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	-		Location] [NSP-Non- Commingling] [CTE	Standard Proration I-Lease Comminglin		Itaneous Dedication] /Lease Commingling]
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		[B]	Offset Operators, Lea	scholders or Surface	Owner	GTOU3
		[C]	Application is One W	hich Requires Publis	shed Legal Noti	ce
		[D]	Notification and/or Co	oncurrent Approval l	ov BLM or SLO	, AOR well
		_	U.S. Bureau of Land Managemen	t - Commissioner of Public Lan	ds, State Land Office	
		[E]	For all of the above, F	Proof of Notification	or Publication i	s Attached, and/or,
		[F]	Waivers are Attached			

[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.

Brian Woods	See cover letter	Agent	04/27/2015	
Print or Type Name	Signature	Title	Date	

CATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

	APPLICATION FOR AUTHORIZATION TO INJECT
I.	PURPOSE: Secondary Recovery Pressure Maintenance XXX Disposal Storage Application qualifies for administrative approval? Yes No
II.	OPERATOR: BC OPERATING, INC.
	ADDRESS: P. O. BOX 50820, MIDLAND TX 79710
	CONTACT PARTY: BRIAN WOOD (PERMITS WEST, INC.) PHONE: 505 466-8120
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 XXX 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. Lackey 34 SWD 1
VII.	Attach data on the proposed operation, including: <u>30-015-42998</u>
	 Proposed average and maximum daily rate and volume of fluids to be injected; Whether the system is open or closed; Proposed average and maximum injection pressure; Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and, 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: BRIAN WOOD
	SIGNATURE:
	E-MAIL ADDRESS: brian@permitswest.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:

Q,

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.

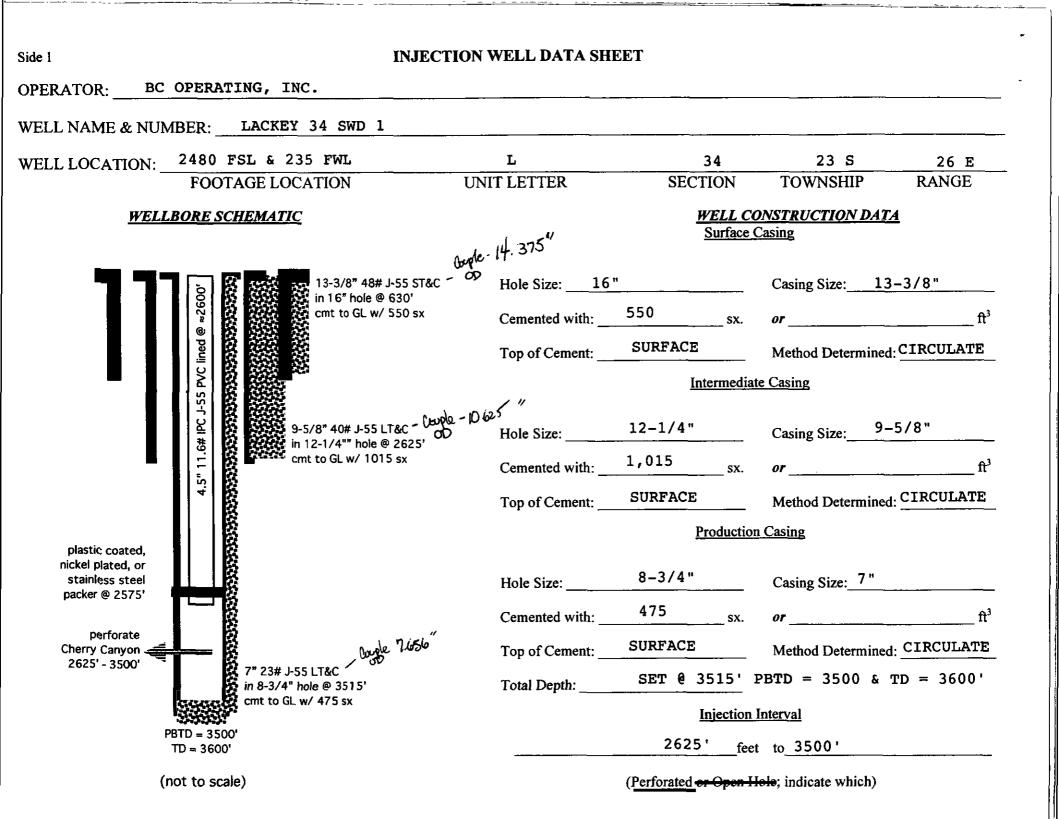
Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (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.



INJECTION WELL DATA SHEET

-

Tub	ing Size: _	4-1/2"		_Lining Material:	PVC	
Тур	e of Packer:	IPC, NICKEL	PLATED, OF	R STAINLESS	STEEL	
Pac	ker Setting	Depth: $\approx 2,575$		_		
Oth	er Type of	Tubing/Casing Sea	d (if applicable):		
			<u>Addi</u>	tional Data		
1.	Is this a ne	ew well drilled for	injection?	XXX	YesNo	
	If no, for	what purpose was 1	he well origina	lly drilled?		
2.	Name of t	he Injection Forma	tion: CHERR			
3.	Name of H	Field or Pool (if ap	plicable): <u>SWD</u>	CHERRY CANY	YON (97003)	
4.					all such perforated g(s) used.	N/A
5.					or overlying the prop	
	OVER:	none				
	UNDER:	BONE SPRING	(5,449'),S	TRAWN (10,4)	70'), & MORROW	(10,946')

Side 2

PAGE 1

BC OPERATING, INC. LACKEY 34 SWD 1 2480' FSL & 235' FWL SEC. 34, T. 23 S., R. 26 E. EDDY COUNTY, NEW MEXICO

- Goal is to drill a 3,600' deep commercial saltwater disposal well on private surface. Proposed disposal interval will be 2,625' - 3,500' (PBTD = 3,500') in the Cherry Canyon sand. Pool is the SWD; Cherry Canyon (97003). See Exhibit A for map and C-102.
- II.Operator:BC Operating, Inc. (OGRID 160825)Operator phone number:(432) 684-9696Operator address:P. O. Box 50820, Midland TX 79710Contact for Application:Brian Wood (Permits West, Inc.)Phone: (505) 466-8120
- III. A. (1) Lease: NMNM-017572
 Lease Size: 320 acres Closest Lease Line: 160'
 Lease Area: N2SW Section 24, N2SW Section 25, & SW4 Section 34, T. 23 S., R. 26 E.
 - A. (2) Surface casing (13-3/8", 48#, H-40, ST&C) will be set at 630' in a 16" hole and cemented to the surface with 550 sacks.

Intermediate casing (9-5/8", 40#, J-55, LT&C) will be set at 2,625' in a 12-1/4" hole and cemented to the surface with 1,015 sacks.

Production casing $(7^{\circ}, 23^{\#}, J-55, LT\&C)$ will be set at 3,515' in an 8-3/4" hole and cemented to the surface with 475 sacks. Well will be plugged back to 3,600' after logging.

- A. (3) Tubing will be 4-1/2", 11.6#, J-55, PVC lined. Setting depth will be \approx 2,600'. (Disposal interval will be 2,625' to 3,500'.)
- A. (4) A plastic coated, stainless, or nickel plated packer will be set at $\approx 2,575'$ ($\approx 50'$ above the highest proposed perforation of 2,625').



BC OPERATING, INC. LACKEY 34 SWD 1 2480' FSL & 235' FWL SEC. 34, T. 23 S., R. 26 E. EDDY COUNTY, NEW MEXICO

- B. (1) Disposal zone will be SWD; Cherry Canyon (97003).
- B. (2) Perforated disposal interval will be 2,625' 3,500' in the Cherry Canyon sands.
- B. (3) Well has not yet been drilled. Goal is to complete it as a disposal well.
- B. (4) BC will perforate from 2,625' to 3,500' with 2-6 shots per foot.
- B. (5) No producing zone is above the Cherry Canyon in the area of review. The only production below the Cherry Canyon in the area of review is the Strawn (10,470' deep) and Morrow (10,946' deep). A Bone Spring well (30-015-42625) has been drilled just outside (3,106' northwest) the area of review. The drill rig was released on January 16, 2015. The well is not yet completed. Bone Spring top is 5,449'.
- IV. This is not an expansion of an existing injection project. It is disposal only.

V. Exhibit B shows the 2 existing wells (1 P&A water and 1 gas) within a halfmile radius. Exhibit C shows all 65 existing wells (35 oil or gas wells + 14 P & A wells + 16 water wells or windmills) within a two-mile radius.

Exhibit D shows all leases and lessors (BLM, fee, and State) within a half-mile radius. Exhibit E shows all leases and lessors (BLM, fee, and State) within a two-mile radius. Details on the leases within a half-mile radius are:

<u>T. 23 S., R. 26 E.</u>	Lessor	Lease Number	Lessee(s)
N2NE4 & SWNE Sec. 33	NMSLO	L0-0912-0000	Exxon
SENE Sec. 33	NMSLO	VA-0696-0000	Beall
SE4 Sec. 33	BLM	NMNM-043534	EOG
NENW & S2NW4 Sec. 34	NMSLO	L0-6868-0001	Eastland
NWNW & NWSE Sec. 34	NMSLO	L0-0912-0000	Exxon
SWNE Sec. 34	Moore	fee	Nadel & Gussman and NI-Gas
SW4 Sec. 34	BLM	NMNM-017572	Exxon



PERMITS WEST, INC.

PAGE 3

BC OPERATING, INC. LACKEY 34 SWD 1 2480' FSL & 235' FWL SEC. 34, T. 23 S., R. 26 E. EDDY COUNTY, NEW MEXICO

<u>T. 24 S., R. 26 E.</u>	Lessor	Lease Number	Lessee
Lot4 Sec. 3	BLM	NMNM-096047	Nearburg
Lot 1 Sec. 4	BLM	NMNM-081910	Fuel Products

VI. Two existing wells are within a 2,640' radius. One of those wells penetrated the Cherry Canyon. A summary of the penetrator is attached as Exhibit F. Wells in or near the area of review are:

OPERATOR	WELL	API# or NMSEO POD#	LOCATION	ZONE(S)	STATUS	TVD	DISTANCE FROM LACKEY 34 SWD 1
V-F	Oxy Spike 1	3001528938	H-33-23s- 26e	Strawn & Morrow	Gas	12026′	1213′
Samedan	Exxon State 1	C 01724	J-34-23s- 26e	Quaternary	P&A (water)	320′	2440'
Devon	Cletus 28 State Com 4H	3001542625	P-28-23s- 26e	WC Bone Spring	Oil	6625′	3106'

- VII. 1. Average injection rate will be ≈7,500 bwpd.
 Maximum injection rate will be 10,000 bwpd.
 - 2. System will be open. Water will be trucked to the well.
 - Average injection pressure will be ≈500 psi Maximum injection pressure will be 525 psi (= 0.2 psi/foot x 2,625' (highest perforation)).
 - There has been no report of problems disposing in the closest (15-1/4 miles SSE) active Cherry Canyon (and Brushy Canyon) SWD well (30-015-41744). 242,977 barrels were disposed in June 2014 – January 2015. An approved, but not yet drilled, Cherry Canyon SWD (30-015-42690) will be 6,229' west.

Main source of water will be produced water from Wolfcamp and Bone Spring wells. However, BC will accept produced water from other zones too. A summary of the water analyses in Exhibit G follows.



BC OPERATING, INC. LACKEY 34 SWD 1 2480' FSL & 235' FWL SEC. 34, T. 23 S., R. 26 E. EDDY COUNTY, NEW MEXICO

	·····		· · · · · · · · · · · · · · · · · · ·	
Well	Boyles 24 1H	Nel 2	Thistle Unit 5	
API #	3001538246	3001523759	3002534580	
Location	N-24-25s-28e	I-9-23s-28e	F-34-23s-33e	
Zone	Bone Spring	Cherry Canyon	Wolfcamp	
Parameter mg/l				
barium (Ba)	0	0	0	
bicarbonate (HCO ₃)	1403	61	704	
calcium (Ca)	3700	19200	10500	
carbon dioxide (CO ₂)	400	0		
chloride (Cl)	128800	100000	78366	
hydrogen sulfide (H2S)	0	0	0	
iron (Fe)	17	10	212.5	
magnesium (Mg)	841	4636	14500	
nitrate (NO ₃)			187	
manganese (Mn)	0	0		
рН	6.69	7.2	6.7	
potassium (K)	1109		43.8	
sodium (Na)	69386	34488		
strontium (Sr)	483			
sulfate (SO ₄)	700	870	1350	
totai dissolved solids (TDS)	206441	159385	105950	

5. An APD (30-015-32351) was filed for a Cherry Canyon test of the Yarrow; Delaware (G) pool (87800) in a well 4,131' north. There is no evidence the zone was tested or produced. There is no production in the pool from any well.



PAGE 5

BC OPERATING, INC. LACKEY 34 SWD 1 2480' FSL & 235' FWL SEC. 34, T. 23 S., R. 26 E. EDDY COUNTY, NEW MEXICO

Closest Cherry Canyon production is >31 miles east in 24-23s-31e in the Sand Dunes; Cherry Canyon Pool (53810). Closest Delaware production is 19,750' north in the Happy Valley; Delaware Pool (29665) at 30-015-37939 in M-10-23s-26e.

VIII. The Cherry Canyon is $\approx 1,100$ ' thick poorly consolidated fine to very fine marine sandstones with shale and carbonate layers. Injection will likely occur in the sandstones.

There is a 1,250' interval of salt and anhydrite above the top perforation. Closest underground source of drinking water above the proposed disposal interval is the Quaternary at the surface. Maximum depth to water recorded within a 2-mile radius is 233'. Maximum well depth recorded within a 2-mile radius is 320'. The closest (2,440' southeast) well (C 01724) drilled for water is a 320' deep dry hole. Next closest water well is 5,958' northeast. It, more or less, matches records for the 350' deep water right C 01246. No other water well is within a 1,843-meter (5,958') radius according to the Office of the State Engineer (Exhibit H) and a December 21, 2014 field inspection. No underground source of drinking water is below the proposed disposal interval.

