

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NM OIL CONSERVATION
ARTESIA DISTRICT
OCT 06 2014
RECEIVED

Form C-101
Revised July 18, 2013

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address BC Operating, Inc. P.O. Box 50820 Midland, Texas 79710		² OGRID Number 160825	
		³ API Number 30-015-42729	
⁴ Property Code 313724	⁵ Property Name Airport 36 State	⁶ Well No. s/s	⁶ Well No. 2H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
O	36	22S	26E		215	South	1680	East	Eddy

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
B	36	22S	26E		240	North	1680	East	Eddy

9. Pool Information

⁹ Pool Name Carlsbad; Wolfcamp, South (Gas)	⁹ Pool Code 74200
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Additional Well Information

¹¹ Work Type New Well	¹² Well Type Gas	¹³ Cable/Rotary Rotary	¹⁴ Lease Type State	¹⁵ Ground Level Elevation 3218'
¹⁶ Multiple No	¹⁷ Proposed Depth 14,155' MD/9500' TVD	¹⁸ Formation Wolfcamp	¹⁹ Contractor TBD	²⁰ Spud Date 12/01/2014
²¹ Depth to Ground water		²¹ Distance from nearest fresh water well		²¹ Distance to nearest surface water

We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	16"	13 3/8"	54.5#	920'	800	0'
Intermediate	12 1/4"	9 5/8"	40#	2650'	900	0'
Production	8 1/2"	5 1/2"	17#	14,155'	1700	2150'

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram Annular	3000#	2000#	Hydrill/Shaeffer

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that I have complied with 19.15.14.9 (A) NMAC and/or 19.15.14.9 (B) NMAC ; if applicable.

Signature: *Pam Stevens*

Printed name: Pam Stevens

Title: Regulatory Analyst

E-mail Address: pstevens@bcoperating.com

Date: 09/30/2014

Phone: 432-684-9696

OIL CONSERVATION DIVISION	
Approved By: <i>T. C. Shepard</i>	
Title: "Geologist"	
Approved Date: <i>10-15-2014</i>	Expiration Date: <i>10-15-2016</i>
Conditions of Approval Attached	

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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

¹ API Number 30-015-42729	² Pool Code 74200	³ Pool Name CARLSBAD, WOLFCAMP, SOUTH (GAS) <i>JK</i>
⁴ Property Code 313724	⁵ Property Name AIRPORT 36 STATE	
⁷ OGRID No. 160825	⁸ Operator Name B.C. OPERATING, INC.	⁶ Well Number 2H ⁹ Elevation 3218

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	36	T22S	R26E		215'	SOUTH	1680'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

