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

2007 MAY 22 AM 9 46

May 18, 2007

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

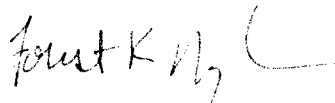
Re: Commercial Determination
Poker Lake Unit #102
Delaware Formation
Eddy County, New Mexico

Gentlemen:

Please find attached hereto one (1) copy of BEPCO's commercial determination worksheets and exhibits which indicate that the subject well is a commercial well in the Delaware Formation. Please indicate your concurrence to the above Commercial Determination. Upon your execution hereof, BEPCO 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 don't 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 _____ Poker Lake Unit # 102 _____ FORMATION _____ Delaware _____
 LOCATION _____ C _____ UNIT, _____ 1140 FEET FROM NORTH LINE & _____ 2310 FEET FROM WEST LINE
 SECTION _____ 25 _____ TOWNSHIP _____ 24S _____ RANGE _____ 30E _____ COUNTY _____ Eddy _____ NEW MEXICO
 SPUD DATE _____ 10/14/2006 _____ COMPLETION DATE _____ 12/2/2006 _____ INITIAL PRODUCTION _____ 12/2/2006 _____
 PERFORATIONS _____ 6502-8004 _____

STIMULATION:

ACID _____

FRACTURE Frac 7850-8004' w/ 104430 gal PW + 8498# 14/30 Lite Prop _____

_____ Frac 6502-6740' w/ 22204 gal Lighting 2500 + 104451# 16/30 Brady + 39143# 16/30 Super LC _____

_____ Frac 6150-6260' w/ 26239 gal Lighting 2500 + 113996# 16/30 Brady + 39714# 16/30 Super LC _____

POTENTIAL _____ (1/1/2007): 80 BOPD, 103 MCFPD, 205 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	40	
Porosity (Φ), %	14%	
Water saturation (S_w), %	62%	
Net Thickness (H), ft.	48	
Temperature (T), Fahrenheit	125	
Bottom Hole pressure (P), psia	2,796	
Recovery factor (RF), %	15%	
Recoverable Oil, Bbls *(See eq. below)	73,748	

*Sometimes unable to match performance due to volumetric uncertainty.

Formula = $(7758) (A) (H) (\Phi) (1-S_w) (1/Bo) (RF)$

Bo = 1.50

Continued

PERFORMANCE DATA

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

CUMULATIVE PRODUCTION TO 1/31/2007 4,777 MCF Gas 2,795 BBL OilINITIAL RATE (qi) 73ECONOMIC LIMIT (ql) 2HYPERBOLIC DECLINE RATE, dy n = 1.001, d = 73.14%/yrREMAINING OIL (Q) = 71,677ULTIMATE RECOVERABLE OIL (BO) 74,472

(Attach plot showing proration unit and participating area.)

ECONOMICS

GROSS WELL COST \$1,073,850 (to the depth of formation completed)COMPLETION COST \$790,322GROSS TOTAL COST \$1,864,172

YEAR	GROSS OIL MBBLS	BFIT NET INCOME (\$M)	OPERATING COST (\$M) INCL SEV & AD VAL TAX	10% NET BFIT DISCOUNTED CASH FLOW
ZERO				
1	0.967	56.348	10.7	-1,680.4
2	16.174	940.657	161.0	685.2
3	9.137	531.931	111.3	335.4
4	6.373	382.976	93.0	210.0
5	4.908	300.919	82.9	143.5
6	3.993	248.220	76.4	102.8
7	3.374	211.934	71.9	76.1
8	2.908	184.103	68.5	57.1
9	2.561	163.146	65.9	43.7
10	2.288	146.497	63.8	33.8
REMAINDER	21.789	1421.169	968.7	117.8
TOTAL	74.472	4,587.9	1,773.9	124.9

WELL IS COMMERCIAL

ECONOMIC PROJECTION

Date: 3/7/2007

Lior: 1000383

3:55:38PM

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

As Of Date: 02/01/2006
Discount Rate (%): 10.00
1000383/POKER LAKE UNIT/DEL

Lease Name: 1000383/POKER LAKE UNIT/DEL
Reserv Cat.: Proved Producing
Field: POKER LAKE (DELAWARE) SOUTHW
Operator: BEPCO
Reservoir: DELAWARE
Co., State: EDDY, NM