Estimated formation tops are:

Quaternary = 0' Salado = 450' Base Salt = 1,700' Lamar carbonate = 1,700' Bell Canyon sand = 1,925' Cherry Canyon sand = 2,625' PBTD = 3,500' TD = 3,600' (Brushy Canyon sand = 3,725' Bone Spring limestone = 5,290' Strawn = 10,470' Atoka = 10,645' Morrow = 10,945' Mississippian = 11,970')



BC OPERATING, INC. LACKEY 34 SWD 1 2480' FSL & 235' FWL SEC. 34, T. 23 S., R. 26 E. EDDY COUNTY, NEW MEXICO

There will be $\approx 2,175'$ of vertical separation and the salt and anhydrite interval between the bottom of the only likely underground water source (Quaternary) and the top of the Cherry Canyon.

There are no reported problems disposing in the closest (15-1/4 miles SSE) active Cherry Canyon (and Brushy Canyon) SWD well (30-015-41744). 242,977 barrels were disposed in June 2014 – January 2015.

IX. The well will be stimulated with acid to clean out scale or fill.

X. Compensated neutron density and resistivity logs will be run.

XI. Based on a December 21, 2014 field inspection and a review of the State Engineer's records, no water well is within a one-mile radius. One water well that is 1-1/8 mile northeast was sampled at the two points. The analyses are in Exhibit I.

XII. BC Operating, Inc. is not aware of any geologic or engineering data which may indicate the Cherry Canyon is in hydrologic connection with any underground sources of water. There are 58 Cherry Canyon saltwater disposal wells active in New Mexico. Closest fault (Guadalupe) is >40 miles southwest (Exhibit J).

XIII. A legal ad (see Exhibit K) was published on January 28, 2015. Notice (this application) has been sent (Exhibit L) to the surface owner (Betty & Jerry Lackey) and all leasehold operators (Thomas Beall, Eastland Exploration, ExxonMobil, EOG, Fuel Products, Nadel & Gussman, Nearburg, NI-Gas) or other affected persons (Apache, Aquila Energy, Axis Energy, Haskell Bass Jr., William Bradshaw, BLM, Cactus Operating, Chase Oil, Chevron, CLM Production, COG, Durham Inc., First Century Oil, Fortune, Hunt Oil, Landmark Gas, Lincoln Oil & Gas, Magnum Hunter, Merit Energy, NM State Land Office, Olwick Corp., Oxy USA, Pacific Enterprises, Read & Stevens, Rholyn Ltd., Vrooman Energy, Robert Watson) within ½ mile.







PO Box 50820 • Midland, Texas 79710 Office (432) 684-9696 • Fax (432) 686-0600

January 8, 2016

Engineering and Geological Services Bureau, Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 8705

Re: Lackey 34 SWD #1

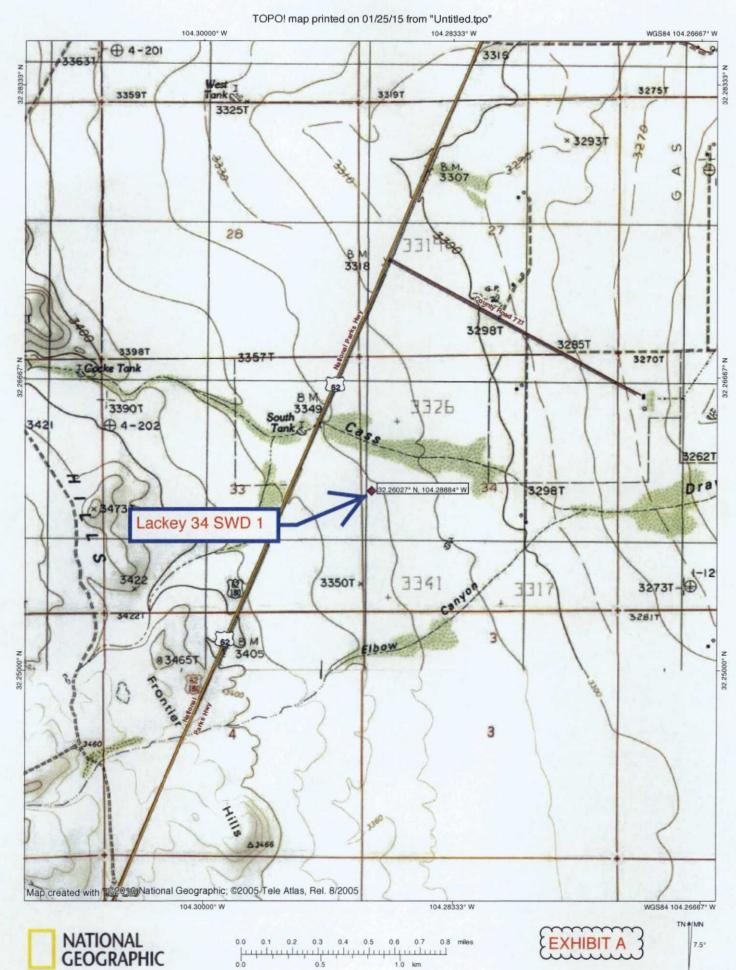
Mr. Goetze,

In accordance with item XII on BC Operating, Inc.'s C-108 filed for the captioned salt water disposal well, BC Operating, Inc. has examined geologic and engineering data and has found that there is no evidence of faulting or any other hydrologic connection between the proposed disposal zone and any underground sources of drinking water.

Should you have any questions or concerns, please don't hesitate to contact me at 432.684.9696, of via email at mmoylett@bcoperating.com

BC Operating, Inc. mike maylett

Mike Moylett Senior Geologist



01/25/15

District 1 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

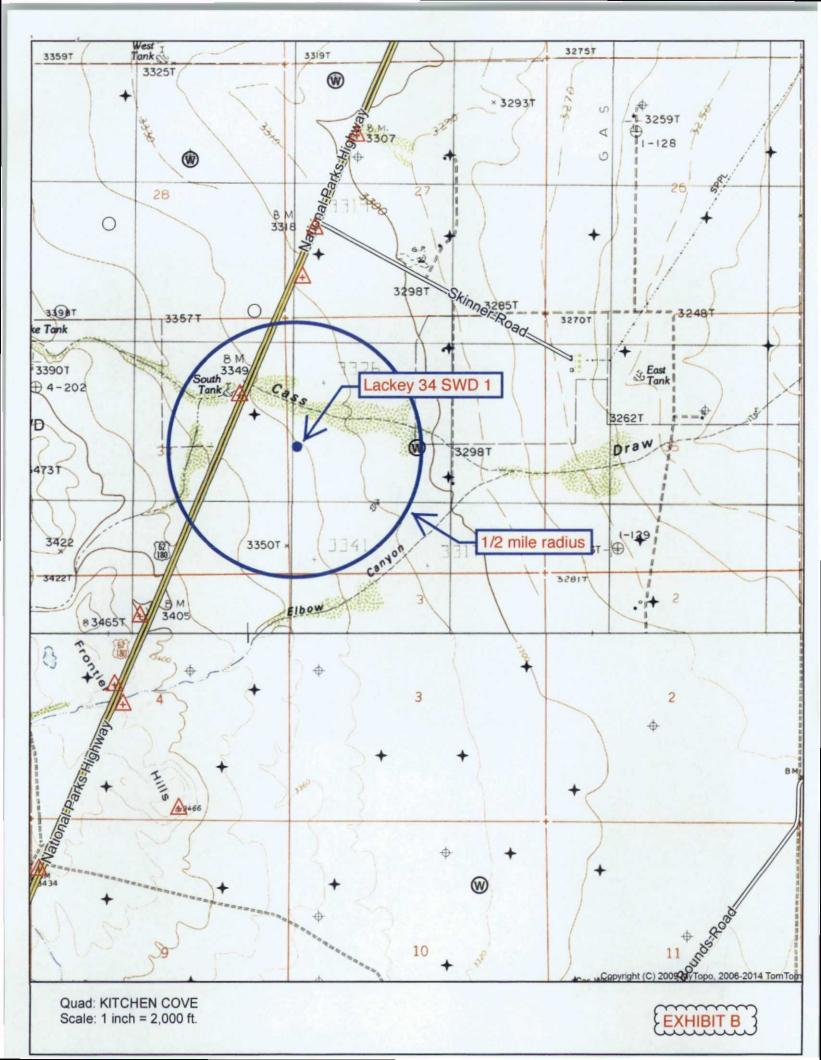
> X AMENDED REPORT (pool change; Brushy deleted)

> > EXHIBIT A

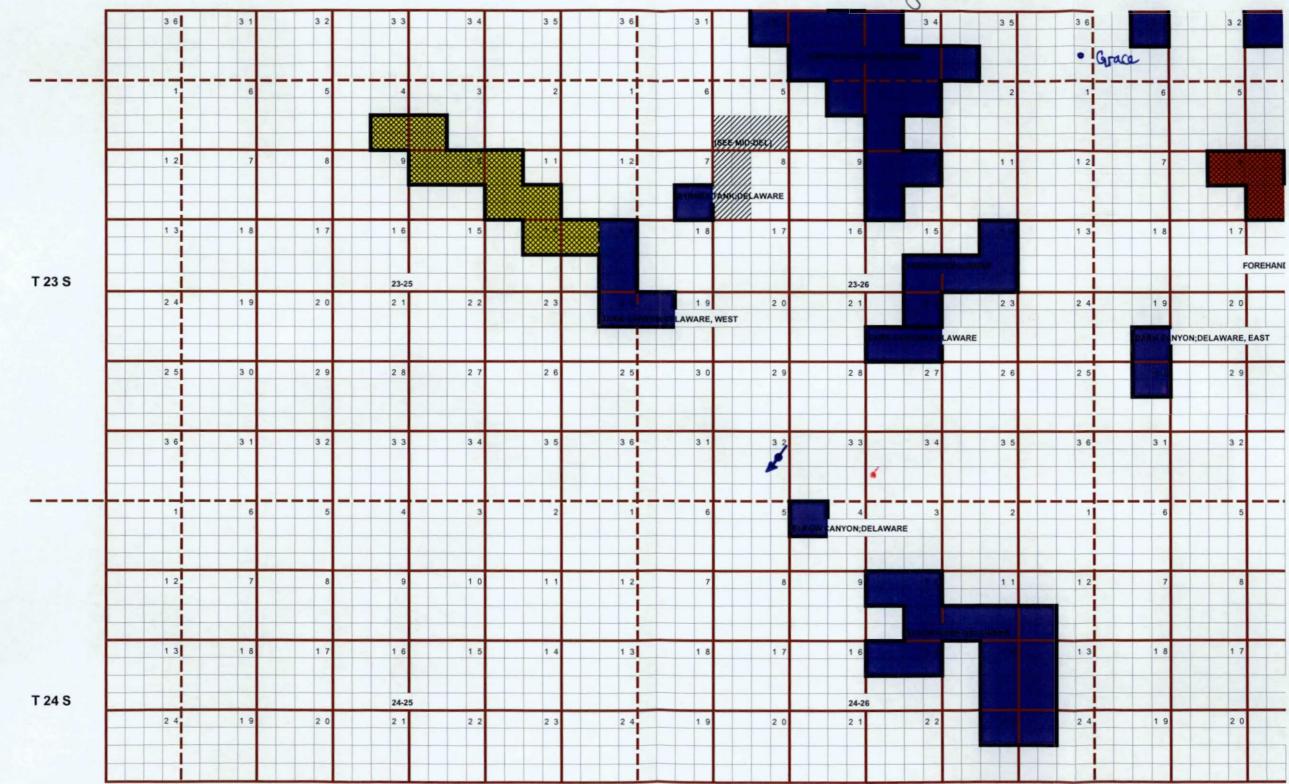
		W	ELL LO	DCATIO	N AND ACR	EAGE DEDIC	ATION PLAT	Г ^С	rushy ucretet	
	API Numbe			³ Pool Code 97003		S	^{י Pool Nam} WD; Cherry	Canyon		
Property 3143				<u></u>	⁵ Property I Lackey 34	^{Name} 4 SWD		6	⁶ Well Number 1	
⁷ 0grid 16082					Operator I BC Operat				'Elevation 3344	
	_				 Surface I 	ocation				
UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County	
L	34	T23S	R26E		2480'	SOUTH	235'	WEST	EDDY	
			" Bo	ttom Hol	e 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	
¹² Dedicated Acres	I I I Joint o	1i r Infill 4 Co	onsolidation	Code ¹⁵ Or	der No.		L		1	

