

BASS ENTERPRISES PRODUCTION CO.

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

March 2, 2007

2007 MAR 5 AM 10 07

FEDERAL EXPRESS

Bureau of Land Management
Roswell District Office
2909 W. 2nd Street
Roswell, New Mexico 88201
Attn: Ms. Alexis Swoboda

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: William Jones

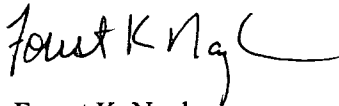
Re: Commercial Determination
Big Eddy Unit #155
Morrow Formation
Eddy County, New Mexico

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 Morrow 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.

Sincerely,


Forest K. Naylor

Bureau of Land Management

New Mexico State Land Office

New Mexico Oil Conservation Division

By: _____

By: _____

By: _____

Its: _____

Its: _____

Its: _____

Date: _____

Date: _____

Date: _____

WORKSHEET FOR COMMERCIAL DETERMINATION AND PARTICIPATING AREA IN FEDERAL UNITS

WELL DATA

WELL _____ BIG EDDY UNIT # 155 _____ FORMATION _____ MORROW _____
 LOCATION _____ LOT 4 _____ UNIT, _____ 990 _____ FEET FROM _____ NORTH _____ LINE & _____ 810 _____ FEET FROM _____ WEST _____ LINE
 SECTION _____ 25 _____ TOWNSHIP _____ 22S _____ RANGE _____ 28E _____ COUNTY _____ EDDY _____ NEW MEXICO
 SPUD DATE _____ 8/4/2006 _____ COMPLETION DATE _____ 11/10/2006 _____ INITIAL PRODUCTION _____ 11/10/2006 _____
 PERFORATIONS _____ 12,443-12,448', 12,452-12,463', 12,512-12,532', 12,580-12,596' _____

STIMULATION:

ACID _____

FRACTURE _____ Frac 12443-12596' w/ 52,368gals 70Q BINARY SYSTEM + 36,031 lbs 20/40 INTERPROP. _____

POTENTIAL _____ (11/04/2006): 0 BOPD, 1303 MCFPD, & 17 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	320	
Porosity (por), %	10%	
Water saturation (Sw), %	34%	
Net Thickness (h), ft.	49	
Temperature (T), Fahrenheit	196	
Bottom Hole pressure (P), psia	4,984	
Recovery factor (RF), %	80%	
Recoverable gas, BCF *(See eq. below)	9.8	

*Sometimes unable to match performance due to volumetric uncertainty.

Formula = $(7758) (A) (h) (por) (1-S_w)(RF)/B_{gi}$

B_{gi} = 0.61 RB/MCF

Continued

PERFORMANCE DATA

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

CUMULATIVE PRODUCTION TO 12/31/2006 68,966 MCF Gas 0 BBL Oil

INITIAL RATE (qi) 1,266

ECONOMIC LIMIT (ql) 19

HYPERBOLIC DECLINE RATE, dy b = 1.0, d = 55.48

REMAINING GAS (Q) = 1,558,878

ULTIMATE RECOVERABLE GAS (mcf) 1,627,844

(Attach plot showing proration unit and participating area.)

ECONOMICGROSS WELL COST \$ \$3,188,550 (to the depth of formation completed)COMPLETION COST \$ 1,542,643GROSS TOTAL COST \$ \$4,731,193

YEAR	GROSS GAS MMCF	BFIT NET REVENUE (\$M)	OPERATING COST (\$M) INCL SEV & AD VAL TAX	5% NET BFIT DISCOUNTED CASH FLOW
ZERO				
1	69.0	368.5	75.4	-4,439.9
2	301.5	1,630.7	338.4	1,248.9
3	194.6	1,146.5	237.1	836.2
4	143.4	844.9	179.6	581.7
5	113.8	670.7	147.6	435.0
6	94.4	556.2	126.5	339.8
7	80.9	476.4	111.9	274.2
8	70.4	414.6	100.5	224.7
9	62.5	367.9	91.9	187.8
10	56.2	331.1	85.2	159.2
REMAINDER	441	2,599.6	955.8	797.8
TOTAL	1,628	9,407.0	2,449.9	645.5

