

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
 Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
 [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

| | | | |
|--------------------|-----------|----------------|------|
| Print or Type Name | Signature | Title | Date |
| | | e-mail Address | |

District I
1675 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

2007 APR 16 AM 8 39

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: BEPCO, L.P.
OPERATOR ADDRESS: P.O. BOX 2760 MIDLAND, TX 79702-2760
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If #Yes#, please include the appropriate Order No. PLC-275
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

| (1) Pool Names and Codes | Gravities / BTU of Non-Commingled Production | Calculated Gravities / BTU of Commingled Production | Calculated Value of Commingled Production | Volumes |
|--|--|---|---|-------------|
| Corral Canyon, NW (Delaware) - 96464 | 41.6 | 41.84 | | 20 bbls/da |
| Nash Draw (Delaware, BS, Avalon) - 47545 | 41.9 | 41.84 | | 80 bbls/day |
| | | | | |
| | | | | |

- (2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If #yes#, describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

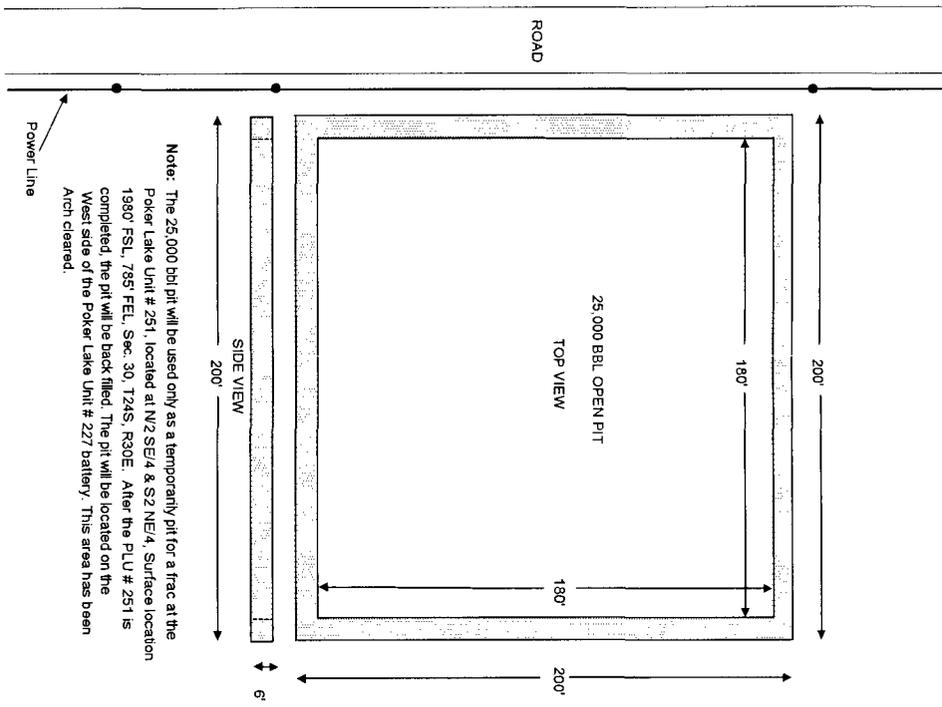
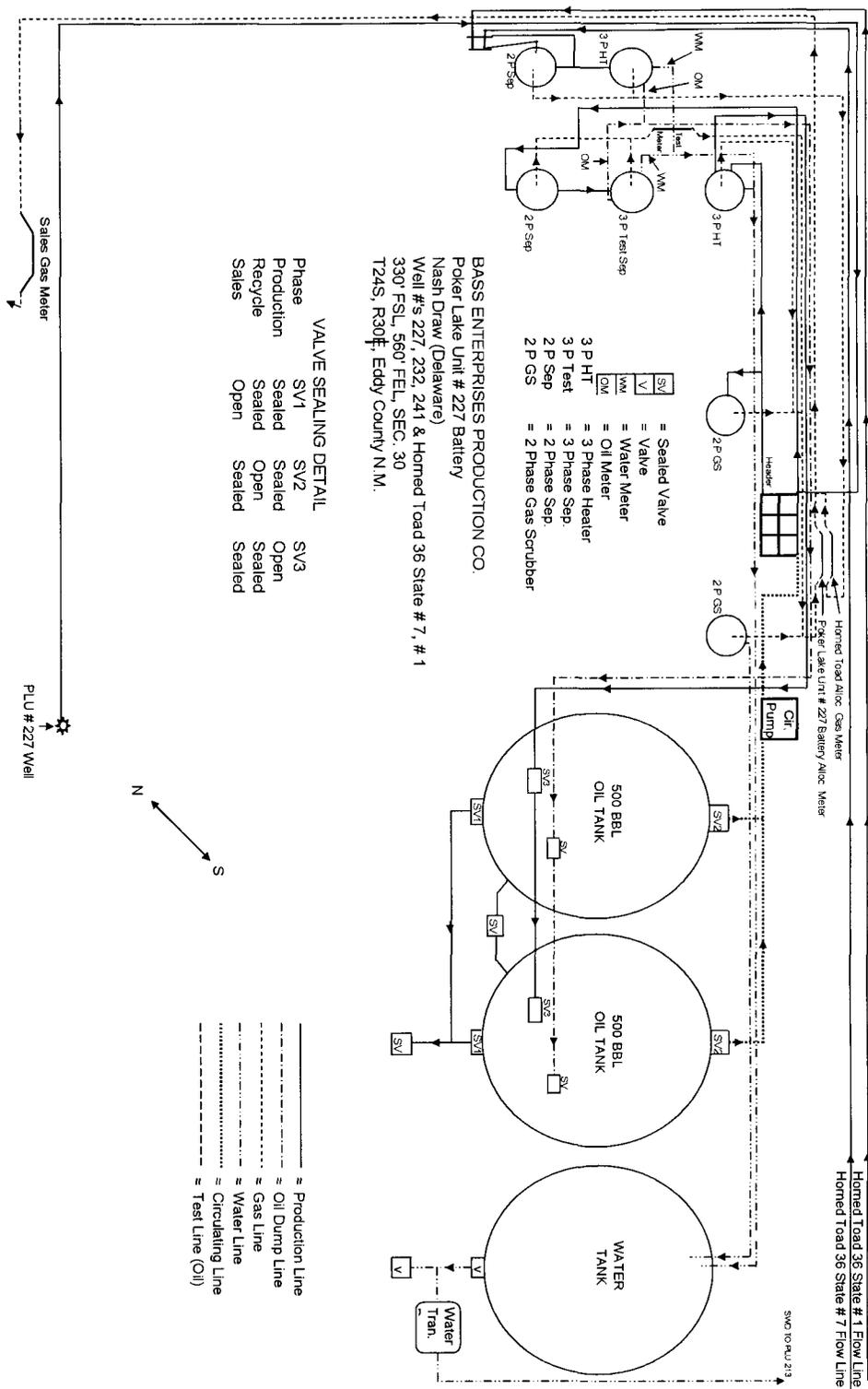
(E) ADDITIONAL INFORMATION (for all application types)

