

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

July 6, 2010

FEDERAL EXPRESS

Bureau of Land Management
Carlsbad District Office
620 E. Green St.
Carlsbad, New Mexico 88220
Attn: Mr. Wesley Ingram

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: Mr. William Jones

Re: Commercial Determination
James Ranch Unit Well No. 105H
Delaware 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 commercial well in the Delaware Formation. Please indicate your concurrence to the above Commercial Determination. Upon your execution hereof, Bass will submit a participating area for the well.

Thank you very much and should you have any questions or comments in regard to the attached commercial determination, please do not hesitate to contact the undersigned.

Very truly yours,



Brad Glasscock

Bureau of Land Management

New Mexico State Land Office

New Mexico Oil Conservation Division

By: _____

By: _____

By: _____

Its: _____

Its: _____

Its: _____

Date: _____

Date: _____

Date: _____

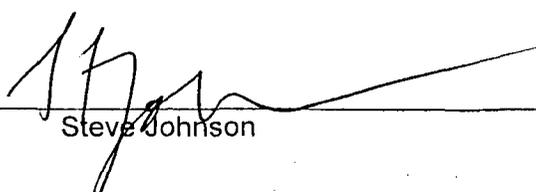
INTER-OFFICE MEMORANDUM
MIDLAND OFFICE

April 8, 2010

TO: FORT WORTH, FILES
FOR: FRANK McCREIGHT
FROM: STEVE F. JOHNSON
RE: COMMERCIAL DETERMINATION
JAMES RANCH UNIT #105H
QUAHADA RIDGE SE (DELAWARE) FIELD
EDDY COUNTY, NEW MEXICO
FILE: 100-WF: JRU105HCD.DOC

Attached are the worksheets and necessary exhibits for the subject well to be submitted for commercial determination. The James Ranch Unit #105H was drilled in 2009 to a measured depth of 13,017' and was completed in the Delaware. The well is producing from Delaware perforations 7,730-11,964'. On test 8/24/2009 the well pumped at the rate of 688 BOPD, 484 MCFPD, and 1428 BWPD. This well is expected to recover approximately 472.375 MBOE from the current completion.

The most recent price file from Fort Worth was utilized and the oil price was adjusted by - \$3.44/BO plus a \$.57/mcf transportation fee. An operating cost of \$13,000/mo for 18 months and \$6,500 thereafter was also incorporated in this evaluation. The James Ranch Unit #105H will be a commercial well and should be incorporated into a participating area.


Steve Johnson

RSD/cdp

cc: Ross Sutton
George Hillis
Brad Glasscock

**WORKSHEET FOR COMMERCIAL DETERMINATION
AND PARTICIPATING AREA IN FEDERAL UNITS**

WELL DATA

WELL James Ranch Unit #105H FORMATION DELAWARE
 LOCATION F UNIT, 2428 FEET FROM NORTH LINE & 1340 FEET FROM WEST LINE
 SECTION 36 TOWNSHIP 22S RANGE 30E COUNTY Eddy NEW MEXICO
 SPUD DATE 6/14/2009 COMPLETION DATE 8/12/2009 INITIAL PRODUCTION 8/12/2009
 PERFORATIONS 7730-12964

* BHL UL E 1947' FSL 783' FEL SEC 35, T22S R30E
 STIMULATION:

ACID _____

FRACTURE SEE: Completion papers attached

POTENTIAL (8/24/2009): 688 BOPD, 484 MCFPD, 1428 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 | <u>200</u> | |
| Porosity (ϕ), % | <u>12%</u> | |
| Water saturation (Sw), % | <u>30%</u> | |
| Net Thickness (H), ft. | <u>80</u> | |
| Temperature (T), Fahrenheit | <u>120</u> | |
| Bottom Hole pressure (P), psia | <u>3,323</u> | |
| Recovery factor (RF), % | <u>15%</u> | |
| Recoverable Oil, Bbls *(See eq. below) | <u>1,041,632</u> | |

*Sometimes unable to match performance due to volumetric uncertainty.

