

30-015-41033



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August 10, 2017
2017 AUG 11 A 11: 23

XTO Energy Inc.
810 Houston Street
Fort Worth, TX 76102-6298
(817) 870-2800
(817) 885-6616 Fax

FEDERAL EXPRESS

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

New Mexico State Land Office
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501
Attention: Mr. Anchor Holm

New Mexico Oil Conservation Division
1220 St. Francis
Santa Fe, New Mexico 87505
Attention: Mr. William Jones

Re: Commercial Determination
Poker Lake Unit 421H
Delaware Formation
Eddy County, New Mexico

Gentlemen:

Please find attached hereto one (1) copy of XTO's (as agent and attorney in fact for BOPCO, LP) 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 to the undersigned at the address above.

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 at the number or email address below.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Law Armstrong', with a long horizontal flourish extending to the right.

Law Armstrong
(817) 885-2453
Allen_armstrong@xtoenergy.com

Bureau of Land Management

New Mexico State Land Office

New Mexico Oil Conservation Division

By: _____

By: _____

By: _____

Its: _____

Its: _____

Its: _____

Date: _____

Date: _____

Date: _____



Date: July 12, 2017

To: Law Armstrong

From: Trent Boneau

Re: **Commercial Determination: POKER LAKE UNIT 421H**
API 3001541033
25S 30E Sec 27
Eddy County, New Mexico

Attached is the economic worksheet and well forecast to be submitted for commercial determination. The Poker Lake 421H was drilled in 2014 as a horizontal producer to a measured depth of 14,184' in the Delaware formation. The well is producing from perforations from 7835-14184'. By mid-year 2017 the well has produced 183 kBO, and as of July 9, 2017 it was testing 128 bopd, 314 kefd, and 513 bwpd on submersible pump. This well is expected to recover approximately 551 kBOE from the current completion. The 421H cost \$7.895M to drill and complete.

Historical data along with the most recent EIA future pricing estimates for oil and natural gas were utilized in the economic evaluation. Prices were adjusted downward by approximately 12% to account for local conditions. Operating costs were assumed to be \$10k/mo, declining to \$5k/mo plus a fixed \$0.75/bw cost for water disposal. The Poker Lake 421H has already achieved payout and has a large positive valuation, it is a commercial well and should be incorporated into a participating area.

Trent Boneau
Reservoir Engineering Advisor
Delaware Basin Subsurface Team

**WORKSHEET FOR COMMERCIAL DETERMINATION FOR
FEDERAL UNITS**

Well Name Poker Lake 421H
API Number 3001541033
Formation Delaware
Actual CAPEX, \$K 7895
First Production Date 5/1/2014
First Forecast Date 1/1/2017
Cum Oil to Date (kbo) 183,768
Cum Wet Gas to Date (McF) 467,171
Water to Date (kbw) 787,103
Assumed Shrink 0.6
NGL Yield Assumed 125
WTI Price % 0.9
HHub Price % 0.82
NGL Price % 0.8
Tax Gas 8.19
Tax Oil 7.09
WI % 100
NRI % 84.5
OPX/mo - Yr 1-3 10000
OPX/mo - Yr 4-1 5000
OPX/water (\$/bbl) 0.75
CAPEX, \$k 7895

