

BOPCO, L.P.
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FORT WORTH, TEXAS 76102
817 / 390-8400

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ANDY MORRISON
DIVISION LANDMAN

February 28, 2013

FEDERAL EXPRESS

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

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: 2013 Plan of Development
Poker Lake Unit
Eddy County, New Mexico

Gentlemen:

In accordance with Section 10 of the Poker Lake Unit Agreement dated March 18, 1952, BOPCO, L.P., Operator of the referenced unit, hereby submits a Plan of Development for the Poker Lake Unit for the year 2013.

2012 Activity

- *Drilling*
 - Development of the Delaware horizontal development program continued with twenty-six (26) wells being completed and four (4) rigs running by the end of the year.
 - Development of the Bone Spring horizontal development program continued with twenty-one (21) wells being completed, continuing the pace established in previous years.
- *Plugged and Abandoned*
 - No Poker Lake Unit wells were plugged and abandoned in 2012.
- *Participating Areas*
 - No new Participating Areas were established in 2012; however eighteen (18) Commercial Determinations were submitted in the months of September and November. We anticipate establishing and/or expanding several new Participating Areas for both Bone Spring and Delaware Wells in the near future.
- *Infrastructure*
 - The following production batteries were constructed to service Delaware production;
 - Poker Lake Unit 303 Production Battery
 - Poker Lake Unit 420 Production Battery
 - Poker Lake Unit 320 Production Battery
 - The following Saltwater Disposal Stations were constructed to service Delaware production:
 - Poker Lake Unit 78 Saltwater Disposal Station
 - Poker Lake Unit 213 Saltwater Disposal Station

Future Development

- *Delaware*
 - Twenty-Four (24) Delaware wells are expected to be drilled in 2013.
 - Only two (2) wells are shown on the attached 'Delaware Development' spreadsheet because all

other Delaware wells that are expected to be drilled and/or permitted in 2013 appeared on the 2012 Plan of Development.

- *Bone Spring*
 - Sixteen (16) Bone Spring wells are expected to be drilled in 2013.
 - Only Fourteen (14) wells are shown on the attached 'Bone Spring Development' spreadsheet because all other Bone Spring wells that are expected to be drilled and/or permitted in 2013 appeared on the 2012 Plan of Development.
- *Saltwater Disposal*
 - Three (3) Saltwater Disposal wells are expected to be drilled in 2013, all appeared on the 2012 Plan of Development.

Offset Obligations

- Appropriate and adequate measures will be taken to prevent drainage of unitized substances from lands covered by the Poker Lake Unit Agreement or pursuant to applicable regulations.

Modifications

- In accordance with the terms and provisions of the Poker Lake Unit Agreement, this Plan of Development may be modified from time to time as a result of changing conditions.

Effective Date

- This Plan of Development became effective on January 1, 2013.

If this Plan of Development meets with your approval, please so indicate by signing in the appropriate space provided below and return one (1) signed original to the undersigned for our records.

Sincerely,



Andy Morrison

HAM:mec

ACCEPTED AND AGREED this _____ day of _____, 2013.

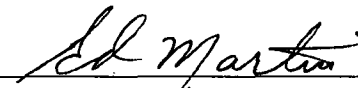
BUREAU OF LAND MANAGEMENT

By: _____

COMMISSIONER OF PUBLIC LANDS

By: _____

NEW MEXICO OIL CONSERVATION DIVISION

By:  _____

PLU Area Acreage Summary

	Gross	Net
<i>Inside PLU</i>		
Subject to EA	57,363.66	56,847.66
100% Bass	<u>5,120.00</u>	<u>5,470.00</u>
<i>Total Inside PLU</i>	62,483.66	62,317.66
<i>Outside PLU</i>		
Subject to EA		
Remuda Basin	2,800.80	2,101.23
Outside PLU/RB	<u>2,725.79</u>	<u>2,725.79</u>
<i>Total EA Non-PLU</i>	5,526.59	4,827.02
<i>Not Subject to EA</i>	<u>320.00</u>	<u>320.00</u>
<i>Total Outside PLU</i>	5,846.59	5,147.02
Total PLU Area	68,330.25	67,464.68

Poker Lake Unit - Future Delaware Development

Well Name	Surface Location		Bottom Hole Location		Depth
	S-T-R	Footage Call	S-T-R	Footage Call	
PLU 426H	18-24-30	160' FSL & 2,350' FEL	2-24-31	350' FNL & 2,110' FEL	16,115'
PLU 427H	34-24-30	850' FNL & 2,225' FWL	28-24-30	1,950' FNL & 1,950' FEL	12,670'

Poker Lake Unit - Future Bone Spring Development

Well Name	Surface Location		Bottom Hole Location		Depth
	S-T-R	Footage Call	S-T-R	Footage Call	
PLU 440H	18-24-30	1,310' FSL & 2,430' FEL	12-24-30	1,603' FSL & 2,295' FEL	15,779'
PLU 441H	18-24-30	1281' FSL & 2,401' FEL	20-24-29	1841' FSL & 2594' FWL	15,325'
PLU 442H	19-24-30	820' FSL & 2290' FEL	13-24-29	1169' FSL & 2329' FEL	15,702'
PLU 443H	19-24-30	791' FSL & 2,262' FEL	29-24-30	1,485' FSL & 2,535' FWL	14,996'
PLU Big Sinks 2-25-30 State 2H	2-25-30	110' FSL & 590' FEL	2-25-30	70' FNL & 590' FEL	14,590'
PLU Big Sinks 12-25-30 USA 1H	12-25-30	100' FNL & 660' FWL	12-25-30	70' FSL & 660' FWL	14,690'
PLU Big Sinks 13-25-30 USA 1H	13-25-30	75' FSL & 660' FWL	13-25-30	75' FNL & 660' FWL	14,880'
PLU Big Sinks 24-25-30 USA 1H	24-25-30	150' FNL & 660' FWL	24-25-30	75' FSL & 660' FWL	14,610'
PLU Big Sinks 23-25-30 USA 1H	23-25-30	150' FNL & 640' FEL	23-25-30	60' FSL & 640' FEL	14,658'
PLU Phantom Banks 19-25-31 USA 1H	19-25-31	100' FNL & 660' FWL	19-25-31	65' FSL & 660' FWL	14,880'
PLU Big Sinks 18-25-31 USA 1H	18-25-31	135' FSL & 660' FWL	18-25-31	90' FNL & 660' FWL	14,880'
PLU Big Sinks 30-25-31 USA 1H	30-25-31	100' FSL & 660' FWL	30-25-31	90' FNL & 660' FWL	14,880'
PLU Big Sinks 31-25-31 USA 1H	31-25-31	100' FNL & 660' FWL	31-25-31	50' FSL & 660' FWL	14,880'
PLU Big Sinks 2-25-30 State 3H	2-25-30	50' FSL & 660' FWL	2-25-30	50' FNL & 660' FWL	14,590'

Poker Lake Unit - 2012 Activity

Well Name	Surface Location		Bottom Hole Location		Depth
	S-T-R	Footage Call	S-T-R	Footage Call	
Delaware					
303H	5-25-31	1264' FSL & 2310' FWL	5-25-31	100' FNL & 1450' FEL	13,675
312H	33-24-31	1100' FNL & 1750' FEL	35-24-31	70' FSL & 2275' FWL	14,175
318H	4-24-30	2450' FNL & 75' FEL	10-24-30	2450' FNL & 85' FEL	13,175
319H	4-24-30	2160' FSL & 1120' FEL	10-24-30	1415' FSL & 600' FEL	13,375
320H	4-24-30	1300' FSL & 2640' FEL	10-24-30	900' FSL & 2050' FEL	13,175
325H	22-24-30	2,250' FNL & 940' FWL	16-24-30	1,800' FNL & 2,350' FWL	14,441
326H	22-24-30	200' FSL & 1025' FEL	22-24-30	1760' FNL & 1070' FWL	14,175
327H	12-24-30	1400' FNL & 635' FWL	2-24-30	2295' FSL & 2580' FWL	13,675
328H	12-24-30	2400' FSL & 305' FWL	2-24-30	2295' FSL & 715' FWL	12,175
335H	13-24-30	130' FNL & 710' FWL	11-24-30	315' FNL & 1,445' FWL	13,675
337H	14-24-30	350' FSL & 1225' FEL	10-24-30	650' FSL & 1780' FEL	13,675
339H	14-24-30	265' FSL & 2010' FEL	24-24-30	1400' FSL & 2300' FEL	14,148
340H	14-24-30	895' FSL & 1410' FWL	24-24-30	835' FSL & 1900' FWL	15,775
341H	23-24-30	925' FNL & 1110' FWL	25-24-30	470' FNL & 865' FWL	15,675
344H	26-24-30	35' FSL & 1975' FWL	27-24-30	115' FSL & 1500' FWL	14,875
345H	35-24-30	1350' FNL & 1550' FWL	27-24-30	1995' FNL & 2325' FWL	14,375
346H	35-24-30	2425' FSL & 1130' FWL	27-24-30	930' FSL & 2645' FWL	13,675
355H	33-24-31	1840' FSL & 1920' FWL	3-25-31	1100' FSL & 2300' FWL	14,675
356H	33-24-31	2210' FSL & 1850' FEL	3-25-31	1760' FNL & 2300' FWL	14,175
357H	28-24-31	1695' FSL & 2280' FEL	20-24-31	910' FSL & 1425' FEL	14,375
392H	20-24-31	100' FNL & 1500' FWL	21-24-31	750' FSL & 550' FWL	14,375
401H	21-24-31	315' FSL & 570' FEL	21-24-31	330' FNL & 550' FWL	14,875
411H	28-24-31	950' FNL & 1600' FEL	27-24-31	400' FSL & 2300' FWL	14,875
412H	28-24-31	1840' FNL & 2530' FWL	34-24-31	1500' FNL & 2300' FWL	14,875
413H	28-24-31	2140' FSL & 2200' FWL	34-24-31	1900' FSL & 2300' FWL	14,875
420H	28-25-31	700' FSL & 1300' FEL	29-25-31	350' FNL & 150' FEL	14,875