Formula = $(7758) (A) (H) (\phi) (1-S_w) (1/B_o) (RF)$

B_o = 1.50

Continued

PERFORMANCE DATA

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

| | | | | | |
|-------------------------------|------------------|--------------------------------|---------|---------------|-----|
| CUMULATIVE PRODUCTION TO | <u>2/28/2010</u> | <u>79,539</u> | BBL OIL | <u>99,038</u> | MCF |
| INITIAL RATE (qi) | | <u>650</u> | | | |
| ECONOMIC LIMIT (ql) | | <u>4</u> | | | |
| HYPERBOLIC DECLINE RATE, dy | | <u>b = .75, d = 79.929%/yr</u> | | | |
| REMAINING OIL (Q) = | | <u>322,860</u> | | | |
| ULTIMATE RECOVERABLE OIL (BO) | | <u>402,399</u> | | | |

(Attach plot showing proration unit and participating area.)

ECONOMIC

GROSS WELL COST \$1,779,707 (to the depth of formation completed)COMPLETION COST \$2,165,215GROSS TOTAL COST \$3,944,922

| YEAR | GROSS OIL MBBLS | BFIT NET INCOME (\$M) | OPERATING COST (\$M) INCL SEV & AD VAL TAX | 5% NET BFIT DISCOUNTED CASH FLOW |
|-----------|--------------------|--------------------------|---|--|
| ZERO | | | | |
| 1 | <u>67.439</u> | <u>4216.1</u> | <u>351.2</u> | <u>-226.5</u> |
| 2 | <u>89.016</u> | <u>6611.8</u> | <u>713.0</u> | <u>5486.6</u> |
| 3 | <u>51.833</u> | <u>4043.9</u> | <u>492.8</u> | <u>3150.2</u> |
| 4 | <u>33.760</u> | <u>2659.6</u> | <u>375.5</u> | <u>1928.8</u> |
| 5 | <u>24.343</u> | <u>1929.3</u> | <u>313.5</u> | <u>1298.9</u> |
| 6 | <u>18.773</u> | <u>1497.2</u> | <u>276.9</u> | <u>934.2</u> |
| 7 | <u>15.109</u> | <u>1216.3</u> | <u>253.1</u> | <u>702.2</u> |
| 8 | <u>12.569</u> | <u>1020.9</u> | <u>236.5</u> | <u>544.5</u> |
| 9 | <u>10.641</u> | <u>873.7</u> | <u>224.0</u> | <u>429.5</u> |
| 10 | <u>9.200</u> | <u>764.5</u> | <u>214.8</u> | <u>346.1</u> |
| REMAINDER | <u>69.715</u> | <u>5858.8</u> | <u>2948.7</u> | <u>1444.7</u> |
| TOTAL | <u>402.398</u> | <u>30692.1</u> | <u>6399.8</u> | <u>16039.2</u> |

WELL IS COMMERCIAL

ECONOMIC PROJECTION

4/5/2010

Lior: 1000425

5:21:33PM

Project Name : PROPZONE2
 Well Number : 99999
 Type : LEASE CASE
 Lease Set : CURRENT

As Of Date : 01/01/2009
 Discount Rate (%) : 5.00

Lease Name : 1000425/JAMES RANCH UNIT/105H/DE
 Reservoir Cat. : Proved Producing
 Field : QUAHADA RIDGE (DELAWARE) SE
 Operator : BOPCO
 Reservoir : DELAWARE
 Co., State : EDDY, NM

