

DATE IN 7/11/16	SUSPENSE	ENGINEER LRL	LOGGED IN 7/12/16	TYPE NSL	APP NO. P# 1619456356
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



NSL-74485

## ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

BC OPERATING  
#160825

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

API# 30-015-43295  
Well Name: KYLE 34 FED com # 5H

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

2016 JUL 11 P 4:15  
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[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners  
 [B]  Offset Operators, Leaseholders or Surface Owner  
 [C]  Application is One Which Requires Published Legal Notice  
 [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F]  Waivers are Attached

POOL: WC: Salt Draw  
Wolfcamp (G)  
#97721

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jordan L. Kessler  
Print or Type Name

*JLK*  
Signature

Attorney  
Title

7/11/16  
Date

jlkessler@hollandhart.com  
e-mail Address

HOLLAND & HART<sup>LLP</sup>



Jordan L. Kessler  
Associate  
Phone (505) 988-4421  
Fax (505) 983-6043  
jlkessler@hollandhart.com

July 11, 2016

**VIA HAND DELIVERY**

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

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2016 JUL 11 P 4: 15

**Re: Application of BC Operating, Inc. for administrative approval of an unorthodox well location for its Kyle 34 Federal Com No. 5H Well to be located in the E/2 of Section 34, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.**

Dear Mr. Catanach:

BC Operating, Inc. (OGRID No. 160825) seeks administrative approval of an unorthodox well location for its **Kyle 34 Federal Com No. 5H Well** to be completed within the WC; Salt Draw; Wolfcamp, (G) Pool (Pool Code 97721 underlying the E/2 of Section 34, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. This well will be drilled from a surface location 225 feet from the South line and 990 feet from the East line of Section 34. The upper most perforation will be 330 feet from the South line and 990 feet from the East line of Section 34 (Unit P) and the lower most perforation will be 330 feet from the North line and 990 feet from the East line of Section 34 (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 **Kyle 34 Federal Com No. 5H Well** encroaches on the spacing and proration units to the North and South.

**Exhibit B** is a Midland map showing an outline of the subject acreage and the surrounding sections.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☻



**Exhibit C** is a land plat for Section 34 and the surrounding sections that shows the proposed **Kyle 34 Federal Com No. 5H Well** in relation to adjoining units and existing wells. Exhibit C also contains 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 copy of this application has also been provided to the New Mexico State Land Office and the Bureau of Land Management-Carlsbad Office.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Jordan L. Kessler".

Jordan L. Kessler  
**ATTORNEY FOR BC OPERATING, INC.**

cc: New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, NM 87504

Bureau of Land Management  
620 E. Greet Street  
Carlsbad, NM 88220

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88249  
Phone (575) 795-6101 Fax (575) 795-0720

DISTRICT II  
811 S. First St., Artesia, NM 88210  
Phone (505) 748-1287 Fax (505) 748-9720

DISTRICT III  
1000 Rio Brazos Road, Aztec, NM 87412  
Phone (505) 734-6125 Fax (505) 734-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-7400 Fax (505) 476-7492

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, New Mexico 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 <b>30-015-43295</b>	Pool Code <b>97721</b>	Pool Name <b>WC: SALT DRAW; WOLFCAMP, (G)</b>
Property Code	Property Name <b>KYLE 34 FEDERAL COM</b>	Well Number <b>5H</b>
CURID No <b>160825</b>	Operator Name <b>BC OPERATING, INC.</b>	Elevation <b>2993'</b>

Surface Location

UI or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	34	24-S	28-E		225	SOUTH	990	EAST	EDDY

Bottom Hole & Last Take Point Location (If Different From Surface)