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

Year	Gross Wet Production		Gross Dry Gas & NGL		Sales		
	Oil (Mbbbl)	Wet Gas (MMCF)	Dry Gas (MMCF)	NGL (MGal)	Oil (Mbbbl)	Gas (MMCF)	NGL (MGal)
2006	0.967	2.049	1.332	0.000	0.817	1.125	0.000
2007	16.174	44.266	28.773	0.000	13.667	24.313	0.000
2008	9.137	32.977	21.435	0.000	7.721	18.112	0.000
2009	6.373	26.177	17.015	0.000	5.386	14.378	0.000
2010	4.908	21.753	14.140	0.000	4.148	11.948	0.000
2011	3.993	18.611	12.097	0.000	3.374	10.222	0.000
2012	3.374	16.305	10.598	0.000	2.851	8.956	0.000
2013	2.908	14.438	9.385	0.000	2.457	7.930	0.000
2014	2.561	12.985	8.440	0.000	2.164	7.132	0.000
2015	2.288	11.798	7.669	0.000	1.933	6.480	0.000

Rem	21.789	119.284	77.534	0.000	18.412	65.517	0.000
Total	74.472	320.643	208.418	0.000	62.929	176.113	0.000
Ult.	74.472	320.643					

Year	Average Price			Net Revenue			
	Oil \$/BBL	Gas \$/MCF	NGL \$/Gal	Oil (M\$)	Gas (M\$)	NGL (M\$)	Total (M\$)
2006	60.08	6.45	0.00	49.093	7.255	0.000	56.348
2007	57.86	6.17	0.00	790.760	149.897	0.000	940.657
2008	52.86	6.84	0.00	408.106	123.825	0.000	531.931
2009	52.86	6.84	0.00	284.682	98.294	0.000	382.976
2010	52.86	6.84	0.00	219.237	81.682	0.000	300.919
2011	52.86	6.84	0.00	178.336	69.883	0.000	248.220
2012	52.86	6.84	0.00	150.709	61.225	0.000	211.934
2013	52.86	6.84	0.00	129.889	54.214	0.000	184.103
2014	52.86	6.84	0.00	114.387	48.758	0.000	163.146
2015	52.86	6.84	0.00	102.196	44.301	0.000	146.497
Rem	52.86	6.84	0.00	973.264	447.904	0.000	1,421.169
Total	54.04	6.74	0.00	3,400.660	1,187.241	0.000	4,587.900

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	4.075	2.817	1,864.172	3.800	-1,818.516	-1,818.516	-1,680.446	-1,680.446
2007	68.341	47.033	0.000	45.600	779.683	-1,038.833	685.184	-995.262
2008	39.076	26.597	0.000	45.600	420.659	-618.175	335.398	-659.864
2009	28.234	19.149	0.000	45.600	289.993	-328.182	209.994	-449.870
2010	22.234	15.046	0.000	45.600	218.040	-110.142	143.478	-306.392
2011	18.367	12.411	0.000	45.600	171.841	61.699	102.774	-203.618
2012	15.700	10.597	0.000	45.600	140.038	201.737	76.121	-127.497
2013	13.649	9.205	0.000	45.600	115.648	317.385	57.135	-70.363
2014	12.103	8.157	0.000	45.600	97.285	414.670	43.691	-26.672
2015	10.874	7.325	0.000	45.600	82.699	497.369	33.763	7.092
Rem	105.688	71.058	0.000	792.002	452.420	452.420	117.779	117.779
Total	338.342	229.395	1,864.172	1,206.202	949.789	949.789	124.871	124.871

Major Phase: Oil
Perfs: 0 - 0
Initial Rate: 0.97 mbbbl/month
Abandonment: 0.07 mbbbl/month
Initial Decline: 71.24 % year b = 1.001
Beg Ratio: 2.12 mcf/mbbl
End Ratio: 5.69

Working Int: 1.00000000
Revenue Int: 0.84500000
Disc. Initial Invest. (m\$): 1,722.455
Internal ROR (%): 12.86
ROI Investment (disc/undisc): 1.07 / 1.51
Years to Payout: 5.53
Abandonment Date: 05/16/2033