1000425/JAMES RANCH UNIT/105H/DEL

Risk: 0.000 Inherited/ 0.000 Compounded
 Sales

Oil (Mbbbl) : 0.00
 Gas (MMcf) : 0.00

| Gross Wet Production | | Gross Dry Gas & NGL | | Sales | | |
|----------------------|----------------|---------------------|------------|-------------|------------|------------|
| Oil (Mbbbl) | Wet Gas (MMcf) | Dry Gas (MMcf) | NGL (Mgal) | Oil (Mbbbl) | Gas (MMcf) | NGL (Mgal) |
| 67.439 | 81.404 | 38.537 | 0.000 | 58.307 | 33.319 | 0.000 |
| 89.016 | 94.064 | 44.530 | 366.864 | 76.963 | 38.500 | 317.189 |
| 51.833 | 51.505 | 24.383 | 247.226 | 44.815 | 21.081 | 213.750 |
| 33.760 | 33.547 | 15.881 | 161.025 | 29.189 | 13.731 | 139.221 |
| 24.343 | 24.189 | 11.451 | 116.108 | 21.047 | 9.901 | 100.386 |
| 18.773 | 18.654 | 8.831 | 89.541 | 16.231 | 7.635 | 77.417 |
| 15.109 | 15.014 | 7.107 | 72.065 | 13.063 | 6.145 | 62.307 |
| 12.569 | 12.490 | 5.913 | 59.951 | 10.867 | 5.112 | 51.833 |
| 10.641 | 10.574 | 5.006 | 50.756 | 9.201 | 4.328 | 43.883 |
| 9.200 | 9.141 | 4.328 | 43.879 | 7.954 | 3.742 | 37.938 |
| <hr/> | | | | | | |
| 69.715 | 69.274 | 32.794 | 332.514 | 60.275 | 28.354 | 287.490 |
| 402.399 | 419.856 | 198.760 | 1,539.929 | 347.912 | 171.847 | 1,331.414 |
| 402.399 | 419.856 | | | | | |

| Average Price | | | Net Revenue | | | |
|---------------|--------------|--------------|-------------|-----------|-----------|-------------|
| Oil (\$/bbl) | Gas (\$/Mcf) | NGL (\$/gal) | Oil (M\$) | Gas (M\$) | NGL (M\$) | Total (M\$) |
| 70.18 | 3.73 | 0.00 | 4,092.01 | 124.13 | 0.00 | 4,216.14 |
| 80.32 | 4.75 | 0.78 | 6,181.66 | 182.73 | 247.41 | 6,611.80 |
| 83.90 | 5.56 | 0.78 | 3,759.99 | 117.19 | 166.73 | 4,043.90 |
| 84.58 | 5.99 | 0.78 | 2,468.72 | 82.29 | 108.59 | 2,659.60 |
| 85.00 | 6.26 | 0.78 | 1,788.96 | 62.01 | 78.30 | 1,929.27 |
| 85.44 | 6.55 | 0.78 | 1,386.84 | 49.99 | 60.39 | 1,497.21 |
| 86.16 | 6.87 | 0.78 | 1,125.48 | 42.24 | 48.60 | 1,216.32 |
| 86.83 | 7.21 | 0.78 | 943.64 | 36.85 | 40.43 | 1,020.92 |
| 87.69 | 7.54 | 0.78 | 806.84 | 32.64 | 34.23 | 873.71 |
| 88.68 | 7.89 | 0.78 | 705.35 | 29.54 | 29.59 | 764.48 |
| <hr/> | | | | | | |
| 89.39 | 8.70 | 0.78 | 5,387.97 | 246.55 | 224.24 | 5,858.76 |
| 82.34 | 5.85 | 0.78 | 28,647.47 | 1,006.15 | 1,038.50 | 30,692.12 |

