

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

~~Blm Carlsbad Field Office~~ OCS Hobbs

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

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5. Lease Serial No.
NMNM087274/NMNM086168

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Topaz 30 Federal Com #2H <313044> ✓

2. Name of Operator
BC Operating, Inc. <160825> ✓

9. API Well No.
30-025-42625 ✓

3a. Address
P.O. Box 50820
Midland, Texas 79710

3b. Phone No. (include area code)
432-684-9696

10. Field and Pool or Exploratory Area
WC-025 G-08 S213304D; Bone Spring <97895>

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Surface 240' FNL & 1980' FWL of UL C, Section 31, T-20S, R-34E
At proposed prod. zone 240' FNL & 1980' FWL of UL C, Section 30, T-20S, R-34E ✓

11. County or Parish, State
Lea, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|--|---|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input checked="" type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>Alter Cement on</u> |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>intermediate casing with</u> |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | <u>DV/ECP tool installed</u> |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Change original intermediate casing to include a DV/ECP tool addition at 3475' and alter cement job to change to a 2-stage plan.

See the attached detail for information.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Deane Durham

Title Sr. Drilling Engineer

Signature

Date 10/14/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

APPROVED
JAN 4 2016
Date/s/ Chris Walls
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

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Casing Program

| Hole Size | Casing Interval | | Csg. Size | Weight (lbs) | Grade | Conn. | SF Collapse | SF Burst | SF Tension |
|-----------|-----------------|-------|-----------|--------------|---------|---------------------------|-------------|----------|--------------------|
| | From | To | | | | | | | |
| 16" | 0 | 1615 | 13.375" | 54.5 | J55 | STC | 1.58 | 1.01 | 6.29 |
| 12.25" | 0 | 5475* | 9.625" | 40 | N80 | LTC | 1.14 | 1.12 | 3.54 |
| 8.75" | 0 | 16185 | 5.5" | 17 | P110 HC | SEMI BUTT | 1.51 | 2.06 | 3.00 |
| | | | | | | BLM Minimum Safety Factor | 1.125 | 1 | 1.6 Dry 1.8 Wet |

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

*9 5/8" Intermediate casing will utilize a DV/ECP to be set in the Seven Rivers at approximately 3475' to better insure cement to surface in this string of casing.

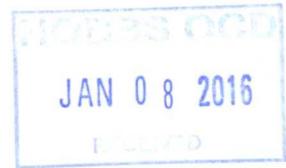
Cementing Program

| Casing | # Sks | Wt. lb/gal | Yld ft ³ /sack | H ₂ O gal/sk | 500# Comp. Strength (hours) | Slurry Description |
|---------------------|-------|------------|---------------------------|-------------------------|-----------------------------|---|
| Surf. | 640 | 13.5 | 1.73 | 9.1 | 10 | Lead: Class C + 4.0% Bentonite + 1% CaCl ₂ + 0.25 lb/sk Cello-Flake |
| | 260 | 14.8 | 1.35 | 6.3 | 8 | Tail: Class C + 2% CaCl ₂ + 0.25 lb/sk Cello-Flake |
| Inter. STG 1 *3475' | 500 | 12.6 | 2.01 | 11 | 15 | Lead: Class C 35/65 + 0.25 lb/sk Cello-Flake + 6% Bentonite + 6% salt (BWOW) |
| | 200 | 14.8 | 1.33 | 6.3 | 11 | Tail: Class C + 0.15% R-20 |
| Inter. STG 2 | 680 | 12.6 | 2.01 | 11 | 15 | Lead: Class C 35/65 + 0.25 lb/sk Cello-Flake + 6% Bentonite + 6% salt (BWOW) |
| SFC | 290 | 14.8 | 1.33 | 6.3 | 11 | Tail: Class C + 0.15% R-20 |
| Prod. | 1820 | 11.8 | 2.39 | 14 | 22 | Lead: 50/50 Class H + 10% Bentonite + 0.4% R-20 + 0.25 lb/sk Cello-Flake + 3% salt (BWOW) |
| | 700 | 14.2 | 2.57 | 11 | 25 | Tail: 50/50 Class H + 100% CaCO ₃ + 0.5% FL-16 + 0.1% CD-37 + 0.3% R-20 + 4% Bentonite + 0.5% TSM-1 + 0.2% AS-3 + 5% salt (BWOW) |
| | | | | | | Prod. CMT Acid Soluble Blend |

DV tool depth(s), if used, will be adjusted based on hole conditions and cement volumes will be adjusted proportionally. DV tool will be set a minimum of 50 feet below previous casing and a minimum of 200 feet above current shoe. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.

| Casing String | TOC | % Excess |
|---------------|---------------|------------------|
| Surface | 0' | 100% |
| Intermediate | *3475' and 0' | 100% both stages |
| Production | 0' | 50% |

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Conditions of Approval
Topaz 30 Fed Com 2H

Operator has proposed DV tool at a depth of 3475'. Operator is to submit sundry if DV tool depth varies by more than 100' from approved depth.

1. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:

a. First stage to DV tool:

- Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

b. Second stage above DV tool:

- Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash and the Capitan Reef.**