

365

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

RECEIVED

2007 JUL 19 PM 12 15

July 18, 2007

FEDERAL EXPRESS

Bureau of Land Management
Roswell District Office
2909 W. 2nd Street
Roswell, New Mexico 88201
Attn: Ms. Alexis Swoboda

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: William Jones

Re: Commercial Determination
Big Eddy Unit #73
Atoka 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 **non-commercial** well in the Atoka Formation. Please indicate your concurrence to the above Non-Commercial Determination.

Thank you very much and should you have any questions or comments in regard to the attached non-commercial determination, please don't hesitate to contact the undersigned.

Sincerely,



Forest K. Naylor

Bureau of Land Management

New Mexico State Land Office

New Mexico Oil Conservation Division

By: _____

By: _____

By: _____

Its: _____

Its: _____

Its: _____

Date: _____

Date: _____

Date: _____

WORKSHEET FOR COMMERCIAL DETERMINATION AND PARTICIPATING AREA IN FEDERAL UNITS

WELL DATA

WELL _____ BIG EDDY UNIT #73 _____ FORMATION _____ ATOKA _____
 LOCATION _____ UNIT, _____ 1980' FEET FROM WEST LINE & _____ 660' FEET FROM NORTH LINE
 SECTION _____ 8 _____ TOWNSHIP _____ 21S _____ RANGE _____ 29E _____ COUNTY _____ EDDY _____ NEW MEXICO
 SPUD DATE _____ 8/25/1979 _____ COMPLETION DATE _____ 07/26/2006 _____ INITIAL PRODUCTION _____ 7/26/2006 (Atoka)
 PERFORATIONS _____ 11,614-11,618, 11,841-52' & 11,937-46' _____

STIMULATION:

ACID _____

FRACTURE _____ Note: Well was completed with a Pure completion system _____

POTENTIAL _____ (07/31/2006): 0 BOPD, 186 MCFPD, & 1 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	320	
Porosity (por), %	9%	
Water saturation (Sw), %	16%	
Net Thickness (h), ft.	22	
Temperature (T), Fahrenheit	193	
Bottom Hole pressure (P), psia	5,091	
Recovery factor (RF), %	60%	
Recoverable gas, BCF *(See eq. below)	2.9	

*Sometimes unable to match performance due to volumetric uncertainty.

Formula = $(7758) (A) (h) (por) (1-Sw)(RF)/B_g$

B_g = 0.61 RB/MCF

Continued

PERFORMANCE DATA

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

CUMULATIVE PRODUCTION TO 05/31/2007 39,987 MCF Gas 0 BBL Oil

INITIAL RATE (qi) 144

ECONOMIC LIMIT (ql) 24

HYPERBOLIC DECLINE RATE, dy 16.6815 de/ b=.001

REMAINING GAS (Q) = 207,556

ULTIMATE RECOVERABLE GAS (mcf) 247,543

(Attach plat showing proration unit and participating area.)

ECONOMICGROSS WELL COST \$ \$3,800,000 (to the depth of formation completed)

COMPLETION COST \$ _____

GROSS TOTAL COST \$ \$3,800,000

YEAR	GROSS GAS MMCF	BFIT NET REVENUE (\$M)	OPERATING COST (\$M) INCL SEV & AD VAL TAX	5% NET BFIT DISCOUNTED CASH FLOW
ZERO				
1	<u>19.4</u>	<u>88.3</u>	<u>9.7</u>	<u>-3,723.0</u>
2	<u>45.6</u>	<u>252.0</u>	<u>51.7</u>	<u>183.7</u>
3	<u>38.6</u>	<u>223.1</u>	<u>45.7</u>	<u>149.5</u>
4	<u>32.1</u>	<u>171.7</u>	<u>38.1</u>	<u>103.3</u>
5	<u>26.7</u>	<u>143.1</u>	<u>33.0</u>	<u>78.1</u>
6	<u>22.3</u>	<u>119.2</u>	<u>28.8</u>	<u>58.9</u>
7	<u>18.6</u>	<u>99.6</u>	<u>25.2</u>	<u>44.4</u>
8	<u>15.4</u>	<u>82.8</u>	<u>22.2</u>	<u>33.1</u>
9	<u>12.9</u>	<u>69.0</u>	<u>19.8</u>	<u>24.7</u>
10	<u>10.7</u>	<u>57.5</u>	<u>17.7</u>	<u>18.3</u>
REMAINDER	<u>5</u>	<u>28.2</u>	<u>9.2</u>	<u>8.2</u>
TOTAL	<u>248</u>	<u>1,334.4</u>	<u>301.2</u>	<u>-3,020.8</u>

