

p \$\$\$ \$50-611156127 Susp: 4-17-06

> (432) 684 (432)

'41 Fax

LA VIDA ENERGY CORPORATION P.O. Box 2158 Midland, Texas 79702

March 24, 2006

(432) 682-4002

Mr. Michael Stogner State of New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505

30-015-26097

RE: Robinia Draw Federal #1 Reentry – Federal Lease NM- NM 54839

2,310' FSL & 990" FWL S/2 Section 4, T23S, R24E, N.M.P.M. Eddy County, New Mexico

Gentlemen:

Attached hereto is a copy of the request for waiver of objection for the Application for Permit to Reenter the Robinia Draw Federal #1 well that was recently sent to Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation and MYCO Industries, Inc.

We request administrative approval for exception to Rule 104 for the non-standard location for the Robinia Draw Federal #1 well located 2,310' FSL & 990' FWL Section 4, T23S, R24E, N.M.P.M., Eddy County, New Mexico.

This exception is requested because minimal reserves in the Strawn sands and low permeability and porosity in the Canyon interval can only be commercially accessed with reentry of the existing wellbore. Additionally, the Bureau of Land Management Regulations will require the development of this well on a lease basis as opposed to a communitized unit. Therefore the producing unit for this well will be the S/2 of said Section 4. Since the well is located 330' off the north lease line, an exception is required.

The owners of the N/2 Section 4, T23S, R24E, N.M.P.M., Eddy County, New Mexico, which are listed above, are the only parties affected by this application. Such owners have been notified in writing as evidenced by copy of the attached letter sent via certified mail on March 24, 2006.

Thank you for your cooperation in this matter. Should you have any questions, please advise.

Yours ver truly Kenneth C. Dickeson

tlnmocd

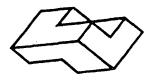
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	PS Form 3800, June 200	2		See Reve	rse(for Instructions

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 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: MS. SUBAN VIENCA 105 SOUTH FOUCH ST. 	COMPLETE THIS SECTION ON DELIVERY A. Signature X Agent B. Received by (Printed Name) C. Date of Delivery D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
Artesia, NM 88210-21181	3. Service Type Q/ Certified Mall Express Mall Registered Q/ Return Receipt for Merchandise Insured Mall C.O.D. 4. Restricted Delivery? (Extra Fee) Yes
2. Article Number (Transfer from service label) 7005 0390	0000 6079 7685
PS Form 3811, February 2004 Domestic Ret	um Receipt 102595-02-M-1540

wanted - 124/010

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LA VIDA ENERGY CORPORATION P.O. Box 2158 Midland, Texas 79702

(432) 684-4741 Fax

(432) 682-4002

March 24, 2006

CERTIFIED MAIL

Ms. Susan Vierra Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation MYCO Industries, Inc. 105 South Fourth Street Artesia, NM 88210-2118

RE: Robinia Draw Federal #1 Reentry - Federal Lease NM- NM 54839

2,310' FSL & 990" FWL S/2 Section 4, T23S, R24E, N.M.P.M. Eddy County, New Mexico

Dear Ms. Vierra:

Please be advised that La Vida Energy Corporation, along with B.C. Operating, Inc. has recently acquired the oil and gas leasehold interest in and to the captioned property. B.C. Operating, Inc. has been named operator of the Robinia Draw Federal #1 well and plans to reenter the well to attempt a completion in the Strawn and Canyon formations. Minimal reserves in the Strawn sands and low permeability and porosity in the Canyon interval can only be commercially accessed with reentry of the existing wellbore. Additionally, the Bureau of Land Management Regulations will require the development of this well on a lease basis as opposed to a communitized unit. Therefore the producing unit for this well will be the S/2 of said Section 4. Since the well is located 330' off the north lease line, a waiver is requested from Yates Petroleum Company, et al.

We respectfully request that Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation and Myco Industries, Inc. waive any objection to administrative approval to the Authority for Permit to Reenter, a copy of which is attached.