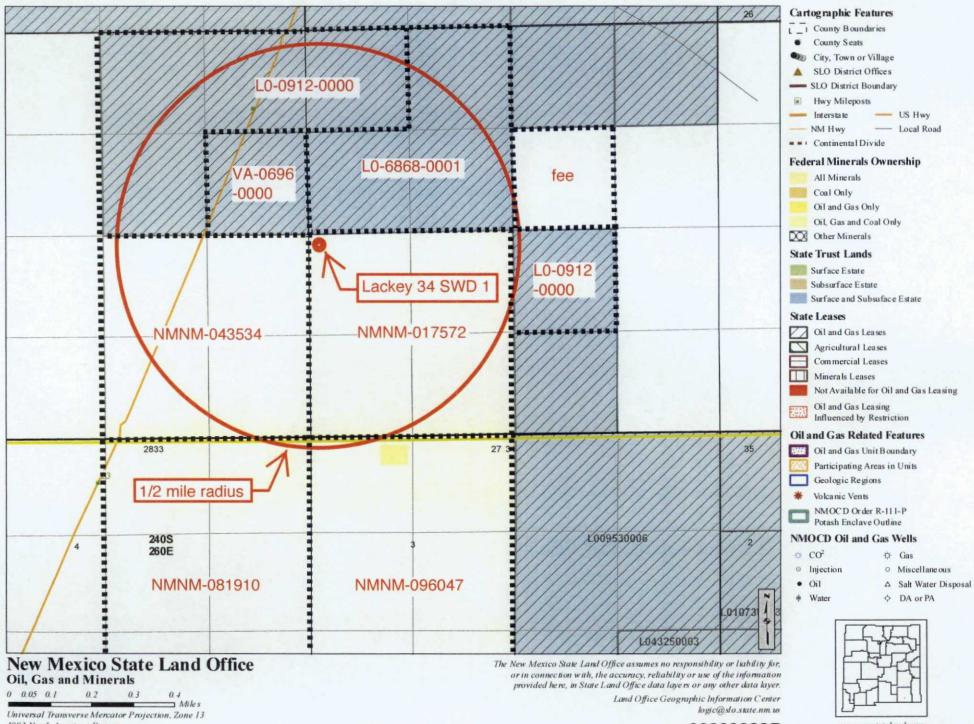
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16 1				"OPERATOR CERTIFICATION
				I hereby certify that the information contained herein is true and complete to
		1 1		the best of my knowledge and belief, and that this organization either owns a
SECTION 28	SECTION 27		SECTION	working interest or unleased mineral interest in the land including the
SECTION 33		· · ·	SECTION	
SCOTIBIL SS			Section	pursuant to a contract with an owner of such a mineral or working interest,
e an e te				or to a voluntary pooling agreement or a compulsory pooling order
				hereiafare energy by the diffision
···		<u> </u> → →		Signature Date
	I	SURFACE HOLE LOCATIO	N	Brian Wood
		2480' FNL 235' FVL NAD 83, SPCS NH EAS		Printed Name
	I	XI555088.59' / YI458425. LATI32.26027852N / LON104.28 NAD 27, SPCS NM EAS	884715V	brian@permitswest.com
		X513906.32' / Y1458367.	43'	E-mail Address
235 -	-1			"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
		<u> </u>		and correct to the best of my belief.
	Ⅰ →		3	DECEMBER 12, 2014
	24800			
				Date of Survey Signature and Seal of Professional Superior ME
				Signature and Seal of Professional Supervice
SECTION 33			CTION 34 SECTION	
SECTION 4		T24S-R26E SE	CTION 3 SECTION	2 Long (1) (2) (2)
				Certificate Number LLOXDONSHOBD 21653



Delaware Pools/ SWD locations Lackey 34 SWD No.1

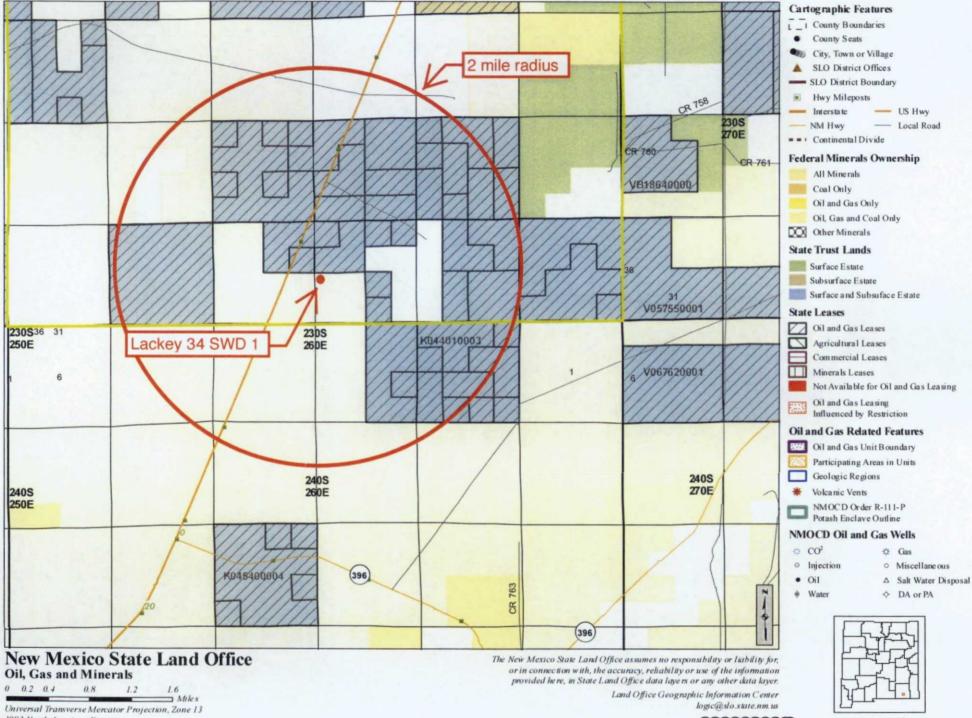




1983 North American Datum



www.nmstatelands.org



1983 North American Datum

Created On: 1/25/2015 3:03:53 PM

EXHIBITE

www.nmstatelands.org

Sorted by distance from Lackey 34 SWD 1

WELL	SPUD	TVD	POOL	WELL TYPE	HOLE O.D.	CASING O.D.	SET @	CEMENT	тос	HOW DETERMINED
OXY Spike 001	4/20/96	12026	Carlsbad; Morrow; South	Gas	17.5	13.375	425	420 sx	GL	circ 55 sx to pit
30-015-28938			Frontier Hills; Strawn		11	8.625	3020	1200 sx	- FL	circ 150 sx to pit
H-33-23s-26e					7.875	5.5	12026 -	- 400 sx (9590	CBL
Cletus 28 State Com 004H	12/13/14	6625	WC; Bone Spring	Oil	17.5	13.375	614	868 sx	GL	no report
30-015-42625					12.25	9.625	1937	1275 sx	719	no report
P-28-23s-26e					8.5	5.5	11180	2105 sx	GL	no report
					8.5	pilot hole	9200	1575 sx	5679	no report
								<u> </u>	<u> </u>	
		······								
										······································
			·····							
									I	

Bone Spring water from 30-015-38246 (via 30-015-41401)

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Bone Spring			l				1	i	1	1
Lab Test#	Lease	Location	Salesman	Date Out	Sample Date	Specific Gravity	Ionic Strength	TDS	pH _ conductivity	Ca (mg/L): Mg (mg/L)
2012108003	Boytes	24 1H	William D Polk	4/18/2012	4/3/2012	1.13	3,41	206441.81	6.69	3700.86 841.87
1		1	1			i		<u> </u>		



Bone Spring water from 30-015-38246 (via 30-015-41401)

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		<u> </u>		<u> </u>			<u> </u>			<u>.</u>			· · · · · · · · · · · · · · · · · · ·		
										<u> </u>		<u> </u>	1		·
TH (CaCO3)	Na (mg/L)	<u>K (mg/L)</u>	Zn (mg/L)	Fe (mg/L)	Ba (mg/L)	Sr (mg/L)	Mn (mg/L)	Resistivity	HCO3 (mg/L)	CO3 (mg/L)	OH (mg/L)	1 SO4 (mg/L)		CO2 (mg/L)	H2S (mg/_)
83379.63	62970.16	.1133.12	38.78	20.06	1.64	905.03	9.33		73.00	0.00		70.00	161300.00	380.00	0.00
				1									I		1



	ater Analysis Repo	rt Cherry Canyo from 30-015-2 (via 30-015-4	23759	A	nalysi	s Number	- : 000	00310
ompany	-	Date of Samp			9/15/9			ç
cation:	Papols NEL # 2	Date of Anal			9/15/9			
ield:		Baker Repres Well#		ð	ceven	Stroud		
mple Source:		Analysis by		W:	illiam	IS		
· · ·	DISSOLVED SOLIDS				DISSO	LVED GAS	Bes	
ATIONS:	mg/l	me/l				, H2S:		0.0
Ca++	19200.00	960.00				co2:		0.0
Ng++ Fe+++	4636.00	380.00 0.54	0.	xygen,	02			· 0 = 0
Ba++	0.00	0.00			PHYSI	CAL PROP	PERTIES	
Na+	34488.27	1499.49	pl	н			:	7.2
Mn++	0.00	0.00				••••••••••••	÷	.025
NIONS:	100000.00	2816.90				ppmt	1593	85.3
so4	870.00	18.13	4.	15 (ca	(culated)	•••••		9+9
HC03-	61.00	1.00			SCAL	E STABII	LITIES	
C03	120.00	4.00		C	٩°	CaCO3	CaSO4	BaSO
OH-	0.00	0.00		20	68	0.97	1108	1
		• • •					1 2 0 7	•
IOTAL HARDNESS IOTAL SOLIDS (que	0.00 Intitative) 80WS(ppm)	.: 159385.30	M	30 40 ax ent	86 104 ity, (cal	1.19 1.45 culated):	1207 1463 1295	
TOTAL HARDNESS IOTAL SOLIDS (que RESIDUAL HYDROCAR	ntıtative) 80NS(ppm)	.: 1340.00 .: 159385.30	H.	40	104	1.45	1463	
OTAL HARDNESS OTAL SOLIDS (que LESIDUAL HYDROCAR	intitative) 80WS(ppm) d	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS	PATTER	40 ax ent	104 ity, (cal)	1.45	1463	
OTAL HARDNESS OTAL SOLIDS (que RESIDUAL HYDROCAR = not determine	intitative) BONS(ppm) d Ma (nsmber:besi	.: 1340.00 .: 159385.30 .: 0.00	PATTER	40 ax ent	104 ity, (cal)	1.45	1463 1295	
OTAL HARDNESS OTAL SOLIDS (que LESIDUAL HYDROCAR = not determine Na+ 10	int ; tat ive) BONS(ppm) d (number: bes i (Q.Q.	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS	PATTER	40 ax ent	104 ity, (cal)	1.45	1463 1295	1000
OTAL HARDNESS OTAL SOLIDS (que LESIDUAL HYDROCAR s = not determine Na+ 10	intitative) BONS(ppm) d Ma (nsmber:besi	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS	PATTER	40 ax ent	104 ity, (cal)	1.45	1463 1295	1000
OTAL HARDNESS OTAL SOLIDS (que LESIDUAL HYDROCAR = not determine Na+ 10 Câ++ 1	Intitative) BOMS(ppm) d V/ Cramber besi 00	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS	PATTER	40 ax ent	104 ity, (cal)	1.45	1463 1295 <u>Cl-</u> <u>HCO3-</u>	1
OTAL HARDNESS OTAL SOLIDS (que LESIDUAL HYDROCAR = not determine Na+ 10 Cà++ 1 Mg++ 1	int ; tat ive) BONS(ppm) d (number: bes i (Q.Q.	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS	PATTER	40 ax ent	104 ity, (cal)	1.45	1463 1295 <u>C1-</u> <u>HC03-</u> <u>SQ4</u>	1
OTAL HARDNESS OTAL SOLIDS (que LESIDUAL HYDROCAR = not determine Na+ 10 Câ++ 1	Int tative)	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS	PATTER	40 ax ent	104 ity, (cal)	1.45 culated):	1463 1295 <u>C1-</u> <u>HC03-</u>	1
OTAL HARDNESS OTAL SOLIDS (que leSIDUAL HYDROCAR = not determine Na+ 10 Ca++ 1 Mg++ 1	Intitative) BOMS(ppm) d V/ Cramber besi 00	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS	PATTER	40 ax ent	104 ity, (cal)	1.45	1463 1295 <u>C1-</u> <u>HC03-</u> <u>SQ4</u>	1
OTAL HARDNESS OTAL SOLIDS (que leSIDUAL HYDROCAR = not determine Na+ 10 Cà++ 1 Mg++ 1 Fe+++	Int tative)	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS	PATTER	40 ax ent	104 ity, (cal)	1.45 culated):	1463 1295 <u>C1-</u> <u>HC03-</u> <u>SQ4</u>	1
OTAL HARDNESS OTAL SOLIDS (que leSIDUAL HYDROCAR = not determine Na+ 10 Cà++ 1 Mg++ 1 Fe+++	(20'CCALCIUM	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS de lon symbol indicate L I I I I I 4 0 SULFATE SCALING	PATTER marti scat	40 ax ent UN te unit 1 1 1	104 ity, (cal)	1.45 culated):	1463 1295 <u>C1-</u> <u>HC03-</u> <u>SQ4</u>	1
OTAL HARDNESS OTAL SOLIDS (que leSIDUAL HYDROCAR = not determine Na+ 10 Cá++ 1 Mg++ 1 Fé+++	Int tative)	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS de lon symbol indicate L I I I I I 4 0 SULFATE SCALING	PATTER marti scat	40 ax ent UN te unit 1 1 1	104 ity, (cal)	1.45 culated):	1463 1295 <u>C1-</u> <u>HC03-</u> <u>SQ4</u>	1
OTAL HARDNESS IQTAL SOLIDS (que RESIDUAL HYDROCAR = not determine Na+ 10 Cá++ 1 Mg++ 1 Fé+++	(20'CCALCIUM	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS de lon symbol indicate L I I I I I 4 0 SULFATE SCALING	PATTER marti scat	40 ax ent UN te unit 1 1 1	104 ity, (cal)	1.45 culated):	1463 1295 <u>C1-</u> <u>HC03-</u> <u>SQ4</u>	1
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IQTAL SOLIDS (que RESIDUAL HYDROCAR = not determine Na+ 10 Ca++ 1 Mg++ 1	(20'CCALCIUM	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS de lon symbol indicate L I I I I I 4 0 SULFATE SCALING	PATTER marti scat	40 ax ent UN te unit 1 1 1	104 ity, (cal)	1.45 culated):	1463 1295 <u>C1-</u> <u>HC03-</u> <u>SQ4</u>	1
OTAL HARDNESS IQTAL SOLIDS (que RESIDUAL HYDROCAR = not determine Na+ 10 Cá++ 1 Mg++ 1 Fé+++	(20'CCALCIUM	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS de lon symbol indicate 	PATTER marti scat	40 ax ent UN te unit 1 1 1	104 ity, (cal)	1.45 culated):	1463 1295 <u>C1-</u> <u>HC03-</u> <u>SQ4</u>	1
IOTAL HARDNESS IOTAL SOLIDS (que RESIDUAL HYDROCAR # = not determine Na+ 10 Cà++ 1 Mg++ 1 Fè+++	(20'CCALCIUM	.: 1340.00 .: 159385.30 .: 0.00 ATER ANALYSIS de lon symbol indicate 	PATTER marti scat	40 ax ent UN te unit 1 1 1	104 ity, (cal)	1.45 culated):	1463 1295 <u>C1-</u> <u>HC03-</u> <u>SQ4</u>	1000
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L	Laboratory Service	s, inc.	
	4016 Flesta Drive		•
	Hobbs; New Mexico 61 Telsphone: (\$05) 397-	5240 971 9	
	i alahunia: 1943) 481.	VV	olfcamp water
	·		om 30-025-34580 👘 🙀
	, 		and a second
	Water Analysi	9 .	
COMPANY Santa Fe Sn			
COMPANY Santa Fe Sn			
SAMPLE Thistle #5	n in general to apply the contract of the property of the state of the	n na senten an	
SAMPLED BY R. Hicks-Pr	o Well		
		an a	
DATE TAKEN 2/23/00 7	:00 am		
REMARKS	ο το		
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Carbonate alkalinity PPM	ana ana antoine an tao ann an ann an taonach	te e te te e construir en spenjer	· · · · · · · · · · · · · · · · · · ·
Bicarbonate alkalinity PPM	· · · · · · · · · · · · · · · · · · ·		
pH at Lab	2. 9. X. A. Z. Z. A. Z.	and an a second seco	
Specific Gravity @ 60°F	1,09	· · · · · · · · · · · · · · · · · · ·	<u></u>
Magnesium as Mg	14,500	la sectore po grapite l'Altransmissionette :	
Total Hardness as CaCO3	25,000	·····	
Chlorides as Cl	78,366	,, , , , , , , , , , , , , , , , , , ,	
Sulfate as SO4	1,350	والمستحدية من المراجع ا مراجع المراجع ال	
Iron as Fe Polassium	212.5		
Hvdroden Sulfide	43.8.	n an	
AM		A 314	
Total Dissolved Solids	105,950	<u>@ 34* (</u>	
Calcium as Ca	19,500	n an an a' shaka ar e ar an an Andrika da Mariana	
Nitate	187	a ana a sa sa a sa sa sa sa sa sa sa sa sa s	
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Results reported as Parts per Million unles	e statad		
Terrana persites as 1 and per minion dilles			
Langelier Saturation Index	1.58		
ner generalen in den en den en den en den en den den er de en de en 1 1	nen en nen se bener en		
		•	
	Analysis by:	Vickie Walker	
	Date:	2/23/00	
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	·		EXHIBIT G
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New Mexico Office of the State Engineer Active & Inactive Points of Diversion

