

**BOPCO, L.P.**  
810 Houston St  
Fort Worth, Texas 76102  
817-885-2453

October 9, 2017

**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 CVX BS No. 30H  
Bone Spring 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 Bone Spring 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,

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: \_\_\_\_\_



## BOPCO, L.P.

Date: October 5, 2017

To: Law Armstrong

From: Trent Boneau

Re: **Commercial Determination: POKER LAKE UNIT CVX BS No. 30H**  
**API 3001542496**  
**25S 31E Sec 3**  
**Eddy County, New Mexico**

Attached is the economic worksheet and well forecast to be submitted for commercial determination. The Poker Lake Unit CVX BS No. 30H was drilled in 2014 as a horizontal producer to a measured depth of 20,111 in the Bone Spring formation. The well is producing from perforations from 10641'-19942'. By mid-year 2017 the well has produced 178 kBO, and as of Oct 1, 2017 it was testing 98 bopd, 374 kcf/d, and 184 bwpd on ESP. This well is expected to recover approximately 560 kBOE from the current completion.

The 30H cost \$12.218M to drill and complete due to drilling difficulties, neglecting atypical trouble events, best estimate at "normal cost" was \$9.312M so that was the basis for the economic evaluation.

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 30H is expected to have an undiscounted lifetime cashflow of approximately \$8.3M. It has a rate of return > 10% and is **commercial**.

Trent Boneau  
Reservoir Engineering Advisor  
Delaware Basin Subsurface Team

# Supplement #1

## INTER-OFFICE MEMORANDUM MIDLAND OFFICE

August 27, 2014

TO: FT. WORTH  
 FOR: KENT A. ADAMS  
 FROM: STEPHEN M. MARTINEZ  
 RE: UPWARD SUPPLEMENT AFE #25689  
 PLU CVX JV BS #330H  
 BIG SINKS (BONE SPRING)  
 EDDY COUNTY, NEW MEXICO

Attached for your approval is a supplement to AFE #25689 in the amount of \$1,200,000 (BOPCO WI - 50%) to drill and complete the subject well.

AFE No	25689
Original AFE	\$ 7,317,679
Supplement #1	\$ 1,200,000
New Total Amount	\$ 8,517,679

**Deduct 50%**

Based on trouble experienced during drilling operations we have over expended the original AFE. This well was drilled to a total depth of 20,111 and the rig released on 8/25/2014. The current total invoiced amount charged to the referenced AFE is \$4,941,112. The gross expenditure to date was incurred as a result of the following during the drilling portion of the AFE:

- Losses while drilling the 8-3/4" vertical section
- Inclusion of an unplanned string of 7" casing and cement job to protect the Delaware
- Complications while entering the 8-3/4" curve.

An additional supplement may follow pending final completion operations. If you have any questions please advise.

  
 STEPHEN M. MARTINEZ

BAE

**Deduct half**

**Deduct All**

# Supplement #2

## INTER-OFFICE MEMORANDUM MIDLAND OFFICE

September 9, 2014

TO: FT. WORTH  
 FOR: KENT A. ADAMS  
 FROM: STEPHEN M. MARTINEZ  
 RE: UPWARD SUPPLEMENT AFE #25689  
 PLU CVX JV BS #330H  
 BIG SINKS (BONE SPRING)  
 EDDY COUNTY, NEW MEXICO

Attached for your approval is an AFE supplement to the Completion portion of AFE #25689 in the amount of \$3,700,000 (BOPCO WI - 50%) to complete the subject well.

AFE No	25689
Original AFE	\$ 7,317,679
Supplement #1	\$ 1,200,000
Supplement #2	\$ 3,700,000
New Total Amount	\$ 12,217,679

The original AFE was over expended by \$3,700,000 due to changes in scope of the well and problems that occurred during/after the completion of this well. The additional costs incurred are detailed below:

- Scope (\$1,053,000):
  - Frac cost increased due to design changes. The proppant volume increased from 355K to 400K lbs per stage based on frac models run to achieve optimum conductivity. Also, the cost per stage was underestimated in the original AFE.
  - A fracstring (not in original AFE) had to be run for the well to be completed since the casing design changed from 5-1/2" to 7" X 4-1/2" due to severe loss of circulation while drilling (see supplement #1).
- Market Change (\$380,304):
  - Inflated cost of gal and pumping horsepower resulted in additional frac cost.
- Trouble (\$1,779,511):
  - Fishing operation for the collapsed 4-1/2" fracstring after drilling out frac plugs added additional PU, snubbing unit, contract services and equipment rental costs.
  - 2" coil tubing was also used to drillout frac plugs after well completion due to high pressure. Additional CT cost due to difficulties running plugs and plug debris in wellbore.
  - Additional tubing and flowback equipment rentals were incurred as a result of flowing well for three month after completions.

**"Normal" Well Cost = 12,217k - 600k - 1780k - 526k = \$9312k**

NM OIL CONSERVATION  
ARTESIA DISTRICT

State of New Mexico  
Energy, Minerals and Natural Resources Department

JAN 05 2013  
CONFIDENTIAL

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate District Office

**DISTRICT I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone (505) 393-3161 Fax: (505) 393-0720

**DISTRICT II**  
911 E. First St., Artesia, NM 88210  
Phone (505) 746-1223 Fax: (505) 746-0170

**DISTRICT III**  
1000 Rio Bravos Rd., Artesia, NM 87410  
Phone (505) 334-0178 Fax: (505) 334-0170

**DISTRICT IV**  
1825 S. St. Francis Dr., Santa Fe, NM 87506  
Phone (505) 476-3450 Fax: (505) 476-3458

**OIL CONSERVATION DIVISION RECEIVED**  
1225 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT  
*As drilled*

API Number 30-015-42496	Pool Code 96644 96641	Pool Name Paduca; Bone Spring
Property Code 313213	Property Name Poker Lake Unit CVX JV BS	Well Number 030H
OGRID No. 260737	Operator Name BOPCO, L.P.	Elevation 3452

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/NORTH LINE	FEET from the	East/WEST LINE	County
LOT 3	3	25 S	31 E		330	NORTH	1940	WEST	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/WEST LINE	County
N	10	25 S	31 E		331	SOUTH	1983	WEST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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

**SURFACE LOCATION**  
Lat - N 32°09'56.78"  
Long - W 103°46'02.89"  
NMSPC- N 424489.2  
E 675118.4  
(NAD-27)

TOP  
817 FNL  
2000 FHL

N: 424816.2  
E: 678431.1  
(NAD-27)

**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 unleased 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.

*Tracie J Cherry* 12/20/13  
Signature Date  
Tracie J Cherry  
Printed Name  
tjcherry@basspet.com  
Email Address

**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.

DECEMBER 30 2013  
Date Surveyed  
Signature of State of Professional Surveyor  
Certification Number: 7977  
BRAIN SURVEYOR

0' 500' 1000' 1500' 2000'  
SCALE: 1" = 1000'  
WO Num.: 29907

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NM OIL CONSERVATION  
ARTESIA DISTRICT

OCD Artesia 3 2615

FORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010

WELL COMPLETION OR RECOMPLETION REPORT AND RECEIVED

5. Lease Serial No. 62-NMNM030457 / BL-NM 031384

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

b. Type of Completion  New Well  Work Over  Deepen  Plug Back  Diff. Resvr.  
Other \_\_\_\_\_

2. Name of Operator: BOPCO LP Contact: TRACIE J CHERRY E-Mail: tjcherry@basspot.com

3. Address: P O BOX 2760 MIDLAND, TX 79702 3a. Phone No. (include area code) Ph: 432-221-7379

4. Location of Well (Report location clearly and in accordance with Federal requirements)\*  
At surface: Sec 3 T25S R31E Mer NMP NENW Lot 03 330FNL 1940FWL  
At top prod interval reported below: Sec 3 T25S R31E Mer NMP NENW Lot 03 817FNL 2000FWL  
At total depth: Sec 10 T25S R31E Mer NMP SESW 331FSL 1983FWL

6. If Indian, Allottee or Tribe Name \_\_\_\_\_

7. Unit or CA Agreement Name and No. NMNM71016X

8. Lease Name and Well No. POKER LAKE UNIT CVX JV BS 030H

9. API Well No. 30-015-42496

10. Field and Pool, or Exploratory PADUCA; BONE SPRING

11. Sec., T., R., M., or Block and Survey or Area Sec 3 T25S R31E Mer NMP

12. County or Parish EDDY 13. State NM

14. Date Spudded 07/11/2014 15. Date T.D. Reached 08/13/2014 16. Date Completed  D & A  Ready to Prod. 11/16/2014 17. Elevations (DF, KB, RT, GL)\* 3452 GL

18. Total Depth: MD 20111 TVD 10378 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) GR/RCBL 22. Was well cored?  No  Yes (Submit analysis)  
Was DST run?  No  Yes (Submit analysis)  
Directional Survey?  No  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 H40	48.0	0	841		550	165	0	
12.250	9.625 J55	40.0	0	4308		1630	518	0	
8.750	7.000 HCP110	26.0	0	9642	5000	1040	336	4200	
6.125	4.500 HCP110	11.6	9513	20111		1075	236	9513	

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	9494							

25. Producing Intervals 26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A2ND BONE SPRING SND	10028	20111	10641 TO 19942	0.420	384	OPEN
B)						
C)						
D)						

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

Depth Interval	Amount and Type of Material
10641 TO 19942	FRAC INTERVAL USING TOTAL 86512 BBLs FLUID, 5995313# PROPANT ACROSS 16 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
11/18/2014	11/18/2014	24	→	649.0	1152.0	834.0	41.7		
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas-Oil Ratio	Well Status	
20/64	1280	10.0	→	649	1152	834	1775	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	
			→						

ACCEPTED FOR RECORD  
FLOWS FROM WELL  
FEB 11 2015  
BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

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. Plwg. 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. Plwg. 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	4418	5152	SANDSTONE	RUSTLER	470
CHERRY CANYON	5152	6596	SANDSTONE	SALADO/T. SALT	878
BRUSHY CANYON	6596	8278	SANDSTONE	B. SALT	4114
BONE SPRING	8278		SANDSTONE/LIMESTONE	BELL CANYON	4418
				CHERRY CANYON	5152
				BRUSHY CANYON	6596
				1ST BONE SPRING SND	9280
				2ND BONE SPRING SND	10055

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 #286397 Verified by the BLM Well Information System.  
For BOPCO LP, sent to the Carlsbad  
Committed to AFMSS for processing by DEBORAH HAM on 01/30/2015 ( )

Name (please print) TRACIE J CHERRY Title REGULATORY ANALYST

Signature \_\_\_\_\_ (Electronic Submission) Date 12/29/2014

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.

\*\* ORIGINAL \*\*