10/21/2014 LOGGED IN

NSL

PMAM1430229266

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

TH	IIS CHECKLIST IS M	ANDATORY FOR ALL ADMINISTRATIVE APPL			S
Applie	ation Acronym:		IT THE DIVISION LEVEL IN SANTA F	E	
	[NSL-Non-Star [DHC-Dowi [PC-Po	ndard Location] [NSP-Non-Standar	Commingling] [PLC-Poole e Storage] [OLM-Off-Leas IX-Pressure Maintenance E IPI-Injection Pressure Incre ication] [PPR-Positive Pr	(Lease Commingling) se Measurement) expansion) ease] oduction Response]	
[1]	TYPE OF AP [A]	PLICATION - Check Those Which Location - Spacing Unit - Simultan NSL NSP SD	Apply for [A]	160 825	1
•	Check [B]	One Only for [B] or [C] Commingling - Storage - Measure DHC CTB PLC		OLM TY PPR Not Apply	i I
	[C]	Injection - Disposal - Pressure Inc		ry	;]]
	[D]	Other: Specify		_ 0 =)
[2]	NOTIFICATI [A]	ION REQUIRED TO: - Check The Working, Royalty or Overridi		4.211	
	[B]	Offset Operators, Leaseholder	rs or Surface Owner	- BLACK PL State Co	iver 18
	[C]	Application is One Which Re	quires Published Legal Notic	ce 30-015-	4268
	[D]	Notification and/or Concurrer U.S. Bureau of Land Management - Commiss	nt Approval by BLM or SLO ioner of Public Lands, State Land Office	BLACK RIC WOLF CA. s Attached, and/or, CG	1202
	[E]	For all of the above, Proof of	Notification or Publication is	s Attached, and/or, CG)
	[F]	Waivers are Attached		971	442
[3]		CURATE AND COMPLETE INF ATION INDICATED ABOVE.	ORMATION REQUIRED	TO PROCESS THE TYP	'E
	al is accurate ai	FION: I hereby certify that the information of my knowledge and notifications	edge. I also understand that	no action will be taken on	
	Note:	Statement must be completed by an indiv	idual with managerial and/or sup	ervisory capacity.	, (
	AEL H. FELDEWE		ATTORNEY	10/28	114
Print or	Type Name	Signature	Title mfeldewer	t@hollandhart.com	

e-mail Address



Michael H. Feldewert
Recognized Specialist in the Area of
Natural Resources - Oil and Gas Law New Mexico Board of Legal Specialization
mfeldewert@hollandhart.com

October 28, 2014

VIA HAND DELIVERY

Jami Bailey
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECHIVED OUT

Re: Application of BC Operating, Inc. for administrative approval of an unorthodox well location for its Black River 10 State Com #1H Well to be located in the E/2 of Section 10, Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Bailey:

BC Operating, Inc. (OGRID No. 160825) seeks administrative approval of an unorthodox well location for its **Black River 10 State Com #1H Well** to be completed within the Black River; Wolfcamp, East (Gas) Pool (Pool Code 97442) underlying the E/2 of Section 10, Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. This well will be drilled from a surface location 240 feet from the North line and 360 feet from the East line of Section 15, Township 24 South, Range 27 East but completed wholly within Section 10. The upper most perforation will be 330 feet from the South line and 360 feet from the East line of Section 10 (Unit P) and the lower most perforation will be 330 feet from the North line and 360 feet from the east line of Section 10 (Unit A). Since this acreage is governed by the Division Rule 19.15.15.10.B which provides for wells in defined gas pools in Eddy County to be spaced on 320 acres and located no closer than 660 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox. Approval of the unorthodox completed interval will allow for efficient well spacing and prevent waste of a productive reservoir.

Exhibit A is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Black River 10 State Com #1H Well** encroaches on the spacing and proration units to the North, Northwest, West, Southwest and South.

Exhibit B is a land plat for Section 10 and the surrounding sections that shows the proposed **Black River 10 State Com #1H Well** in relation to adjoining units and existing wells.



Exhibit C is a list of the parties affected by the encroachment. A copy of this application with all attachments has been sent by certified mail to each affected party advising them that if they have an objection it must be filed in writing with the division within 20 days from the date the division receives this application. A courtesy a copy of this application has also been provided to the New Mexico State Land Office.

Your attention to this matter is appreciated.

Sincerely,

Michael H. Feldewert

ATTORNEY FOR BC OPERATING, INC.

cc: New Mexico State Land Office

P.O. Box 1148

Santa Fe, NM 87501

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

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

API Number				1 Pool Cod	le l	³ Pool Name							
30-015-42689			;	9744									
¹ Property Code				⁵ Property Name						⁶ Well Number			
			BLACK RIVER 10 STATE COM						1H				
⁷ OGRID №.			Operator Name						* Elevation				
160825			B.C. OPERATING, INC.							3181'			
UL or lot no.	Section	Township	Range	Lot Ida	Feet from	the North/South line	Feet from th	e East	East/West line Count				
A	15	T249	R27E		240'	NORTH	360′	EA:	ST	EDDY			
" Bottom Hole Location If Different From Surface													
UL or lot no.	Section	Township	Range	Lot ldn	Feet from	the North/South line	Feet from th	e East	West line	County			
A	10	T245	R27E		240'	NORTH	360'	EA:	ST	EDDY			
12 Dedicated Acres	13 Joint or	r Infill	Consolidation	Code 15 O	rder No.	er No.							
320.00				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.

