

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF BC OPERATING, INC. FOR A NON-STANDARD SPACING AND
PRORATION UNIT, APPROVAL OF AN UNORTHODOX WELL LOCATION, AND
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NOS. 15529 and 15530

APPLICANTS' PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicants BC Operating, Inc. ("BC") in accordance with the Oil Conservation Division's regulations.

APPEARANCES

APPLICANT

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ATTORNEY

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APPLICANT'S STATEMENT OF THE CASE

In Case No. 15529, BC seeks an order (1) creating a 160-acre, more or less, non-standard spacing and proration unit comprised of the NE/4 of Section 34, Township 23 South, Range 26 East, Eddy County, New Mexico; (2) pooling all uncommitted interest owners in the Wolfcamp formation underlying the E/2 of Section 27 and the proposed non-standard spacing and proration unit comprised of the NE/4 of Section 34 to form a 480-acre spacing and proration unit for the proposed horizontal well; and (3) approving unorthodox location for the proposed horizontal well. The 480-acre spacing and proration unit will be the project area for the proposed **Red Light 27-34 State Com No. 1H Well**, which will be drilled horizontally from the NW/4 NE/4 (Unit B) of Section 27 to a non-standard bottomhole location in the SW/4 NE/4 (Unit G) of Section 34.

In Case No. 15530, BC seeks an order (1) creating a 160-acre, more or less, non-standard spacing and proration unit comprised of the NW/4 of Section 34, Township 23 South, Range 26 East, Eddy County, New Mexico; (2) pooling all uncommitted interests in the Wolfcamp formation underlying the W/2 of Section 27 and the proposed non-standard spacing and proration unit comprised of the NW/4 of Section 34 to form a 480-acre spacing and proration unit for the proposed horizontal well; and (3) approving an unorthodox location for the proposed horizontal well. This 480-acre spacing and proration unit will be the project area for the proposed **Red Light 27-34 State Com No. 2H Well**, which will be drilled horizontally from the NW/4 NW/4 (Unit D) of Section 27 to a non-standard bottomhole location in the SW/4 NW/4 (Unit E) of Section 34.

APPLICANT'S PROPOSED EVIDENCE

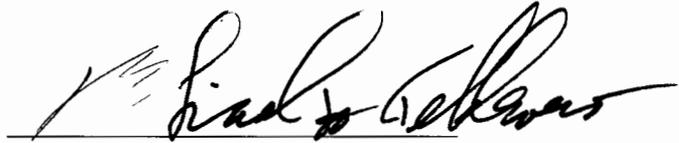
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Harmon Murphy Landman	Approx. 15 minutes	Approx. 7
Mike Moylette Geologist	Approx. 10 minutes	Approx. 5

PROCEDURAL MATTERS

Applicant requests that Case Nos. 15529 and 15530 be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART LLP



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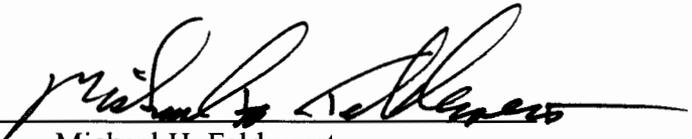
ATTORNEYS FOR BC OPERATING, INC.

CERTIFICATE OF SERVICE

I hereby certify that on September 8, 2016, I served a copy of the foregoing document to the following counsel of record via electronic mail:

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