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BASS ENTERPRISES PRODUCTION CO.

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MAY 14 1996

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May 9, 1996

RE: PRODUCTION ALLOCATION FOR THE
JAMES RANCH UNIT #30
SECTION 6, T23S-R31E
SOUTH LOS MEDANOS (BONE SPRING)
EDDY COUNTY, NEW MEXICO
FILE: 400-WF: 965GJR30.GTL

Tim Gum
New Mexico Oil Conservation District
811 S. First
Artesia, NM 88210

Dear Tim:

As your records will indicate, Bass Enterprises' West Texas Division has recently added the Wolfcamp horizon in the James Ranch Unit #30 wellbore, downhole commingled, and now the well is producing from both the Bone Spring and Wolfcamp zones. We propose a percentage allocation of oil, water, and gas which will be adjusted quarterly according to the attached sheet. This percentage was calculated using the known and established 2-1/2 year decline of Bone Spring production from the well and an expected decline from the Wolfcamp. The initial potential from the Wolfcamp has already been established via an isolated test. The forecast begins with commingled production and declines hyperbolically. The percentage contribution of a given zone was calculated on the attached spreadsheet by taking its forecasted production during a given three month period and dividing that by the total forecasted production from both zones during the same period.

The percentage contribution from each zone will be reviewed periodically by our office using the established production decline from the Bone Spring zone as the known quantity and assigning the remainder of the production to the Wolfcamp interval. You will be notified of any changes in the allocation.

If there are any additional questions, please advise.

Sincerely,

William R. Smitherman

for

John R. Smitherman
Division Production Manager

JRS/GTL:srl
Attachments
cc: Bailey