

| | | | | | |
|----------------------|----------|------------------|------------------------|-------------|-------------------------------|
| 4/18/2016 DATE IN | SUSPENSE | LR L ENGINEER | 4/21/2016 LOGGED IN | NSL TYPE | DMY Am 16 11258474 APP NO. |
|----------------------|----------|------------------|------------------------|-------------|-------------------------------|

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 _____

- NSL 7411
 - BLC OPERATING INC
 160825

2016 APR 18 P 4:37
 RECEIVED OGD

[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, *Pod*

- [F] Waivers are Attached

Well
 - Bottis 24Ked
 #14
 30-015-pending
 - Forehand & Andri
 WORK CAMP (GAS)

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE 76780 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.

Jordan L. Kessler
 Print or Type Name

J. L. Kessler
 Signature

Attorney
 Title

4/18/16
 Date

jlkessler@hollandhart.com
 e-mail Address

HOLLAND & HART^{LLP}



Jordan L. Kessler
Associate
Phone (505) 988-4421
Fax (505) 983-6043
jlkessler@hollandhart.com

April 18, 2016

VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OGD
2016 APR 18 PM 4:37

Re: Application of BC Operating, Inc. for administrative approval of an unorthodox well location for its Bettis 24 Federal #1H Well to be located in the N/2 of Section 24, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Catanach:

BC Operating, Inc. (OGRID No. 160825) seeks administrative approval of an unorthodox well location for its **Bettis 24 Federal No. #1H Well** to be completed within the Forehand Ranch Wolfcamp (Gas) Pool (Pool Code 76780) underlying the N/2 of Section 24, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. This well will be drilled from a surface location 360 feet from the North line and 240 feet from the West line of Section 19, Township 23 South, Range 27 East. The upper most perforation will be 360 feet from the North line and 330 feet from the East line of Section 24 (Unit A) and the lower most perforation will be 360 feet from the North line and 330 feet from the West line of Section 24 (Unit D). Since this acreage is governed by the Division Rule 19.15.15.10.B which provides for wells in defined gas pools in Eddy County to be spaced on 320 acres and located no closer than 660 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox. Approval of the unorthodox completed interval will allow for efficient well spacing and prevent waste of a productive reservoir.

Exhibit A is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Bettis 24 Federal No. #1H Well** encroaches on the spacing and proration units to the North, Northwest, West, East, and Northeast.

Exhibit B is a Midland map showing an outline of the subject acreage and the surrounding sections.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☉

HOLLAND & HART^{LLP}



Exhibit C is a land plat for Section 24 and the surrounding sections that shows the proposed **Bettis 24 Federal No. #1H Well** in relation to adjoining units and existing wells.

Exhibit D is a list of the parties affected by the encroachment. A copy of this application with all attachments has been sent by certified mail to each affected party advising them that if they have an objection it must be filed in writing with the division within 20 days from the date the division receives this application. A courtesy copy of this application has also been provided to the Bureau of Land Management-Carlsbad Office.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Jordan L. Kessler".

Jordan L. Kessler

ATTORNEY FOR BC OPERATING, INC.

cc: Bureau of Land Management—Carlsbad Office
620 E. Green Street
Carlsbad, New Mexico 88220

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, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|----------------------------|-------------------------------|
| ¹ API Number | ² Pool Code | ³ Pool Name |
| | 76780 | FOREHAND RANCH WOLFCAMP (GAS) |
| ⁴ Property Code | ⁵ Property Name | ⁶ Well Number |
| | BETTIS 24 FEDERAL | 1H |
| ⁷ OGRID No. | ⁸ Operator Name | ⁹ Elevation |
| 160825 | B.C. OPERATING, INC. | 3219' |

¹⁰ Surface Location

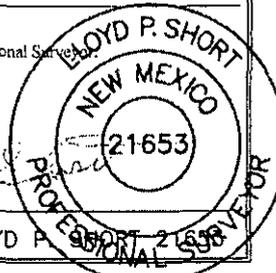
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1 | 19 | T23S | R27E | | 360' | NORTH | 240' | WEST | EDDY |

¹¹ 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 24 | T23S | R26E | | 360' | NORTH | 240' | WEST | EDDY |