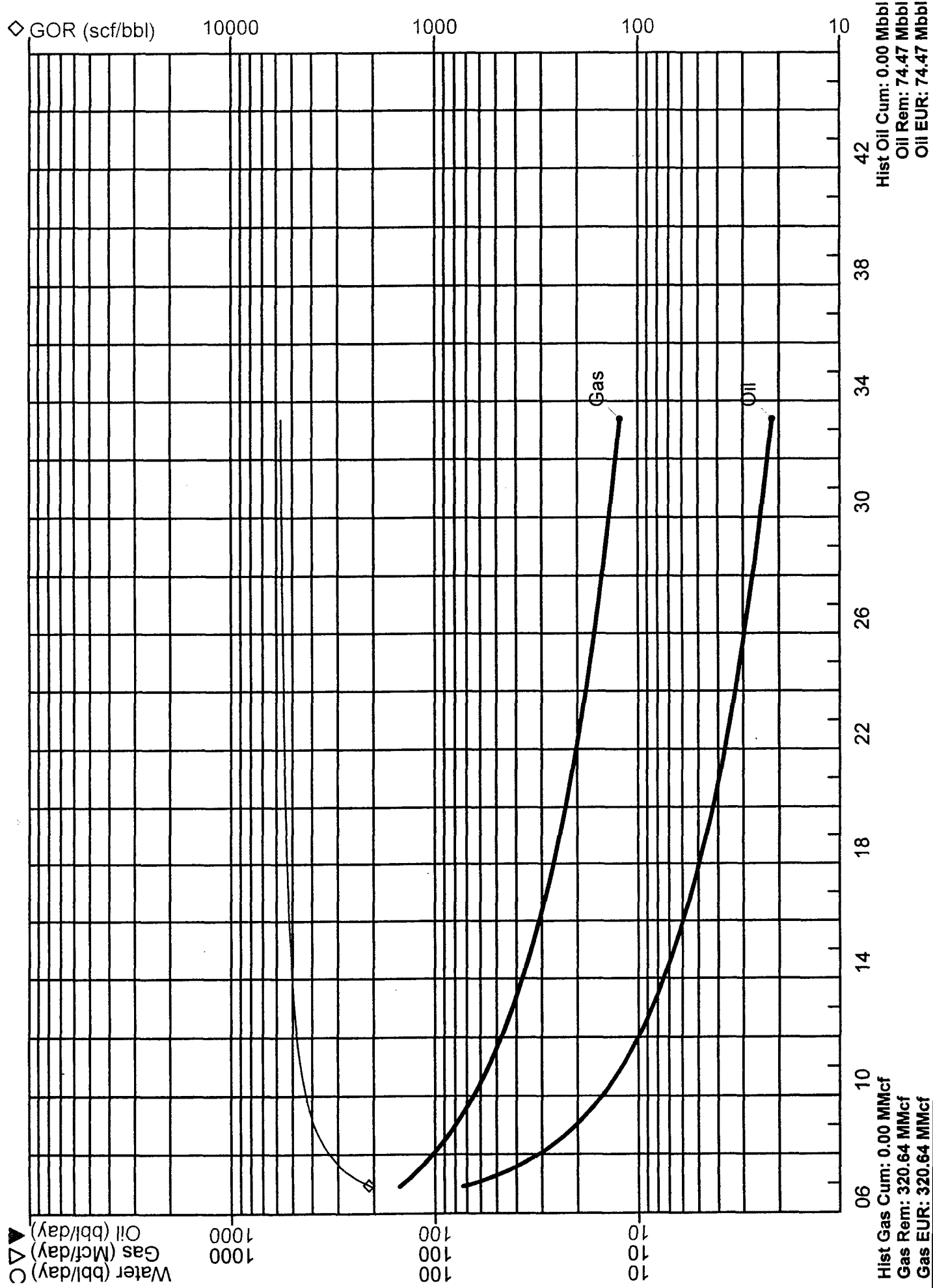
Present Worth Profile (M\$)

5.00%: 435.59
8.00%: 232.39
10.00%: 124.87
12.00%: 34.25
15.00%: -77.07
20.00%: -215.36
30.00%: -385.34
40.00%: -478.68
50.00%: -531.98
60.00%: -562.35

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

PROPERTY: POKER LAKE UNIT #102
Oper: BEPCO
FIELD_ONLY: POKER LAKE, S.W.

CONTROL: 1000383
County, State: EDDY, NM
Reservoir: DELAWARE



LEASE: POKER LAKE UNIT WELL #: 102
 FIELD: POKER LAKE (DELAWARE) S. W.
 LOCATION: 1140' FNL & 2310' FWL, SECTION 25, T24S, R30E
 COUNTY: EDDY ST: NM API# 30-015-35162

KB: 3465.3'
 GL: 3447'
 SPUD DATE: 10/14/2006
 COMP DATE:

SURFACE CASING

SIZE: 8-5/8"
 WT/GRD: 32# J55 0-973'
 SET @: 973'
 SX CMT: 320 POZ
 SX CMT: 200 C
 CIRC: Y
 TOC: SURF
 HOLE SIZE: 12-1/4" 0-983'

PRODUCTION CASING

SIZE: 5-1/2"
 WT/GRD: 15.5# J55 0-6272'
 WT/GRD: 17# J55 6272-8202'
 SET @: 8202'
 SX CMT: 565 LITECRETE
 SX CMT: 300 LITECRETE
 CIRC:
 TOC: 4118' TS (KB)
 HOLE SIZE: 7-7/8" 983-8203'

TUBING DATA (PER STRIPPINGS)