COMMERCIAL

TOTAL NCF 0% DISCOUNT 9,500 K\$
TOTAL NCF 5% DISCOUNT 6,098 K\$

EUR Oil 359564 bo
EUR Wet G 1148664 kef

EUR, khoe 551

Poker Lake 421H



ECONOMICS MODULE

					NGL				Total							Discounted
	Date	Oil	Wet Gas	Dry Gas	Volume,	Oil Price	Gas Price	NGL Price	Gross	Net	Total	Local	Net Oper	Total	BTax	Cash Flow
		Volume	Volume	Volume	gals				Revenue	Revenue	OpCost	Taxes	Income	Capital	CFlow	5%
		BO	kcf	kcf	gal	\$/BO	\$/kcf	\$/gal	\$/B	\$/B	\$/B	\$/B	\$/B	\$/B	\$/B	\$/B
HISTORICAL	2014	84772	180421	108253	947210	93	4.39	0.63	7985	6748	322	516	5910	7895	-1985	-1985
HISTORICAL	2015	57593	151542	90925	795596	49	2.63	0.33	2946	2490	305	190	1995	0	1995	1900
HISTORICAL	2016	36228	112773	67664	592058	43	2.52	0.29	1679	1419	236	107	1075	0	1075	975
FORECAST	2017	26935	105537	63322	554068	46	2.70	0.31	1395	1179	147	88	944	0	944	815
FORECAST	2018	19427	79153	47492	415551	49	2.89	0.33	1087	918	122	68	727	0	727	598
FORECAST	2019	14670	59364	35619	311663	53	3.10	0.36	878	742	107	55	580	0	580	454
FORECAST	2020	12587	48261	28956	253368	57	3.32	0.38	799	675	100	50	524	0	524	391
FORECAST	2021	11328	43434	26061	228031	61	3.56	0.41	770	651	96	48	506	0	506	360
FORECAST	2022	10195	39091	23455	205228	65	3.81	0.44	743	628	93	46	488	0	488	330
FORECAST	2023	9176	35182	21109	184705	70	4.09	0.47	716	605	89	45	471	0	471	304
FORECAST	2024	8258	31664	18998	166235	75	4.38	0.50	691	584	87	43	454	0	454	279
FORECAST	2025	7432	28497	17098	149611	80	4.51	0.54	663	561	84	41	435	0	435	254
REMAINDER		60963	233745	140247	1227161				6214	5250	1576	389	3286	0	3286	1422
TOTAL		359564	1148664	689198	6030486				26566	22448	3365	1688	17395	7895	9500	6098

DISTRICT I
1826 N. French Dr., Hobbs, NM 88240
Phone (505) 393-5181 Fax: (505) 393-0720

DISTRICT II
911 E. First St., Artesia, NM 88210
Phone (505) 748-1225 Fax: (505) 748-0720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6176 Fax: (505) 334-6170

DISTRICT IV
1828 E. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 470-3450 Fax: (505) 470-3452

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1225 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT
As drilled

API Number 30-015-41033	Pool Code 96620	Pool Name Corral Canyon; Delaware, South
Property Code 306402	Property Name POKER LAKE UNIT	Well Number 421H
ODRID No. 260737	Operator Name BOPCO, L.P.	Elevation 3272

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/NORTH LINE	FEET from the	East/EAST LINE	County
P	27	25 S	30 E		600	SOUTH	950	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/NORTH LINE	FEET from the	East/EAST LINE	County
M	25	25 S	30 E		684	SOUTH	660	WEST	EDDY
Dedicated Acres 240	Joint or Infill	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

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 undivided 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: *Tracie J Cherry* Date: **07-01-14**

Printed Name: **Tracie J Cherry**

Email Address: **tjcherry@basspet.com**

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.

DEC 15 2013

Date Surveyed: **12/15/2013**

Signature of Professional Surveyor: *[Signature]*

Certification Number: **7977**

Scale: 1" = 1000'

WO Num.: 29944

SURFACE LOCATION

Lat - N 32°05'43.35"

Long - W 103°51'48.90"

NWSPCE - N 398738.6

E 645641.4

(NAD-27)

BOTTOM HOLE LOCATION

Lat - N 32°05'44.14"

Long - W 103°50'28.61"

NWSPCE - N 398849.6

E 652548.1

(NAD-27)

OCD Artesia

Form 3160-4
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. Lease Serial No.
NMNM05039

