

District I
1625 N French Dr , Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St Francis Dr , Santa Fe, NM 87505

RECEIVED

State of New Mexico
Minerals and Natural Resources

Form C-101
June 16, 2008

APR 14 2009

HOBBSOCD

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

**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, TX 79710		² OGRID Number 160825
		³ API Number 30 - 025-07270
⁴ Property Code 34405 37960	⁵ Property Name GULF STATE	⁶ Well No 3
⁹ Proposed Pool 1 SWD; SAN ANDRES		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 3	4	16 S	38 E		660	NORTH	1880	WEST	LEA

⁸ Proposed 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

Additional Well Information

¹¹ Work Type Code E	¹² Well Type Code S	¹³ Cable/Rotary ROTARY	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3,767'
¹⁶ Multiple N	¹⁷ Proposed Depth 13,346'	¹⁸ Formation DEVONIAN	¹⁹ Contractor ?	²⁰ Spud Date JUNE 1, 2009

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	48 #	350'	350	SURFACE
12-1/4"	9-5/8"	36 # & 40 #	4,999'	2,000	SURFACE

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

SEE ACCOMPANYING C-108 APPLICATION FOR PROPOSED PROGRAM

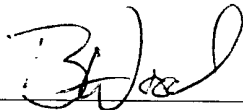
(no change from what was previously approved in SWD-947 etc.)

WILL INSTALL 2,000# BOP, CONDITION WELL BORE, & START DISPOSAL

SWD-947 APPROVAL LAPSED DUE TO NO ACTIVITY AFTER 4-21-05 MECHANICAL INTEGRITY TEST

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature



Printed name

BRIAN WOOD

Title

CONSULTANT

E-mail Address

brian@permitswest.com

Date

4-11-09

Phone

(505) 466-8120

Denied
OIL CONSERVATION DIVISION

Approved by

DENIED BY Oil Conservation Division
On 1/4/2010 see attached letter
APD Reviewed by Donna Mull
For more information on this matter, please call
Donna Mull @ (575) 393-6161 ext 115 or
email donna.mull@state.nm.us

APD denied due to operator being out of
compliance with Rule 5.9 due to financial
assurance and Inactive Well list.

*Not operator of
record.*

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State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

HOBBSOCD

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-07270		² Pool Code 96121		³ Pool Name SWD; SAN ANDRES	
⁴ Property Code 34403		⁵ Property Name GULF STATE			⁶ Well Number 3
⁷ OGRID No. 160825		⁸ Operator Name BC OPERATING, INC.			⁹ Elevation 3,767'

¹⁰ Surface Location

UL or lot no. LOT 3	Section 4	Township 16 S	Range 38 E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 1880	East/West line WEST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

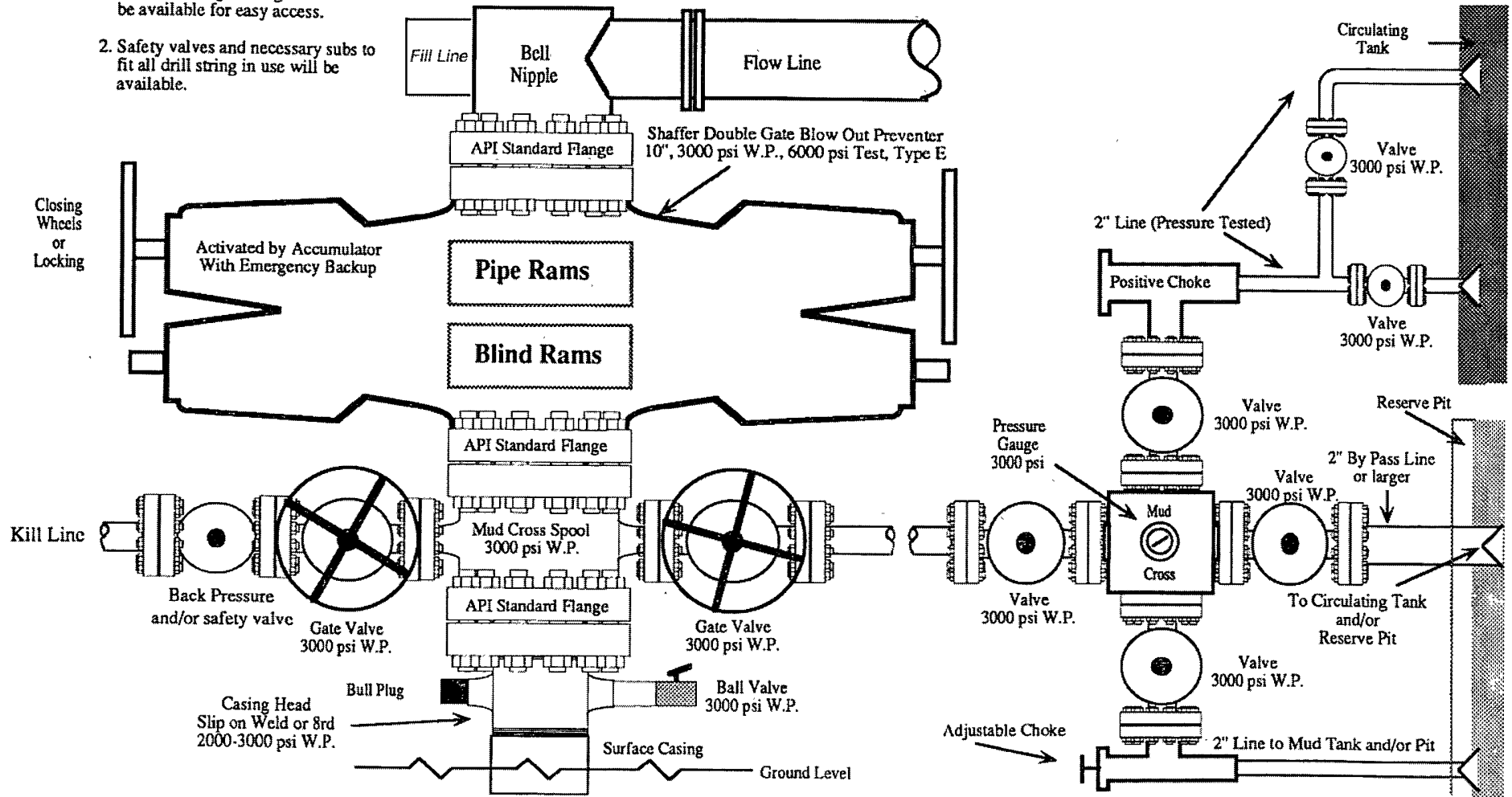
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

