



RECEIVED

MAR 19 2007

PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

March 14, 2007

Bass Enterprises Production Co.
201 Main St.
Fort Worth, Texas 76102-3131

Attention: Mr. Forest K. Naylor

Re: Big Eddy Unit
Initial Morrow "M" Participating Area
Effective 9/20/2004
Rio Arriba County, New Mexico

Dear Mr. Naylor:

We have received your letter of June 8, 2006, requesting approval of the Initial Morrow "M" Participating Area for the Big Eddy Unit.

By their letter of November 17, 2006, the Bureau of Land Management advised this office of their approval to this expansion.

The Commissioner of Public Lands concurs with the Bureau of Land Management and has this date approved the above-mentioned participating area effective as follows:

INITIAL MORROW "M" PARTICIPATING AREA - EFFECTIVE 9/20/2004

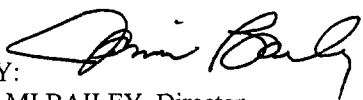
WELL	DRILLING BLOCK	ACRES
Big Eddy Unit #64M	S/2 Sec. 33-21S-28E	320.00

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:


JAMI BAILEY, Director
Oil, Gas and Minerals Division
PL/JB/pm

pc: Reader File,
BLM Roswell-Attn.: Ms. Alexis Swoboda
OCD-Attn.: Mr. David Catanach
TRD-Attn.: Mr. Valdean Severson,
RMD-Attn.: Mr. Kurt McFall

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Salina Lands • Water Resources • Western New Mexico University

365

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

817/390-8400

March 16, 2007

2007 MAR 19 AM 7 45

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

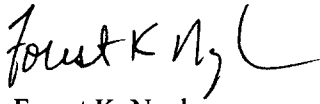
Re: Commercial Determination
 Big Eddy Unit #149
 Morrow Formation
 Eddy County, New Mexico

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 #149 _____ FORMATION _____ MORROW _____

LOCATION _____ H _____ UNIT, _____ 1980' FEET FROM NORTH LINE & _____ 660' FEET FROM EAST LINE

SECTION _____ 32 _____ TOWNSHIP _____ 21S _____ RANGE _____ 28E _____ COUNTY _____ EDDY _____, NEW MEXICO

SPUD DATE _____ 11/28/2005 _____ COMPLETION DATE _____ 01/08/2006 _____ INITIAL PRODUCTION _____ 02/16/2006 _____

PERFORATIONS _____ 11,892'-910' & 12,025'-12,050 _____

STIMULATION:

ACID _____ 1000 gal 15% HCl "Morrow Acid" _____

FRACTURE _____ 1000 gls 7 1/2% HCl "Morrow" acid & 75,000 scf nitrogen _____

POTENTIAL _____ (2/16/2006): 0 BOPD, 845 MCFPD, & 1 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), %	8%		
Water saturation (Sw), %	25%		
Net Thickness (h), ft.	35		
Temperature (T), Fahrenheit	193		
Bottom Hole pressure (P), psia	5,113		
Recovery factor (RF), %	75%		
Recoverable gas, BCF *(See eq. below)	4.6		

*Sometimes unable to match performance due to volumetric uncertainty.

Formula = $(7758) (A) (h) (por) (1-Sw)(RF)/Bgi$

Bgi = 0.61 RB/MCF

Continued

PERFORMANCE DATA

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

CUMULATIVE PRODUCTION TO	<u>12/31/2006</u>	<u>367,545</u>	MCF Gas	<u>476</u>	BBL Oil
INITIAL RATE (qi)		<u>492</u>			
ECONOMIC LIMIT (ql)		<u>27</u>			
HYPERBOLIC DECLINE RATE, dy		<u>b=.05, d=54.83</u>			
REMAINING GAS (Q) =		<u>1,244,615</u>			
ULTIMATE RECOVERABLE GAS (mcf)		<u>1,612,160</u>			

(Attach plat showing proration unit and participating area.)

