

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF BEPCO, L.P. FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 14,172

VERIFIED STATEMENT OF BRAD GLASSCOCK

Brad Glasscock, being duly sworn upon his oath, deposes and states:

1. I am a landman for BEPCO, L.P, and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 1210.A(1)(b), the following information is submitted in support of the application filed herein:

(a) No opposition to this application is expected because the mineral interest owner being pooled has simply not yet agreed whether to join in the well.

(b) A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the base of the Strawn formation to the base of the Morrow formation underlying the N $\frac{1}{2}$ of Section 17, Township 22 South, Range 28 East, NMPM to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Dublin Ranch-Atoka Gas Pool and Undesignated Dublin Ranch-Morrow Gas Pool. The unit will be dedicated to the Big Eddy Unit Well No. 218, to be drilled at an orthodox well location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 17.

(c) The party being pooled, its working interest in the N $\frac{1}{2}$ of Section 17, and its address, are as follows:

Nearburg Exploration Company, L.L.C.
Building 2, Suite 120
3300 North "A" Street
Midland, Texas 79705

12.479166%

(d) A copy of the proposal letter sent to Nearburg Exploration Company, L.L.C. is attached hereto as Exhibit B.

Oil Conservation Division

Case No.

Exhibit No. 1

(e) In addition to the letter, BEPCO, L.P. has had telephone conversations with Terry Gant, the land manager of Nearburg Exploration Company, L.L.C., to discuss the well proposal.

(f) BEPCO, L.P. has made a good faith effort to obtain the voluntary joinder of interest owners in the well.

(g) Pursuant to Division rules, applicant requests that a cost plus 200% risk charge be assessed against non-consenting interest owners.

(h) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

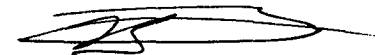
(i) Overhead charges of \$6,000.00/month for a drilling well, and \$600.00/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. BEPCO, L.P. requests that the rates be adjusted under the COPAS accounting procedure.

(j) Applicant requests that it be designated operator of the well.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF TARRANT)


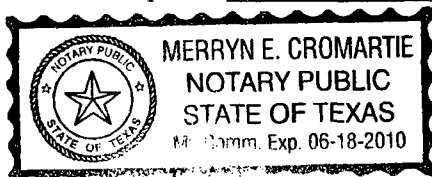
Brad Glasscock, being duly sworn upon her oath, deposes and states that: He is a landman for BEPCO, L.P.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