WELL IS COMMERCIAL

ECONOMIC PROJECTION

Date : 2/1/2007

Lior

11:29:31AM

Project Name : 2007 CAPITAL BUDGET RISKED Extract-
 Partner : All Cases
 Case Type : LEASE CASE
 Archive Set : BUDGET

As Of Date : 11/01/2006
 Discount Rate (%) : 5.00
 BIG EDDY UNIT #155

Lease Name : BIG EDDY UNIT #155
 Reserv Cat. : Proved Producing
 Field : CARLSBAD E.
 Operator : BEPCO
 Reservoir : MORROW
 Co., State : EDDY, NM

Cum Oil (mbbls) : 0.00
 Cum Gas (mmcf) : 0.00

Year	Gross Wet Production		Gross Dry Gas & NGL		Sales		
	Oil (Mbbl)	Wet Gas (MMCF)	Dry Gas (MMCF)	NGL (MGal)	Oil (Mbbl)	Gas (MMCF)	NGL (MGal)
2006	0.000	68.966	66.552	0.000	0.000	56.237	0.000
2007	0.000	301.453	290.902	231.817	0.000	245.812	195.886
2008	0.000	194.604	187.793	149.650	0.000	158.685	126.454
2009	0.000	143.412	138.393	110.284	0.000	116.942	93.190
2010	0.000	113.841	109.857	87.544	0.000	92.829	73.974
2011	0.000	94.408	91.104	72.600	0.000	76.983	61.347
2012	0.000	80.860	78.030	62.181	0.000	65.935	52.543
2013	0.000	70.380	67.916	54.122	0.000	57.389	45.733
2014	0.000	62.450	60.264	48.024	0.000	50.923	40.580
2015	0.000	56.203	54.236	43.220	0.000	45.830	36.521

Rem	0.000	441.268	425.824	286.738	0.000	359.821	286.738
Total	0.000	1,627.844	1,570.869	1,198.777	0.000	1,327.385	1,012.967
Ult.	0.000	1,627.844					

Year	Average Price			Net Revenue			
	Oil \$/BBL	Gas \$/MCF	NGL \$/Gal	Oil (M\$)	Gas (M\$)	NGL (M\$)	Total (M\$)
2006	0.00	6.55	0.00	0.000	368.510	0.000	368.510
2007	0.00	5.92	0.90	0.000	1,454.358	176.297	1,630.655
2008	0.00	6.51	0.90	0.000	1,032.657	113.809	1,146.465
2009	0.00	6.51	0.90	0.000	761.010	83.871	844.881
2010	0.00	6.51	0.90	0.000	604.093	66.577	670.670
2011	0.00	6.51	0.90	0.000	500.972	55.212	556.184
2012	0.00	6.51	0.90	0.000	429.079	47.289	476.367
2013	0.00	6.51	0.90	0.000	373.466	41.160	414.626
2014	0.00	6.51	0.90	0.000	331.387	36.522	367.909
2015	0.00	6.51	0.90	0.000	298.241	32.869	331.110
Rem	0.00	6.51	0.90	0.000	2,341.571	258.064	2,599.635
Total	0.00	6.40	0.90	0.000	8,495.343	911.670	9,407.013

Year	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\$)
2006	30.181	18.425	4,731.193	26.826	-4,438.116	-4,438.116	-4,439.926	-4,439.926
2007	133.551	81.533	0.000	123.361	1,292.211	-3,145.905	1,248.876	-3,191.050
2008	93.896	57.323	0.000	85.844	909.403	-2,236.502	836.242	-2,354.808
2009	69.196	42.244	0.000	68.153	665.288	-1,571.214	581.693	-1,773.115
2010	54.928	33.533	0.000	59.111	523.098	-1,048.116	434.982	-1,338.134
2011	45.551	27.809	0.000	53.168	429.655	-618.462	339.817	-998.317
2012	39.014	23.818	0.000	49.026	364.509	-253.953	274.195	-724.122
2013	33.958	20.731	0.000	45.821	314.116	60.163	224.738	-499.383
2014	30.132	18.395	0.000	43.396	275.985	336.149	187.823	-311.561
2015	27.118	16.556	0.000	41.486	245.951	582.099	159.229	-152.332
Rem	212.910	129.982	0.000	612.945	1,643.798	1,643.798	797.801	797.801
Total	770.434	470.351	4,731.193	1,209.137	2,225.898	2,225.898	645.469	645.469

