

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

Form C-101
Revised July 18, 2013

NM OIL CONSERVATION Energy, Minerals and Natural Resources

ARTESIA DISTRICT Oil Conservation Division

AMENDED REPORT

OCT 10 2014 1220 South St. Francis Dr.

RECEIVED Santa Fe, NM 87505

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. Property Code 313796		4. APN Number 30-015-2732	
5. Property Name Sterling 20 State		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
P	17	23S	27E		240	South	330	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
P	20	23S	27E		240	South	330	East	Eddy

9. Pool Information

Pool Name Forehand Ranch; Wolfcamp Southwest	Pool Code 96409
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Additional Well Information

11. Work Type New Well	12. Well Type Oil	13. Cable/Rotary Rotary	14. Lease Type State	15. Ground Level Elevation 3179'
16. Multiple No	17. Proposed Depth 14,460' MD / 9500' TVD	18. Formation Wolfcamp	19. Contractor TBD	20. Spud Date 03/01/2015
Depth to Ground water		Distance from nearest fresh water well		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#	14,440'	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: T. C. Shepard

Title: "Geologist"

Approved Date: 10-15-2014 Expiration Date: 10-15-2016

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 APL Number 30-015-42732	² Pool Code 96409	³ Pool Name FOREHAND RANCH; WOLFCAMP SOUTHWEST
⁴ Property Code 313796	⁵ Property Name STERLING 20 STATE	
⁷ OGRID No. 160825	⁸ Operator Name B.C. OPERATING, INC.	⁶ Well Number 2H ⁹ Elevation 3169

¹⁰ Surface Location

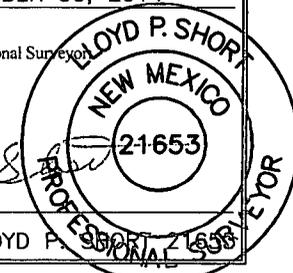
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	17	T23S	R27E		240'	SOUTH	330'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

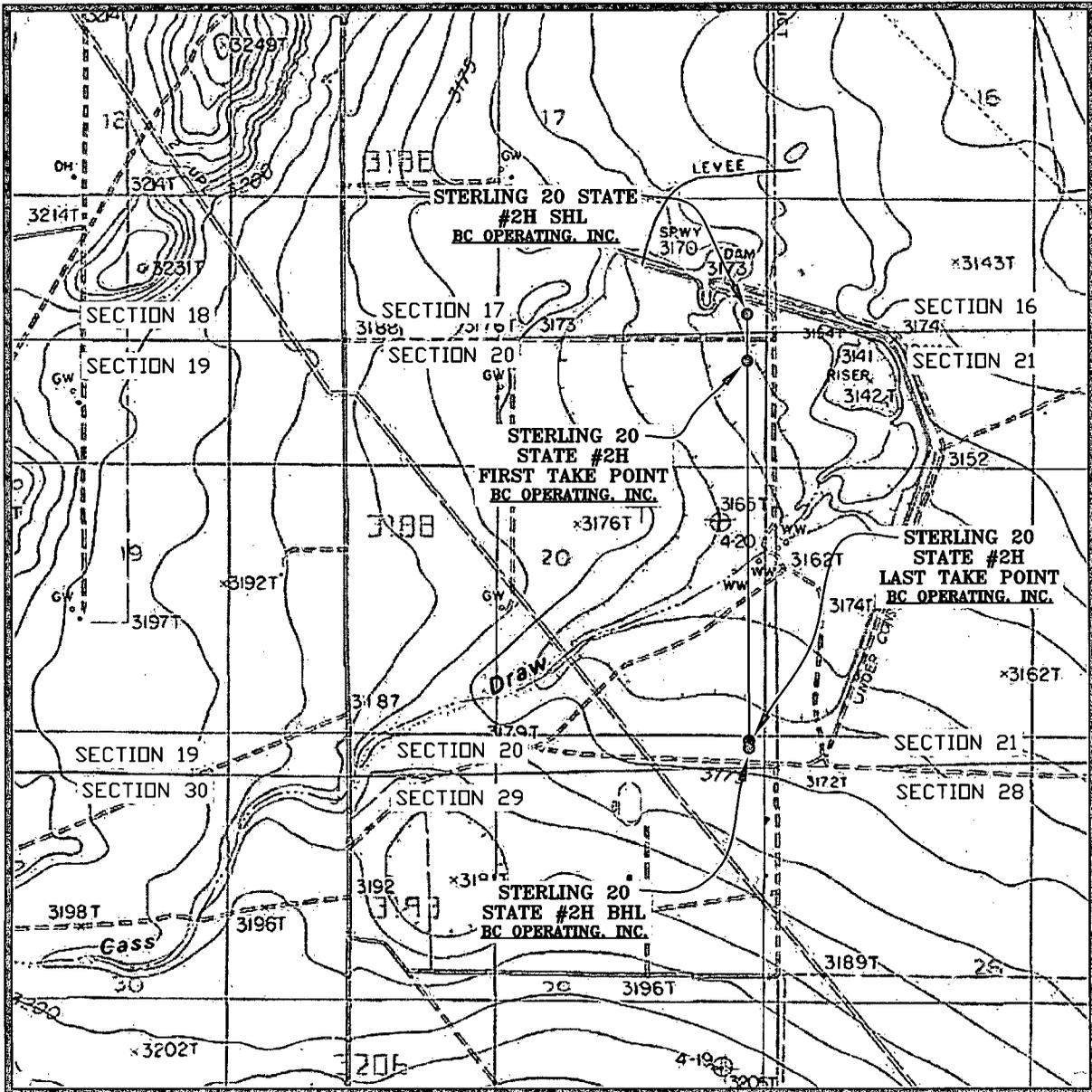
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	20	T23S	R27E		240'	SOUTH	330'	EAST	EDDY