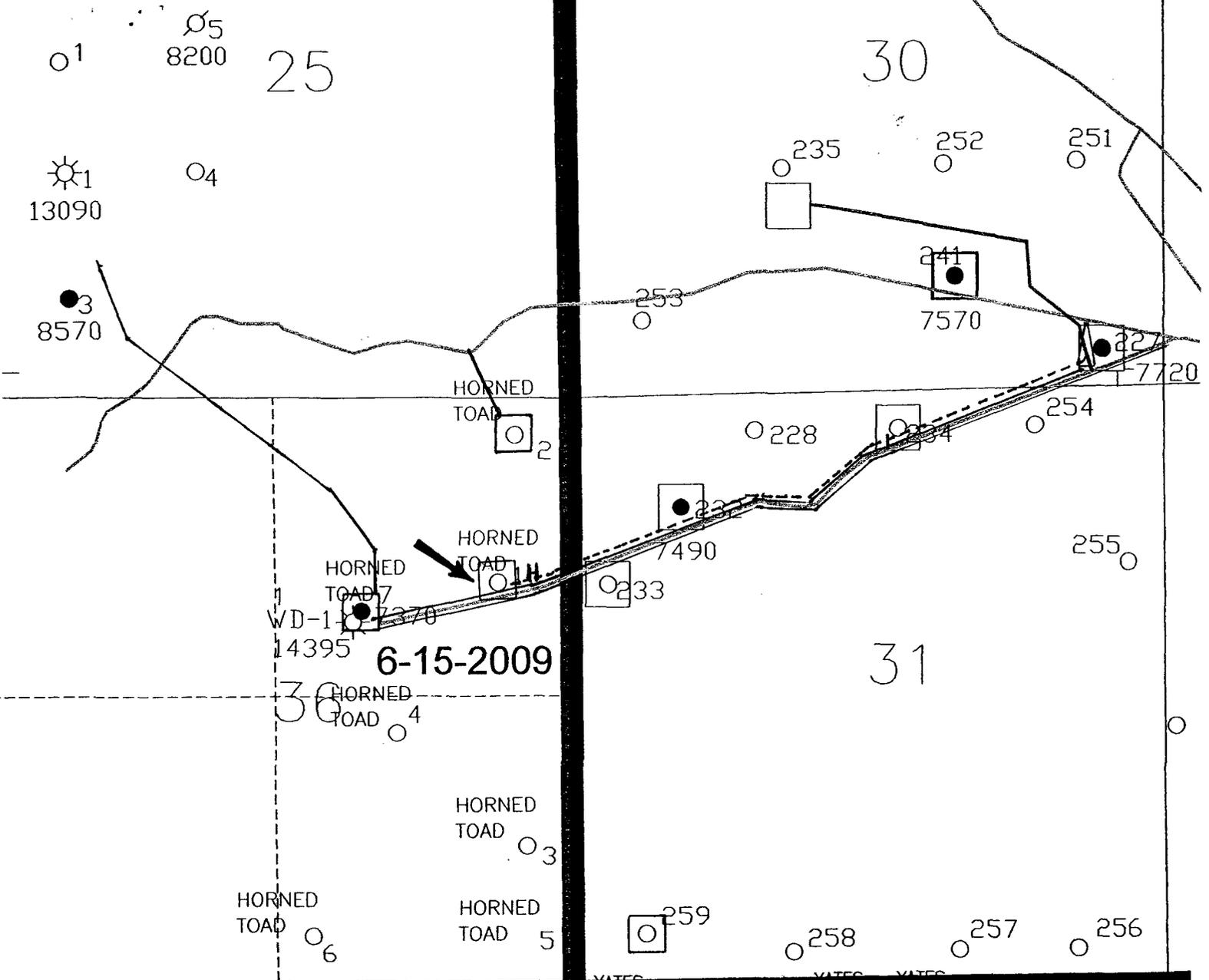
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