ECONOMIC

GROSS WELL COST \$ \$2,261,354 (to the depth of formation completed)COMPLETION COST \$ 1,976,829GROSS TOTAL COST \$ \$4,238,183

YEAR	GROSS GAS MMCF	BFIT NET REVENUE (\$M)	OPERATING COST (\$M) INCL SEV & AD VAL TAX	5% NET BFIT DISCOUNTED CASH FLOW
ZERO				
1	<u>367.5</u>	<u>1,555.0</u>	<u>183.6</u>	<u>-2,308.4</u>
2	<u>367.6</u>	<u>1,617.2</u>	<u>300.8</u>	<u>1,153.7</u>
3	<u>219.5</u>	<u>1,059.1</u>	<u>198.1</u>	<u>686.7</u>
4	<u>145.2</u>	<u>700.8</u>	<u>136.3</u>	<u>409.0</u>
5	<u>103.5</u>	<u>499.1</u>	<u>101.5</u>	<u>261.8</u>
6	<u>77.4</u>	<u>373.6</u>	<u>79.8</u>	<u>175.8</u>
7	<u>60.3</u>	<u>290.8</u>	<u>65.5</u>	<u>122.5</u>
8	<u>48.0</u>	<u>231.7</u>	<u>55.3</u>	<u>87.2</u>
9	<u>39.3</u>	<u>189.4</u>	<u>48.0</u>	<u>63.5</u>
10	<u>32.7</u>	<u>157.7</u>	<u>42.6</u>	<u>47.0</u>
REMAINDER	<u>151</u>	<u>729.0</u>	<u>259.5</u>	<u>136.0</u>
TOTAL	<u>1,612</u>	<u>7,403.5</u>	<u>1,471.0</u>	<u>834.8</u>

WELL IS COMMERCIAL

ECONOMIC PROJECTION

Date : 3/6/2007

Lior: 1189067

3:04:06PM

Project Name : Reserves 2007
Partner : 99999
Case Type : LEASE CASE
Archive Set : CURRENT

As Of Date : 02/01/2006
Discount Rate (%) : 10.00
1189067/BIG EDDY UNIT/MOR

Lease Name : 1189067/BIG EDDY UNIT/MOR
Reserv Cat. : Proved Producing
Field : CARLSBAD, E. (MORROW)
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	0.051	367.545	367.545	0.000	0.037	267.059	0.000
2007	0.000	367.607	367.607	0.000	0.000	267.104	0.000
2008	0.000	219.516	219.516	0.000	0.000	159.501	0.000
2009	0.000	145.247	145.247	0.000	0.000	105.537	0.000
2010	0.000	103.457	103.457	0.000	0.000	75.172	0.000
2011	0.000	77.435	77.435	0.000	0.000	56.264	0.000
2012	0.000	60.280	60.280	0.000	0.000	43.799	0.000
2013	0.000	48.020	48.020	0.000	0.000	34.891	0.000
2014	0.000	39.253	39.253	0.000	0.000	28.521	0.000
2015	0.000	32.685	32.685	0.000	0.000	23.749	0.000

Rem	0.000	151.109	151.109	0.000	0.000	109.796	0.000
Total	0.051	1,612.155	1,612.155	0.000	0.037	1,171.394	0.000
Ult.	0.051	1,612.155					

Year	Average Price			Net Revenue			
	Oil \$/BBL	Gas \$/MCF	NGL \$/Gal	Oil (M\$)	Gas (M\$)	NGL (M\$)	Total (M\$)
2006	59.82	5.81	0.00	2.217	1,552.829	0.000	1,555.046
2007	0.00	6.05	0.00	0.000	1,617.237	0.000	1,617.237
2008	0.00	6.64	0.00	0.000	1,059.084	0.000	1,059.084
2009	0.00	6.64	0.00	0.000	700.763	0.000	700.763
2010	0.00	6.64	0.00	0.000	499.144	0.000	499.144
2011	0.00	6.64	0.00	0.000	373.594	0.000	373.594
2012	0.00	6.64	0.00	0.000	290.828	0.000	290.828
2013	0.00	6.64	0.00	0.000	231.679	0.000	231.679
2014	0.00	6.64	0.00	0.000	189.379	0.000	189.379
2015	0.00	6.64	0.00	0.000	157.695	0.000	157.695
Rem	0.00	6.64	0.00	0.000	729.047	0.000	729.047
Total	59.82	6.32	0.00	2.217	7,401.282	0.000	7,403.498

