

365

BEPCO, L.P.
201 MAIN ST
FORT WORTH, TEXAS 76102-3131
817/390-8400

RECEIVED
2007 JUN 22 AM 10 31

June 19, 2007

FEDERAL EXPRESS

Bureau of Land Management
Roswell District Office
2909 W. 2nd Street
Roswell, New Mexico 88201
Attn: Ms. Alexis Swoboda

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

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

Re: Commercial Determination
Big Eddy Unit #151
Strawn Formation
Eddy County, New Mexico

Gentlemen:

Please find attached hereto one (1) copy of Bass' commercial determination worksheets and exhibits which indicate that the subject well is a **non-commercial** well in the Strawn Formation. Please indicate your concurrence to the above Non-Commercial Determination.

Thank you very much and should you have any questions or comments in regard to the attached non-commercial determination, please don't hesitate to contact the undersigned.

Sincerely,


Forest K. Naylor

Bureau of Land Management

New Mexico State Land Office

New Mexico Oil Conservation Division

By: _____

By: _____

By: _____

Its: _____

Its: _____

Its: _____

Date: _____

Date: _____

Date: _____

WORKSHEET FOR COMMERCIAL DETERMINATION AND PARTICIPATING AREA IN FEDERAL UNITS

WELL DATA

WELL _____ BIG EDDY UNIT #151 _____ FORMATION _____ STRAWN _____
 LOCATION _____ H _____ UNIT, _____ 1650 FEET FROM NORTH LINE & _____ 991 FEET FROM EAST LINE
 SECTION _____ 30 TOWNSHIP _____ 21S RANGE _____ 28E COUNTY _____ EDDY _____ NEW MEXICO
 SPUD DATE _____ 8/6/2006 COMPLETION DATE _____ 04/20/2007 INITIAL PRODUCTION _____ 04/27/2007
 PERFORATIONS _____ 10,607'-617', 10,714'-742' _____

STIMULATION:

ACID _____ 10,607-617' 2000 GAL 15% HCL _____
 _____ 10,714-742' 2000 GAL 15% HCL _____

FRACTURE _____

POTENTIAL _____ (4/29/2007) FLOWING 0 BW 100 MCF 0 BO 10/64" CK 24 HR _____

(Attach Copy of C-105. Attach Copy of Wellbore Sketch of Completed Well.)

VOLUMETRIC CALCULATION

	SANDS PERFORATED	SANDS NOT PERFORATED BUT POTENTIALLY PRODUCTIVE
Area (A) proration unit size, acres	320	_____
Porosity (por), %	7%	_____
Water saturation (Sw), %	25%	_____
Net Thickness (h), ft.	3	_____
Temperature (T), Fahrenheit	175	_____
Bottom Hole pressure (P), psia	4,561	_____
Recovery factor (RF), %	15%	_____
Recoverable gas, BCF *(See eq. below)	0.04	_____

*Sometimes unable to match performance due to volumetric uncertainty.

Formula = $(7758) (A) (h) (por) (1-Sw)(RF)/Bgi$

Bgi = 0.61 RB/MCF

Continued

PERFORMANCE DATA

(If sufficient history exists, attach plot of oil production rate v time.)

CUMULATIVE PRODUCTION TO 04/30/2007 0 MCF Gas 0 BBL OilINITIAL RATE (qi) 28ECONOMIC LIMIT (qi) 3HYPERBOLIC DECLINE RATE, dy b = 0, d = 14.31REMAINING GAS (Q) = 48,109ULTIMATE RECOVERABLE GAS (mcf) 48,109

(Attach plat showing proration unit and participating area.)

ECONOMIC

GROSS WELL COST \$ \$2,026,539 (to the depth of formation completed)COMPLETION COST \$ 362,000GROSS TOTAL COST \$ \$2,388,539

YEAR	GROSS GAS MMCF	BFIT NET INCOME (\$M)	OPERATING COST (\$M) INCL SEV & AD VAL TAX	10% NET BFIT DISCOUNTED CASH FLOW
ZERO				
1	6.9	36.1	14.2	-2,329.7
2	8.6	45.3	18.3	23.5
3	7.3	35.7	17.1	14.6
4	6.3	30.6	16.4	10.1
5	5.4	26.2	15.8	6.7
6	4.6	22.5	15.2	4.3
7	4.0	19.2	14.8	2.4
8	3.4	16.5	14.4	1.0
9	1.7	8.1	7.7	0.2
10	0.0	0.0	0.0	0.0
REMAINDER	0	0.0	0.0	0.0
TOTAL	48	240.1	133.8	-2,266.9

WELL IS NOT COMMERCIAL

ECONOMIC PROJECTION

Date : 5/31/2007

Lior: 1189070

8:19:55AM

Project Name : INDWELLS Extract-Creating new PHDWi
 Partner : ALL CASES
 Case Type : LEASE CASE
 Archive Set : default