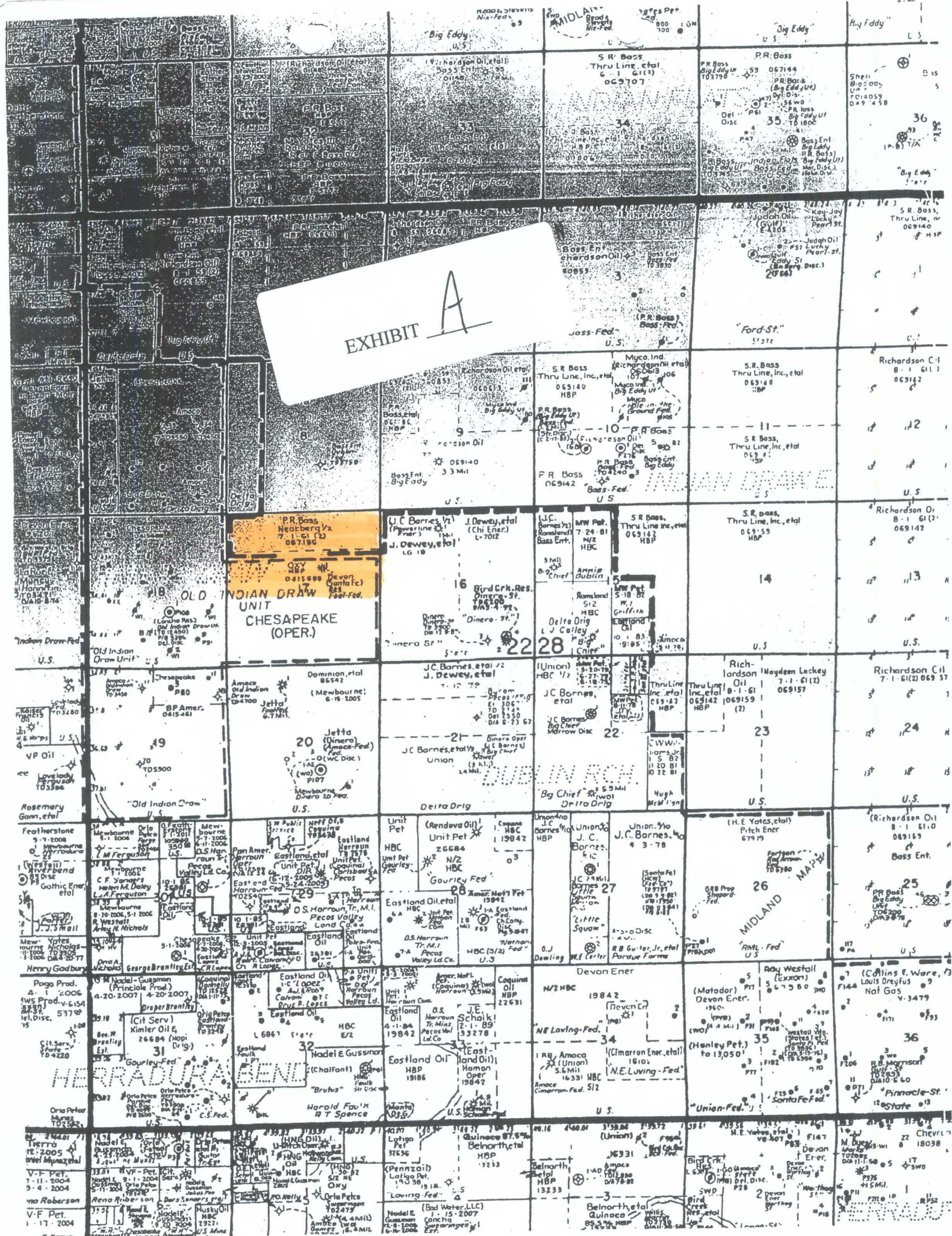


Brad Glasscock

SUBSCRIBED AND SWORN TO before me this 19th day of August, 2008 by Brad Glasscock.

My Commission Expires: 06-18-2010


Notary Public



EXHIBIT

A

OLD INDIAN DRAW UNIT
CHESAPEAKE (OPER.)

INDIAN DRAW

INDIAN DRAW

MIDLAND

HERRADURA

Pinnacle-St.

HERRADURA

Exhibit "A-1"