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 10.00 % (M\$)	Cum. Disc. CF 10.00 % (M\$)
2006	81.529	49.788	3,612.780	52.323	-2,241.374	-2,241.374	-2,308.449	-2,308.449
2007	132.452	80.862	0.000	87.462	1,316.462	-924.912	1,153.734	-1,154.715
2008	86.739	52.954	0.000	58.409	860.982	-63.930	686.658	-468.057
2009	57.393	35.038	0.000	43.839	564.494	500.564	408.980	-59.077
2010	40.880	24.957	0.000	35.640	397.666	898.230	261.823	202.746
2011	30.597	18.680	0.000	30.535	293.782	1,192.013	175.798	378.543
2012	23.819	14.541	0.000	27.170	225.298	1,417.311	122.525	501.068
2013	18.975	11.584	0.000	24.765	176.356	1,593.667	87.167	588.236
2014	15.510	9.469	0.000	23.045	141.356	1,735.023	63.511	651.746
2015	12.915	7.885	0.000	21.756	115.139	1,850.162	47.026	698.773
Rem	59.709	36.452	0.000	163.368	469.518	469.518	136.019	136.019
Total	560.517	342.211	3,612.780	568.311	2,319.680	2,319.680	834.791	834.791

Major Phase : Gas
Perfs : 0 0
Initial Rate : 60.98 mmcf/month
Abandonment : 0.83 mmcf/month
Initial Decline : 54.83 % year b = 0.500
Beg Ratio : 0.00 bbl/mmcf
End Ratio : 0.00

Working Int : 0.85243600
Revenue Int : 0.72660110
Disc. Initial Invest. (m\$) : 3,612.780
Internal ROR (%) : 20.40
ROI Investment (disc/undisc) : 1.23 / 1.64
Years to Payout : 3.01
Abandonment Date : 09/20/2024

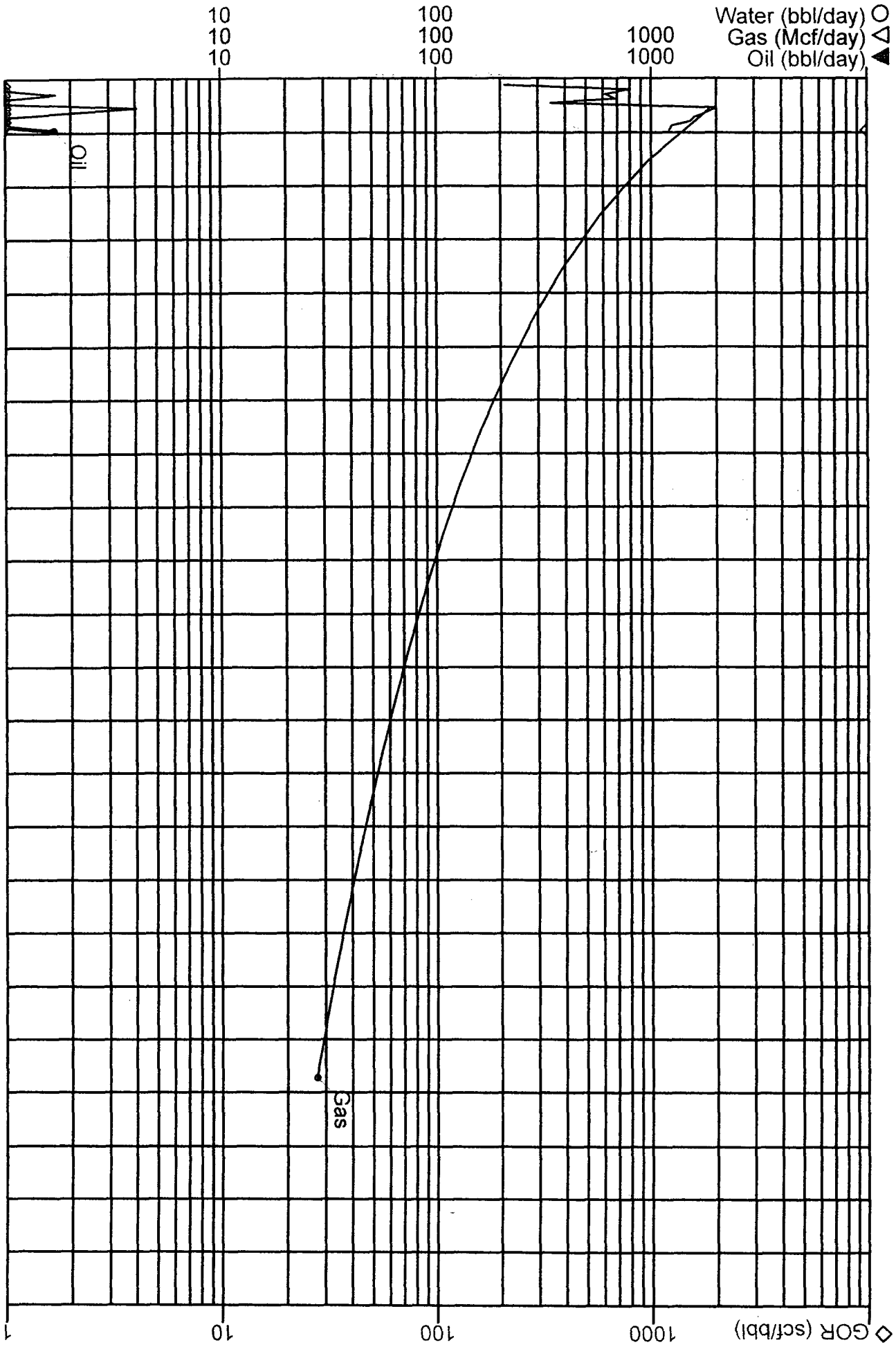
Present Worth Profile (M\$)