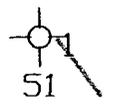
SIGNATURE: Ann Moore TITLE: PRODUCTION CLERK DATE: 04/10/2007
TYPE OR PRINT NAME: ANN MOORE TELEPHONE NO.: (432)683-2277
E-MAIL ADDRESS: camoorebasspet.com





 400' x 400' Arch Cleared Area

-  Existing Roads
-  Proposed Roads
-  Existing Flowlines (2 7/8" steel)
-  Proposed Flowlines (2 7/8" steel)
-  Existing Power Lines
-  Proposed Power Lines



10-2007

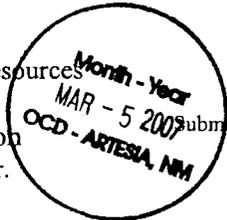


CAm

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505



State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



Form C-101
May 27, 2004

submit to appropriate District Office

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|---------------------------------------|----------------------------|
| Operator Name and Address BEPCO, L.P. P. O. Box 2760 Midland, Texas 79702 | | OGRID Number 001801 |
| Property Code 35100 | Property Name Horned Toad 36 State | API Number 30-015-34764 |
| Proposed Pool 1 <i>Nash Draw; Delaware / Bone Spring (Ave. Sand)</i> | | Well No. 1H |
| Proposed Pool 2 | | |

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 36 | 24S | 29E | | 1625' | North | 660 | East | Eddy |

Proposed 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 36 | 24S | 29E | | 355 | South | 660 | East | Eddy |

