

11/30/06
Final Date Submitted
First EV dated 8/27/06

SWD-1064 p.w.v. 0634558888

BEPCO, L.P.
P. O. Box 2760
Midland, Texas 79702

September 13, 2006

FAX: 432-687-0329



Re: Notice of Application for
Authorization to Convert to SWD
Poker Lake Unit #227
Eddy County, New Mexico
File: 100-WF: PLU227.C108

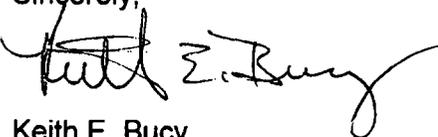
30 - 015 - 33929

Oil Conservation Division
1220 S. St. Francis
Santa Fe, New Mexico 87505

Gentlemen:

Enclosed please find BEPCO, L.P.'s Application for Authorization to Convert for disposal purposes only into the Poker Lake Unit #227, located in Section 30, T24S, R30E, Eddy County, New Mexico.

If additional information is required, please contact Michael Lyon at the letterhead address.

Sincerely,

Keith E. Bucy
Division Production Manager

MLL:cdg
Attachment

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE : _____ Secondary Recovery _____ Pressure Maintenance X Disposal _____ Storage
Application qualifies for administrative approval? X Yes _____ No

II. OPERATOR: BEPCO, L.P.

ADDRESS : P.O. BOX 2760 MIDLAND TX 79702-2760

CONTACT PARTY : CINDI GOODMAN PHONE : (432)683-2277

III. WELL DATA: Complete the data required on the reverse side of this form for each well processed for injection.
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes X No
If yes, give the Division order number authorizing the project _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted.)

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.

XIII. Applicants must complete the 'Proof of Notice' section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: CINDI GOODMAN TITLE: PRODUCTION CLERK

SIGNATURE: Cindi Goodman DATE: 08/07/2006

E-MAIL ADDRESS: cdgoodman@basspet.com

* If the information required under Sections VI, VII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstance of the earlier submittal: _____

III. Well Data

- A. 1) Lease name: **Poker Lake Unit**
 Well #: **227**
 Section: **30P**
 Township: **24S**
 Range: **30E**
 Footage: **330' FSL & 560' FEL**

2) Casing Info.

Casing size	Set depth	Sacks cmt	Hole size	TOC	Method
8-5/8" 32# J&K55	540'	560	12-1/4"	Surface	Circulated
7" 23# L80	3700'	485	7-7/8"	Surface	Squeezed
4-1/2" 11.6# J55	7605'	270	6-1/8"	4840'	Temp Survey

3) Tubing to be used (size, lining material, setting depth):

It is anticipated that a string of 2-3/8" 6.5# J-55 Seal Tite PVC, set to a depth of 4,900', be utilized if all proposed perforations are utilized.

4) Name, model, and depth of packer to be used:

Baker Lok-Set packer (plasti coated ID & nickel coated OD) @ 4900' if all proposed perforations are utilized.

B. 1) Name of the injection formation and, if applicable, the field or pool name:
 Nash Draw (Delaware/Avalon).

2) The injection interval and whether it is perforated or open hole:

Currently, the well is perforated in the Middle and Lower Brushy Canyon intervals from 6,968' to 7,347'. It is proposed that selected Delaware intervals from 4,930' to 6,600' be perforated and combined with the existing Middle and Lower Brushy Canyon perforations to form the overall injection interval.

3) State if the well was drilled for injection or, if not, the original purpose of the well:

The captioned well was drilled as a producer but its current marginal performance makes it more valuable as an injection / disposal well.

