

**BOPCO, L.P.**  
810 Houston St.  
Fort Worth, Texas 76102  
817-885-2453

September 22, 2017

**FEDERAL EXPRESS**

Bureau of Land Management  
Carlsbad District Office  
620 E. Green St.  
Carlsbad, New Mexico 88220  
Attn: Mr. Chris Walls

New Mexico State Land Office  
Commissioner of Public Lands  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501  
Attention: Mr. Anchor Holm

New Mexico Oil Conservation Division  
1220 St. Francis  
Santa Fe, New Mexico 87505  
Attention: Mr. William Jones

Re: Commercial Determination  
Poker Lake Unit 432H  
Delaware Formation  
Eddy County, New Mexico

Gentlemen:

Please find attached hereto one (1) copy of XTO's (as agent and attorney in fact for BOPCO, LP) commercial determination worksheets and exhibits which indicate that the subject well is a Commercial well in the Delaware Formation. Please indicate your concurrence to the above Commercial Determination to the undersigned at the address above.

Thank you very much and should you have any questions or comments in regard to the attached commercial determination, please do not hesitate to contact the undersigned at the number or email address below.

Very truly yours,

Law Armstrong  
(817) 885-2453  
Allen\_Armstrong@xtoenergy.com

Bureau of Land Management

New Mexico State Land Office

New Mexico Oil Conservation Division

By: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## BOPCO, L.P.

Date: September 5, 2017

To: Law Armstrong

From: Trent Boneau

Re: **Commercial Determination: POKER LAKE UNIT 432H**  
**API 3001542488**  
**24S 30E Sec 23**  
**Eddy County, New Mexico**

Attached is the economic worksheet and well forecast to be submitted for commercial determination. The Poker Lake Unit 432H was drilled in 2014 as a horizontal producer to a measured depth of 16637' in the Delaware. The well is producing from perforations from 8140'-16635'. By mid-year 2017 the well has produced 164 kBO and as of Sept 3, 2017 was testing 59 bopd, 404 kcf/d, and 236 bwpd on ESP. This well is expected to recover approximately 561 kBOE from the current completion. The 432H cost \$7.38M to drill and complete.

Historical data along with the most recent EIA future pricing estimates for oil and natural gas were utilized in the economic evaluation. Prices were adjusted downward by approximately 12% to account for local conditions. Operating costs were assumed to be \$10k/mo, declining to \$5k/mo plus a fixed \$0.75/bw cost for water disposal.

The Poker Lake 432H is expected to have a lifetime undiscounted cashflow of approximately \$9.9M and bring > 10% rate of return. **It is commercial.**

Trent Boneau  
Reservoir Engineering Advisor  
Delaware Basin Subsurface Team

Well Name Poker Lake Unit 432H  
 API Number 3001542488  
 Formation Delaware  
 Actual CAPEX, \$K 7378.654  
 First Production Date 10/1/2014  
 First Forecast Date 1/1/2017  
 Cum Oil to Date (kbo) 158  
 Cum Wet Gas to Date (Mcf) 425  
 Water to Date (kbw) 562  
 Assumed Shrink 0.6  
 NGL Yield Assumed 125  
 WTI Price % 0.9  
 HHub Price % 0.82  
 NGL Price % 0.8  
 Tax Gas 8.19  
 Tax Oil 7.09  
 WJ % 100  
 NRI % 87.5  
 OPX/mo Yr 1-3 10000  
 OPX/mo Yr 4+ 5000  
 OPX/water (\$/bbl) 0.75  
 CAPEX, \$k 7378.654

**COMMERCIAL**

TOTAL NCF 0% DISCOUNT 9,893 K\$  
 TOTAL NCF 5% DISCOUNT 5,415 K\$  
 EUR Oil 349516 bo  
 EUR Wet Gas 1266957 kcf  
 EUR BOE 560,675