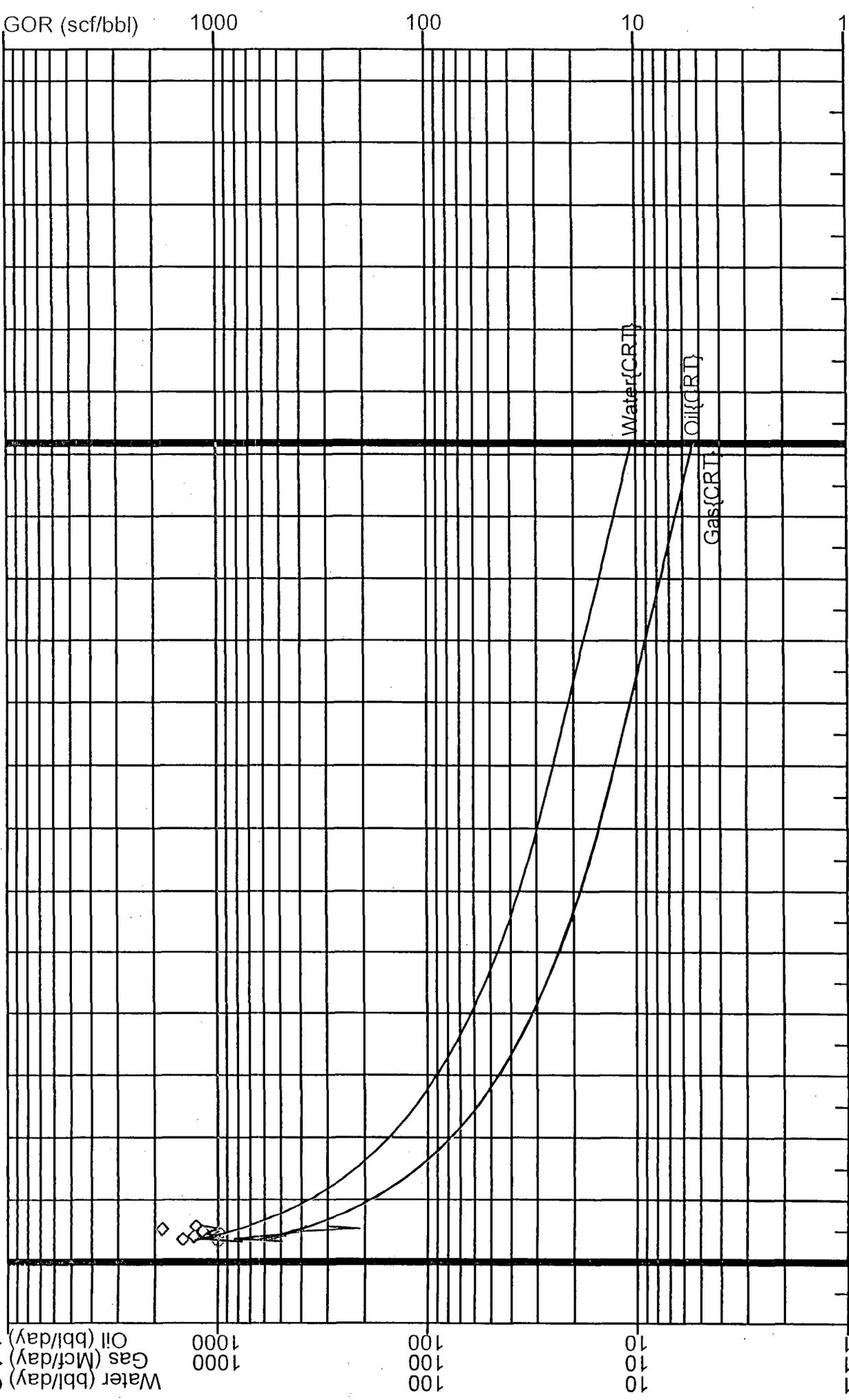
| Expenditures | | | | Future Net Revenue | | | |
|-----------------------|-----------------------|-----------------------|-------------------------|--------------------|------------------|----------------------------|----------------------------|
| Total Sev Taxes (M\$) | Total Adv Taxes (M\$) | Net Investments (M\$) | Total Net Opcosts (M\$) | Annual (M\$) | Cumulative (M\$) | Disc. Ann. CF 5.00 % (M\$) | Cum. Disc. CF 5.00 % (M\$) |
| 293.44 | 7.32 | 3,944.92 | 50.40 | -79.94 | -79.94 | -226.49 | -226.49 |
| 527.79 | 13.22 | 0.00 | 171.95 | 5,898.84 | 5,818.90 | 5,486.60 | 5,260.11 |
| 322.71 | 8.09 | 0.00 | 162.02 | 3,551.09 | 9,369.99 | 3,150.23 | 8,410.34 |
| 212.30 | 5.32 | 0.00 | 157.83 | 2,284.16 | 11,654.15 | 1,928.77 | 10,339.11 |
| 154.02 | 3.86 | 0.00 | 155.64 | 1,615.75 | 13,269.90 | 1,298.94 | 11,638.06 |
| 119.55 | 2.99 | 0.00 | 154.35 | 1,220.32 | 14,490.22 | 934.17 | 12,572.22 |
| 97.14 | 2.43 | 0.00 | 153.50 | 963.25 | 15,453.47 | 702.18 | 13,274.40 |
| 81.55 | 2.04 | 0.00 | 152.91 | 784.41 | 16,237.88 | 544.52 | 13,818.92 |
| 69.80 | 1.75 | 0.00 | 152.47 | 649.69 | 16,887.57 | 429.47 | 14,248.39 |
| 61.09 | 1.53 | 0.00 | 152.13 | 549.73 | 17,437.30 | 346.07 | 14,594.46 |
| <hr/> | | | | | | | |
| 468.35 | 11.72 | 0.00 | 2,468.61 | 2,910.08 | 2,910.08 | 1,444.73 | 1,444.73 |
| 2,407.73 | 60.27 | 3,944.92 | 3,931.81 | 20,347.38 | 20,347.38 | 16,039.19 | 16,039.19 |