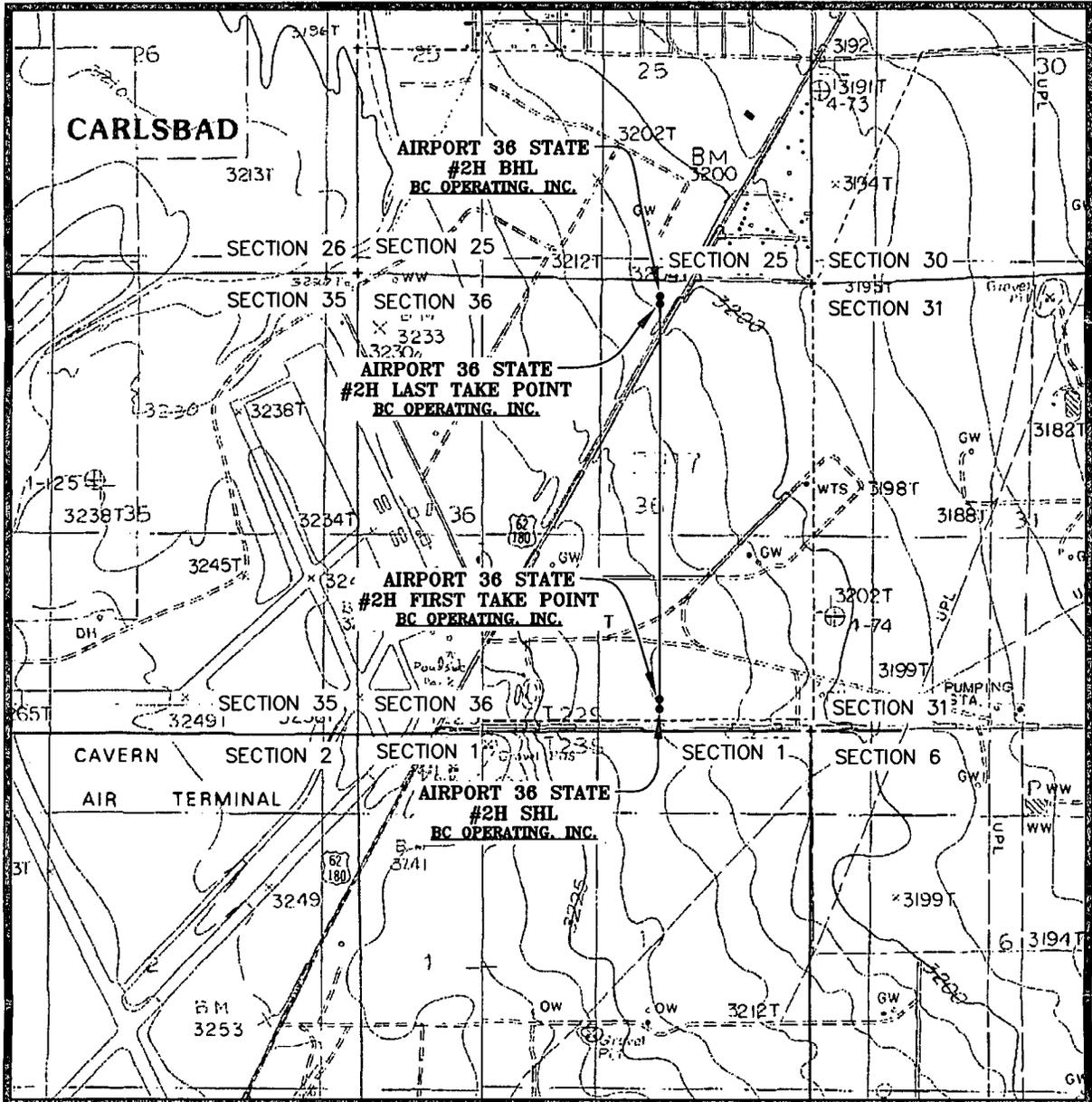
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	36	T22S	R26E		240'	NORTH	1680'	EAST	EDDY

