

**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 JV PC No. 19H  
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: PLU CVX JV PC #019H**  
**API 3001542669**  
**24S 30E Sec 21**  
**Eddy County, New Mexico**

Attached is the economic worksheet and well forecast to be submitted for commercial determination. The PLU CVX JV PC #19H was drilled in 2014 as a horizontal producer to a measured depth of 16851' in the 2<sup>nd</sup> Bone Springs Sand. The well is producing from perforations from 10181'-16832'. By mid-year 2017 the well has produced 104 kBO and as of Oct 1, 2017 was testing 47 bopd, 326 kcf/d, and 124 bwpd on gas lift. This well is expected to recover approximately 477 kBOE from the current completion. The 19H cost \$8.2M 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.

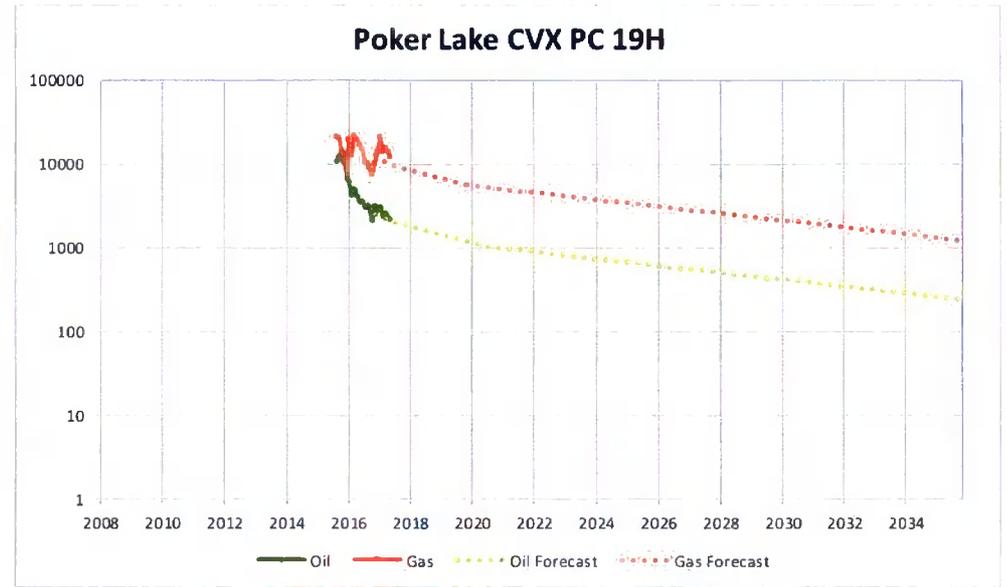
The PLU CVX JV PC #19H is expected to have a lifetime undiscounted cashflow of \$4.7M. Rate of return is > 5%. This well should be classified as **commercial**.

Trent Boneau  
Reservoir Engineering Advisor  
Delaware Basin Subsurface Team

Well Name: **Poker Lake CVX PC 19H**  
 API Number: **3001542669**  
 Formation: **2nd Bone Spring Sand**  
 Actual CAPEX, \$K: **8205.605**  
 First Production Date: **10/1/2015**  
 First Forecast Date: **1/1/2017**  
 Cum Oil to Date (kbo): **106.522**  
 Cum Wet Gas to Date (Mcf): **315.464**  
 Water to Date (kbw): **284.974**  
 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 %: **85.25**  
 OPX/mo Yr 1-3: **10000**  
 OPX/mo Yr 4+: **5000**  
 OPX/water (\$/bbl): **0.75**  
 ECON CAPEX, \$K: **8205.605**

**COMMERCIAL**

TOTAL NCF 0% DISCOUNT: **4,697 KS**  
 TOTAL NCF 5% DISCOUNT: **817 KS**  
 EUR Oil: **281183 bo**  
 EUR Wet Gas: **1176586 kcf**  
 EUR BOE: **477,281**



