

Submit 1 Copy To Appropriate District Office

District I - (575) 393-6161  
1625 N. French Dr., Hobbs, NM 88240  
District II - (575) 748-1283  
811 S. First St., Artesia, NM 88210  
District III - (505) 334-6178  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV - (505) 476-3460  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103  
Revised July 18, 2013

|  |  |   |
|--|--|---|
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br>(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)          |  | WELL API NO.<br>30-015-31910  |
| 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>   |  | 5. Indicate Type of Lease<br>STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator<br>BC OPERATING, INC   |  | 6. State Oil & Gas Lease No.  |
| 3. Address of Operator<br>P.O. BOX 50820, MIDLAND, TX 79710  |  | 7. Lease Name or Unit Agreement Name<br>GRANDE STATE  |
| 4. Well Location<br>Unit Letter <u>C</u> : <u>660</u> feet from the <u>NORTH</u> line and <u>1980</u> feet from the <u>WEST</u> line<br>Section <u>32</u> Township <u>23S</u> Range <u>29E</u> NMPM <u>EDDY</u> County |  | 8. Well Number<br>1   |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.)<br>2993 GL  |  | 9. OGRID Number<br>160825   |
|  |  | 10. Pool name or Wildcat<br>CEDAR CANYON; BONE SPRING   |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

**NOTICE OF INTENTION TO:**  
PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☐  
CLOSED-LOOP SYSTEM ☐  
OTHER: ☒

**SUBSEQUENT REPORT OF:**  
REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐  
OTHER: CONVERT TO SWD ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SEE ATTACHED DOCUMENT FOR PROCEDURE TO CONVERT THE GRANDE STATE **NM OIL CONSERVATION**  
ARTESIA DISTRICT

MAY 18 2016

RECEIVED

Spud Date:

Rig Release Date:

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

SIGNATURE Sarah Presley TITLE REGULATORY ANALYST DATE 5.5.2016

Type or print name SARAH PRESLEY E-mail address: spresley@naguss.com PHONE: 432-682-4429

**For State Use Only**

APPROVED BY: Rebecca Ince TITLE COMPLIANCE OFFICER DATE 5/18/16

Conditions of Approval (if any): see attached

Grande State #1  
SWD Conversion Procedure  
Cherry Canyon  
API# 30-015-31910  
Eddy County, New Mexico

This procedure is to abandon the existing Bone Springs perforations and convert the well into a Cherry Canyon SWD.

Procedure (Revised - 2)

- GIH w/ 7" CIBP and set it at 7,900'.
- Dump bail 35' of cement on top of plug.
- GIH w/ perforating gun and shoot 4 squeeze holes at 5,600'.
- GIH w/ 7" RTTS packer and set it at 5,570'.
- Test annulus to 1,500 psi.
  - Establish injection rate into squeeze perforations and to surface.
- POH w/RTTS packer.
- GIH w/HES "Poppet Style" retainer and set it at 5,570'.
- Recement 7" casing to surface as follows:
  - Pump 20 bbls mud flush.
  - Mix and pump 250 sacks of 65/35 Class C/Pozmix containing 6% Gel.
  - Mix and pump 1,400 sacks of 50/50 Class C/Pozmix containing 2% Gel
- Pull out of retainer and dump 10 sacks of cement on top of retainer.
- Pull tubing to 5,530' and reverse tubing clean.
- Shut well in 24 hours
- Rig up wireline truck.
- Run a 6.151" gauge ring to  $\pm$  5,000'.
- GIH w/ 7" CIBP and set it at 4,550'.
- Dump bail 35' of cement on top of plug.
- Run radial cement bond log from 4,500' to surface.
  - Supply copy of log to EMNRD-OCD District II office & Santa Fe Bureau office
  - Insure cement top is above 2,268'.
  - If required, re-squeeze to place cement top at 2,268' or above.
- GIH w/ casing perforating guns and perforate the following intervals as follows:
 

|                   |         |           |            |
|-------------------|---------|-----------|------------|
| • 4,070' - 4,080' | 6 sh/ft | 60° phase | .46" entry |
| • 4,044' - 4,054' | 6 sh/ft | 60° phase | .46" entry |
| • 4,036' - 4,041' | 6 sh/ft | 60° phase | .46" entry |
| • 3,855' - 3,885' | 6 sh/ft | 60° phase | .46" entry |
| • 3,785' - 3,810' | 6 sh/ft | 60° phase | .46" entry |
- GIH w/Injection packer on 4 1/2" 11.60# L80 IPC injection string to 3,735'. ← OK PER PG - SANTA FE
  - Notify OCD to witness installation of disposal equipment.
- Set packer.
- Test packer 500 psi for 30 minutes.
- Establish injection rates and pressures.
- Stimulate with 8,000 gallons 10% NEFE acid.
- Perform step rate test.
- Run MIT test and turn in charts.
  - Notify OCD to witness MIT test.
- Put well on injection.

MIT TEST SHOULD BE RUN  
AFTER THE PACKER IS SET AND  
BEFORE FURTHER WORK DONE ON WELL.  
CONTACT THE OCD TO WITNESS.