| Phase : | Oil | Working Int : | 1.00000000 | Present Worth Profile (M\$) | |
|--------------|------------------------|--------------------------------|-------------|-----------------------------|-----------|
| Rate : | 0 | Revenue Int : | 0.86459483 | 5.00% : | 16,039.19 |
| Production : | 9,939.00 bbl/month | Disc. Initial Invest. (m\$) : | 3,944.922 | 9.00% : | 13,664.34 |
| Decline : | 162.90 bbl/month | Internal ROR (%) : | 151.23 | 10.00% : | 13,168.43 |
| Ratio : | 79.34 % year b = 0.750 | ROI Investment (disc/undisc) : | 5.07 / 6.16 | 12.00% : | 12,267.37 |
| Ratio : | 0.99 Mcf/bbl | Years to Payout : | 1.03 | 15.00% : | 11,102.49 |
| Ratio : | 0.99 Mcf/bbl | Abandonment Date : | 05/09/2035 | 20.00% : | 9,531.29 |
| Start : | 08/01/2009 | | | 30.00% : | 7,272.86 |
| | | Initial | 1st Rev. | 40.00% : | 5,706.99 |
| | | Working Interest : | 0.00000000 | 50.00% : | 4,546.35 |
| | | Revenue Interest : | 0.86459483 | 60.00% : | 3,646.86 |
| | | Rev. Date : | | | |

ECL: 5/9/2035

ASOF

◇ GOR (scf/bbl)



Proj Gas Cum: 0.00 MMcf
 Gas Rem: 419.86 MMcf
 Gas EUR: 419.86 MMcf

Proj Oil Cum: 0.00 Mbbl
 Oil Rem: 402.40 Mbbl
 Oil EUR: 402.40 Mbbl

Form 3160-4
April 2004

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Operator Copy
I & E Operator Copy

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

SEP 17 2009

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

~~BOPCO WTD PRODUCTION~~

1a. Type of Well Oil Well Gas Well Dry Other

b. Type of Completion New Well Work Over Deepen Plug Back Diff. Resrv.,
Other _____

5. Lease Serial No.
NM 029528/3

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and no.

2. Name of Operator
BOPCO, L.P.

8. Lease Name and Well No.
James Ranch Unit 105H

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

3a. Phone No. (Include area code)
(432)683-2277

9. API Well No.
30-015-37064

4. Location of Well (Report location clearly and in accordance with Federal requirements)*
At Surface UL F, 2428' FNL, 1340' FWL, Lat N. 32.349161, Long W 103.838597

10. Field and Pool, or Exploratory
Quahada Ridge SE (Delaware)

At top prod. interval reported below

11. Sec., T., R., M., on Block and Survey or Area
SEC 36, T22S, R30E

At total depth UL E, 1947' FNL, 783' FWL

CONFIDENTIAL

12. County or Parish
Eddy

13. State
NM

14. Date Spudded
06/14/2009

15. Date T.D. Reached
07/12/2009

16. Date Completed
 D & A Ready to Prod.
08/12/2009

17. Elevations (DF, RKB, RT, GL)*
3311.1' GL

18. Total Depth: MD 13017'
TVD 7209'

19. Plug Back T.D.: MD 13012'
TVD

20. Depth Bridge Plug Set: MD
TVD

21. Type of Electric & Other Mechanical Logs Run (Submit copy of each)
Platform Express Array Induction/MCFL Final Composite
Platform Express Density/Neutron Final Composite

