

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

APPLICATION OF BC OPERATING, INC. TO RE-OPEN CASE NO. 15538 TO POOL THE INTERESTS OF ADDITIONAL LEASEHOLD INTEREST OWNERS UNDER THE TERMS OF COMPULSORY POOLING ORDER R-14227, EDDY COUNTY, NEW MEXICO.

CASE NO. 15538 (re-opened)

BC Operating, Inc., ("BC") (OGRID No. 160825), through its undersigned attorneys, hereby makes application to the Oil Conservation Division to pool the interests of additional mineral owners under the terms of Division Order R-14227. In support of this application,

Matador states:

1. Division Order R-14227, entered in October of 2016, created a 320-acre spacing and proration unit consisting of the E/2 of Section 34, Township 24 South, Range 28 East, NMPM, in Eddy County, New Mexico. This order further pooled the uncommitted mineral interests in the Wolfcamp Formation (WC; Salt Draw; Wolfcamp (G) Pool (97721)) in this spacing and proration unit (the "Unit") and dedicated the Unit to the Kyle 34 Federal Com Well No. 5H (API No. 30-015-43295). This well has not yet been drilled, but will be drilled horizontally from the SE/4 SE/4 (Unit P) to a non-standard bottomhole location in the NE/4 NE/4 (Unit A) of Section 34

2. Since the entry of Order R-14227, BC has discovered additional leasehold owners.

3. The pooling of these additional leasehold owners under the terms of Division Order R-14227 will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

4. In order to obtain BC's just and fair share of the oil and gas underlying the subject acreage, all remaining uncommitted mineral interests should be pool pursuant to the terms of Order R-14227.

WHEREFORE, BC Operating, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 1, 2016, and, after notice and hearing as required by law, the Division pool remaining uncommitted leasehold owners in the Unit pursuant to the terms of existing Division Order R-14227.

Respectfully submitted,

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ATTORNEYS FOR BC OPERATING, INC.

CASE 15538 (re-opened): Application of BC Operating, Inc. to Re-Open Case No. 15538 To Pool The Interests Of Additional Leasehold Owners Under The Terms Of Compulsory Pooling Order R-14227, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-14227 to include the pooling of additional leasehold interests in the Wolfcamp formation (WC; Salt Draw; Wolfcamp (G) Pool (97721)) underlying the E/2 of Section 34, Township 24 South, Range 28 East, NMPM, in Eddy County, New Mexico. Said unit is dedicated to the **Kyle 34 Federal Com No. 5H Well** and is located approximately 3 miles south of Malaga, New Mexico.