Please indicate your acceptance of the foregoing by signing in the spaces provided below and returning one copy to the undersigned.

Yours very tru Kenneth C. Dickeson

The undersigned herby waive any objection to the administrative approval of the Application for Permit to Reenter the Robinia Draw Federal #1 Well.

Yates Petroleum Corporation

Name & Title:

Date:

Yates Drilling Company

By: _____

Name & Title:

Date: _____

Abo Petroleum Corporation

By: _____

Name & Title:

Date: _____

MYCO Industries, Inc.

By: _____

Name & Title:

Date: _____

Form 3160 - 3 (April 2004)				OMB No	APPROVE 0, 1004-013	7
UNITED STATES DEPARTMENT OF THE 11		5. Lease Serial No. NM 54839	March 31, 2			
BUREAU OF LAND MANA APPLICATION FOR PERMIT TO I	•	REENTER		6. If Indian, Allotee	or Tribe	Name
Ia. Type of work: DRILL REENTE	R			7 If Unit or CA Age	eement, N	ame and No.
lb. Type of Well: Oil Well VGas Well Other	8. Lease Name and Robinia Draw		#1			
2. Name of Operator Sunset Well Service, Inc.		ngle ZoneMultip	le Zone	9. API Well No. 30-015-26097		
3a. Address P.O. Box 7139 Midland, Texas 79708		. (include area code) 61-8600		10. Field and Pool, or South Bandar		
4. Location of Well (Report location clearly and in accordance with any At surface 2,310' FSL & 990' FWL		11. Sec., T. R. M. or I Sec. 4-T23S-F		irvey or Area		
At proposed prod. zone 14. Distance in miles and direction from nearest town or post office* 18 miles SW of Carlsbad, NM				12. County or Parish Eddy		13. State NM
15. Distance from proposed* location to nearest property or lease line ft		ecres in lease		ig Unit dedicated to this	well	1
(Also to nearest drig. unit line, if any) 810' FWL of pro. unit 18. Distance from proposed location*	320			BIA Bond No. on file		
to nearest well, drilling, completed, applied for, on this lease, ft. none	9,660'			B000303		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4,122' GR	22 Approxi	22 Approximate date work will start* 03/25/2006		23. Estimated duration 30 days		
	24. Atta	chments				
 The following, completed in accordance with the requirements of Onshor Well plat certified by a registered surveyor. A Drilling Plan. A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office). 		 Bond to cover the litem 20 above). Operator certification 	he operation specific inf	his form: ons unless covered by a formation and/or plans a	-	·
25. Signature M. for Koark	Name	Name (Printed/Typed) M. Lee Roark (432)634-9703			Date 02	/21/2006
Title Operations Manager	····				-	
Approved by (Signature)	. Name	Name (Printed/Typed)			Date	
Title	Office				_1	
Application approval does not warrant or certify that the applicant hold conduct operations thereon.	s legal or equ	itable title to those righ	ts in the sul	bjectlease which would	entitle the	applicant to

*(Instructions on page 2)

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MEXICO OIL CONSERVATION COMMIS.

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Form C-102 Supersedes C-128 Effective 1-1-65

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2.	2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).											
3.	 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling.etc? X Yes No If answer is "yes," type of consolidation to be communitized 											
l	X Yes	L	No If	RUPACI IS	yes, type of	COURO	ligation					
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EXHIBIT A

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<u>RE-ENTRY PROGRAM</u>

- 1. MIRU Completion Unit
- 2. Weld onto 8-5/8" casing with casing head
- 3. NU 3000 lbs. manuel BOP. RU reverse unit.
- 4. Drill out cement plug at surface from surface to 60'.
- 5. SI BOP. Test BOP/8-5/8" casing head/8-5/8" casing to 2,500 lbs.
- 6. Drill out cement plugs from 326'-475', 2286'2406', and cement from 3959'-4158'.
- 7. Tie back 5-1/2 casing from 4158'-surface and pressure test to 500#.
- 8. Drill out cement from 4158'-4234', 6111'-6411' and 8194'-8494'.

