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**LETTER APPLICATION FOR QUALIFICATION OF A PROJECT FOR THE
 INCENTIVE TAX RATE PURSUANT TO THE NEW MEXICO ENHANCED OIL
 RECOVERY ACT**

September 15, 2009

Mark E. Fesmire, P.E.
 Director
 Oil Conservation Division
 New Mexico Department of Energy,
 Minerals and Natural Resources
 1220 South Saint Francis Drive
 Santa Fe, New Mexico 87505

Re: Case 14385: Application of BTA Oil Producers LLC for approval of a lease water flood project in the Lower Brushy Canyon interval of the Delaware formation and for Qualification of said project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

Dear Mr. Fesmire:

In conjunction with its application filed with the Division for approval of the referenced lease water flood project, BTA Oil Producers LLC hereby makes application to qualify the project area for the recovered oil tax rate as authorized by the Enhanced Oil Recovery Act. BTA plans to commence water flood operations in the project area during the 3rd quarter of 2009.

BTA makes this application pursuant to the rules promulgated by Oil Conservation Commission Order No. R-9708 entered on August 27, 1992. In accordance with this Order, BTA provides the following information:

- A. Operator's name and address:**
 BTA Oil Producers LLC
 104 South Pecos
 Midland, Texas 79701

B. Description of the project area:

1. Attachment "A" is a plat outlining the project area
2. The following acreage is located in the project area:
W/2 NW/4 Section 11, T23S-R28E, Eddy County, NM
3. Total acres:
80 acres
4. Subject pool and formation:
Loving, Brushy Canyon, East Pool in the Delaware formation.

C. Status of operations in the project area:

The project area is currently subject to primary production from 3 wells.

D. Method of recovery to be used:

Produced water from area Brushy Canyon producers will be injected into the Brushy Canyon interval.

E. Description of the project:

1. List of producing wells:
Attachment "B" contains a list of all producing wells within the project area
2. List of injection well:
8808 JV-P Pardue D Well #2 (API No. 30-015-26406), located 990 FNL and 660 FWL in the NW/4 of Section 11, T-23-S, R-28-E, NMPM, Eddy County, NM.

3. Capital costs of additional facilities:

Description	Cost
Field installations and upgrades	\$ 233,500
Development drilling cost	\$ 0
Well remediation & misc. costs	\$ 0
Injection work	\$ 134,500
	\$ 368,000

4. Total project costs:

4. Total project costs:

\$ 368,000

5. Estimated total value of the additional production that will be recovered as a result of this project:

Using an average price for the oil of \$70 and an equivalent barrel based price for the gas, the value of the additional hydrocarbons to be produced from the proposed project (246 M STBO and 246 MMCF) is \$18.2 MM (Total Sales) and \$10 MM net income to the working interest owners.

6. The anticipated date for commencement of injection:

11/01/09

7. Identify the fluid to be injected and the anticipated volumes:

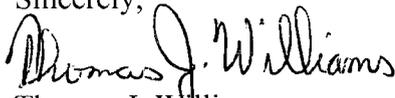
Produced water from area Brushy Canyon producers at an average volume of 550 BWPD and a maximum volume of 1500 BWPD.

8. Production Data:

Attachment Exhibit "C" is a graph which shows the production and injection history for the project and Attachment "D" is a graph showing forecast of the enhanced recovery of oil, gas, casinghead gas and water anticipated from this project.

Thank you for your attention to this matter.

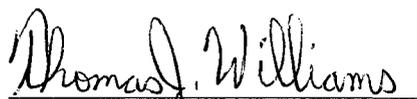
Sincerely,



Thomas J. Williams
Production Engineer
For BTA Oil Producers LLC

I hereby certify that the information set forth above is true and correct to the best of my knowledge.

BTA Oil Producers LLC


By: Thomas J. Williams

Attachment to Letter App/Incentive Tax Rate
Pardue "D", 8808 JV-P, #2
30-015-26406
09/15/2009

Attachment "B"

8808 JV-P Pardue D #1 (API 30-015-26325) located 1980' FNL & 660' FWL in the NW/4 of Section 11, T23S-R28E, NMPM, Eddy County, NM

8808 JV-P Pardue D #3 (API 30-015-35870) located 1655' FNL & 990' FWL in the NW/4 of Section 11, T23S-R28E, NMPM, Eddy County, NM

