

365

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

RECEIVED
2008 JUL 15 PM 3 36

July 14, 2008

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 #169
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 commercial well in the Strawn Formation. Please indicate your concurrence to the above Commercial Determination. Upon your execution hereof, Bass will submit a participating area for the well.

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.

Very truly yours,



Brad Glasscock

Bureau of Land Management

New Mexico State Land Office

New Mexico Oil Conservation Division

By: _____

By: _____

By: _____

Its: _____

Its: _____

Its: _____

Date: _____

Date: _____

Date: _____

INTER-OFFICE MEMORANDUM
MIDLAND OFFICE

September 6, 2007

TO: FORT WORTH, FILES
FOR: FRANK McCREIGHT
FROM: KENT A. ADAMS
RE: COMMERCIAL DETERMINATION
BIG EDDY UNIT NO. 169
FENTON DRAW (STRAWN)
BIG EDDY UNIT
EDDY COUNTY, NEW MEXICO
FILE: 400-WF, BEU169CD.XLS

Attached are the worksheets and necessary attachments for the subject well to be submitted for commercial determination. The Big Eddy Unit #169 was drilled in 2007 to a TD of 12,121' and was completed in the Strawn. The well is producing from perforations 10,720-10,738'.

The Big Eddy Unit No. 169 will be a commercial well and should receive a participating area. If additional information is required, please advise.



Kent A. Adams

xc: Ross Sutton
George Hillis


cdp

LAND RECEIVED	
SEP 24 2007	
WRS _____	RBG _____
HBF _____	JDL _____
FCN _____	HAM _____
DDC _____	AAA _____
KDS _____	_____

WORKSHEET FOR COMMERCIAL DETERMINATION AND PARTICIPATING AREA IN FEDERAL UNITS

WELL DATA

WELL _____ BIG EDDY UNIT # 169 _____ FORMATION _____ STRAWN _____
 LOCATION _____ C _____ UNIT, _____ 660 _____ FEET FROM NORTH LINE & _____ 1830 _____ FEET FROM WEST LINE
 SECTION _____ 17 _____ TOWNSHIP _____ 21S _____ RANGE _____ 28E _____ COUNTY _____ EDDY _____, NEW MEXICO
 SPUD DATE _____ 1/30/2007 _____ COMPLETION DATE _____ 05/20/2007 _____ INITIAL PRODUCTION _____ 05/20/2007 _____
 PERFORATIONS _____ 10,720-10,738' _____

STIMULATION:

ACID _____ 1860 gal 15% HCL acid w/ additives _____

FRACTURE _____

POTENTIAL _____ (05/25/2007): 9 BOPD, 857 MCFPD, & 35 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), %	62%	
Net Thickness (h), ft.	18	
Temperature (T), Fahrenheit	175	
Bottom Hole pressure (P), psia	1,553	
Recovery factor (RF), %	75%	
Recoverable gas, BCF *(See eq. below)	1.5	

*Sometimes unable to match performance due to volumetric uncertainty.

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

Bgi = 0.18 RB/MCF

Continued

PERFORMANCE DATA

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

CUMULATIVE PRODUCTION TO 07/31/2007 51,536 MCF Gas 1450 BBL OilINITIAL RATE (qi) 800ECONOMIC LIMIT (ql) 14HYPERBOLIC DECLINE RATE, dy b = 0 d = 29.7REMAINING GAS (Q) = 2,105,272ULTIMATE RECOVERABLE GAS (mcf) 2,156,808

(Attach plat showing proration unit and participating area.)

ECONOMIC

GROSS WELL COST \$ \$2,386,139 (to the depth of formation completed)COMPLETION COST \$ 906,818GROSS TOTAL COST \$ \$3,292,957

YEAR	GROSS GAS MMCF	BFIT NET INCOME (\$M)	OPERATING COST (\$M) INCL SEV & AD VAL TAX	5% NET BFIT DISCOUNTED CASH FLOW
ZERO				
1	155.6	1,129.7	262.742	-2,400.7
2	194.6	1,606.8	372.168	1,167.8
3	136.4	1,091.4	300.628	712.5
4	95.9	767.5	254.137	440.5
5	67.4	539.7	221.445	260.2
6	47.5	380.3	198.581	141.6
7	33.3	266.6	182.256	62.6
8	19.3	154.6	163.501	13.5
9				
10	0.0	0.0		
REMAINDER	0	0.0		
TOTAL	750	5,936.6	1955.458	398.0