ECONOMICS MODULE

	Date	Oil Volume	Wet Gas Volume	Dry Gas Volume	NGL Volume, gals	Oil Price	Gas Price	NGL Price	Total Gross Revenue	Net Revenue	Total Opcost	Local Taxes	Net Oper Income	Total Capital	BTax CFlow	Discounted Cash flow 5%
		BO	kcf	kcf	gal	\$ BO	\$ kcf	\$ gal	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
HISTORICAL	2014	35427	53863	32318	282781	93.30	4.39	0.63	3233.6	2829	194.2	218.00	2417	7378.654	-4961	-4961
HISTORICAL	2015	81134	193566	116140	1016222	49.00	2.63	0.33	4097.4	3585	335.8	274.31	2975	0	2975	2833
HISTORICAL	2016	36716	151725	91035	796556	43.00	2.52	0.29	1794.0	1570	217.7	117.64	1234	0	1234	1120
FORECAST	2017	24725	130098	78059	683016	46.07	2.70	0.31	1368.0	1197	125.8	88.44	983	0	983	849
FORECAST	2018	19128	91069	54641	478112	49.37	2.89	0.33	1107.0	969	110.9	71.68	786	0	786	647
FORECAST	2019	15841	70474	42284	369989	52.90	3.10	0.36	967.4	846	102.1	62.67	682	0	682	534
FORECAST	2020	14054	62017	37210	325590	56.68	3.32	0.38	918.0	803	97.4	59.33	646	0	646	482
FORECAST	2021	12789	54575	32745	286519	60.73	3.56	0.41	888.6	778	94.0	57.40	626	0	626	445
FORECAST	2022	11638	48755	29253	255962	65.08	3.81	0.44	863.1	755	91.0	55.68	609	0	609	412
FORECAST	2023	10591	44367	26620	232925	69.73	4.09	0.47	841.5	736	88.2	54.18	594	0	594	383
FORECAST	2024	9637	40374	24224	211962	74.71	4.38	0.50	820.6	718	85.6	52.73	580	0	580	356
FORECAST	2025	8770	36740	22044	192886	80.06	4.51	0.54	796.8	697	83.3	51.32	563	0	563	329
FORECAST	2026	7981	33433	20060	175526	81.58	4.61	0.55	739.1	647	81.2	47.57	518	0	518	288
FORECAST	2027	7262	30424	18255	159729	83.13	4.71	0.56	685.6	600	79.3	44.09	476	0	476	253
FORECAST	2028	6609	27686	16612	145353	84.71	4.81	0.57	635.9	556	77.6	40.86	438	0	438	221
FORECAST	2029	6014	25195	15117	132271	86.32	4.92	0.58	589.9	516	76.0	37.87	402	0	402	193
FORECAST	2030	5473	22927	13756	120367	88.00	5.00	0.59	547.1	479	74.6	35.12	369	0	369	169
FORECAST	2031	4980	20864	12518	109534	89.58	5.02	0.60	506.0	443	73.2	32.52	337	0	337	147
FORECAST	2032	4532	18986	11392	99676	91.20	5.04	0.62	468.1	410	72.1	30.12	307	0	307	128
REMAINDER		26214	109819	65892	576551				2886	2525	610	186	1729	0	1729	587
<b>TOTAL</b>		<b>349516</b>	<b>1266957</b>	<b>760174</b>	<b>6651525</b>				<b>24753</b>	<b>21659</b>	<b>2770</b>	<b>1618</b>	<b>17271</b>	<b>7379</b>	<b>9893</b>	<b>5415</b>

**NM OIL CONSERVATION**

ARTESIA DISTRICT

Form C-102

Revised August 1, 2011

**DISTRICT I**  
1626 N. French Dr., Hobbs, NM 88240  
Phone (505) 339-6101 Fax: (505) 333-0720

**DISTRICT II**  
811 S. First St., Artesia, NM 88210  
Phone (505) 746-1280 Fax: (505) 746-0720

**DISTRICT III**  
1000 Rio Brazos Ed., Artec, NM 87410  
Phone (505) 334-6178 Fax: (505) 334-6170

**DISTRICT IV**  
1824 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3450 Fax: (505) 476-3462

State of New Mexico **MAR 16 2015**  
Energy, Minerals and Natural Resources Department

Submit one copy to appropriate District Office

**OIL CONSERVATION DIVISION**  
1224 South St. Francis Dr. **RECEIVED**  
Santa Fe, New Mexico 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

**AMENDED REPORT**  
*As drilled acreage assignment*

API Number <b>30-015-42488</b>	Pool Code <b>96047</b>	Pool Name <b>Poker Lake; Delaware, SW</b>
Property Code <b>306402</b>	Property Name <b>POKER LAKE UNIT</b>	Well Number <b>432H</b>
OGRID No. <b>260737</b>	Operator Name <b>BOPCO, L.P.</b>	Elevation <b>3402</b>