Rate/Time Graph

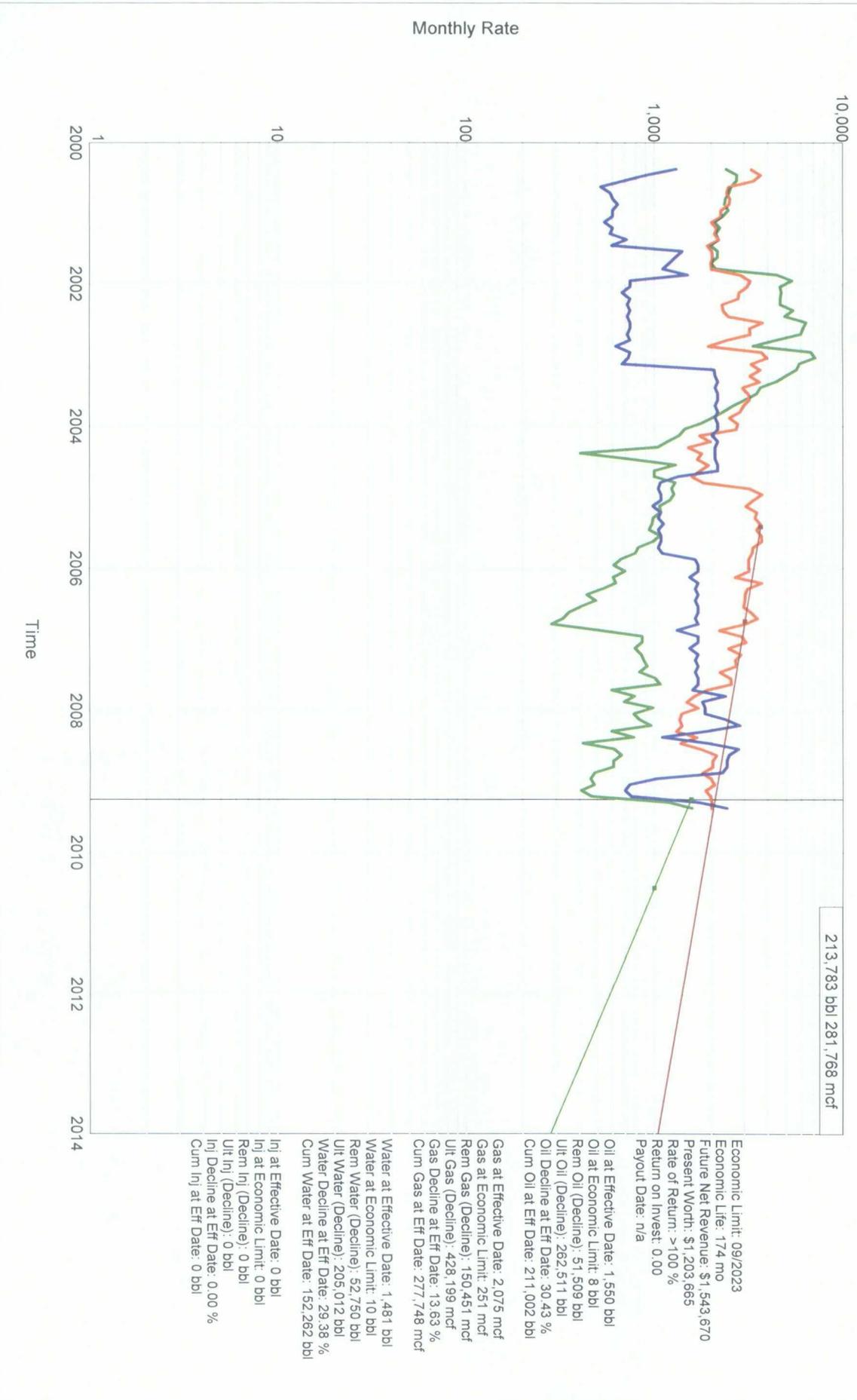
Project: C:\Program Files\IHS Energy\PowerTools v9.0\ Loving Delaware.mdb

Date: 9/14/2009
Time: 2:23 PM

Lease Name: Pardue D Upper BRSC ()
County, ST: ,
Location: 0-0-0

Operator:
Field Name:

Pardue D Upper BRSC - Pardue D Upper BRSC



Rate/Time Graph

Lease Name: Pardue D Upper BRSC ()
 County, ST: ,
 Location: 0-0-0

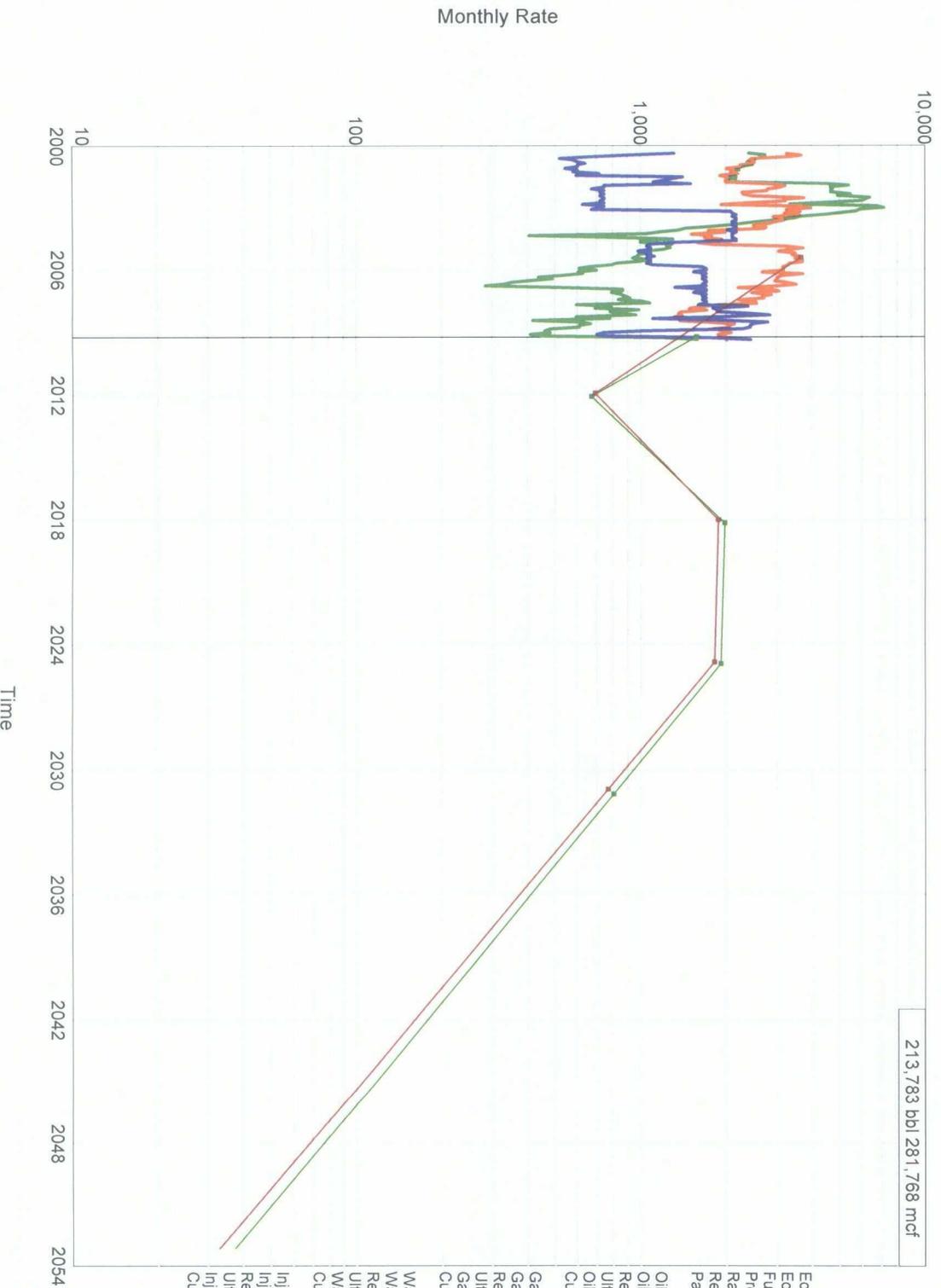
Project: C:\Program Files\IHS Energy\PowerTools v9.0\Loving Delaware.mdb

Operator:
 Field Name:

Date: 9/14/2009
 Time: 2:28 PM

Pardue D Upper BRSC - Pardue D Upper BRSC

213,783 bbl 281,768 mcf



Economic Limit: 02/2053
 Economic Life: 527 mo
 Future Net Revenue: \$11,457,084
 Present Worth: \$3,982,791
 Rate of Return: >100 %
 Return on Invest: 0.00
 Payout Date: n/a

Oil at Effective Date: 1,554 bbl
 Oil at Economic Limit: 38 bbl
 Rem Oil (Decline): 443,051 bbl
 Ut Oil (Decline): 654,053 bbl
 Oil Decline at Eff Date: 25.95 %
 Cum Oil at Eff Date: 211,002 bbl

Gas at Effective Date: 1,358 mcf
 Gas at Economic Limit: 33 mcf
 Rem Gas (Decline): 422,145 mcf
 Ut Gas (Decline): 699,893 mcf
 Gas Decline at Eff Date: 22.59 %
 Cum Gas at Eff Date: 277,748 mcf

Water at Effective Date: 1,481 bbl
 Water at Economic Limit: 0 bbl
 Rem Water (Decline): 53,085 bbl
 Ut Water (Decline): 205,347 bbl
 Water Decline at Eff Date: 29.38 %
 Cum Water at Eff Date: 152,262 bbl

Inj at Effective Date: 0 bbl
 Inj at Economic Limit: 0 bbl
 Rem Inj (Decline): 0 bbl
 Ut Inj (Decline): 0 bbl
 Inj Decline at Eff Date: 0.00 %
 Cum Inj at Eff Date: 0 bbl