

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

July 6, 2010

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
James Ranch Unit Well No. 105H
Delaware 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 Delaware 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

April 8, 2010

TO: FORT WORTH, FILES
FOR: FRANK McCREIGHT
FROM: STEVE F. JOHNSON
RE: COMMERCIAL DETERMINATION
JAMES RANCH UNIT #105H
QUAHADA RIDGE SE (DELAWARE) FIELD
EDDY COUNTY, NEW MEXICO
FILE: 100-WF: JRU105HCD.DOC

Attached are the worksheets and necessary exhibits for the subject well to be submitted for commercial determination. The James Ranch Unit #105H was drilled in 2009 to a measured depth of 13,017' and was completed in the Delaware. The well is producing from Delaware perforations 7,730-11,964'. On test 8/24/2009 the well pumped at the rate of 688 BOPD, 484 MCFPD, and 1428 BWPD. This well is expected to recover approximately 472.375 MBOE from the current completion.

The most recent price file from Fort Worth was utilized and the oil price was adjusted by - \$3.44/BO plus a \$.57/mcf transportation fee. An operating cost of \$13,000/mo for 18 months and \$6,500 thereafter was also incorporated in this evaluation. The James Ranch Unit #105H will be a commercial well and should be incorporated into a participating area.



Steve Johnson

RSD/cdp

cc: Ross Sutton
George Hillis
Brad Glasscock

WORKSHEET FOR COMMERCIAL DETERMINATION AND PARTICIPATING AREA IN FEDERAL UNITS

WELL DATA

WELL James Ranch Unit #105H FORMATION DELAWARE

LOCATION F UNIT, 2428 FEET FROM NORTH LINE & 1340 FEET FROM WEST LINE

SECTION 36 TOWNSHIP 22S RANGE 30E COUNTY Eddy NEW MEXICO

SPUD DATE 6/14/2009 COMPLETION DATE 8/12/2009 INITIAL PRODUCTION 8/12/2009

PERFORATIONS 7730-12964

* BHL UL E 1947' FSL 783' FEL SEC 35, T22S R30E
STIMULATION:

ACID _____

FRACTURE SEE: Completion papers attached

POTENTIAL (8/24/2009): 688 BOPD, 484 MCFPD, 1428 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	<u>200</u>	
Porosity (ϕ), %	<u>12%</u>	
Water saturation (S_w), %	<u>30%</u>	
Net Thickness (H), ft.	<u>80</u>	
Temperature (T), Fahrenheit	<u>120</u>	
Bottom Hole pressure (P), psia	<u>3,323</u>	
Recovery factor (RF), %	<u>15%</u>	
Recoverable Oil, Bbls *(See eq. below)	<u>1,041,632</u>	

*Sometimes unable to match performance due to volumetric uncertainty.

Formula = $(7758) (A) (H) (\phi) (1-S_w) (1/B_o) (RF)$

$B_o = 1.50$

Continued

PERFORMANCE DATA

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

CUMULATIVE PRODUCTION TO 2/28/2010 79,539 BBL OIL 99,038 MCFINITIAL RATE (qi) 650ECONOMIC LIMIT (ql) 4HYPERBOLIC DECLINE RATE, dy b = .75, d = 79.929%/yrREMAINING OIL (Q) = 322,860ULTIMATE RECOVERABLE OIL (BO) 402,399

(Attach plat showing proration unit and participating area.)

ECONOMIC

GROSS WELL COST \$1,779,707 (to the depth of formation completed)COMPLETION COST \$2,165,215GROSS TOTAL COST \$3,944,922

YEAR	GROSS OIL MBBLS	BFIT NET INCOME (\$M)	OPERATING COST (\$M) INCL SEV & AD VAL TAX	5% NET BFIT DISCOUNTED CASH FLOW
ZERO				
1	67.439	4216.1	351.2	-226.5
2	89.016	6611.8	713.0	5486.6
3	51.833	4043.9	492.8	3150.2
4	33.760	2659.6	375.5	1928.8
5	24.343	1929.3	313.5	1298.9
6	18.773	1497.2	276.9	934.2
7	15.109	1216.3	253.1	702.2
8	12.569	1020.9	236.5	544.5
9	10.641	873.7	224.0	429.5
10	9.200	764.5	214.8	346.1
REMAINDER	69.715	5858.8	2948.7	1444.7
TOTAL	402.398	30692.1	6399.8	16039.2

