

State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

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

January 7, 1991

Bass Enterprises Production Company
First City Bank Tower
201 Main Street
Fort Worth, TX 76102

Attn: Jens Hansen, Division Landman

Re: Poker Lake Unit
Eddy County, New Mexico
1991 Plan of Development

Dear Mr. Hansen:

The Commissioner of Public Lands has this date approved the 1991 Plan of Development for the Poker Lake Unit. Our approval is subject to like approval by all other appropriate agencies.

There is a possibility of drainage by wells outside the Unit Area and the need for further development may exist.

If we may be of further assistance please contact Clyde Langdale at (505) 827-5791.

Sincerely,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

By: *Floyd O. Prando*
Floyd O. Prando, Director
Oil, Gas & Minerals Division

JB/FOP/CL/dm

cc: OCD
Unit POD File
Unit Correspondence File

BASS ENTERPRISES PRODUCTION CO.

FIRST CITY BANK TOWER
201 MAIN ST.
FORT WORTH, TEXAS 76102
817/390-8400

February 4, 1991

IN DIVISION

'91 FEB 7 AM 9 22

Bureau of Land Management
P.O. Box 1397
Roswell, New Mexico 88201

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

✓ New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Poker Lake Federal Unit
Charles B. Gillespie, Jr. -
Poker Lake Unit Well No. 73
660' FNL and 660' FEL of
Section 33, T24S-R31E
Eddy County, New Mexico
Bass Lease No. 9172 - NM-030454

Gentlemen:

Bass Enterprises Production Co., as Operator of the captioned Poker Lake Unit, has completed its evaluation of production history to determine the economic viability of the Delaware Formation in the Poker Lake Unit No. 73 Well. The Delaware Formation in the Poker Lake Unit No. 73 Well does not qualify under Bureau of Land Management criteria for classification as a commercial well. In this regard, enclosed is the data which was utilized by Bass in the analysis of the Poker Lake Unit No. 73 Well.

Based upon the foregoing information, Bass recommends that the Poker Lake Unit No. 73 Well be produced on a lease basis in the Delaware Formation, and therefore, not be included in a Participating Area.

Should you have any questions or need additional information which would assist you in making a decision relative to this matter, please feel free to contact me at (817)390-8584.

Sincerely,



R. Andrew Maxwell
Landman

RAM:lah

WORKSHEET FOR COMMERCIAL DETERMINATION AND PARTICIPATING AREA IN FEDERAL UNITS

WELL DATA

WELL Poker Lake Unit No. 73 FORMATION Delaware
 LOCATION A UNIT, 660 FEET FROM N LINE & 660 FEET FROM E LINE,
 SECTION 33, RANGE 31E, TOWNSHIP 24S, COUNTY Eddy NEW MEXICO
 SPUD DATE 6-25-90 COMPLETION DATE 7-24-90 INIT. PROD. DATE 7-29-90
 PERFORATIONS 5973-6008' (70 holes)

STIMULATION:

ACID 3000 gallons 7.5% NEFF acid and ball sealers

FRACTURE None

POTENTIAL Pumped 70 BOPD + 19 MCFG + 201 BW

(ATTACH COPY OF 3160-4. ATTACH COPY OF WELLBORE SKETCH OF COMPLETED WELL.)

VOLUMETRIC CALCULATION

	FORMATION	
	SANDS PERFORATED	SANDS NOT PERFORATED BUT POTENTIALLY PRODUCTIVE
Area (A) proration unit size, acres	<u>40</u>	
Porosity (ϕ), %	<u>16.2</u>	
Water saturation (S_w), %	<u>51.8</u>	
Net thickness (h) $\geq 12\% \phi$ & $< 60\% S_w$, ft	<u>34</u>	
Temperature (T), °F	<u>102°</u>	

(2)

Bottomhole pressure (P), psia 2900
Recovery factor (RF) 20%
Recoverable oil, bbls(See eq. below) 164,771
Recoverable oil, bbls = $(7,758)(\emptyset)(1-S_w)(A)(h)(RF)$

PERFORMANCE DATA

If sufficient history exists, attach plot of oil production rate vs time.

(Cumulative production to 1 / 1 / 91 ; 3956 bbls.

Initial rate (qi), 838 bbls/mo

Economic limit (ql), 76 bbls/mo

Decline rate, dy 4.79 %/mo

Remaining oil (Q) = 37,817 bbls.

