

P.O. Box 50820  
Midland, Texas 79710  
Phone (432) 684-9696

BC OPERATING, INC.

4000 N Big Spring, Suite 310  
Midland, Texas 79705  
Fax (432) 686-0600

8/22/2016

Re: Amendment of Overriding Royalty – Red Light 27-34 State Com #2H

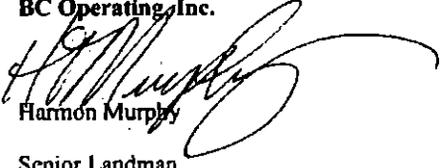
W/2, Sec. 27 - T23S - R26E &  
NW/4, Sec. 34 - T23S - R26E  
SHL: 150' FNL & 990' FWL, or a legal location in Section 27 (Unit D)  
BHL: 2400' FNL & 990' FWL, or a legal location in Section 34 (Unit E)  
Eddy County, New Mexico

Dear Overriding Royalty Owner:

BC Operating, LLC ("BC"), as Operator, proposes to drill the Red Light 27-34 State Com #2H well as a horizontal well at the above-captioned location to a TVD of approximately 9,500' and a MD of 16,500' to test the Wolfcamp formation ("Operation"). BC hereby requests to pool your overriding royalty interest with other lands situated in the Red Light 27-34 State Com #2H proration unit. Please execute the enclosed Amendment of Overriding Royalty and return it to me at the P.O. Box listed above. Please call if you have any questions.

Sincerely,

BC Operating, Inc.

  
Harmon Murphy

Senior Landman

(432) 684-9696  
hmurphy@bcoperating.com  
Enclosures: Amendment

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 7  
Submitted by:  
**BC OPERATING, INC.**  
Hearing Date: September 15, 2016