Additional Well Information

| | | | | |
|---|---|--|--|------------------------------------|
| Work Type Code N | Well Type Code O | Cable/Rotary R | Lease Type Code S | Ground Level Elevation 3130' GL |
| Multiple No | Proposed Depth 8444' MD 5542' TVD | Formation Delaware | Contractor Adobe Drilling | Spud Date 3/03/2007 |
| Depth to Groundwater 150' | Distance from nearest fresh water well 2-1/2 miles | | Distance from nearest surface water 6 miles | |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> | | Pit Volume: 1500 bbls | | |
| Closed-Loop System <input type="checkbox"/> | | Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | |

Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 14-3/4" | 11-3/4" | 42# | 857' MD | 475 | Surface |
| 11" | 8-5/8" | 32# | 3367' MD | 750 | Surface |
| 7-7/8" | 5-1/2" | 17# | 8644' MD | 730 | 3040' |

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

SURFACE IS OWNED BY THE STATE OF NEW MEXICO. ATTACHED IS A DRILLING PROGNOSIS AND A BOP DIAGRAM. Surface location is unorthodox, bottom-hole is orthodox.

As stated in the attached drilling plan this well will be a horizontal well with KOP of approximately 5077' TVD an azimuth of 180°, build angle of 13.48°, and a bottom hole target of 8644' MD (lateral displacement 3300') TVD 5542'. See attached directional plan and 8 point drilling plan for details.

NSL-5358

| | | |
|---|---|-----------------------------------|
| <p>²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/>, a general permit <input type="checkbox"/>, or an (attached) alternative OCD-approved plan <input type="checkbox"/>.</p> <p>Printed name: Annette Childers <i>Donnette Childers</i></p> <p>Title: Administrative Assistant</p> <p>E-mail Address: machilders@basspet.com</p> <p>Date: <i>3-1-2007</i> Phone: 432-683-2277</p> | OIL CONSERVATION DIVISION | |
| | Approved by: BRYAN G. ARRANT DISTRICT II GEOLOGIST | Approval Date: MAR 06 2007 |
| Conditions of Approval Attached <input type="checkbox"/> | | |

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2006



CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Submit to Appropriate District Office
Month-Year
MAR - 5 2007
OCD - ARTESIA, NM

State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

(Alvato Sand)

| | | | |
|-----------------------------------|--|-------------------------------|---------------------------------|
| API Number 30-015-34764 | Pool Code 47545 | Pool Name Nash Draw | (Delaware)/ Bone Springs |
| Property Code V 7100 | Property Name HORNED TOAD "36" STATE | | Well Number 1H |
| OGRID No. 001801 | Operator Name BEPCO, L.P. | | Elevation 3130' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 36 | 24 S | 29 E | | 1625 | NORTH | 660 | EAST | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 36 | 24 S | 29 E | | 355 | SOUTH | 660 | EAST | EDDY |

| | | | |
|-------------------------------|-----------------------------|--------------------|-----------|
| Dedicated Acres 120 | 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

SURFACE LOCATION
LAT - N32°10'35.9"
LONG - W103°55'53.7"

BOTTOM HOLE
LAT - N32°10'03.1"
LONG - W103°55'53.7"

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.