WELL IS COMMERCIAL

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 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-22989		Pool Code 77520	Pool Name GOLDEN LANE (ATOKA)
Property Code 01776	Property Name BIG EDDY UNIT		Well Number 73
OGRID No. 001801	Operator Name BEPCO, L.P.		Elevation 3431' GL

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
C	8	21S	29E		660	NORTH	1980	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

" Dedicated Acres 320	" 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.

16 	17 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 unreleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this 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. Signature: <i>Cindi Goodman</i> Date: 09/06/2006 CINDI GOODMAN Printed Name		
	18 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number		

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well ☐ Oil Well ☒ Gas Well ☐ Dry ☐ Other b. Type of Completion ☐ New Well ☐ Work Over ☐ Deepen ☒ Plug Back ☐ Diff. Resrv., Other _____						6. If Indian, Allottee or Tribe Name			
2. Name of Operator BEP CO, L.P.						7. Unit or CA Agreement Name and no. NMNM68294			
3. Address P.O. BOX 2760 MIDLAND TX 79702-2760				3.a Phone No. (Include area code) (432)683-2277		8. Lease Name and Well No. BIG EDDY UNIT 73			
4. Location of Well (Report location clearly and in accordance with Federal requirements)* At Surface 660' FNL, 1980' FWL At top prod. interval reported below At total depth						9. API Well No. 30-015-22989			
						10. Field and Pool, or Exploratory GOLDEN LANE (ATOKA)			
						11. Sec., T., R., M., on Block and Survey or Area SEC 8, T21S, R29E			
						12. County or Parish 13. State EDDY NM			
14. Date Spudded		15. Date T.D. Reached		16. Date Completed ☐ D & A ☒ Ready to Prod. 07/26/2006		17. Elevations (DF, RKB, RT, GL)* 3431' GL			
18. Total Depth: MD 12825' TVD			19. Plug Back T.D.: MD 12,190' TVD			20. Depth Bridge Plug Set: MD 12,225' TVD			
21. Type of Electric & Other Mechanical Logs Run (Submit copy of each)						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
15"	11-3/4"	42#	0'	501'		500		0'	
11"	8-5/8"	24/32#	0'	3354'		1675		0'	
7-7/8"	5-1/2"	17#	0'	12796'		1150		9500'	
24. Tubing Record									
Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	
2-3/8"	11716'	11783'							
25. Producing Intervals									
Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status			
A) ATOKA	11841'	11946'	11841'	11852'	56	PRODUCING			
B)			11937'	11946'	46	PRODUCING			
C)									
D)									
26. Perforation Record									
27. Acid, Fracture, Treatment, Cement Squeeze, Etc.									
Depth Interval			Amount and Type of Material						
28. Production - Interval A									
Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
7/26/06	7/31/06	24	→	0	186	1			FLOWING
Choice Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
W/O	SI 97		→	0	186	1		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. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
			→						

(See Instructions and spaces for additional data on page 2)

28b. Production - Interval C

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. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

28c. Production - Interval D

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. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

SOLD

30. Summary of Porous Zones (Include Aquifers):

Show all important zones or porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth

32. Additional remarks (include plugging procedure):

33. Indicate which items have been attached by placing a check in the appropriate boxes:

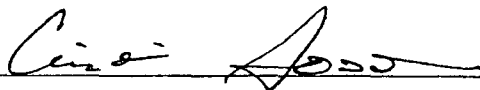
- ☐ Electrical/Mechanical Logs (1 full set req'd.)
 ☐ Geological Report
 ☐ DST Report
 ☐ Directional Survey
☐ Sundry Notice for plugging and cement verification
 ☐ Core Analysis
 ☐ Other

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) CINDI GOODMAN

Title PRODUCTION CLERK

Signature



Date 08/31/2006

Title 18 U.S.C. Section 101 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