4) Give the depths of any other perforated intervals and detail on the sacks of cement or BP's used to seal off such perforations: *The captioned wellbore does not, and is not expected to, utilize any bridge plugs.*

5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any:
T/Delaware Mtn. Group: 3,504'. T/Bone Spring Lime: 7,373'.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

Well Name	No.	API	Operator	Type	Location	Surface Casing	Intermediate Casing	Construction	Production Casing	Tubing	Sud Date	Comp Date	TD	Perforations	Simulation
Poker Lake Unit	241	30-075-34308	BEPCO	Producer	840° FSL & 2030° FEL, §30 T24S-R30E	11-3/4" 42# @ 530'. CTS	None	5-1/2" @ 7565', 0860#x, TOC 2920' YS	5-1/2" @ 7565', 0860#x, TOC 2920' YS	7457'	2/15/2006	4/7/2006	7570	7220-7425'	F245M gallons & 20M# Life Prop in 2 sigs

VII. Attach data on the proposed operation, including:
 1. Proposed average and maximum daily rate and volume of fluids to be injected: 3,000 BWMPD
 2. Whether the system is open or closed: closed
 3. Proposed average and maximum injection pressure: 800 psi average, 1000 psi maximum
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water: water will be produced from same reservoir (Delaware/Avalon).
 5. If injection is for disposal purposes into a zone not productive of oil & gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water: n/a

VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with TDS of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval:
 Lithologic Detail: Sand, Shale, Lime Sequences
 Geological Name: Delaware Mountain Group
 Thickness: 3869'
 Depth: 3504'-7373'

IX. The Rustler Formation is a known source of fresh water throughout this geographic area. Average depth of Rustler is 200-400'. No sources of fresh water are known to exist below the proposed disposal zone.

X. Describe the proposed stimulation program, if any:
 Each of the zones will be perforated and acidized with approximately 50 gallons 7-1/2% NEFE HCl per foot.

XI. Attach appropriate logging and test data on the well (if well logs have been filed with the Division, they need not be resubmitted).
 Logs previously submitted.

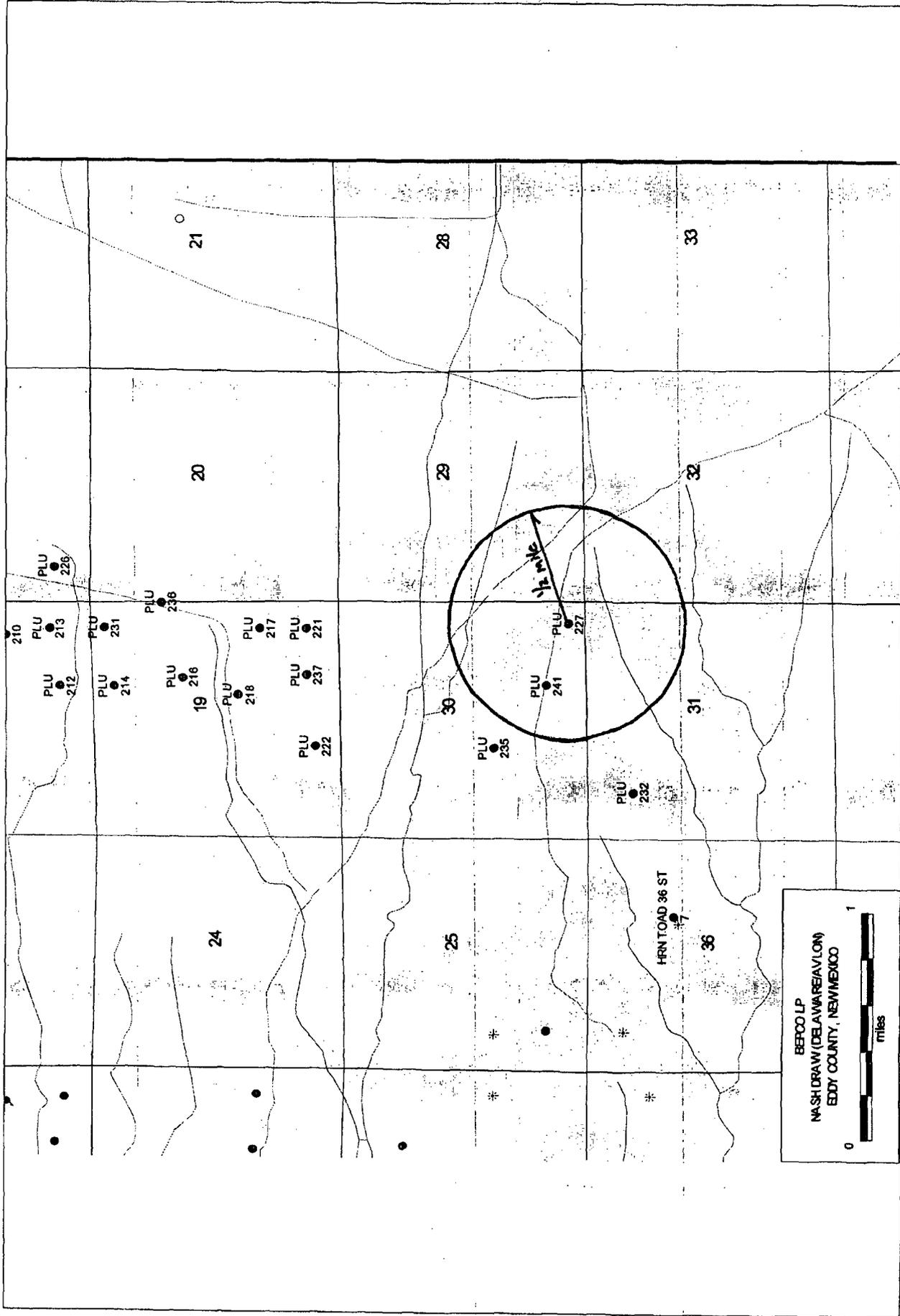
XII. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
 No known fresh water, injection/disposal wells within one mile of proposed well.

Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrology connection between the disposal zone and any underground sources of drinking water.
 Applicant hereby affirms that he has examined the available geologic and engineering data and finds no evidence of open faults, or other hydrologic connection between the disposal zone and any underground source of drinking water.

PowerTools Map

Project: d:\my documents\files\power tools data\new mexico.mdb

Date: 8/4/2006
Time: 1:57 PM



CURRENT WELLBORE DIAGRAM

Lease: **Poker Lake Unit**

Well No.: **227**

Field: **Nash Draw (Delaware)**

Location: **330' FSL & 560' FEL, Sec 30, T24S, R30E**

County: **Eddy** St: **NM**

API: **30-015-33929**

KB: 3237
GL: 3217
Spud Date: 8/14/2005
Compl. Date: 10/1/2005

Surface Csg.

Size: 8 5/8
Wt: 32
Grd: K55/J55
Set @: 540
Sxs cmt: 759
Circ: Y
TOC: Surf by Top Out
Hole Size: 12 1/4 to 636

1st Intermediate Csg.

Size: 7
Wt: 23
Grd: L80
Set @: 3700
Sxs Cmt: 485
Circ: N
TOC: Surf Sqzd
Hole Size: 7 7/8

Production Csg.

Size: 4 1/2
Wt: 11.6
Grd: J55
Set @: 7605
Sxs Cmt: 240
Circ: N
TOC: 4840 by TS
Hole Size: 6 1/8 to 7610