Gary E. Gerhard 3/1/07
Signature Date

Gary E. Gerhard
Printed Name

SURVEYOR CERTIFICATION

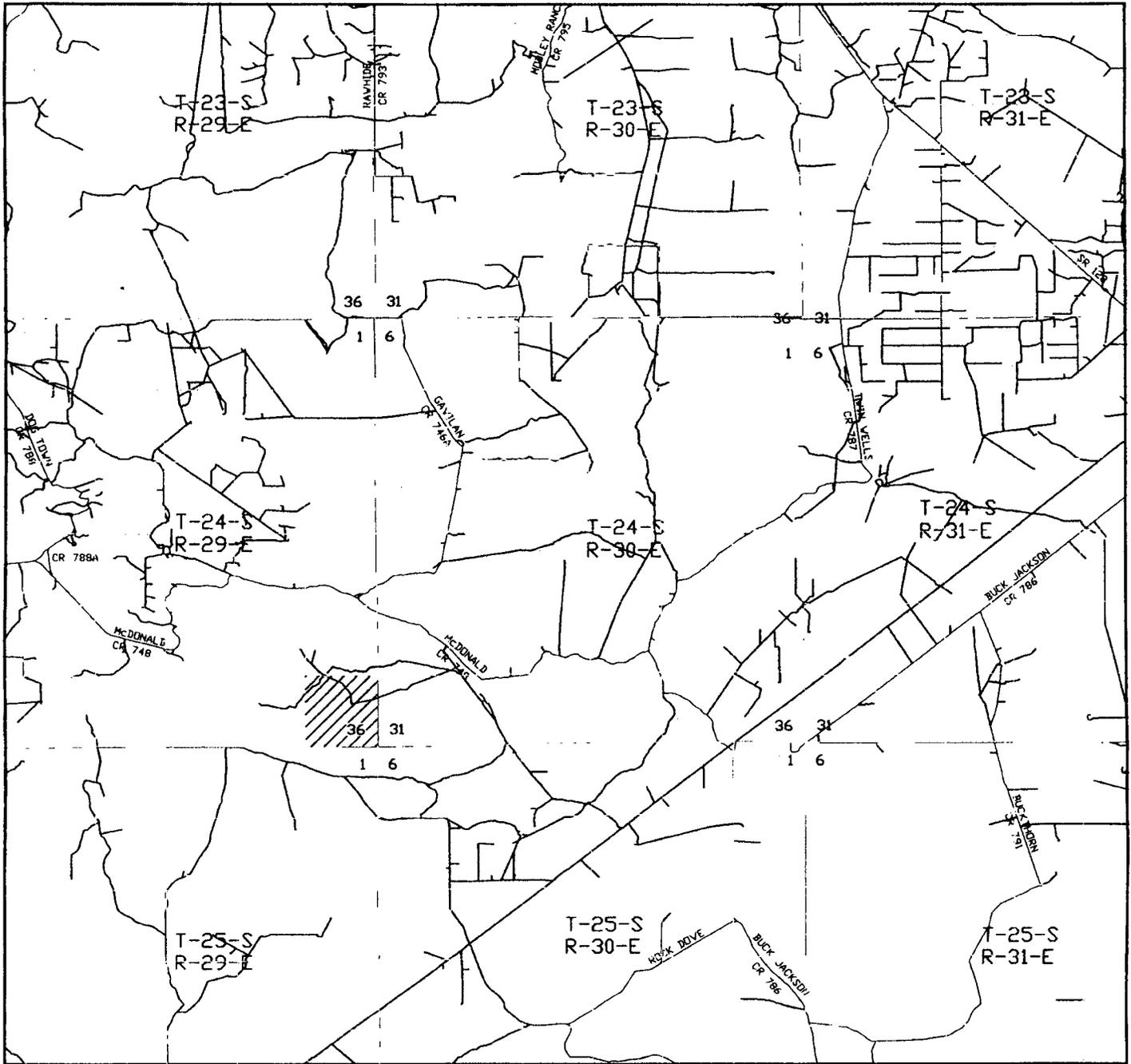
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

APR 15 49 AM 2007
Date Surveyed

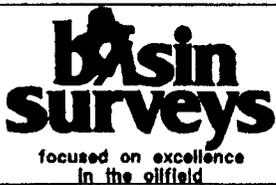
[Signature]
Signature of Professional Surveyor
7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS



HORNED TOAD "36" STATE #1H
 Located at 1625' FNL and 660' FEL
 Section 36, Township 24 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

