

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

March 31, 2009

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FEDERAL EXPRESS

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

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: Mr. William Jones

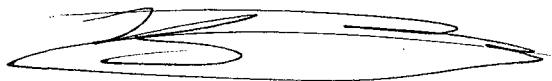
Re: Commercial Determination
Big Eddy Unit No. 171
Morrow Formation
Eddy County, New Mexico

Gentlemen:

Please find attached hereto one (1) copy of Bass' commercial determination worksheets and exhibits which indicate that the subject well is a 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: _____

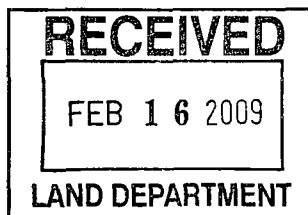
Date: _____

Date: _____

INTER-OFFICE MEMORANDUM
MIDLAND OFFICE

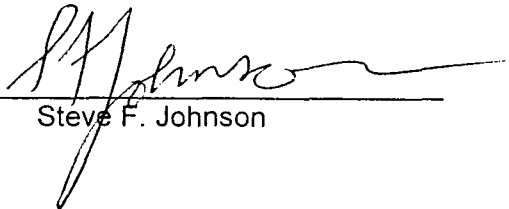
February 11, 2009

TO: FORT WORTH, FILES
FOR: FRANK McCREIGHT
FROM: STEVE F. JOHNSON
RE: COMMERCIAL DETERMINATION
BIG EDDY UNIT NO. 171
DUBLIN RANCH (MORROW)
BIG EDDY UNIT
EDDY COUNTY, NEW MEXICO
FILE: 100-WF, BEU171.XLS



Attached are the worksheets and necessary attachments for the subject well to be submitted for commercial determination. The Big Eddy Unit #171 was drilled in 2008 to a TD of 12,764' and was completed in the Morrow. The well is producing from perforations 12,462-12584'.

The Big Eddy Unit No. 171 will be a commercial well and should receive a participating area. If additional information is required, please advise.



Steve F. Johnson

xc: Ross Sutton
George Hillis

cdp
cdp

WORKSHEET FOR COMMERCIAL DETERMINATION AND PARTICIPATING AREA IN FEDERAL UNITS

WELL DATA

WELL _____ BIG EDDY UNIT # 171 _____ FORMATION _____ MORROW _____
 LOCATION _____ L _____ UNIT, _____ 1760 _____ FEET FROM SOUTH LINE & _____ 820 _____ FEET FROM WEST LINE
 SECTION _____ 25 _____ TOWNSHIP _____ 22S _____ RANGE _____ 28E _____ COUNTY _____ EDDY _____ NEW MEXICO
 SPUD DATE _____ 5/7/2008 _____ COMPLETION DATE _____ 10/11/2008 _____ INITIAL PRODUCTION _____ 10/11/2008 _____
 PERFORATIONS _____ 12462-12584' _____

STIMULATION:

ACID _____ 11/7/2008 - 2000 GAL 7 1/2% hcl _____

FRACTURE _____ 11/7/2008- 102,000 GAL 70Q binary boam, 52,000# 18/40 Ultraprop _____

POTENTIAL _____ (10/22/2008): 0 BOPD, 1611 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), %	8%	_____	_____	_____
Water saturation (Sw), %	30%	_____	_____	_____
Net Thickness (h), ft.	28	_____	_____	_____
Temperature (T), Fahrenheit	185	_____	_____	_____
Bottom Hole pressure (P), psia	5,358	_____	_____	_____
Recovery factor (RF), %	75%	_____	_____	_____
Recoverable gas, BCF *(See eq. below)	1.8	_____	_____	_____

*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 12/31/2008 99,319 MCF Gas 23 BBL Oil

INITIAL RATE (qi) 2,254

ECONOMIC LIMIT (qi) 17

HYPERBOLIC DECLINE RATE, dy b = 0.6 = 47.57

REMAINING GAS (Q) = 2,078,140

ULTIMATE RECOVERABLE GAS (mcf) 2,177,460

(Attach plat showing proration unit and participating area.)

