

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, Mineral and Natural Resources
NM OIL CONSERVATION
 ARTESIA DISTRICT
OIL CONSERVATION DIVISION
 JUN 03 2017
 1220 South St. Francis Dr.
 Santa Fe, NM 87505
RECEIVED

Form C-103
 Revised July 18, 2013

SUNDRY NOTICES AND REPORTS ON WELLS (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.) 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		WELL API NO. 30-015-44046
2. Name of Operator Black Mountain Operating LLC		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
3. Address of Operator 500 Main Street Suite 1200, Fort Worth, TX 76102		6. State Oil & Gas Lease No.
4. Well Location Unit Letter <u>M</u> : <u>655</u> feet from the <u>South</u> line and <u>190</u> feet from the <u>West</u> line Section <u>9</u> Township <u>23S</u> Range <u>27E</u> NMPM Eddy County		7. Lease Name or Unit Agreement Name Cypress
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3146' GL		8. Well Number 1H
9. OGRID Number 371127		10. Pool name or Wildcat Purple Sage, Wolfcamp

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.

Black Mountain Operating, LLC is requesting a temporary tubing exception for the Cypress #1H well. This well is our first horizontal Wolfcamp well and is being evaluated for maximum potential flow rates and pressures. Installing tubing immediately would introduce a downhole choke point and affect the data we plan to gather over the coming months. The well is currently flowing up the production casing string.

Well control is currently achieved via two 7-1/16" 10k gate valves, flow cross w/two 4-1/16" 10k gate valves and flowing through two 2-9/16" 10k gate valves, 10k iron and a 10k choke manifold.

Flowing wellhead pressure is currently 2150 psi.

Fire control - currently flaring gas until battery is complete. Delays on vessel delivery slowing construction completion.

Black Mountain plans to install tubing within the next 120 days.

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 [Signature] TITLE Operations Manager DATE 5/31/2017

Type or print name John Wierzowiecki E-mail address: john.wierzowiecki@blackmntn.com PHONE: (817) 698-9901

For State Use Only

APPROVED BY [Signature] TITLE Geologist DATE 6-6-17
 Conditions of Approval (if any):