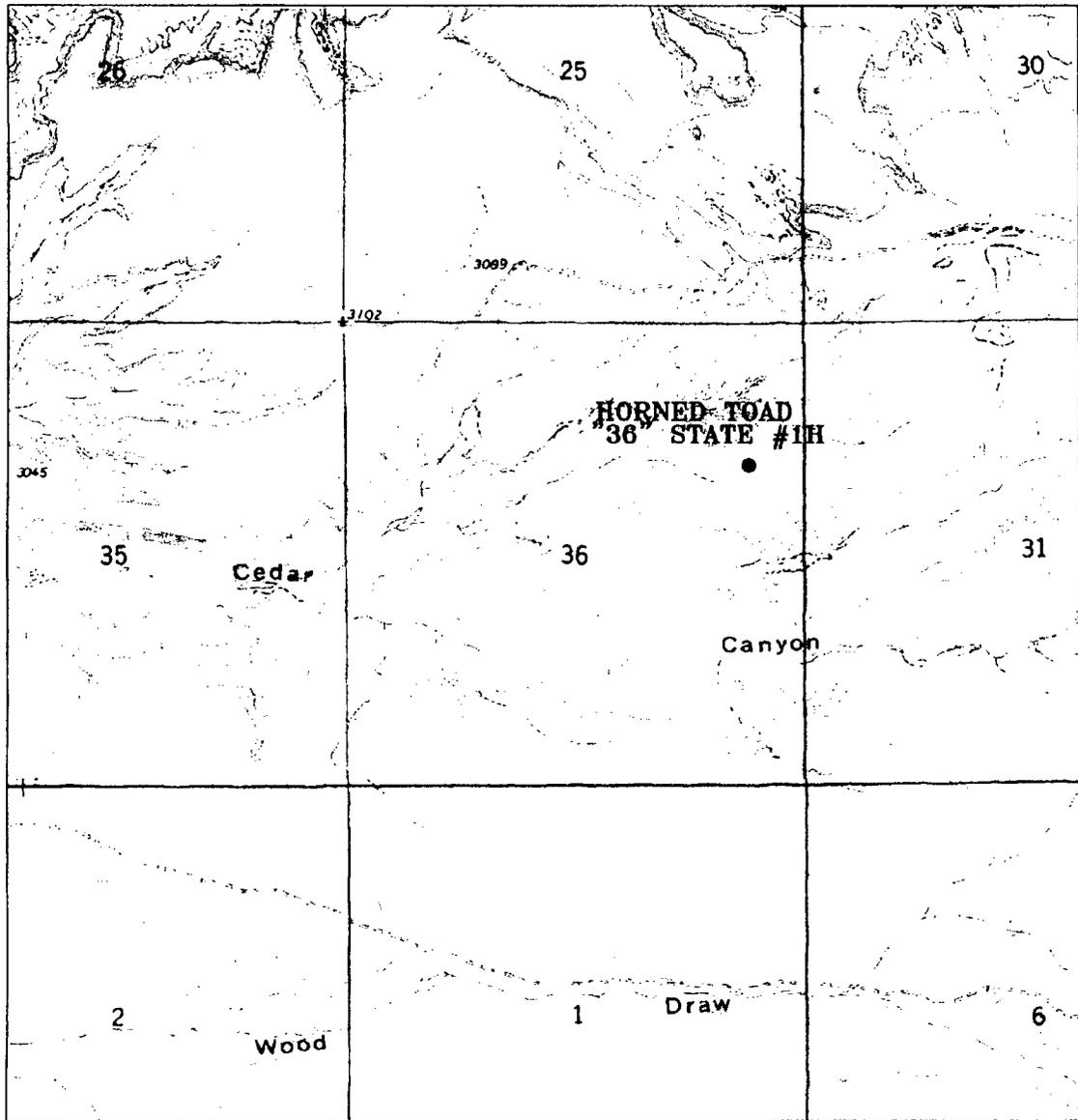
W.O. Number: 5768AA - KJG #7

Survey Date: 08-19-2005

Scale: 1" = 2 MILES

Date: 08-25-2005

BEPCO, L.P.



HORNER TOAD "36" STATE #1H
 Located at 1625' FNL and 660' FEL
 Section 36, Township 24 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 5768AA - KJG #7
 Survey Date: 08-19-2005
 Scale: 1" = 2000'
 Date: 08-25-2005

BEPCO, L.P.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|--|-----------------------------------|
| API Number 30-015-33929 | Pool Code 47545 | Pool Name NASH DRAW - DELAWARE |
| Property Code 001796 | Property Name POKER LAKE UNIT | Well Number 227 |
| OGRID No. 001801 | Operator Name BASS ENTERPRISES PRODUCTION COMPANY | Elevation 3218' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 30 | 24 S | 30 E | | 330 | SOUTH | 560 | EAST | 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 | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 40 | I | | |