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.

¹⁶ CORNER COORDINATES NAD 83, SPCS NM EAST A - Y: 472008.28' / X: 580112.37' B - Y: 472006.12' / X: 581435.11' C - Y: 466700.36' / X: 581448.80' D - Y: 466709.48' / X: 580131.35'		CORNER COORDINATES NAD 27, SPCS NM EAST A - Y: 471949.55' / X: 538930.22' B - Y: 471947.38' / X: 540252.94' C - Y: 466641.76' / X: 540266.52' D - Y: 466650.89' / X: 538949.09'		¹⁷ OPERATOR CERTIFICATION 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. Pam Stevens 10/1/14 Signature Date Pam Stevens Printed Name pstevens@bcoperating.com E-mail Address	
SECTION 18	SECTION 17	SECTION 19	SECTION 20	SECTION 21	¹⁸ SURVEYOR CERTIFICATION 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. SEPTEMBER 30, 2014 Date of Survey Signature and Seal of Professional Surveyor  Certificate Number LLOYD P. SHORT
SURFACE HOLE LOCATION 240' FSL 330' FEL NAD 83, SPCS NM EAST X:581104.44' / Y:472246.66' LAT:32.29821394N / LON:104.20462967W NAD 27, SPCS NM EAST X:539922.28' / Y:472187.91' LAT:32.29809499N / LON:104.20412987W		FIRST TAKE POINT 330' FNL 330' FEL NAD 83, SPCS NM EAST X:581105.96' / Y:471676.66' LAT:32.29664707N / LON:104.20462697W NAD 27, SPCS NM EAST X:539923.79' / Y:471617.93' LAT:32.29652811N / LON:104.20412721W		SECTION 16 SECTION 19 SECTION 20 SECTION 21 SECTION 28	
LAST TAKE POINT 330' FSL 330' FEL NAD 83, SPCS NM EAST X:581117.94' / Y:467032.66' LAT:32.28388127N / LON:104.20460624W NAD 27, SPCS NM EAST X:539935.67' / Y:466974.05' LAT:32.28376224N / LON:104.20410686W		BOTTOM HOLE LOCATION 240' FSL 330' FEL NAD 83, SPCS NM EAST X:581118.17' / Y:466942.65' LAT:32.28363386N / LON:104.20460583W NAD 27, SPCS NM EAST X:539935.90' / Y:466884.05' LAT:32.28351483N / LON:104.20410646W		SECTION 17 SECTION 18 SECTION 19 SECTION 20 SECTION 21 SECTION 28	
SECTION 19	SECTION 20	SECTION 30	SECTION 29	SECTION 28	

