

366

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

RECEIVED

October 20, 2008 OCT 21 PM 2 54

**FEDERAL EXPRESS**

Bureau of Land Management  
Carlsbad District Office  
3471 620 E. Green St.  
Carlsbad, New Mexico 88220  
Attn: Mr. Les Babyak

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

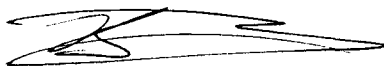
Re: Commercial Determination  
Poker Lake Unit 291  
Delaware Formation  
Eddy County, New Mexico

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 Delaware 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.

Very truly yours,



Brad Glasscock

Bureau of Land Management

New Mexico State Land Office

New Mexico Oil Conservation Division

By: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**INTER-OFFICE MEMORANDUM**  
MIDLAND OFFICE


September 12, 2007

**TO:** FORT WORTH, FILES  
**FOR:** FRANK McCREIGHT  
**FROM:** KENT A. ADAMS  
**RE:** COMMERCIAL DETERMINATION  
POKER LAKE UNIT #291  
NASH DRAW (DELAWARE) FIELD  
EDDY COUNTY, NEW MEXICO  
FILE: 100-WF: PLU291CD.DOC

Attached are the worksheets and necessary exhibits for the subject well to be submitted for commercial determination. The Poker Lake Unit #291 was drilled in 2007 to a total depth of 7,766' and was completed in the Delaware. The well is producing from perforations 7330-7490'. On test 07/14/2007 the well pumped at the rate of 100 BOPD, 161 MCFPD, and 191 BWPD. This well is expected to recover approximately 90.5 MBOE from the current completion.

The most recent price file from Fort Worth was utilized and adjusted by -\$1.20/MMBTU (1,010 MMBTU gas) and -\$2.40/BO. An operating cost of \$4,357/mo was also incorporated in this evaluation. The Poker Lake Unit #291 will be a commercial well and should be incorporated into the existing participating area.

*P.L. cdp*  
CCC/cdp

  
\_\_\_\_\_  
Kent A. Adams

cc: Ross Sutton  
George Hillis

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

## **WELL DATA**

WELL	<u>Poker Lake Unit # 291</u>		FORMATION	<u>Delaware</u>	
LOCATION	<u>F</u>	UNIT, <u>1980</u>	FEET FROM <u>SOUTH</u> LINE &	<u>1880</u>	FEET FROM <u>EAST</u> LINE
SECTION	<u>21</u>	TOWNSHIP <u>24S</u>	RANGE <u>30E</u>	COUNTY <u>Eddy</u>	NEW MEXICO
SPUD DATE	<u>6/19/2006</u>		COMPLETION DATE	<u>10/1/2006</u>	
INITIAL PRODUCTION	<u>10/5/2006</u>				
PERFORATIONS	<u>7330-7490'</u>				

### **STIMULATION:**

ACID \_\_\_\_\_

\_\_\_\_\_

FRACTURE 7418-7538' 115,550 gals PW + 10,000# 14/30 Lite Prop

7752-7762' 112,963 gal PW + 10,000# 14/30 Lite Prop

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

POTENTIAL (39267): 100 BOPD, 161 MCFPD, 191 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	<u>40</u>	_____	_____	_____
Porosity (Φ), %	<u>14%</u>	_____	_____	_____
Water saturation (Sw), %	<u>44%</u>	_____	_____	_____
Net Thickness (H), ft.	<u>27</u>	_____	_____	_____
Temperature (T), Fahrenheit	<u>125</u>	_____	_____	_____
Bottom Hole pressure (P), psia	<u>3,152</u>	_____	_____	_____
Recovery factor (RF), %	<u>15%</u>	_____	_____	_____
Recoverable Oil, Bbls *(See eq. below)	<u>48,000</u>	_____	_____	_____

\*Sometimes unable to match performance due to volumetric uncertainty.

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

B<sub>o</sub> = 1.50

Continued

## PERFORMANCE DATA

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

CUMULATIVE PRODUCTION TO 7/31/2007 1,903 MCF Gas 1,641 BBL Oil

INITIAL RATE (qi) 95

ECONOMIC LIMIT (ql) 2

HYPERBOLIC DECLINE RATE, dy n = 1, d = 94.2%/yr

REMAINING OIL (Q) = 45,961

ULTIMATE RECOVERABLE OIL (BO) 47,602

(Attach plat showing proration unit and participating area.)