Bone Spring

PLU Big Sinks 2-25-30 State 1H	2-25-30	350' FSL & 1,980' FEL	2-25-30	100' FNL & 1,980' FEL	13,850'
PLU Big Sinks 14-25-30 USA 1H	14-25-30	300' FSL & 1,980' FEL	14-25-30	350' FNL & 1,980' FWL	13,495'
PLU Big Sinks 23-24-30 USA 1H	23-24-30	100' FNL & 1,980' FEL	23-24-30	350' FSL & 1,980' FEL	12,920'
PLU Pierce Canyon 20-24-30 USA 1H	20-24-30	75' FNL & 1,725' FEL	20-24-30	350' FSL & 1,980' FEL	12,480'
PLU Big Sinks 24-24-30 USA 1H	24-24-30	10' FNL & 1,980' FEL	24-24-30	350' FSL & 1,980' FEL	13,935'
PLU Big Sinks 15-25-30 USA 1H	15-25-30	10' FNL & 1,980' FWL	15-25-30	350' FNL & 1,980' FWL	13,120'
PLU Pierce Canyon 21-24-30 USA 1H	21-24-30	100' FNL & 1,980' FEL	21-24-30	350' FSL & 1,980' FEL	12,740'
PLU Phantom Banks 3-26-30 USA 1H	3-26-30	100' FSL & 1,980' FEL	3-26-30	350' FNL & 1,980' FEL	13,030'
PLU Phantom Banks 4-26-30 USA 1H	4-26-30	100' FSL & 1,980' FWL	4-26-30	350' FNL & 1,980' FWL	13,530'
PLU Big Sinks 34-24-30 USA 1H	34-24-30	150' FNL & 1,980' FEL	34-24-30	350' FSL & 1,980' FEL	13,650'
PLU Big Sinks 19-24-31 USA 1H	19-24-30	150' FNL & 1,980' FWL	19-24-30	350' FSL & 1,980' FWL	13,700'
PLU Pierce Canyon 16-24-30 USA 1H	16-24-30	150' FNL & 1,980' FEL	16-24-30	350' FSL & 1,980' FEL	12,730'
PLU Big Sinks 14-24-30 USA 1H	14-24-30	150' FSL & 1,980' FEL	14-24-30	350' FNL & 1,980' FEL	14,043'
PLU Big Sinks 35-24-30 USA 1H	35-24-30	150' FNL & 1,980' FWL	35-24-30	350' FSL & 1,980' FWL	13,600'
PLU Phantom Banks 22 25 30 USA 1H	22-25-30	150' FNL & 1,980' FWL	22-25-30	100' FSL & 1,980' FWL	12,820'
PLU Remuda Basin 32-23-30 State 1H	32-23-30	150' FSL & 660' FWL	32-23-30	100' FNL & 660' FWL	13,070'
PLU Big Sinks 7-25-31 USA 1H	7-25-31	150' FNL & 1,980' FWL	7-25-31	100' FSL & 1,980' FWL	14,100'
PLU Pierce Canyon 17-24-30 USA 1H	17-24-30	237' FSL & 1,980' FWL	17-24-30	100' FNL & 1,980' FWL	12,250'
PLU Big Sinks 3-25-30 USA 1H	3-25-30	200' FSL & 2,130' FEL	3-25-30	100' FNL & 2,130' FEL	13,900'
PLU Ross Ranch 21-25-30 USA 1H	21-25-30	125' FNL & 400' FWL	21-25-30	100' FSL & 400' FWL	12,980'
PLU Remuda Basin 4-24-30 USA 1H	4-24-30	175' FNL & 1,250' FEL	4-24-30	100' FSL & 660' FEL	13,320'