Tubing

235 jts 2 3/8" 6.53 J55

Rods

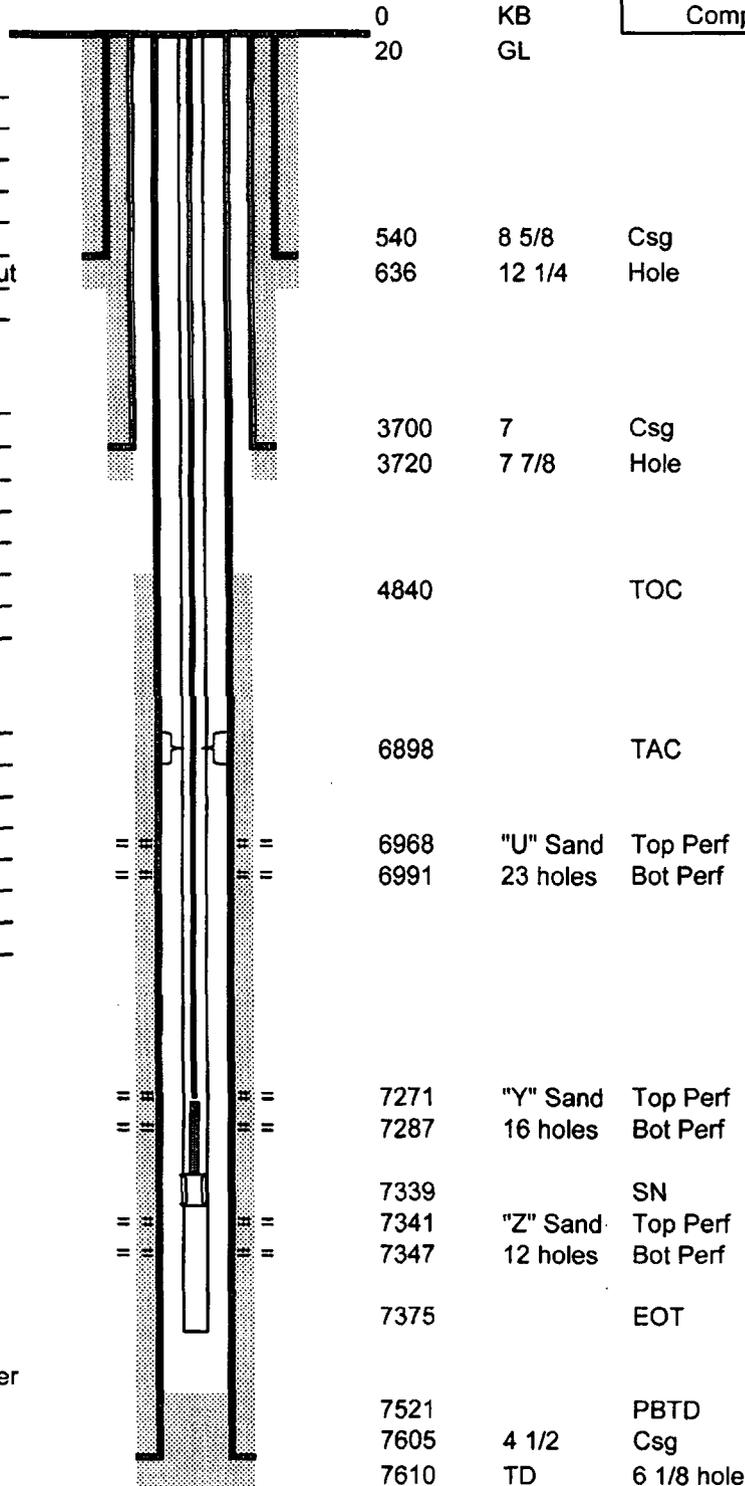
290 - 7/8" & 3/4" Steel

Pump

2 1/2" x 1 1/2" x 20 RHBM

Pump Unit

Amp 320-256-120 w/ VSD Controller



X: 629896.7
Y: 430164.34
Lat: 32.181942
Long: -103.913475

Before

PBTD: 7521
TD: 7610

Updated: 1/30/2006
Author: ELE
Engr: CMB

Lease: **Poker Lake Unit**

Well No.: **227**

Field: **Nash Draw (Delaware)**

Location: **330' FSL & 560' FEL, Sec 30, T24S, R30E**

County: **Eddy** St: **NM**

API: **30-015-33929**

KB: 3237
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AFTER

Surface Csg.

