

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 and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised July 18, 2013

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address BC Operating, Inc. P.O. Box 50820 Midland, Texas 79710		² OGRID Number 160825	
		³ AD Number 30-015-42466	
⁴ Property Code 313 724	⁵ Property Name Airport 36 State	⁶ Well No. 1	

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
P	36	22S	26E		330	South	330	East	Eddy

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

9. Pool Information

⁹ Pool Name Carlsbad; Wolfcamp, South (Gas)	Pool Code 74200
---	--------------------

Additional Well Information

¹¹ Work Type New Well	¹² Well Type Gas	¹³ Cable/Rotary Rotary	¹⁴ Lease Type State	¹⁵ Ground Level Elevation 3209'
¹⁶ Multiple No	¹⁷ Proposed Depth 11,000'	¹⁸ Formation Wolfcamp	¹⁹ Contractor TBD	²⁰ Spud Date 01/01/2015
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17 1/2"	13 3/8"	54.5#	900'	980	0'
Intermediate	12 1/4"	9 5/8"	40#	5300'	1650	0'
Production	8 3/4"	5 1/2"	17#	11,000'	2500	5100'

Casing/Cement Program: Additional Comments

--

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram Annular	3000#	2000#	Hydrill/Shaeffer

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that I have complied with 19.15.14.9 (A) NMAC and/or 19.15.14.9 (B) NMAC , if applicable.

Signature: *Pam Stevens*

Printed name: Pam Stevens

Title: Regulatory Analyst

E-mail Address: pstevens@bcoperating.com

Date: 09/22/2014

Phone: 432-684-9696

OIL CONSERVATION DIVISION

Approved By:

T. C. Shepard

Title:

"Geologist"

Approved Date:

9-22-2014

Expiration Date:

9-22-2016

Conditions of Approval Attached

NSL Required prior to producing well.

48

NM OIL CONSERVATION

ARTESIA DISTRICT

SEP 22 2014

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 30-015-42666		² Pool Code 74200	³ Pool Name CARLSBAD; WOLFCAMP, SOUTH (GAS)
⁴ Property Code 313724	⁵ Property Name AIRPORT 36 STATE		⁶ Well Number 1
⁷ OGRID No. 160825	⁸ Operator Name B.C. OPERATING, INC.		⁹ Elevation 3209

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
P	36	T22S	R26E		330'	SOUTH	330'	EAST	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

