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jamesbruc@aol.com

September 8, 2009

Richard Ezeanyim Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re: Case No. 14326/Nacogdoches Oil and Gas, Inc.

Hospah South Unit Well No. 39/Lot 3 §12-17N-9W

Dear Mr. Ezeanyim:

The above well was listed in the OCD records as being an unbonded fee well. However, the well is located on federal land, and is bonded with the BLM. Attached are "Serial Register" pages from the BLM's records, which show that Federal Lease NM 081208 covers Lot 3 of Section 12 as to the unified Upper Hospah Sand formation, and Federal Lease NM 12335 covers Lot 3 of Section 12 as to all formations except the unified Upper Hospah Sand formation.

7009 SEP -9 P 4: 40

The Division's records need to be corrected to reflect that its a federal well.

Very truly yours,

James Bruce

Attorney for Nacogdoches Oil and Gas, Inc.

cc: Mikal Altomare David Brooks

Daniel Sanchez

DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT** CASE RECORDATION

RunDate/Time:

08/24/09 03:19 PM

(MASS) Serial Register Page

01 02-25-1920;041STAT0437;30USC181ETSEQ **Total Acres Serial Number** Case Type 311211: O&G LSE SIMO PUBLIC LAND 304.080 NMNM-- 0 081208 Commodity 459: OIL & GAS **Case Disposition: AUTHORIZED** Serial Number: NMNM-- 0 081208 Name & Address Int Rel % Interest BC&D OG CORP PO BOX 302 HOBBS NM 882410302 LESSEE 46 000000000 KECILC 600 F JEMEZ HORRS NM 88240 LESSEE 10.000000000 KULP ENERGY LTD CO **BOX 5926 HOBBS NM 88241** LESSEE 14.000000000 NACOGDOCHES OIL & GAS INC 4896 W SH 21 NACOGDOCHES TX 759632418 LESSEE 20.000000000 **ALBUQUERQUE NM 87194** UNITED DRILLING INC PO BOX 7698 LESSEE 10.000000000 Serial Number: NMNM-- 0 081208 STyp SNr Suff Subdivision Mer Twp Rng Sec County District/Resource Area **Mgmt Agency** ALIQ 23 0170N 0090W 012 W2NE,E2NW,SWNW; **FARMINGTON FO** MCKINLEY **BUREAU OF LAND MGMT** 23 0170N 0090W 012 FF 01 UPPER HOSPAH SAND AS: **FARMINGTON FO BUREAU OF LAND MGMT** MCKINLEY 23 0170N 0090W 012 FF 02 DEFINED BY ARTICLE II; **FARMINGTON FO** MCKINLEY BUREAU OF LAND MGMT 23 0170N 0090W 012 FF 04 OF THE UNIT AGREEMENT: **FARMINGTON FO** MCKINLEY BUREAU OF LAND MGMT 23 0170N 0090W 012 LOT 1-4; **FARMINGTON FO** MCKINLEY **BUREAU OF LAND MGMT** Relinquished/Withdrawn Lands Serial Number: NMNM-- 0 081208 FF 23 0170N 0090W 712 01 NWNW, SEGR ALL FORMATIONS: **FARMINGTON FO** MCKINI FY BUREAU OF LAND 23 0170N 0090W 712 FF 02 L1-4,W2NE,E2NW,SWNW,SEGR; **FARMINGTON FO** MCKINLEY **BUREAU OF LAND** 23 0170N 0090W 712 FF 03 ALL FORMS EXCEPT HOSPAH; **BUREAU OF LAND FARMINGTON FO** MCKINLEY 23 0170N 0090W 712 FF 04 SAND AS DEFINED BY: **BUREAU OF LAND FARMINGTON FO** MCKINLEY. 23 0170N 0090W 712 05 ARTICLE II OF THE UNIT: FF **FARMINGTON FO** MCKINLEY BUREAU OF LAND 23 0170N 0090W 712 FF 06 AGREEMENT; **FARMINGTON FO** MCKINLEY **BUREAU OF LAND** Serial Number: NMNM-- 0 081208 Pending Office Action Remarks Act Date Code Action 01/24/1960 387 CASE ESTABLISHED SPAR 119: 01/25/1960 888 DRAWING HELD 03/15/1961 237 LEASE ISSUED 04/01/1961 496 FUND CODE 05;145003 04/01/1961 530 RLTY RATE - 12 1/2% 04/01/1961 868 EFFECTIVE DATE 02/08/1965 650 HELD BY PROD - ACTUAL NOTICE SENT-PROD STATUS 03/16/1965 102 10/31/1968 700 LEASE SEGREGATED INTO NMNM8269; 11/01/1968 232 LEASE COMMITTED TO UNIT NMNM78426X;S HOSPAH 05/20/1987 963 CASE MICROFILMED CNUM 100,518 10/30/1987 140 ASGN FILED TENNECO/CITATION LTD 04/01/1988 139 ASGN APPROVED EFF 11/01/87: 08/04/1988 974 AUTOMATED RECORD VERIF JA/MIG 03/24/1992 TRF OF INTEREST FILED CHORNEY/CHORNEY EST 396 05/14/1992 974 AUTOMATED RECORD VERIF BC/JS 10/01/1992 RLTY RED-STRIPPER WELL 1.3%;/1/8910115610 621 08/11/1993 625 RLTY REDUCTION APPV /1/ 974 11/03/1993 AUTOMATED RECORD VERIE ANN 07/28/1994 899 TRF OF ORR FILED 09/06/1994 140 ASGN FILED CITATION/BC&D O&G 01/25/1995 EFF 10/01/94; 139 ASGN APPROVED 01/25/1995 AUTOMATED RECORD VERIF MRR

> NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR **PURPOSES NOT INTENDED BY BLM**

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DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT CASE RECORDATION (MASS) Serial Register Page

RunDate/Time	: 08/	24/09 03:19 PM	(MASS) Seria	I Register Page	Page 2 of 2		
06/25/2001	140	ASGN FILED		BC&D OIL & GAS CORP;1			
07/23/2001	139	ASGN APPROVED		EFF 07/01/01;			
07/23/2001	974	AUTOMATED RECORD	VERIF	JLV			
08/21/2002	140	ASGN FILED		EST OF ALICE B/BOLACK			
03/24/2003	567	ASGN RETURNED UNA	APPROVED	EST OF ALICE B/BOLACK			
03/24/2003	974	AUTOMATED RECORD		LR			
07/02/2007	233	LEASE IN UNIT/UNC	COMMIT'D	NM78426X;S HOSPAH			
05/13/2009	140	ASGN FILED		BOLACK MI/NACOGDOCH; 1			
06/25/2009	139	ASGN APPROVED		EFF 06/01/09;			
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0004	KNOWN	KNOWN AS THE UPPER HOSPAH SAND AND MORE					
0005	SPECIFICALLY DEFINED AS THAT INTERVAL OCCURING						
0006	BETWEEN THE DEPTHS OF 1614' AND 1654' AS SHOWN						
0007	ON THE INDUCTION-ELECTRIC LOG OF THE TENNECO						
0008	OIL COMPANY'S HOSPAH WELL NO 12 LOCATED 2310'						
0009	SOUTH	SOUTH FROM THE NORTH LINE AND 990 EAST FROM THE					
0010	WEST 1	LINE OF SEC 12, T 1	7 N, R 9 W, NMPM				
0011	MCKIN	LEY CO, NM.					
0012	UNIT V	VELL ON LEASE					
0013	UNIT (OPERATOR: CITATION	OG				
0014	01/25	95 - CITATION OG	MT0630 NW				
0015	07/23	/2001 - BONDED LESS	EE				
0016	BOLACK MINERALS CO - NM0175 SW/NM						
0017	06/25/2009 - BONDED ASSIGNEE - PER ABSS						
0018			IC - NMB000490 - S/W;				
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DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT** CASE RECORDATION (MASS) Serial Register Page

RunDate/Time:

08/24/09 03:18 PM

Total Acres

Page 1 of 2

01 02-25-1920;041STAT0437;30USC226

Case Type 311111: O&G LSE NONCOMP PUB LAND

344,080

Serial Number NMNM-- - 012335

Commodity 459: **Case Disposition: AUTHORIZED**

OIL & GAS

Name & Address

Serial Number: NMNM-- - 012335

				Int Rel	% Interest
BC&D OG CORP	PO BOX 302	HOBBS NM 882410302	LESSEE		46.000000000
KFC LLC	600 E JEMEZ	HOBBS NM 88240	LESSEE		10.000000000
KULP ENERGY LTD CO	BOX 5926	HOBBS NM 88241	LESSEE		14.000000000
NACOGDOCHES OIL & GAS INC	4896 W SH 21	NACOGDOCHES TX 759632418	LESSEE		20.000000000
UNITED DRILLING INC	PO BOX 7698	ALBUQUERQUE NM 87194	LESSEE		10.000000000