As Of Date : 02/01/2007
 Discount Rate (%) : 10.00
 1189070/BIG EDDY UNIT/151/STR

Lease Name : 1189070/BIG EDDY UNIT/151/STR
 Reserv Cat. : Proved Producing
 Field : CARLSBAD, E. (STRAWN)
 Operator : BEPCO
 Reservoir :
 Co., State : EDDY, NM

Cum Oil (mbbls) : 0.00
 Cum Gas (mmcf) : 0.00

Year	Gross Wet Production		Gross Dry Gas & NGL		Sales		
	Oil (Mbbbl)	Wet Gas (MMCF)	Dry Gas (MMCF)	NGL (MGal)	Oil (Mbbbl)	Gas (MMCF)	NGL (MGal)
2007	0.000	6.916	6.916	0.000	0.000	5.705	0.000
2008	0.000	8.578	8.578	0.000	0.000	7.076	0.000
2009	0.000	7.329	7.329	0.000	0.000	6.046	0.000
2010	0.000	6.281	6.281	0.000	0.000	5.181	0.000
2011	0.000	5.382	5.382	0.000	0.000	4.440	0.000
2012	0.000	4.624	4.624	0.000	0.000	3.814	0.000
2013	0.000	3.951	3.951	0.000	0.000	3.259	0.000
2014	0.000	3.386	3.386	0.000	0.000	2.793	0.000
2015	0.000	1.661	1.661	0.000	0.000	1.370	0.000

Rem	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	0.000	48.109	48.109	0.000	0.000	39.684	0.000
Ult.	0.000	48.109					

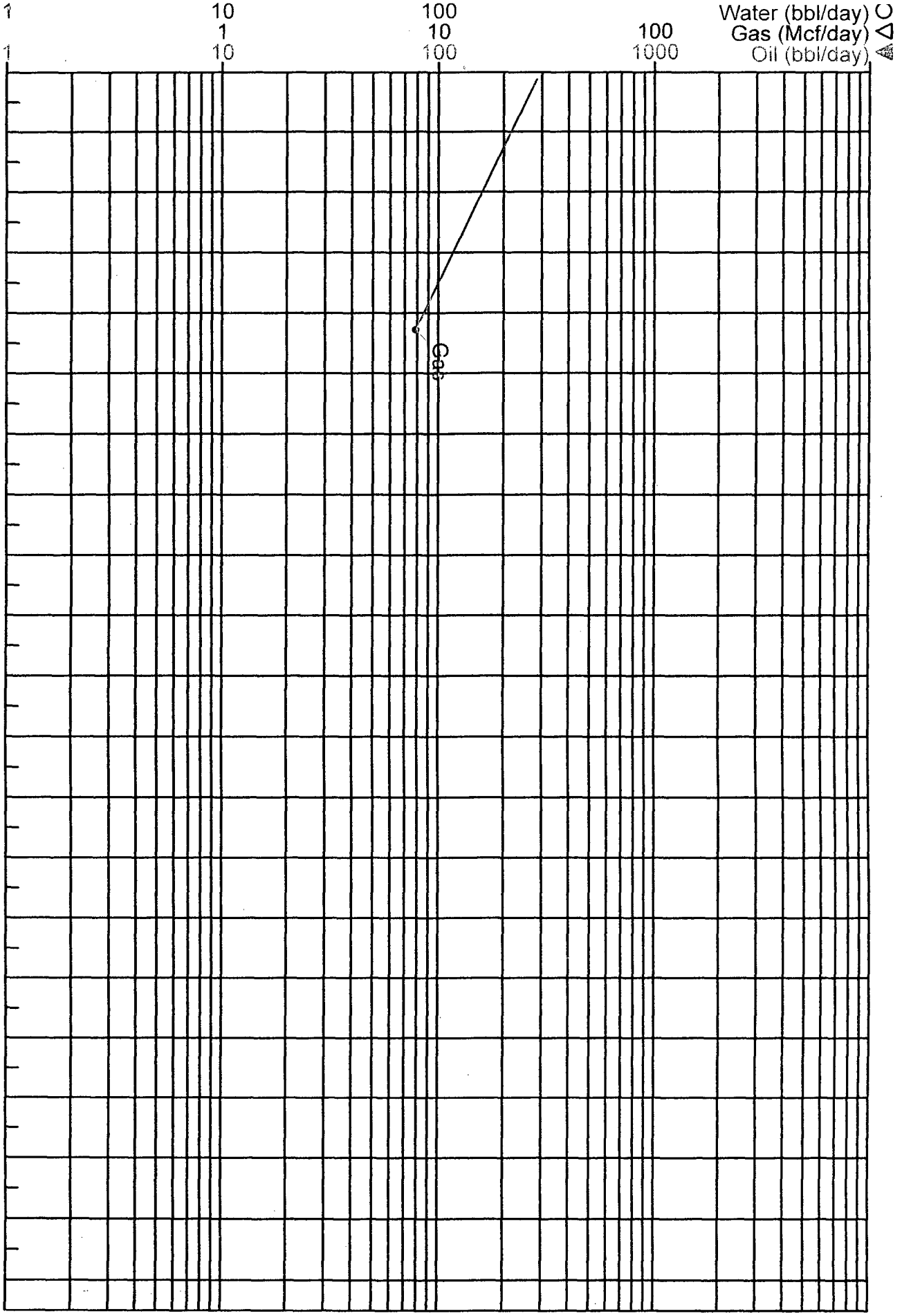
Year	Average Price			Net Revenue			
	Oil \$/BBL	Gas \$/MCF	NGL \$/Gal	Oil (M\$)	Gas (M\$)	NGL (M\$)	Total (M\$)
2007	0.00	6.32	0.00	0.000	36.078	0.000	36.078
2008	0.00	6.40	0.00	0.000	45.284	0.000	45.284
2009	0.00	5.90	0.00	0.000	35.676	0.000	35.676
2010	0.00	5.90	0.00	0.000	30.573	0.000	30.573
2011	0.00	5.90	0.00	0.000	26.200	0.000	26.200
2012	0.00	5.90	0.00	0.000	22.509	0.000	22.509
2013	0.00	5.90	0.00	0.000	19.233	0.000	19.233
2014	0.00	5.90	0.00	0.000	16.482	0.000	16.482
2015	0.00	5.90	0.00	0.000	8.085	0.000	8.085