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 Grd: K55/J55
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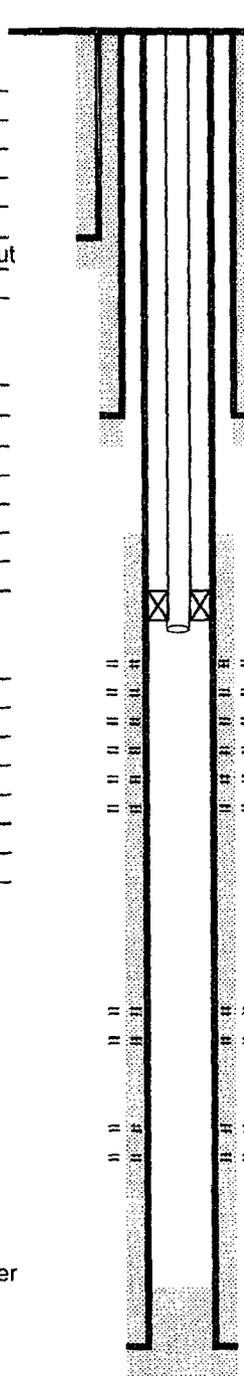
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2 1/2" x 1 1/2" x 20 RHBM

Pump Unit

Amp 320-256-120 w/ VSD Controller



0	KB	
20	GL	
540	8 5/8	Csg
636	12 1/4	Hole
3700	7	Csg
3720	7 7/8	Hole
4840		TOC
4900'	PROPOSED PACKER DEPTH	
4930'	TOP OF NEW PROPOSED PERFS	
6600'	BOTTOM OF NEW PROPOSED PERFS	
6968	"U" Sand	Top Perf
6991	23 holes	Bot Perf
7271	"Y" Sand	Top Perf
7287	16 holes	Bot Perf
7339		SN
7341	"Z" Sand	Top Perf
7347	12 holes	Bot Perf
7375		EOT
7521		PBTD
7605	4 1/2	Csg
7610	TD	6 1/8 hole

PBTD: 7521
 TD: 7610

Updated: 1/30/2006
 Author: ELE
 Engr: CMB

N.M. Oil Cons. DIV-Dist. 2
 UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT
 1201 W. Grand Avenue
 Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
 Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMLC069627A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NMNM71016

8. Well Name and No.
POKER LAKE UNIT #227

9. API Well No.
30-015-33929

10. Field and Pool, or Exploratory Area
NASH DRAW - DELAWARE

11. County or Parish, State
EDDY NM

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Bass Enterprises Production Co.

3a. Address
P. O. Box 2760 Midland TX 79702

3b. Phone No. (include area code)
(432)683-2277

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SEC 30, T24S, R30E, SESE UL P, 330' FSL & 560' FEL
32.10559 N LAT. 103.54501 W LON

RECEIVED
SEP 20 2005
OCC-ARTESIA

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/ Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other DRILLING OPERATIONS
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompletes horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Spud well @ 5:00 p.m. on 8/14/05. Drilled 12-1/4" hole to 636'. Ran 12 jts 8-5/8", 32# K-55, ST&C casing to 455' & 32# J-55 STC set @ 540'. Cement with 150 sx Premium Plus w/10% CaCl-Seal, 2% CaCl, Thixotropic and 360 sx Premium Plus w/ 2% CaCl & 1/4#sk Flocele and 50 sx Premium Plus w/2% CaCl. WOC 24 hrs. Test casing to 1000 psi f/30 min. held ok. Drill 7-7/8" hole to 3720'. Ran 126 jts 7" 23#, L-80 casing set @ 3700'. Cement with 485 sx Interfill A mixed at 11.9 Lbs/Gal & Premium Plus w/2% CaCl & 1/4#sk Flocele. Drill 6-1/8" hole to 7610'. Ran 196 jts 4-1/2" 11.60# J-55, LTC casing set at 7605'. Cement with 270 sx Premium Plus + 2% Zoneseal w/70,000 SCF N2. TOC by Temp Survey 4840'.
 Release Rig @ 8:00 p.m. 9/03/05.
 Prep for completion.