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 1 40.62 acres | 40.62 acres | 40.72 acres | 40.72 acres | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>William R. Dannels</u> Signature</p> <p>W.R. DANNELS Printed Name</p> <p>DIVISION DRILLING SUPT. Title</p> <p>12/28/04 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>NOVEMBER 24, 2004 Date Surveyed</p> <p>Signature <u>[Signature]</u> Professional Seal of Gary L. Jones REG. SURVEYOR</p> <p>W.O. No. 4785 Certificate No. Gary L. Jones 7977</p> |
| LOT 2 40.63 acres | 40.63 acres | 40.71 acres | 40.71 acres | |
| LOT 3 40.65 acres | 40.65 acres | 40.69 acres | 40.69 acres | |
| LOT 4 40.66 acres | 40.66 acres | 40.68 acres | 40.68 acres | |

LAT - N32°10'55.9"
LONG - W103°54'50.1"

3212.0' 3221.1'
560' 3208.6' 3208.6'

BEPCo. Operating Co.
6 DESTA DRIVE, SUITE 3700 (79705)
P. O. BOX 2760
MIDLAND, TEXAS 79702

FAX (432) 687-0329

(432) 683-2277

April 11, 2007

**Re: Application for Surface Commingling
And Off Lease Storage
Horned Toad "36" State #1 H
Eddy County, New Mexico
FILE: 100-WF: INTOWNERLTR.DOC**

Crown Oil Partners
731 W. Wadley, Bldg L, Suite 200
Midland, Texas 79710

Dear Interest Owner:

This letter and attached copy of our Application for Surface Commingling and Off Lease Storage is to notify you, as interest owner, that BEPCO, L. P. is petitioning the State of New Mexico Oil Conservation Division and The Bureau of Land Management for Surface Commingling and Off Lease Storage. The above captioned well's production will be separately metered before commingling production at the Poker Lake Unit #227 Battery.

If you should have any questions or require additional information, please contact Ann Moore at the above letterhead address or via email at camoore@basspet.com.

Sincerely,



Ann Moore
Production Clerk

cam

Catanach, David, EMNRD

From: Catanach, David, EMNRD
Sent: Monday, April 23, 2007 1:17 PM
To: 'camoore@basspet.com'
Subject: Surface Commingling

Hi Ann,

I'm currently reviewing your application to surface commingle the Horned Toad "36" State No. 1 at the Poker Lake 227 Battery. I've got a question.

Is the interest ownership exactly the same between the Horned Toad "36" State Wells No. 1 and 7? If it is common ownership, I presume that the production from these two wells will be combined and then measured? If the interest is not common between these two wells, they must be metered separately before being commingled.

Thanks for the help.

David Catanach
Engineer

(505) 476-3466

4/23/2007



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

COMMINGLING ORDER PLC-275

Bass Enterprises Production Company
P.O. Box 2760
Midland, Texas 79702

Attention: Ms. Cindi Goodman

The above-named company is hereby authorized to surface commingle Northwest Corral Canyon-Delaware (Oil - 96464) and Nash Draw-Delaware (Oil - 47545) Pool production from the following-described Federal and State leases located in Eddy County, New Mexico:

Lease: Poker Lake Unit
Description*: SE/4 SE/4 of Section 30, Township 24 South, Range 30 East, NMPM;

Wells: Poker Lake Unit Well No. 227 (API No. 30-015-33929) Unit P,
Nash Draw-Delaware Pool

Lease: Horned Toad "36" State Lease
Description: SW/4 NE/4 of Section 36, Township 24 South, Range 29 East, NMPM;

Wells: Horned Toad "36" State Well No. 7 (API No. 30-015-34347) Unit G,
Northwest Corral Canyon-Delaware Pool

Due to the diversity of ownership between the wells, production from each well shall be separately metered prior to commingling.

Production shall be commingled and stored at the Poker Lake Unit Well No. 227 Tank Battery located in Unit P of Section 30, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico.

It is the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Artesia District Office of the Division upon commencement of commingling operations.

*(The Poker Lake Unit, originally approved by Division Order No. R-153 dated May 1, 1952, originally contained approximately 68,991 acres. For purposes of this surface commingling order, only that acreage currently dedicated to the Poker Lake Unit Well No. 227 is listed.)