ECONOMIC PROJECTION

Date : 7/12/2007

Lior: 1189008

8:53:06AM

Project Name : PROPZONE2
Partner : 99999
Case Type : LEASE CASE
Archive Set : CURRENT

As Of Date : 07/01/2006
Discount Rate (%) : 9.00
1189008/BIG EDDY UNIT/ATO

Lease Name : 1189008/BIG EDDY UNIT/ATO
Reserv Cat. : Proved Producing
Field : GOLDEN LANE (ATOKA)
Operator : BEPCO
Reservoir : ATOKA
Co., State : EDDY, NM

Cum Oil (mbbls) : 0.00
Cum Gas (mmcf) : 0.00

Year	Gross Wet Production		Gross Dry Gas & NGL		Sales		
	Oil (Mbbbl)	Wet Gas (MMCF)	Dry Gas (MMCF)	NGL (MGal)	Oil (Mbbbl)	Gas (MMCF)	NGL (MGal)
2006	0.000	19.444	19.444	0.000	0.000	16.430	0.000
2007	0.020	45.595	45.595	0.000	0.017	38.528	0.000
2008	0.029	38.581	38.581	0.000	0.024	32.601	0.000
2009	0.024	32.053	32.053	0.000	0.020	27.085	0.000
2010	0.020	26.709	26.709	0.000	0.017	22.569	0.000
2011	0.017	22.257	22.257	0.000	0.014	18.807	0.000
2012	0.014	18.593	18.593	0.000	0.012	15.711	0.000
2013	0.012	15.447	15.447	0.000	0.010	13.052	0.000
2014	0.010	12.872	12.872	0.000	0.008	10.876	0.000
2015	0.008	10.726	10.726	0.000	0.007	9.063	0.000

Rem	0.004	5.268	5.268	0.000	0.003	4.451	0.000
Total	0.156	247.543	247.543	0.000	0.132	209.174	0.000
Ult.	0.156	247.543					

Year	Average Price			Net Revenue			
	Oil \$/BBL	Gas \$/MCF	NGL \$/Gal	Oil (M\$)	Gas (M\$)	NGL (M\$)	Total (M\$)
2006	0.00	5.37	0.00	0.000	88.257	0.000	88.257
2007	57.59	6.52	0.00	0.951	251.049	0.000	251.999
2008	57.59	6.80	0.00	1.408	221.687	0.000	223.095
2009	52.59	6.30	0.00	1.068	170.661	0.000	171.730
2010	52.59	6.30	0.00	0.890	142.210	0.000	143.100
2011	52.59	6.30	0.00	0.742	118.502	0.000	119.244
2012	52.59	6.30	0.00	0.620	98.993	0.000	99.613
2013	52.59	6.30	0.00	0.515	82.243	0.000	82.758
2014	52.59	6.30	0.00	0.429	68.532	0.000	68.961
2015	52.59	6.30	0.00	0.357	57.107	0.000	57.465
Rem	52.59	6.30	0.00	0.176	28.048	0.000	28.223
Total	54.14	6.35	0.00	7.155	1,327.290	0.000	1,334.445

Year	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 9.00 % (M\$)	Cum. Disc. CF 9.00 % (M\$)
2006	3.423	0.084	3,800.000	6.155	-3,721.405	-3,721.405	-3,723.017	-3,723.017
2007	20.628	0.504	0.000	30.587	200.281	-3,521.124	183.660	-3,539.357
2008	18.256	0.446	0.000	27.031	177.362	-3,343.762	149.466	-3,389.891
2009	14.053	0.343	0.000	23.721	133.613	-3,210.150	103.296	-3,286.596
2010	11.710	0.286	0.000	21.012	110.093	-3,100.057	78.090	-3,208.505
2011	9.758	0.238	0.000	18.754	90.494	-3,009.564	58.893	-3,149.612
2012	8.151	0.199	0.000	16.896	74.366	-2,935.198	44.400	-3,105.213
2013	6.772	0.166	0.000	15.301	60.519	-2,874.679	33.148	-3,072.065
2014	5.643	0.138	0.000	13.996	49.184	-2,825.495	24.717	-3,047.348
2015	4.702	0.115	0.000	12.908	39.739	-2,785.755	18.324	-3,029.024
Rem	2.310	0.056	0.000	6.840	19.017	19.017	8.186	8.186
Total	105.406	2.576	3,800.000	193.201	-2,766.738	-2,766.738	-3,020.838	-3,020.838

