

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Response Required – Deadline Enclosed

31-Dec-09

BC OPERATING, INC.
P. O. BOX 50820
MIDLAND, TX 79710-

**LETTER OF VIOLATION
Delinquent Regulatory Filings**

Dear Operator:

Oil Conservation Division ("OCD") records indicate that you failed to file the required reports identified below, or that your filings were incomplete or inaccurate.

NON-COMPLIANT WELL DETAIL SECTION

SOUTH LANGLEIE JAL UNIT No.017

Location: 18-25S-37E

30-025-11617-00-00

Original Well Type: Oil (Producing)

Well Status: Active

Determination or Violation Date: 12/31/2009

Delinquent Report or Filing(s): - Other Monitoring and Reporting Violation

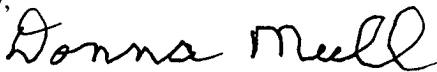
Comments: OCD has form C-103 subsequent report that you drilled this well deeper and have added perfs. Per OCD Hobbs geologist this well now has perfs in the Langlie Mattix and the Jalmat. I also have reviewed the well file and see that this matter has not been corrected. Please shut – in this well and send in the correct paperwork. If you have questions on this matter, please call Donna Mull (575) 393-6161 ext 115.

CORRECTIVE ACTION ON THIS WELL DUE BY: 1/15/2010

Please file or correct the reports identified above by the corrective action due date indicated. If you fail to file or correct the reports by that date, the OCD will take enforcement action that may include but is not limited to applying for an order assessing civil penalties and/or requiring you to plug and abandon the wells associated with those reports.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,



Hobbs OCD District Office