



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm

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2012 JAN 30 A 11:23

NMNM71016M
3180 (P0220)

Your Reference:

Application for Initial Bone Spring Participating Area "E"

Poker Lake Unit

Eddy County, New Mexico

JAN 13 2012

CERTIFIED—RETURN RECEIPT REQUESTED

7008 3230 0002 0987 6063

BOPCO, L.P.

201 Main St.

Fort Worth, Texas 76102-3131

Gentlemen:

The following is an amendment to the previous letter dated November 25, 2011, to correct Exhibit B and assignment number. Your application dated November 3, 2011, with Exhibits "A" and "B", requesting approval for the Initial Bone Spring Participating Area "E", Poker Lake Unit, is hereby approved and is effective September 2, 2010, pursuant to Section 11 of the Poker Lake Unit Agreement, Eddy County, New Mexico.

The boundary included in the Initial Bone Spring Participating Area "E", contains 160.00 acres and is described as follows:

Township 26 South, Range 30 East, Eddy County, New Mexico
Section 1: W/2 E/2

The Initial Bone Spring Participating Area "E", contains 160.00 acres and is based upon the completion of the PLU Phantom Banks 1 Federal #1H Unit well, located in the W/2 E/2 of sec. 1, T. 26 S., R. 30 E., as a discovery well capable of producing unitized substances in paying quantities.

This Initial Bone Spring Participating Area "E" has been assigned number **NMNM71016M** for production and accounting reporting purposes. If you have any questions regarding this letter, please contact Edward G. Fernandez, Petroleum Engineer at the Division of Lands and Minerals at (575) 234-2220.

Copies of this approval letter are being distributed to the appropriate Federal agencies and one copy is returned herewith. Please advise all interested parties of the Initial Bone Spring Participating Area "E", NMNM71016M (AFS-891000303-L), Poker Lake Unit, and the effective date of September 2, 2010.

Since there is a well currently producing, this approval requires the submission of a Payor Information Form MMS-4025 to the Office of Natural Resource Revenue (ONRR) within 30 days (30 CFR 210.51). Please notify the designated payor or payors as soon as possible regarding this requirement. Any producing royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Office of Natural Resource Revenue at 1-800-525-9167 or 303-231-3504.

Sincerely,



Don Peterson
Assistant Field Manager,
Lands and Minerals

1 Enclosure

cc: ONRR, Denver (MS357B-1)
Commissioner of Public Lands
New Mexico Taxation & Revenue Dept.
Revenue Processing Division
NMOCD
NM9210
NMP0220, (CFO I&E)

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

November 3, 2011

Federal Express

New Mexico State Land Office
Commissioner of Public Lands
P. O. Box 1148, 310 Old Santa Fe Trail
Santa Fe, New Mexico 87504-1148
Attention: Pete Martinez

New Mexico Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, New Mexico 87505
Attention: Mark Fesmire

Bureau of Land Management
P.O. Box 1397
Roswell, New Mexico 88201-2019
Attention: Edward Fernandez

Re: Application for Initial Bone Spring Participating Area "E"
Poker Lake Unit
Eddy County, New Mexico

Gentlemen:

BOPCO, L.P. as Unit Operator of the Poker Lake Unit Agreement, pursuant to the provisions of Section 11 thereof, respectfully submits for your approval the selection of the following described lands to constitute the Initial Bone Spring Participating Area "E." The participating area consists of 160 acres to be comprised of the lands indicated on the plat attached hereto and further described as follows:

T26S-R30E

Section 1: W/2 E/2

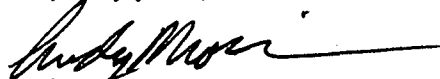
All in Eddy County, New Mexico and containing 160 acres of land.

In support of this application the following numbered items are attached hereto and made a part hereof:

1. A schedule (Exhibit "A") identifying the lands entitled to participation in the participating area with the percentage of participation of each lease or tract indicated thereon.
2. An ownership map (Exhibit "B") depicting the boundaries of the proposed Initial Bone Spring Participating Area "B" and location of specific tracts.
3. A geological report with accompanying geological maps supporting and justifying the proposed selection of the area based on the results obtained from the PLU Phantom Banks 1 Federal #1H Well.

This proposed establishment of the Initial Bone Spring Participating Area "E" is predicated upon the knowledge and information obtained from the PLU Phantom Banks 1 Federal #1H Well (located in the W/2 E/2 Section 1, T26S-R30E) as of September 2, 2010, being the date of first production. It should be noted that the PLU Phantom Banks 1 Federal #1H Well has been previously determined as capable of producing in commercial quantities based on production and internal economic projections to date. The BLM concurred with such determination in their letter dated August 3, 2011. According to Section 11 of the Unit Agreement it is our understanding that the effective date of this Initial Bone Spring Participating Area "E" will be as of the date of first production, or September 2, 2010. Therefore, Bass respectfully requests your approval of the hereinabove selection of lands to constitute the Initial Bone Spring Participating Area "E" and to be effective September 2, 2010. Thank you very much for your cooperation in this regard and should you require additional information concerning same, please don't hesitate to contact the undersigned.