WELL IS COMMERCIAL

ECONOMIC PROJECTION

4/5/2010

Lior: 1000425

5:21:33PM

Project Name : PROPZONE2
 Number : 99999
 Type : LEASE CASE
 Lease Set : CURRENT

As Of Date : 01/01/2009
 Discount Rate (%) : 5.00

1000425/JAMES RANCH UNIT/105H/DEL

Lease Name : 1000425/JAMES RANCH UNIT/105H/DE
 Reserv Cat. : Proved Producing
 Field : QUAHADA RIDGE (DELAWARE) SE
 Operator : BOPCO
 Reservoir : DELAWARE
 Co., State : EDDY, NM

Risk: 0.000 Inherited/ 0.000 Compounded
 Sales

Gross Wet Production		Gross Dry Gas & NGL				
Oil (Mbbbl)	Wet Gas (MMcf)	Dry Gas (MMcf)	NGL (Mgal)	Oil (Mbbbl)	Gas (MMcf)	NGL (Mgal)
67.439	81.404	38.537	0.000	58.307	33.319	0.000
89.016	94.064	44.530	366.864	76.963	38.500	317.189
51.833	51.505	24.383	247.226	44.815	21.081	213.750
33.760	33.547	15.881	161.025	29.189	13.731	139.221
24.343	24.189	11.451	116.108	21.047	9.901	100.386
18.773	18.654	8.831	89.541	16.231	7.635	77.417
15.109	15.014	7.107	72.065	13.063	6.145	62.307
12.569	12.490	5.913	59.951	10.867	5.112	51.833
10.641	10.574	5.006	50.756	9.201	4.328	43.883
9.200	9.141	4.328	43.879	7.954	3.742	37.938
69.715	69.274	32.794	332.514	60.275	28.354	287.490
402.399	419.856	198.760	1,539.929	347.912	171.847	1,331.414
402.399	419.856					

Average Price			Net Revenue			
Oil (\$/bbl)	Gas (\$/Mcf)	NGL (\$/gal)	Oil (M\$)	Gas (M\$)	NGL (M\$)	Total (M\$)
70.18	3.73	0.00	4,092.01	124.13	0.00	4,216.14
80.32	4.75	0.78	6,181.66	182.73	247.41	6,611.80
83.90	5.56	0.78	3,759.99	117.19	166.73	4,043.90
84.58	5.99	0.78	2,468.72	82.29	108.59	2,659.60
85.00	6.26	0.78	1,788.96	62.01	78.30	1,929.27
85.44	6.55	0.78	1,386.84	49.99	60.39	1,497.21
86.16	6.87	0.78	1,125.48	42.24	48.60	1,216.32
86.83	7.21	0.78	943.64	36.85	40.43	1,020.92
87.69	7.54	0.78	806.84	32.64	34.23	873.71
88.68	7.89	0.78	705.35	29.54	29.59	764.48
89.39	8.70	0.78	5,387.97	246.55	224.24	5,858.76
82.34	5.85	0.78	28,647.47	1,006.15	1,038.50	30,692.12