Black Mountain Operating, LLC

500 Main Street, Suite 500

Fort Worth, Texas 76102

Actual Wellbore

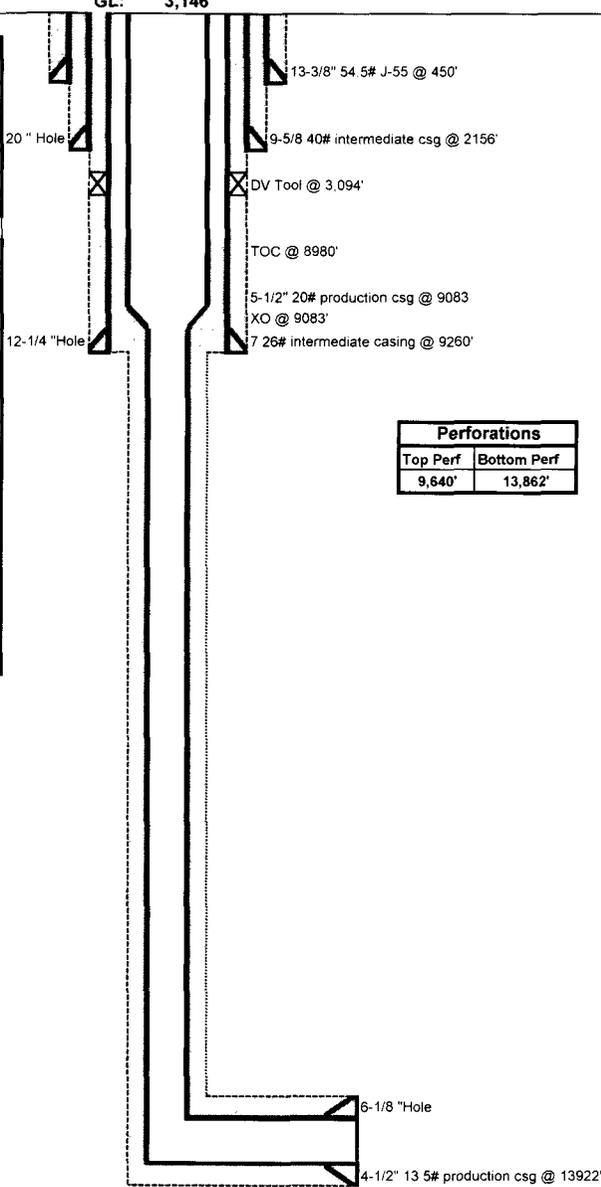
Lease:		Cypress 1H		OH Information							
County/Parish:	Eddy	Section	Size	Beg. Depth	End Depth	MW	Comments				
State:	NM, M-09-23S-27E	Surface	20	0	450	8.6					
API:	30-015-44046	Intermediate	12-1/4	0	2,160	10.2					
State ID#:	316287	Intermediate	8-3/4	0	9,260	9.2					
SHL	Lat-Long: 32.313848, -104.202477	Production	6-1/8	0	13,922	11.7					
BHL	Legal: 655' FSL & 190' FWL	Casing Information									
SHL	Lat-Long: 32.313552, -104.186944	Size	Weight	Grade	Thread	Depth	ID	Drift	Collapse	Burst	bbl / ft
BHL	Legal: 400' FSL & 294' FEL	13-3/8	54.50	J-55	STC	450'	12.459	14.375	1,130	2,730	0.8680
Spud Date:	4/6/2017	9-5/8	40.00	J-55	BTC	2,156'	8.835	8.679	2,570	3,950	0.0758
Rig Release:	4/30/2017	7	26.00	P-110	TMK BPN	9,260'	6.276	6.151	6,230	9,950	0.0360
AFE:	BMO14007	5-1/2"	20.00	P-110 HC	ULT-FJ	9,083'	4.778	4.653		12,640	0.0222
Notes:		4-1/2"	13.50	P-110 HC	CDC HTQ	13,922'	3.920	3.795	10,670	12,401	0.0015
		Comments:		TOC 8,980' from CBL							

Datum

KB: 3,174'

GL: 3,146'

Cement Information				
	Surf.	9-5/8" Int	7" Int.	Prod.
Spacer	Mud Flush	Mud Flush	Mud Flush	Mud Flush
Volume, bbl	30	40	?	100
Density, lb/gal	8.4	8.4	?	8.4
Lead Cement 1				
Sacks	420	320	381	472
Yield, ft ³ /sk	1.6	2.61	2.61	2.29
Volume, ft ³	672	835	994	1081
Density, lb/gal	13.8	12.8	11.6	13.5
Tail Cement 1				
Sacks		220	225	
Yield, ft ³ /sk		1.6	1.69	
Volume, ft ³		352	380	
Density, lb/gal		13.8	13.1	
Lead Cement 2				
Sacks			130	
Yield, ft ³ /sk			2.61	
Volume, ft ³			339	
Density, lb/gal			11.60	
Tail Cement 2				
Sacks			60	
Yield, ft ³ /sk			1.33	
Volume, ft ³			80	
Density, lb/gal			14.80	
Est TOC, ft	Surf.	Surf.	Surf.	0
Calc or Actual	Actual	Actual	Actual	X
CBL TOC	X	X	X	8980



Perforations	
Top Perf	Bottom Perf
9,640'	13,862'

PBTD = 13,918'
 MD = 13,922'
 TVD = 9,116'

Directions to Location:
 Take US 285 toward Carlsbad. At E. Derrick Road and US 285 turn west and drive ~2.7 mi to the intersection with Thomason Rd. Turn left (south) on Thomason Rd and drive 1 mile until it dead ends into E Harkness rd. Turn right and drive 0.3 mi on E Harkness Rd to lease road on the Left. Take the lease road from Harkness Rd and follow to location. Don't take Thomason Rd through the double gates. Our authorized access is the cattle guard on Harkness Rd. Attached photo shows lease road from Harkness Rd.

Last Update: 5/31/2017 Updated By: J. Wierzowiecki