¹² Dedicated Acres 160.00	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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>¹⁶</p>		<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Pam Stevens</i> 9/30/14 Signature Date</p> <p><i>Pam Stevens</i> Printed Name</p> <p><i>pstevens@bcoperating.com</i> E-mail Address</p>
<p>SECTION 26 SECTION 35</p> <p>BOTTOM HOLE LOCATION 240' FNL 1680' FEL NAD 83, SPCS NM EAST X569234.41 / Y492936.31' LAT32.35512018N / LDN104.24298990W NAD 27, SPCS NM EAST X528052.82' / Y492877.16' LAT32.35502088N / LDN104.24248706W</p> <p>LAST TAKE POINT 330' FNL 1680' FEL NAD 83, SPCS NM EAST X569234.36 / Y492846.29' LAT32.35487273N / LDN104.24299031W NAD 27, SPCS NM EAST X528052.77' / Y492877.14' LAT32.35475463N / LDN104.24248747W</p> <p>CORNER COORDINATES NAD 83, SPCS NM EAST A - Y: 493200.20' / X: 568161.72' B - Y: 493139.71' / X: 570884.53' C - Y: 487843.47' / X: 570881.56' D - Y: 487840.96' / X: 568227.81' NAD 27, SPCS NM EAST A - Y: 493141.05' / X: 526980.15' B - Y: 493080.53' / X: 529702.93' C - Y: 487784.43' / X: 529699.85' D - Y: 487781.96' / X: 527046.14'</p> <p>FIRST TAKE POINT 330' FSL 1680' FEL NAD 83, SPCS NM EAST X569231.80 / Y488171.91' LAT32.34202356N / LDN104.24301139W NAD 27, SPCS NM EAST X528050.12' / Y488112.88' LAT32.34190539N / LDN104.24250891W</p>		<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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>SEPTEMBER 29, 2014 Date of Survey</p> <p><i>Lloyd P. Short</i> Signature and Seal of Professional Surveyor</p> <p>21653 Certificate Number</p> <p>LLOYD P. SHORT PROFESSIONAL SURVEYOR</p>
<p>SECTION 35 SECTION 2</p> <p>SECTION 36 SECTION 1</p> <p>SURFACE HOLE LOCATION 215' FSL 1680' FEL NAD 83, SPCS NM EAST X569231.73 / Y488056.89' LAT32.34170740N / LDN104.2301191W NAD 27, SPCS NM EAST X528050.05' / Y487997.87' LAT32.34158923N / LDN104.24250944W</p>		