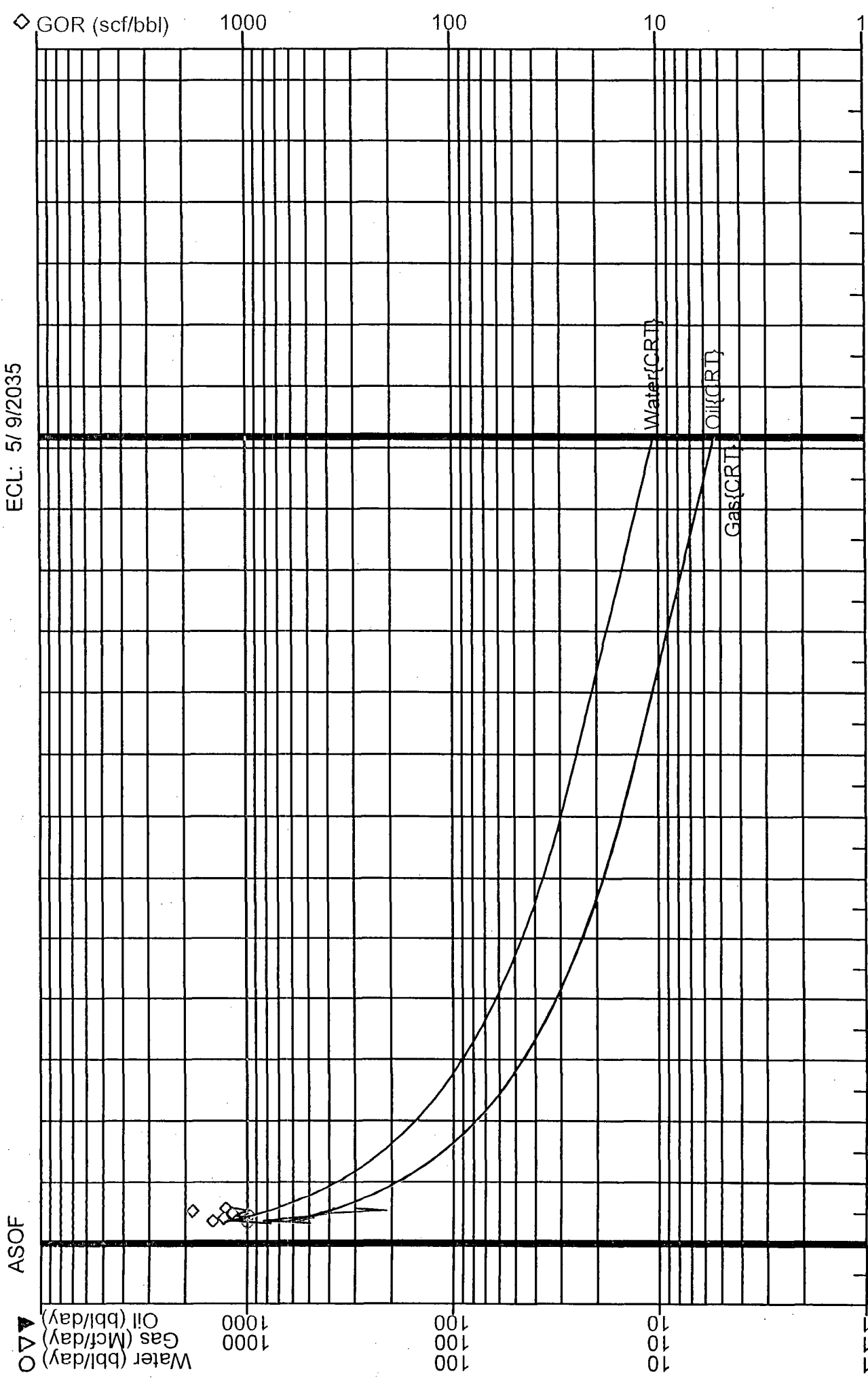
Expenditures				Future Net Revenue			
Total Sev Taxes (M\$)	Total Adv Taxes (M\$)	Net Investments (M\$)	Total Net Opcosts (M\$)	Annual (M\$)	Cumulative (M\$)	Disc. Ann. CF 5.00 % (M\$)	Cum. Disc. CF 5.00 % (M\$)
293.44	7.32	3,944.92	50.40	-79.94	-79.94	-226.49	-226.49
527.79	13.22	0.00	171.95	5,898.84	5,818.90	5,486.60	5,260.11
322.71	8.09	0.00	162.02	3,551.09	9,369.99	3,150.23	8,410.34
212.30	5.32	0.00	157.83	2,284.16	11,654.15	1,928.77	10,339.11
154.02	3.86	0.00	155.64	1,615.75	13,269.90	1,298.94	11,638.06
119.55	2.99	0.00	154.35	1,220.32	14,490.22	934.17	12,572.22
97.14	2.43	0.00	153.50	963.25	15,453.47	702.18	13,274.40
81.55	2.04	0.00	152.91	784.41	16,237.88	544.52	13,818.92
69.80	1.75	0.00	152.47	649.69	16,887.57	429.47	14,248.39
61.09	1.53	0.00	152.13	549.73	17,437.30	346.07	14,594.46
468.35	11.72	0.00	2,468.61	2,910.08	2,910.08	1,444.73	1,444.73
2,407.73	60.27	3,944.92	3,931.81	20,347.38	20,347.38	16,039.19	16,039.19