ECONOMIC

GROSS WELL COST \$ \$2,673,821 (to the depth of formation completed)COMPLETION COST \$ 1,384,449GROSS TOTAL COST \$ \$4,058,270

<u>YEAR</u>	<u>GROSS GAS MMCF</u>	<u>BFIT NET INCOME (\$M)</u>	<u>OPERATING COST (\$M) INCL SEV & AD VAL TAX</u>	<u>5% NET BFIT DISCOUNTED CASH FLOW</u>
ZERO				
1	99.3	524.5	73.66	-3,613.3
2	454.4	1,986.0	444.99	1,437.5
3	291.5	1,628.9	338.69	1,094.8
4	205.5	1,265.5	259.54	776.2
5	154.4	977.3	202.95	543.1
6	120.4	771.2	163.43	387.4
7	97.3	626.4	135.91	284.2
8	80.5	522.3	115.77	213.9
9	68.1	448.0	101.77	165.7
10	58.2	388.7	90.36	129.8
REMAINDER	548	3,991.8	1267.94	578.5
TOTAL	2,177	13,130.6	3195.01	1,997.9

WELL IS COMMERCIAL

ECONOMIC PROJECTION

Date : 2/11/2009

Lior: 1189086

4:11:59PM

Project Name : PROPZONE2

As Of Date : 10/01/2008

Lease Name : 1189086/BIG EDDY UNIT/171/MOR

Partner : 99999

Discount Rate (%) : 10.00

Reserv Cat : Proved Producing

Case Type : LEASE CASE

1189086/BIG EDDY UNIT/171/MOR

Field : DUBLIN RANCH (MORROW)

Archive Set : CURRENT

Operator : BOPCO

Cum Oil (Mbbbl) : 0.00

Reservoir : MORROW

Cum Gas (MMcf) : 0.00

Co., State : EDDY, NM

Risk: 0.000 Inherited/ 0.000 Compounded

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)
2008	0.023	99.319	99.319	0.000	0.019	83.912	0.000
2009	0.071	454.375	454.375	0.000	0.060	383.891	0.000
2010	0.080	291.453	291.453	0.000	0.067	246.242	0.000
2011	0.080	205.516	205.516	0.000	0.067	173.635	0.000
2012	0.080	154.418	154.418	0.000	0.067	130.464	0.000
2013	0.079	120.442	120.442	0.000	0.067	101.758	0.000
2014	0.079	97.265	97.265	0.000	0.067	82.177	0.000
2015	0.079	80.488	80.488	0.000	0.066	68.002	0.000
2016	0.078	68.079	68.079	0.000	0.066	57.518	0.000
2017	0.078	58.180	58.180	0.000	0.066	49.155	0.000

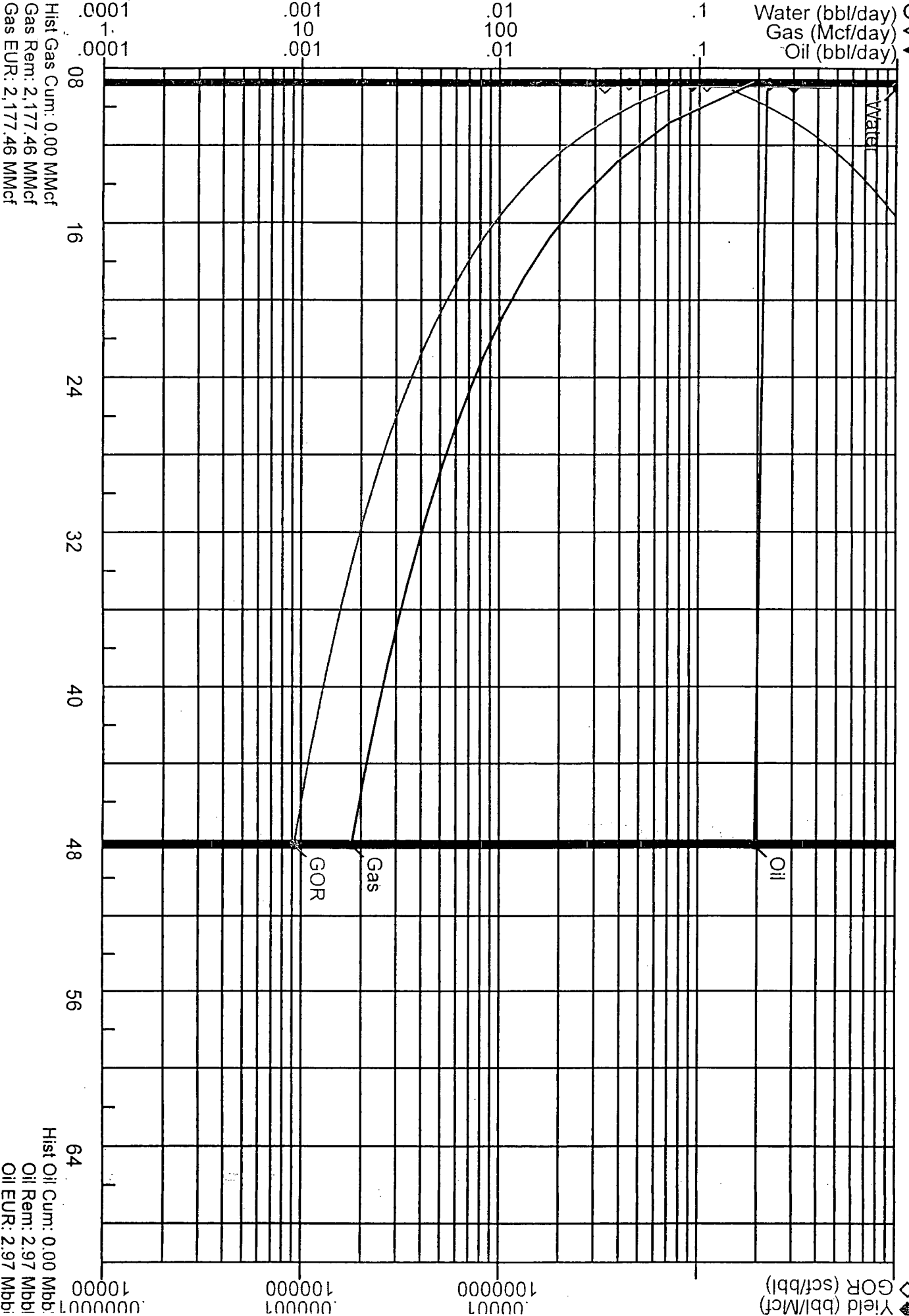
Rem	2.245	547.922		547.922	0.000		1.897	462.927	0.000
Total	2.971	2,177.457		2,177.457	0.000		2.510	1,839.682	0.000
Ult.	2.971	2,177.457							

