

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
NM OIL CONSERVATION
ARTESIA DISTRICT **Energy Minerals and Natural Resources**
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised July 18, 2013

OCT 10 2014
RECEIVED

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
⁴ Property Code 313797	³ Property Name Cass 16 State
⁵ API Number 30-015-42230	
⁶ Well No. 1H	

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
A	17	23S	27E		330	North	240	East	Eddy

*** Proposed Bottom Hole Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
A	16	23S	27E		330	North	240	East	Eddy

9. Pool Information

⁹ Pool Name Forehand Ranch; Wolfcamp (Gas)	⁹ Pool Code 76780
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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 3159'
¹⁶ Multiple No	¹⁷ Proposed Depth 14,543' MD, 9500' TVD	¹⁸ Formation Wolfcamp	¹⁹ Contractor TBD	²⁰ Spud Date 01/01/2015
²¹ Depth to Ground water		²² Distance from nearest fresh water well		²³ 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"	48#	580'	660	0'
Intermediate	12 1/4"	9 5/8"	36#	2650	850	0'
Production	8 1/2"	5 1/2"	17#	14,543'	2700	2500'

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: 10/07/2014 Phone: 432-684-9696

OIL CONSERVATION DIVISION
Approved By: <i>T. C. Shepard</i> "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 30-015-42730		² Pool Code 76780	³ Pool Name FOREHAND RANCH; WOLFCAMP (GAS) ✓
⁴ Property Code 313797	⁵ Property Name CASS 16 STATE		⁶ Well Number 1H
⁷ OGRIL 160825	⁸ Operator Name B.C. OPERATING, INC.		⁹ Elevation 3159

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
A	17	T23S	R27E		330'	NORTH	240'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

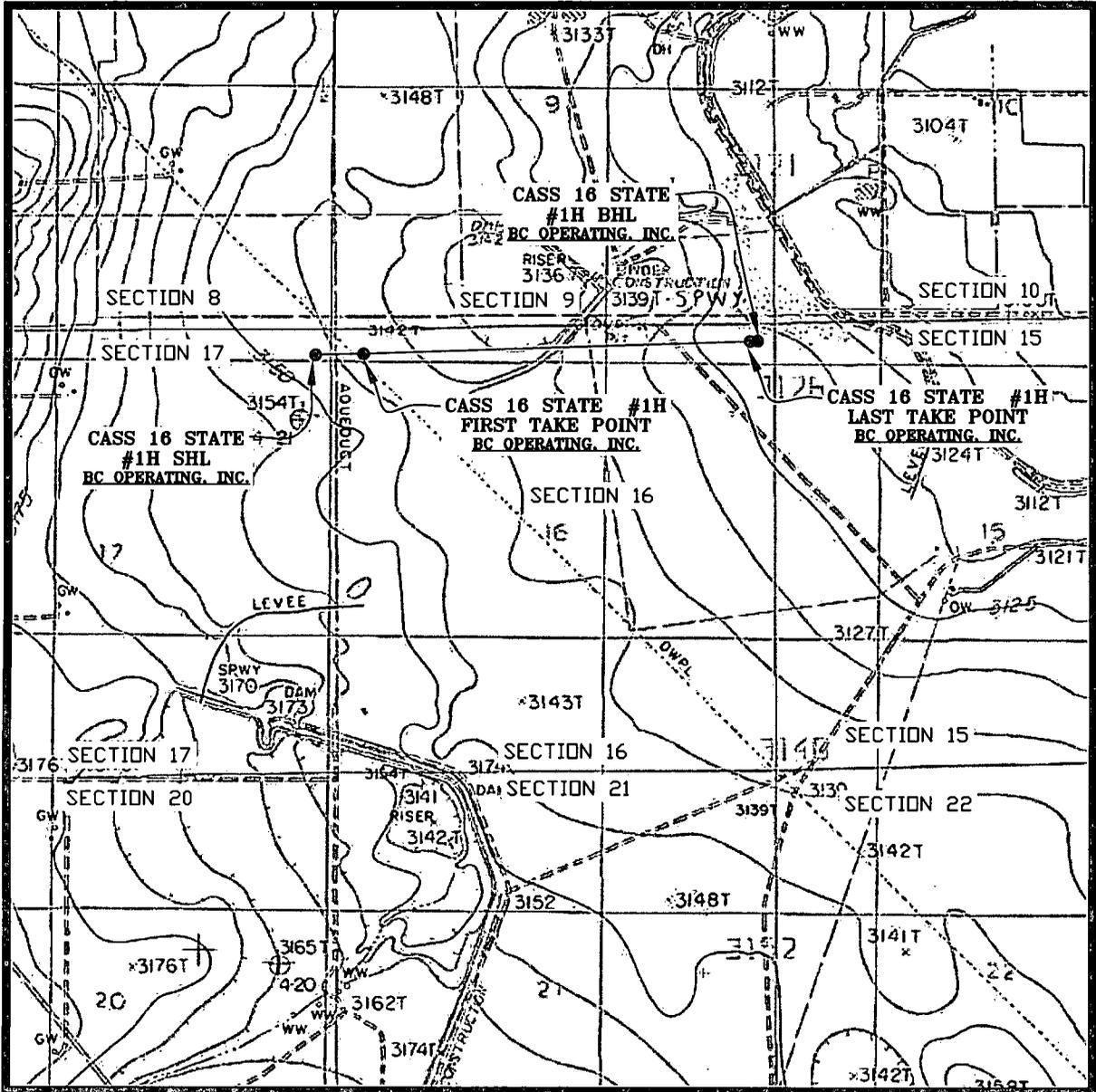
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	16	T23S	R27E		330'	NORTH	240'	EAST	EDDY