**Surface Location**

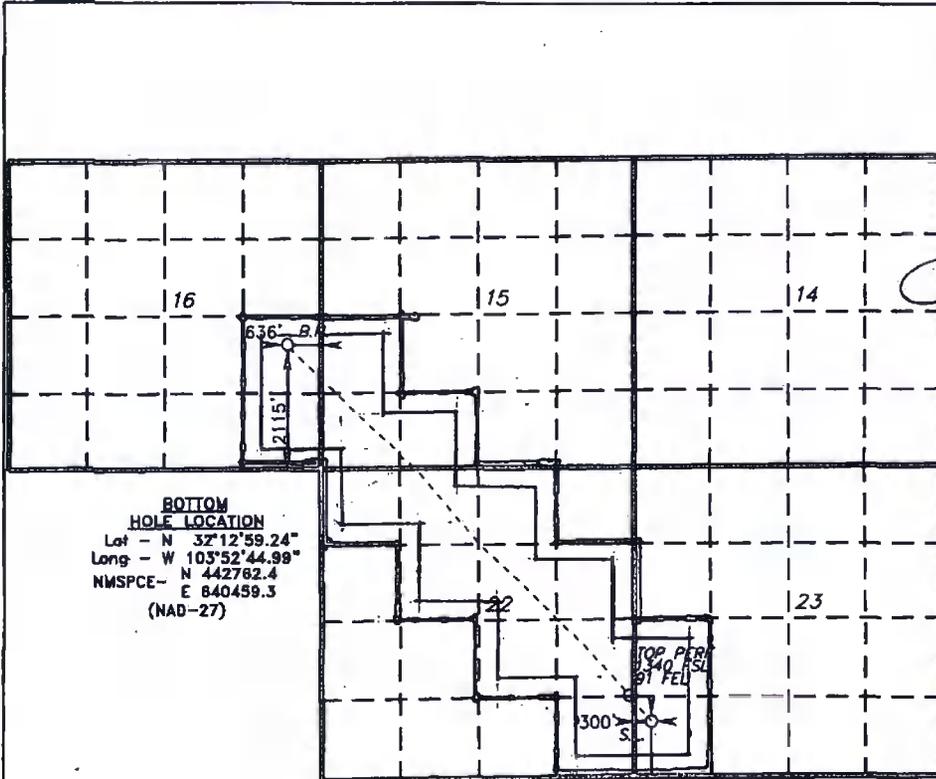
UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
<b>M</b>	<b>23</b>	<b>24 S</b>	<b>30 E</b>		<b>900</b>	<b>SOUTH</b>	<b>300</b>	<b>WEST</b>	<b>EDDY</b>

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
<b>I</b>	<b>16</b>	<b>24 S</b>	<b>30 E</b>		<b>2115</b>	<b>SOUTH</b>	<b>636</b>	<b>EAST</b>	<b>EDDY</b>

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<b>640</b>			

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**



**BOTTOM HOLE LOCATION**  
Lat - N 32°12'59.24"  
Long - W 103°52'44.99"  
NMSPCE- N 442782.4  
E 840459.3  
(NAD-27)

**SURFACE LOCATION**  
Lat - N 32°11'54.54"  
Long - W 103°51'31.85"  
NMSPCE- N 438251.4  
E 848771.6  
(NAD-27)

**OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Tracie J Cherry*  
Signature Date **03/12/15**

**Tracie J Cherry**  
Printed Name  
**tjcherry@basspet.com**  
Email Address

**SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

**DECEMBER 30 2013**  
Date Surveyed

*[Signature]*  
Signature of Professional Surveyor

**7977**  
Certificate Number

**7977**  
Drawing Number

0' 1500' 3000' 4500' 6000'  
SCALE: 1" = 3000'  
WO Num.: 29923

**NM OIL CONSERVATION**  
ARTESIA DISTRICT

Form 3160-4  
(August 2007)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

JAN 13 2015

FORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010

**WELL COMPLETION OR RECOMPLETION REPORT AND RECEIVED**

5. Lease Serial No.  
NMLC068430

1a. Type of Well  Oil Well  Gas Well  Dry  Other  
b. Type of Completion  New Well  Work Over  Deepen  Plug Back  Diff. Resvr.  
Other \_\_\_\_\_