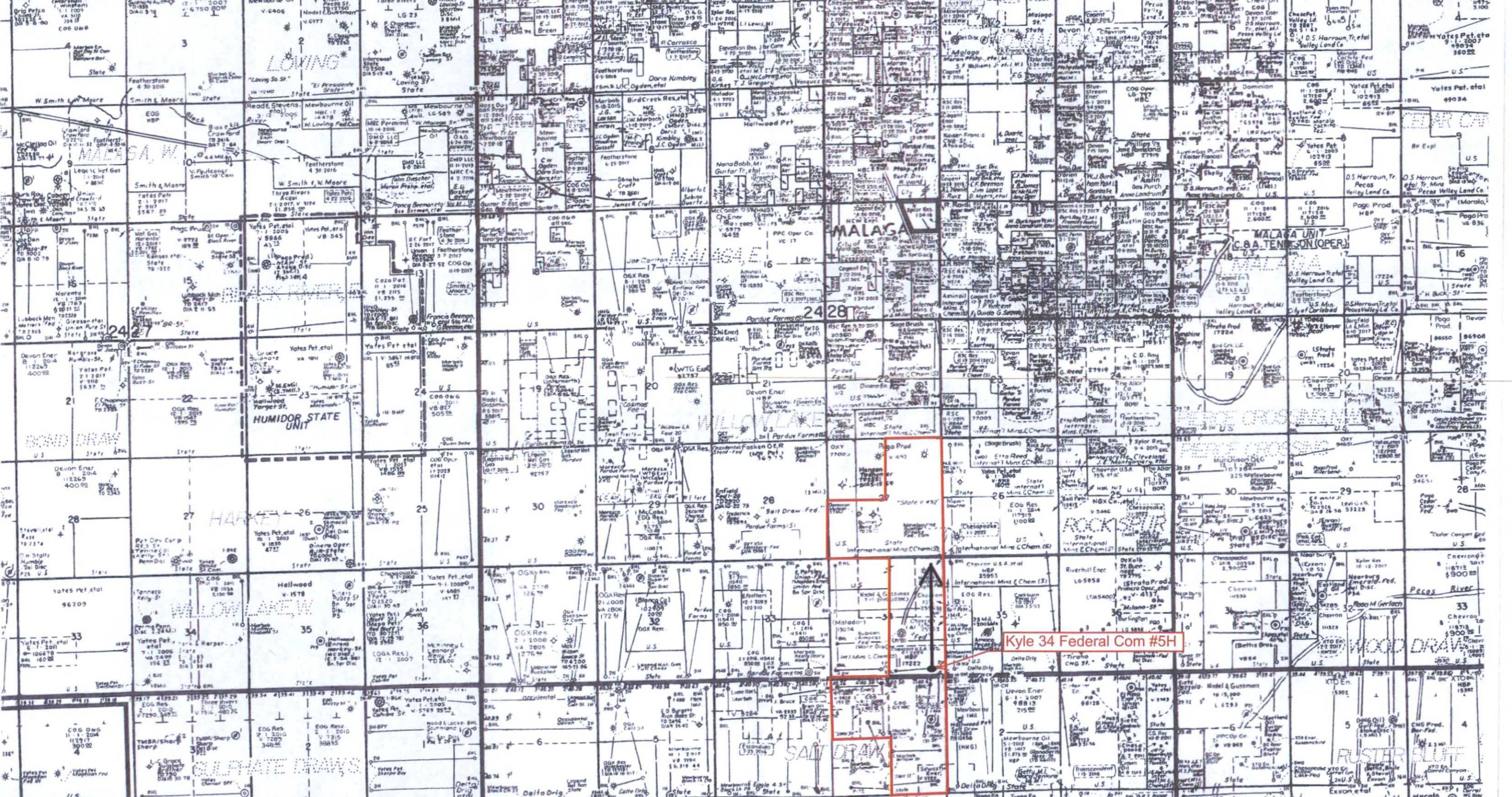
UI or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	34	24-S	28-E		330	NORTH	990	EAST	EDDY

Dedicated Acres <b>320 ACRES</b>	Joint or Infill	Consolidation Code	Order No
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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><b>GEODETIC COORDINATES</b> NAD 27 NME BOTTOM HOLE &amp; L.T.P. LOCATION Y=429400.5 N X=581683.8 E LAT.=32.180263° N LONG.=104.069315° W</p>	<p><b>GEODETIC COORDINATES</b> NAD 83 NME BOTTOM HOLE &amp; L.T.P. LOCATION Y=429458.9 N X=582867.6 E LAT.=32.180386° N LONG.=104.069806° W</p>	<p>PROJECT AREA PRODUCING AREA GRID AZ. = 359°24'39" HORIZ. DIST. = 4817.2'</p>	<p><b>OPERATOR CERTIFICATION</b> I hereby certify that the information 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 mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Chopson</i> 6/29/16 Signature Date <b>Chopson</b> Printed Name <b>chopson@bcoperating.com</b> E-mail Address</p>
<p><b>CORNER COORDINATES TABLE</b> NAD 27 NME A - Y=429726.9 N, X=581338.1 E B - Y=429735.0 N, X=582670.2 E C - Y=424364.6 N, X=582725.3 E D - Y=424358.1 N, X=581384.2 E</p>	<p><b>CORNER COORDINATES TABLE</b> NAD 83 NME A - Y=429787.2 N, X=622521.8 E B - Y=429793.4 N, X=623854.0 E C - Y=424422.8 N, X=623909.2 E D - Y=424416.4 N, X=622568.1 E</p>		<p><b>SURVEYOR CERTIFICATION</b> 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>MARCH 21, 2014 Date of Survey Signature &amp; Seal of Professional Surveyor</p>
<p><b>GEODETIC COORDINATES</b> NAD 27 NME FIRST TAKE POINT Y=424689.7 N X=581732.2 E LAT.=32.167313° N LONG.=104.069196° W</p>	<p><b>GEODETIC COORDINATES</b> NAD 83 NME FIRST TAKE POINTS Y=424748.0 N X=622916.1 E LAT.=32.167436° N LONG.=104.069587° W</p>		<p>RONALD J. LINDSAY NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 3239</p>
<p><b>GEODETIC COORDINATES</b> NAD 27 NME SURFACE LOCATION Y=424584.8 N X=581733.2 E LAT.=32.167025° N LONG.=104.069194° W</p>	<p><b>GEODETIC COORDINATES</b> NAD 83 NME SURFACE LOCATION Y=424643.0 N X=622917.1 E LAT.=32.167147° N LONG.=104.069684° W</p>		<p>Certificate Number: Gary G. Erickson 12641 Ronald J. Lindsay 3239 L.S.I. REG. W.O. 10171991</p>





Kyle 34 Federal Com #5H

LOWING

MALAGA

HUMIDOR STATE UNIT

HARPER

WILLOW

WILLOW

COLE STATE UNIT

SALT DRAW

MALAGA UNIT  
C.B.A. TENNISON (OPER.)