Rem	0.00	0.00	0.00	0.000	0.000	0.000	0.000
Total	0.00	6.05	0.00	0.000	240.119	0.000	240.119

Year	Expenditures				Future Net Revenue			
	Total Sev Taxes (M\$)	Total Adv Taxes (M\$)	Net Investments (M\$)	Total Net Opcosts (M\$)	Annual (M\$)	Cumulative (M\$)	Disc. Ann. CF 10.00 % (M\$)	Cum. Disc. CF 10.00 % (M\$)
2007	2.955	0.072	2,388.539	11.167	-2,366.655	-2,366.655	-2,329.736	-2,329.736
2008	3.709	0.091	0.000	14.488	26.997	-2,339.658	23.497	-2,306.239
2009	2.922	0.071	0.000	14.125	18.557	-2,321.101	14.622	-2,291.617
2010	2.504	0.061	0.000	13.821	14.186	-2,306.915	10.121	-2,281.496
2011	2.146	0.052	0.000	13.561	10.441	-2,296.474	6.745	-2,274.751
2012	1.844	0.045	0.000	13.341	7.280	-2,289.195	4.260	-2,270.491
2013	1.575	0.038	0.000	13.146	4.473	-2,284.721	2.372	-2,268.119
2014	1.350	0.033	0.000	12.982	2.117	-2,282.604	1.019	-2,267.100
2015	0.662	0.016	0.000	7.050	0.357	-2,282.248	0.159	-2,266.941
Rem	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	19.666	0.480	2,388.539	113.682	-2,282.248	-2,282.248	-2,266.941	-2,266.941

Major Phase :	Gas	Working Int :	1.00000000	Present Worth Profile (M\$)	
Perfs :	0 0	Revenue Int :	0.82487639		
Initial Rate :	0.87 mmcf/month	Disc. Initial Invest. (m\$) :	2,350.423	1.00% :	-2,281.09
Abandonment :	0.24 mmcf/month	Internal ROR (%) :	>1000.0	5.00% :	-2,275.55
Initial Decline :	14.31 % year b = 0.000	ROI Investment (disc/undisc) :	0.04 / 0.04	10.00% :	-2,266.94
Bcg Ratio :	0.00 bbl/mmcf	Years to Payout :	0.00	12.00% :	-2,263.06
End Ratio :	0.00	Abandonment Date :	07/21/2015	15.00% :	-2,256.86
				20.00% :	-2,245.65
				30.00% :	-2,220.82
				40.00% :	-2,193.94
				50.00% :	-2,165.89
				60.00% :	-2,137.25

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.82487639	0.00000000	0.00000000
Rev. Date :			



Hist Gas Cum: 0.00 MMcf
Gas EUR: 48.11 MMcf
Gas Rem: 48.11 MMcf

Hist Oil Cum: 0.00 Mbbl
Oil EUR: 0.00 Mbbl
Oil Rem: 0.00 Mbbl

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator
BEPCO, L.P.3a. Address 3b. Phone No. (include area code)
P.O. BOX 2760 MIDLAND TX 79702-2760 (432)683-22774. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1650' FNL & 990' FEL
SEC 30, T21S, R28E

5. Lease Serial No.

NMLC-059365

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

NMNM-68294X

8. Well Name and No.

BIG EDDY UNIT #151

9. API Well No.

30-015-33157

10. Field and Pool, or Exploratory Area

Carlsbad, East (Strawn)

11. County or Parish, State

Eddy County, N.M.