¹² Dedicated Acres 320.00	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.

¹⁶				¹⁷ OPERATOR CERTIFICATION <i>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.</i> Signature: Pam Stevens Date: 10/1/14 Printed Name: Pam Stevens E-mail Address: pstevens@bcoperating.com	
¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey: SEPTEMBER 30, 2014 Signature and Seal of Professional Surveyor: LLOYD P. SHORT					
SURFACE HOLE LOCATION 330' FNL 240' FEL NAD 83, SPCS NM EAST X581181.84' / Y476985.81' LAT32.31124095N / LDN104.20436074W NAD 27, SPCS NM EAST X539999.78' / Y476926.94' LAT32.3112207N / LDN104.20386056W		LAST TAKE POINT 330' FNL 330' FEL NAD 83, SPCS NM EAST X586378.03' / Y477145.61' LAT32.31166193N / LDN104.18754046W NAD 27, SPCS NM EAST X545195.89' / Y477086.67' LAT32.31154281N / LDN104.18704090W			
FIRST TAKE POINT 330' FNL 330' FVL NAD 83, SPCS NM EAST X581751.82' / Y476996.96' LAT32.31126970N / LDN104.20251570W NAD 27, SPCS NM EAST X540569.75' / Y476938.08' LAT32.31115079N / LDN104.20201559W		BOTTOM HOLE LOCATION 330' FNL 240' FEL NAD 83, SPCS NM EAST X586468.02' / Y477148.50' LAT32.31166954N / LDN104.18724915W NAD 27, SPCS NM EAST X545285.88' / Y477089.56' LAT32.31155041N / LDN104.18674960W			
SECTION 17 SECTION 20 CORNER COORDINATES NAD 83, SPCS NM EAST A - Y: 477316.50' / X: 581420.97' B - Y: 477486.36' / X: 586707.24' C - Y: 474772.99' / X: 586713.52' D - Y: 474661.31' / X: 581428.04'		SECTION 16 SECTION 21 CORNER COORDINATES NAD 27, SPCS NM EAST A - Y: 477257.62' / X: 540238.91' B - Y: 477427.41' / X: 545525.10' C - Y: 474714.11' / X: 545531.33' D - Y: 474602.50' / X: 540245.92'		SECTION 15 SECTION 22 CERTIFICATE NUMBER LLOYD P. SHORT 21653	

LOCATION VERIFICATION MAP



SEC. 17 TWP. 23-S RGE. 27-E
 SURVEY: N.M.P.M.
 COUNTY: EDDY
 DESCRIPTION: 330' FNL & 240' FEL
 ELEVATION: 3159'
 OPERATOR: B.C. OPERATING, INC.
 LEASE: CASS 16 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
 318-323-6900 OFFICE
 JOB No. R3449_001