WOOD DRAW

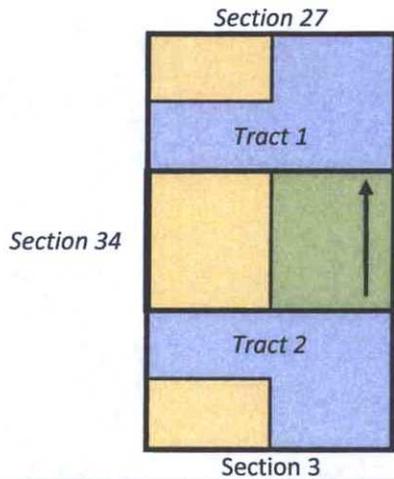
RUSTLER UNIT

Offset Tracts That Need Notification

BC Operating, Inc. Tract

Unaffected Tracts

Kyle 34 Federal Com #5H  
 ↑  
 SHL: 225' FSL & 990' FEL, 34-24S-28E  
 BHL: 330' FNL 990' FEL, 34-24S-28E  
 First Take Point: 330' FSL, 990' FEL, 34-24S-28E



<i>Tract 1</i>		Tracking Number
<b>Mewbourne Oil Company</b> 500 W. Texas Avenue Suite 1020 Midland, Texas 79701	Operator (W2)	7015 3010 0001 8827 4827
<b>RKI Exploration &amp; Production, LLC</b> 210 Park Avenue, #700 Oklahoma City, OK 73102	Operator (S2)	7015 3010 0001 8827 4834
<b>WPX Energy</b> One Williams Center Tulsa, OK 74172	Operator (S2)	7015 3010 0001 8827 4841
<b>OXY USA Inc.</b> 5 Greenway Plaza Houston, Texas 77046	Lessee of Record V0 - 0492	7015 3010 0001 8827 4858
<i>Tract 2</i>		
<b>COG Operating, LLC</b> 600 W. Illinois Avenue Midland, Texas 79701	Operator (N2)	7015 3010 0001 8827 4865
<b>Southwestern Energy Production Company</b> 2350 N. Sam Houston Parkway E Suite 300 Houston, Texas 77032	Lessee of Record V0 - 5920	7015 3010 0001 8827 4872
<b>Concho Oil &amp; Gas LLC / COG Operating, LLC</b> 600 W. Illinois Avenue Midland, Texas 79701	Lessee of Record VA - 2964 - 0002	7015 3010 0001 8827 4889



HOLLAND & HART<sup>LLP</sup>



**Jordan L. Kessler**  
**Associate**  
**Phone** (505) 988-4421  
**Fax** (505) 983-6043  
jlkessler@hollandhart.com

July 11, 2016

**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 Kyle 34 Federal Com No. 5H Well to be located in the E/2 of Section 34, Township 24 South, Range 28 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

Sincerely,

Jordan L. Kessler  
**ATTORNEY FOR BC OPERATING, INC.**

**Holland & Hart LLP**

**Phone** [505] 988-4421 **Fax** [505] 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☉

## **Lowe, Leonard, EMNRD**

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**From:** Lowe, Leonard, EMNRD  
**Sent:** Monday, August 22, 2016 9:42 AM  
**To:** 'Jordan L. Kessler'  
**Cc:** Bayliss, Randolph, EMNRD; Sharp, Karen, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Jones, William V, EMNRD; 'lisa@rwbyram.com'; 'jglover@blm.gov'; 'scaffey@blm.gov'; 'rjsanche@blm.gov'; 'jstovall@blm.gov'  
**Subject:** APPROVED: NSL-7445 (Kyle 34 Federal Com Well No. 5H, Eddy County)  
**Importance:** High

Ms. Jordan L. Kessler,

The following permit has been issued and will soon be available on the Division's web site:  
<http://ocdimage.emnrd.state.nm.us/imaging/WellFileCriteria.aspx>

**NSL-7445**

BC Operating Inc.

API: 30-015-43295

WELL: Kyle 34 Federal Com Well No. **5H**, Eddy County

### **Leonard Lowe**

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Fax: 505-476-3462

E-mail: [leonard.lowe@state.nm.us](mailto:leonard.lowe@state.nm.us)

Website: <http://www.emnrd.state.nm.us/ocd/>