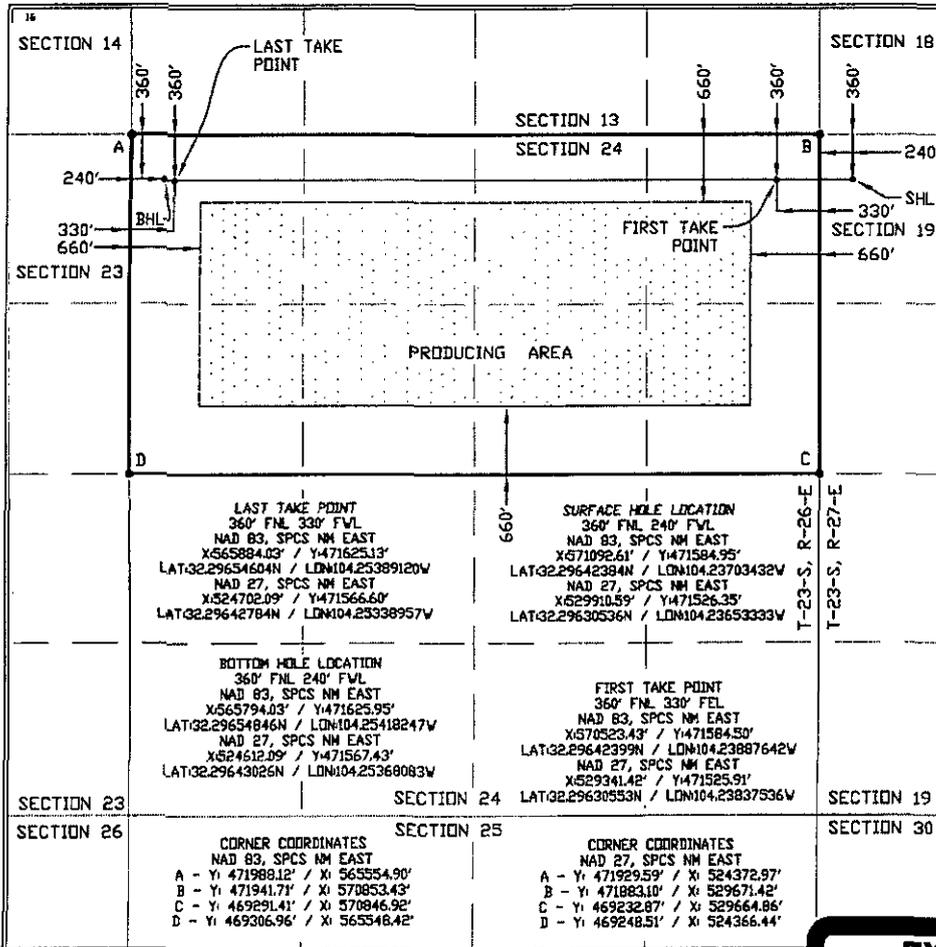
| | | | |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
| 320.00 | | | |

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.

| | | | |
|---|--|--|--|
| ¹⁶ SECTION 14 SECTION 13 SECTION 24 SECTION 23 SECTION 26 SECTION 25 SECTION 24 SECTION 23 SECTION 26 SECTION 25 SECTION 24 SECTION 19 SECTION 30 | | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Signature _____ Date _____ Printed Name _____ E-mail Address _____ | |
| ¹⁸ SURVEYOR CERTIFICATION <i>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.</i> APRIL 14, 2016 Date of Survey Signature and Seal of Professional Surveyor | |  Certificate Number LLOYD P. SHORT 21653 | |

EXHIBIT

A



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, NM 87505

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|----------------------------------|--|--|--|---|---------------------------------|
| ¹ API Number | | ² Pool Code 76780 | | ³ Pool Name FOREHAND RANCH WOLFCAMP (GAS) | |
| ⁴ Property Code | | ⁵ Property Name BETTIS 24 FEDERAL | | | ⁶ Well Number 1H |
| ⁷ OGRID No. 160825 | | ⁸ Operator Name B.C. OPERATING, INC. | | | ⁹ Elevation 3219' |

¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 1 | 19 | T23S | R27E | | 360' | NORTH | 240' | WEST | EDDY |

¹¹ Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 24 | T23S | R26E | | 360' | NORTH | 240' | WEST | EDDY |

| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 320.00 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ 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.