LOCATION VERIFICATION MAP

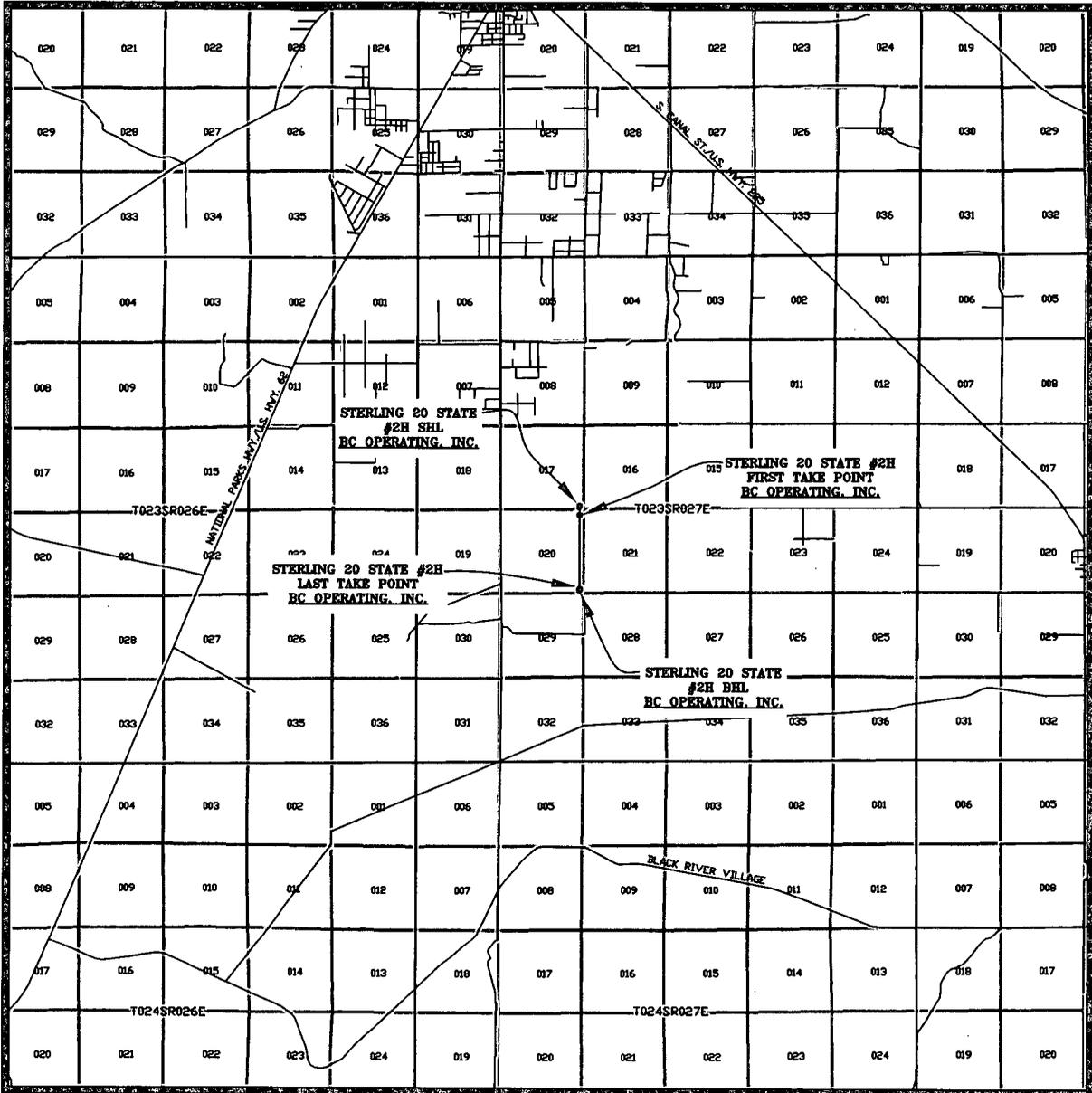


SEC. 17 TWP. 23-S RGE. 27-E
 SURVEY: N.M.P.M.
 COUNTY: EDDY
 DESCRIPTION: 240' FSL & 330' FEL
 ELEVATION: 3169'
 OPERATOR: B.C. OPERATING, INC.
 LEASE: STERLING 20 STATE
 U.S.G.S. TOPOGRAPHIC MAP: OTIS, N.M.