Phase :	Oil	Working Int :	1.00000000	Present Worth Profile (M\$)	
Rate :	0	Revenue Int :	0.86459483		
Document :	9,939.00 bbl/month	Disc. Initial Invest. (m\$) :	3,944.922	5.00% :	16,039.19
Decline :	162.90 bbl/month	Internal ROR (%) :	151.23	9.00% :	13,664.34
Ratio :	79.34 % year b = 0.750	ROI Investment (disc/undisc) :	5.07 / 6.16	10.00% :	13,168.43
Ratio :	0.99 Mcf/bbl	Years to Payout :	1.03	12.00% :	12,267.37
Ratio :	0.99 Mcf/bbl	Abandonment Date :	05/09/2035	15.00% :	11,102.49
Start :	08/01/2009			20.00% :	9,531.29
		Initial	1st Rev.	30.00% :	7,272.86
		Working Interest :	0.00000000	40.00% :	5,706.99
		Revenue Interest :	0.86459483	50.00% :	4,546.35
		Rev. Date :		60.00% :	3,646.86

ECL: 5/9/2035

ASOF

GV



07 11 15 19 23 27 31 35 39 43 47

Proj Oil Cum: 0.00 Mbbl
Oil Rem: 402.40 Mbbl
Oil EUR: 402.40 Mbbl

Proj Gas Cum: 0.00 MMcf
Gas Rem: 419.86 MMcf
Gas EUR: 419.86 MMcf

Form 3160-4
April 2004

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Operator Copy
I & E Operator Copy

SEP 17 2009

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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

BOPCO WTD PRODUCTION

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

BOPCO, L.P.

3. Address

P.O. Box 2760 Midland TX 79702

3a. Phone No. (Include area code)

(432)683-2277

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

At Surface UL F, 2428' FNL, 1340' FWL, Lat N. 32.349161, Long W 103.838597

At top prod. interval reported below

At total depth UL E, 1947' FNL, 783' FWL

CONFIDENTIAL

14. Date Spudded

06/14/2009

15. Date T.D. Reached

07/12/2009

16. Date Completed

☐ D & A ☒ Ready to Prod.

08/12/2009

5. Lease Serial No.

NM 029528/3

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and no.

8. Lease Name and Well No.

James Ranch Unit 105H

9. API Well No.

30-015-37064

10. Field and Pool, or Exploratory

Quahada Ridge SE (Delaware)

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

SEC 36, T22S, R30E

12. County or Parish

Eddy

13. State

NM

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

3311.1' GL

18. Total Depth: MD 13017'
TVD 7209'

19. Plug Back T.D.: MD 13012'
TVD

20. Depth Bridge Plug Set: MD
TVD

21. Type of Electric & Other Mechanical Logs Run (Submit copy of each)
Platform Express Array Induction/MCFL Final Composite
Platform Express Density/Neutron Final Composite

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	602'		575 sxs		0' circ	
12-1/4"	9-5/8"	40#	0	3825.5'		1500 sxs		0' circ	
8-3/4"	7"	26#	0	7669'		460 sxs Stg I		0' circ	
						575 sxs Stg II		179' TOC	
6-1/8"	4-1/2"	11.6#	0	13,017'		n/a		n/a	

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"	6636'							

25. Producing Intervals

26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) Delaware	3800'	7309' TVD	7730-4, 8125-9, 8602-4	0.380	24, 24, 24	Producing
B)			8904, 9276, 9690, 10064	0.380	6, 6, 6, 6	Producing
C)			10381, 759, 11136, 468	0.380	6, 6, 6, 6	Producing
D)			11843, 12266, 596, 964	0.380	6, 6, 6, 6	Producing

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

Depth Interval	Amount and Type of Material
12964'	Frac'd w/ 2856 gals 25# linear, 1050 gals 15% HCl, 36,890 gals 25# XL Borate w/ 61,793# Ottawa sand
12596'	Frac'd w/ 2730 gals 25# linear, 714 gals 15% HCl, 37,305 gals 25# XL Borate w/ 101,784# Ottawa sand
12266'	Frac'd w/ 5544 gals 25# linear, 1134 gals 15% HCl, 38,209 gals 25# XL Borate w/ 103,166# Ottawa sand
11843'	Frac'd w/ 6048 gals 25# linear, 1680 gals 15% HCL, 37,797 gals 25# XL Borate w/ 102,035# Ottawa (see

28. Production - Interval A

2nd pg for remaining details

All depths are MD unless otherwise stated

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
08/12/09	08/24/09	24	→	688	484	1428			Producing
Choice Size	Tbg. Press. Flwg.	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
WO	SI 435	350	→					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	
	SI		→						

ACCEPTED FOR RECORD

SEP 14 2009

Chris Walls
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE