

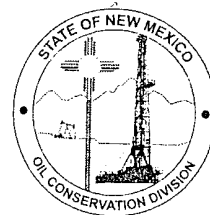


New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Harrison H. Schmitt
Cabinet Secretary-Designate

Daniel Sanchez
Acting Division Director
Oil Conservation Division



February 2, 2011

Burgundy Oil & Gas
401 West Texas
Suite 1003
Midland, Texas 79701

Dear Operator:

On December 14, 2010, Oil Conservation Division (OCD) inspector Mark Whitaker issued Burgundy a Letter of Violation on a total of 9 wells in the Eunice Monument Unit (Nos. 9, 10, 11, 12, 20, 22, 27, & 33) and Skaggs Grayburg Unit (No 13) for an expired T/A status.

As per the letter of violation the "Corrective Due Date By:" was January 31, 2011.

No response has been received by the OCD pertaining to this matter. Failure to comply with this EOV could result in this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be order to permanently plug and abandon these wells.

Please contact Mr. Larry Hill, District Supervisor (ext. 102) or Mr. E.L. Gonzales, Staff Manager (ext. 114) at this office to schedule a time when one of our Compliance Officers can be present to witness testing.

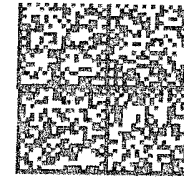
Respectfully,



E.L. Gonzales, Staff Manager
Hobbs OCD District Office



EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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