1a. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Dry <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name	
b. Type of Completion <input checked="" type="checkbox"/> New Well <input type="checkbox"/> Work Over <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Back <input type="checkbox"/> Diff. Resvr. Other		7. Unit or CA Agreement Name and No. 891000303X	
2. Name of Operator BOPCO LP		8. Lease Name and Well No. POKER LAKE UNIT 421H	
3. Address P O BOX 2760 MIDLAND, TX 79702		9. API Well No. 30-015-41033-00-S1	
4. Location of Well (Report location clearly and in accordance with Federal requirements)* At surface SESE 600FSL 950FEL At top prod interval reported below Sec 27 T25S R30E Mer NMP SESE 618FSL 230FEL At total depth Sec 25 T25S R30E Mer NMP SWSW 684FSL 660FWL		10. Field and Pool, or Exploratory POKER LAKE DELAWARE	
14. Date Spudded 02/05/2014		11. Sec., T., R., M., or Block and Survey or Area Sec 27 T25S R30E Mer NMP	
15. Date T.D. Reached 03/02/2014		12. County or Parish EDDY	
16. Date Completed <input type="checkbox"/> D & A <input checked="" type="checkbox"/> Ready to Prod. 05/09/2014		13. State NM	
17. Elevations (DF, KB, RT, GL)* 3273 GL			

18. Total Depth: MD TVD	14184 7772	19. Plug Back T.D.: MD TVD	20. Depth Bridge Plug Set: MD TVD
21. Type Electric & Other Mechanical Logs Run (Submit copy of each) AIT GR PHOTODENS CNL GR CALIPER RCBL GR		22. Was well cored? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit analysis) Was DST run? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit analysis) Directional Survey? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (Submit analysis)	

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
17.500	13.375 J-55	54.5	0	1000		1150		0	
12.250	9.625 N-80	40.0	0	3890		1300		0	
8.750	7.000 HCP-110	26.0	0	7835	4999	620		2740	
6.125	4.500 HCP-110	11.6	7646	14165					

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2.875	7107							

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) CHERRY CANYON	6095	14184	7988 TO 14184			OH COMPLETION SYSTEM
B)						
C)						
D)						

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

Depth Interval	Amount and Type of Material
7988 TO 14184	FRAC DOWN CSG USING TOTAL 75512 BBLs FLUID, 1183910# SAND ACROSS 20 STAGES

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
05/27/2014	05/27/2014	24	→	271.0	317.0	2896.0	38.5	0.87	ELECTRIC PUMP SUB-SURFACE
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status	
			→	271	317	2896	1170	POW	

28a. 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 reverse side)

ELECTRONIC SUBMISSION #251321 VERIFIED BY THE BLM WELL INFORMATION SYSTEM

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

RECLAMATION
DUE 11-9-14

ACCEPTED FOR RECORD

JUL 5 2014

BUREAU OF LAND MANAGEMENT
ELECTRIC PUMP SUB-SURFACENM OIL CONSERVATION
ARTESIA DISTRICT

JUL 14 2014

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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 of 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
BELL CANYON BRUSHY CANYON	3912 6170	4745	SANDSTONE SANDSTON (BOTTOM NO REACHED)	RUSTLER BASE OF SALT LAMAR BELL CANYON CHERRY CANYON BRUSHY CANYON	850 3682 3882 3912 4745 6170

32. Additional remarks (include plugging procedure):

****CONFIDENTIAL COMPLETION****

33. Circle enclosed attachments:

- | | | | |
|---|--------------------|---------------|-----------------------|
| 1. Electrical/Mechanical Logs (1 full set req'd.) | 2. Geologic Report | 3. DST Report | 4. Directional Survey |
| 5. Sundry Notice for plugging and cement verification | 6. Core Analysis | 7. Other: | |

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

Electronic Submission #251321 Verified by the BLM Well Information System.

For BOPCO LP, sent to the Carlsbad

Committed to AFMSS for processing by DUNCAN WHITLOCK on 07/01/2014 (14DW0129SE)

Name (please print) TRACIE J CHERRY

Title REGULATORY ANALYST

Signature (Electronic Submission)

Date 07/01/2014

Title 18 U.S.C. Section 1001 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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ****