432-699-0139
NM Dept. of Transportation (Roswell)	575-637-7200

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, this shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 11, 12 and 26-31 shall be reported for each zone.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy 1307'	T. Canyon	T. Ojo Alamo	T. Penn A"
T. Salt	T. Strawn 11482'	T. Kirtland	T. Penn. "B"
B. Salt	T. Atoka 12095'	T. Fruitland	T. Penn. "C"
T. Yates	T. Miss 14544'	T. Pictured Cliffs	T. Penn. "D"
T. 7 Rivers	T. Devonian 15381'	T. Cliff House	T. Leadville
T. Queen	T. Silurian	T. Menefee	T. Madison
T. Grayburg	T. Montoya 16972'	T. Point Lookout	T. Elbert
T. San Andres	T. Simpson 17388'	T. Mancos	T. McCracken
T. Glorieta	T. McKee	T. Gallup	T. Ignacio Otzte
T. Paddock	T. Ellenburger 18318'	Base Greenhorn	T.Granite
T. Blinebry	T. Granite 18920'	T. Dakota	
T.Tubb	T. Delaware Sand 5221'	T. Morrison	
T. Drinkard	T. Bone Springs 7884'	T.Todilto	
T. Abo	T. Delaware Lime 5221'	T. Entrada	
T. Wolfcamp 10956'	T. Barnett 13375'	T. Wingate	
T. Penn	T. Fusselman 16404'	T. Chinle	
T. Cisco (Bough C)	T.	T. Permian	

OIL OR GAS SANDS OR ZONES

No. 1, from.....to..... No. 3, from.....to.....

No. 2, from.....to..... No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....

No. 2, from.....to.....feet.....

No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology		From	To	Thickness In Feet	Lithology

0'	1307'	1307'	Sand, Caliche, Surface debris					
1307'	1460'	154'	Anhydrite					
1460'	3360'	1900'	Salt					
5221'	5270'	49'	Lime & Shale					
5270'	7884'	2614'	Sand & Shale					
7884'	10956'	3072'	Lime, Shale & Sand					
10956'	11482'	526'	Lime & Shale					
11482'	12095'	613'	Lime					
12095'	13375'	1280'	Lime & Shale					
13375'	14544'	1169'	Shale					
14544'	15381'	837'	Lime					
15381'	16404'	1023'	Lime					
16404'	16972'	568'	Dolomite & Some Lime					
16972'	17388'	416'	Lime & Chert					
17388'	18318'	930'	Lime, Shale & Snd					
18318'	18920'	602'	Dolomite					
18920'	18945'	25'	Granite					

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Friday, June 14, 2019 1:15 PM
To: 'hill.richie@gmail.com'
Cc: Goetze, Phillip, EMNRD
Subject: West Jal Deep SWD Well No. 3

Richard:
Your administrative application for the West Jal Deep SWD Well No. 3 has been suspended

The OCD needs the following information:

A tract map that shows the operator or lessee within 1-mile of the proposed well, and the associated NMSLO and BLM leases

Project log tops for the following formations:
Top and base of salt
Top and bottom of Capitan Reef
Top of Woodford
Top of Devonian
Top of Montoya

Mike

Michael McMillan
1220 South St. Francis
Santa Fe, New Mexico
505-476-3448
Michael.mcmillan@state.nm.us

McMillan, Michael, EMNRD

From: hill.richie@gmail.com
Sent: Saturday, June 15, 2019 9:22 PM
To: McMillan, Michael, EMNRD
Cc: Goetze, Phillip, EMNRD; Richard Hill; Donnie Hill
Subject: [EXT] RE: West Jal Deep SWD Well No. 3
Attachments: West Jal Deep SWD #3 One Mile Map.pdf; 20190616_031515.pdf; WJ SWD #3 C-108.pdf

Please see the attachments for the subject well, I hope this satisfies the listed deficiencies. Let me know if there is anything else that is needed.

BC&D Operating, Inc

Richard Hill
SVP Engineering
(405)837-8147
rhill@wellconsultant.com

From: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Sent: Friday, June 14, 2019 2:15 PM
To: hill.richie@gmail.com
Cc: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Subject: West Jal Deep SWD Well No. 3

Richard:
Your administrative application for the West Jal Deep SWD Well No. 3 has been suspended

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