

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF B.C. OPERATING, INC.
TO AMEND ORDER NO. R-21071,
LEA COUNTY, NEW MEXICO**

Case No. _____
**Order No. R-21071
(Re-Open)**

APPLICATION

B.C. Operating, Inc. (“BCO”), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and John F. McIntyre), hereby files this application with the Oil Conservation Division to amend Order No. R-21071 entered in Case No. 20839 to (1) conform the order to the amended order template (“Amended Order Template”) that the Division circulated in its Letter of the Division Director dated April 9, 2020 (RE: Amendments to Compulsory Pooling Order Template); and (2) extend the time for drilling the **Broadside 13 W Fed Com 3H** well (API #30-025-46519) (“Broadside 2H Well”) approved in Order No. R-21071.¹ In support of its application, BCO states as follows:

1. Order No. R-21071 pooled uncommitted interest owners in the Wolfcamp formation (WC-025 G-09 S243310P [98135]) in a standard 160-acre, more or less, horizontal spacing unit (“HSU”) comprised of the W/2 E/2 of Section 13, Township 24 South, Range 33 East, NMPM, in Lea County, New Mexico, dedicated to the Broadside 2H Well.

2. BCO is a working interest owner in the HSU and has the right to drill thereon.

¹ Order No. R-21071 entered in Case No. 20839 is one of three orders relating to BCO’s “Broadside” well group. By separate application, BCO is seeking to amend Order No. R-21070 entered in Case No. 20838. BCO has drilled and completed the Broadside 13W Fed Com 1H, which was approved by Order No. R-21069 in Case No. 20837 and the well is currently producing.

3. Order No. R-21071 designated BCO as the operator of the Broadside 2H Well and the HSU.

4. BCO requests the Division re-open the matter to conform Order No. R-21071 to the Amended Order Template.

5. BCO further requests that the Division extend the time to commence drilling the Broadside 2H Well to no later than February 7, 2022, which will be a one-year extension from the time to commence drilling granted in Order No. R-21071.

6. The Division Hearing in the original proceeding, Case No. 20839, was held November 14, 2019, in conjunction with two other BCO cases, Case Nos. 20837 and 20838.

7. The Division entered Order No. R-21071 in Case No. 20839 on February 7, 2020. The Division also entered orders in Case Nos. 20837 and 20838 on February 7, 2020. These three orders were issued under the “interim form of order” and do not conform to the Amended Order Template.

8. Order No. R-21071 does not conform to the terms of the Amended Order Template.

9. Order No. R-21071, ¶ 20 states: “The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.” Order No. R-21071, ¶ 22 states: “This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.”

10. The Amended Order Template contains the same obligation to commence drilling within one year, Amended Order Template, ¶ 19. It also states: “This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.” Amended Order Template, ¶ 20.

11. Under Order No. 21071, BCO would be required to commence drilling the well by February 7, 2021.

12. Good cause exists for the Division to grant the extension.

13. BCO requests an extension of time because there have been changes in BCO's drilling schedule due to COVID-19 and current market conditions.

14. BCO's operations and drilling activity has been impacted by COVID-19 and oil and gas market conditions.

WHEREFORE, BCO requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 3, 2020, and that, after notice and hearing as required by law, the Division enter an order:

A. Amending Order No. 21071 to conform to the terms of the Amended Order Template; and

B. Amending Order No. 21071 to extend the time to commence drilling the Broadside 2H Well to no later than February 7, 2022.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

Sharon T. Shaheen

John F. McIntyre

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 986-2678

sshaheen@montand.com

jmcintyre@montand.com

Attorneys for B.C. Operating, Inc.