WELL IS COMMERCIAL

ECONOMIC PROJECTION

Date : 9/6/2007

Lior: 1189071

1:58:06PM

Project Name : RESERVEPROP Extract-Creating new PH
 Partner : 99999
 Case Type : LEASE CASE
 Archive Set : CURRENT

As Of Date : 05/01/2007
 Discount Rate (%) : 5.00
 1189071/BIG EDDY UNIT/STR

Lease Name : 1189071/BIG EDDY UNIT/STR
 Reserv Cat. : Proved Producing
 Field : FENTON DRAW (STRAWN)
 Operator : BEPCO
 Reservoir : STRAWN
 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	5.612	155.594	155.594	0.000	4.629	128.346	0.000
2008	7.785	194.621	194.621	0.000	6.422	160.538	0.000
2009	5.456	136.408	136.408	0.000	4.501	112.520	0.000
2010	3.837	95.918	95.918	0.000	3.165	79.121	0.000
2011	2.698	67.447	67.447	0.000	2.225	55.635	0.000
2012	1.901	47.535	47.535	0.000	1.568	39.210	0.000
2013	1.333	33.317	33.317	0.000	1.099	27.482	0.000
2014	0.773	19.320	19.320	0.000	0.637	15.937	0.000

Rem	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	29.395	750.159	750.159	0.000	24.247	618.789	0.000
Ult.	29.395	750.159					

Year	Average Price			Net Revenue			
	Oil \$/BBL	Gas \$/MCF	NGL \$/Gal	Oil (M\$)	Gas (M\$)	NGL (M\$)	Total (M\$)
2007	64.38	6.48	0.00	298.066	831.654	0.000	1,129.721
2008	60.00	7.61	0.00	385.292	1,221.530	0.000	1,606.822
2009	55.00	7.50	0.00	247.544	843.898	0.000	1,091.442
2010	55.00	7.50	0.00	174.065	593.404	0.000	767.469
2011	55.00	7.50	0.00	122.397	417.263	0.000	539.661
2012	55.00	7.50	0.00	86.263	294.077	0.000	380.340
2013	55.00	7.50	0.00	60.461	206.116	0.000	266.577
2014	55.00	7.50	0.00	35.061	119.525	0.000	154.586

Rem	0.00	0.00	0.00	0.000	0.000	0.000	0.000
Total	58.12	7.32	0.00	1,409.148	4,527.468	0.000	5,936.616

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	89.216	22.594	3,292.957	150.932	-2,425.978	-2,425.978	-2,400.743	-2,400.743
2008	127.322	32.136	0.000	212.710	1,234.653	-1,191.325	1,167.846	-1,232.897
2009	86.641	21.829	0.000	192.158	790.813	-400.512	712.500	-520.396
2010	60.924	15.349	0.000	177.864	513.332	112.820	440.546	-79.850
2011	42.840	10.793	0.000	167.812	318.216	431.036	260.158	180.308
2012	30.192	7.607	0.000	160.782	181.759	612.795	141.586	321.894
2013	21.162	5.332	0.000	155.762	84.321	697.116	62.626	384.520
2014	12.271	3.092	0.000	120.310	18.912	716.029	13.479	397.999

Rem	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	470.567	118.732	3,292.957	1,338.331	716.029	716.029	397.999	397.999

Major Phase : Gas
 Perfs : 0 0
 Initial Rate : 7.15 mmcf/month
 Abandonment : 1.75 mmcf/month
 Initial Decline : 29.70 % year b = 0.000
 Beg Ratio : 0.03 bbl/mmcf
 End Ratio : 0.04

Working Int : 1.00000000
 Revenue Int : 0.82487635
 Disc. Initial Invest. (m\$) : 3,252.736
 Internal ROR (%) : 13.23
 ROInvestment (disc/undisc) : 1.12 / 1.22
 Years to Payout : 3.41
 Abandonment Date : 10/18/2014