ACCEPTED FOR RECORD

SEP 20 2005

ACS

ALEXIS C. SWOBODA
PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Cindi Goodman	Title Production Clerk
Signature <i>Cindi Goodman</i>	Date 09/14/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

The second problem encountered is the presence of "free flowing sand" at or near the base of salt. This "troublesome sand" was found at $\pm 1500'$, $\pm 1800'$, $\pm 1950'$, and $\pm 2300'$ in our PLU #217 well. Only mudding up with a high viscous mud removes this sand from the wellbore and when that is accomplished the resultant mud weight is too high for the low frac gradient in the Delaware Lower Brushy Canyon zones. Therefore, we are proposing to drill below the surface casing with an 11" hole. If "free flowing sand" is encountered, we will mud up, set an 8-5/8" intermediate string above the Delaware in the Lamar Lime, and drill to the PTD with fresh water. If no sand is encountered, we plan to reduce the hole size at the top of the Delaware to 7-7/8" and continue with the brine system to 5600' then switch to our brine water - diesel emulsion mud system already being used in the field to reach the PTD. After electric logging, a 5-1/2" production string will be run and cemented in either case. Practical and prudent drilling operations can be achieved through the flexibility being granted with this request.

Also, we would like to modify the reserve pit configuration to accommodate all the drilling scenarios discussed above. See attached diagram.

Additional Operator Remarks:

Surface casing to be set into Rustler below all fresh water sands.
Production casing will be cemented using Zone Seal Cement.
Drilling Procedure, BOP Diagram, Anticipated tops and surface plans attached.

This well is located outside the Secretary's Potash area and outside the R-111 Potash area. There are no potash leases within 1 mile of the location.

**EIGHT POINT DRILLING PROGRAM
BASS ENTERPRISES PRODUCTION CO.**

NAME OF WELL: Poker Lake Unit #227

LEGAL DESCRIPTION - SURFACE: 330' FSL & 560' FEL, Section 30, T-24-S, R-30-E, Eddy County, New Mexico.

POINT 1: ESTIMATED FORMATION TOPS

(See No. 2 Below)

POINT 2: WATER, OIL, GAS AND/OR MINERAL BEARING FORMATIONS

Anticipated Formation Tops: KB 3238' (est) GL 3218'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	228'	+3010'	Barren
B/Rustler	508'	+2730	Barren
T/Salt	538'	+2700'	Barren
B/Salt	3308'	-70	Barren
T/Lamar Lime	3509'	-271'	Barren
T/Ramsey	3544'	-306'	Oil/Gas
T/Lwr Brushy Canyon "8" A	7082'	-3844'	Oil/Gas
T/Y" Sand	7179'	-3941'	Oil/Gas
TD	7720'		

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	0'- 40'	Conductor	Contractor Discretion
8-5/8", 28#, J-55, ST&C	0'- 500'	Surface	New
5-1/2", 15.5#, J-55, LT&C	0'- 6300'	Production	New
5-1/2", 15.5#, L-80, LT&C	6300'- 7720'	Production	New

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOP equivalent to Diagram 1 will be nipped up on the surface casing head. The BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. will be hydro-tested to 70% of internal yield pressure of casing. In addition to the high pressure test, a low pressure (200 psi) test will be required. These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) Fifteen days after a previous test
- d) As required by well conditions

A function test to insure that the preventers are operating correctly will be performed on each trip.

WITNESS

BEPCO, L.P.
P. O. Box 2760
Midland, Texas 79702

432-683-2277

July 27, 2006

FAX: 432-687-0329

Re: Notice of Application for
Authorization to Convert to SWD
Poker Lake Unit #188Y
Eddy County, New Mexico
File: 100-WF: PLU188Y.C108

Bureau of Land Management
Department of Interior
620 E. Greene Street
Carlsbad, New Mexico 88220-6292
Attn: Mr. Craig Cranston

Gentlemen:

Enclosed please find BEPCO, L.P.'s Application for Authorization to Convert for disposal purposes only into the Poker Lake Unit #188Y, located in Section 5, T24S, R30E, Eddy County, New Mexico.

If additional information is required, please contact Michael Lyon at the letterhead address.

Sincerely,



Keith E. Bucy
Division Production Manager

MLL:cdg
Attachment

Jones, William V., EMNRD

From: Goodman, Cindi D [CDGoodman@BassPet.Com]
Sent: Thursday, November 30, 2006 1:06 PM
To: Jones, William V., EMNRD
Subject: RE: SWD Application: Poker Lake Unit #227 30-015-33929

Will,

Below please find the additional information you requested for the Poker Lake Unit #227, should you have any questions please contact me.