(R=POD has been replaced

(with Ownership Information)

						(H=POD has been repla and no longer serves thi		1=N	W 2=	NE 3≖SW	4= SE)		
		(acr	e ft per annum)			C=the file is closed)	(quarters are					UTM in meters)	
	Sub						999		_	_			-
WR File Nbr			Diversion Owner		y POD Number	Code Grant	Source 6416 4			•	X	Y	Distance
<u>C 01724</u>	С	PRO	0 SAMEDAN OIL CORPORATION	ED	<u>C 01724</u>	dry hole		34	235	26E	567726	3569555* 🌍	744
C 02501	С	PRO	0 PENWELL ENERGY	ED	<u>C 02501</u>	never drilled	2	34	23S	26E	568127	3569970* 😜	1234
C 01246 AC		IRA	70.28 BETTY OR JERRY LACKEY	ED	C 01246 AC-S		Shallow 3 1 1	35	23S	26E	568635	3570086* 🌍	1750
C 02925	С	PRO	0 NADEL AND GUSSMAN PERMIAN LLC	ED	C 02925	sampled	311	35	235	26E	568635	3570086* 🌍	1750
C 01246 AC		IRR	70.28 BETTY OR JERRY LACKEY	ED	C 01246 AC		Shallow 1 1 1	35	235	26E	568635	3570286* 🈜	1826
<u>C 02550</u>	С	DÓM	3 MEWBOURNE OIL COMPANY	ED	C 02550		111	35	235	26E	568635	3570286* 🈜	1826
C 02826	С	PRO	0 NEWFIELD EXPLORATION	ED	C 01246 AC		Shallow 1 1 1	35	23S	26E	568635	3570286* 🌍	1826
<u>C 02892</u>	С	PRO	0 NEWFIELD EXPLORATION	ED	<u>C 02550</u>		111	35	23S	26E	568635	3570286* 锁	1826
<u>C 02911</u>	С	PRO	0 B AND H CONSTRUCTION	ED	<u>C 02911</u>		Shallow 1 1 1	35	235	26E	568635	3570286* 🌍	1826
C 00367	С	CLS	0 DAVID C. SARKEN	ED	<u>C 00367</u>	с	32	28	235	26E	566286	3571353* 😜	1973
C 02523	С	PRO	0 PEWWELL ENERGY	ED	C 02523		32	28	23S	26E	566286	3571353* 🌍	1973
C 02517	С	PRO	0 PENWELL ENERGY	ΈD	<u>C 02517</u>		2	32	235	26E	564882	3569924* 🗳	2141
C 02594	С	PRO	0 OXY USA	ED	C 02594		2	32	235	26E	564882	3569924* 🍯	2141
C 03081	С	DOL	3 LOTTIE BEA WHITE	ED	C 03081		242	05	24S	26E	565192	3568259* 🈜	2182
C 03206	С	STK	0 LOTTIE BEA WHITE KITE	ED	C 03206		242	05	245	26E	565192	3568259* 🈜	
C 00535	С	CLS	0 MARTIN YATES, III	ED	<u>C 00535</u>	С	211	27	235	26E	567195	3571862* 😜	2364
<u>C 02515</u>	С	PRO	0 PENWELL ENERGY INC	ED	C 02515		324	29	235	26E	564971	3570832* 🍯	2409
TU 01606		STK	3 PAJARITO CREEK RANCH LLC	GU	TU 01606 POD	- niiopiot	ucumcari Bas	sin]_	\rightarrow	568196	3567383 🐔	2446
*UTM location wa	s derlv	ed from	PLSS - see Help				······						
2/22/15 9:56 AM					Page 1 d	of 2	HIBITH		ACT	IVE & IN/	ACTIVE P	OINTS OF D	VERSION

		<i>(</i>				and no longer serves th								
	6b	(acre ft per	annum)			C=the file is closed)	(qua			illest to	o largest)	(NAD83	UTM in meters)	
WR File Nbr	Sub basir	n Use Diversi	lon Owner	County	POD Number	Code Grant	Source	qqq 6416 4		Tws	Rng	x	Y	Distance
C 01305	С	PRO	3 WHITE RANCH COMPANY	ED	C 01544			221	32	23S	26E	564369	3570211* 🏵	2707
<u>C 02174</u>	С	STK	3 WALKER HOOD	ED	<u>C 02174</u>		Shallow	2	10	24S	26E	568143	3566804* 🍑	2941
<u>C 00341</u>	С	CLS	0 MARTIN YATES	ED	C 00341	С		13	22	23\$	26E	567090	3572566* 🈜	3060
C 00352	С	CLS	0 MARTIN YATES, III	ED	C 00352	С		13	22	235	26E	567090	3572566* 🈜	3060
C 00398	С	CLS	0 MARTIN YATES, III	ED	C 00398	С		23	22	235	26E	567500	3572579" 🈜	3115
C 00537	С	ÐÔM	0 CORDIE E. KING	ED	<u>C 00537</u>			14	21	23 S	26E	566277	3572558* 🏵	3131

(R=POD has been replaced

Record Count: 24

UTMNAD83 Radius Search (in meters):

Northing (Y): 3569507

Easting (X): 566983

Radius: 3220 meters x 3.28 feet/meter = 10,560 feet = 2.00 miles

Sorted by: Distance

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

2/22/15 9:56 AM



ACTIVE & INACTIVE POINTS OF DIVERSION



New Mexico Office of the State Engineer Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.) (R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

		POD Sub-		0	0	Ô	5 (CS) (8 () (Dénth	Depth W	ater
POD Number	Code	•	County	64	16	4	Sec	Tws	Rng	X	<u> </u>	Distance			
<u>C 01724</u> dry ho	ble	С	ED				34	23S	26E	567726	3569555* 🌚	744	320		
C 01246 AC-S	samp	led	ED	3	1	1	35	235	26E	568635	3570086* 🈜	1750	350		
<u>C 00367</u>	С	С	ED		3	2	28	23S	26E	566286	3571353* 🍑	1973	1909		
C 00535	С	С	ED	2	1	1	27	23S	26E	567195	3571862* 😜	2364	1903		
C 02515		С	ED	3	2	4	29	235	26E	564971	3570832* 😜	2409	647		
TU 01606 POD1			GU							568196	3567383 🌍	2446	205	5	200
<u>C 02174</u>		С	ED			2	10	24S	26E	568143	3566804* 🏵	2941	263	233	30
<u>C 00341</u>	С	С	ED		1	3	22	23S	26E	567090	3572566* 🏵	3060	1881		
C 00352	С	С	ED		1	3	22	23S	26E	567090	3572566* 🚱	3060	1867		
C 00537		С	ED		1	4	21	235	26E	566277	3572558* 🚱	3131	400		
											Averag	ge Depth to	Water:	119 fee	et
												Minimum	Depth:	5 fee	et
												Maximum	Depth:	233 fee	et
Record Count: 10	, pan, mayar maya .										and and the set of the set				

UTMNAD83 Radius Search (in meters):

Easting (X): 566983

Northing (Y): 3569507

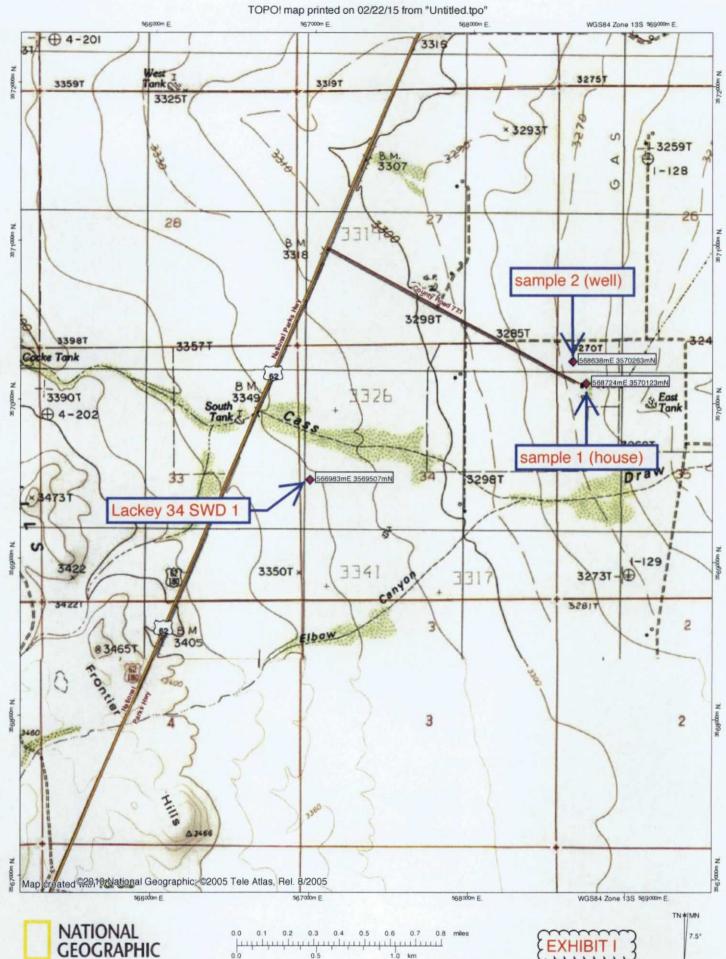
Radius: 3220

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

XHIBIT H

			•	WELL RE	CORD	461	1260)	SANT
			Section	1. GENERAL	INFORMATION	•			-
	Sam.	edan 011						Εχχο	n Sta
					Sast	(wi	ict 2 Meil L	NO	
City and	StateMid	land, Te	Xas	(9101					
Well was drille	d under Permit	No. C-1	724		and is located	in the:			
lifrom t	he South	line. 1	980'II	om the L	and is located ast line. 4_ Township	23S _	-	26E	
a	_ ¼,	4 <u> </u>	% of S	ection	• I ownship	R	ange		N.M.P
b. Tract	No	of Map No		of th	ic				
c. Lot N	lo	of Block No.		of ti	ie				
Subdi	ivision, recorde	d in	ddy		County.				
d. X≖_		feet, Y=		feet, l	N.M. Coordinate :	System			Zone
the	<u>. </u>							<u> </u>	Gra
(B) Drilling	Contractor	Abbott I	Bros.			License No	W.	D-46	
				222 (Decision) And Maxia	0	117201-2			
1		i							
Drilling Began	<u>11/3/</u>	76 Cam	pleted	<u>11/6/76</u> -	Type tools	Cable	<u> </u>	of hole_	. <u>.</u> .
Lievation of la	nd surface or) 	L	at w	ell'is	📰 ft. Total deb	th of well_	320	
ر ۱			1					A	hole
Completed we	11 ts 🔾 S	ananow لن	artesian.		Depth to water	upon completio	on of well:		
				NCIPALWATI	R-BEARING ST	RATA			
From	in Feet To	Thickness in Feet		-Description-o	Water-Bearing F	ormation	(gal	stimated	Yield minute)
				RY HOLE					
	<u> </u>	<u> </u>	┝┼╌ <u>┠</u> ┺						
			<u> </u>						
			<u> </u>			· · · · · · ·	-{		
	L	1							
			Secti	on 3. RECOR	O OF CASING				
Diameter (inches)	Pounds per foot	Threads per in,	Depti Top	h in Feet Bottom	Length (feet)		hoe	Perfor From	rations To
(Bottom				TTOIL	
	<u>}</u>		<u> </u>						
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L	L	1		_ <u>_</u>	<u> </u>	L		त्त तो दि	
					DING AND CEM				
Depth From	in Feet To	Hole Diameter		The second se	Cubic Feet of Cement	Met	hod-of-Ell	cement	
						· • • • • • • • • • • • • • • • • • • •		<u>-0</u>	
	┨───┤	+		_ 			<		
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	L			L					
			Sect	ion 5. PLUGG	NG RECORD				
Plugging Cont	ractor					· · · · · · · · · · · · · · · · · · ·			
Address Plugging Meth			· · · · · · · · · · · · · · · · · · ·		Ne	Depth i Top	n Feet Botton		ubic Feet
Date Well Plug	ged								
Plugging appro	oved by	······································	· · · ·		2				
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Analytical Report
Lab Order 1412B05
Date Reported: 1/5/2015

Hall Environmental Analysis Laboratory, Inc.

