

Submit 1 Copy To Appropriate District

Office

District I - (575) 393-6161

1625 N French Dr, Hobbs, NM 88240

District II - (575) 748-1283

811 S. First St., Artesia, NM 88210

District III - (505) 334-6178

1000 Rio Brazos Rd., Aztec, NM 87410

District IV - (505) 476-3460

1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103

Revised August 1, 2011

HOBBS OGD

FEB 08 2012

RECEIVED

WELL API NO. 30-025-40216
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 37357
7. Lease Name or Unit Agreement Name Jalmat
8. Well Number 1
9. OGRID Number 160825
10. Pool name or Wildcat Grayburg/San Andres

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator
BC Operating, Inc.

3. Address of Operator
P.O. Box 50820 Midland, Texas 79710

4. Well Location
Unit Letter N 422 feet from the South line and 2158 feet from the West line
Section 16 Township 23S Range 36E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3454' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☒ P AND A ☐
CASING/CEMENT JOB ☒

OTHER ☐

OTHER ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion

08/13/11 - Spudded well @ 1:30 p.m. Drilling 12 1/4" hole @ 745.

08/14/11 - Drilled 12 1/4" hole to 1423'.

08/15/11 - Ran 33 jts of 8 5/8" 24# J-55 STC casing set @ 1394' & cmt w/630 sx Class C + 4% Gel + 1% CaCl₂ + .25% R-38. Circ 45 sx cmt to pit Full circulation throughout job. WOC for 5 hrs & cut conductor & casing.

08/16/11 - After 24.5 hrs & tagging cmt @ 1335', DO float equipment & began 7 7/8" hole.

08/20/11 - Drilled 7 7/8" hole to 4007'. Circ/cond hole for logs Ran Triple Combo w/GR logs.

Ran 93 jts of 5 1/2" 15 5# J-55 LTC casing set @ 4007' & cmt w/620 sx 50/50 "C" + 10% Gel + .2% C-15 + 25% R-38 + 5% salt Full circulation throughout job WOC for 4 hrs & cut conductor & casing.

Released rig @ 6:00 p.m. on 08/21/11. TOC at 2780'

12/01/11 - Perforated well from 3874' - 3916' - formation was wet Acidized w/1500 gals 15% HCl & 28,840 lbs 16/30 sand Set CIBP @ 3865' w/2 sx cmt on top.

12/02/11 - Perforated well from 3743' - 3838' - formation was wet. Plan to set CIBP and plug back these Queen perfs also. After that is set, will attempt to complete Seven Rivers perfs when rig is available.

Spud Date

08/13/2011

Rig Release Date.

08/21/2011

I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE Pam Stevens TITLE Regulatory Analyst DATE 02/08/2011

Type or print name Pam Stevens E-mail address: psstevens@bcoperating.com PHONE 432-684-9696

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE FEB 09 2012

Conditions of Approval (if any):