5.00% :	1,448.38
8.00% :	1,057.16
10.00% :	834.79
12.00% :	637.04
15.00% :	378.03
20.00% :	23.24
30.00% :	-495.95
40.00% :	-861.18
50.00% :	-1,134.34
60.00% :	-1,347.50

	Initial	1st Rev.	2nd Rev.
Working Interest :	0.85243600	0.00000000	0.00000000
Revenue Interest :	0.72660110	0.00000000	0.00000000
Rev. Date :			

PROPERTY: BIG EDDY UNIT #149
Oper: BEPCO
FIELD_ONLY: CARLSBAD, E.

CONTROL: 1189067
County, State: EDDY, NM
Reservoir: MORROW



Hist Oil Cum: 0.00 Mbbl
Oil Rem: 0.05 Mbbl
Oil EUR: 0.05 Mbbl

Hist Gas Cum: 0.00 MMcf
Gas Rem: 1,612.16 MMcf
Gas EUR: 1,612.16 MMcf

Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-103 Revised June 10, 2003 WELL API NO. 30-015-33972 5. Indicate Type of Lease STATE ☒ FEE ☐ State Oil & Gas Lease No.
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WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER _____ b. Type of Completion: NEW ☐ WORK ☐ DEEPEN ☐ PLUG ☐ DIFF. WELL OVER BACK RESVR. ☐ OTHER _____ 2. Name of Operator Bass Enterprises Production Co. 3. Address of Operator P. O. Box 2760 Midland, TX 79702	7. Lease Name or Unit Agreement Name BIG EDDY UNIT 8. Well No. 149 9. Pool name or Wildcat CARLSBAD, EAST (MORROW)
--	--

4. Well Location Unit Letter H : 1980 Feet From The NORTH Line and 660 Feet From The EAST Lin			
Section 32	Township 21S	Range 28E	NMPM EDDY County
10. Date Spudded 11/28/2005	11. Date T.D. Reached 01/11/2006	12. Date Compl. (Ready to Prod.) 02/16/2006	13. Elevations (DF& RKB, RT, GR, etc.) 3174' GR
15. Total Depth 12408'	16. Plug Back T.D. 12312'	17. If Multiple Compl. How Many Zones? 	18. Intervals Drilled By YES
19. Producing Interval(s), of this completion - Top, Bottom, Name 11892' - 12050' MORROW			20. Was Directional Survey Made YES
21. Type Electric and Other Logs Run GR-CNL-LDT; GR-AIT			22. Was Well Cored NO