Serial Number: NMNM-- - 012335 STyp SNr Suff Subdivision Mer Twp Rng Sec District/Resource Area County **Mgmt Agency** 23 0170N 0090W 012 ALIQ W2NE,NW; **FARMINGTON FO** MCKINLEY **BUREAU OF LAND MGMT** 01 ALL FORM EXCL UPPER; 23 0170N 0090W 012 **FARMINGTON FO** MCKINLEY BUREAU OF LAND MGMT 23 0170N 0090W 012 FF 02 HOSPAH SAND DEFINED BY; **FARMINGTON FO** MCKINLEY **BUREAU OF LAND MGMT** FF 03 ARTICLE II OF THE UNIT; 23 0170N 0090W 012 **FARMINGTON FO** MCKINLEY BUREAU OF LAND MGMT FF 04 AGREEMENT; 23 0170N 0090W 012 **FARMINGTON FO** MCKINLEY **BUREAU OF LAND MGMT** 23 0170N 0090W 012 1-4; **FARMINGTON FO** MCKINLEY **BUREAU OF LAND MGMT**

Action Remarks

Serial Number: NMNM-- - 012335 Pending Office

Act Date	Code	Action	Action Remarks Femiling Office
04/01/1961	387	CASE ESTABLISHED	
04/01/1961	496	FUND CODE	05;145003
04/01/1961	530	RLTY RATE - 12 1/2%	
04/01/1961	868	EFFECTIVE DATE	
03/16/1965	102	NOTICE SENT-PROD STATUS	
09/01/1965	650	HELD BY PROD - ACTUAL	
07/01/1970	209	CASE CREATED BY SEGR	OUT OF NMNM8269;
07/01/1970	660	MEMO OF 1ST PROD-ALLOC	SOUTH HOSPAH CLB
06/05/1987	963	CASE MICROFILMED	CNUM 102,416 DS
10/30/1987	140	ASGN FILED	TENNECO/CITATION LTD
04/05/1988	139	ASGN APPROVED	EFF 11/01/87;
07/28/1988	974	AUTOMATED RECORD VERIF	GEA/JA
10/20/1989	909	BOND ACCEPTED	EFF 10/20/89;MT0630
03/24/1992	396	TRF OF INTEREST FILED	CHORNEY/CHORNEY EST
05/14/1992	974	AUTOMATED RECORD VERIF	BC/JS
06/08/1992	974	AUTOMATED RECORD VERIF	BC/JLV
10/01/1992	621	RLTY RED-STRIPPER WELL	3.7%; /1/
02/01/1993	575	APD FILED	
02/17/1993	578	APD REJECTED	#30 HOSPAH CLB
03/04/1993	575	APD FILED	
08/11/1993	625	RLTY REDUCTION APPV	/1/
11/03/1993	974	AUTOMATED RECORD VERIF	ANN
07/28/1994	899	TRF OF ORR FILED	
09/06/1994	140	ASGN FILED	CITATION/BC&D O&G
01/24/1995	139	ASGN APPROVED	EFF 10/01/94;
01/24/1995	974	AUTOMATED RECORD VERIF	AR
06/25/2001	140	ASGN FILED	BC&D OIL & GAS CORP; 1
07/30/2001	139	ASGN APPROVED	EFF 07/01/01;

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DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT CASE RECORDATION (MASS) Serial Register Page

RunDate/Tim	e: 08	/24/09 03:18 PM	(MASS) Ser	ial Register Page	·····		Page 2 of 2
07/30/2001	974	AUTOMATED RECOR	D VERIF	JLV			
08/21/2002	140	ASGN FILED		EST OF ALICE B/BOL	ACK		
03/24/2003	567	ASGN RETURNED U	NAPPROVED	EST OF ALICE B/BOL	ACK		
03/24/2003	974	AUTOMATED RECOR	D VERIF	LR			
05/26/2005	451	DEFAULT DETERMI	NED	ROYALTIES \$388.06;			•
06/02/2005	452	DEFAULT CORRECT	ION REQD	FIN 100008766			
06/02/2005	974	AUTOMATED RECOR	D VERIF	KAT			
07/21/2005	453	DEFAULT CORRECT	ED	ROYALTIES \$388.06;			
07/21/2005	974	AUTOMATED RECOR	D VERIF	KAT			
05/13/2009	140	ASGN FILED		BOLACK MI/NACOGDOC	H;1		
06/30/2009	139	ASGN APPROVED		EFF 06/01/09;			
06/30/2009	974	AUTOMATED RECOR	D VERIF	LR			
Line Nr	Remar	ks		Seria	l Number:	NMNM 012335	
0002	ARTIC	ARTICLE II UNITIZED FORMATION SHALL MEAN THAT					
0003	SUB-S	SUB-SURFACE PORTION OF THE UNIT AREA COMMONLY					
0004	KNOWN	KNOWN AS THE UPPER HOSPAH SAND AND MORE					
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0006	BETWE	BETWEEN THE DEPTHS OF 1614' AND 1654' AS SHOWN					
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0011	MCKIN	LEY CO, NM.					
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