Ultimate recoverable oil 41,773 bbls.

Attach plat showing proration unit and participating area.

<u>RECOVERABLE OIL</u>	<u>OIL (BBLS.)</u>	<u>GAS (MCF)</u>
Oil sand previously produced		
Sand perforated	<u>41,773</u>	<u>(1)</u>
Sand not perforated, but potentially productive		<u>(2)</u>
Total recoverable oil	<u>41,773</u>	

(1) performance recoverable oil if available

(2) $\frac{\text{performance sand perforated} \times \text{volumetric sands}}{\text{volumetric sand perforated}}$ = $\frac{\text{performance sands}}{\text{not perforated}}$ not perforated

Participating area size based on ratio of production history and volumetrics

NA acres---minimum area is proration unit.

ECONOMICS

Well Cost \$ 361,815 (to the depth of formation completed)

Saltwater Disposal \$ 79,311

Cost

TOTAL COST \$ 441,126

Operating Cost \$750.00/Month

CBG Net Income = (Gross Oil)(Net Oil Price)(Net Revenue Interest)-(Taxes)

YEAR	GROSS OIL	CBG NET INCOME	OPERATING COST	10% DISCOUNT FACTOR	DISCOUNTED CASH FLOW
Zero	---	---	---	1.00000	-441,126
1990	3,956	81,957	11,040	.95382	67,642
1991	6,663	94,539	9,000	.86711	74,172
1992	4,791	67,877	9,450	.78828	46,057
1993	3,743	52,949	9,923	.71662	30,834
1994	3,072	45,559	10,419	.65147	22,893
1995	2,607	40,532	10,940	.59225	17,526
Remainder	15,113	260,312	144,477	.43367	50,234

If payout is five years or less, well is considered economical.

(CBG Net Income - Operating Expense) discount factor = \$309,357

discounted cash flow.

UNECONOMICAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OPERATIONS SUBMIT IN DUPLICATE

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

3. TRACT IDENTIFICATION AND SERIAL NO.

NM-030454

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

Aug 1 11 00 AM '90

7. UNIT AGREEMENT NAME

Poker Lake

8. AREA NAME

Poker Lake Unit

9. WELL NO.

73

10. FIELD AND POOL, OR WILDCAT

Poker Lake Delaware, South

11. SEC. T. R., M., OR BLOCK AND SURVEY OR AREA

Sec. 33-T24S-R31E

12. COUNTY OR PARISH

Eddy

13. STATE

NM

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ DRY ☐ Other ☐

b. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. REVR. ☐ Other ☐

2. NAME OF OPERATOR

Charles B. Gillespie, Jr.

3. ADDRESS OF OPERATOR

P. O. Box 8 Midland, Texas 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface Unit Letter A, 660' FNL & 660' FEL

At top prod. interval reported below

At total depth 660' FNL & 660' FEL

14. PERMIT NO.

30-015-26405

DATE ISSUED

6/21/90

15. DATE SPUDDED

6/25/90

16. DATE T.D. REACHED

7/4/90

17. DATE COMPL. (Ready to prod.)

7/24/90

18. ELEVATIONS (DF, RKB, BT, GR, ETC.)*

3469.9' GR 3485.0' KB

19. ELEV. CASINGHEAD

3469.9'

20. TOTAL DEPTH, MD & TVD

6965' MD & TVD

21. PLUG, BACK T.D., MD & TVD

6122' MD & TVD

22. IF MULTIPLE COMPL., HOW MANY*

N/A

23. INTERVALS DRILLED BY

0-6965'

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

5973'-6008' Delaware

25. WAS DIRECTIONAL SURVEY MADE

No

26. TYPE ELECTRIC AND OTHER LOGS RUN

Dual Laterolog, MSFL, Gamma Ray, Compensated Density, Neutron, CBL

27. WAS WELL CORED

No

28. CASING RECORD (Report all strings set in well)

CASING SIZE

8 5/8"

WEIGHT, LB./FT.