23. CASING RECORD (Report all strings set in well)					
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	48#	545'	17-1/2"	770 SX	
9-5/8"	40#	2927'	12-1/4"	1028 SX	
7"	29# & 26#	12401'	8-3/4"	1620 SX	

24. LINER RECORD				25. TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET
					2-3/8"	11876'

26. Perforation record (interval, size, and number) 11892' - 11898' 0.34 24 HOLES 11906' - 11910' 0.34 16 HOLES 12025' - 12050' 0.34 75 HOLES		27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED _____ _____ _____	
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28. PRODUCTION							
Date First Production 02/16/2006		Production Method (Flowing, gas lift, pumping - Size and type pump) FLOWING			Well Status (Prod. or Shut-in) PRODUCING		
Date of Test 02/20/2006	Hours Tested 24	Choke Size W/O	Prod'n For Test Period	Oil - Bbl 0	Gas - MCF 845	Water - Bbl. 1	Gas - Oil Ratio
Flow Tubing Press. 415	Casing Pressure 0	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)	
29. Disposition of Gas (Sold, used for fuel, vented, etc.) SOLD						Test Witnessed By	

LOGS/INCLINATION REPORT

31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief			
Signature E-mail Address cdgoodman@basspet.com	Printed Name Cindi Goodman Title Production Clerk	Date 03/07/2006	

DISTRICT I

1225 N. FRENCH DR., ROSAS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTECHA, NM 88210

DISTRICT III

1000 Rio Bravos Rd., Artec, NM 87410

DISTRICT IV

1225 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form
Revised JUNE 1
Submit to Appropriate District
State Lease - 4
Fee Lease - 3

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED R

API Number 30-015-33972	Pool Code 73920	Pool Name CARLSBAD, EAST (Morrow)
Property Code 001776	Property Name Big Eddy Unit	Well Number 149
OGRID No. 001801	Operator Name Bass Enterprises Production Co.	Elevation 3174'

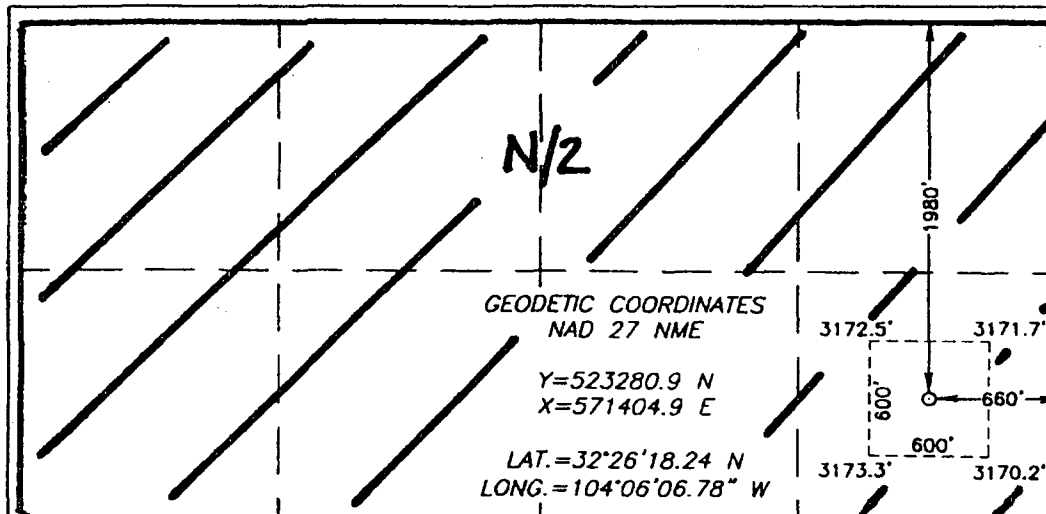
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Co
H	32	21-S	28-E		1980	NORTH	660	EAST	EC

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	Co
Dedicated Acres	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 best of my knowledge and belief.

Cindi Goodman
Signature

Cindi Goodman
Printed Name

Production Clerk
Title

2/27/06
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes, actual surveys made by me or under my supervision, and that the same is true correct to the best of my belief.