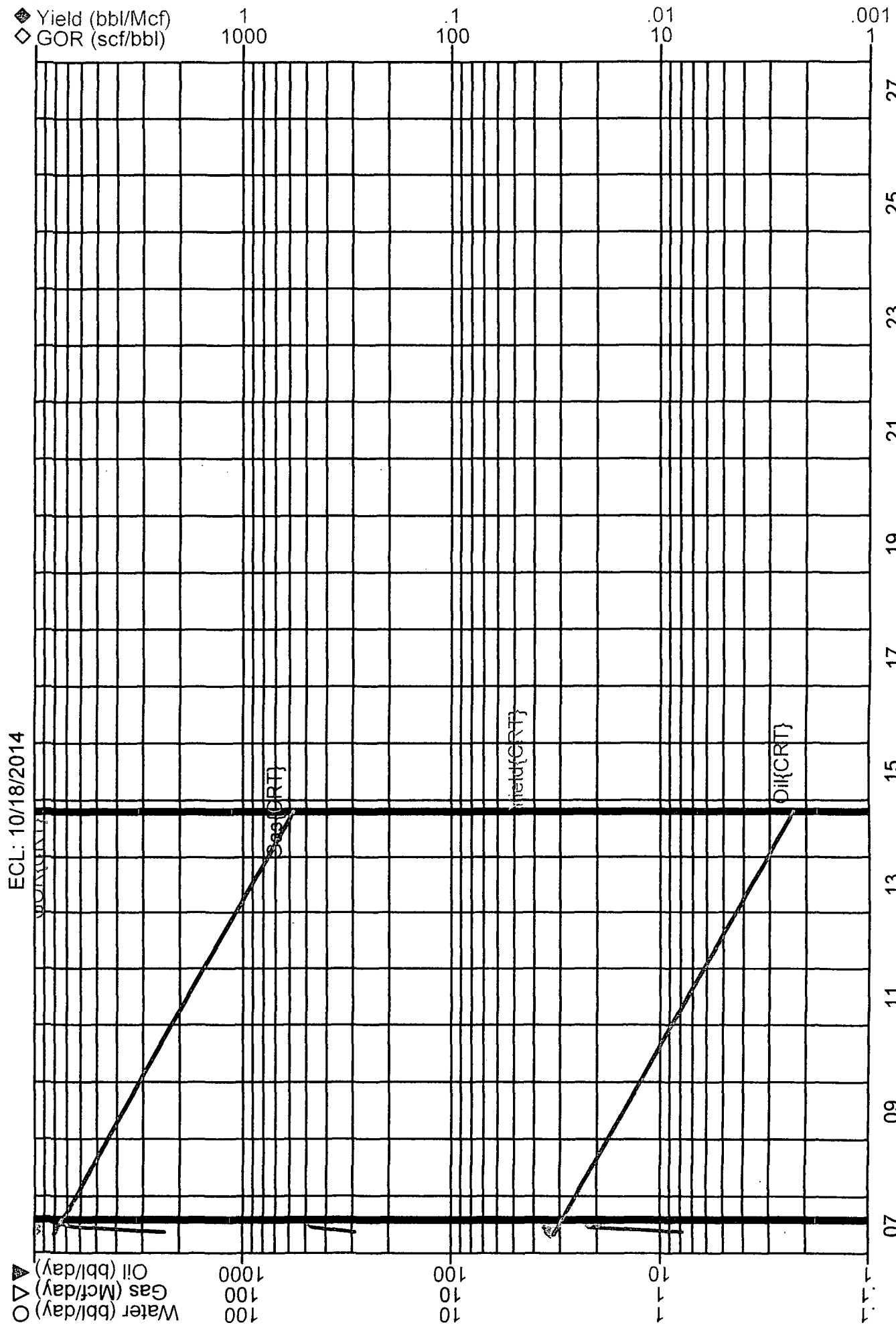
Present Worth Profile (M\$)

5.00% : 398.00
 8.00% : 237.09
 10.00% : 140.18
 12.00% : 50.59
 15.00% : -71.60
 20.00% : -247.58
 30.00% : -520.54
 40.00% : -719.49
 50.00% : -868.59
 60.00% : -982.86

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.82487635	0.00000000	0.00000000
Rev. Date :			

1189071/BIG EDDY UNIT/STR
Major Phase: Gas
APP EUR OIL:

Field: FENTON DRAW (STRAWN)
WELL_NAME: BIG EDDY UNIT # 169
APP EUR GAS:



Proj Gas Cum: 51.54 MMcf
Gas Rem: 698.62 MMcf
Gas EUR: 750.16 MMcf

Proj Oil Cum: 1.45 Mbbl
Oil Rem: 27.94 Mbbl
Oil EUR: 29.39 Mbbl

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well ☒ Oil Well ☒ Gas Well ☐ Dry ☐ Other
b. Type of Completion ☒ New Well ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resrv.,
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 UL C, 660^S FNL, 1830' FWL, LAT. N 32.484389 DEG, LONG W 104.111806

At top prod. interval reported below SAME

At total depth SAME

14. Date Spudded
01/30/2007

15. Date T.D. Reached
03/05/2007

16. Date Completed
☐ D & A ☒ Ready to Prod.
05/20/2007

18. Total Depth: MD 12121'
TVD

19. Plug Back T.D.: MD 12016'
TVD

20. Depth Bridge Plug Set: MD
TVD

21. Type of Electric & Other Mechanical Logs Run (Submit copy of each)
LDT-CNL-GR; HLA-CFL-GR

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

5. Lease Serial No.
NMLC059365

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and no.
NMNM68294X

8. Lease Name and Well No.

BIG EDDY UNIT 169

9. API Well No.
30-015-35169

10. Field and Pool, or Exploratory
FENTON DRAW (STRAWN)

11. Sec., T., R., M., on Block and
Survey or Area SEC 17, T21S, R28E

12. County or Parish
EDDY

13. State
NM

17. Elevations (DF, RKB, RT, GL)*
3197' GL

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'	525"		630		0'	
12-1/4"	9-5/8"	36/40#	0'	2745'		1195		0'	
8-3/4"	5-1/2"	17#	0'	12112'	6361'	2100		1950' TS	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-7/8"	10669'	10647'						

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) ATOKA	10720'	10738'	10720'-10738'	0.380	108	PRODUCING
B)						
C)						
D)						

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

Depth Interval	Amount and Type of Material
	NO STIMULATION

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
05/20/07	05/25/07	24	→	9	857	35			PUMPING
Choice Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
15/64"	350	370	→	9	857	35	95222	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. 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 page 2)

DISTRICT I

1628 N. French Dr., Hobbs, NM 88240

DISTRICT II

1501 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-35769	Pool Code 24340	Pool Name Fenton Draw (Strawn)
Property Code 001776	Property Name BIG EDDY UNIT	Well Number 169
GRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3197'

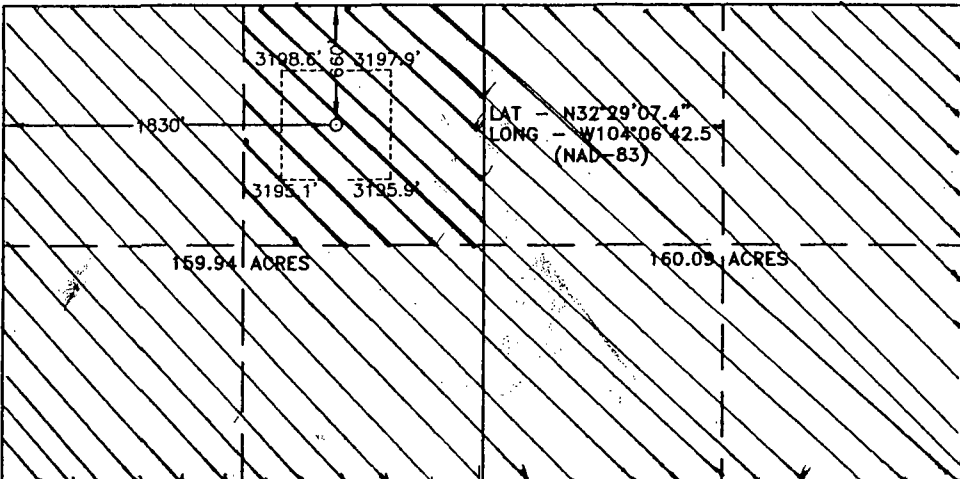
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	17	21 S	28 E		660	NORTH	1830	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
Dedicated Acres 320	Joint or Infill N	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 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 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.</p> <p><i>Gary E. Gerhard</i> 8/24/06 Signature Date</p> <p>Gary E. Gerhard Printed Name</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>DATE SURVEYED: JULY 07, 2006 Signature of Professional Surveyor: <i>[Signature]</i> Professional Surveyor: 7977 Certificate No. GARY L. JONES 7977</p> <p>BASIN SURVEYS</p>		