Major Phase : Gas
 Perfs : 0 0
 Initial Rate : 32.73 mmcf/month
 Abandonment : 0.56 mmcf/month
 Initial Decline : 56.10 % year b = 1.001
 Beg Ratio : 0.00 bbl/mmcf
 End Ratio : 0.00

Working Int : 1.00000000
 Revenue Int : 0.84500000
 Disc. Initial Invest. (m\$) : 4,731.193
 Internal ROR (%) : 8.08
 ROI Investment (disc/undisc) : 1.14 / 1.47
 Years to Payout : 6.97
 Abandonment Date : 09/05/2035

Present Worth Profile (M\$)

5.00% : 645.47
 8.00% : 14.10
 10.00% : -324.08
 12.00% : -612.76
 15.00% : -974.51
 20.00% : -1,442.02
 30.00% : -2,074.86
 40.00% : -2,489.36
 50.00% : -2,785.73
 60.00% : -3,010.06

Initial 1st Rev. 2nd Rev.
 Working Interest : 1.00000000 0.00000000 0.00000000
 Revenue Interest : 0.84500000 0.00000000 0.00000000
 Rev. Date :

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

Well: Big Eddy Unit No.155

Formation: Morrow

Location: 990' FNL 810' FWL

Section: 25 Township: 22S

Range: 28E

County: Eddy New Mexico

VOLUMETRIC CALCULATION

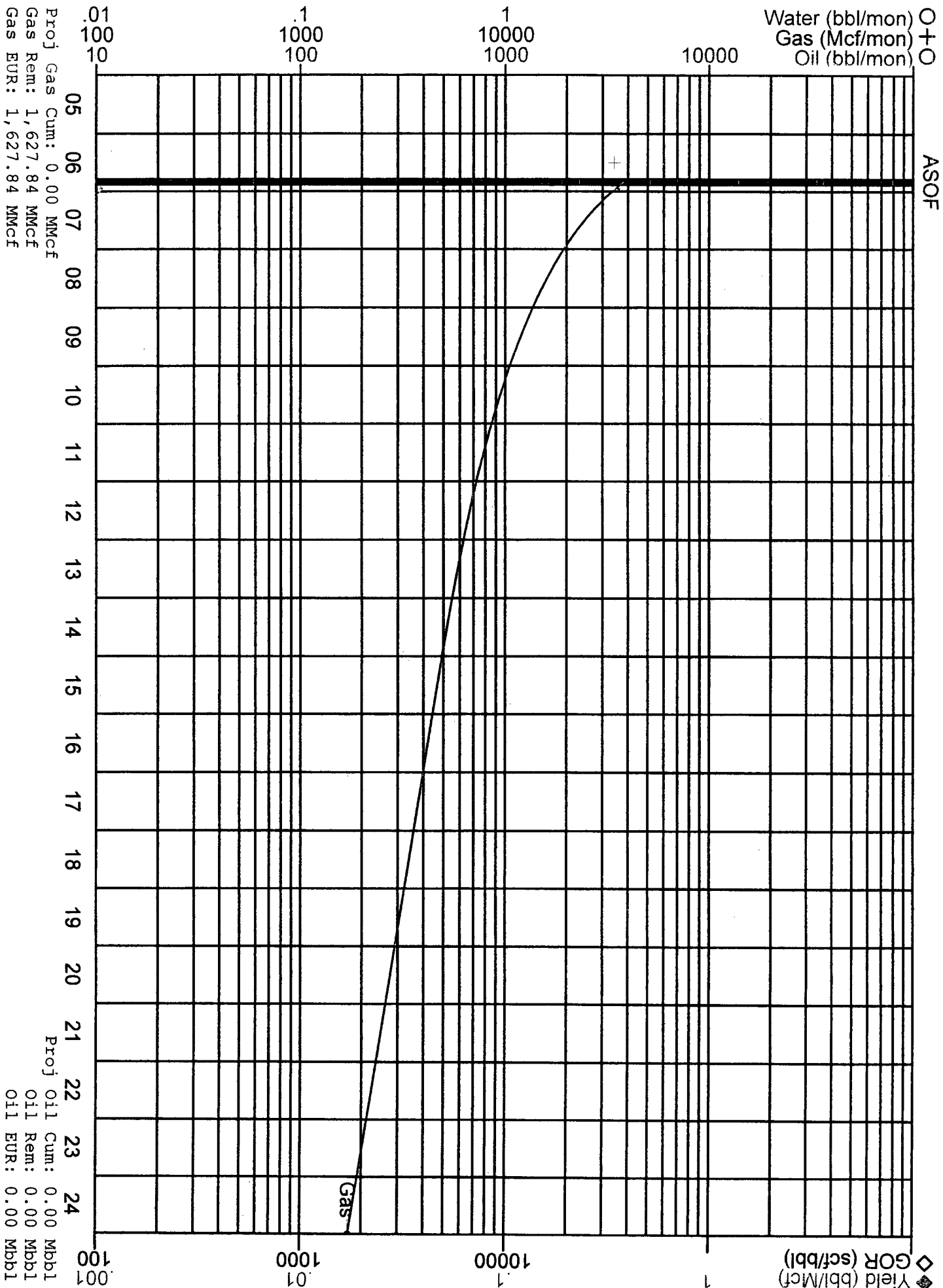
Area (A) proration unit size, acres:	320	
Porosity (por), %:	10.3	
Water Saturation (Sw), %:	34.2	
Net Thickness (h), ft:	49	
Temperature (T), Fahrenheit:	196	
Bottom Hole Pressure (P),psia:	4984 PSIA	11/10/2006 SITP
Recovery Factor (RF), %:	80.0	
Recoverable Gas,BCF:	9.84	