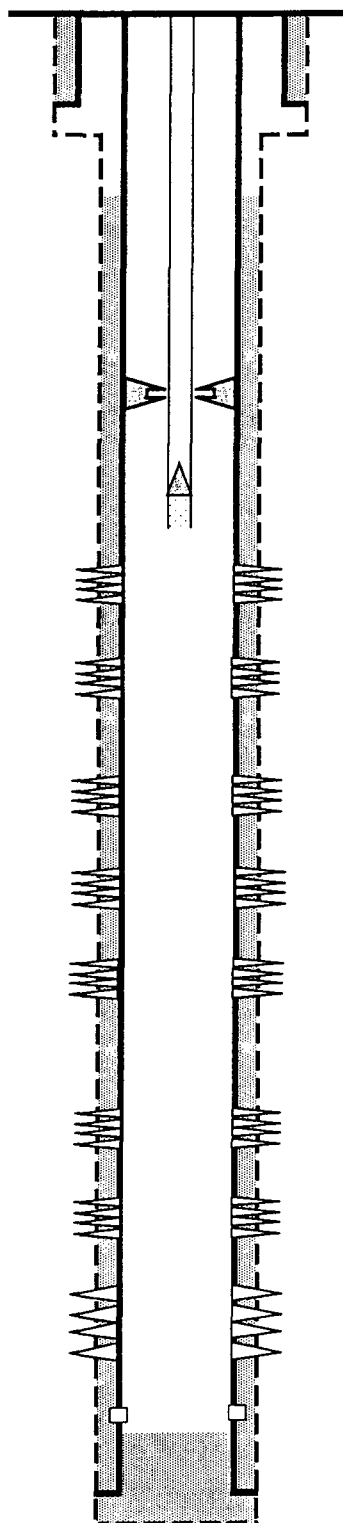
(180 JTS) 2-7/8" 6.5#/FT J55 TBG
 TAC @ 5755'
 (JTS) 2-7/8" J-55 TBG
 3 SS BLAST SUB
 SN @ 5858'
 8' TBG SUB GAS SEPARATOR W/ BPC

RODS & PUMP

SEE ATTACHED PROCEDURE & SROD
 FOR INITIAL COMPLETION
 1-3/4" RHBM-HVR-TS PMP
 AMPSCOTT 320-256-120 96" SL 40HP W/ VSD

PERFORATION DATA

PERF 7850-60' LBC "W" SAND
 PERF 7930-40' LBC "Y" SAND
 PERF 7,999-8,004' LBC "Z" SAND
 F/ 19.99kg PW PAD+84.4kg PW W/ 8.5k# 14/30
 LP+1kg PW FLUSH+1.5kg 7-1/2% HCL ACID
 FLUSH+5.1kg PW FLUSH
 PERF 6502-06' LEGG SAND
 PERF 6552-60' 103 SZ Sand
 PERF 6732-40' JRU 13 SZ Sand
 F/ 2.9kg 25# LGTNG+15.4kg 25# LGTNG W/
 104.5k# 16/30 BRADY+3.9kg 25# LGTNG W/
 39k# 16/30 SPR LC+1.2kg ACID FLUSH+5kg
 SLKWTR FLUSH.
 PERF 6150-56' CABIN LAKE SAND
 PERF 6256-60' LCC SAND
 F/ 5.9kg 25# LGTNG PAD+16/3kg 25# LGTNG
 W/ 113.99k# 16/30 BRADY+3.9kg 25# LGTNG



0' GL
 18.3' KB

973' 8-5/8" 32# J55
 983' 12-1/4" HOLE

4118' TOC (TS) KB

5,706' 5-1/2" 15.5# J-55 MRKR JT (10.98')
 5,755' TAC

5,858' SN

6,150' TOP PERF INTERVAL
 6156' PERF 6150-56' CABIN LAKE SAND 2
 JSPF (12 HOLES) 0° PHSG

6,256'
 6,260' PERF 6256-60' LCC SAND
 2 JSPF (8 HOLES) 0° PHSG
 6,308' 5-1/2" 17# J-55 MRKR JT (10.01')

6502' PERF 6502-06' LEGG SAND
 6506' 1 JSPF (4 HOLES) 0° PHSG

6,552' PERF 6552-60' 103 SZ SAND
 6,560' 1 JSPF (8 HOLES) 0° PHSG

6,732' PERF 6732-40' JRU 13 SZ Sand
 6,740' 1 JSPF (8 HOLES) 0° PHSG

7,417' 5-1/2" 17# J-55 MRKR JT (9.98')

7,850' PERF 7850-60' LBC "W" SAND
 7,860' 1 JSPF (10 HOLES) 0° PHSG

7,930' PERF 7930-40' LBC "Y" SAND
 7,940' 1 JSPF (10 HOLES) 0° PHSG

7,999' PERF 7,999-8,004' LBC "Z" SAND
 8,004' 1 JSPF (5 HOLES) 0° PHSG
 BOTTOM PERF INTERVAL

8,124' FC
 8,134' PBDT
 8,202' 5-1/2" 17# J-55
 8,203' 7-7/8" HOLE (LOG)

PBDT: 8134'
 TD: 8203'

Updated: 3/7/2007