ECONOMICS MODULE

Date	Oil Volume	Wet Gas Volume	Dry Gas Volume	NGL			Total Gross Revenue	Net Revenue	Total Opcost	Local Taxes	Net Oper Income	Total Capital	BTax CFlow	Discounted Cash Flow 5%		
				Volume, gals	Oil Price \$/BO	Gas Price \$/kef									NGL Price \$/gal	
	BO	kef	kef	gal	\$/BO	\$/kef	\$/gal	MM\$	MM\$	MM\$	MM\$	MM\$	MM\$	MM\$		
HISTORICAL	2015	33959	54441	32665	285815	49.00	2.63	0.31	1638.6	1397	168.1	107.78	1121	8205.605	-7085	-7085
HISTORICAL	2016	54424	161083	96650	845686	43.00	2.52	0.27	2489.2	2122	229.2	160.83	1732	0	1732	1650
FORECAST	2017	25288	122106	73263	641055	46.07	2.70	0.29	1359.7	1159	170.7	85.87	903	0	903	819
FORECAST	2018	19570	93261	55957	489621	49.37	2.89	0.31	1124.1	958	99.3	70.81	788	0	788	681
FORECAST	2019	15656	74609	44765	391697	52.90	3.10	0.33	963.6	821	91.4	60.51	670	0	670	551
FORECAST	2020	12683	63211	37926	331856	56.68	3.32	0.36	845.1	720	85.4	52.79	582	0	582	456
FORECAST	2021	11318	57522	34513	301989	60.73	3.56	0.38	811.8	692	82.7	50.51	559	0	559	417
FORECAST	2022	10299	52345	31407	274810	65.08	3.81	0.41	791.6	675	80.7	49.12	545	0	545	387
FORECAST	2023	9372	47634	28580	250077	69.73	4.09	0.44	771.8	658	78.8	47.78	531	0	531	360
FORECAST	2024	8529	43347	26008	227570	74.71	4.38	0.47	752.6	642	77.1	46.48	518	0	518	334
FORECAST	2025	7761	39446	23667	207089	80.06	4.51	0.50	730.3	623	75.6	45.22	502	0	502	308
FORECAST	2026	7063	35895	21537	188451	81.58	4.61	0.51	677.4	578	74.2	41.91	461	0	461	270
REMAINDER		65261	331688	199013	1741362				7187	6127	1691	445	3991	0	3991	1670
<b>TOTAL</b>		<b>281183</b>	<b>1176586</b>	<b>705952</b>	<b>6177079</b>				<b>20143</b>	<b>17172</b>	<b>3004</b>	<b>1265</b>	<b>12903</b>	<b>8206</b>	<b>4697</b>	<b>817</b>



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NM OIL CONSERVATION  
ARTESIA DISTRICT  
Artesia 2016  
APR 2 2016

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG RECEIVED

5. Lease Serial No. NMLC068905

6. If Indian, Allottee or Tribe Name

7. Unit or C/A Agreement Name and No. NMNM71016X

8. Lease Name and Well No. POKER LAKE UNIT CVX JV PC.019H

9. API Well No. 30-015-42669

10. Field and Pool, or Exploratory PIERCE CANYON; BONE SPR. E

11. Sec., T., R., M., or Block and Survey or Area Sec 21 T24S R30E Mer NMP

12. County or Parish EDDY 13. State NM

14. Date Spudded 12/19/2014 15. Date T.D. Reached 01/20/2015 16. Date Completed  D & A  Ready to Prod. 09/17/2015 17. Elevations (DJF, KB, RT, GL)\* 3347 GL

18. Total Depth: MD 16851 TVD 9680 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) RCBL/GR 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	WL (#/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 J55	54.5		1156		865	265	0	
12.250	9.625 J55	40.0		3836		1460	483	0	
8.750	5.500 JCP110	17.0		16851	5827	3230	891	3620	

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	8756	8756						

25. Producing Intervals

26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) 2ND BONE SPRING	9242	16851	10181 TO 16832	0.430	852	OPEN
B)						
C)						
D)						

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

Depth Interval	Amount and Type of Material
10181 TO 16851	FRAC INTERVAL USING 128,824 BBLs FLUID, 10.073,805# PROPANT ACROSS 24 STAGES

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API
10/06/2015	10/11/2015	24	→	332.0	477.0	1326.0	
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio
			→				1437

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API
			→				
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio
			→				

ACCEPTED FOR RECORD  
GAS LIFT  
POWER - 12 2016  
BUREAU OF LAND MANAGEMENT  
SANDY SPRING FIELD OFFICE

(See Instructions and spaces for additional data on reverse side)

ELECTRONIC SUBMISSION #319320 VERIFIED BY THE BLM WELL INFORMATION SYSTEM

\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\*

Reclamation was due: 04/06/2016

CR

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	3860	4704	SANDSTONE	RUSTLER	810
CHERRY CANYON	4704	6015	SANDSTON	SALADO/T. SALT	1224
BRUSHY CANYON	6015	7657	SANDSTONE	B. SALT	3618
BONE SPRING*	7657		SANDSTONE/LIMESTONE	BELL CANYON	3860
*BTM NOT REACHED				CHERRY CANYON	4704
				BRUSHY CANYON	6015
				BONE SPRING	7657
				2ND BONE SPRING SAND	9242

32. Additional remarks (include plugging procedure):

\*\*\*CONFIDENTIAL COMPLETION\*\*\*  
TOC reported on completion sundry (EC 298263) incorrectly states cement of 5-1/2" circulated to surface.

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 #319320 Verified by the BLM Well Information System.  
For BOPCO LP, sent to the Carlsbad  
Committed to AFMSS for processing by DEBORAH HAM on 12/22/2015 ()

Name (please print) TRACIE J CHERRY Title REGULATORY ANALYST

Signature (Electronic Submission) Date 10/12/2015

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 \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\***