



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Wyoming State Office Reservoir Management Group
2987 Prospector Drive
Casper, Wyoming 82604-2968



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In Reply Refer To:
3186
(3186.1)
Poker Lake Unit
NMNM71016X

MAR 2 1 2018

Mr. Law Armstrong
BOPCO, L.P.
810 Houston Street
Fort Worth, Texas 76102-6203

Re: Paying Well Determination
Poker Lake Unit CVX JV PC No. 7H
SHL: NE $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 7, T.25S., R.30E. (State Lease)
BHL: SE $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 7, T.25S., R.30E. (State Lease)
Poker Lake Unit
Eddy County, New Mexico

Dear Mr. Armstrong:

On January 23, 2013, the Carlsbad BLM Field Office determined that under existing conditions the PLU Pierce Canyon 8 No. 1H well (renamed to the Poker Lake Unit CVX JV PC No. 7H well) was capable of producing unitized substances from the Bone Spring Formation in unit paying quantities.

Typically, we would not re-evaluate a paying well determination once a decision has been made; however, the current unit operator, XTO Energy, Inc., believes that the well should not have been determined to be a unit paying well due its low cumulative oil and gas production. The well has only produced water since March 2016 and is currently shut-in.

Consequently, we have now determined that under existing conditions the Poker Lake Unit CVX JV PC No. 7H well is **not** capable of producing unitized substances from the Bone Spring Formation in unit paying quantities. The well was completed in the Bone Spring Formation on July 21, 2011. Production from the Bone Spring Formation shall be handled and reported on a lease basis retroactive to the date of first production (May 2011). The well is located on a state lease(s).

If you have any questions, please call the undersigned at (307) 261-7685.

Sincerely,

J. David Chase
Chief, Reservoir Management Group

cc: NMSO, James Glover
CFO, Chris Walls
New Mexico State Land Office, Anchor Holm
New Mexico Oil Conservation Division, William Jones
ONRR, Glen Reese