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

A CIBP was set in the tail pipe of the existing packer @ 11645' to temporarily abandon the Morrow formation. The Strawn formation was perforated from 10607-10617' w/ 31 holes and 10714-10742' w/85 holes. Each perfed zone was acidized with 2000 gallons 15% NEFE HCL.

RIH with 2-3/8" L-80 tubing with SN @ 10473' and 2-3/8" X 5-1/2" Hornet packer @ 10516'. Pressure tested packer to 2,000 psi, held ok.


Well on production from Strawn with 24 hr. test flowing at 0 BO + 0 BW + 100 MCF, TP - 40, CP-O on 10/64" choke.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

ANN MOORE

Title PRODUCTION CLERK

Signature



Date 04/30/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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.

(Instructions on page 2)

365

BEPCO, L.P.
201 MAIN ST.
FORT WORTH, TEXAS 76102-3131
817/390-8400

2007 JUN 12 AM 9 36

June 11, 2007

FEDERAL EXPRESS

Bureau of Land Management
Roswell District Office
2909 W. 2nd Street
Roswell, New Mexico 88201
Attn: Ms. Alexis Swoboda

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

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

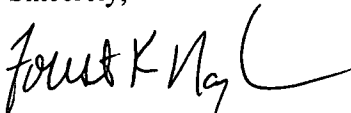
Re: Commercial Determination
Big Eddy Unit #151
Morrow Formation
Eddy County, New Mexico

Gentlemen:

Please find attached hereto one (1) copy of Bass' commercial determination worksheets and exhibits which indicate that the subject well is a **non-commercial** well in the Morrow Formation. Please indicate your concurrence to the above Non-Commercial Determination.

Thank you very much and should you have any questions or comments in regard to the attached non-commercial determination, please don't hesitate to contact the undersigned.

Sincerely,


Forest K. Naylor

Bureau of Land Management

New Mexico State Land Office

New Mexico Oil Conservation Division

By: _____

By: _____

By: _____

Its: _____

Its: _____

Its: _____

Date: _____

Date: _____

Date: _____

WORKSHEET FOR COMMERCIAL DETERMINATION AND PARTICIPATING AREA IN FEDERAL UNITS

WELL DATA

WELL _____ BIG EDDY UNIT #151 _____ FORMATION _____ MORROW _____

LOCATION _____ H _____ UNIT, _____ 1650 _____ FEET FROM NORTH LINE & _____ 991 _____ FEET FROM EAST LINE

SECTION _____ 30 _____ TOWNSHIP _____ 21S _____, RANGE _____ 28E _____, COUNTY _____ EDDY _____, NEW MEXICO

SPUD DATE _____ 8/6/2006 _____ COMPLETION DATE _____ 02/03/2007 _____ INITIAL PRODUCTION _____ 02/06/2007 _____

PERFORATIONS _____ 11,705-718', 11744-756', 11782-802' _____

_____ 11,938-12,076' (wet - under CIBP) _____

STIMULATION:

ACID

FRACTURE Frac 11705-802 w/ 23386 gals 40# 70Q Binary Foam + 58.596# of 18/40 Ultraprop

Frac 11938-12076 w/ 22208gals 40# 70Q Binary Foam + 26,240# of 18/40 Ultraprop (CIBP)

POTENTIAL (02/06/2007): 0 BOPD, 46 MCFPD, & 0 BWPD

(Attach Copy of C-105. Attach Copy of Wellbore Sketch of Completed Well.)

VOLUMETRIC CALCULATION

	SANDS PERFORATED		SANDS NOT PERFORATED BUT POTENTIALLY PRODUCTIVE	
Area (A) proration unit size, acres	320			
Porosity (por), %	6%			
Water saturation (Sw), %	20%			
Net Thickness (h), ft.	11.5			
Temperature (T), Fahrenheit	200			
Bottom Hole pressure (P), psia	5,100			
Recovery factor (RF), %	10%			
Recoverable gas, BCF *(See eq. below)	0.2			

*Sometimes unable to match performance due to volumetric uncertainty.

Formula = $(7758) (A) (h) (por) (1-Sw)(RF)/Bg_i$

$$B_{qi} = 0.61 \text{ RB/MCF}$$

Continued

PERFORMANCE DATA

(If sufficient history exists, attach plot of oil production rate v time.)

CUMULATIVE PRODUCTION TO 04/30/2007 5,199 MCF Gas 0 BBL OilINITIAL RATE (qi) 46ECONOMIC LIMIT (qi) 2HYPERBOLIC DECLINE RATE, dy b = 0, d = 68.18REMAINING GAS (Q) = 14,091ULTIMATE RECOVERABLE GAS (mcf) 19,290

(Attach plot showing proration unit and participating area.)