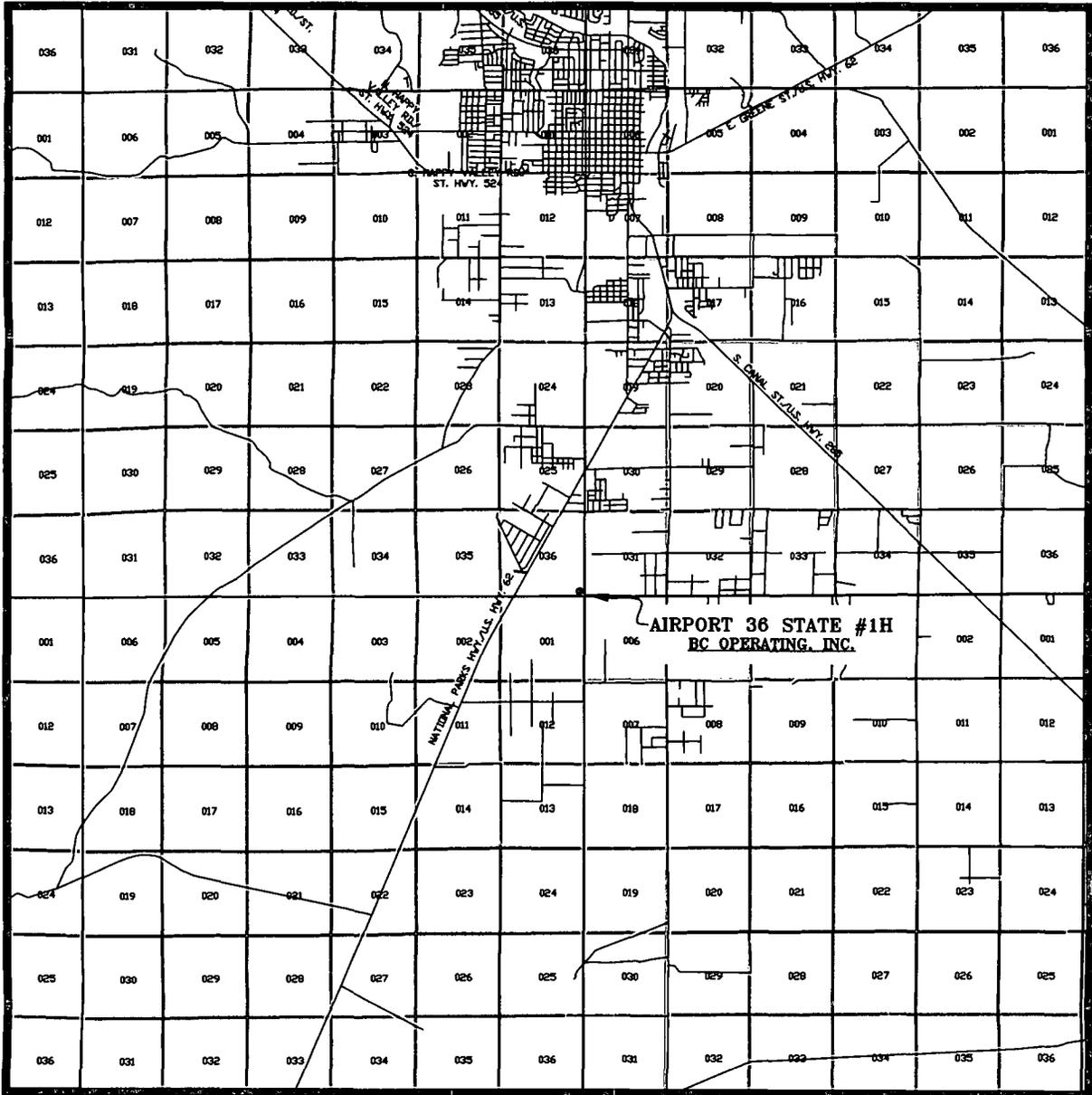
¹² Dedicated Acres 320.00	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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>CORNER COORDINATES NAD 83, SPCS NM EAST A - Y: 493200.20' / X: 568161.72' B - Y: 493139.71' / X: 570884.53' C - Y: 487843.47' / X: 570881.56' D - Y: 487840.96' / X: 568227.81' NAD 27, SPCS NM EAST A - Y: 493141.05' / X: 526980.15' B - Y: 493080.53' / X: 529702.93' C - Y: 487784.43' / X: 529699.85' D - Y: 487781.96' / X: 527046.14'</p>	<p>SURFACE HOLE LOCATION NAD 83, SPCS NM EAST X:570551.88 / Y:488173.04' LAT:32.34202355N / LON:104.23873696W NAD 27, SPCS NM EAST X:488114.00' / Y:529370.19' LAT:32.34190532N / LON:104.23823463W</p>	<p>¹⁷ OPERATOR CERTIFICATION 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><u>Pam Stevens</u> 9/18/14 Signature Date</p> <p><u>Pam Stevens</u> Printed Name</p> <p><u>pstevens@bcoperating.com</u> E-mail Address</p>
		<p>¹⁸ 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 and correct to the best of my belief.</p> <p>SEPTEMBER 18, 2014 Date of Survey</p> <p><u>Lloyd P. Short</u> Signature and Seal of Professional Surveyor</p> <p><u>Lloyd P. Short</u> Certificate Number</p>



VICINITY MAP



SEC. 36 TWP. 22-S RGE. 26-E
 SURVEY: N.M.P.M.
 COUNTY: EDDY
 DESCRIPTION: 330' FSL & 330' FEL
 ELEVATION: 3209'
 OPERATOR: B.C. OPERATING, INC.
 LEASE: AIRPORT 36 STATE
 U.S.G.S. TOPOGRAPHIC MAP: OTIS, N.M.

SCALE: 1" = 2 MILES

PREPARED BY:
 R-SQUARED GLOBAL, LLC
 1309 LOUISVILLE AVENUE, MONROE, LA 71201
 318-323-6900 OFFICE
 JOB No. R3422

BC Operating, Inc. Closed Loop System

Design Plan

Equipment List

- 2 – 414 MI Swaco *Centrifuges*
- 2 – MI Swaco 4 screen Moongoose *Shale Shakers*
- 2 – double screen *Shakers* with rig inventory
- 2 – CRI *Haul off bins* with track system
- 2 – additional 500bbl *Frac tanks* for fresh and brine water
- 2 – 500bbl *water tanks* with rig inventory