PERFORMANCE DATA

Initial Rate (qi):	38.0 MM/M
Economic Limit (qf):	0.568 MM/M
Hyperbolic Decline Rate,dy:	N=1.0, DEC=55.48%
Remaining Gas (Q):	
Ultimate Recoverable Gas (mcf):	1.649 BCF

BIG EDDY UNIT #155
Operator: BEPCO
Major Phase: Gas

Field: CARLSBAD E.
EDDY, NM
-431.58 M\$



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

OCD-ARTESIA

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

1a. Type of Well ☐ Oil Well ☒ Gas Well ☐ Dry ☐ Other
b. Type of Completion ☐ New Well ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resy.
Other _____

2. Name of Operator
BEPCO, L.P.

3. Address
P.O. BOX 2760 MIDLAND TX 79702-2760

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

4. Location of Well (Report location clearly and in accordance with Federal requirements)*

At Surface NWNW, 990' FNL, 810' FWL,

At top prod. interval reported below

At total depth

14. Date Spudded
08/04/2006

15. Date T.D. Reached
09/27/2006

16. Date Completed
☐ D & A ☒ Ready to Prod.
11/10/2006

5. Lease Serial No.
NMLC369159

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and no.
NMNM68294

8. Lease Name and Well No.

BIG EDDY UNIT 155

9. API Well No.
30-015-34921

10. Field and Pool, or Exploratory
DUBLIN RANCH (MORROW) S

11. Sec., T., R., M., on Block and
Survey or Area SEC 25, T22S, R2

12. County or Parish
EDDY

13. State
NM

17. Elevations (DF, RKB, RT, GL)*
3153' GL

18. Total Depth: MD 13,060'
TVD

19. Plug Back T.D.: MD 12,755'
TVD

20. Depth Bridge Plug Set: MD 12,790'
TVD

21. Type of Electric & Other Mechanical Logs Run (Submit copy of each)

DENSITY/NEUTRON FC; HI-RES LATEROLOG ARRAY FC.