ECONOMIC

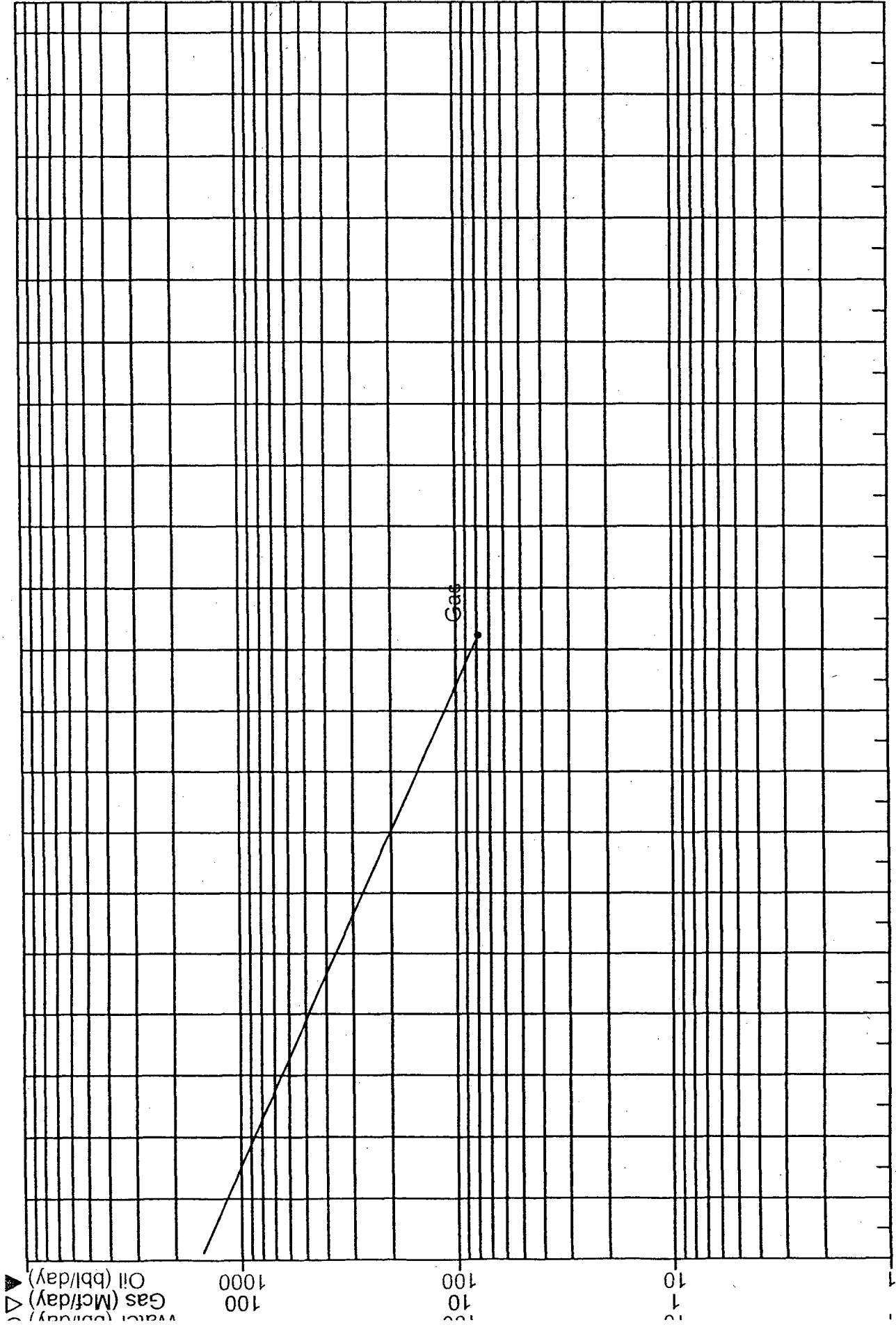
GROSS WELL COST \$ \$2,398,206 (to the depth of formation completed)COMPLETION COST \$ 1,756,588GROSS TOTAL COST \$ \$4,154,794

YEAR	GROSS GAS MMCF	BFIT NET INCOME (\$M)	OPERATING COST (\$M) INCL SEV & AD VAL TAX	10% NET BFIT DISCOUNTED CASH FLOW
ZERO				
1	14.0	75.5	10.4	-4,095.2
2	5.2	29.1	13.0	12.8
3	0.1	0.6	0.5	0.0
4				
5				
6				
7				
8				
9				
10				
REMAINDER				
TOTAL	19	105.2	23.9	-4,082.3

WELL IS NOT COMMERCIAL

Field: CARLSBAD, E. (STRAWN)
EDDY, NM

189070/BIG EDDY UNIT/151/STR
per: BEPCO



1st Gas Cum: 0.00 MMcf
1st Oil Cum: 0.00 Mbbl
Gas EUR: 351.82 MMcf
Oil EUR: 0.00 Mbbl