| | | | |
|---|--|---|--|
| <p>¹⁶ SECTION 14</p> | | <p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Caleb Hanson</i> 5/12/16 Signature Date</p> <p>Caleb Hanson Printed Name</p> <p>chanson@bcoperating.com E-mail Address</p> | |
| <p>SECTION 23</p> <p>LAST TAKE POINT 360' FNL 330' FVL NAD 83, SPCS NM EAST X565884.03' / Y471625.13' LAT:32.29654604N / LDN104.23389120V NAD 27, SPCS NM EAST X524702.09' / Y471566.60' LAT:32.29642784N / LDN104.25338957V</p> | | <p>SECTION 18</p> <p>SURFACE HOLE LOCATION 360' FNL 240' FVL NAD 83, SPCS NM EAST X571092.61' / Y471584.95' LAT:32.29642384N / LDN104.23703432V NAD 27, SPCS NM EAST X529910.59' / Y471526.35' LAT:32.29630536N / LDN104.23653333V</p> | |
| <p>SECTION 26</p> <p>BOTTOM HOLE LOCATION 360' FNL 240' FVL NAD 83, SPCS NM EAST X565794.03' / Y471625.95' LAT:32.29654846N / LDN104.25418247V NAD 27, SPCS NM EAST X524612.09' / Y471567.43' LAT:32.29643026N / LDN104.25336803V</p> | | <p>SECTION 19</p> <p>FIRST TAKE POINT 360' FNL 330' FEL NAD 83, SPCS NM EAST X570523.43' / Y471584.50' LAT:32.29642399N / LDN104.23887642V NAD 27, SPCS NM EAST X529341.42' / Y471525.91' LAT:32.29630533N / LDN104.23837536V</p> | |
| <p>SECTION 23</p> <p>SECTION 24</p> <p>CORNER COORDINATES NAD 83, SPCS NM EAST A - Y: 471988.12' / X: 565554.90' B - Y: 471941.71' / X: 570853.43' C - Y: 469291.41' / X: 570846.92' D - Y: 469336.96' / X: 565548.42'</p> | | <p>SECTION 30</p> <p>CORNER COORDINATES NAD 27, SPCS NM EAST A - Y: 471929.59' / X: 524372.97' B - Y: 471883.10' / X: 529671.42' C - Y: 469232.87' / X: 529664.86' D - Y: 469248.51' / X: 524366.44'</p> | |
| <p>SECTION 24</p> <p>PRODUCING AREA</p> | | <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 14, 2016 Date of Survey</p> <p><i>Lloyd P. Short</i> Signature and Seal of Professional Surveyor</p> <p>LLOYD P. SHORT Certificate Number</p> | |

