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

May 1, 2018

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 392H
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,

Blake Hueske
(817) 885-6609
Blake_Hueske@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: _____

Date: April 22, 2018

To: Law Armstrong

From: Trent Boneau

Re: **Commercial Determination: POKER LAKE UNIT 392H**
API 3001540296
24S 31E Sec 20
Eddy County, New Mexico

Attached is the economic worksheet and well forecast to be submitted for commercial determination. The Poker Lake Unit 392H was drilled in 2012 as a horizontal producer to a measured depth of 13,595' in the Delaware. The well is producing from perforations from 8360'-TD. By Jan 2018 the well has produced 139 kBO, and as of April 2018 was testing 27 bopd, 301 kcfd, and 500 bwpd. This well is expected to recover approximately 388 kBOE from the current completion. The 392H cost $7.26M 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 392H is expected to have a lifetime undiscounted cashflow of approximately $4.4M and bring > 10% rate of return. **It is commercial**.

Trent Boneau
Reservoir Engineering Advisor
Delaware Basin Subsurface Team

Well Name	Poker Lake 392H
API Number	3001540296
Formation	Delaware
Actual CAPEX, K$	7256
First Production Date	12/1/2012
First Forecast Date	1/1/2018
Cum Oil to Date (kbo)	139.07
Cum Wet Gas to Date (Mcf)	613.666
Water to Date (kbw)	1238.75
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
WI %	100
NRI %	84.5
OPX/mo Yr 1-3	10000
OPX/mo Yr 4+	5000
OPX/water ($/bbl)	0.75
CAPEX, K$	7256

COMMERCIAL

TOTAL NCF 0% DISCOUNT	4,419 K$	
TOTAL NCF 5% DISCOUNT	2,399 K$	
EUR Oil	202114 bo	
EUR Gas	1076968 kcf	
	381608.8391	

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	2012	4893	8727	5236	45817	94.10	2.75	0.73	452.9	383	152.7	29.88	200	7256	-7056	-7056
HISTORICAL	2013	77371	245149	147089	1287032	97.90	3.73	0.76	8048.3	6801	636.9	520.65	5643	0	5643	5375
HISTORICAL	2014	21614	96482	57889	506531	93.30	4.39	0.72	2316.3	1957	264.4	146.04	1547	0	1547	1403
HISTORICAL	2015	12690	84265	50559	442391	49.00	2.63	0.38	803.1	679	144.8	50.19	484	0	484	418
HISTORICAL	2016	12094	94596	56758	496629	43.00	2.52	0.33	717.7	606	140.8	44.29	421	0	421	347
HISTORICAL	2017	9681	77989	46793	409442	46.07	2.70	0.36	622.0	526	124.7	38.14	363	0	363	284
FORECAST	2018	7740	68599	41159	360144	49.37	2.89	0.38	551.8	466	111.7	33.49	321	0	321	240
FORECAST	2019	6365	54360	32616	285391	52.90	3.10	0.41	479.6	405	102.5	29.03	274	0	274	194
FORECAST	2020	5410	46206	27724	242582	56.68	3.32	0.44	436.8	369	96.1	26.33	247	0	247	167
FORECAST	2021	4765	39275	23565	206195	60.73	3.56	0.47	406.9	344	91.8	24.49	227	0	227	147
FORECAST	2022	4384	34248	20549	179804	65.08	3.81	0.50	393.6	333	89.3	23.69	220	0	220	135
FORECAST	2023	4033	30824	18494	161824	69.73	4.09	0.54	385.0	325	86.9	23.14	215	0	215	126
FORECAST	2024	3710	27741	16645	145641	74.71	4.38	0.58	376.7	318	84.8	22.61	211	0	211	117
REMAINDER		27364	168506	101104	884659				3195	2700	1203	195	1302	0	1302	503
TOTAL		**202114**	**1076968**	**646181**	**5654082**				**19186**	**16212**	**3330**	**1207**	**11675**	**7256**	**4419**	**2399**

Form 3160-4
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
JAN 15 2013
NMOCD ARTESIA

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. Lease Serial No. NMNM0506A

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. 891000303X

2. Name of Operator: BOPCO LP
Contact: TRACIE CHERRY
E-Mail: tjcherry@basspet.com

8. Lease Name and Well No. POKER LAKE UNIT 392H

3. Address: MIDLAND, TX 79702
3a. Phone No. (include area code) Ph: 432-221-7379

9. API Well No. 30-015-40296-00-S1

4. Location of Well (Report location clearly and in accordance with Federal requirements)*
At surface: Sec 20 T24S R31E Mer NMP NWNE 200FNL 1900FWL 32.209394 N Lat, 103.801780 W Lon
At top prod interval reported below: Sec 20 T24S R31E Mer NMP NWNE 200FNL 1900FWL 32.209394 N Lat, 103.801780 W Lon
At total depth: Sec 2 T24S R31E Mer NMP SWSW 753FSL 575FWL 32.198342 N Lat, 103.788947 W Lon

10. Field and Pool, or Exploratory: POKER LAKE

11. Sec., T., R., M., or Block and Survey or Area: Sec 20 T24S R31E Mer NMP

12. County or Parish: EDDY
13. State: NM

14. Date Spudded: 09/20/2012
15. Date T.D. Reached: 10/19/2012
16. Date Completed ☐ D & A ☒ Ready to Prod. 12/07/2012
17. Elevations (DF, KB, RT, GL)*: 3495 GL

18. Total Depth: MD 13595 TVD 8146
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)
AIT MCFL GR THREEDETECTOR CNL GR CALIPER AIT MCFL GR THRE17.500