24

DEPTH SET (MD)

610'

HOLE SIZE

12 1/4"

AMOUNT PULLED

400 sx Class 'C', circ'd

5 1/2"

15.5

6162'

7 7/8"

200 sx 35/65 POZ 'C' +

550 sx Class 'C', TOC @ 4530'

29. LINER RECORD

SIZE

TOP (MD)

BOTTOM (MD)

SACKS CEMENT*

SCREEN (MD)

30. TUBING RECORD

SIZE

DEPTH SET (MD)

PACKER SET (MD)

2 7/8"

5965'

31. PERFORATION RECORD (Interval, size and number)

5973'-6008' w/2 spf, .42" diameter

Total 70 holes

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)

5973'-6008'

AMOUNT AND KIND OF MATERIAL USED

Acidize w/3000 gals. 7.5% NEFE

33. PRODUCTION

DATE FIRST PRODUCTION

7/24/90

PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)

Pumping 2 1/2" X 1 1/2" X 32'

WELL STATUS (Producing or shut-in)

Producing

DATE OF TEST

7/29/90

HOURS TESTED

24

CHOKE SIZE

--

PROD'N. FOR TEST PERIOD

70

OIL—BSL.

70

GAS—MCF.

19

WATER—BSL.

201

GAS-OIL RATIO

271

FLOW. TUBING PRESS.

20#

CASING PRESSURE

20#

CALCULATED 24-HOUR RATE

70

OIL—BSL.

70

GAS—MCF.

20

WATER—BSL.

201

OIL GRAVITY-API (CORR.)

38°

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Used for fuel

TEST WITNESSED BY

David W. Hastings

35. LIST OF ATTACHMENTS

Electric Logs, Deviation Survey

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

David W. Hastings

TITLE

Production Manager

DATE

7/30/90

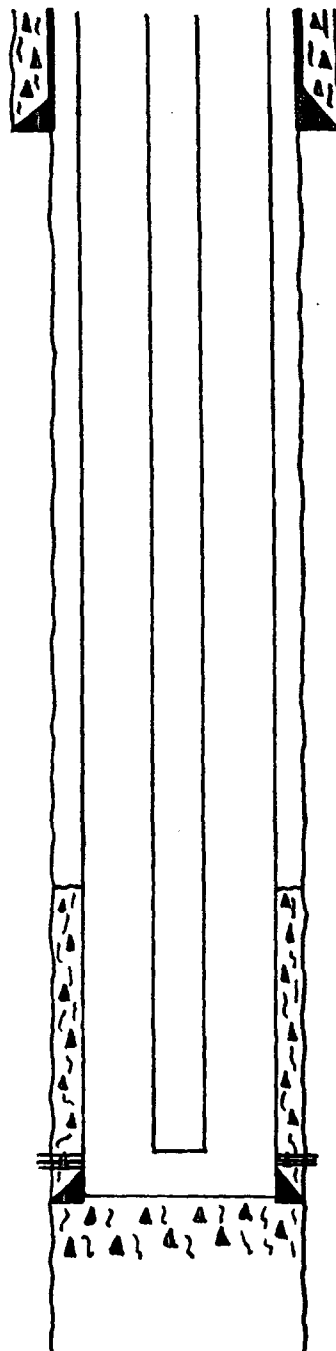
*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

37. SUMMARY OF POROUS ZONES: (Show all important zones of 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):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	GEOLOGIC MARKERS		
				NAME	MEAS. DEPTH	TRUE VERT. DEPTH
Delaware	5973'	6008'	Sandstone; oil, gas & water	Rustler	588'	588'
				Salado	968'	968'
				Lamar	4350'	4350'
				Bell Canyon	4378'	4378'
				Cherry Canyon	5278'	5278'
				Brushy Canyon	6554'	6554'

Charles B. Gillespie, Jr.
Poker Lake Unit No. 73
660' FNL & 660' FEL
Section 33-T24S-R31E
Eddy County, New Mexico



12 1/4" hole

8 5/8" csg. set @ 610' w/400 sx.
cmt. Cmt. circ. to surface

7 7/8" hole

2 7/8" tbg. set @ 5965'

Perforations 5973-6008'
70 holes - Delaware

5 1/2" csg. set @ 6162' w/750 sx.
cmt. TOC @ 4530'

TD 6965'
PBD 6122'