Major Phase : Gas
Perfs : 0 0
Initial Rate : 3.98 mmcf/month
Abandonment : 0.74 mmcf/month
Initial Decline : 16.68 % year b = 0.000
Beg Ratio : 0.00 bbl/mmcf
End Ratio : 0.00

Working Int : 1.00000000
Revenue Int : 0.84500000
Disc. Initial Invest. (m\$) : 3,800.000
Internal ROR (%) : >1000.0
ROI Investment (disc/undisc) : 0.21 / 0.27
Years to Payout : 0.00
Abandonment Date : 07/25/2016

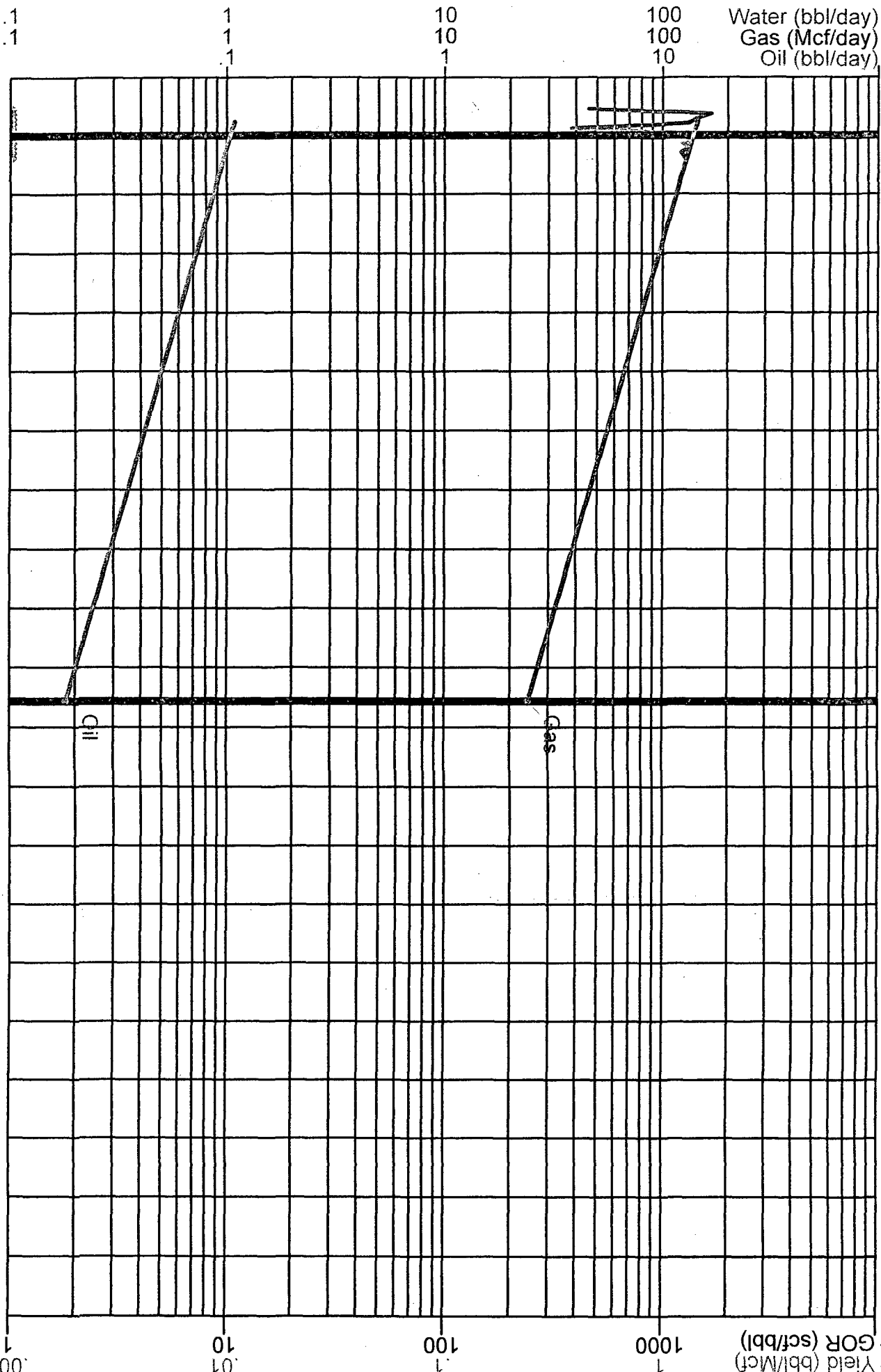
Present Worth Profile (M\$)