•

CLIENT:	Permits West			Client Samp	le ID: BO	C Lack #1	
Project:	BC Lackey SWD			Collection	Date: 12	/21/2014 11:36:00 AI	M
Lab ID:	1412B05-001	Matrix: A	QUEOUS	Received	Date: 12	/23/2014 1:23:00 PM	
Analyses		Result	RL Q	ual Units	DF	Date Analyzed	Batch
EPA ME	THOD 300.0: ANIONS					Analys	st: igp
Chloride	I	14	0.50	mg/L	1	12/24/2014 3:30:34 PI	M R23387
EPA ME	THOD 1664A					Analys	st: MRA
N-Hexar	ne Extractable Material	25	11	mg/L	1	12/29/2014	17015
SM25400	C MOD: TOTAL DISSOLVE	D SOLIDS				Analys	st: KS
Total Dis	ssolved Solids	625	20.0	* mg/L	1	12/29/2014 12:46:00 F	PM 17001

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:	*	Value exceeds Maximum Contaminant Level.	B	Analyte detected in the associated M	ethod Blank
	Ε	Value above quantitation range	н	Holding times for preparation or ana	lysis exceeded
	J	Analyte detected below quantitation limits	ND	Not Detected at the Reporting Limit	Page 1
	0	RSD is greater than RSDlimit	Р	Sample pH greater than 2.	\sim
	R	RPD outside accepted recovery limits	RL	Reporting Detection Limit	EXHIBI
	S	Spike Recovery outside accepted recovery limits			ani

- Page 1 of 5
- KHIBIT I

Analytical Report Lab Order 1412B05 Date Reported: 1/5/2015

Hall Environmental Analysis Laboratory, Inc.

CLIENT:	Permits West			Client Samp	le ID: BO	C Lack #2	
Project:	BC Lackey SWD			Collection	Date: 12	/21/2014 11:57:00 AM	Л
Lab ID:	1412B05-002	Matrix: A	QUEOUS	Received	Date: 12	/23/2014 1:23:00 PM	
Analyses		Result	RL Qu	ial Units	DF	Date Analyzed	Batch
	HOD 300.0: ANIONS					Analys	t: Igp
							•
Chloride		13	0.50	mg/L	1	12/24/2014 3:55:24 PM	•••
	HOD 1664A	13	0.50	mg/L	1		•••
EPA MET	HOD 1664A e Extractable Material	13 ND	0.50 13	mg/L mg/L	1		A R23387
EPA MET		ND		-	1	Analys	A R23387 t: MRA 17015

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Value exceeds Maximum Contaminant Level. В

Ε Value above quantitation range

Qualifiers:

*

- l Analyte detected below quantitation limits
- RSD is greater than RSDlimit 0
- R RPD outside accepted recovery limits
- Spike Recovery outside accepted recovery limits S
- Analyte detected in the associated Method Blank Н
- Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- Р Sample pH greater than 2.
- RL Reporting Detection Limit



QC SUMMARY REPORT

WO#: 1412B05

05-Jan-15

Hall Environmental Analysis Laboratory, Inc.

Client: Project:

Permits West BC Lackey SWD

Sample ID MB-17015	SampT	ype: ME	BLK	Tes	tCode: El	PA Method	1664A			
Client ID: PBW	Batch	h ID: 17	015	F	RunNo: 2	3442				
Prep Date: 12/29/2014	Analysis D	Date: 12	2/29/2014	S	SegNo: 69	92672	Units: mg/L			
Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
N-Hexane Extractable Material	ND	5.0								
Silica Gel Treated N-Hexane Extrac	ND	5.0								
Silica Gel Treated N-Hexane Extrac Sample ID LCS-17015		5.0 Type: LC	S	Tes	tCode: El	A Method	1664A			
	SampT				tCode: El RunNo: 2		1664A			<u></u>
Sample ID LCS-17015	SampT	Type: LC h ID: 17		F		3442	1664A Units: mg/L		<u> </u>	<u> </u>
Sample ID LCS-17015 Client ID: LCSW	SampT Batch	Type: LC h ID: 17	015 2/29/2014	F	RunNo: 2	3442		%RPD	RPDLimit	Qual
Sample ID LCS-17015 Client ID: LCSW Prep Date: 12/29/2014	SampT Batch Analysis D	Type: LC h ID: 170 Date: 12	015 2/29/2014	F	RunNo: 2 SeqNo: 6	3442 92673	Units: mg/L	%RPD	RPDLimit	Qual

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- Ε Value above quantitation range
- Analyte detected below quantitation limits J
- 0 RSD is greater than RSDlimit
- R RPD outside accepted recovery limits
- Spike Recovery outside accepted recovery limits S
- Analyte detected in the associated Method Blank В
- Н Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- Sample pH greater than 2. Ρ
- RL **Reporting Detection Limit**



QC SUMMARY REPORT	
Hall Environmental Analysis Laboratory, Inc.	

WO#: 1412B05

05**-J**an-15

Client: Project:		Permits West BC Lackey S										
Sample ID	MB		SampT	ype: Mi	BLK	Tes	tCode: E	EPA Method	300.0: Anion:	5		
Client ID:	PBW		Batch	1D: R 2	3387	f	RunNo: ;	23387				
Prep Date:		Ana	alysis D	ate: 12	2/24/2014	:	SeqNo: (690958	Units: mg/L			
Analyte		Re	esult	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Chloride			ND	0.50					-			
Sample ID	LCS		SampT	ype: LC	s	Tes	tCode: E	EPA Method	300.0: Anion:	 \$		
Client ID:	LCSW		Batch	ID: R2	3387	I	RunNo: ;	23387				
Prep Date:		Ana	alysis D	ate: 1	2/24/2014	:	SeqNo: (690959	Units: mg/L			
Analyte		R	esult	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Chloride			4.8	0.50	5.000	0	95.8	90	110			

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- E Value above quantitation range
- J Analyte detected below quantitation limits
- O RSD is greater than RSDlimit
- R RPD outside accepted recovery limits
- S Spike Recovery outside accepted recovery limits
- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- P Sample pH greater than 2.
- RL Reporting Detection Limit





QC SUMMARY REPORT Hall Environmental Analysis Laboratory, Inc.

WO#: 1412B05

05**-Jan-**15

Client:Permits WestProject:BC Lackey SWD

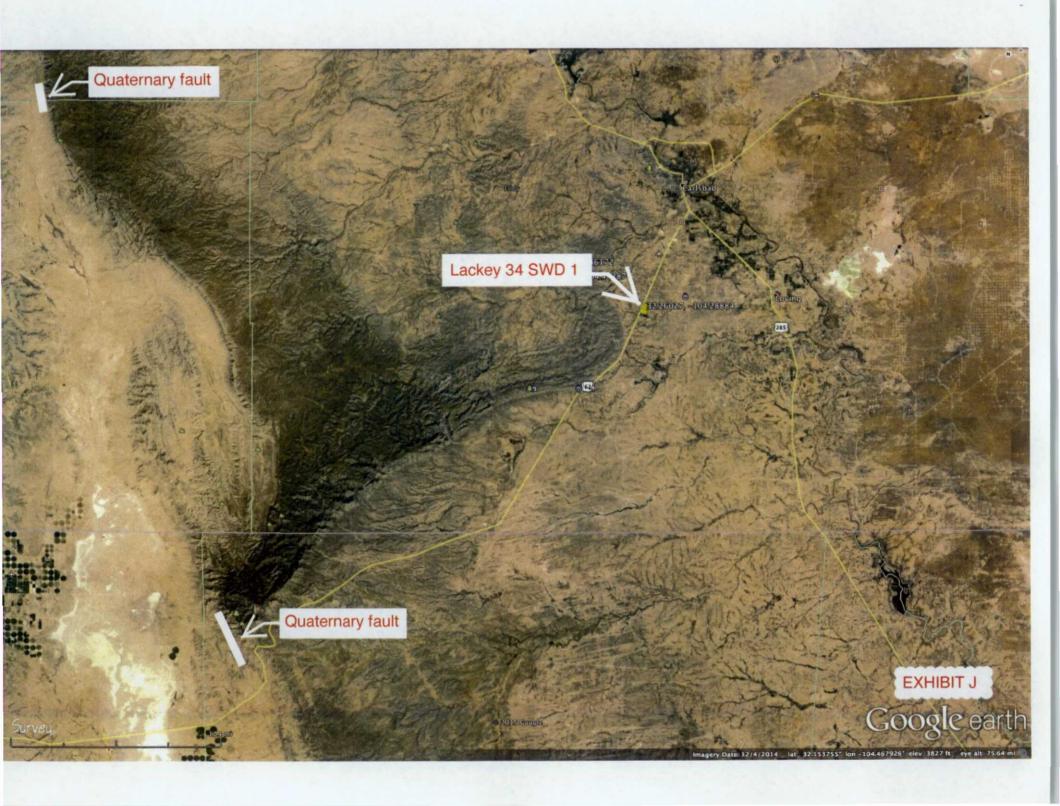
Sample ID MB-17001	SampType: MBLK	TestCode: SM2540C M	OD: Total Dissolved Solids
Client ID: PBW	Batch ID: 17001	RunNo: 23390	
Prep Date: 12/24/2014	Analysis Date: 12/29/2014	SeqNo: 691085	Units: mg/L
Analyte	Result PQL SPK value	SPK Ref Val %REC LowLimit	HighLimit %RPD RPDLimit Qua
Fotal Dissolved Solids	ND 20.0		· · · · · · · · · · · · · · · · · · ·
	ND 20.0 SampType: LCS	TestCode: SM2540C M	OD: Total Dissolved Solids
Sample ID LCS-17001		TestCode: SM2540C M RunNo: 23390	OD: Total Dissolved Solids
Sample ID LCS-17001 Client ID: LCSW	SampType: LCS		OD: Total Dissolved Solids Units: mg/L
	SampType: LCS Batch ID: 17001 Analysis Date: 12/29/2014	RunNo: 23390	

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- E Value above quantitation range
- J Analyte detected below quantitation limits
- O RSD is greater than RSDlimit
- R RPD outside accepted recovery limits
- S Spike Recovery outside accepted recovery limits
- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- P Sample pH greater than 2.
- RL Reporting Detection Limit

Page 5 of 5





Affidavit of Publication

State of New Mexico, County of Eddy, ss.

Rynni Henderson, being first duly sworn, on oath says:

That she is the Publisher of the Carlsbad Current-Argus. а newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

January 28

2015

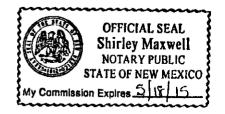
That the cost of publication is 52.09 and that payment thereof has been made and will be assessed as court costs.

Subscribed and sworn to before me this <u>light</u>day of <u>Felminany</u>,

Shidey mapurel

My commission Expires

Notary Public









February 27, 2015

Jerry W. & Betty June Lackey 110 Skinner Road Carlsbad NM 88220

BC Operating, Inc. is applying (see attached application) to drill its Lackey 34 SWD 1 well as a saltwater disposal well. As required by NM Oil Conservation Division (NMOCD) Rules, I am notifying you of the following proposed saltwater disposal well in Eddy County, NM. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: Lackey 34 SWD 1ID = 5,350'Proposed Disposal Zones: Cherry Canyon & Brushy Canyon (2,625' - 5,250')Location: 2480' FSL & 235' FWL Sec. 34, T. 23 S., R. 26 E.Approximate Location: 11 air miles southwest of Carlsbad, NMApplicant Name:BC Operating, Inc. (432) 684-9696, Ext. 762Applicant's Address:P. O. Box 50820, Midland TX 79710

Submittal Information: Application for a saltwater disposal well will be filed with the NMOCD. If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The NMOCD address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