Formation Tops:	San Andres	1236'
	Bone Springs lm.	3940'
	1 st B.S. sand	4364'
	2 nd B.S. sand	4558'
	3 rd B.S. sand	7386'
	Wolfcamp	7735'
	Strawn	9726'

Tag cement plug and TD well at 9,660'

- 9. Pressure test 5-1/2" casing to 500#.
- 10. Complete well in Strawn from 9342'-9405' (OA).

Surface Use Plan

Wellsite surface has not been reclaimed. Steel pits will be used and no roads or change in wellsite will be performed with re-entry operations. Operator will restore wellsite surface to BLM regulations if and when well is plugged and abandoned.

Operator's Representative

M. Lee Roark Operations Manager 4318 South County Road 1290 Odessa, Texas 79765 Business Phone: (432)561-8600 Home: (432)685-3500

Certification

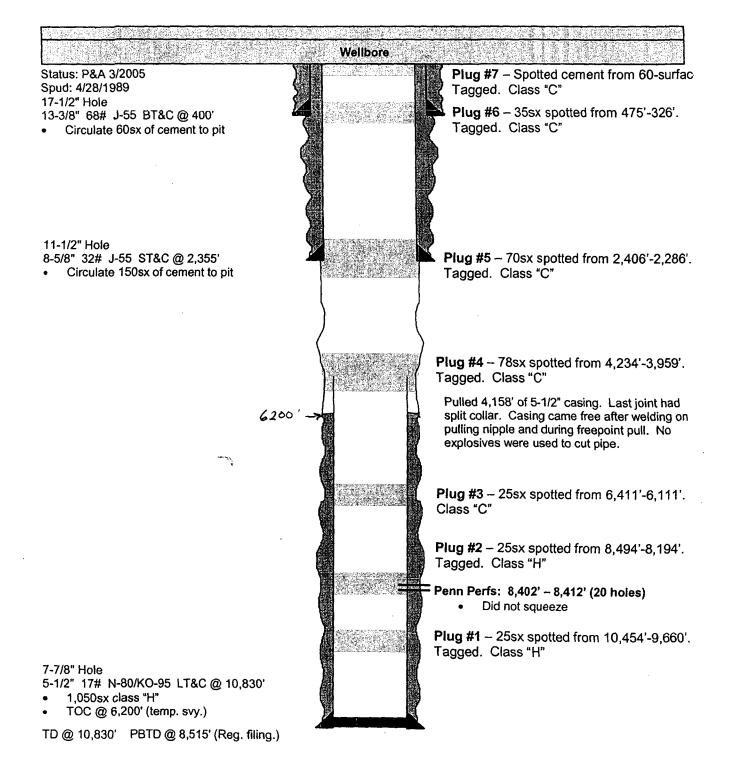
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exists; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Sunset Well Service, Inc. and his contractors and sub-contractors in conformity with this plan and the terms and conditioned under which it is approved, unless otherwise notified in writing.