ECONOMIC PROJECTION

Date : 5/25/2007

Lior: 1189070

3:53:03PM

Project Name : INDWELLS Extract-Creating new PHDWi
 Partner : ALL CASES
 Case Type : LEASE CASE
 Archive Set : default

As Of Date : 02/01/2007
 Discount Rate (%) : 5.00
 1189070/BIG EDDY UNIT/151/MOR

Lease Name : 1189070/BIG EDDY UNIT/151/MOR
 Reserv Cat : Proved Producing
 Field : CARLSBAD, E. (MORROW)
 Operator : BEPCO
 Reservoir :
 Co., State : EDDY, NM

Cum Oil (mbbls) : 0.00
 Cum Gas (mmcf) : 0.00

Year	Gross Wet Production		Gross Dry Gas & NGL		Sales		
	Oil (Mbbl)	Wet Gas (MMCF)	Dry Gas (MMCF)	NGL (MGal)	Oil (Mbbl)	Gas (MMCF)	NGL (MGal)
2007	0.000	13.989	13.989	0.000	0.000	11.539	0.000
2008	0.000	5.191	5.191	0.000	0.000	4.282	0.000
2009	0.000	0.111	0.111	0.000	0.000	0.091	0.000

Rem	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	0.000	19.291	19.291	0.000	0.000	15.912	0.000
Ult.	0.000	19.291					

Year	Average Price			Net Revenue			
	Oil \$/BBL	Gas \$/MCF	NGL \$/Gal	Oil (M\$)	Gas (M\$)	NGL (M\$)	Total (M\$)
2007	0.00	6.54	0.00	0.000	75.512	0.000	75.512
2008	0.00	6.80	0.00	0.000	29.116	0.000	29.116
2009	0.00	6.30	0.00	0.000	0.576	0.000	0.576

Rem	0.00	0.00	0.00	0.000	0.000	0.000	0.000
Total	0.00	6.61	0.00	0.000	105.204	0.000	105.204

Year	Expenditures				Future Net Revenue			
	Total Sev Taxes (M\$)	Total Adv Taxes (M\$)	Net Investments (M\$)	Total Net Opcosts (M\$)	Annual (M\$)	Cumulative (M\$)	Disc. Ann. CF 5.00 % (M\$)	Cum. Disc. CF 5.00 % (M\$)
2007	4.336	0.106	4,154.794	10.379	-4,094.103	-4,094.103	-4,095.180	-4,095.180
2008	2.385	0.058	0.000	13.038	13.635	-4,080.468	12.816	-4,082.364
2009	0.047	0.001	0.000	0.506	0.022	-4,080.446	0.020	-4,082.344

Rem	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	6.768	0.165	4,154.794	23.923	-4,080.446	-4,080.446	-4,082.344	-4,082.344

Major Phase : Gas
 Perfs : 0 0
 Initial Rate : 1.66 mmcf/month
 Abandonment : 0.22 mmcf/month
 Initial Decline : 68.19 % year b = 0.000
 Beg Ratio : 0.00 bbl/mmcf
 End Ratio : 0.00

Working Int : 1.00000000
 Revenue Int : 0.82487639
 Disc. Initial Invest. (m\$) : 4,154.794
 Internal ROR (%) : >1000.0
 ROInvestment (disc/undisc) : 0.02 / 0.02
 Years to Payout : 0.00
 Abandonment Date : 01/15/2009