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 Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
17-1/2"	13-3/8"	48#	0'	440'		785		0'	
12-1/4"	9-5/8"	43.5#	0'	6444'		2250		0'	
8-1/2"	5-1/2"	17#	0'	13057'		1775		5500 EST.	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-3/8"	12323'	12323'						

25. Producing Intervals

26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) MORROW	12,443'	12,596'	12443' - 12448'	0.380	13	PRODUCING
B)			12452' - 12463'	0.380	28	PRODUCING
C)			12512' - 12532'	0.380	40	PRODUCING
D)			12580' - 12596'	0.380	40	PRODUCING

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

Depth Interval	Amount and Type of Material
12443' - 12596'	17,717 GALS OF 70Q BINARY SYSTEM + 20,824# 20/40 INTERPROP

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
11/10/06	11/14/06	624	→	0	1303	17			FLOWING
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
23/64"	SI 26000		→	0	1303	17		PRODUCING	

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

NOV 24 2006

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	

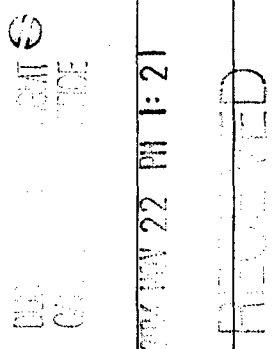
29. Disposition of Gas (Sold, used for fuel, vented, etc.)

SOLD

30. Summary of Porous Zones (Include Aquifers):

Show all important zones or 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
				T/RUSTLER	250'
				T/SALT	450'
				B/SALT	2580'
				T/DELAWARE LIME	2810'
				T/DELAWARE SAND	3000'
				T/BONE SPRING LIME	6400'
				T/WOLFCAMP	9886'
				T/STRAWN	11132'
				T/ATOKA	11438'
				T/MORROW	12050'
				T/LOWER MORROW	12730'

32. Additional remarks (include plugging procedure):

PERF'D @ 12,800' - 12814', 12844' - 12851', 12874' - 12882', 12890' - 12896' BEHIND CIBP SET @ 12,790' W/35' OF CLASS "H" CEMENT.

T/BARNETT: 13000'

33. Indicate which items have been attached by placing a check in the appropriate boxes:

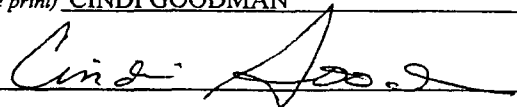
- ☒ Electrical/Mechanical Logs (1 full set req'd.)
 ☐ Geological Report
 ☐ DST Report
 ☒ Directional Survey
☐ Sundry Notice for plugging and cement verification
 ☐ Core Analysis
 ☐ Other

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

Name (please print) CINDI GOODMAN

Title PRODUCTION CLERK

Signature



Date 11/17/2006

Title 18 U.S.C. Section 101 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 and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-34921	Pool Code 76140	Pool Name Dublin Ranch (Morrow)
Property Code 001776	Property Name BIG EDDY UNIT	Well Number 155
GRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3153'