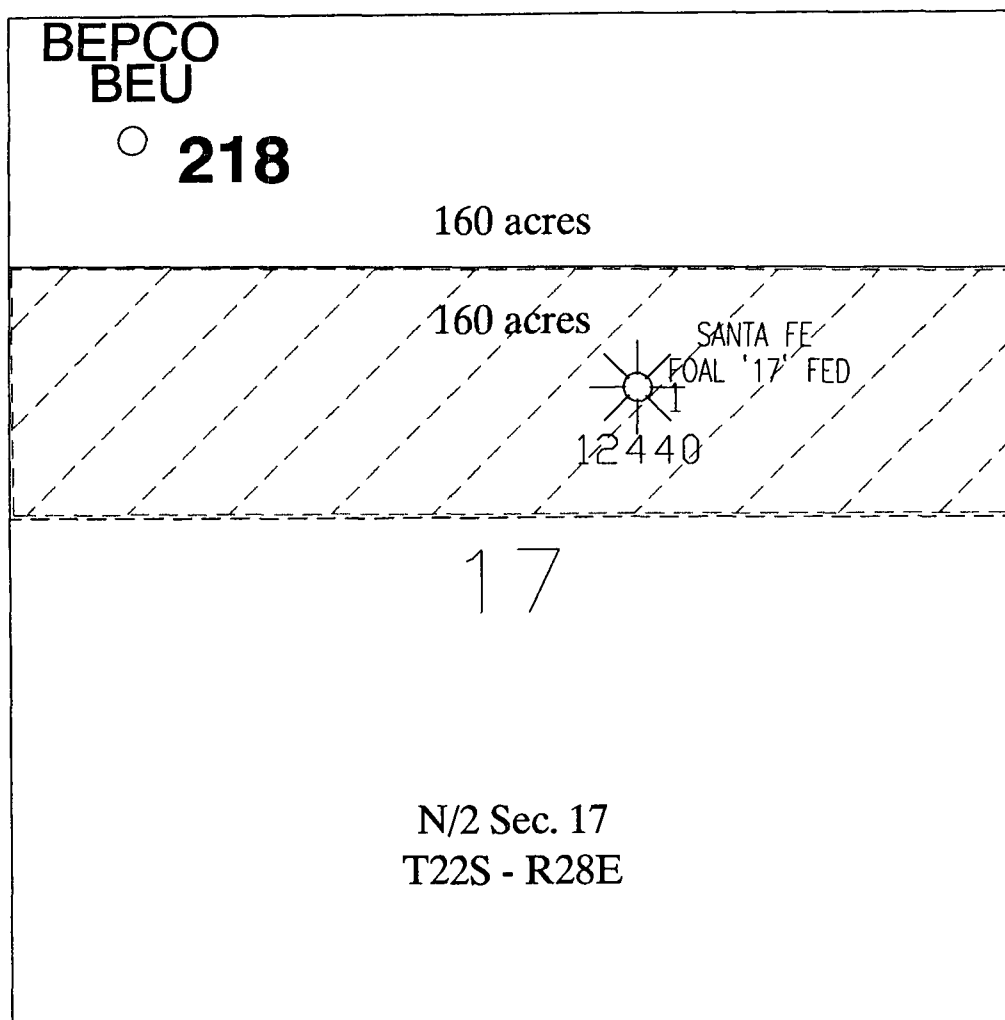
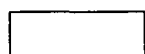
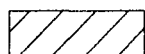


Exhibit A-1
To that Application for Compulsory Pooling by and between
BEPCO, L. P. and Devon Energy Production Company, L. P.



Bass



Nearburg et al



BEPCO, L.P.

BIG EDDY UNIT

Eddy County, New Mexico

Exhibit "A-1"

DATE: 20080819 INTER/DRAFT BY: RS/TE FILE: BEU.dwg pg43b

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

May 21, 2008

VIA FACSIMILE/ VIA FEDERAL EXPRESS
(432) 686-7806

Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
Attention: Terry Gant

Re: Big Eddy Unit #218 Well Proposal
Section 17 - T22S-R28E
Eddy County, New Mexico

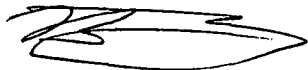
Mr. Gant:

Bass has requested your support in the drilling of a $\pm 12,460'$ Morrow well at a proposed location lying 660' FNL and 660' FWL in Section 17, T22-R28E, Eddy County, New Mexico. Per the attached cost estimate, the estimated DHC and CWC are \$2,759,130.00 and \$4,223,360.00, making Nearburg's proportionate share of the same approximately \$344,316.41 and \$527,040.11 respectively.

Should you wish to participate in the drilling of this well as proposed hereinabove, please so signify by signing in the appropriate space provided hereinbelow, and on the attached AFE, then returning an original of each to the undersigned at your earliest opportunity. It should be noted that we anticipate spudding this well in 2 to 3 weeks, therefore your most prompt attention would be appreciated. A Joint Operating Agreement will be sent to your attention by separate cover letter within the immediate future for your approval.

Thank you very much and should you have any questions or need any additional information regarding the above, please do not hesitate to give me a call at (817) 339-7185.

Very truly yours,
BASS ENTERPRISES PRODUCTION CO.



Brad Glasscock

BG:mc
Attachments

EXHIBIT



_____ I/We elect to participate in the drilling of the Big Eddy Unit #218 Well and will bear our proportionate costs associated with same.

_____ I/We elect not to participate in the drilling of the Big Eddy Unit #218 Well and will be subject to the non-consent penalties outlined in the governing Joint Operating Agreement.

