

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT NMOCD Hobbs

FORM APPROVED OMB No. 1004-0137 Expires: January 31, 2018

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.

5. Lease Serial No. NMNM 18302 6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well [X] Oil Well [] Gas Well [] Other 2. Name of Operator BC OPERATING, INC. 3a. Address P.O. BOX 50820 MIDLAND, TX 79710 3b. Phone No. (432) 684-9696 10. Field and Pool or Exploratory Area QUERECHO PLA; LOWER BONE SPRING 11. Country or Parish, State LEA CO., NM

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

Table with columns: TYPE OF SUBMISSION, TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production, etc.

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof.

CHANGE OF OPERATOR EFFECTIVE JANUARY 1, 2016

FROM: NADEL AND GUSSMAN PERMIAN, L.L.C. (155615) 601 N. MARIENFELD, SUITE 508 MIDLAND, TX 79701

TO: BC OPERATING, INC. (160825) P.O. BOX 50820 MIDLAND, TX 79710

BLM BOND #2572- NMB001345

BC OPERATING, INC. ACCEPTS ALL APPLICABLE TERMS, CONDITIONS, STIPULATIONS, AND RESTRICTIONS CONCERNING OPERATIONS CONDUCTED ON THE LEASED LAND OR PORTION THEREOF.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) SARAH PRESLEY Title REGULATORY ANALYST Signature [Signature] Date 01/28/2016

THE SPACE FOR FEDERAL OR STATE OFFICE USE Approved by [Signature] Title [Signature] Date [Signature] Office [Signature]

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)

APPROVED 01/28/2016 MAR 22 2016 CORRECORD FIELD OFFICE [Signatures]

MAR 29 2016

BC Operating, Inc.
March 22, 2016
Change of Operator
Conditions of Approval

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. Submit for approval of water disposal method.
3. Submit updated facility diagrams as per Onshore Order #3
4. This agency shall be notified of any spill or discharge as required by NTL-3A.
5. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
6. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
7. Subject to like approval by NMOCD.
8. All Reporting to ONRR (OGOR Reports) must be brought current within 30 days of this approval including any past history.
9. If this well is incapable of producing in paying quantities submit NOI to plug and abandon this well or obtain approval to do otherwise within 90 days.
10. Submit plan for approval of well operations for all TA/SI wells within 30 days of this approval to change operator.
11. If not in place acquire operating rights on this lease within 30 days with BLM office in Santa Fe, NM.

JAM 032216