

BETTIS, BOYLE & STOVALL

P. O. BOX 1240 • GRAHAM, TEXAS 76450 • (940) 549-0275 • FAX (940) 549-7405

OCT 01 2007

OCD-ARTESIA

September 26, 2007

Oil Conservation Division
1301 W. Grand Avenue
Artesia, NM 88210

Attn: Mr. Bryan G. Arrant
OCD District II Geologist

RE: Change of Gather
Pickett Draw Federal No. 2, API 30-015-25867
Pickett Draw Federal No. 3, API 30-015-26889
Eddy Co., NM

Dear Bryan,

In reference to your letter of August 8, 2007 denying Bettis, Boyle & Stovall's request to change transporter due to our company being in violation of Rule 40.A., please be advised that we do have approval for temporary abandonment for the Justis Christmas No. 1, Lea Co., NM – a copy of the approved Form C-103 on the well is attached. It is our understanding this temporarily abandonment will put us in compliance and you will be able to approve the C-104's. If this is incorrect, please advise as quickly as possible.

Sincerely,

BETTIS, BOYLE & STOVALL



Kim Ligon
Regulatory Analyst



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 8, 2007

Bettis, Boyle & Stovall
P.O. Box 1240
Graham, TX 76450

Re: Bettis, Boyle & Stovall's requests for allowables and authorization to transport for the following wells:

Pickett Draw Federal # 2, 30-015-25867
Pickett Draw Federal # 3, 30-015-26889

Dear Regulatory Manager:

Rule 1104.A [19.15.13.1104.A NMAC] permits the Oil Conservation Division (OCD) to assign an allowable to a newly completed or re-completed well or a well completed in an additional pool, or issue an operator authorization to transport oil or natural gas from such a well if the operator meets certain conditions under the rule, including being in compliance with Rule 40.A [19.15.1.40.A NMAC]. An operator that has 100 wells or less is out of compliance with Rule 40.A(4) if it has 2 wells or more out of compliance with Rule 201 [19.15.4.201 NMAC] which requires that wells that have been inactive for a continuous period exceeding one year plus ninety days to be plugged and abandoned, placed on OCD-approved temporary abandonment status, or returned to an OCD-approved productive use. Pursuant to Rule 40.F, a list of inactive wells is available to the public at our website.

According to our records, Bettis, Boyle & Stovall is listed as the operator of record for twenty-four wells. Our records indicate that three of those wells are out of compliance with Rule 201. As a result, Bettis, Boyle & Stovall is out of compliance with Rule 40.A(4).

Because Bettis, Boyle & Stovall's is not in compliance with Rule 40.A, the OCD denies Bettis, Boyle & Stovall's request for allowables and authorizations to transport identified above.

Bettis, Boyle & Stovall may re-submit its requests once it returns to compliance with Rule 40.A.

To comply with Rule 40.A(4), Bettis, Boyle & Stovall must reduce the number of wells it has out of compliance with Rule 201 to no more than two wells. Bettis, Boyle & Stovall may bring each well into compliance with Rule 201 by either: plugging and abandoning the well, obtaining OCD's approval for temporary abandonment status, or returning the well to an OCD-approved productive use.

The wells may be exempted from Rule 40 if the wells are subject to an Agreed Compliance Order with OCD. An Agreed Compliance Order sets a schedule for returning an operator's inactive wells to compliance and imposes a penalty if the schedule is not met. If you would like to discuss entering into an Agreed Compliance Order for your non-compliant wells, please contact OCD Enforcement and Compliance Manager Daniel Sanchez at (505) 476-3493, Assistant General Counsel Gail MacQuesten at (505) 476-3451, or OCD Assistant General Counsel Sonny Swazo at (505) 476-3463.

Respectfully yours,

Bryan G. Arrant
NMOCD District II Geologist
Artesia, NM

EC: Mark Fesmire, Division Director-Santa Fe
Daniel Sanchez, Enforcement and Compliance Manager-Santa Fe
Gail MacQuesten, Assistant General Counsel-Santa Fe
Sonny Swazo, Assistant General Counsel-Santa Fe
Dorothy Phillips, Financial Assurance Administrator- Santa Fe

Inactive Well List

Total Well Count:24 Inactive Well Count:3 Since:4/14/2006

Printed On: Tuesday, August 07 2007

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	Days in TA
2	30-015-26263	BIG EDDY UNIT #114	H-21-21S-29E	H	2175	BETTIS BOYLE & STOVALL	F	G	04/2006			
1	30-025-27664	JUSTIS CHRISTMAS #001	E-20-25S-37E	E	2175	BETTIS BOYLE & STOVALL	P	G	06/2004			
2	30-015-21254	STATE 16 #001	O-16-23S-26E	O	2175	BETTIS BOYLE & STOVALL	S	G	02/2006			

WHERE Ogrid:2175, County:All, District:All, Township:All, Range:All, Section:All, Production(months):16

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August 6, 2007

AUG 07 2007
OCD-ARTESIA

Oil Conservation Division
1301 W. Grande Avenue
Artesia, NM 88210

RE: Bettis, Boyle & Stovall's
Pickett Draw Federal No. 2, API 30-015-25867
Pickett Draw Federal No. 3, API 30-015-26889
Eddy Co., NM

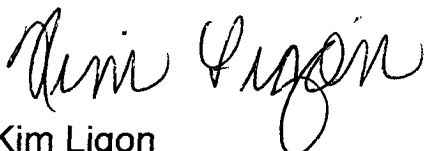
Gentlemen:

Please find attached C-104's on the above subject wells to change the oil transporter to Sunoco Partners Marketing & Terminals, L.P.. Our current transporter is no longer willing to pick up our oil and we have tanks full on both leases necessitating as quick a turnaround as possible in order to not have to shut the leases down. If you could please help us with this matter, it would be greatly appreciated.

I may be reached at 940-549-0275 (phone and fax) or at kligon@bbsoil.com. We would request that you please fax a copy of the approved C-104 to my attention. Thank you very much.

Sincerely,

BETTIS, BOYLE & STOVALL



Kim Ligon
Regulatory Analyst