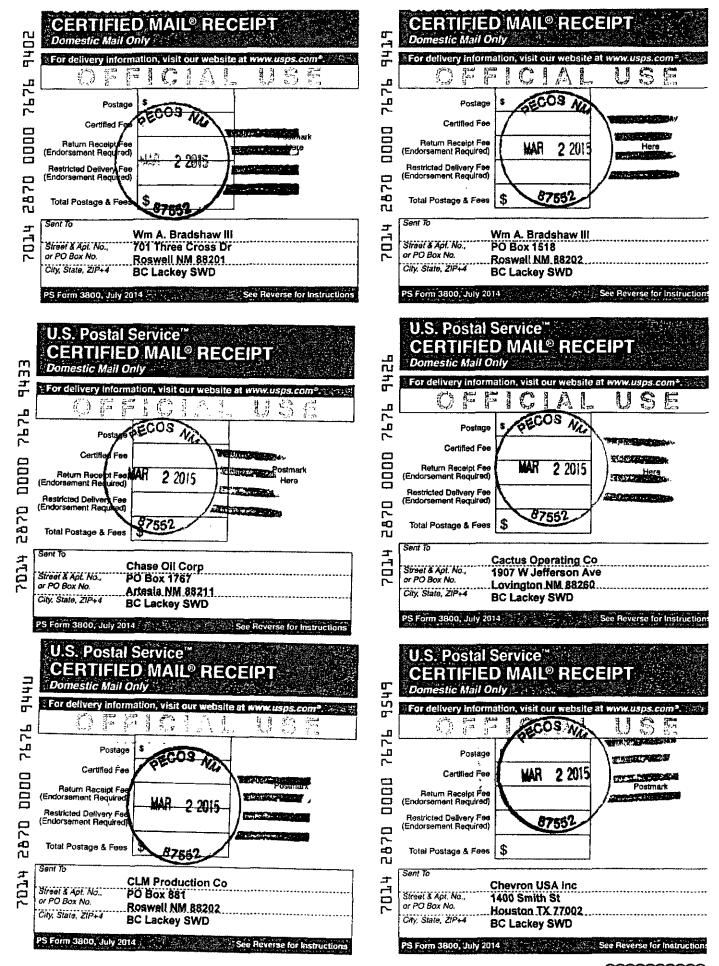
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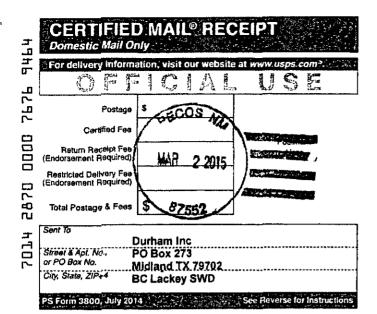
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	PS Form 3800, July 2014 See Reverse for Instructions		PS Form 3800, July 2014 See Reverse for instruction
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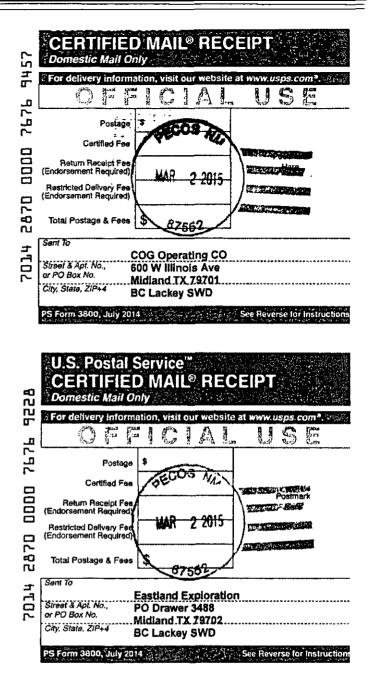
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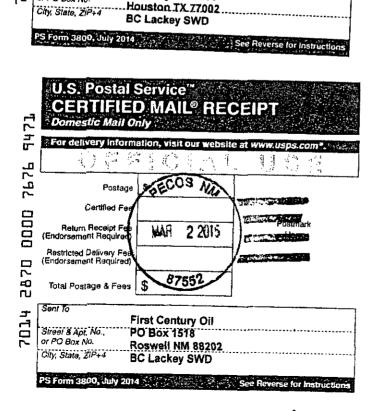
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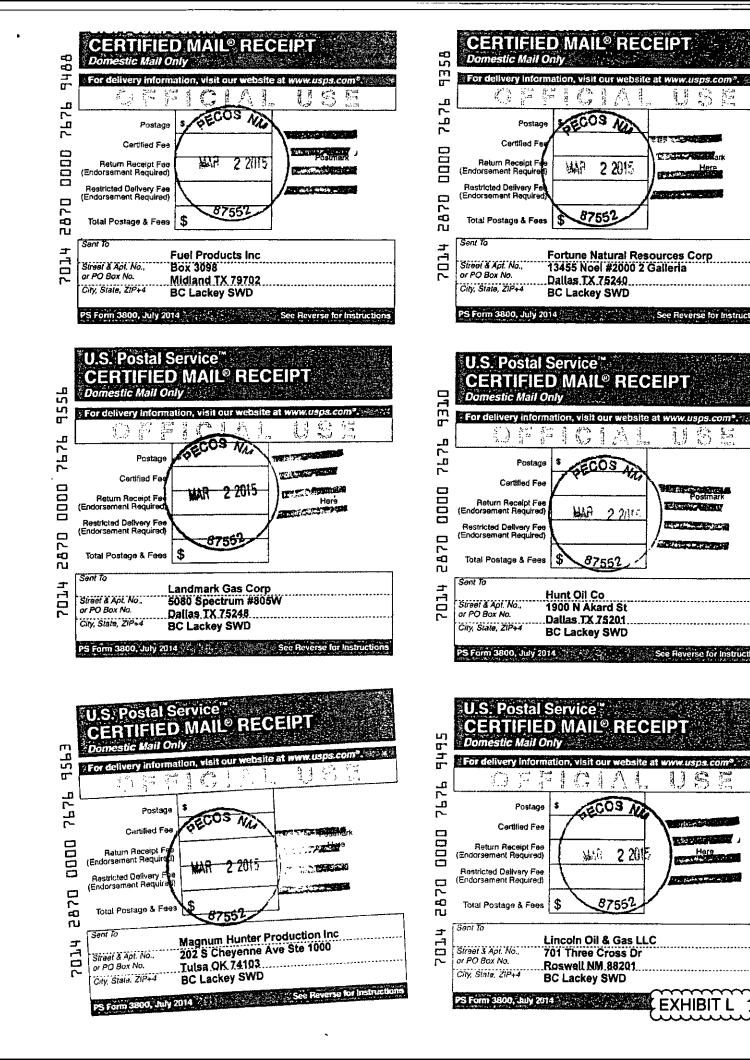
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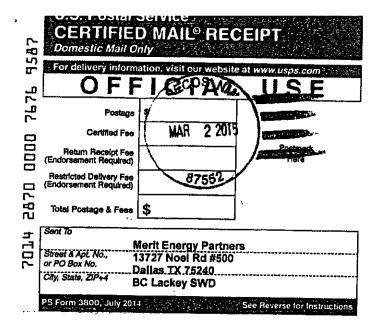
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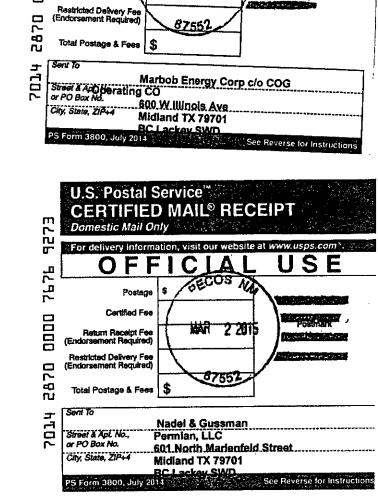












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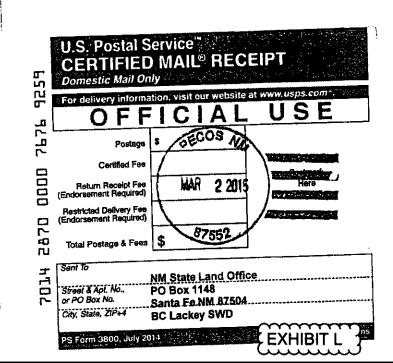
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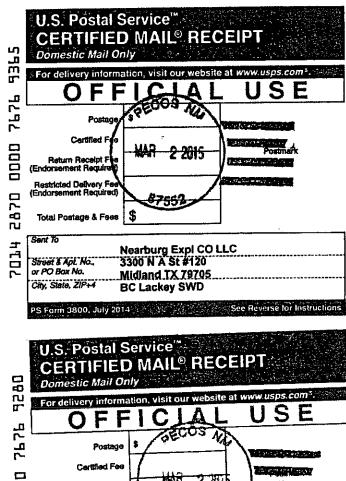
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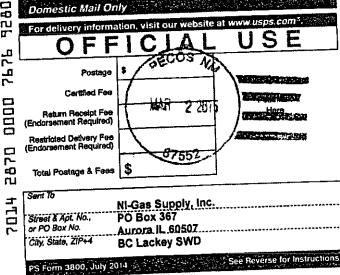
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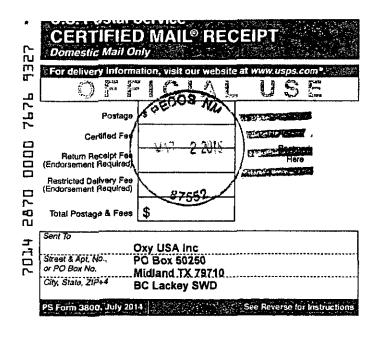
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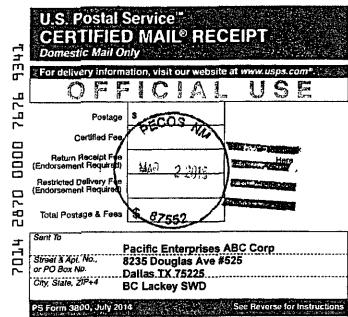
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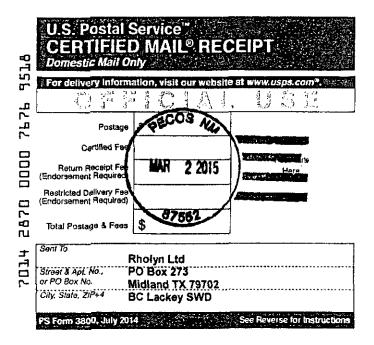










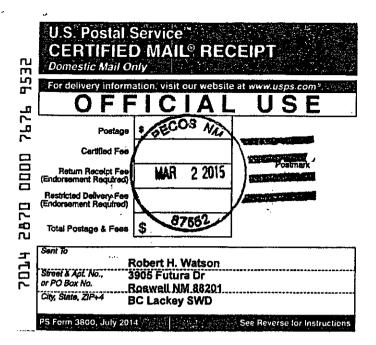


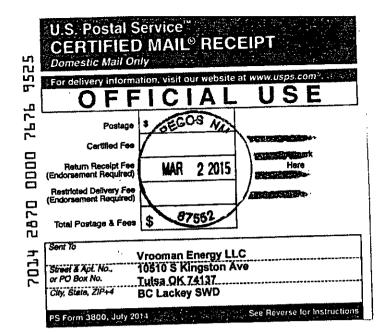






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INSTRUCTIONS

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

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Two Copies	ale Distric	Office		F	-	State of Ne			-		Form C-105 Revised August 1, 2011					
District I 1625 N. French Dr.,	Hobbs, N	M 88240		Ene	rgy, N	Ainerals and	1 Na	turai i	Kesour	ces	1. WELL API NO.					
District II 811 S. First St., Arte	sia, NM 8	8210			Oil	Concervat	ion	Divis	vion		30-015-28938					
811 S. First St., Artesia, NM 88210 Oil Conservation Division District III 1000 Rio Brazos Rd., Aztec, NM 87410 1000 Rio Brazos Rd., Aztec, NM 87410 1220 South St. Francis Dr.							2. Type of Lease									
District IV 1220 S. St. Francis I			06			Santa Fe, N					STATE FEE FED/INDIAN 3. State Oil & Gas Lease No. VA-696-0000					
				FCO		ETION RE	_			G		1				
4. Reason for fili			N.OIX I							<u> </u>	5. Lease Nan	ne-or U	Init Agre	ement Nar	ne	
🛛 COMPLETI		റ്റെ ഗ്ല്	in Kadar .		ar no r	i sin ai fita		. Santas			Spike Oxy RECEIVED					
COMPLET	UN KEP	OKT (Fill	in boxes i		gn #311	or State and Fee	weits	s only)			6. Well Num	ber:				
C-144 CLOS	d the pla									2 and/or	· · ·	•	<u> </u>	NOV 2	2 2 2	013
7. Type of Comp] work	over 🗆	DEEPE	NING			DIFFER	RENT RE	SERVOI		Add	Zanavja		ART	resia
8. Name of Opera	tor -										9. OGRID					
V-F Petroleum In 10, Address of Op											024010 11. Pool nam	e or W	ildcat			
P.O. Box 1889 Midland, TX 797											LEA UNDES	SIGNA	TED;ST	RAWN		
12.Location	Unit Ltr	Secti		Towns		Range	Lot			from the	N/S Line	Fect	from the			County
Surface:	н		33	23	s	26E			1	980	_ N		660	E	<u> </u>	Eddy ~
BH:																
13. Date Spudded 4/20/1996	14. Da	ate T.D. R	eached	-15. D	ate Rig	Released			16. Date (5/19/13	Completed	I (Ready to Pro	duce)		7. Elevatio		and RKB,
18. Total Measure 12,026'	d Depth	of Well		19. P 10.99		k Measured Dep	oth			Direction	al Survey Made	?		pe Electric		her Logs Run
22. Producing Inte	erval(s), c	of this com	pletion - 1	op, Bot	tom, Na	me		_ I.					I			
23.					CAS	ING REC	ORI	D (Re	enort a	II strin	os set in w	zell)	· - ·			
CASING SIZ	ZE	WEIC	GHT LB./I			DEPTH SET	Ť		HOLE SI				CORD	AM	OUNT	PULLED
13 3/8"			48#	425'				17 1/2"		420		•	None			
<u>8 5/8"</u>			# & 32#		3020'					1200		None None				
5 1/2"		17	<u># & 20#</u>		12026'			7 7/8"		400		•• .		NO	ne	
· · · · · · · · · · · · · · · · · · ·							-+									
24.		••			LIN	ER RECORD				25	· · · · · · · · · · · · · · · · · · ·	TUBN	NG REC	CORD		
SIZE	TOP		BOI	TOM		SACKS CEM	ENT	SCRE	een				EPTH SE	ज्ञ		ER SET
		· · · · ·									3/8"),400'		10,33	<u> </u>
26. Perforation	record (in	nterval, siz	c, and nur	nber)		I		27. A	ACID, SI	HOT, FR	ACTURE, C	EMEN	IT. SOL	JEEZE, E	TC.	• <u>•</u> ,, ·
10,470-10,480'; 0 11,100-11,106'; 0								DEPT	TH INTER	RVAL	AMOUNT	AND K	(IND M	ATERIAL		
11,100-11,100 , 0	.41,121	noies						10,4	70-10,4	80	3500 gal	7.5%	NeFe I			
			•								· · · · · ·					
28.		· ,					PRO	ODU	CTIO	N						
Date First Produc	tion				od (Fla	wing, gas lift, p					Well State		d. or Shu	t-in)		
8-23-13 · Date of Test	Hours	Tested	Flowing	ke Size		Prod'n For		Oil - I	Rhi	62	. Producing s - MCF		ater - Bb	1	Gas - (Dil Ratio
8-23-13	24		16/			Test Period		-		28		- -			•	
Flow Tubing Press.	Casin Packe	g Pressure r		culated 2 ir Rate	24-	Oil - Bbl. -		- G 28	ias - MCF 8	 	Water - Bbl.		Oil Gr -	avity - AP	l - (Cor	r.)
400# 29. Disposition of	Gas (Sol	d, used foi	· Juel, ven	ed, etc.)]	••		l				30.1	l Test Witr	essed By		
Sold Wayne Luna																
	·· •• ·	- +		· · ·	<u> </u>		• •			- •				-		
32. If a temporary		• .	۰. <u>۱</u>	-			-	•••	t	• • •	1	•,	-	,	•	• • •
33. If an on-site b	urial was	used at the	e well, rep	ort the e	xact loc	ation of the on-: Latitude	site bu	irial:	•	-]					D 1027 1082
I hereby certif	fy that ti	he inforn	nation s	hown o	n both	sides of this	form	ı is tru	ie and c	omplete	Longitude to the best	of my	knowle	edge and	beliej	<u>D 1927 1983</u>
Signature 🦿	•	<u> </u>	Λ,			Printed Name				Title		-			Data	
	Γ'n,	Sp	M		1	Eric Sp	rinklo	C .			neering Techr	nician		1	Date 0/25/1	³ <i>A</i>
E-mail Address: eric@vfpetroleum.com																