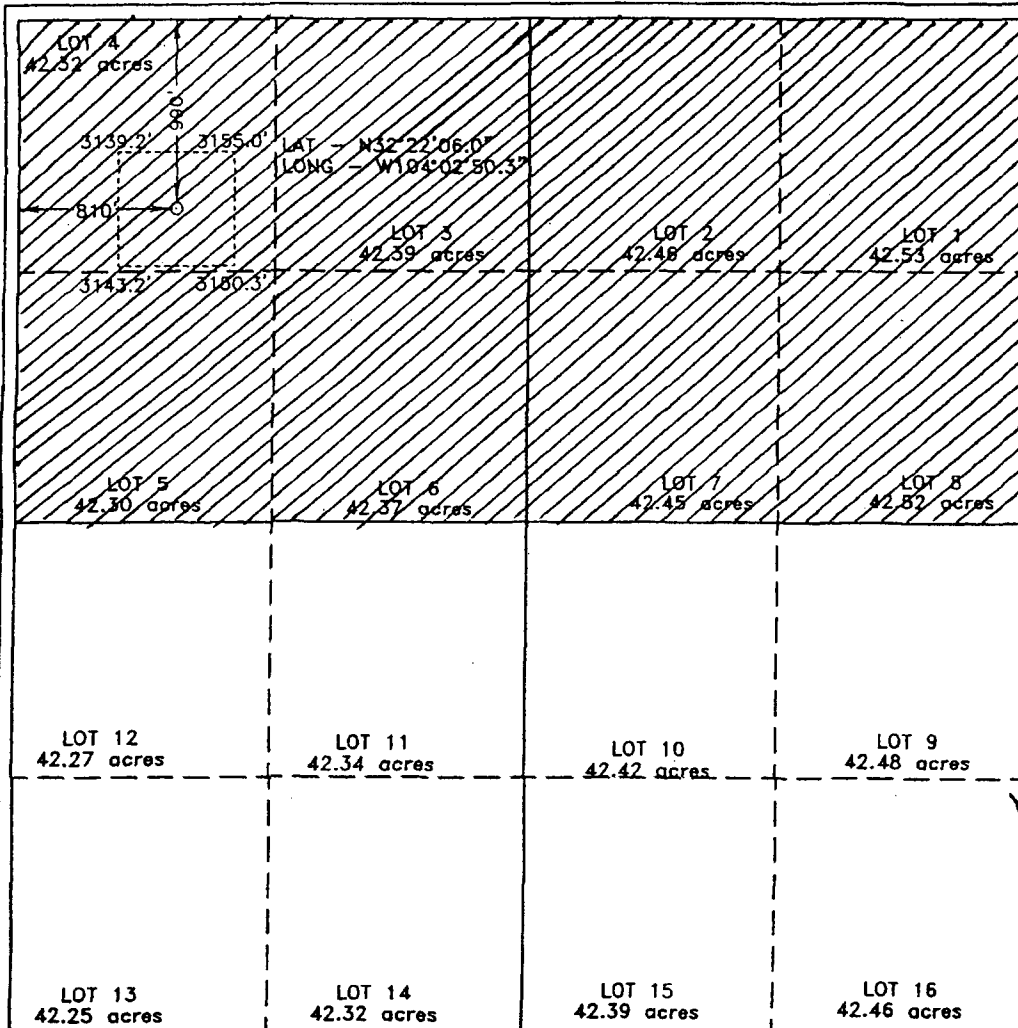
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	25	22 S	28 E		990	NORTH	810	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 339.005	Joint or Infill N	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 the the information
contained herein is true and complete to the
best of my knowledge and belief.

William L. Dannels
Signature

W.R. DANNELS

Printed Name

DIVISION DRILLING SUPT.

Title

4/19/06

Date

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.

