

**DINERO OPERATING COMPANY**

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**MIDLAND, TEXAS 79702**

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NOV 19 2008  
OCD-ARTESIA

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November 11, 2008

Mr. Mike Bratcher  
OIL CONSERVATION DIVISION  
1301 West Grand Avenue  
Artesia, NM 88210

Re: Notification of Written Response to NMOCD Letter on Dinero State Com. No. 2  
API No.: 30-015-25093

Dear Mr. Bratcher:

On 28 June 2008 Dinero Operating Company (Dinero) received a "NOTE" from the New Mexico Oil Conservation Division (NMOCD) dated 24 June 2008 mandating action regarding our Dinero State No. 2 lease located in U/L P S16 T22S R28E which also included reference to a Letter of Violation (LOV) citing non-performance for an open drilling pit in this area further requiring Dinero to close said pit identified as Dinero State Well No. 4 drilling pit.

NMOCD is correct in their written statement that "A review of the records indicates that this pit may have been constructed for use in drilling the Bird Creek well." Although Bird Creek is no longer apparently operating in New Mexico, they can be contacted at Bird Creek Operating, PO Box 21470, Tulsa, OK 74121-1470 (Phone: 918-582-7713 / Fax 918-592-3232). The individuals engaged in the actions of the referenced Bird Creek drilling pit, Gary Adams, President and Wade Alexander, Operations are still employed by this organization.

It is important to know that Dinero State Well No. 4 was drilled and solely operated by Bird Creek Resources, Inc. (BCRI) utilizing BK Exploration Corporation (BK) as their drilling agent. Regardless of the fact that allegedly BK is no longer the drilling agent for said location nor was at the time of anticipated pit closure under 1992 NMOCD Regulatory Performa, BCRI as operator of record obviously transferred operator's ship to another entity. That entity certainly has identity in NMOCD records and is responsible for closure of said drilling pit pursuant to assumptive liability under NMOCD Regulatory Performa, especially if that transfer of operator's ship occurred in recent history. Therefore, it is mandatory that the current operator of record be notified of their responsibility and said action executed.


Further, stated in NMOCD's documents of correspondence are references to a blow down line, which hypothetically alleged use by Dinero for purposes of discharge and the consequent

deposition of said discharge from its Dinero State No. 2 well into the referenced Bird Creek pit. Predicated upon this allegation and in attempt to demonstrate undisputable compliance with NMAC 19.15.17 or any heretofore Regulatory Performa with material evidence, Dinero in the presence of witnesses removed said line at its attachment point to the wellhead and presented it to you on Monday, 3 November 2008 verifying that no discharge had ever occurred via this blow down line, ultimately discharging into the Bird Creek drilling pit or current operator of record. The evidence presented verified that even the green paint on the inside of the line was untouched, original manufacturer's coating, proving that not only had there not been discharge into the Bird Creek drilling pit but that there never had been a discharge through this line.

Summarily, Dinero respectfully requests that NMOCD accept the evidence put forth herewith and pursue the operator of record currently responsible for this regulatory assignment.

Should you have questions please call 432-684-5544.

Sincerely,



James Dewey  
President

Accepted for record  
NMOCD