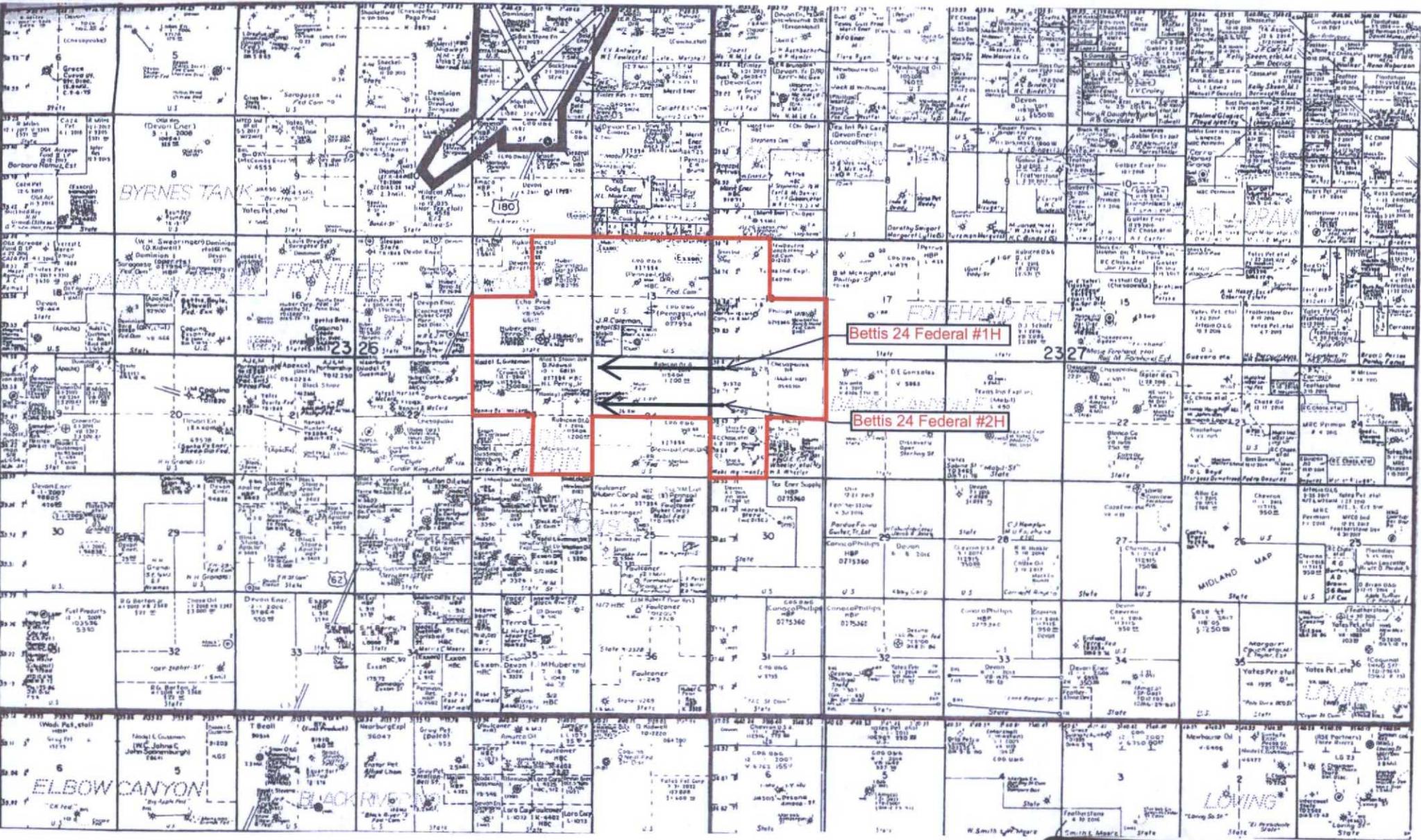
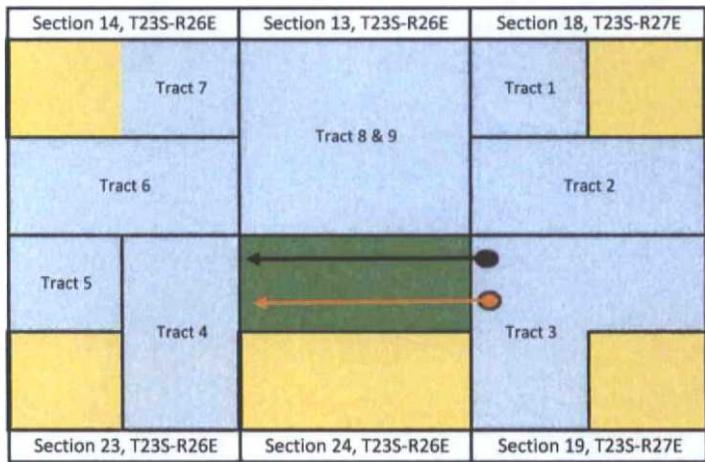


EXHIBIT
B

Offset Tracts That Need Notification

BC Operating, Inc. Tract

Unaffected Tracts



Bettis 24 Federal #1H

SHL: 360' FNL & 240' FWL, 19-23S-27E
 BHL: 360' FNL 240' FWL, 24-23S-26E
 First Take Point: 360' FNL & 330' FEL, 24-23S-26E

Bettis 24 Federal #2H

SHL: 1680' FNL & 240' FWL, 19-23S-27E
 BHL: 1680' FNL 240' FWL, 24-23S-26E
 First Take Point: 1680' FNL & 330' FEL, 24-23S-26E