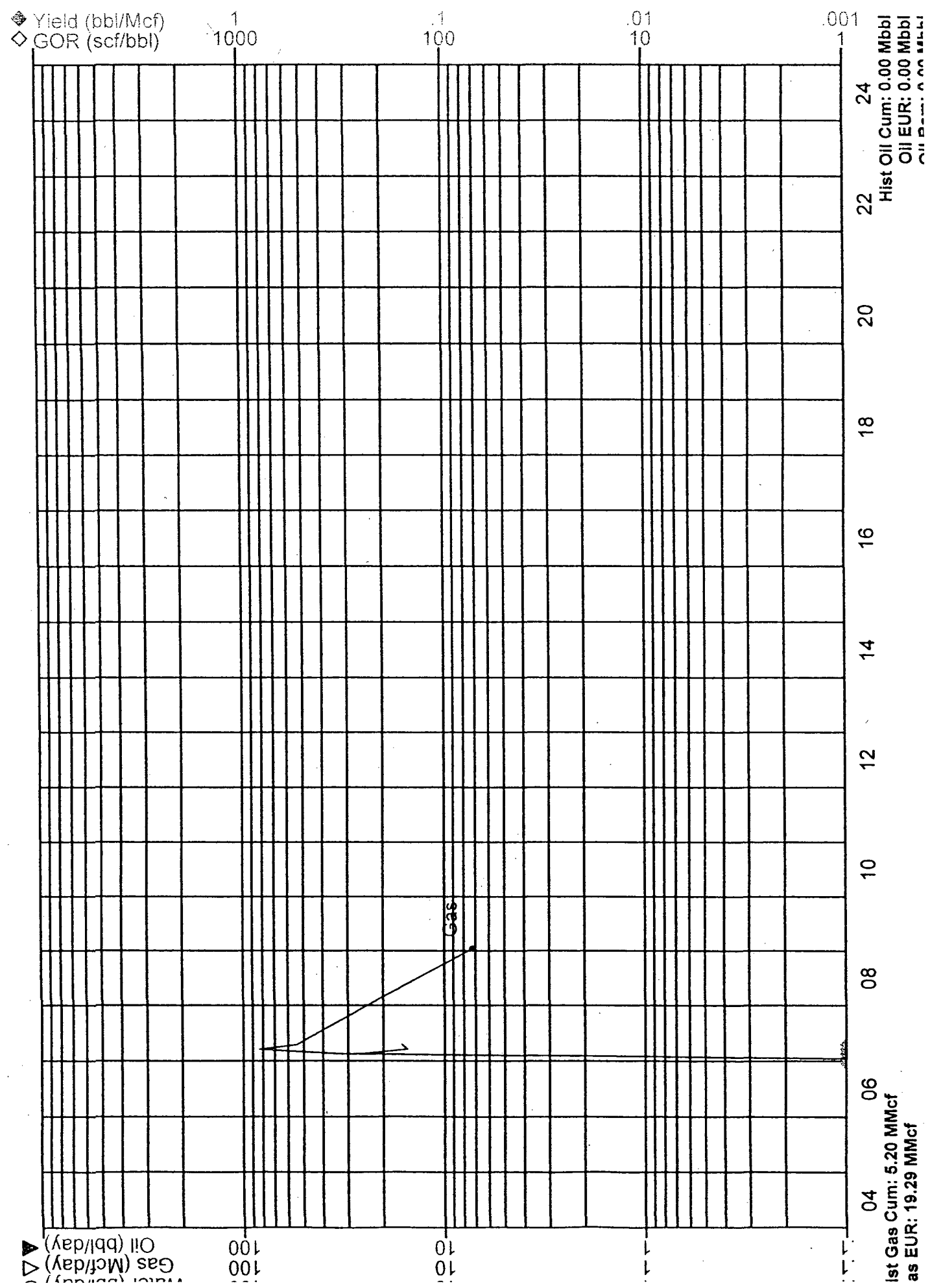
Present Worth Profile (M\$)

1.00% :	-4,080.83
5.00% :	-4,082.34
10.00% :	-4,084.15
12.00% :	-4,084.86
15.00% :	-4,085.88
20.00% :	-4,087.54
30.00% :	-4,090.63
40.00% :	-4,093.47
50.00% :	-4,096.08
60.00% :	-4,098.48

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.82487639	0.00000000	0.00000000
Rev. Date :			

Field: CARLSBAD, E. (MORROW)
EDDY,NM

189070/BIG EDDY UNIT/151/MOR
per: BEPCO



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATOR'S COPY

CONFIDENTIALFORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. Lease Serial No.
NMLC059365

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and no.
NMNM68294 X

8. Lease Name and Well No.

BIG EDDY UNIT 151

9. API Well No.

30-015-33157

10. Field and Pool, or Exploratory

CARLSBAD; MORROW, EAST

11. Sec., T., R., M., on Block and
Survey or Area

SEC 30, T21S, R28

12. County or Parish

EDDY

13. State

NM

17. Elevations (DF, RKB, RT, GL)*

3178' GL

1a. Type of Well ☐ Oil Well ☒ Gas Well ☐ Dry ☐ Otherb. Type of Completion ☒ New Well ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resvr.,

Other

2. Name of Operator

BEPCO, L.P.

3. Address

P.O. BOX 2760 MIDLAND TX 79702-2760

3.a Phone No. (Include area code)

(432)683-2277

4. Location of Well (Report location clearly and in accordance with Federal requirements)*

At Surface 1650' FNL, 990' FEL

At top prod. interval reported below

At total depth

14. Date Spudded

08/06/2006

15. Date T.D. Reached

09/20/2006

16. Date Completed

☐ D & A ☒ Ready to Prod.

