

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



August 27, 2014

In order to avoid confusion API # 30-025-41951 was cancelled and all required paperwork was moved to new API # 30-025-42066. See attached letter from BC Operating.

FOR RECORD ONLY

OCD HOBBS OFFICE

P.O. Box 50820
Midland, Texas 79710
Phone (432) 684-9696

BC  PERATING, INC.

4000 N Big Spring Street, Suite 310
Midland, Texas 79705
Fax (432) 686-0600

August 25, 2014

To: Mr. Brown and Mr. Kautz,

Re: BC Operating, Inc. Abe State Lease wells #1H and #2H

BC Operating Inc. is drilling the Abe State #2H at this time. We are currently rigging down loggers at 12,200' to plug back the pilot hole and drill horizontal.

As Mr. Jason Wacker and I discussed with you this morning, we surveyed other locations in the area on Friday and discovered through that process that the #2H location was built in the wrong place. To correct this mistake, BC Operating, Inc. is sending corrected C-102 plats for the #2H and the #1H (not spudded yet) and accompanying sundry notices with each.

We believe this will correct the problem and allow the #2H to continue drilling with new and correct coordinates.

Thank you for your prompt attention to this matter. We truly appreciate your help and hard work.

Sincerely,



Deane Durham
Drilling Engineer

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AUG 27 2014
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