Bass Enterprises Production Company
Commingling Order PLC-275
March 6, 2006
Page 2

Done, at Santa Fe, New Mexico on this 6th day of March, 2006.


MARK E. FESMIRE, P.E.,
Division Director

MEF/drc

cc: Oil Conservation Division – Artesia
Bureau of Land Management-Carlsbad
State Land Office-Oil & Gas Division

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 15: S/2

(m) The Malaga-Morrow Gas Pool (**Pool Code 80920**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 21: W/2

(n) The Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool (**Pool Code 47545**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 36: NE/4

(o) The West Parkway-Atoka Gas Pool (**Pool Code 82560**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 32: W/2

(p) The Penasco Draw-Morrow Gas Pool (**Pool Code 82770**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 35: N/2

(q) The Sulphate Draw-Wolfcamp Gas Pool (**Pool Code 85780**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM
Section 26: E/2

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form C-102 dedicating a standard unit for the pool to that well or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within that 60-day period shall subject the well to cancellation of allowable.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COMMINGLING ORDER PLC-275-A

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

Attention: Ms. Ann Moore ✓

The above-named company is hereby authorized to surface commingle Northwest Corral Canyon-Delaware (Oil - 96464) and Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool (Oil - 47545) Pool production from the following-described Federal and State leases located in Eddy County, New Mexico:

Lease: Poker Lake Unit

Description*: SE/4 SE/4 of Section 30, Township 24 South, Range 30 East, NMPM;

Wells: Poker Lake Unit Well No. 227 (API No. 30-015-33929) Unit P,
Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool

Lease: Horned Toad "36" State Lease

Description: S/2 NE/4 & E/2 SE/4 of Section 36, Township 24 South, Range 29 East, NMPM;

Wells: Horned Toad "36" State Well No. 7 (API No. 30-015-34347) Unit G,
Northwest Corral Canyon-Delaware Pool & Nash Draw-Delaware/Bone Spring
(Avalon Sand) Pool

Horned Toad "36" State Well No. 1H (API No. 30-015-34764)
Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool

Production shall be allocated as follows:

Production from the Horned Toad "36" State Wells No. 1H and 7 may be combined and the resulting production stream shall be measured prior to commingling.

Production from the Poker Lake Unit Well No. 227 shall be separately measured prior to commingling.

Production shall be commingled and stored at the Poker Lake Unit Well No. 227 Tank Battery located in Unit P of Section 30, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico.

Administrative Order No. PLC-275-A

BEPCO, L.P.

May , 2007

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It is the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Artesia District Office of the Division upon commencement of commingling operations.

*(The Poker Lake Unit, originally approved by Division Order No. R-153 dated May 1, 1952, originally contained approximately 68,991 acres. For purposes of this surface commingling order, only that acreage currently dedicated to the Poker Lake Unit Well No. 227 is listed.)

Done, at Santa Fe, New Mexico on this day of May, 2007.

MARK E. FESMIRE, P.E.,
Division Director

MEF/drc

cc: Oil Conservation Division – Artesia
Bureau of Land Management-Carlsbad
State Land Office-Oil & Gas Division

Catanach, David, EMNRD

From: Moore, Ann [CAMoore@BassPet.Com]
Sent: Friday, April 27, 2007 8:18 AM
To: Catanach, David, EMNRD
Subject: RE: Surface Commingling

Mr. Catanach,

Our land department tells me that the interest ownership is identical on the Horned Toad "36" State # 1 and #7, so production will be combined and then measured. I'm sorry it took so long to get you an answer.

Ann Moore

From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Monday, April 23, 2007 2:17 PM
To: Moore, Ann
Subject: Surface Commingling

Hi Ann,

I'm currently reviewing your application to surface commingle the Horned Toad "36" State No. 1 at the Poker Lake 227 Battery. I've got a question.

Is the interest ownership exactly the same between the Horned Toad "36" State Wells No. 1 and 7? If it is common ownership, I presume that the production from these two wells will be combined and then measured? If the interest is not common between these two wells, they must be metered separately before being commingled.

Thanks for the help.

David Catanach
Engineer

(505) 476-3466

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4/27/2007