Division WEST TEXAS		Department PRODUCTION		Company CARLSBAD		Prospect <input checked="" type="checkbox"/> New <input type="checkbox"/> Existing		Outside Operator AFE No.	
AFE TYPE CODE <input checked="" type="checkbox"/> Drilling - Exploration <input checked="" type="checkbox"/> Drilling - Dev & Exploitation <input type="checkbox"/> Recompletion - Maint <input type="checkbox"/> Recompletion - Add <input type="checkbox"/> Plg & Ab'dnd		<input type="checkbox"/> Construction <input type="checkbox"/> Workover - Maint <input type="checkbox"/> Workover - Add <input type="checkbox"/> Blanket <input type="checkbox"/> Leasehold Purchase		API Classification 5 <input type="checkbox"/> Geophysical <input type="checkbox"/> Prod. Equip <input type="checkbox"/> Major Maintenance <input type="checkbox"/> Prod. Prop. Acquisition Proj. Well Type		Est. Total Depth 12,460 ft.		AFE #	
Lease No. 4051A		Lease Name BIG EDDY UNIT		Well No. 218					
State NEW MEXICO		County EDDY		Area or Field CARLSBAD EAST (MORROW)					
Location 660' FNL & 660' FWL SEC 17-22S-R28E									
Formation MORROW		Type Well (Oil/Gas) or Activity GAS							
Reason for Expenditure DRILL & COMPLETE									
Obligations									
Location Meets:		<input type="checkbox"/> Statewide rules		<input type="checkbox"/> Fld Rules		<input type="checkbox"/> Fld Spacing Paim		Acres This Well	
If Joint Interest, Proj. Subject to:		<input type="checkbox"/> Carried Int.		<input type="checkbox"/> Net Profit Int.		<input type="checkbox"/> Right to convert to W.I.		Acres	
Operating Owner & W.I. BEPCO 100%		Joint Owners' Agreement No.							
Other Joint Owners & W.I.									
Company Working Interest 50.0000%		Revenue Interest 43.5000%							
COMPLETED COST				DRY HOLE COST					
	Total	Joint Owners	Co. Net		Total	Joint Owners	Co. Net		
Intangible.....	\$ 3,882,360	\$ 1,841,180	\$ 1,841,180	Intangible.....	\$ 2,759,130	\$ 1,379,565	\$ 1,379,565		
Tangible.....	\$ 354,100	\$ 177,050	\$ 177,050	Tangible.....	\$ -	\$ -	\$ -		
Lse. Equip & Inst'l	\$ 186,900	\$ 93,450	\$ 93,450	Total.....		\$ 1,379,565	\$ 1,378,565		
TOTAL.....	\$ 4,223,360	\$ 2,111,680	\$ 2,111,680	Less: Dry Hole					
EXPLORATION, ETC. COST				Contribution.....					
				TOTAL.....	\$ 2,759,130	\$ 1,379,565	\$ 1,378,565		
				RETIREMENT COST					
				Cost of removal...					
				Salvage/Recovery					
				Total Net Cost					
				or (Recovery).....	\$ -	\$ -	\$ -		
Proposed Starting Date Jun 01, 2008		Estimated Completion Date							
Lease Expiration Date		Drilling Obligation Date							
Net Reserves:		BBLs		MMCF		NEB Avg Prc		/BBL\$	
Economic Parameters (Risk ADJ. BFIT): P.W. PROFIT		\$		%		ROR(%)			
Payout (YRS)		Proj. Life(YRS)		Success Prob. (%)		Investment: \$/NEB			
Avg. Net Producing Rate During Payout:		B/D		MCF/D					
REMARKS		APPROVALS							
FORT WORTH APPROVAL REQUIRED <i>Partner Approval Required</i> <i>Fort Worth will seek Partner approval</i>		<div style="display: flex; justify-content: space-between;"> <div> DIVISION PROD. EXPLORATION ENGINEERING LAND OPERATIONS MARKETING ACCOUNTING FORT WORTH OFFICE </div> <div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> </div> </div>							
Current Est Supplement Total									

JOINT OWNER'S APPROVAL

COMPANY _____

BY _____

DATE _____

EXHIBIT C