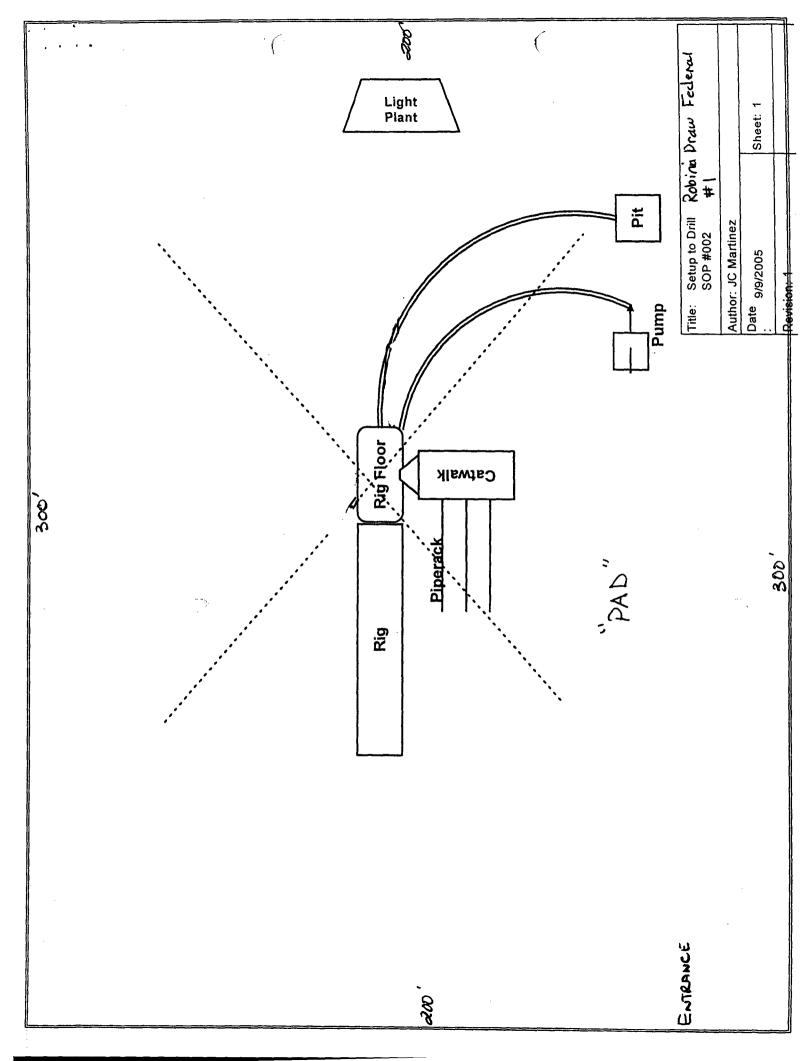
M. Lee Roark Operations Manager Sunset Well Service, inc.

SUNSET WELL SERVICE, INC. 2,310' FSL & 990' FWL Sec.4-T23S-R24E

ROBINA DRAW FEDERAL NO.1 EDDY CO., NEW MEXICO JANUARY 10, 2006

WELLBORE SCHEMATIC







United States Department of the Interior

BUREAU OF LAND MANAGEMENT New Mexico State Office 1474 Rodeo Road P. O. Box 27115 Santa Fe, New Mexico 87502-0115



IN REPLY REFER TO: Statewide Bond 3104 (NM921-tf)

July 11, 2005

DECISION

Operator # 235 634

Obligor:	· · ·
Sunset Well Service, Inc. P.O. Box 7139 Midland, TX 79708	BLM Bond No.: NMB000303 Bank Letter of Credit No.: 2011004030
Financial Institution: American State Bank	: Bond Type: Oil and Gas : : Amount of Bond: \$25,000.00 :
620 N. Grant Odessa, TX 79761	: Execution Date: June 10, 2005

Statewide Oil and Gas Bond and Letter of Credit Accepted

The Statewide Bond and Letter of Credit (LOC) described above are found satisfactory. We accepted these documents effective July 1, 2005, the date we received the required documents.

The bond is coverage of all operations conducted by or for the obligor on Federal leases in the State of <u>New Mexico</u>. The bond provides coverage of the obligor where that obligor has interest in, and/or responsibility for operations on, leases issued under the authority of any of the Acts cited on the bond form. Federal leases do not include Indian leases.

The above referenced Letter of Credit is in our safe.

Liability ends under the bond only after this office becomes aware that there is no outstanding liability on the bond or satisfactory replacement bonding coverage is in our office.

Jourg Duron

Tony Ferrero Land Law Examiner Fluids Adjudication Team



P.O. Box 10152 Midland, Texas 79702 432-682-4002 432-684-4741 Fax

March 23, 2006

Ms. Linda Denniston Bureau of Land Management 620 E. Greene Carlsbad, NM 88220

RE: Application for Permit to Re-enter B.C. Operating Inc. - Robinia Draw Federal #1 Well S/2 Section 4, T-23-S, R-24-E, N.M.P.M. Eddy County, New Mexico

Dear Ms. Denniston:

In connection with the captioned well, attached hereto are the following:

- Sundry Notice for Change of Operator
- Sundry Notice for Amended Acreage Dedication
- BOP and choke manifold diagram
- Topo map of area
- Statement Accepting Responsibility for Operations
- Copy of Bonding Information
- Letter authorizing the undersigned to execute documentation on behalf of B.C. Operating, Inc.

Should you have any questions, please advise.

Yours very Kenneth C. Dickeson

Consulting Landman

tlblmrdf

BC OPERATING, INC.

P.O. Box 50820 Midland, Texas 79710 731 W. Wadley, Bldg. L, Ste. 200 Midland, Texas 79705 (432) 684-9696 Fax (432) 686-0600

March 23, 2006

To Whom It May Concern

B.C. Operating, Inc. hereby constitutes and appoints Kenneth C. Dickeson as its authorized agent to execute on its behalf regulatory documents required by either the New Mexico Oil Conservation Division and/or the Bureau of Land Management. Such authority to execute documentation may include, but is not limited to, State of New Mexico well permits (Forms C-101, C-102, C-103, C-144, etc.) and Bureau of Land Management Authority for Permit to Drill and Sundry Notices, Right of Way Applications and Agreements.

Thank you for your cooperation in this matter.

Yours very truly,

Kevin Widner Operations Manager

Form 3160-5	UT D STATE	S	(-	FORM APPROVED OM B No. 1004-0137	
(April 2004) E	· · ·]		Expires: March 31, 2007			
	5. Lease Seri	ai No. -54839				
	NOTICES AND RE is form for proposals				-54655 1. Allottee or Tribe Name	
abandoned we	ell. Use Form 3160-3	(APD) for such p	oposals.			
	PLICATE- Other ins	tructions on reve	erse side.	7. If Unit o	r CA/Agreement, Name and/or No.	
1. Type of Well Oil Well	Gas Well Other			8. Well Na		
2. Name of Operator B.C. OP	ERATING, INC.			Robi 9. APIW	nia Draw Federal #1 eli No.	
3a Address		3b. Phone No. (inclu	de area code)		5-25097	
P.O. Box 50820, N			82-4002		d Pool, or Exploratory Area	
4. Location of Well (Footnge, Sec.,)	T., R., M., or Survey Description)	H			ndana Point (Strawn) or Parish, State	
2310' FSL	& 990' FWL Section	4, T-23-S, R-24-1	E	-		
				EDDY	COUNTY, NEW MEXICO	
12. CHECK AI	PROPRIATE BOX(ES) T	DINDICATE NATU	RE OF NOTICE, RI	EPORT, O	R OTHER DATA	
TYPE OF SUBMISSION		T	PE OF ACTION			
	Acidize	Deepen	Production (Stat	art/Resume) 🔲 Water Shut-Off		
Notice of Intent	Alter Casing	Fracture Treat	Reclamation		Well Integrity	
X Subsequent Report	Casing Repair	New Construction			X Other Amend	
Final Abandonment Notice	Change Plans	Plug and Abandon	U Temporarily Ab	andon	Acreage Dedication	
following completion of the im testing has been completed. Fi determined that the site is ready Effective Marc well. The new S/2 Se T-23-S EDDY (volved operations. If the operation nal Abandonment Notices shall b	n results in a multiple con e filed only after all requin RATING, INC. has is as follows:	upletion or recompletion in rements, including reclama	a new interv ation, have be	reports shall be filed within 30 days al, a Form 3160-4 shall be filed once en completed, and the operator has edication for this	
14. Ihereby certify that the form Name (Printed/Typed) Kenneth C. Dicke		Trat-			ز <u>ور بر بالان میں کور بر این کار بیان کار بر الاکر ہ</u>	
		Title	Authorized Ag	Jent		
Signature - Secult	CANT-	Date	3/23/06			
	THIS SPACE FOR	FEDERALOR	STATE OFFICE	USE	·	
Approved by			Title		Date	
Conditions of approval, if any, are	attached. Approval of this notic	e does not warrant or	· · · · · · · · · · · · · · · · · · ·			
certify that the applicant holds lega which would entitle the applicant t		s in the subject lease	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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	~				Form C-102 Supersedes C-128 Effective 1-4-65
	All distances musi	t be from the outer bou	ndaries of the S	ection.	
		Lease			Well No.
ting, Ind	C	Robi	nia Draw F	Pederal	1 1
ction	Township	Range	Cou	inty	
4	23 Sout	h 24	East	Eddy Co	ounty, N.M.
on of Well:		ويترقب والمتحد والمسترين والتركي			
eet from the	South line	and 990 ·	leet from	n the West	line
and the second secon		Pool			Dedicated Acreage:
Strawn	•	Sout	h Bandana	Point	320 Acres
•					• ·
munitization, (No If a "no;' list the eccessary.) will be assign	unitization, force- nawer is "yes," ty owners and tract ned to the well unt	pooling. etc? /pe of consolidation descriptions whic 	on h have actua ve been cons	lly been consolic	dated. (Use reverse side of mmunitization, unitization,
				1	
 	1	·		teined l best of Name Autho	y certify that the information con- herein is true and complete to the mylenowledge condition is in which is a state of the second kenneth E. Dickess orized Agent
	4 1			B.C: Company Marc Date	Operating, Inc. h 23, 2006
	× 1			- Date Sur Marci	N.R. RED N. N. R. ED N. Stilling Physical Network of the second and states of the second s
	ction 4 n of Well: est from the Producing Fod Strawn acreage dedics one lease is royalty). one lease of c munitization,] No If a "no," list the ecessary.) will be assign g, or otherwise	WEI OCATION All distances must ting, Inc. ction Township 4 23 South n of Well: bet from the SOuth Producing Formation Str2WN acreage dedicated to the subject one lease is dedicated to the subject one lease of different ownership munitization, unitization, force-g No If answer is "yes," ty "no," list the owners and tract ecessary.)	WEL OCATION AND ACREAGE All distances must be from the cutter bounce ting, Inc. Robin Cutton Township A 23 South and Well: set tom the South line ond 990 Producing Formation South South A 23 South A 23 South and Well: set tom the South line ond 990 Producing Formation South South <	WELE OCATION AND ACREAGE DEDICATION All distances must be from the cutter boundaries of the 3 Lesse Robinia Draw I Lesse Robinia Draw I Council and the subject well by colored pencil or has one lease is dedicated to the well, outline each and identify to a lease of different ownership is dedicated to the well, have munitization, unitization, force-pooling.ete? No If answer is "yes," type of consolidation	All distances must be from the outer boundaries of the Section. ting, Inc. Renge County atom Township Renge County 4 23 South 24 East Eddy Ca a of Well: South 24 East Eddy Ca est com the South 100 for the West Eddy Ca Producing Formetion Pool South Bandana Point South Bandana Point screage dedicated to the subject well by colored pencil or bachure marks on it one lease is dedicated to the well, outline each and identify the ownership royally). one lease of different ownership is dedicated to the well, have the interests of monifization, unitization, force-pooling.etc? No If answer is "yes," type of cohsolidation