Very truly yours,


Andy Morrison

ACCEPTED AND AGREED this _____ day of _____, 2011.

BUREAU OF LAND MANAGEMENT

By: _____

COMMISSIONER OF PUBLIC LANDS

By: _____

NEW MEXICO OIL CONSERVATION DIVISION

By: _____



Initial Bone Spring Participating Area "E"
(9-2-10) 160 Acre Area

BEPCO, L.P.

EXHIBIT "A"

Eddy County, New Mexico

6,000

1
4,015

35

36

31

1H
12,893

2

①
1

6

11

12

7

O-44
3,972

EXHIBIT "B"

Initial Bone Springs Participating Area "E" Poker Lake Unit Eddy County, New Mexico

<u>Tract No.</u>	<u>Lease No.</u>	<u>Description</u>	<u>Participating Acres</u>	<u>Percentage of Participation</u>	<u>Working Interest Owners</u>
48	NMLC-069513-A	Section 1 T26S-R30E: W/2 E/2	160.00	100.0000%	50.00% CTV O&G NM, L.L.C. SRBI O&G NM, L.L.C. LMBI O&G NM, L.L.C. KEYSTONE O&G NM, L.L.C. THRU LINE O&G NM, L.L.C. Chesapeake Energy - 50.00%

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 12/27/11 01:37 PM

Page 1 of 1

01 02-25-1920;041STAT0437;30USC181

**Total Acres
160.000**

**Serial Number
NMNM-- - 071016M**

Case Type 318230: O&G PARTICIPATING AREA

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED Case File Juris: NEW MEXICO

Serial Number: NMNM-- - 071016M

Name & Address

Int Rel %Interest

BLM CARLSBAD FO	620 E GREENE ST	CARLSBAD NM 88220	OPERATOR	0.000000000
BOPCO LP	201 MAIN ST	FORT WORTH TX 761023105	OFFICE OF RECORD	100.000000000

Serial Number: NMNM-- - 071016M

Mer Twp Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23 0260S 0300E 001	ALIQ			W2E2;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 071016M

Act Date	Code	Action	Action Remarks	Pending Office
09/02/2010	387	CASE ESTABLISHED	DESIGNATION RECEIVED	
09/02/2010	500	GEOGRAPHIC NAME	INIT BONE SPRING PA E	
09/02/2010	500	GEOGRAPHIC NAME	POKER LAKE UNIT	
09/02/2010	515	REFERENCE NUMBER (AFS)	AFS-891000303-L	
09/02/2010	516	FORMATION	BONE SPRING	
09/02/2010	526	ACRES-FED INT 100%	160.00 - 100%	
09/02/2010	664	PA EFFECTIVE	/A/ INITIAL	
09/02/2010	868	EFFECTIVE DATE	/A/ INITIAL	
09/02/2011	595	WELL DETERMINED PAYING	LC069513A 3001537030	
11/04/2011	580	PROPOSAL RECEIVED	/A/ INITIAL	
11/25/2011	665	PA APPROVED	APV 11/25/2011	

Line Nr Remarks

Serial Number: NMNM-- - 071016M

0001	/A/ PA ALLOCATION EFFECTIVE 09/02/2010			
0002	LEASE SERIAL#	TR#	STATUS	ACRES
0003	NMLC-069513A	1	FC	160.00
0004			TOTAL	160.00
0005	TR1 26S, 30E, SEC. 1			
0006	CWD ON PLU PHANTOM BANKS 1 FED 1H 3001537030			
0007	CWD DETERMINATION APPROVED ON 08/03/2011			
0008	DATE OF FIRST PROD IS 09/02/2010 FOR 3001537030			



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

December 29, 2011

BOPCO, L.P.
201 Main Street
Fort Worth, Texas 76102-3131

Attention: Mr. Andy Morrison

Re: Poker Lake Unit
Initial Bone Spring Participating Area "E"
Eddy County, New Mexico

Dear Mr. Morrison:

We are in receipt of your application of November 3, 2011 requesting approval of the Initial Bone Spring Participating Area "E" for the Poker Lake Unit, Eddy County, New Mexico.

By their letter of November 25, 2011, the Bureau of Land Management has advised this office of their approval to the above-mentioned participating area.

The Commissioner of Public Lands concurs with the Bureau of Land Management and has this date approved the above-mentioned participating area effective as follows:

INITIAL BONE SPRING PARTICIPATING AREA "E"
Effective September 2, 2010

WELL	DESCRIPTION	ACRES
PLU Phantom Banks 1 Federal #1H	T-26S-30E Sec. 1: W/2E/2	160.00


Our approval is subject to like approval by all other appropriate agencies.

BOPCO
December 29, 2011
Page 2

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

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
Larry J. Roybal, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/LR/pm
cc: Reader File,
OCD-Attention: Mr. Ed Martin
BLM-Attention: Mr. Wesley Ingram
TRD-Attention: Mr. Valdean Severson