Year	Average Price			Net Revenue			
	Oil (\$/bbl)	Gas (\$/Mcf)	NGL (\$/gal)	Oil (M\$)	Gas (M\$)	NGL (M\$)	Total (M\$)
2008	52.15	6.24	0.00	1.01	523.43	0.00	524.45
2009	48.89	5.17	0.00	2.93	1,983.03	0.00	1,985.96
2010	57.57	6.60	0.00	3.88	1,625.03	0.00	1,628.91
2011	62.34	7.26	0.00	4.19	1,261.31	0.00	1,265.50
2012	65.19	7.46	0.00	4.38	972.88	0.00	977.26
2013	67.34	7.53	0.00	4.50	766.73	0.00	771.23
2014	69.24	7.57	0.00	4.61	621.83	0.00	626.44
2015	70.68	7.61	0.00	4.69	517.58	0.00	522.27
2016	72.44	7.70	0.00	4.80	443.18	0.00	447.98
2017	74.04	7.81	0.00	4.88	383.85	0.00	388.73
Rem	75.04	8.32	0.00	142.36	3,849.47	0.00	3,991.83
Total	72.60	7.04	0.00	182.24	12,948.32	0.00	13,130.56

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\$)
2008	42.94	26.22	4,058.27	4.50	-3,607.49	-3,607.49	-3,613.25	-3,613.25
2009	162.62	99.30	0.00	183.07	1,540.97	-2,066.51	1,437.46	-2,175.79
2010	133.36	81.45	0.00	123.88	1,290.21	-776.30	1,094.81	-1,080.97
2011	103.60	63.28	0.00	92.66	1,005.97	229.66	776.23	-304.75
2012	79.99	48.86	0.00	74.10	774.31	1,003.97	543.09	238.34
2013	63.11	38.56	0.00	61.76	607.80	1,611.77	387.42	625.76
2014	51.25	31.32	0.00	53.34	490.52	2,102.30	284.22	909.97
2015	42.72	26.11	0.00	47.24	406.19	2,508.49	213.91	1,123.89
2016	36.64	22.40	0.00	42.73	346.21	2,854.70	165.71	1,289.60
2017	31.78	19.44	0.00	39.14	298.38	3,153.08	129.81	1,419.41
Rem	325.37	199.59	0.00	742.98	2,723.90	2,723.90	578.45	578.45
Total	1,073.39	656.53	4,058.27	1,465.40	5,876.97	5,876.97	1,997.86	1,997.86

Major Phase :	Gas	Working Int :	1.00000000	Present Worth Profile (M\$)	
Perfs :	0	Revenue Int :	0.84487635		
Initial Rate :	30,806.00 Mcf/month	Disc. Initial Invest. (m\$) :	4,058.270	5.00% :	3,342.40
Abandonment :	544.66 Mcf/month	Internal ROR (%) :	26.45	9.00% :	2,214.98
Initial Decline :	47.58 % year b = 0.600	ROI Investment (disc/undisc) :	1.49 / 2.45	10.00% :	1,997.86
Beg Ratio :	0.00 bbl/Mcf	Years to Payout :	3.00	12.00% :	1,617.14
End Ratio :	0.01 bbl/Mcf	Abandonment Date :	03/21/2048	15.00% :	1,148.57
Forecast Start :	10/01/2008			20.00% :	552.90
		Initial	1st Rev.	30.00% :	-242.56
		Working Interest :	1.00000000	40.00% :	-758.54
		Revenue Interest :	0.84487635	50.00% :	-1,124.46
		Rev. Date :		60.00% :	-1,399.20

Oil (bbl/day) 1 0.1 0.01 0.001 0.0001
Gas (Mcf/day) 100 10 1 0.1 0.01 0.001 0.0001
Water (bbl/day) 100000 10000 1000 100 10 1 0.1 0.01 0.001 0.0001
ECL: 3/21/2048



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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

1a. Type of Well ☐ Oil Well ☒ Gas Well ☐ Dry ☐ Other
b. 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 UL L, 1760' FSL, 820' FWL, LAT. N 32.361389, LONG W 104.047306
At top prod. interval reported below SAME
At total depth SAME

5. Lease Serial No.
NMLC069159A

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 171

9. API Well No.
30-015-35591

10. Field and Pool, or Exploratory
DUBLIN RANCH (MORROW)

11. Sec., T., R., M., on Block and
Survey or Area SEC 25, T22S, R28E

12. County or Parish
EDDY

13. State
NM

14. Date Spudded
05/07/2008

15. Date T.D. Reached
07/10/2008

16. Date Completed
☐ D & A ☒ Ready to Prod.
10/11/2008

17. Elevations (DF, RKB, RT, GL)*
3134'

18. Total Depth: MD 12764'
TVD

19. Plug Back T.D.: MD 12611'
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)

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 &	0'	440'		405 SXS		0' CIRC.	
12-1/4"	9-5/8"	54.5#	0'	2766'		895 SXS		0' CIRC	
8-3/4"	5-1/2"	36#	0"	12700'	7450'	1340 STG 1		7450' CIRC	
		17 & 20#				1625 STG 2		0' CIRC	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
NA								

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) Morrow	12057'	12700'	12462-12492'	0.380"	32	PRODUCING
B)			12522-12534'	0.038"	24	PRODUCING
C)			12543-12584'	0.038"	22	PRODUCING
D)						

26. Perforation Record

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

Depth Interval	Amount and Type of Material
12462-12584'	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
10/11/08	10/22/08	24	→	0	1611	0			FLOWING
Choke Size	Tbg. Press. Flwg. SI	Csg. Press. SI	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
21/64"	1000	0	→				NA	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. SI	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
			→						

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/RUSTLER	140'
				T/SALT	380'
				T/DELAWARE MTN. GROUP	2780'
				T/BELL CANYON	2825'
				T/BONE SPRING	6390'
				T/WOLFCAMP	9706'
				T/STRAWN	11126"
				T/ATOKA	11426'
				T/MORROW	12057'

32. Additional remarks (include plugging procedure):

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 Inclination Survey

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 SENIOR PRODUCTION CLERK

Signature

Ann MooreDate 10/24/2008

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 Dr., Hobbs, NM 88240

DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, 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 30-015-35591		Pool Code 76140	Pool Name Dublin Ranch (Morrow)
Property Code 069159	Property Name BIG EDDY UNIT		Well Number 171
OGKD No. 001801	Operator Name BEPCO, L.P.		Elevation 3134'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 12	25	22 S	28 E		1760	SOUTH	820	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

LOT 4 42.31 ACRES	LOT 3 42.39 ACRES	LOT 2 42.46 ACRES	LOT 1 42.53 ACRES
LOT 5 42.30 ACRES	LOT 6 42.37 ACRES	LOT 7 42.44 ACRES	LOT 8 42.50 ACRES
LOT 12 42.28 ACRES	LOT 11 42.34 ACRES	LOT 10 42.40 ACRES	LOT 9 42.46 ACRES
LOT 13 42.25 ACRES	LOT 14 42.32 ACRES	LOT 15 42.39 ACRES	LOT 16 42.45 ACRES

3124.4' 3135.8' 3125.0' 3128.1'

820' 1760'

LAT - N32°21'41.0"
LONG - W104°02'50.3"
(NAD-83)

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 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.

