

District I
 625 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 December 16, 2011

Energy Minerals and Natural Resources

Oil Conservation Division

HOBBS OCD

Permit

1220 South St. Francis Dr.

Santa Fe, NM 87505

MAR 27 2013

RECEIVED

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

Operator Name and Address BC Operating, Inc. P.O. Box 50820 Midland, Texas 79710		OGRID Number 160825
Property Code 39782	Property Name Sims State Am	API Number 30-025-41078
		Well No. 3H

Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
B	34	20S	35E		160	South	1980	East	Lea

Pool Information

Grama Ridge; Bone Spring, North	28434
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Additional Well Information

Work Type New Well	Well Type Oil	Cable/Rotary Rotary	Lease Type Fee State	Ground Level Elevation 3709'
Multiple No	Proposed Depth 10,250' TVD/15,000' MD	Formation Bone Spring	Contractor TBD	Spud Date TBD
Depth to Ground water	Distance from nearest fresh water well		Distance to nearest surface water	

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17 1/2"	13 3/8"	54.5#	1850'	1450	0'
Intermediate	12 1/4"	9 5/8"	36#	5700'	1250	0'
Production	8 3/4"	5 1/2"	17#	15,000'	2000	0'

Casing/Cement Program: Additional Comments

This will be a horizontal well w/BHL Unit N, Sec. 34, T-20S, R-35E, 240' FNL & 1980' FWL in Lea County.

Proposed Blowout Prevention Program

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

Permit Expires 2 Years From Approval Date Unless Drilling Underway

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
 I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Signature: Pam Stevens

Printed name: Pam Stevens

Title: Regulatory Analyst

E-mail Address: pstevens@bcoperating.com

Date: 03/25/13

Phone: 432-684-9696

OIL CONSERVATION DIVISION

Approved By:

E. Gonzalez

Title:

Dist. MGR

Approval Date:

3-28-2013

Expiration Date:

3-28-2015

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

HOBBS OCD

State of New Mexico

Energy, Minerals & Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

MAR 27 2013

OIL CONSERVATION DIVISION

1220 South St. Frances Dr.

Santa Fe, NM 87505

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30025-41078	Pool Code 28434	Pool Name Grama Ridge; Bone Spring, North
Property Code 39782	Property Name SIMS State Com	Well Number 3-H
GRID No. 160825	Operator Name BC OPERATING, INC.	Elevation 3709'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	34	20-S	35-E		160	SOUTH	1980	EAST	LEA

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
0	34	20-S	35-E		240	NORTH	1980	EAST	LEA

Dedicated Acres 160	Joint or Infill	Consolidation Code	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>NOTE:</p> <p>1) Plane Coordinates and Bearings shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.</p>	<p>240'</p> <p>(BHL)</p> <p>Plane Coordinate X = 774,541.3 Y = 559,893.3</p>	<p>1980'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify 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><u>Pam Stevens</u> 3/25/13 Signature Date</p> <p>Pam Stevens Printed Name</p>	
	<p>N 027°05' W - 4887.4'</p>			<p>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>March 19, 2013 Date of Survey</p> <p>Signature & Seal of Professional Surveyor</p> <p><u>[Signature]</u> 12185</p> <p>W.O. Num. 2013-0455</p> <p>Certificate No. MACON McDONALD 12185</p>
	<p>#3-H (SL)</p>			
	<p>160'</p>	<p>1980'</p>		