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				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. Signature _____ Date <u>4-11-09</u> BRIAN WOOD Printed Name	
				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. 5-22-56 Date of Survey _____ Signature and Seal of Professional Surveyor. SURVEYED BY JOHN WEST ORIGINAL ON FILE WITH OCD Certificate Number _____	

2,000 PSI BOP SYSTEM

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL

Operator BC Operating Inc OGRID # 160825
 Well Name & # Gulf State #3 Surface Type (F) (S) (P) (S)
 Location: UL C, Sect 4, Township 16 s, RNG 24 e, Sub-surface Type (F) (S) (P) (S)

A. Date C101 rec'd 4/14/09 C101 reviewed 12/31/09

B. 1. Check mark, Information is OK on Forms:

OGRID /, BONDING /, PROP CODE /, WELL # /, SIGNATURE /

2. Inactive Well list as of: 12/31/09 # wells 114, # Inactive wells 19

a. District Grant APD but see number of inactive wells:

No Letter required /; Sent Letter to Operator /, to Santa Fe /

3. Additional Bonding as of: 12/31/09

a. District Denial because operator needs addition bonding:

No Letter required /; Sent Letter to Operator /, To Santa Fe /

b. District Denial because of Inactive well list and Financial Assurance:

No Letter required /; Sent Letter to Operator /, To Santa Fe /

C. C102 YES /, NO /, Signature /

1. Pool SWD San Andres, Code 96121

a. Dedicated acreage /, What Units C Lot 3

b. SUR. Location Standard /: Non-Standard Location /

c. Well shares acres: Yes /, No /, # of wells / plus this well # /

2. 2nd. Operator in same acreage, Yes /, No /

Agreement Letter /, Disagreement letter /

3. Intent to Directional Drill Yes /, No /

a. Dedicated acreage /, What Units /

b. Bottomhole Location Standard /, Non-Standard Bottomhole /

4. Downhole Commingle: Yes /, No /

a. Pool #2 /, Code /, Acres /

Pool #3 /, Code /, Acres /

Pool #4 /, Code /, Acres /

5. POTASH Area Yes /, No /

D. Blowout Preventer Yes /, No /

E. H2S Yes /, No /

F. C144 Pit Registration Yes /, No /

G. Does APD require Santa Fe Approval:

1. Non-Standard Location: Yes /, No /, NSL # /

2. Non-Standard Proration: Yes /, No /, NSP # /

3. Simultaneous Dedication: Yes /, No /, SD # /

Number of wells / Plus # /

4. Injection order Yes /, No /; PMX # / or WFX # /

5. SWD order Yes /, NO /, SWD # 42

6. DHC from SF /, DHC-HOB /; Holding /

7. OCD Approval Date ///

API # 30-025--02270

8. Reviewers dm

Denied
1/4/2010