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.  
NMNM71016X

2. Name of Operator  
BOPCO LP

Contact: TRACIE J CHERRY  
E-Mail: tjcherry@basspet.com

8. Lease Name and Well No.  
POKER LAKE UNIT 432H

3. Address P O BOX 2760  
MIDLAND, TX 79702

3a. Phone No. (include area code)  
Ph: 432-683-2277

9. API Well No.  
30-015-42488

4. Location of Well (Report location clearly and in accordance with Federal requirements)\*  
At surface Sec 23 T24S R30E Mer NMP  
SWSW 900FSL 300FWL  
At top prod interval reported below Sec 22 T24S R30E Mer NMP  
NESE 1340FSL 91FEL  
At total depth Sec 16 T24S R30E Mer NMP  
NESE 2115FSL 636FEL

10. Field and Pool, or Exploratory  
POKER LAKE; DELAWARE, SW

11. Sec., T., R., M., or Block and Survey  
or Area Sec 23 T24S R30E Mer NMP

12. County or Parish  
EDDY

13. State  
NM

14. Date Spudded  
08/06/2014

15. Date T.D. Reached  
08/20/2014

16. Date Completed  
 D & A  Ready to Prod.  
10/08/2014

17. Elevations (DF, KB, RT, GL)\*  
3402 GL

18. Total Depth: MD 16637  
TVD 7655

19. Plug Back T.D.: MD  
TVD

20. Depth Bridge Plug Set: MD  
TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)  
GR/CNL, RCBL

22. Was well cored?  No  Yes (Submit analysis)  
Was DST run?  No  Yes (Submit analysis)  
Directional Survey?  No  Yes (Submit analysis)

23. Casing and Lincr Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
17.500	13.375 H40	48.0		791		700	209	0	
12.250	9.625 N80	40.0		3987		1250	419	0	
8.750	7.000 HCP110	26.0		7968	4977	640	182	3730	
6.125	4.500 HCP110	11.6	7917	16635					

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2.875	7105							

25. Producing Intervals

26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) BRUSHY CANYON	6234	16637	8140 TO 16635			OH COMPLETION SYSTEM
B)						
C)						
D)						

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

Depth Interval	Amount and Type of Material
8140 TO 16635	FRAC DOWN CSG USING TOTAL 87152 BBLs FLUID, 2067404# PROPANT ACROSS 26 STAGES

28. Production - Interval A

**ACCEPTED FOR RECORD**  
JAN 9 2015  
*Deborah H...*  
BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity
10/11/2014	10/27/2014	24	→	425.0	654.0	1088.0	38.0	
Choke Size	Thg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status
			→				1539	POW

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity
			→					
Choke Size	Thg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status
			→					

(See Instructions and spaces for additional data on reverse side)

ELECTRONIC SUBMISSION #275990 VERIFIED BY THE BLM WELL INFORMATION SYSTEM

RECLAIMATION OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\*

DUE 4/27/15

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Thg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Thg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status	

29. Disposition of Gas(Sold, used for fuel, vented, etc.)  
**SOLD**

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
BELL CANYON	3997	4973	SANDSTONE	RUSTLER	543
CHERRY CANYON	4943	6234	SANDSTONE	SALADO/T. SALT	895
BRUSHY CANYON	6234		SANDSTONE. BTM NOT REACHED	B. SALT	3715
				LAMAR	3977
				BELL CANYON	3997
				CHERRY CANYON	4943
				L. CHERRY CANYON	6178
				BRUSHY CANYON	6234

32. Additional remarks (include plugging procedure):  
\*\*\*CONFIDENTIAL COMPLETION\*\*\*

33. Circle enclosed attachments:

- |   |                    |               |                       |
|---|--------------------|---------------|-----------------------|
| 1. Electrical/Mechanical Logs (I full set req'd.)     | 2. Geologic Report | 3. DST Report | 4. Directional Survey |
| 5. Sundry Notice for plugging and cement verification | 6. Core Analysis   | 7. Other:     |                       |

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions):

**Electronic Submission #275990 Verified by the BLM Well Information System.**  
For BOPCO LP, sent to the Carlsbad  
Committed to AFMSS for processing by DEBORAH HAM on 01/06/2015 ()

Name (please print) TRACIE J CHERRY Title REGULATORY ANALYST

Signature (Electronic Submission) Date 11/04/2014

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**\*\* ORIGINAL \*\* ORIGINAL \*\***