02/03/2007

18. Total Depth: MD 12,201'
TVD19. Plug Back T.D.: MD 11,860'
TVD20. Depth Bridge Plug Set: MD 11895'
TVD21. Type of Electric & Other Mechanical Logs Run (Submit copy of each)
LDT-CNL-GR; HLA-CFL-GR22. Was well cored? ☒ No ☐ Yes (Submit analysis)Was DST run? ☒ No ☐ Yes (Submit analysis)Directional Survey? ☒ No ☐ Yes (Submit copy)

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 Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
17-1/2"	13-3/8"	48/54.5#	0'	660'		1485		0'	
12-1/4"	9-5/8"	36#	0'	2923'		1890		0'	
8-3/4"	5-1/2"	17#	0'	12,200'		2110		4552' CBL	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-3/8"	11,648							

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) MORROW	11705'	12076'	11705' - 11718'	0.380	14	PRODUCING
B)			11744' - 11756'	0.380	13	PRODUCING
C)			11782' - 11802'	0.380	11	PRODUCING
D)			SEE REMARKS			

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

Depth Interval	Amount and Type of Material
11705' - 11802'	23,386 GALS 40# 70Q BINARY FOAM + 58,596# OF 18/40 ULTRA ROP.
11938' - 12076'	22,208 GALS 40# 70Q BINARY FOAM + 68,240# OF 18/40 ULTRA ROP.

BEPCO - WID PRODUCTION

MAR 29 2007

RECEIVED

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
02/03/07	02/06/07	24	→	0	46	0			Flowing
Choke Size	Tbg. Press. Flwg.	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
WO	SI 600	50	→	0	46	0		Producing	

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
			→						
Choke Size	Tbg. Press. Flwg.	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
			→						

ACCEPTED FOR RECO

MAR 26 2007

WESLEY W. INGRAM
PETROLEUM ENGINEEROPERATORS - FOR WELL
COMPLETIONS SUBMIT 1
ORIGINAL AND 7 COPIES

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.)

SOLD

30. Summary of Porous Zones (Include Aquifers):

Show all important zones or 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
				T/REEF	810'
				T/DELAWARE LIME	2900'
				T/DELAWARE SAND	2945'
				T/BONE SPRING LIME	5756'
				T/WOLFCAMP	9236'
				T/STRAWN	10,426'
				T/ATOKA	10,827'
				T/MORROW	11,340'
				T/LOWER MORROW	11,922'
				T/BARNETT	12,110'

32. Additional remarks (include plugging procedure):

11,938' - 11,942' (9 HOLES) 0.380 - BEHIND CIBP @ 11,895' W/35' CMT
 11,960' - 11,966' (19 HOLES) 0.380 - BEHIND CIBP
 11,988' - 12,002' (35 HOLES) 0.380 - BEHIND CIBP
 12,020' - 12,026' (11 HOLES) 0.380 - BEHIND CIBP
 12,056' - 12,076' (41 HOLES) 0.380 - BEHIND CIBP

33. Indicate which items have been attached by placing a check in the appropriate boxes:

☒ Electrical/Mechanical Logs (1 full set req'd.) ☐ Geological Report ☐ DST Report ☒ Directional Survey
☐ Sundry Notice for plugging and cement verification ☐ Core Analysis ☐ Other

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

Name (please print) Ann MooreTitle PRODUCTION CLERKSignature Ann MooreDate 03/19/2007

Title 18 U.S.C. Section 101 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 and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33157	Pool Code 73920	Pool Name Carlsbad; Morrow, EAST
Property Code	Property Name BIG EDDY UNIT	Well Number 151
DEED No.	Operator Name BASS ENTERPRISES PRODUCTION COMPANY	Elevation 3178'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	30	21 S	28 E		1650	NORTH	990	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No. Same	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres					Joint or Infill		Consolidation Code		Order No.

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>W.R. Dannels</i> Signature W.R. DANNELS Printed Name DIVISION DRILLING SUPT. Title 12/12/05 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>OCTOBER 30, 2003 Date Surveyed <i>Gary L. Jones</i> Signature Professional Surveyor NEW MEXICO 1977 No. 3745 Certification No. Gary L. Jones 7977</p>
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PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

365
RECEIVED

2007 JUN 25 PM 12 27

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

June 21, 2007

Bass Enterprises Production Co.
201 Main Street, Suite 2900
Fort Worth, Texas 76102-3131

Attention: Mr. Forest K. Naylor

Re: Big Eddy Unit Well No. 151
SE/4NE/4 Sec. 30-21S-28E
Non-Commercial Determination
Morrow Formation
Eddy County, New Mexico

Dear Mr. Naylor:

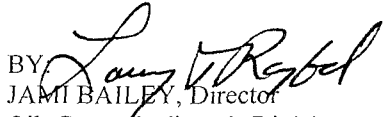
Thank you for your letter of June 11, 2007, together with data that supports your non-commercial determination regarding the Big Eddy Unit Well No. 151, located in the SE/4NE/4 of Sec. 30-21S-28E.

The Commissioner of Public Lands concurs with your determination that the Big Eddy Unit Well No. 151 is not capable of producing unitized substances in paying quantities from the Morrow formation and should be produced on a lease basis. This action is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
PL/JB/pm

pc: Reader File,
BLM-Roswell Attn: Mr. John Simitz
OCD-Santa Fe Attn: Mr. David Catanach
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Mr. Kurt McFall

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University