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

Southe	astern New Mexico	Northy	Northwestern New Mexico				
T. Anhy	T. Canyon	T. Ojo Alamo	T. Penn A"				
T. Salt	T. Strawn <u>10,470'</u>	T. Kirtland	T. Penn. "B"				
B. Salt	T. Atoka <u>10,644'</u>	T. Fruitland	T. Penn. "C"				
T. Yates	T. Miss <u>11,968'</u>	T. Pictured Cliffs	T. Penn. "D"				
T. 7 Rivers	T. Devonian	T. Cliff House	T. Leadville				
T. Queen	T. Silurian	T. Menefee	T. Madison				
T. Grayburg	T. Montoya	T. Point Lookout	T. Elbert				
T. San Andres	T. Simpson	T. Mancos	T. McCracken				
T. Glorieta	T. McKee	T. Gallup	T. Ignacio Otzte				
T. Paddock	T. Ellenburger	Base Greenhorn	.T.Granite				
T. Blinebry	T. Gr. Wash	T. Dakota					
T.Tubb	T. Delaware Sand 1902'	T. Morrison					
T. Drinkard	T. Bone Springs 5449'	T.Todilto					
T. Abo	T. Morrow <u>10,946</u>	T. Entrada					
T. Wolfcamp	T	T. Wingate					
T. Penn	T	T. Chinle					
T. Cisco (Bough C)	T	T. Permian					
	OIL OR GAS	SANDS OR ZONES					
No. 1, from	to	. No. 3, from	to				
	to		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		
No. 3, from		
10. <i>3</i> , nom	······································	

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	То	Thickness In Feet	Lithology	From	То	Thickness In Feet	Lithology
0	425.	425	Surface Rock				
425	1114	689	Red Bed & Anhy				
1114	1.487	373	Dolo & Anhy				
1487	3390	1903	Sand & Lime				í.
3390	4290	900	Sand & Shale				
4290	5160	870	Sand				
5160	8300	3140	Lime & Shale				
8300	9475	1175	Lime, Sand, & Shale			-	1
9475	10238	763	Lime & Shale				
10238	10624	386	Lime				
10624	11585	961	Lime & Shale				
11585	12026	44!	Lime, Sand, & Shale				
		:					
	1						
l.							
						1	
		1	· ·				
	1						

		Second	Application +	allowing Dotests / Revised
	eceived 5 14 15 Add. Reques	at Additions	Reply Date:A	Syspended [Ver 16]
ORDER TYPE: WFX / PMX SWD N	umber: /609 Order	Date: 11/2	Contraction and the second sec	
Well No Well Name(s): Lackey	34 SWD		L Drig (orig	& VF well issue unal application ancelled)
API: 30-0 15-42.998 Spud Da	\	lew or Old:		0 2
Footages (Na) 240 FSL 235 FUL Lot -		_Tsp22	3 <u>S</u> _{Rge} 26Ē	_County_Eddy
General Location: ~9.5 miles S of Carlab	al Estibo Pool: SI	WD. Che	my Convon	Pool No.: 97008
BIM 100K Man: Colspie Operator: BC	Ocertica Tr.	OGRID	160825 Contac	Permits West/B. Wad
BLM 100K Map: <u>Cortsbud</u> Operator: <u>BC</u> Refore approval Suspece COMPLIANCE RULE 5.9: Total Wells: <u>247</u> Inactiv	ded due to Inc. ve: <u>5</u> Fincl Assur:	tive well S Compi.	S FA ISSUES Order? NO IS 5	9 OK? Yes Date: 11/23/16
WELL FILE REVIEWED Current Status: APD	vorsied - amended	APD to	r shallower in	terral
				-
WELL DIAGRAMS: NEW: Proposed Of or RE-ENTER	-	onv. O L	ogs in imaging:	
Planned Rehab Work to Well: New drill	• 			
Well Construction Details Sizes (in) Borehole / Pipe	Setting Depths (ft)	· · · · ·	Cement Sx or Cf	Cement Top and Second
Planned_or Existing_Surface 16 133/8	0 to 630	Stage Tool	550	Cir. to surface
Planned for Existing Interm Prod 21/4 95/8		Non	<u>- 1015</u>	Cir to surface
Planned_vor ExistingInterm/Prod 03/4/7	0403515	None.	473	Cir. to surface
Planned_or Existing Prod/Liner	·			
Planned_or Existing _ Liner		Inj Length	3	
Planned or Existing OH / ERP 83/4/7	2625-60 3500			Operation Details:
Injection Lithostratigraphic Units: Depths (ft)	Injection or Confining Units	Tops	Drilled TD 3600	PBTD 3500
Adjacent Unit: Litho. Struc. Por.	S Lamar	1700 '	NEW TD	
Confining Unit: Litho. Struc. Por. ±O	Bell Convon	1925	NEW Open Hole	or NEW Perfs
Proposed Inj Interval TOP: 2.625	Cherry Conyon	2625	Tubing Size 472	in. Inter Coated? Yes
Proposed Inj Interval BOTTOM: 3500 Confining Unit: Litho. Struc. Por. + 250		3725	Min. Packer Depth	epth <u>2525</u> ft 2325 (100-ft limit)
Adjacent Unit: Litho. Struc. Por.	Brushy University Bore Sorna	5290		ace Press. <u>525</u> psi
AOR: Hydrologic and Geologic Ir		<u> </u>	Admin. Inj. Press.	-
POTASH: R-111-P_NA_Noticed?BLM Sec Or				
FRESH WATER: Aquifer Allwial possible Rush				NT By Qualified Person
NMOSE Basin: Corlsbood CAPITAN REEF: thr	· · · · · · · · · · · · · · · · · · ·	_		D FW Analysis?NA
Disposal Fluid: Formation Source(s)	Bone Spring nalysis	2 ks	On Lease O Operate	Historen / titalie pr Only () or Commercial ()
Disposal Interval: Inject Rate (Avg/Max BWPD): _75			_	
HC Potential: Producing Interval?	roducing?) ~ ogs/DST/P_	& Alother Needs day	2-Mile Radius Pool Map
AOR Wells: 1/2-M Radius Map? Ves Well List?	Yes Total No. Wells Pe	enetrating Ir	nterval: <u>2</u> I	Horizontals?
Penetrating Wells: No. Active Wells Num Repair	s?on which well(s)?	24 Spik	e1 (30-015) 209	39) Diagrams? Yes
Penetrating Wells: No. P&A Wells Num Repairs'	A	<i></i>		Diagrams? Yes
NOTICE: Newspaper Date 01 28 2015 Mineral	Owner_BLM	_ Surface C	owner Aivate La	ekayN. Date 03/20 15
RULE 26.7(A): Identified Tracts?	Location Bass Axis	5 Brergy	Beall/+17 Corp. \$	NMSLO N. Date 03/20/15
Order Conditions: Issues: Unknown h	ydro carbon Clow po		formation Par	
Add Order Cond: Mudlog / SRT prior	to injection. 1*	remedial	Wolk on VFU	11/21/2016-28938)

Goetze, Phillip, EMNRD

From:	Caleb Hopson <chopson@bcoperating.com></chopson@bcoperating.com>
Sent:	Thursday, October 6, 2016 1:20 PM
То:	Goetze, Phillip, EMNRD
Cc:	Jones, William V, EMNRD; McMillan, Michael, EMNRD; Lowe, Leonard, EMNRD; Billy
	Moore; Art Carrasco
Subject:	RE: Review Issue for the Lackey 34 SWD No. 1 - Second Application

Good Afternoon Mr. Goetze -

We have finalized an agreement with VF Petroleum as well as fully completed the C-145 transfer of operatorship with the NMOCD regarding the Oxy Spike well. Our technical team will be out on location towards the latter part of next week completing the necessary remedial work on the Oxy Spike well, so that the Lackey 34 SWD well will now be in compliance with NMOCD rules.

Once the remedial work on the Oxy Spike well has been completed, what is the next step in order to get the Lackey 34 SWD approved?

Thanks,

Caleb Hopson BC Operating, Inc. 4000 N. Big Spring, ste 310 Midland, Tx 79705 OFF: 432-684-9696 ext. 762



From: Caleb Hopson Sent: Thursday, July 28, 2016 9:12 AM To: 'Goetze, Phillip, EMNRD' <Phillip.Goetze@state.nm.us> Cc: Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>; McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>; Billy Moore <bmoore@bcoperating.com> Subject: RE: Review Issue for the Lackey 34 SWD No. 1 - Second Application

Mr. Goetze – My technical staff has informed me that we are now in compliance with rule 5.9. Can you confirm? Also, we are finalizing our deal with VF Petroleum soon. Please advise if any additional info is needed. Thanks for your help.

Caleb Hopson BC Operating, Inc. 4000 N. Big Spring, ste 310 Midland, Tx 79705 OFF: 432-684-9696 ext. 762



Crump Energy Partners II, LLC

From: Goetze, Phillip, EMNRD [mailto:Phillip.Goetze@state.nm.us] Sent: Wednesday, July 20, 2016 9:39 AM To: Caleb Hopson <<u>chopson@bcoperating.com</u>> Cc: Jones, William V, EMNRD <<u>WilliamV.Jones@state.nm.us</u>>; McMillan, Michael, EMNRD <<u>Michael.McMillan@state.nm.us</u>>; Lowe, Leonard, EMNRD <<u>Leonard.Lowe@state.nm.us</u>> Subject: RE: Review Issue for the Lackey 34 SWD No. 1 - Second Application

Caleb:

Thank you for the information in support of the application. One item not tied to the content of the application, but needs to be addressed before an order is approved, is BC Operating's Rule 5.9 compliance status. Today's summary of inactive wells shows BC Operating with nine (9) IA wells. BC Operating is allowed five (5) under rule. You might want to take this to management and resolve this item while the application is being revisited. There are no issues with regards to financial assurance. Call with any questions. PRG

Phillip R. Goetze, PG Engineering Bureau Oil Conservation Division New Mexico Energy, Minerals and Natural Resources Department 1220 South St. Francis Drive Santa Fe, NM 87505 Direct: 505.476.3466 E-mail: phillip.goetze@state.nm.us



From: Caleb Hopson [mailto:chopson@bcoperating.com] Sent: Wednesday, July 20, 2016 8:05 AM To: Goetze, Phillip, EMNRD <<u>Phillip.Goetze@state.nm.us</u>> Cc: Jones, William V, EMNRD <<u>WilliamV.Jones@state.nm.us</u>> Subject: RE: Review Issue for the Lackey 34 SWD No. 1 - Second Application

Mr. Goetze – Thanks for taking my phone call this morning. As we discussed, BC Operating is in the final stages of a deal with VF Petroleum regarding the Oxy Spike #1 well. They have agreed to let us take over operations of this wellbore and seal the annulus in the section that is equivalent to 3,500'.

We plan to spud a well less than 3 miles NE of the proposed Lackey SWD towards the end of August.

Please advise if any additional information is needed. Thank you.

Caleb Hopson BC Operating, Inc. 4000 N. Big Spring, ste 310 Midland, Tx 79705 OFF: 432-684-9696 ext. 762



Crump Energy Partners II, LLC

From: Goetze, Phillip, EMNRD [mailto:Phillip.Goetze@state.nm.us] Sent: Monday, January 11, 2016 5:26 PM To: Caleb Hopson <<u>chopson@bcoperating.com</u>> Cc: Jones, William V, EMNRD <<u>WilliamV.Jones@state.nm.us</u>> Subject: Review Issue for the Lackey 34 SWD No. 1 - Second Application

Caleb:

The review of the second application has provided a unique situation that needs to be addressed. One of the two wells in the Area of Review, the Spike No. 1 (30-015-28938), has a cement completion which provides a possible conduit behind casing to deeper formations including the Bone Spring and possible Bradenhead issues for the Spike No. 1 (see attached PDF). There are two possible solutions – re-enter the Spike and seal the annulus in the section that is equivalent to 3500' (remedial cement work), or reduce the injection interval by reducing the lower portion to the same projected depth (based on a mean sea level datum) as the shoe of the 8 5/8-inch casing of the Spike No. 1. The Spike No. 1 is up-dip of the proposed SWD location, but it is within a ¼ mile of the proposed well which will have a commercial disposal status. Please discuss and see what BC wishes to pursue. And always open to alternatives. Thanks. PRG

Phillip R. Goetze, PG
Engineering and Geological Services Bureau
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Direct: 505.476.3466
e-mail: phillip.goetze@state.nm.us



From: Caleb Hopson [mailto:chopson@bcoperating.com] Sent: Friday, January 08, 2016 1:21 PM To: Goetze, Phillip, EMNRD <<u>Phillip.Goetze@state.nm.us</u>> Cc: Billy Moore <<u>bmoore@bcoperating.com</u>> Subject: RE: Lackey 34 SWD No. 1 - Second Application

Mr. Goetze-

Thank you for the update. Attached for your records, please find our affirmation statement for faults and hydrologic connectivity with protectable waters. Please let us know if any additional information is needed.