And FYI I will be mailing the information on the PLU#188Y soon.

Thanks
 Cindi Goodman
 Production Clerk
 (432) 683-2277

-----Original Message-----

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Friday, October 27, 2006 11:55 AM
To: Goodman, Cindi D
Cc: Ezeanyim, Richard, EMNRD; Arrant, Bryan, EMNRD
Subject: SWD Application: Poker Lake Unit #227 30-015-33929

Hello Ms. Goodman:

After examining your application, we have the following questions:

- 1) The letter of notice to the BLM had the wrong well name on the cover letter. I assume you sent the entire C-108 package to the BLM? If not, please send them a copy of the submittal. [Goodman, Cindi D] Yes I did send the entire package and the correct well name was on that cover letter, the copy was attached wrong.
- 2) Are there any Lessee's within 1/2 mile of this well over in Sections 29 and 32 other than BEPCO? If so, please send them notice also as our Notice Rules have changed for C-108's (See Rule 701).[Goodman, Cindi D] No there are no other leasee's other than BEPCO within 1/2 mile.
- 3) You are applying for an SWD well in an existing production interval. Please have a reservoir engineer send a short evaluation of this production in this well and in offset wells and what effect injection into this well will have on that production. The evaluation should include an examination with reservoir engineering parameters, and be signed by the engineer. [Goodman, Cindi D] This reply will be attached to the information I will be mailing you on the PLU #188Y package.
- 4) Your application says that using this well as an SWD is more cost effective than continued production. Please send more about this, specifically a short cost comparison of injection vs pumping this high water cut well and also send an estimate of oil production potential of the additional intervals to be added up hole.[Goodman, Cindi D] The PLU 227 produces 3 BOPD, 20 MCFD, and 36 BWPD. Using a product price of \$70.00/BO and \$6.00/MCF and an operating cost of \$3,500/month the well generates a net income (NRI 84.7%) of \$8,497. Currently, however, BEPCO lacks sufficient disposal capacity forcing 2 to 6 loads of water to be trucked each day. Assuming 4 loads of water per day are trucked to a commercial disposal site at a cost of \$3.00/BW (combined trucking and SWD charge) the net monthly expense to BEPCO is \$47,424/month. Converting the PLU 227 would result in a net savings of \$38,927/month. Future development is also expected to be primarily focused on the southern end of the field near this well. An SWD well in this location would prevent the transporting of water, via flowlines, 6 miles to the north to the PLU 170 and PLU 71A sites thereby minimizing the effects of possible leaks.

Projected Oil Response from Injection into Poker Lake Unit #188Y and #227

In order to estimate the benefit of injection into the Poker Lake Unit #188Y and the Poker Lake Unit #227, an evaluation of the analogous injection by Maralo Inc. into the Charger 29 Federal #1 was performed. The Charger 29 Federal #1 is located approximately 1 mile to the north of BEPCo L.P.'s Nash Draw Field development. A map of the area is presented in attachment 1. Injection into the Lower Brushy Canyon began in June 1997. At the commencement of injection, the Gold Rush 30 Federal #3 and the Gold Rush 30 Federal #4 directly offset the Charger 29 Federal #1. Production curves for these two wells are presented in attachments 2 and 3. Both wells observed secondary oil response from the offset injection, which is plotted in attachment 4. Plots of oil production rate versus cumulative oil production were created (attachments 5, 6, 7, & 8) to evaluate the additional reserves recovered as a result of injection into the Charger 29 Federal #1. The Gold Rush 30 Federal #3 had projected reserves of 52 MBO prior to injection into the Charger #1 and 62 MBO after injection began giving reserves attributed to secondary recovery of 10 MBO and a secondary to primary ratio (S/P) of 0.2. The Gold Rush 30 Federal #4 had projected reserves of 56 MBO prior to injection and 81 MBO after injection for secondary reserves of 25 MBO and an S/P ratio of 0.45.