Form 3160-5 (April 2004) SUNDR Do not use abandoned	FORM APPROVED OM BNo. 1004-0137 Expanse: March 31, 2007 5. Lease Serial No. NM-54839 6. If Indian, Allottee or Tribe Name				
	RIPLICATE- Other insti	ructions on revers	se side.	7. If Unit or CA/Agreement, Name and/or No.	
Type of Well Oil Well Name of Operator B.C. C Address	 Well Name and No. Robinia Draw Federal #1 API Well No. 30-015-25097 				
	Midland, TX 79710	3b. Phone No. (include (432) 682		10. Field and Pool, or Exploratory Area	
. –	rc, T., R, M, or Survey Description) L & 990' FWL Section 4		S. Bandana Point (Strawn) 11. County or Parish, State EDDY COUNTY, NEW MEXICO		
12. CHECK	APPROPRIATE BOX(ES) TO	INDICATE NATURI	E OF NOTICE, RI	EPORT, OR OTHER DATA	
TYPE OF SUBMISSION		TYP	E OF ACTION		
Notice of Intent	Acidize Acidize Alter Casing Casing Repair	Deepen Fracture Treat New Construction	Production (Star Reclamation Recomplete	Well Integrity	
Final Abandonment Notice	Change Plans	Plug and Abandon	Temporarily Aba	andon Operator	
If the proposal is to deepen Attach the Bond under which following completion of the	directionally or recomplete horizontal h the work will be performed or provi involved operations. If the operation Final Abandonment Notices shall be	ly, give subsurface location ide the Bond No. on file w results in a multiple compl	s and measured and true ith BLM/BIA. Require etion or recompletion in	ny proposed work and approximate duration thereof. e vertical depths of all pertinent markers and zones. et subsequent reports shall be filed within 30 days a a new interval, a Form 3160-4 shall be filed once ation, have been completed, and the operator has	
Sun P.O.	arch 23, 2006, B.C. OPE set Well Service, Inc. Box 7139 land, TX 79708	RATING, INC. has t	aken over opei	rations of this well from:	

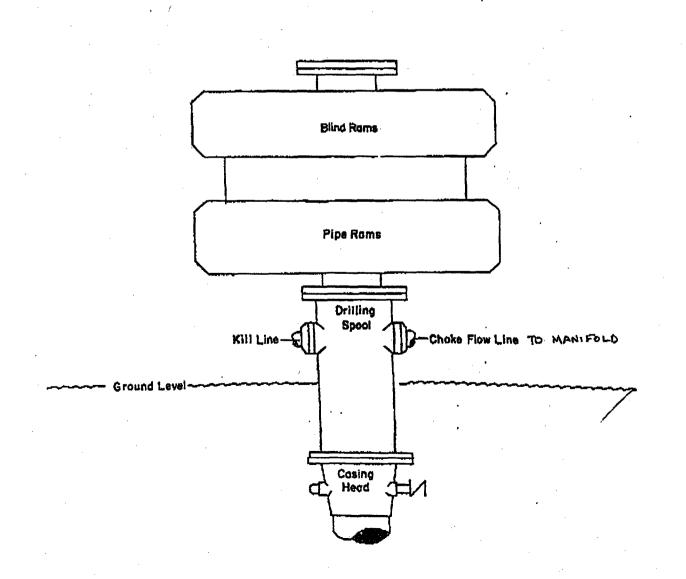
14. Ihereby certify that the foregoing is true and correct Name (Printed/Typed)				
Kenneth C. Dickeson	Title	Authorized Agent		
Signature Control Control	Date	3/23/06		
THIS SPACE FOR FEDERAL OR STATE OFFICE USE				
Approved by		Title	Date	
Conditions of approval, if any, are attached. Approval of this 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 anymatter within its jurisdiction.				
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(Instructions on page 2)