C. K. Jenkins by HJS 2/27/07
Signature Date

C. K. (Buddy) Jenkins
Printed Name

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 05, 2006

Date Surveyed
Signature
Professional Surveyor

Gary L. Jones
7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

CURRENT WELLBORE DIAGRAM

Lease: **Big Eddy Unit** Well No.: **171**
 Field: **Dublin Ranch (Morrow)**
 Location: **1760' FSL & 820' FWL, Sec 25-T22S-R28E**
 County: **Eddy** St: **NM** API: **30-015-35591**

KB: 3152' (est)
 GL: 3134.0
 Spud Date: 5/7/2008
 Compl. Date: 10/8/2008

Surface Csg.

Size: 13-3/8"
 Wt: 54.5# 48#
 Grd: J-55 H-40
 Set @: 440' 359'
 Sxs cmt: 405 sx
 Circ: Yes 85 sx
 TOC: Surface
 Hole Size: 17-1/2"

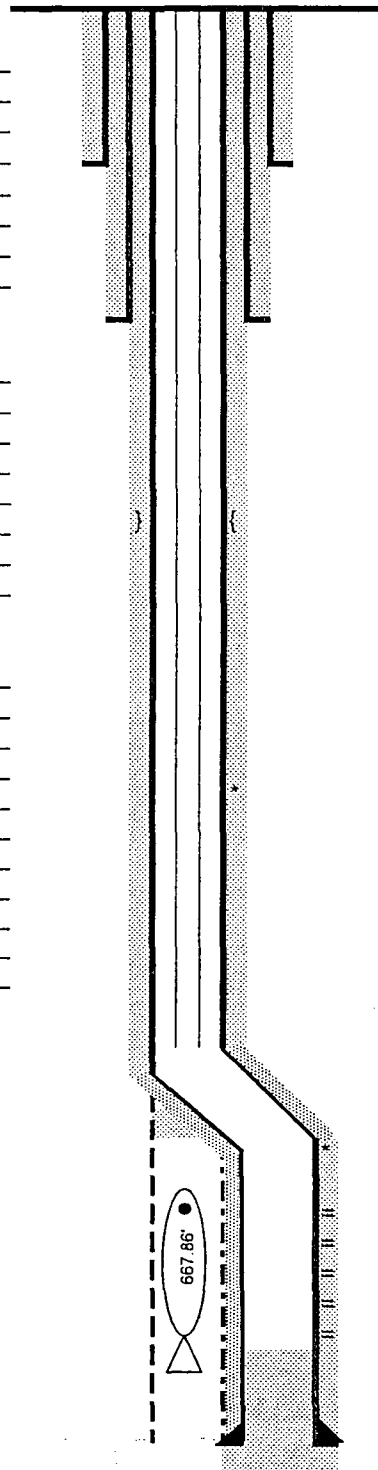
Intermediate Csg.

Size: 9-5/8"
 Wt: 36#
 Grd: J55 LTC
 Set @: 2766'
 Sxs Cmt: 895 sx
 Circ: Yes 87 sxs
 TOC: Surface
 Hole Size: 12-1/4"

Production Csg.

Size: 5-1/2"
 Wt: 17# 20#
 Grd: HCP110 P-110
 Set @: 9960' 12700'
 Stage 1: 1340 sxs
 Circ: Y Trace
 TOC: 7450'
 Stage 2: 1625 sxs
 Circ: Y
 TOC: Surface 51 sx
 Hole Size: 8-3/4"

Tubing



X: 588679.0
 Y: 495375.7
 Lat: 32° 21' 41.0" N
 Long: 104° 02' 50.3" W

440' 13-3/8" (Csg Dtl)
 2766' 9-5/8" (by Csg Detail)

7450' DV Tool (by Csg Detail)

10909' 1' Marker jt

12084' Sidetrack Plug

12302' 1' Marker jt

12350' Baker Model 'D' pkr

12462-468' M Morrow Perfs (12 holes/5 pure shots)

12482-492' M Morrow Perfs (20 holes/5 pure shots)

12522-534' M Morrow Perfs (24 holes/10 pure shots)

12543-548' M Morrow Perfs (10 holes/3 pure shots)

12578-584' M Morrow Perfs (2 holes/5 pure shots)

12611' FC (by Csg Detail)

12698' 5-1/2" Csg Shoe (by Csg Detail)

12700' Drillers TD

PBTD: 12611' Float Collar
 TD: 12700' (Drillers TD)
 TD: 12764' (Loggers TD)

Updated: 10/8/2008
 Author: ezg
 Engr: RSD