SECTION 4		SECTION 3		240′	В	SECTION 2	"OPERATOR CERTIFICATION
SECTION 9		SECTION 10	Α	-	=	- 360′	I hereby certify that the information contained herein is true and complete to
1 32011011 3	ROTTON HO	E LOCATION	l — —	ı — — — — — — — — — — — — — — — — — — —	•	 360'	the best of my knowledge and belief, and that this organization either awns a
	240' FNL	360' FEL CS NM EAST	·	!		SECTION 11	working interest or unleased mineral interest in the land including the
!	X/591465.00°	/ Y:450456.23' / LDM10417120492V	ļ '	330,	\	SECTION II	proposed hottom hole location or has a right to drill this well at this location
	NAD 27, SP	CS NM EAST / Y:450397.89*		ļ ·	1	LAST TAKE	pursuant to a contract with an awner of such a mineral or working interest,
		LDM104.17070819V	<u> </u>	' l		- CONTI	or to a voluntary pooling agreement or a compulsory pooling order
							heretofore entered by the division.
	LAST TAI	CE POINT		!]			
į l	330' FNL NAD 83, \$P	360' FEL	1	i l .			Signature Date
	X:591465.50° / LAT:32:23802860N /	/ Y:450366.20 ⁴	 				
	NAD 27, SP X:530282.75'	CS NH EAST	¥.	,			Printed Name
L	LAT-32.23790871N	LDH104.17070700V		<u> </u>			Filed Name
		′ 330′ 	PREDUCEN.	: · · · · · !			
	FIRST T 330' FSL	AKE POINT . 360' FEL				l	E-mail Address
		PCS NM EAST / Y:445725.81'	K	'	i	ļ ,	
		/ LIN-104.17115057V PCS NH EAST	[j. 77 * * * .	-	-	 330'	"SURVEYOR CERTIFICATION
ľ		/ Y:445667,56' / LON104,17065419V		!			I hereby certify that the well location shown on this plat
<u> </u>					_		was plotted from field notes of actual surveys made by
		LE LOCATION 360' FEL		i j	i		me or under my supervision, and that the same is true
		CS NM EAST / Y:445155.65'		; À	,	FIRST TAKE	and correct to the best of my belief.
		/ LDN104.17113439V CS NM EAST		r r	/	POINT	
		/ YH45097.41' / LDN10417063805V	<u> </u>	. — · · · · · · ·		- 360′	SEPTEMBER 22, 2014
SECTION 9		SECTION 10 D			С	SECTION 11	Date of Survey Signature and Seal of Professional Surveyor Of D. S. HOP
SECTION 16		SECTION 15	T CORNER COORDINATI		\perp	360′	Signature and Seal of Professional Surveyor
		.	NAD 83, SPCS NA E/ 4 - Y: 450743,64' / X: 5	ST 240'		SECTION 14	EN MEXICO
		إ	B - Yi 430698.80' / Xi 5'	91823.83'			l 1 / \ N
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			0 - Y: 445365.44' / X: 5	46012-87			LLOYD A STORT 2 650
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EXHIBIT B

Exhibit C

COG Operating LLC 600 W. Illinois Avenue Midland, Texas 79701

, *3*

Nadel and Gussman Permian, LLC 601 N. Marienfield, Suite 508 Midland, Texas 79701

ConocoPhillips Company P.O. Box 7500 Bartlesville, Oklahoma 74005

First Century Oil, Inc. P.O. Box 1518 Roswell, New Mexico 88202

CLM Production Company P.O. Box 1518 Roswell, New Mexico 88202

Vrooman Energy, LLC 10510 S. Kingston Avenue Tulsa, Oklahoma 74137

James B. Read P.O. Box 1518 Roswell, New Mexico 88202

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210

EOG Resources, Inc. 5509 Champions Drive Midland, Texas 79706

Crown Oil Partners V, LP P.O. Box 50820 Midland, Texas 79705 Mewbourne Oil Company 500 W. Texas Avenue, Suite 1020 Midland, Texas 79701

MRC Permian Company 5400 LBJ Freeway, Suite 1500 Dallas, Texas 75240

Read & Stevens, Inc. 400 N. Pennsylvania Avenue, Suite 1000 Roswell, New Mexico 88201

CBR Oil Properties LLC P.O. Box 1518 Roswell, New Mexico 88202

Lincoln Oil & Gas L.L.C. P.O. Box 1518 Roswell, New Mexico 88202

Watson Properties, LLC 3905 Futura Dr. Roswell, New Mexico 88201

Betty R. Young P.O. Box 1518 Roswell, New Mexico 88202

Oxy USA Inc. P.O. Box 27570 Houston, Texas 77227

Fredonia Resources, Inc. P.O. Box 1788 Longview, Texas 75606



Michael H. Feldewert Recognized Specialist in the Area of Natural Resources - oil and gas law - New Mexico Board of Legal Specialization mfeldewert@hollandhart.com

October 28, 2014

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: Affected Parties

Re: Application of BC Operating, Inc. for administrative approval of an unorthodox well location for its Black River 10 State Com #1H Well to be located in the E/2 of Section 10, Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

To Land Manager:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Caleb Hopson BC Operating, Inc. T 432-684-9696 ext. 762 F 432-686-0600 chopson@bcoperating.com

VZX

Sincerely,

Michael H. Feldewert

ATTORNEY FOR BC OPERATING, INC.