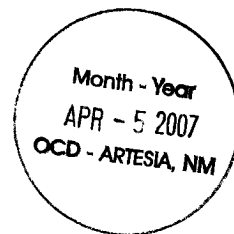


BEPCO, L.P.
P. O. Box 2760
Midland, Texas 79702



432-683-2277

FAX: 432-687-0329

March 30, 2007

Bryan G. Arrant
NMOCD District II Geologist
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: BEPCO, L.P.: Big Eddy Unit #165, API 30-015-35251
Located in Unit S, Section 5, T21S, R28E, Eddy County, NM

Dear Mr. Arrant:

Pursuant to the terms and conditions of approval granted for the application to drill (APD) for the above captioned well, please find the following summary of the measured chloride levels taken from the drilling mud samples every 100' while drilling through the Capitan Reef.

Depth (ft MD)	Chlorides (ppm)	Hardness (mg/l)	Mud Wt (lb/gal)	pH
1,200	29,400	1,280	8.60	11.5
1,300	38,000	1,600	8.70	10.5
1,400	43,000	1,880	8.70	11.0
1,500	44,000	1,920	8.70	10.5
1,600	51,000	2,000	8.80	10.5
1,700	52,000	2,000	8.80	10.0
1,800	55,000	2,080	8.80	9.5
1,900	57,000	2,120	8.80	9.5
2,000	59,000	2,080	8.80	9.0
2,100	63,000	2,120	8.90	10.0
2,200	66,000	2,200	8.90	10.0
2,300	70,000	2,160	8.95	9.0
2,400	72,000	2,140	9.00	9.5
2,500	76,000	2,200	9.00	11.0
2,600	80,000	2,240	9.05	9.5

As per the stipulations outlined in the approved APD, the interval was drilled using fresh water.

BEPCO, L.P.
P. O. Box 2760
Midland, Texas 79702

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Please call me if you have any questions regarding this matter.

Respectfully yours,

A handwritten signature in black ink, appearing to read "S. Martinez", written over a horizontal line.

Stephen M. Martinez
Drilling Engineer, BEPCO, L.P.

Enclosure

CC: Dannels, William R.
Bucy, Keith E.
Well file