



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

October 22, 2002

BC&D Operating, Inc.
c/o Mr. J. Scott Hall, Attorney at Law
Miller, Stratvert & Torgeson, P.A.
P.O.Box 1986
Santa Fe, NM 87504-1986

CERTIFIED MAIL

Re: Case No. 12966
**Application of the New Mexico Oil Conservation Division, through the
Supervisor of District III, for an Order Assessing Civil Penalties against
BC&D Operating Incorporated for Failure to Give Timely Notice of a
Release and Failure to Take Corrective Action as Required by OCD Rule
116, McKinley County, New Mexico.**

Dear Mr. Hall:

You and your client are hereby notified that the New Mexico Oil Conservation Division has filed the referenced Application, a copy of which is enclosed herewith, seeking an order assessing civil penalties against BC&D Operating, Inc. for failure to give timely notice of a release and failure to take corrective action as required by OCD Rule 116 in connection with a release of hydrocarbons at the Hospah Sand Unit in McKinley County, New Mexico that occurred on or about October 26, 2001.

A hearing on this Application will take place before a Division hearing officer on Thursday, November 14, 2002, at 8:15 a.m., in the Division Hearing Room, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause, if any there be, why an order should not be entered as requested in the Application.

Should you have questions, you may contact the undersigned in the Santa Fe office of the Oil Conservation Division, at (505)-476-3450.

Very truly yours,

David K. Brooks
Assistant General Counsel

ec: Mr. Frank Chavez