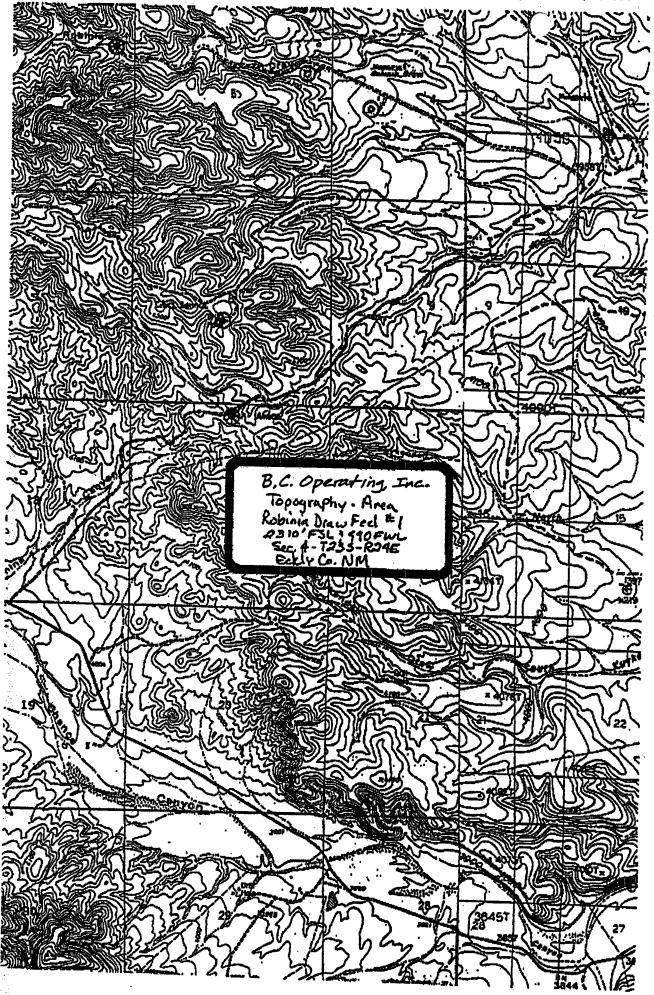
B.C. OPERATING, INC. - Bond #NM-2572

THE BLOWOUT PREVENTER

3,000 psi Working Pressure



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MEDJMAR 22 2000 22.11/01.22.03/80.0001044000 F 0

UNITED STATES DEPARTMENT OF THE INTERIOR Bureau of Land Management Roswell Field Office 2909 West Second Street Roswell, NM 88201-1287

Statement Accepting Responsibility for Operations

Operator Name:	BC Operating, Inc.
Street or Box:	P.O. Box 50820
City, State:	Midland, Texas
Zip Code:	79710

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease Nº: NM-54839

67,

Legal Description of Land: S/2 of Section 4, T-23-S, R-24-E, N.M.P.M., Eddy County, New Mexico

Formation(s): Canyon, Strawn

Bond Coverage: \$25,000.00 (Letter of Credit # 368210)

BLM Bond File №: NM-2572

Authorized Signature:
Title: <u>Authorized Agent</u>
Date: <u>March 23, 2006</u>

In Reply Refer To: Statewide Bond 3104 (NM921-tf)

United States Department of the Interior

BUREAU OF LAND MANAGEMENT New Mexico State Office 1474 Rodeo Road P.O. Box 27115 Santa Fe, New Mexico 87502-0115 www.nm.blm.gov TAKE PRIDE

February 16, 2006

	DECISION
Old Obligor:	:
	:
BC Development, LP	•
P.O. Box 50820	:
Midland, TX 79710	: BLM Bond No.: NM 2572
New Obligor:	: Letter of Credit No: 368210
	:
BC Operating, Inc.	: Bond Type: Oil and Gas
P.O. Box 50820."	
Midland, TX 79710	: Amount of Bond: \$25,000.00
	:
Financial Institution:	: Execution Date: March 31, 1997
	:
Wells Fargo Bank Texas, N.A.	: Statewide Coverage: New Mexico
500 West Texas Avenue	:
Midland, TX 79702-2097	:
	•

Obligor Name Change Accepted

On January 30, 2006, we received documentation changing the obligor to the above described bond. The documentation changes obligor from BC Development, LP to BC Operating, Inc.

The name change is satisfactory and accepted effective January 30, 2006, the date the Financial Institution documented this change in their records. All other terms and conditions for the above bond remain as originally written.

Deg Janeso

Tony Ferrero Land Law Examiner, Fluids Adjudication Team