

**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 Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170**District IV**1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural**  
**Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**  
**Change of Operator**

**Previous Operator Information**

OGRID: 4378  
Name: CHI OPERATING INC  
Address: P. O. Box 1799  
  
City, State, Zip: Midland, TX 79702

**New Operator Information**

Effective Date: Effective on the date of approval by the OCD  
OGRID: 371127  
Name: BLACK MOUNTAIN OPERATING LLC  
Address: 500 Main Street  
Suite 1200  
City, State, Zip: Fort Worth, TX 76102

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, BLACK MOUNTAIN OPERATING LLC certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(l) NMAC.

BLACK MOUNTAIN OPERATING LLC understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

**Previous Operator**

Signature:

Printed Name:

Title:

Date:

[Signature]  
John L. Gons  
V. P.  
2-3-17 Phone: 432-685-5061

**New Operator**

Signature:

Printed Name:

Title:

Date:

[Signature]  
Michael McCracken  
COO  
2/14/17 Phone: 817-529-9473  
713

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Permit 231015  
Permit Status: DRAFT

### Wells Selected for Transfer

From:	CHI OPERATING INC	OGRID:	4378
To:	BLACK MOUNTAIN OPERATING LLC	OGRID:	371127

**OCD District: Artesia**

Property	Well	Lease Type	ULSTR	OCD Unit	API	Well Type	Pool ID	Pool Name	Last Prod/Inj	Additional Bonding
34301	OTIS 33 #002	P	C-33-22S-27E	C	30-015-24810	G	74160	CARLSBAD;WOLFCAMP, EAST (GAS)	07/16	0
32340	ALLEN COM #002	P	H-31-22S-27E	H	30-015-32795	G	73960	CARLSBAD;MORROW, SOUTH (GAS)	07/16	0
32990	STEPHENS A #002	P	P-07-23S-27E	P	30-015-33019	G	73960	CARLSBAD;MORROW, SOUTH (GAS)	06/16	0
33302	MERLAND #002	P	C-30-22S-27E	C	30-015-33181	G	74120	CARLSBAD;STRAWN, SOUTH (GAS)	07/16	0
34141	SKEEN #002	P	P-28-22S-27E	P	30-015-33527	G	73960	CARLSBAD;MORROW, SOUTH (GAS)	07/16	0
	SKEEN #002	P	P-28-22S-27E	P	30-015-33527	G	73920	CARLSBAD;MORROW, EAST (GAS)	07/16	
34348	ROGERS #001	P	I-29-22S-27E	L	30-015-33670	G	80695	LOVING;MORROW, NORTH (GAS)	07/16	0
	ROGERS #001	P	I-29-22S-27E	L	30-015-33670	G	96070	WC;MORROW (GAS)	07/16	
34848	HENRY GRANDI #001	P	I-26-22S-27E	I	30-015-34112	G	97022	CASS DRAW; WOLFCAMP, NORTH (O)	07/16	0

<b>Total Additional bond</b>	0
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**NMOCD Approval**

Electronic Signature: Raymond Podany, District 2

Date: February 24, 2017

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Comments  
 Permit 231015

**CHANGEOP COMMENTS**

Operator: CHI OPERATING INC P. O. Box 1799 Midland, TX 79702	OGRID: 4378
	Permit Number: 231015
	Permit Type: ChangeOp

**Comments**

Created By	Comment	Comment Date
degallejos	In violation of 5.9 - 6 inactive wells	2/14/2017
degallejos	In violation of 5.9 - 6 inactive wells	2/14/2017
meg.wieger	Black Mountain is in communication w/ Daniel Sanchez w/ NMOCD to get this resolved.	2/14/2017
meg.wieger	2017 ACOI 319 has been signed by BMO and originals have been forwarded to Daniel Sanchez w/ the OCD via FedEx for delivery tomorrow.	2/14/2017