Attachments 9 and 12 show a map of the area immediately surrounding each proposed conversion. A conservative S/P ratio of 0.2, derived from the analog, was applied to production from wells immediately offsetting the Poker Lake Unit #188Y and the Poker Lake Unit #227. A lag time of 2 years to first response was also assumed in order to account for the advanced depletion offsetting the PLU #188Y relative to the stage of depletion when the Charger 29 Federal #1 was converted to injection. Historical and projected oil production offsetting each proposed injection well is presented in attachments 10 and 11 for the Poker Lake Unit #188Y and attachments 13 and 14 for the Poker Lake Unit #227. Total secondary recovery expected from the conversions is estimated at 30 MBO. Assuming an oil price of \$30/bbl net of expenses and royalty, secondary reserves are valued at \$900,000. Remaining oil reserves from the two proposed conversions is estimated to be less than 5 MBO total.


Kent A. Adams
Division Engineer
BEPCO, L.P.

Injection Permit Checklist

SWD Order Number 1064 Dates: Division Approved _____ District Approved _____

Information Request Letter or Email sent 10/27/06

Well Name/Num: POKER LAKE UNIT #227 Date Spudded: 8/14/05

API Num: (30-) 015-33929 County: EDDY

Footages 330 FSL / 560 FEL Sec 30 Tsp 24S Rge 30 E

Operator Name: BEPCO, L.P. Contact CINDI GOODMAN
KATH E. BUSY

Operator Address: P.O. Box 2760 MIDLAND, TX 79702-2760

	Hole/Pipe Sizes		Depths	Cement	Top/Method
Surface	12" 4	8 5/8	540	759	Surf
Intermediate	7 7/8	7	3100	485	Surf
Production	6 1/8	4 1/2	7605	210 485	TS @ 4840
Last DV Tool					
Open Hole/Liner					
Plug Back Depth					

Diagrams Included (Y/N): Before Conversion After Conversion

Checks (Y/N): Well File Reviewed ELogs in Imaging

*23 1/8" TBG @ 4900'
New E Marginal BRUSY
Copper Producer 6908-7347*

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Potash			
Capitan Reef			
Cliff House, Etc:			
Formation Above	3504	Del Top.	
Top Inj Interval	4930	Del	
Bottom Inj Interval	7347	Del	
Formation Below	7373	B.S.	

986 PSI Max. WHIP
NO Open Hole (Y/N)
NO Deviated Hole (Y/N)

Fresh Water Site Exists (Y/N) Yes RUSTLER Analysis Included (Y/N): No wells

Salt Water Analysis: Injection Zone (Y/N/NA) Some Disposal Waters (Y/N/NA) _____ Types: DEL

Affirmative Statement Included (Y/N): Newspaper Notice Adequate (Y/N) Well Table Adequate (Y/N)

Surface Owner BLM Noticed (Y/N) _____ Mineral Owner(s) BLM

AOR Owners: all BEPCO Noticed (Y/N) ?

GID/Potash/Etc Owners: _____ Noticed (Y/N) _____

AOR Num Active Wells 1 Repairs? _____ Producing in Injection Interval in AOR Yes

AOR Num of P&A Wells 0 Repairs? _____ Diagrams Included? _____

Data to Generate New AOR Table

New Table Generated? (Y/N)

	STR	E-W Footages	N-S Footages
Wellsite			
Northeast			
North			
Northwest			
West			
Southwest			
South			
Southeast			
East			

- Conditions of Approval:
- Letter to BLM (using well) *OK*
 - any messages 29, 32 & 0
 - Producer Disclaimer *OK*
 - _____

RBDMS Updated (Y/N) _____
UIC Form Completed (Y/N) Yes *11/1/06*
This Form completed 10/27/06

Inactive Well List

Total Well Count:316 Inactive Well Count:1 Since:9/17/2005

Printed On: Monday, December 11 2006

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	Days in TA
2	30-015-29509	POKER LAKE UNIT #091	D-12-25S-30E	D	1801	BEPCO, LP	F	O	12/1999	DELAWARE		

WHERE Ogrid:1801, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15