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

PREPARED BY:
 R-SQUARED GLOBAL, LLC
 1309 LOUISVILLE AVENUE, MONROE, LA 71201
 318-323-6900 OFFICE
 JOB No. R3450_002

VICINITY MAP



SEC. 17 TWP. 23-S RGE. 27-E
 SURVEY: N.M.P.M.
 COUNTY: EDDY
 DESCRIPTION: 240' FSL & 330' FEL
 ELEVATION: 3169'
 OPERATOR: B.C. OPERATING, INC.
 LEASE: STERLING 20 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
 318-323-6900 OFFICE
 JOB No. R3450_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

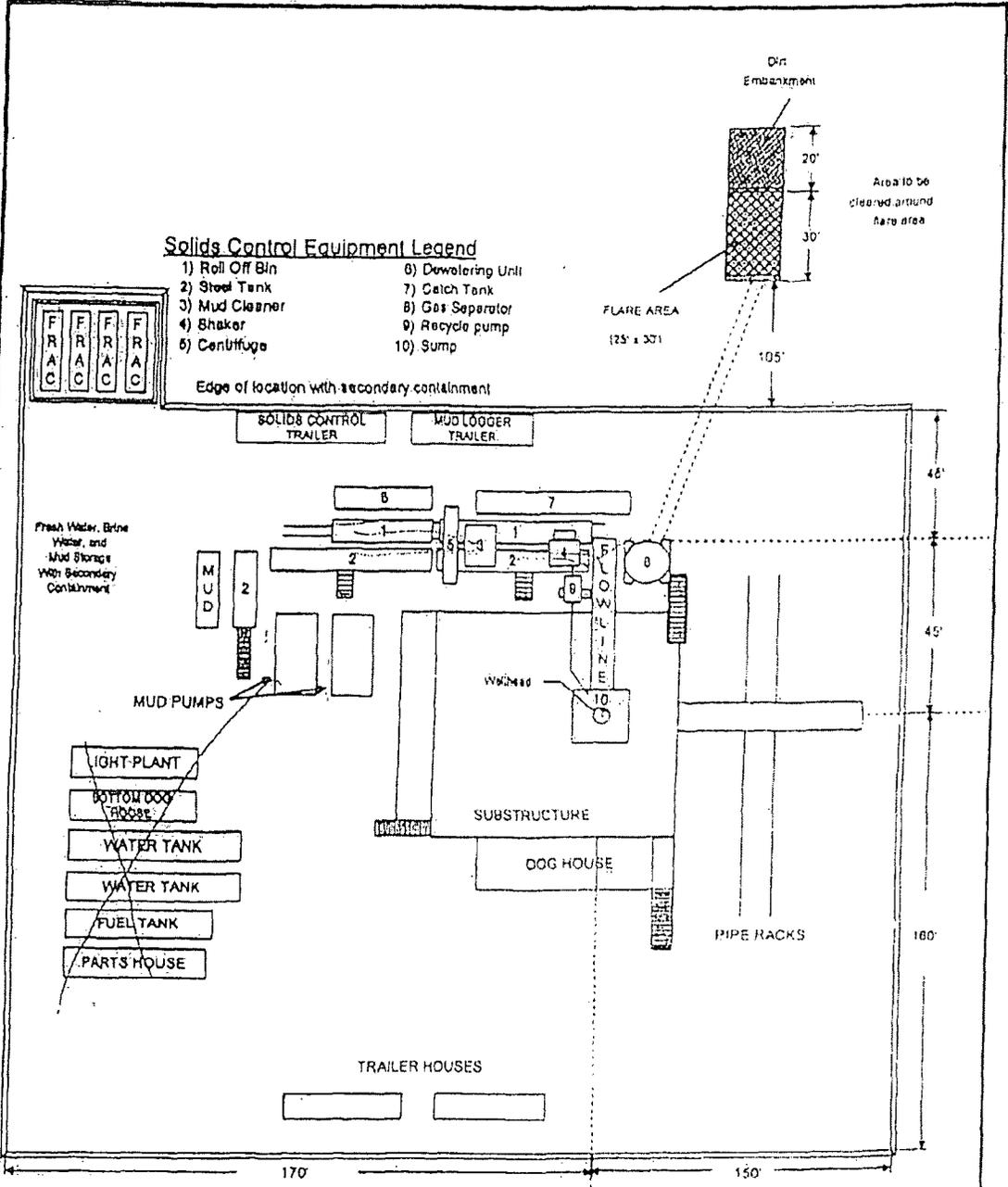
**Equipment manufactures may vary due to availability but components will not.*

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