## ECONOMIC

GROSS WELL COST \$1,546,811 (to the depth of formation completed)

RECOMPLETION COST \_\_\_\_\_

GROSS TOTAL COST \$1,546,811

YEAR	GROSS OIL MBBLS	BFIT NET INCOME (\$M)	OPERATING COST (\$M) INCL SEV & AD VAL TAX	10% NET BFIT DISCOUNTED CASH FLOW
ZERO				
1	9.415	619.6	83.7	-1017.0
2	9.205	685.0	117.1	542.2
3	5.174	403.8	90.9	284.2
4	3.622	299.3	81.0	188.8
5	2.790	238.9	75.2	134.7
6	2.275	199.6	71.5	100.5
7	1.912	170.8	68.7	76.2
8	1.653	149.7	66.7	59.0
9	1.456	133.2	65.1	46.1
10	1.304	120.4	63.9	36.4
REMAINDER	8.795	832.6	625.8	112.4
TOTAL	47.601	3852.9	1409.8	563.6

WELL IS COMMERCIAL

# ECONOMIC PROJECTION

Date : 9/11/2007

Lior: 1000385

4:07:34PM

Project Name : RESERVEPROP Extract-Creating new PH  
 Partner : 99999  
 Case Type : LEASE CASE  
 Archive Set : default

As Of Date : 07/01/2007  
 Discount Rate (%) : 5.00  
 1000385/POKER LAKE UNIT/DEL

Lease Name : 1000385/POKER LAKE UNIT/DEL  
 Reserv Cat : Proved Producing  
 Field : NASH DRAW (DEL, BS, AV)  
 Operator : BEPCO  
 Reservoir : DEL, BS, AV  
 Co., State : EDDY, NM

Cum Oil (mbbls) : 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)
2007	9.415	22.165	13.137	82.671	7.964	11.112	69.924
2008	9.205	36.982	21.919	150.886	7.786	18.539	127.621
2009	5.174	27.378	16.227	111.703	4.376	13.725	94.479
2010	3.622	21.790	12.915	88.905	3.064	10.924	75.197
2011	2.790	18.102	10.729	73.856	2.360	9.075	62.468
2012	2.275	15.523	9.201	63.335	1.924	7.782	53.569
2013	1.912	13.524	8.015	55.177	1.617	6.780	46.669
2014	1.653	12.008	7.117	48.994	1.398	6.020	41.440
2015	1.456	10.799	6.400	44.059	1.231	5.414	37.266
2016	1.304	9.837	5.830	40.133	1.103	4.931	33.945

Rem	8.795	69.563	41.230	240.055	7.439	34.873	240.055
Total	47.602	257.671	152.722	1,043.534	40.262	129.174	882.633
Ult.	47.602	257.671					

Year	Average Price			Net Revenue			
	Oil \$/BBL	Gas \$/MCF	NGL \$/Gal	Oil (M\$)	Gas (M\$)	NGL (M\$)	Total (M\$)
2007	62.73	5.14	0.90	499.563	57.116	62.932	619.611
2008	57.60	6.56	0.90	448.474	121.691	114.859	685.024
	52.60	6.45	0.90	230.202	88.543	85.031	403.776
	52.60	6.45	0.90	161.150	70.472	67.677	299.298
2011	52.60	6.45	0.90	124.112	58.543	56.222	238.876
2012	52.60	6.45	0.90	101.214	50.203	48.212	199.629
2013	52.60	6.45	0.90	85.070	43.736	42.002	170.809
2014	52.60	6.45	0.90	73.537	38.836	37.296	149.669
2015	52.60	6.45	0.90	64.762	34.924	33.539	133.225
2016	52.60	6.45	0.90	58.011	31.812	30.551	120.373
Rem	52.60	6.45	0.90	391.286	224.970	216.049	832.305
Total	55.57	6.35	0.90	2,237.380	820.846	794.370	3,852.596

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\$)
2007	45.201	12.392	1,546.808	26.142	-1,010.932	-1,010.932	-1,016.968	-1,016.968
2008	51.125	13.700	0.000	52.284	567.914	-443.018	542.214	-474.754
2009	30.514	8.076	0.000	52.284	312.903	-130.116	284.217	-190.537
2010	22.724	5.986	0.000	52.284	218.305	88.189	188.781	-1.756
2011	18.186	4.778	0.000	52.284	163.628	251.817	134.737	132.981
2012	15.226	3.993	0.000	52.284	128.127	379.944	100.465	233.446
2013	13.045	3.416	0.000	52.284	102.064	482.008	76.207	309.653
2014	11.442	2.993	0.000	52.284	82.950	564.958	58.984	368.638
2015	10.192	2.665	0.000	52.284	68.084	633.042	46.108	414.746
2016	9.215	2.407	0.000	52.284	56.467	689.509	36.419	451.165
Rem	63.823	16.646	0.000	545.359	206.478	206.478	112.412	112.412
Total	290.693	77.052	1,546.808	1,042.057	895.987	895.987	563.577	563.577