5.00% :	-2,924.28
8.00% :	-2,998.68
10.00% :	-3,041.83
12.00% :	-3,080.63
15.00% :	-3,131.93
20.00% :	-3,202.64
30.00% :	-3,305.57
40.00% :	-3,376.21
50.00% :	-3,427.38
60.00% :	-3,466.05

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.84500000	0.00000000	0.00000000
Rev. Date :			

ASOF

ECL: 7/25/2016



Hist Gas Cum: 19.44 MMcf
Gas Rem: 228.10 MMcf
Gas EUR: 247.54 MMcf

Hist Gas Cum: 19.44 MMcf
Oil Rem: 0.16 Mbbl
Oil EUR: 0.16 Mbbl

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-101
Supersedes
Effective 1

Amended location plat.

All distances must be from the subject corner of the Section

BEPCO, L.P.		Fig Eddy Unit		73
C	8	21 South	29 East	Eddy
660	North	1980	West	
3431.1	Pool Name Golden Lane (Achoke)		N/V 320	

- Outline the acreage dedicated to the subject well by color or marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to well interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force pooling, etc.?

☒ Yes ☐ No If answer is "yes" type of consolidation

Unit

RECEIVED

If answer is "no," list the owners and tract descriptions which have actually been consolidated (reverse side this form if necessary)

APR 9 1979

No allowable well be assigned to the well until all interests have been consolidated (by communitization, force pooling, or otherwise) or until a non-standard unit, otherwise such interests shall be consolidated.

