

BC & D Operating, Inc.
P.O. Box 302
Hobbs, New Mexico 88241

February 22, 2007

Ms. Gail MacQuesten
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Ms. MacQuesten,

In reference to your letter dated January 22, 2007, please find attached a proposed plan of action for the referenced inactive wells. BC & D Operating had been sold to a company that ultimately did not perform to its obligation. BC & D Operating has since been turned back over to the undersigned.

Please consider this proposed plan of action. We do not have any problem with entering into an "Agreed Compliance Order".

Thanks,

Donnie Hill
President

432/934-7164 (cell)
dhill@plll.com (e-mail)

BC & D Operating Inc.

Case 13874

OCD Ex. No. 17

Attachment

Proposed Plan of Action

✓ Blankenship # 1 T/A Submitted but not approved. API # 30-025-07766 E-12-20S-38E
✓ Blankenship A # 1 T/A API # 30-025-07769 L-12-20S-38E

The two wells mentioned above have been sold to Apache Corporation. Apache is scheduled to assume operations no later than March 31, 2007, please see attached letter.

✓ G.W. Shahan # 2 T/A API # 30-025-11873 B-33-25S-37E

The G.W. Shahan had a mechanical integrity test conducted and should qualify for TA status, however it will be cleaned out to Pbtd, stimulated, production equipment installed and returned to production no later than April 30, 2007.

Peoples Security # 1 API # 30-025-07281 L-23-16S-38E

The Peoples Security is a productive well that will be returned to production no later than March 15, 2007.

Back on production
4/11/07

MADDOX, HOLLOMAN & KIRKSEY, P.C.

ATTORNEYS AND COUNSELORS AT LAW

JAMES M. MADDOX
SCOTTY HOLLOMAN
LEE A. KIRKSEY

BRYAN McWILLIAMS
KATHLEEN A. MORAN

PHONE: (505) 393-0505
FAX: (505) 397-2646
FIRM WEBSITE: www.mandhlaw.com
WRITER'S E-MAIL: scotty@leaco.net

MAIL: PO BOX 2508
HOBBS, NEW MEXICO 88241-2508

OFFICE: 205 E. BENDER, STE. 150
HOBBS, NEW MEXICO 88240-2331

February 5, 2007

New Mexico Oil Conservation Division
1625 North French Drive
Hobbs, NM 88240

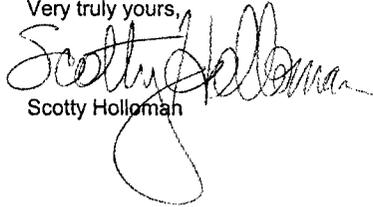
RE: The Blankenship No. 1 and Blankenship No. 1A Wells

Ladies and Gentlemen:

This firm represents Kulp Energy Ltd. Co. Kulp Energy is the majority working interest owner in the Blankenship 1 and Blankenship 1A wells, located in Lea County, New Mexico. Please be advised that Kulp Energy Ltd. Co. has signed a letter of intent to sell these wells to Apache Corporation. We anticipate the sale to Apache Corporation to be completed no later than March 31, 2007.

We appreciate you working with Kulp Energy to allow them to get these wells sold and allow Apache Corporation time to make plans concerning how they want to handle these wells.

Very truly yours,



Scotty Holloman

SH:kb