FEBRUARY 14, 2005

Date Surveyed
Signature & Seal of
Professional Surveyor

Gary E. Zedler
GARY E. ZEDLER
NEW MEXICO
05.17.0224
Certificate No. GARY E. ZEDLER
PROFESSIONAL SURVEYOR

RECEIVED
MAR 16 2006
OCU-ARTECHA

CURRENT WELLBORE DIAGRAM

LEASE: **BIG EDDY UNIT** WELL #: **149**
 FIELD: **CARSLBAD EAST (MORROW)**
 LOCATION: **1980' FNL & 660' FEL, SEC 32, T21S, R28E**
 COUNTY: **EDDY** ST: **NM** API: **30-015-33972**

KB:	3197'
GL:	3174'
Spud Date:	11/28/2005
Compl. Date:	1/8/2006

SURFACE CASING

SIZE: 13-3/8"
 WT: 48#
 GRD: H40
 SET @: 545
 SX: 770
 CIRC: N
 TOC: SURF TOP OUT
 HOLE SIZE: 17-1/2" 0-550'

INTERMEDIATE CASING

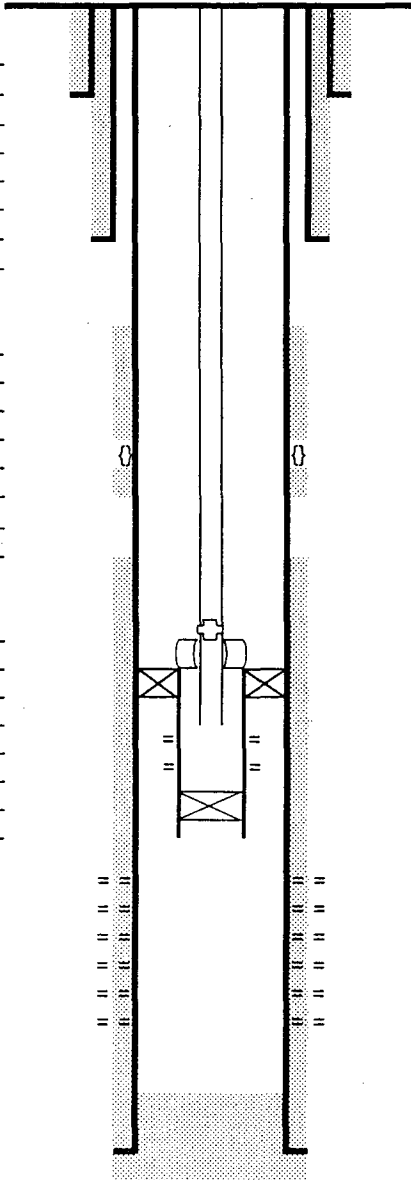
SIZE: 9-5/8"
 WT: 40#
 GRD: J55/K55/L80/N80
 SET @: 2927
 SX: 1028
 CIRC: N
 TOC: SURF TOP OUT
 HOLE SIZE: 12-1/4" 550-2932'

PRODUCTION CASING

SIZE: 7"
 WT: 26# & 29#
 GRD: P110
 SET @: 12,401
 SX: 1st - 710 2nd - 910
 CIRC: N
 TOC: 5450' (CBL) 8400' (CBL)
 HOLE SIZE: 8-3/4" 2932-12408'

Tubing

361 JTS 2-3/8" 4.7# L-80 TBG



545	13-3/8"	Csg
2,927	9-5/8"	Csg
5,450	TOC (by CBL)	
8,013	DVT	
8,400	TOC (by CBL)	
11,817'	ON/OFF TOOL	
11,818	Canfield Bushing	
11,820	7" Baker "FA" Packer	
11,827	EOT w/ WL Re-entry Guide	
11,828	Perf'd Tailpipe (6SPF 24 holes)	
11,832	CIBP (1.5' from end of tail pipe)	
11,836	EOT (4-1/2" Tailpipe)	
11,892	M Morrow (4spf, 24 shots, 3 pure shots)	
11,898		
11,906	M Morrow (4spf, 16 shots, 2 pure shots)	
11,910		
12,025	M Morrow (3spf, 75 shots, 13 pure shots)	
12,050		
12,316	PBTD (CBL)	
12,401	7" Csg	
12,408	TD	

PBTD: 12,316' (12,312' on SS)
 TD: 12,408'

Updated: 8/15/2006
 Author: SND/KRA
 Engr: MWD