FEBRUARY 27, 2006

Date Surveyed

Gary L. Jones
Signature
Professional Surveyor

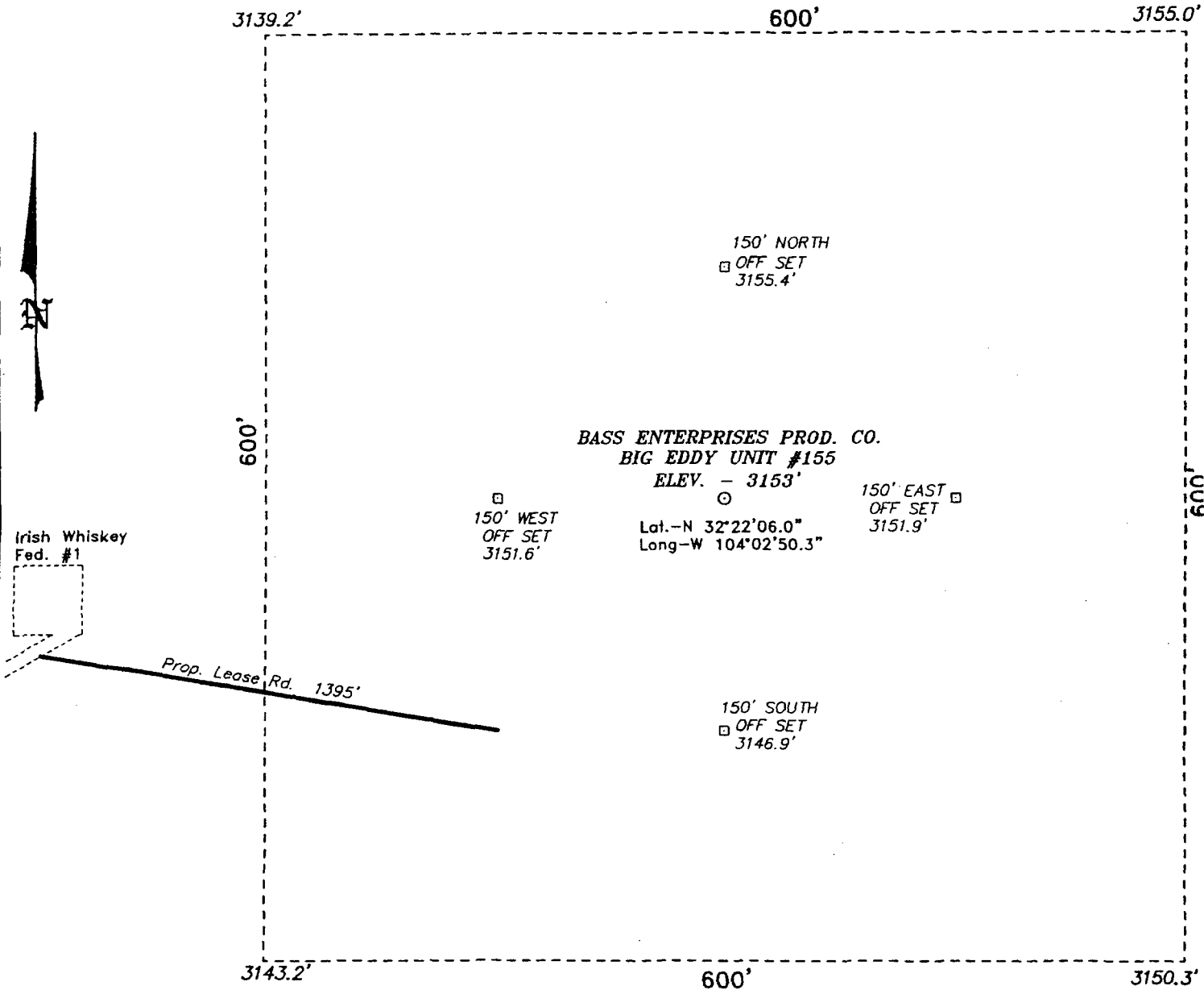
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR

No. 6272

Certificate No. Gary L. Jones 7977

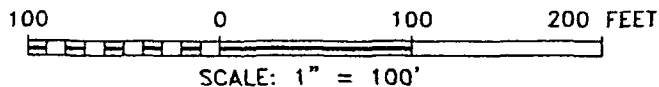
BASIN SURVEYS

SECTION 25, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF US HWY 62/180 AND CO. RD. 605, GO SOUTHEAST ON CO. RD. 605 FOR 8.7 MILES; THENCE EAST FOR 0.5 MILE; THENCE NORTHEAST FOR 0.8 MILE; THENCE NORTHWEST FOR 0.3 MILE; THENCE EAST FOR 0.1 MILE TO THE PROPOSED LEASE ROAD.



BASS ENTERPRISES PRODUCTION CO.