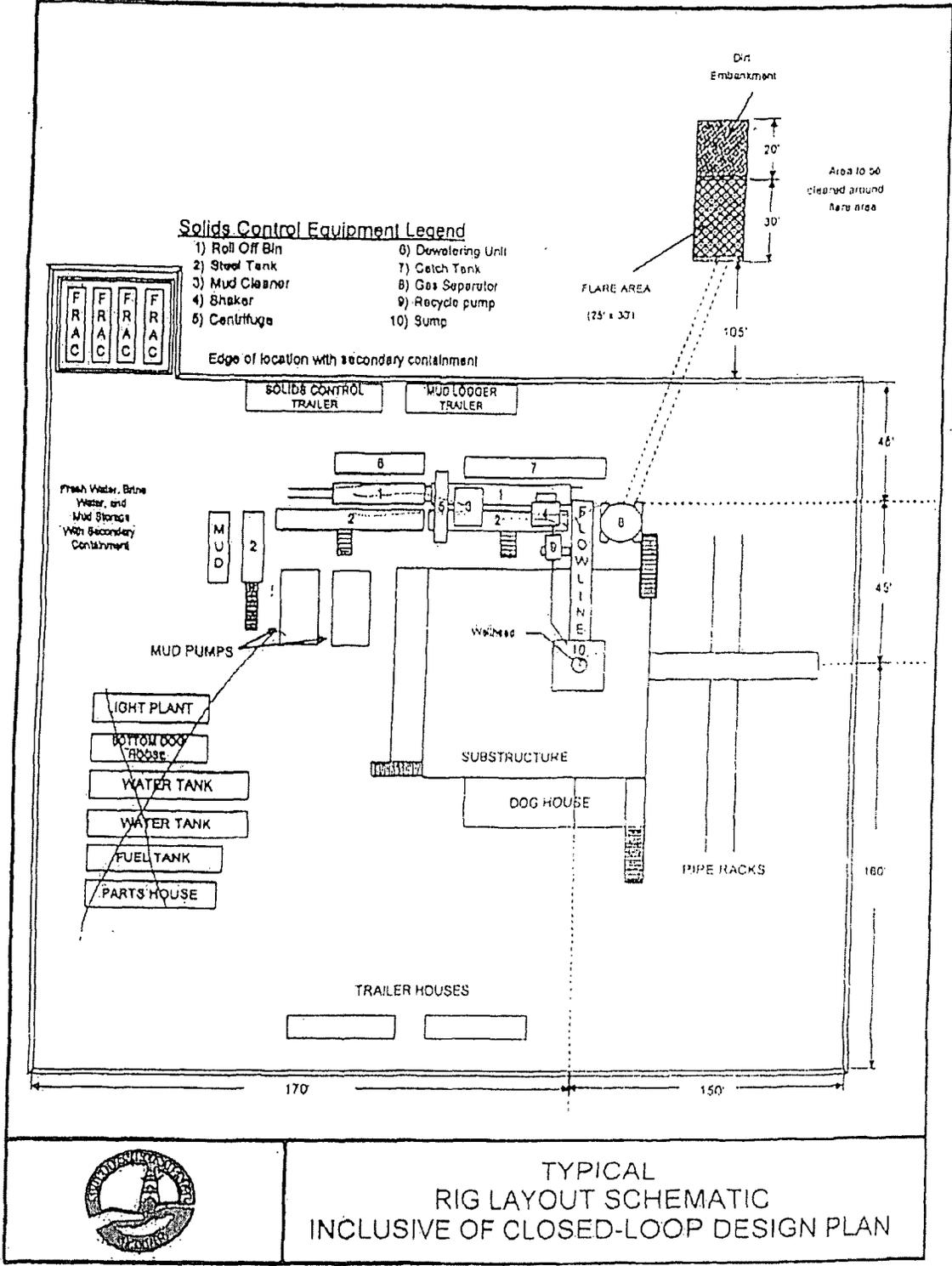
**Equipment manufactures may vary due to availability but components will not.*

Operation and Maintenance

The system along with equipment will be inspected numerous times a day by each tour to make sure all equipment is operating correctly. Routine maintenance will be done to keep system running properly. Any leak in system will be repaired and/or contained immediately and the OCD notified within 48 hours of the remediation process start.

Closure Plan

While drilling, all cuttings and fluids associated with drilling will be hauled off and disposed of via Controlled Recovery Incorporated Facilities Permit NM01-0006.



TYPICAL RIG LAYOUT SCHEMATIC INCLUSIVE OF CLOSED-LOOP DESIGN PLAN

Permit Conditions of Approval

API: 30-015-42666

OCD Reviewer	Condition
CSHAPARD	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string

Cannot produce well until NSL has been approved by Santa Fe

JES