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 Skcs. & Type of Cement | Slurry Vol. (BBL) | Cement Top* | Amount Pulled |
|-----------|------------|-------------|----------|-------------|----------------------|-------------------------------|-------------------|-------------|---------------|
| 17-1/2" | 13-3/8" | 48# | 0 | 602' | | 575 sxs | | 0' circ | |
| 12-1/4" | 9-5/8" | 40# | 0 | 3825.5' | | 1500 sxs | | 0' circ | |
| 8-3/4" | 7" | 26# | 0 | 7669' | | 460 sxs Stg I | | 0' circ | |
| | | | | | | 575 sxs Stg II | | 179' TOC | |
| 6-1/8" | 4-1/2" | 11.6# | 0 | 13,017' | | n/a | | n/a | |

24. Tubing Record

| Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) |
|--------|----------------|-------------------|------|----------------|-------------------|------|----------------|-------------------|
| 2-7/8" | 6636' | | | | | | | |

25. Producing Intervals

| Formation | Top | Bottom | Perforated Interval | Size | No. Holes | Perf. Status |
|-------------|-------|-----------|-------------------------|-------|------------|--------------|
| A) Delaware | 3800' | 7309' TVD | 7730-4, 8125-9, 8602-4 | 0.380 | 24, 24, 24 | Producing |
| B) | | | 8904, 9276, 9690, 10064 | 0.380 | 6, 6, 6, 6 | Producing |
| C) | | | 10381, 759, 11136, 468 | 0.380 | 6, 6, 6, 6 | Producing |
| D) | | | 11843, 12266, 596, 964 | 0.380 | 6, 6, 6, 6 | Producing |

26. Perforation Record

| Formation | Top | Bottom | Perforated Interval | Size | No. Holes | Perf. Status |
|-------------|-------|-----------|-------------------------|-------|------------|--------------|
| A) Delaware | 3800' | 7309' TVD | 7730-4, 8125-9, 8602-4 | 0.380 | 24, 24, 24 | Producing |
| B) | | | 8904, 9276, 9690, 10064 | 0.380 | 6, 6, 6, 6 | Producing |
| C) | | | 10381, 759, 11136, 468 | 0.380 | 6, 6, 6, 6 | Producing |
| D) | | | 11843, 12266, 596, 964 | 0.380 | 6, 6, 6, 6 | Producing |

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

| Depth Interval | Amount and Type of Material |
|----------------|--|
| 12964' | Frac'd w/ 2856 gals 25# linear, 1050 gals 15% HCl, 36,890 gals 25# XL Borate w/ 61,793# Ottawa sand |
| 12596' | Frac'd w/ 2730 gals 25# linear, 714 gals 15% HCl, 37,305 gals 25# XL Borate w/ 101,784# Ottawa sand |
| 12266' | Frac'd w/ 5544 gals 25# linear, 1134 gals 15% HCl, 38,209 gals 25# XL Borate w/ 103,166# Ottawa sand |
| 11843' | Frac'd w/ 6048 gals 25# linear, 1680 gals 15% HCL, 37,797 gals 25# XL Borate w/ 102,035# Ottawa (see |

28. Production - Interval A 2nd pg for remaining details All depths are MD unless otherwise stated

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|-------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| 08/12/09 | 08/24/09 | 24 | → | 688 | 484 | 1428 | | | Producing |
| Choice Size | Tbg. Press. Flwg. | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas : Oil Ratio | Well Status | |
| WO | SI 435 | 350 | → | | | | | Producing | |

ACCEPTED FOR RECORD

SEP 14 2009

Chris Walls
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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

See instructions and spaces for additional data on page 2)