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

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

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
17.500	13.375 H-40	48.0	0	959		800		0	
12.250	9.625 J-55	40.0	0	4339		2900		0	
8.750	7.000 N-80	26.0	0	8258	5034	830		600	
6.125	4.500 P110	11.6	8206	13565					
6.125	4.500 HCP-110	11.6	8206	13595					

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	7740							

25. Producing Intervals / 26. Perforation Record

	Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A)	BRUSHY CANYON	8335	13514	8360 TO 13514			OPEN FRAC PORTS
B)							
C)							
D)							

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

Depth Interval	Amount and Type of Material
8360 TO 13514	FRAC W/1544550 GALFLUID, 2655623# PROPANT

RECLAMATION
DUE 6-7-13

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
12/13/2012	12/17/2012	24	→	319.0	241.0	2219.0	39.4		FLOWS FROM WELL

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status
64/64	200 SI	180.0	→	319	241	2219	756	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	Production Method
12/13/2012	12/17/2012	24	→	319.0	241.0	2219.0	39.4		FLOWS FROM WELL

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status
64/64	200 SI	180.0	→	319	241	2219	756	POW

ACCEPTED FOR RECORD
JAN 13 2013
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

(See Instructions and spaces for additional data on reverse side)
ELECTRONIC SUBMISSION #180170 VERIFIED BY THE BLM WELL INFORMATION SYSTEM
**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

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	Tbg. 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	Tbg. 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.)*
CAPTURED

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
				RUSTLER	575
				SALADO	934
				RAMSEY	4110
				LAMAR	4326
				BELL CANYON	4354
				CHERRY CANYON	5188
				BRUSHY CANYON	6484

32. Additional remarks (include plugging procedure):
THIS IS AN AMENDED REPORT. SOME CASING INFORMATION GIVEN ON TRANSACTION #178481 DATED 01-09-13 WAS INCORRECT.

33. Circle enclosed attachments:

1. Electrical/Mechanical Logs (1 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 #180170 Verified by the BLM Well Information System.
For BOPCO LP, sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 01/11/2013 (13KMS4366SE)

Name *(please print)* TRACIE CHERRY Title REGULATORY ANALYST

Signature (Electronic Submission) Date 01/10/2013

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 fradulent statements or representations as to any matter within its jurisdiction.

**** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ****

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

RECEIVED
JAN 09 2013
NMOCD ARTESIA

Form C-102
Revised July 16, 2010

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-40296	503827	Poker Lake (Delaware)

Property Code	Property Name	Well Number
306402	POKER LAKE UNIT	392H

OGRID No.	Operator Name	Elevation
260737	BOPCO, L.P.	3495'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	20	24 S	31 E		200	NORTH	1900	WEST	EDDY

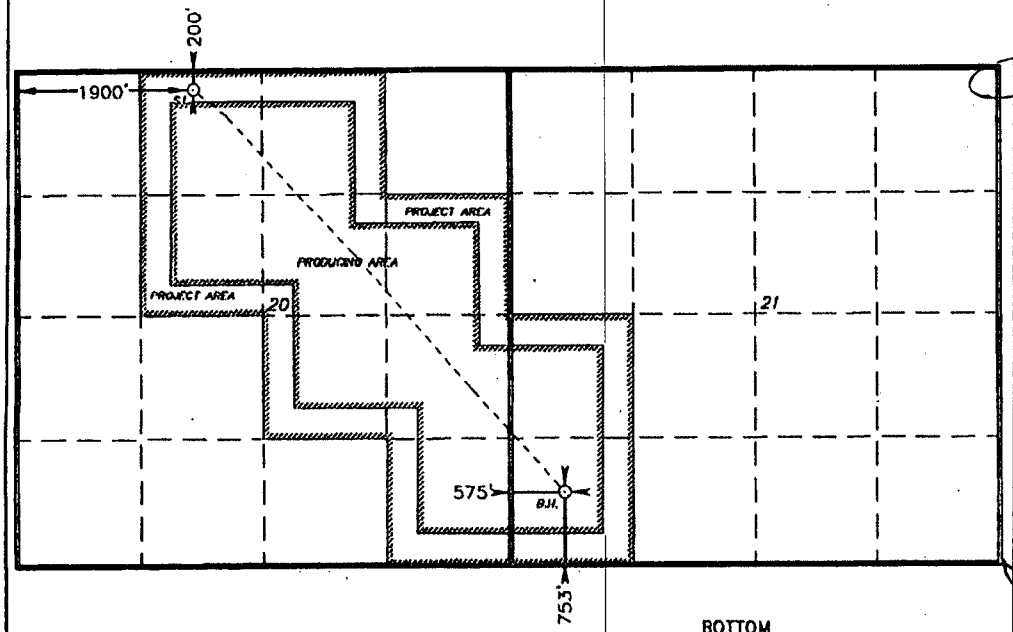
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	21	24 S	31 E		753	SOUTH	575	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
400			

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

SURFACE LOCATION
DELAWARE PT
Lat – N 32°12'33.82"
Long – W 103°48'06.42"
NMSPCE– N 440304.045
E 664403.230
(NAD-27)



BOTTOM
HOLE LOCATION
Lat – N 32°11'51.03"
Long – W 103°47'20.21"
NMSPCE– N 436000.07
E 668394.79
(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.

Signature — Date: 01-07-13

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 supervison, and that the same is true and correct to the best of my belief.

Date Surveyed
Signature & Seal of Professional Surveyor

NEW MEXICO

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 24970