Major Phase : Oil  
 Perfs : 0 0  
 Initial Rate : 1.64 mbbbl/month  
 Abandonment : 0.05 mbbbl/month  
 Decline : 92.60 % year b = 1.000  
 Ratio : 1.16 mcf/mbbl  
 Enu Ratio : 8.16

Working Int : 1.00000000  
 Revenue Int : 0.84581147  
 Disc. Initial Invest. (m\$) : 1,546.808  
 Internal ROR (%) : 21.30  
 ROInvestment (disc/undisc) : 1.36 / 1.58  
 Years to Payout : 3.06  
 Abandonment Date : 06/08/2027

## Present Worth Profile (M\$)

5.00% : 563.58  
 8.00% : 415.30  
 10.00% : 331.43  
 12.00% : 257.13  
 15.00% : 160.29  
 20.00% : 28.64  
 30.00% : -161.78  
 40.00% : -294.21  
 50.00% : -392.66  
 60.00% : -469.32

Initial 1st Rev. 2nd Rev.  
 Working Interest : 1.00000000 0.00000000 0.00000000  
 Revenue Interest : 0.84581147 0.00000000 0.00000000  
 Rev. Date :

00385/POKER LAKE UNIT/DEL

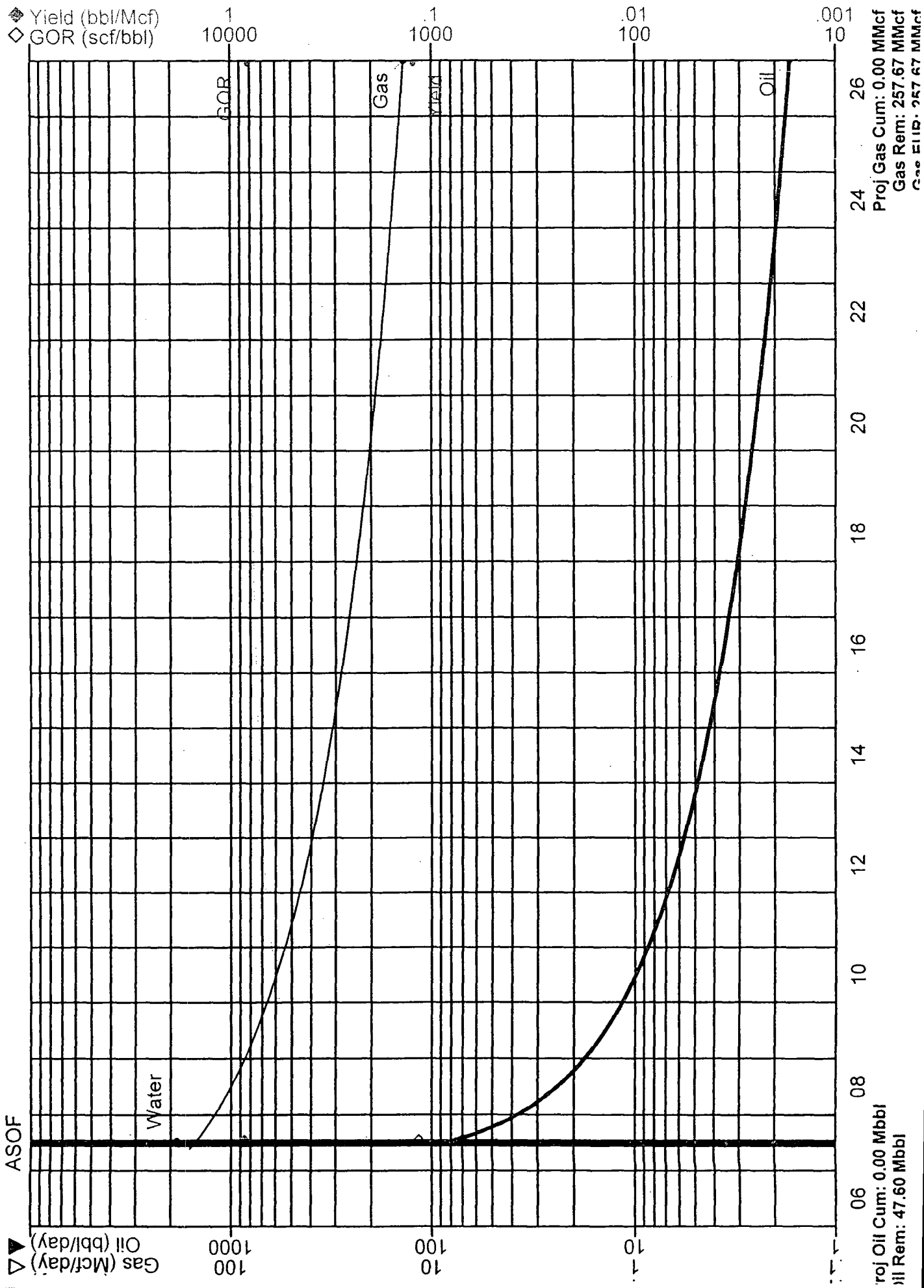
Major Phase: Oil

Major EUR Oil:

