

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

Form C-101
Revised December 16, 2011

Energy Minerals and Natural Resources

HOBBS OCD

Oil Conservation Division

Permit

JAN 25 2013

1220 South St. Francis Dr.

Santa Fe, NM 87505

RECEIVED

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

¹ Operator Name and Address BC Operating, Inc. P.O. Box 50820 Midland, Texas 79710		² OGRID Number 160825
⁴ Property Code 396661		³ API Number 30025-40991
⁵ Property Name South Lynch		⁶ Well No. 1H

7 Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
E	28	20S	34E		1980	North	160	West	Lea

8 Pool Information

Lea; Bone Spring, South	37580
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Additional Well Information

⁹ Work Type New Well	¹⁰ Well Type Oil	¹¹ Cable/Rotary Rotary	¹² Lease Type Fee	¹³ Ground Level Elevation 3691'
¹⁴ Multiple No	¹⁵ Proposed Depth 11,100' TVD/15,500' MD	¹⁶ Formation Bone Spring	¹⁷ Contractor TBD	¹⁸ Spud Date 03/15/2013
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

19 Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17 1/2"	13 3/8"	54.5#	1700'	1650	0'
Intermediate	12 1/4"	9 5/8"	40#	5300'	1650	1000'
Production	8 3/4"	5 1/2"	17#	15,500'	2800	0'

Casing/Cement Program: Additional Comments

This will be a horizontal well w/BHL Unit H, Sec. 28, T-20S, R-34E, 1980' FNL & 330' FEL in Lea County.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram Annular	3000#	2000#	Hydrill/Shaeffer

Permit Expires 2 Years From Approval Date Unless Drilling Underway

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Signature: *Pam Stevens*

Printed name: Pam Stevens

Title: Regulatory Analyst

E-mail Address: pstevens@bcoperating.com

Date: 01/23/13

Phone: 432-684-9696

OIL CONSERVATION DIVISION

Approved By:

[Signature]

Title: Petroleum Engineer

Approved Date: 02/11/13

Expiration Date:

sm