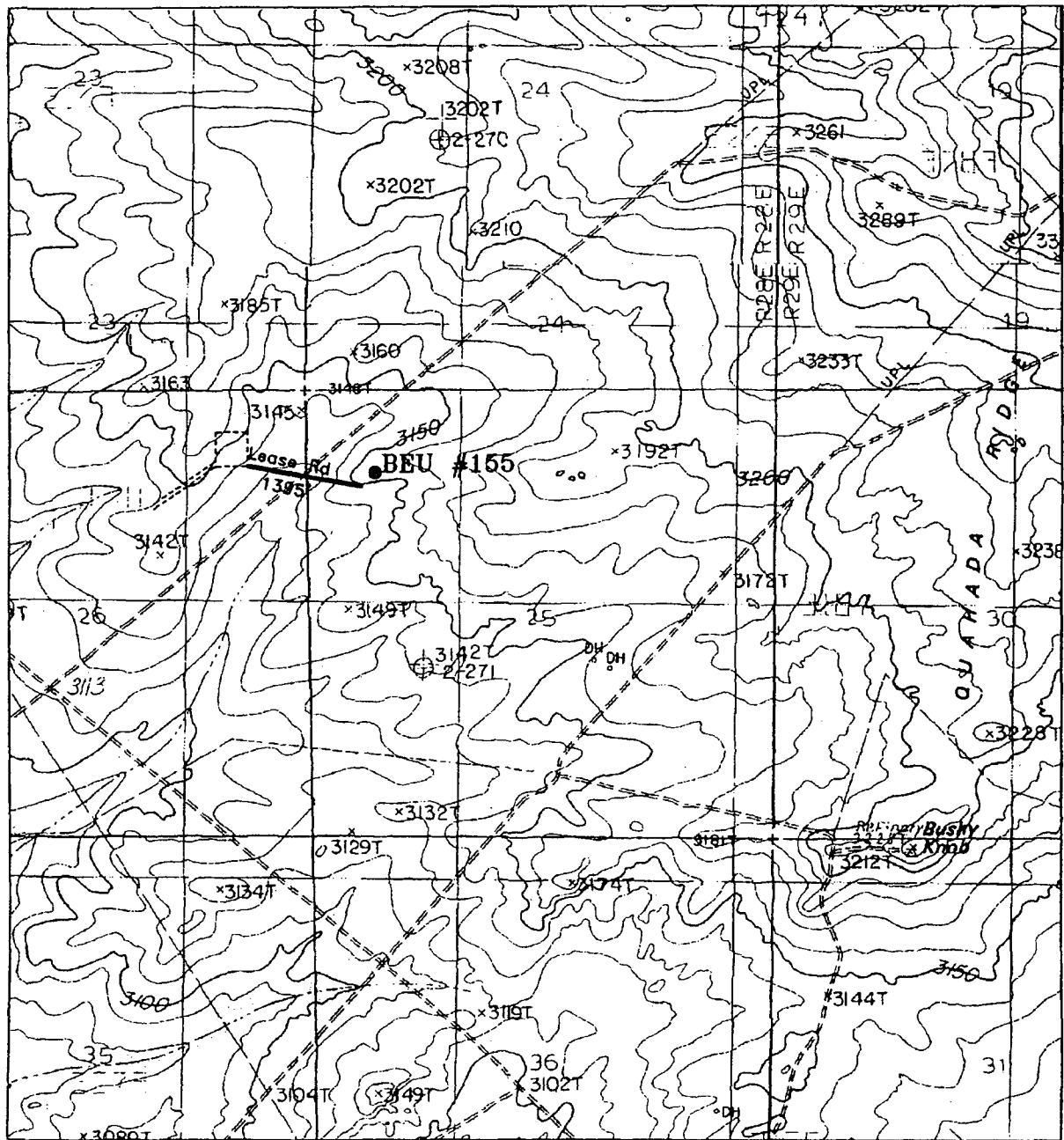
REF: BIG EDDY UNIT No. 155./ Well Pad Topo

THE BIG EDDY UNIT No. 155 LOCATED 990' FROM
THE NORTH LINE AND 810' FROM THE WEST LINE OF
SECTION 25, TOWNSHIP 22 SOUTH, RANGE 28 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786--HOBBS, NEW MEXICO

W.O. Number: 6272

Drawn By: K. GOAD



BIG EDDY UNIT #155

Located at 990' FNL and 810' FWL

Section 25, Township 22 South, Range 28 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax

W.O. Number: 6272AA - KJG #7

Survey Date: 02-27-2006

Scale: 1" = 2000'

**BASS ENTERPRISES
PRODUCTION CO.**