U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

CERTIFICATION

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

Gary E. Gerhard
Gary E. Gerhard
Senior Drilling Engineer

Perry R. Bass

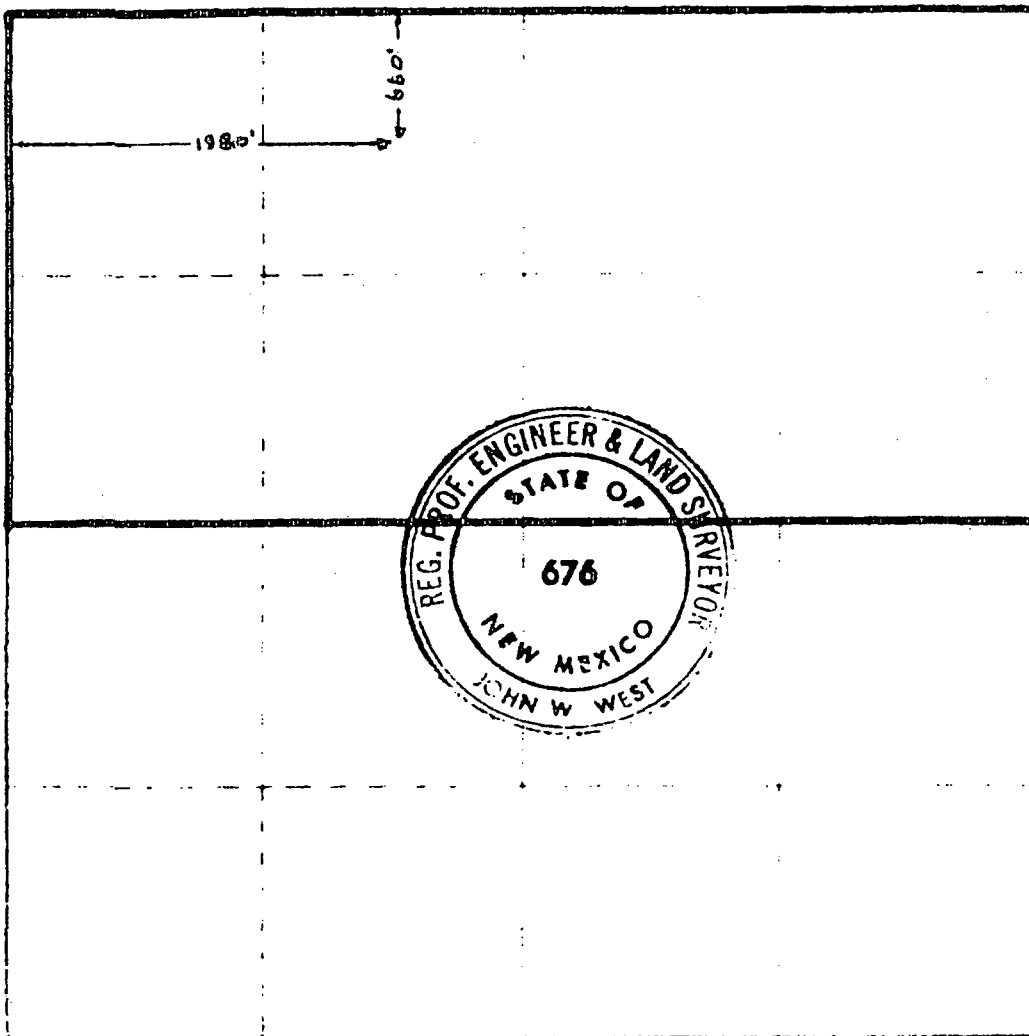
April 6, 1979

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

March 31, 1979

Registered Professional Engineer
State of New Mexico

John W. West



MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-102
Supersedes O-12
Effective 1-1-65

Amended location plat.

All distances must be from the corner of the Section

Perry R. Bass		Big Eddy Unit		73
C	8	21 South	29 East	Eddy
660	North	1980	West	
3431.1	Morrow	und. Golden Lane morrow	N/V	320

- Outline the acreage dedicated to the subject well by color, number, or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereon (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force pooling, etc.?

✓ Yes ☐ No ☐ If answer is "Yes" type of consolidation

Unit

RECEIVED

If answer is "no," list the owners and tract descriptions which have actually been consolidated (reverse side of this form if necessary)

APR 9 1979

No allowable well be assigned to the well until all interests have been consolidated, unitization, force pooling, or otherwise for until a non-standard unit, eliminate such interests from the Commission.

U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

CERTIFICATION

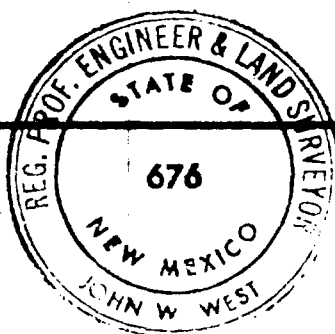
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Gary E. Gerhard

Gary E. Gerhard
Senior Drilling Engineer

Perry R. Bass

April 6, 1979



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 knowledge and belief.

March 31, 1979

Registered Professional Engineer

John W. West

with file No. John W. West

CURRENT WELLBORE DIAGRAM

Lease: BIG EDDY UNIT Well No.: 73
 Field: GOLDEN LANE Morrow
 Location: 1980 FWL & 660 FNL Sec. 8, T21S, R29E
 County: Eddy St: NM API: 30-015-22989

Surface Csg.

Size: 11 3/4
 Wt: 42
 Grd: H-40
 Set @: 501
 Sxs cmt: 500
 Circ: Y
 TOC: Surf
 Hole Size: 15 to 525

Intermediate Csg.

Size: 8 5/8
 Wt: 24/32
 Grd: K-55
 Set @: 3354
 Sxs Cmt: 1675
 Circ: Y
 TOC: Surf
 Hole Size: 11 to 3369

Production Csg.

Size: 5 1/2
 Wt: 17
 Grd: N80/S95
 Set @: 12796
 Sxs Cmt: 1150
 Circ: N
 TOC: 9500
 Hole Size: 7 7/8
 est
 to 12825

Tubing

393 jts 2 3/8" 4.7# N-80