Field: NASH DRAW (DEL, BS, AV)

WELL\_NAME: POKER LAKE 1 #291

APP EUR GAS:



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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

5. Lease Serial No.  
NMLC 068430

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and no.

NMNM 71016X

8. Lease Name and Well No.

POKER LAKE UNIT 291

9. API Well No.

30-015-35546

10. Field and Pool, or Exploratory

NASH DRAW-DEL/BS/AV SAND

11. Sec., T., R., M., on Block and

Survey or Area SEC 21, T24S, R30

12. County or Parish

EDDY

13. State

NM

17. Elevations (DF, RKB, RT, GL)\*

3289" GL

1a. Type of Well ☒ Oil Well ☐ Gas Well ☐ Dry ☐ Other  
b. Type of Completion ☒ New Well ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resvr.,  
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 UL K, 1650' FSL, 1980' FWL LAT N32.2005000, LONG W103.500888

At top prod. interval reported below SAME

At total depth SAME

14. Date Spudded

05/08/2007

15. Date T.D. Reached

06/03/2007

16. Date Completed

☐ D & A ☒ Ready to Prod.

07/04/2007

18. Total Depth: MD 7766'

TVD

19. Plug Back T.D.: MD 7680'

TVD

20. Depth Bridge Plug Set: MD

TVD

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

GR-CLN-LDT; GR-AIT

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 Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
17-1/2"	13-3/8'	48#	0'	293'		580		0'	
12-1/4"	8-5/8"	32#	0'	3773'		2747		0'	
7-7/8"	5-1/2"	15.5 & 17#	0'	7765'		740		3689' TS	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-7/8"	7544' SN	7173' TAC						

25. Producing Intervals

26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) DELAWARE	7330	7335'	7330-7335'	0.380	5	PRODUCING
B)			7390-7395'	0.38	5	PRODUCING
C)			7480-7490'	0.38	10	PRODUCING
D)						

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

Depth Interval	Amount and Type of Material
7330-7490'	108675 GALLONS PRODUCED WATER AND 10000# 14/30 LITE PROP

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
07/04/07	07/14/07	24	→	100	161	191			PUMPING
Choke Size	Tbg. Press. Flwg.	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
WO	SI 150	100	→	100	161	191	1610	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.	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
SI			→						

## 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/SALT	1860'
				B/SALT	3540'
				T/DELAWARE	3750'
				T/BRUSHY CANYON	5980'
				T/BONE SPRING	7584'
				T/AVALON SAND	7686'

32. Additional remarks (include plugging procedure):

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

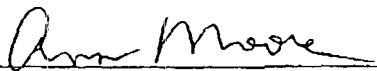
- ☒ Electrical/Mechanical Logs (1 full set req'd.)   
 ☐ Geological Report   
 ☐ DST Report   
 ☐ Directional Survey  
☐ Sundry Notice for plugging and cement verification   
 ☐ Core Analysis   
 ☐ Other

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) ANN MOORE

Title PRODUCTION CLERK

Signature



Date 07/27/2007

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

1626 N. French Dr., Hobbs, NM 88240

## DISTRICT II

1301 W. Grand Avenue, Artesia, NM 86210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

1220 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 C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-35546	Pool Code 47545	Pool Name Nash Draw (Delaware, Bone Spring Avalon Sand)
Property Code 001796	Property Name POKER LAKE UNIT	Well Number 291
OGRID No. 001801	Operator Name BEPCO, L.P.	Elevation 3289'

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	21	24 S	30 E		1650	SOUTH	1980	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 40	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

	<b>OPERATOR CERTIFICATION</b>  I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  <i>Gary E. Gerhard</i> Signature Date 2/2/06  Gary E. Gerhard Printed Name
	<b>SURVEYOR CERTIFICATION</b>  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.  DECEMBER 29, 2006 Date Surveyed Signature <i>Gary L. Jones</i> Professional Surveyor Certificate No. 7977 State of New Mexico
	BASIN SURVEYS
	Certificate No. Gary L. Jones 7977