LOCATION VERIFICATION MAP

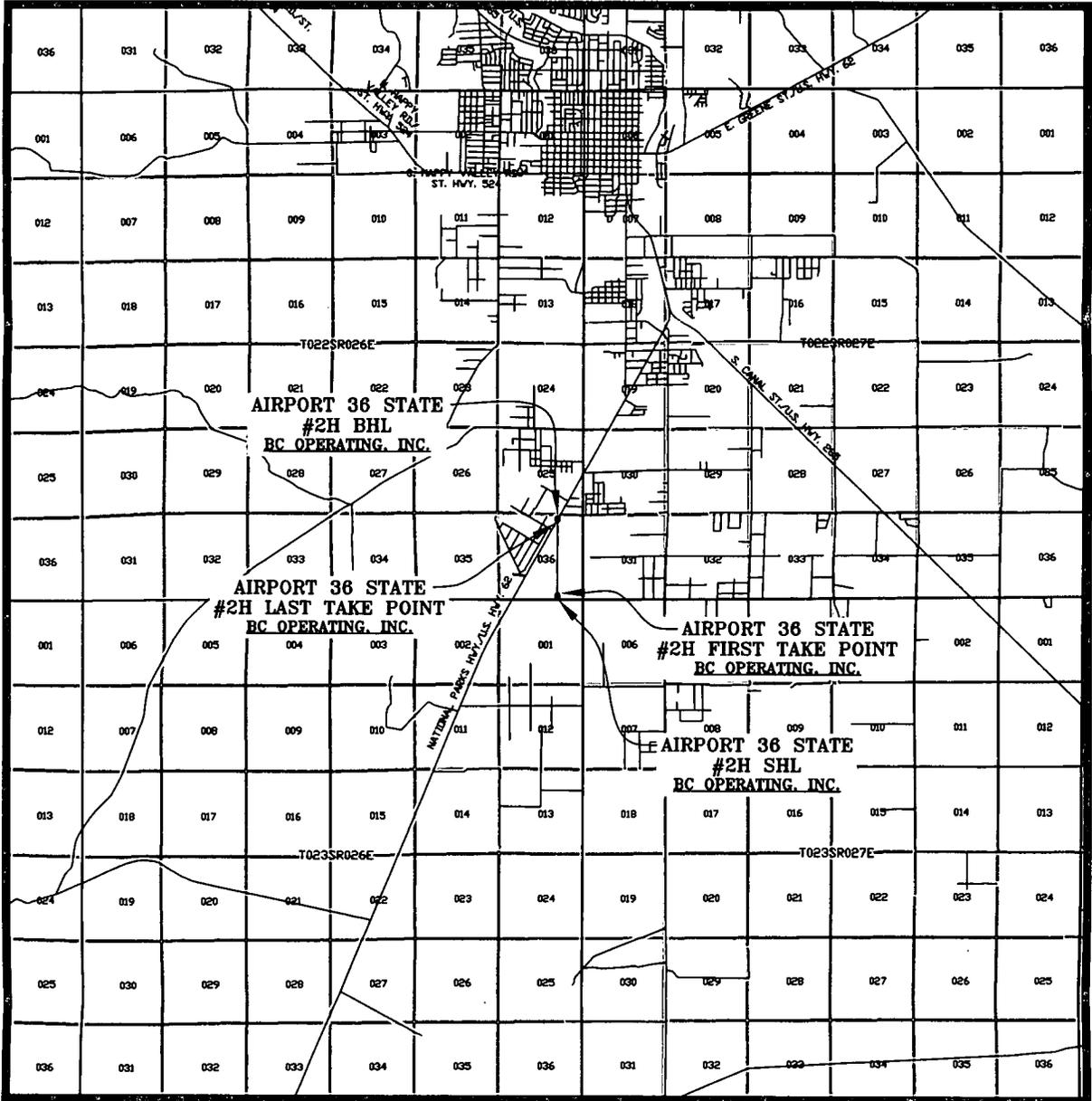


SEC. 36 TWP. 22-S RGE. 26-E
 SURVEY: N.M.P.M.
 COUNTY: EDDY
 DESCRIPTION: 215' FSL & 1680' FEL
 ELEVATION: 3218'
 OPERATOR: B.C. OPERATING, INC.
 LEASE: AIRPORT 36 STATE
 U.S.G.S. TOPOGRAPHIC MAP: OTIS, N.M.

SCALE: 1" = 2000'
 CONTOUR INTERVAL = 5'

PREPARED BY:
 R-SQUARED GLOBAL, LLC
 1309 LOUISVILLE AVENUE, MONROE, LA 71201
 318-323-8900 OFFICE
 JOB No. R3422_002

VICINITY MAP



SEC. 36 TWP. 22-S RGE. 26-E
 SURVEY: N.M.P.M.
 COUNTY: EDDY
 DESCRIPTION: 215' FSL & 1680' FEL
 ELEVATION: 3218'
 OPERATOR: B.C. OPERATING, INC.
 LEASE: AIRPORT 36 STATE
 U.S.G.S. TOPOGRAPHIC MAP: OTIS, N.M.

SCALE: 1" = 2 MILES

PREPARED BY:
 R-SQUARED GLOBAL, LLC
 1309 LOUISVILLE AVENUE, MONROE, LA 71201
 318-323-8900 OFFICE
 JOB No. R3422_002

BC Operating, Inc. Closed Loop System

Design Plan

Equipment List

- 2 – 414 MI Swaco *Centrifuges*
- 2 – MI Swaco 4 screen *Moongoose Shale Shakers*
- 2 – double screen *Shakers* with rig inventory
- 2 – CRI *Haul off bins* with track system
- 2 – additional 500bbl *Frac tanks* for fresh and brine water
- 2 – 500bbl *water tanks* with rig inventory