Thanks again,

Caleb Hopson BC Operating, Inc. 4000 N. Big Spring, ste 310 Midland, Tx 79705 OFF: 432-684-9696 ext. 762



From: Goetze, Phillip, EMNRD [mailto:Phillip.Goetze@state.nm.us] Sent: Friday, January 08, 2016 10:21 AM To: Caleb Hopson <<u>chopson@bcoperating.com</u>> Subject: Lackey 34 SWD No. 1 - Second Application

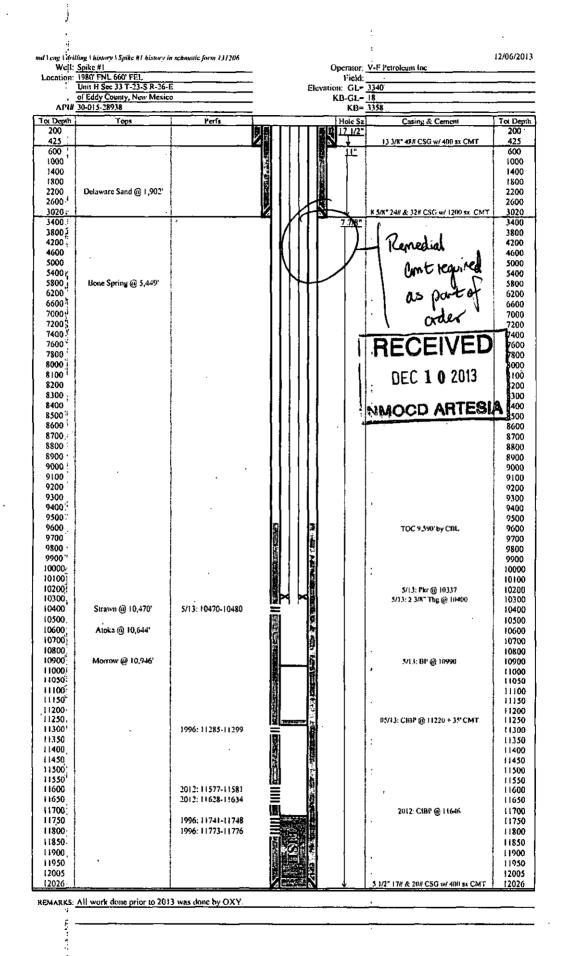
Caleb:

I have the application, started the review, then placed it to the side as result of other business that was designated more important. The application I have is the second version which reduced the interval as a result of protests by Operators with projects in the lower Brushy Canyon. I put on today's project list and will contact you next week with the results. Meanwhile, I would request that BC Operating provide a written affirmation statement for faults and hydrologic connectivity with protectable waters (see attachment) by a qualified individual (i.e. geologist, engineer, environmental scientist, etc.) to go with the application. Brian Wood's applications are very good, but the affirmation statement has to be made by an individual and not a generic company name as the party. Just e-mail a copy when possible. Thanks. Call/e-mail with any questions. PRG

Phillip R. Goetze, PG

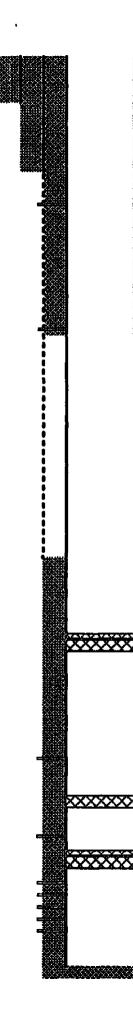
Engineering and Geological Services Bureau Oil Conservation Division New Mexico Energy, Minerals and Natural Resources Department 1220 South St. Francis Drive Santa Fe, NM 87505 Direct: 505.476.3466 e-mail: phillip.goetze@state.nm.us





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Submit'l Copy To Appropriate District Office <u>District - (575) 393-61 NM OIL CONSERVATION ate of New Mexico</u> 1625 N. French Dir. Hohes NM BRIESIA DISTRICT SY, Minerals and Natural Resources	Form C+103
Office <u>District 1</u> - (575) 393-61 NM OIL CONSERVATION are of five interaction 1625 N. French Dr., Hobbs, NM #BJESIA DISTRICT BY, Minerals and Natural Resources District 11 - (575) 748 1981	Revised July 18, 2013 WELL API NO.
District II - (575) 748-1283 811 S. First St., Artesia, NM 88210NOV 07 2016L CONSERVATION DIVISION	30-015-28938
811 S. First St., Artesia, NM 88210NUV 0 7 2091 CONSERVATION DIVISION District III - (505) 334-6178 1220 South St. Francis Dr.	5. Indicate Type of Lease
1000 Rio Brazos Rd., Aziec, NM 87410 Sonto Fe NIM 97505	6. State Oil & Gas Lease No.
1220 S. St. Francis Dr., Santa Fe, NM	o. State on de Gas Lease No.
87505 SUNDRY NOTICES AND REPORTS ON WELLS	7. Lease Name or Unit Agreement Name
(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	OXY SPIKE
PROPOSALS:)	8. Well Number 1
1. Type of Well: Oil Well Gas Well X Other	9. OGRID Number
2. Name of Operator BC OPERATING, INC.	160825
3. Address of Operator P.O. BOX 50820	10. Pool name or Wildcat
MIDLAND, TX 79710	FRONTIER HILLS; STRAWN (GAS)
4. Well Location Unit Letter H : 1980 feet, from the NORTH line and 6	60 feet from the EAST line
Section 33 Township 23S Range 26E	NMPM EDDY County
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	
10 Oberts Adversarias Devise Tediners Network Obstation I	
12. Check Appropriate Box to Indicate Nature of Notice, F	Report of Other Data
	SEQUENT REPORT OF:
TEMPORARILY ABANDON CHANGE PLANS COMMENCE DRIL PULL OR ALTER CASING. MULTIPLE COMPL CASING/CEMENT	
PULL OR ALTER CASING MULTIPLE COMPL . CASING/CEMENT	JOB []
OTHER: OTHER:	D
 Describe proposed or completed operations. (Clearly state all pertinent details, and of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Com 	
proposed completion or recompletion.	pichona. Attach wendore diagram of
10/22/2016 - 2nd SQUEEZE PROCEDURE STARTED AND FINISHED	
SEE ATTACHED RESULTS AND WELLBORE DIAGRAM	
Spud Date: Rig Release Date:	
Spud Date: Rig Release Date:	
I hereby certify that the information above is true and complete to the best of my knowledge	and belief.
SIGNATURE Saval L. S. TITLE REGULATORY ANALYS	ST DATE 11.7.2016
Type or print name SARAH PRESLEY E-mail address: SPRESLEY@BCOP	ERATING.COM PHONE:
For State Use Only	
APPROVED BY: Muluit 2 but TITLE Compliment off	FICER DATE 11/8/2016
Conditions of Approval (if any):-	



13 %" 48# @ 400' Circ to surface

8 % * 24# & 32# @ 3,020' Circ to surface

Squeeze #2 holes @ 3,450' TOC First Squeeze @ 3,465' Second Squeeze @ Surface (circ 76 sx)

Cement Retainer @ ± 4,950'

Squeeze #1 holes @ ± 5,000'

TOC @ 9,590' (CBL)

Bridge Plug @ ± 9,800' w/35' sand

Packer @ 10,337' 2 ¾" Tubing - EOT @ 10,400'

Strawn Perfs 10,470' to 10,480' 2013

RBP @ 10,990'

Atoka Perfs 11,100' to 11,106' 2013

CIBP @ 11,220' w/25' cmt

 Morrow Perfs
 11,285' to
 11,299'
 1996

 Morrow Perfs
 11,557' to
 11,581'
 2013

 Morrow Perfs
 11,628' to
 11,634'
 2013

 Morrow Perfs
 11,741' to
 11,748'
 1996

 Morrow Perfs
 11,773' to
 11,776'
 1996

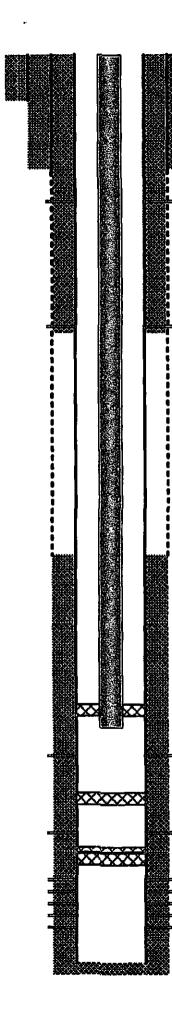
51/2 * 17# - 20# @ 12,026' TOC @ 9,590' (CBL)

Spike #1

Second Squeeze Job

NM OIL CONSERVATION ARTESIA DISTRICT NOV 07 2016

RECEIVED



13 3 3 48# @ 400' Circ to surface

8 % * 24# & 32# @ 3,020' Circ to surface

Squeeze #2 holes @ 3,450'

TOC - First Squeeze @ 3,465' - Second Squeeze @ Surface (circ 76 sx)

Cement Retainer @ ± 4,950'

Squeeze #1 holes @ ± 5,000'

TOC @ 9,590' (CBL)

Packer @ 10,334' (left hand set) 2 %* 4.7 #/ft 8rd L80 Tubing

Strawn Perfs 10,470' to 10,480' 2013

RBP @ 10,990'

Atoka Perfs 11,100' to 11,106' 2013

CIBP @ 11,220' w/25' cmt

Morrow Perfs11,285' to11,299'1996Morrow Perfs11,557' to11,581'2013Morrow Perfs11,628' to11,634'2013Morrow Perfs11,741' to11,748'1996Morrow Perfs11,773' to11,776'1996

5½ * 17# - 20# @ 12,026' TOC @ 9,590' (CBL)

Spike #1

On Production (October 26,2016)

NM OIL CONSERVATION

ARTESIA DISTRICT NOV 07 2016

RECEIVED

From: "Allison M Gill" <<u>AGill@clf-co.com</u>> Date: July 19, 2016 at 2:46:41 PM MDT To: Harmon Murphy <<u>hmurphy@bcoperating.com</u>> Subject: RE: Red Light Proposal

10-4 thanks.

From: Harmon Murphy [mailto:hmurphy@bcoperating.com] Sent: Tuesday, July 19, 2016 3:13 PM To: Allison M Gill Subject: RE: Red Light Proposal

nope

Harmon Murphy Senior Landman BC Operating, Inc. 4000 North Big Spring Suite 310 Midland, TX 79705 Office: 432-684-9696 Cell: 225-246-5127 Fax: 432-686-0600 hmurphy@bcoperating.com

From: Allison M Gill [mailto:AGill@clf-co.com] Sent: Tuesday, July 19, 2016 3:11 PM To: Harmon Murphy Subject: Red Light Proposal

One last question I should have asked...

If we do not want to sell our interest, but we want to hold off on deciding how to participate until the JOA/Order comes out... do we even need to return the participation election letter?

→ BC Operating Ex. 10-A

Allison



April 25, 2015

Phil Goetze NM Oil Conservation Div. 1220 S. St. Francis Drive Santa Fe NM 87505

Dear Phil,

I submitted a saltwater disposal well application package for BC's Lackey 34 SWD 1 (30-015-42998) in March. That application sought approval to dispose into the Brushy Canyon and Cherry Canyon zones. COG, Mewbourne, and Nadel and Gussman Permian protested the application.

BC Operating negotiated with the 3 parties. All 3 agreed that deleting the Brushy Canyon would resolve their concerns. Therefore, the Brushy Canyon has been deleted and the revised application package is attached. BC is now seeking approval to dispose only into the Cherry Canyon

Correspondence from COG and Jim Bruce who represents Mewbourne and Nadel and Gussman Permian withdrawing their objections is attached.

Please call me if you have any questions.

Sincerely

Brian Wood

cc: Hopson

RECEIVED OCD



April 23, 2015

VIA E-MAIL

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

Re: Application of BC Operating, Inc. for salt water disposal in Section 34, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico.

Dear Mr. Catanach:

Recently, COG Operating LLC ("Concho") objected to BC Operating, Inc.'s ("BC") Application for Authorization to Inject in the Lackey 34 SWD Well No. 1 Section 34, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico. Since that time, BC and Concho have been in discussions regarding the application and Concho no longer objects to the application.

Accordingly, Concho withdraws its objection to BC Operating, Inc.'s application. Thank you for your time and attention to this matter.

> Sincerely, Oppan Mund-A.

Ocean Munds-Dry Senior Attorney COG Operating LLC

cc: Caleb Hopson via email

From: "Caleb Hopson" <chopson@bcoperating.com>
Subject: FW: BC Operating/Lackey 34 SWD No. 1 application
Date: April 24, 2015 9:39:14 AM MDT
To: "Brian Wood" <brian@permitswest.com>

From: jamesbruc@aol.com [mailto:jamesbruc@aol.com] Sent: Friday, April 24, 2015 10:24 AM To: phillip.goetze@state.nm.us Cc: chopson@bcoperating.com Subject: BC Operating/Lackey 34 SWD No. 1 application

Phillip: Nadel and Gussman Permian, LLC and Mewbourne Oil Company hereby withdraw their obejctions to the above application.

Jim Bruce

Goetze, Phillip, EMNRD

From:	jamesbruc@aol.com
Sent:	Friday, April 24, 2015 9:24 AM
То:	Goetze, Phillip, EMNRD
Cc:	chopson@bcoperating.com
Subject:	BC Operating/Lackey 34 SWD No. 1 application

Phillip: Nadel and Gussman Permian, LLC and Mewbourne Oil Company hereby withdraw their obejctions to the above application.

Jim Bruce

