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January 15, 2016

Mr. David Catanach, Director
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87501

Hand-Delivered

**Re: NMOCD Case No. 15442 Application of BC Operating, Inc. for
Authorization to Conduct Injection Operations, Eddy County, New
Mexico**

Dear Mr. Catanach:

On behalf of BC Operating, Inc., enclosed is an original and one copy of an Application in the above-referenced case. Please set this matter for hearing on the February 18, 2016 examiner docket. Also enclosed is a proposed advertisement for the case.

Very truly yours,

Seth C. McMillan

SCM/do
Encls.

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

**IN THE MATTER OF THE APPLICATION
OF BC OPERATING, INC. FOR
AUTHORIZATION TO INJECT,
EDDY COUNTY, NEW MEXICO.**

Case No. 15442

APPLICATION

BC Operating, Inc. ("BC" or "Applicant"), through its undersigned counsel, Montgomery and Andrews, P.A. (J. Scott Hall, Esq., Seth C. McMillan, Esq.), applies pursuant to 19.15.26.8 NMAC for an order authorizing the injection of water for disposal into the Bell Canyon through Upper Cherry Canyon members of the Delaware Mountain Group in Eddy County, New Mexico. In support of its Application, BC states:

1. A C-108 and request for administrative approval were filed with the Division by Nadel and Gussman Permian, LLC on or about August 6, 2015. Nadel and Gussman Permian, LLC merged with BC Operating, Inc. on or about January 1, 2016, with BC Operating, Inc. becoming operator of the following well:

Grande State #1 SWD (API # 30-015-31910)
660' FNL & 1980' FWL (Unit C)
Section 32
T-23-S, R-29-E, NMPM
Eddy County, New Mexico

2. The Grande State #1 SWD well is an oil and gas production well drilled to a total depth of approximately 12,500'. Applicant proposes to recompleat the well for injection of water into the Bell Canyon through Upper Cherry Canyon members of the Delaware Mountain Group through perforations from 2,780' to 4,900'.

3. Injection operations through the well will be conducted at an anticipated average daily injection pressure of 400 psig and maximum pressure of 556 psig. Please note that this

requested anticipated maximum pressure represents an adjustment downward from the anticipated maximum pressure of 580 psig requested in the C-108 on file with the OCD.

4. Applicant proposes injection of water at average daily rates of approximately 2,500-3,000 bbls and at maximum daily rates of approximately 10,000 bbls. Please note that these requested average daily rates represent an adjustment upward from the average daily rates of approximately 500-1,000 bbls requested in the C-108 on file with the OCD.

5. The source of the injected fluids will be formation water from Bone Spring and Wolfcamp production wells that have been drilled and are scheduled to be drilled in the area.

6. Applicant's proposed injection operation can be conducted in a safe and responsible manner without causing waste, impairing correlative rights or endangering fresh water, public health or the environment.

7. Written objection was received and consequently, the matter must be set for hearing pursuant to Section 19.15.26.8D NMAC, with notice to be given by the Division.

WHEREFORE, Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on February 18, 2016 and that after notice and hearing as required by law, the Division enter its Order approving the utilization of the Grande State #1 SWD well for the injection of water into the Bell Canyon through Upper Cherry Canyon members at the intervals and at the pressures, volumes and rates indicated, and making such other and further provisions as the Division determines appropriate.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: 

J. Scott Hall

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Attorneys for BC Operating, Inc.

Case No. 15442: *Application of BC Operating, Inc. for Authorization to Inject, Eddy County, New Mexico.* Applicant seeks an order authorizing the injection of water for disposal into the Bell Canyon through Upper Cherry Canyon members of the Delaware Mountain Group in the following well:

Grande State #1 SWD (API # 30-015-31910)

660' FNL & 1980' FWL (Unit C)

Section 32

T-23-S, R-29-E, NMPM

Eddy County, New Mexico

Applicant proposes to reconfigure the well at the above location and utilize it for injection of produced water at depths of 2,780' to 4,900' subsurface. The well is located approximately 5.5 miles Southeast of Loving, New Mexico.