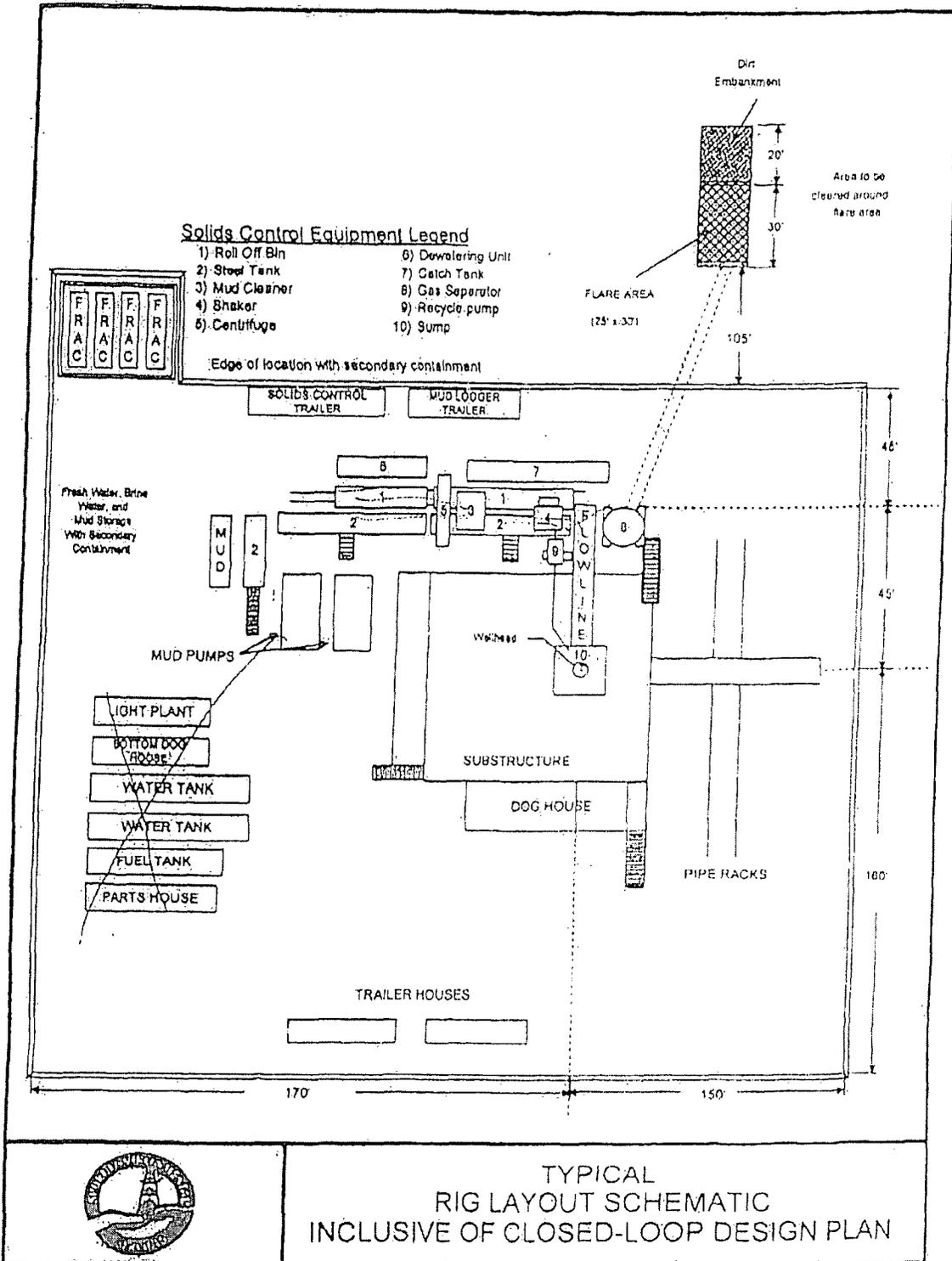
**Equipment manufactures may vary due to availability but components will not.*

Operation and Maintenance

The system along with equipment will be inspected numerous times a day by each tour to make sure all equipment is operating correctly. Routine maintenance will be done to keep system running properly. Any leak in system will be repaired and/or contained immediately and the OCD notified within 48 hours of the remediation process start.

Closure Plan

While drilling, all cuttings and fluids associated with drilling will be hauled off and disposed of via Controlled Recovery Incorporated Facilities Permit NM01-0006.



TYPICAL RIG LAYOUT SCHEMATIC INCLUSIVE OF CLOSED-LOOP DESIGN PLAN