BC Operating, Inc. Closed Loop System

Design Plan

Equipment List

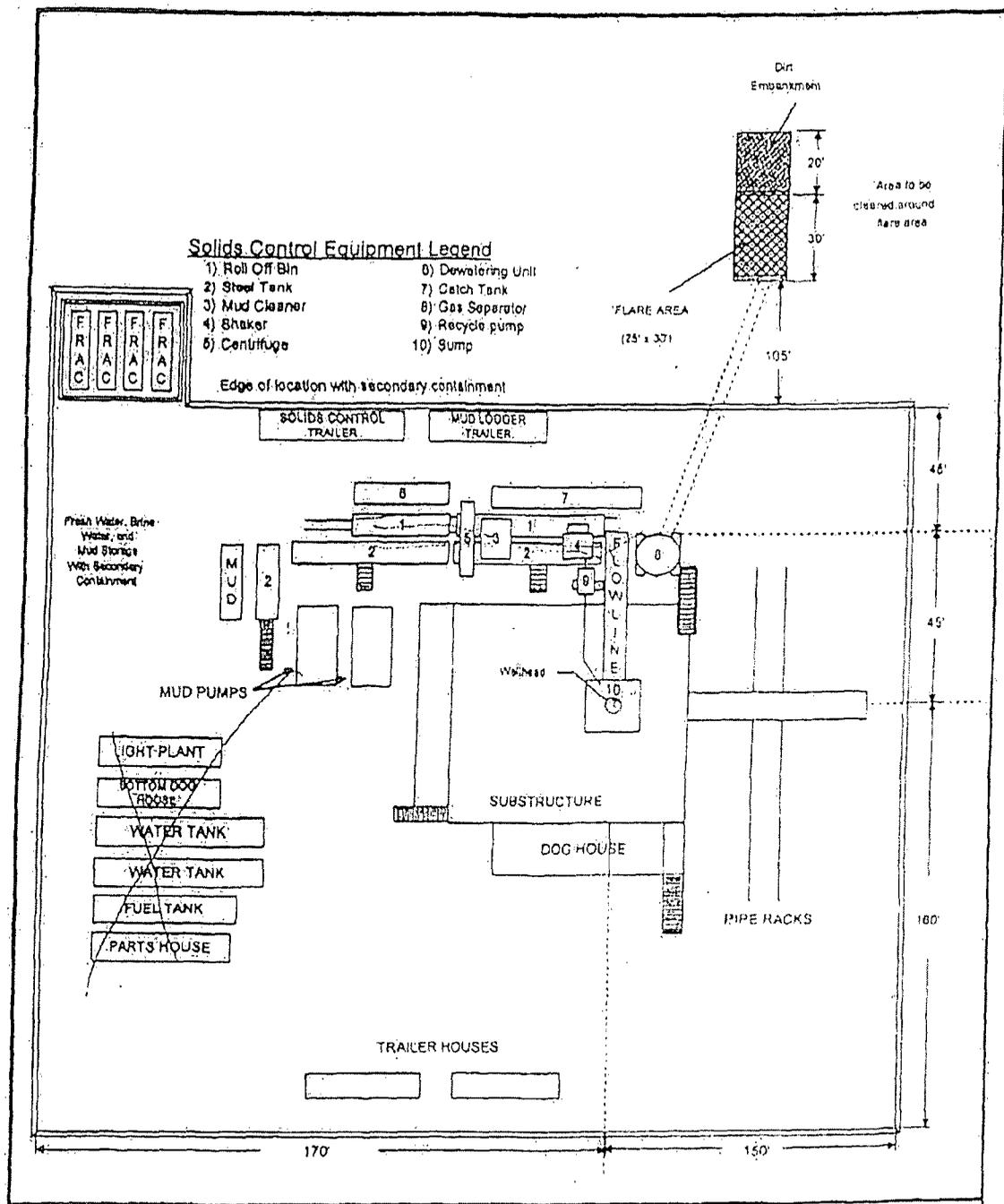
- 2 – 414 MI Swaco *Centrifuges*
 - 2 – MI Swaco 4 screen Moongoose *Shale Shakers*
 - 2 – double screen *Shakers* with rig inventory
 - 2 – CRI *Haul off bins* with track system
 - 2 – additional 500bbl *Frac tanks* for fresh and brine water
 - 2 – 500bbl *water tanks* with rig inventory
- *Equipment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