| | |
|--|---|
| <u>Tract 1 Ownership:</u> | |
| Mewbourne Oil Company 500 W. Texas Avenue, Suite 1020 Midland, Texas 79701 | Operator |
| <u>Tract 2 Ownership:</u> | |
| Mewbourne Oil Company 500 W. Texas Avenue, Suite 1020 Midland, Texas 79701 | Operator |
| <u>Tract 3 Ownership:</u> | |
| Mewbourne Oil Company 500 W. Texas Avenue, Suite 1020 Midland, Texas 79701 | Operator |
| <u>Tract 4 Ownership:</u> | |
| O'Neill Properties Ltd. 410 W. Ohio Midland, Texas 79701 | Lessee of Record (E2NE, NWNE) BLM NMNM - 0 027994A |
| Bureau of Land Management 301 Dinosaur Trail Santa Fe, NM 87508 | Unleased Mineral Owner (SWSE) |
| BC Operating, Inc. 4000 N. Big Spring, Suite 310 Midland, Texas 79705 | Operator |
| <u>Tract 5 Ownership:</u> | |
| Mewbourne Oil Company 500 W. Texas Avenue, Suite 1020 Midland, Texas 79701 | Fee Leasehold/Operator |
| Nearburg Producing Company 3300 North A Street Suite #2-120 Midland, Texas 79705 | Fee Leasehold/Operator |
| Nadel and Gussman Permian, LLC 15 E. 5th Street Suite 3200 Tulsa, Oklahoma 74103 | Fee leasehold |
| <u>Tract 6 Ownership:</u> | |
| Echo Production Inc. P.O. Box 1210 Graham, Texas 76450 | Lessee of Record - (S2) VB - 0565-0001 |
| <u>Tract 7 Ownership:</u> | |
| Echo Production Inc. P.O. Box 1210 Graham, Texas 76450 | Lessee of Record - (NE) VB - 0538-0001 |
| <u>Tract 8 & 9 Ownership:</u> | |
| O'Neill Properties Ltd. 410 W. Ohio Midland, Texas 79701 | Lessee of Record - (W2NW) BLM NMNM - 027994A |
| Mobil Producing TX & NM Inc. 12450 Greenspoint Drive Houston, Texas 77060 | Lessee of Record - (NE, E2NW, S2) BLM NMNM - 027994D |



Exhibit D

Mewbourne Oil Company
500 W. Texas Avenue, Suite 1020
Midland, Texas 79701

COG Operating, LLC
600 W. Illinois Avenue
Midland, Texas 79701

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

O'Neill Properties Ltd.
410 W. Ohio
Midland, Texas 79701

Bureau of Land Management
301 Dinosaur Trail
Santa Fe, NM 87508

Echo Production Inc.
P.O. Box 1210
Graham, Texas 76450

O'Neill Properties Ltd.
410 W. Ohio
Midland, Texas 79701

Nearburg Producing Company
3300 North A Street
Suite #2-120
Midland, Texas 79705

Nadel and Gussman Permian, LLC
15 E. 5th Street
Suite 3200
Tulsa, Oklahoma 74103

Mobil Producing TX & NM Inc.
12450 Greenspoint Drive
Houston, Texas 77060

HOLLAND & HART^{LLP}



Jordan L. Kessler
Associate
Phone (505) 988-4421
Fax (505) 983-6043
jlkessler@hollandhart.com

April 18, 2016

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Affected Parties

Re: Application of BC Operating, Inc. for administrative approval of an unorthodox well location for its Bettis 24 Federal #1H Well to be located in the N/2 of Section 24, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

To Land Manager:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Caleb Hopson
BC Operating, Inc.
T 432-684-9696 ext. 762
F 432-686-0600
chopson@bcoperating.com

Sincerely,

Jordan L. Kessler
ATTORNEY FOR BC OPERATING, INC.

Holland & Hart LLP

Phone [505] 988-4421 **Fax** [505] 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☉

From: Lowe, Leonard, EMNRD
To: ["Jordan L. Kessler"](#)
Subject: NSL - 7411 & NSL - 7412; BETTIS 24 FEDERAL No. 1H & No. 2H, 24 23S 26E, EDDY COUNTY
Date: Monday, May 16, 2016 10:29:00 AM
Importance: High

Ms. Jordan Kessler,

The following permits has been issued and will soon be available on the Division's web site:
<http://ocdimage.emnrd.state.nm.us/imaging/WellFileCriteria.aspx>

NSL-7411

Matador Production Company

API: 30-015-PENDING

WELL: Bettis 24 Federal No 1H, Eddy County

NSL-7412

Matador Production Company

API: 30-015-PENDING

WELL: Bettis 24 Federal No 2H, Eddy County

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>