POKER LAKE UNIT WELL NO. 73
PERFORATED SANDS

INTERVAL	h	ØD	ØN	ØXP	Øh
5973-75'	2	21.5	13.0	17.5	35
* 75-76'	2	12.0	8.0	10.0	
76-80'	4	19.5	13.0	16.5	66
80-81'	1	17.0	12.0	15.0	15
81-84'	3	24.0	16.5	20.5	61.5
84-86'	2	17.0	12.0	15.0	30
86-90'	4	17.5	14.0	16.0	64
90-92'	2	18.0	13.5	16.0	32
92-94'	2	17.0	12.0	15.0	30
94-96'	2	14.0	11.0	12.5	25
96-00'	4	19.0	16.5	18.0	72
6000-02'	2	17.0	12.0	15.0	30
02-04'	2	16.5	10.0	13.5	27
04-08'	4	17.0	13.0	15.5	62

TOTAL h 34

TOTAL Øh 549.5

$$\text{AVERAGE } \emptyset = \frac{\text{TOTAL } \emptyset h}{\text{TOTAL } h} = \frac{549.5}{34} = 16.2\% \emptyset$$

*This interval has been eliminated from the calculations due to ØXP being less than 12%.

POKER LAKE UNIT WELL NO. 73
PERFORATED SANDS

INTERVAL	Rxo	LLs	LLd		Rt/R _{LLd}	Rt	Sw
5973-75'	2.5	3.0	3.4	x	1.4	= 4.8	52.2
* 75-76'	15.0	6.0	6.2	x	1.1	= 6.8	76.7
76-80'	3.0	3.2	3.5	x	1.2	= 4.2	59.1
80-81'	4.5	3.4	4.0	x	1.4	= 5.6	56.3
81-84'	3.5	3.3	3.8	x	1.4	= 5.3	42.4
84-86'	4.0	3.5	4.3	x	1.4	= 6.0	54.4
86-90'	4.0	3.3	4.0	x	1.4	= 5.6	52.8
90-92'	3.5	3.3	4.0	x	1.4	= 5.6	52.8
92-94'	2.5	3.6	4.4	x	1.5	= 6.6	51.9
94-96'	1.7	3.7	4.6	x	1.6	= 7.4	58.8
96-00'	1.5	3.2	4.0	x	1.6	= 6.4	43.9
6000-02'	1.6	3.3	4.1	x	1.6	= 6.6	51.9
02-04'	2.5	4.0	4.9	x	1.6	= 7.8	53.0
04-08'	1.5	3.2	3.8	x	1.4	= 5.3	56.0

*This interval has been eliminated from the calculations due to Sw being 60% or greater.

**Rw = .04 for this perforated sand.

INTERVAL	(Sw)	(ØXP)	(h)	Sw WEIGHTED
5973-75'	(.522)	(.175)	(2)	.18270
76-80'	(.591)	(.165)	(4)	.39006
80-81'	(.563)	(.150)	(1)	.08445
81-84'	(.424)	(.205)	(3)	.26076
84-86'	(.544)	(.150)	(2)	.16320
86-90'	(.528)	(.160)	(4)	.33792
90-92'	(.528)	(.160)	(2)	.16896
92-94'	(.519)	(.150)	(2)	.15570
94-96'	(.588)	(.125)	(2)	.14700
96-00'	(.439)	(.180)	(4)	.31608
6000-02'	(.519)	(.150)	(2)	.15570
02-04'	(.530)	(.135)	(2)	.14310
04-08'	(.560)	(.155)	(4)	.34720

TOTAL Sw WEIGHTED 2.85283

$$\text{AVERAGE Sw} = \frac{\sum (Sw)(\bar{\phi})(h)}{(\text{Avg. } \bar{\phi})(\text{TOTAL } h)} = \frac{2.85283}{5.508} = 51.8\% \text{ Sw}$$

POKER LAKE UNIT NO. 73
VOLUMETRIC CALCULATIONS

RECOVERABLE OIL

$$\begin{aligned}\text{OIL CONTENT OF RESERVOIR, BBLS.} &= (7758)(A)(h)(\phi)(1-S_w) \\ &= (7758)(40)(34)(.162)(1-.518) \\ &= 823,855\end{aligned}$$

$$\text{RECOVERY FACTOR (RF)} = 20\%$$

$$\begin{aligned}\text{RECOVERABLE OIL, BBLS.} &= 823,855 (\text{RF}) \\ &= 823,855 (.20) \\ &= 164,771\end{aligned}$$

PERFORMANCE DATA

POKER LAKE UNIT - Poker Lake Unit #73

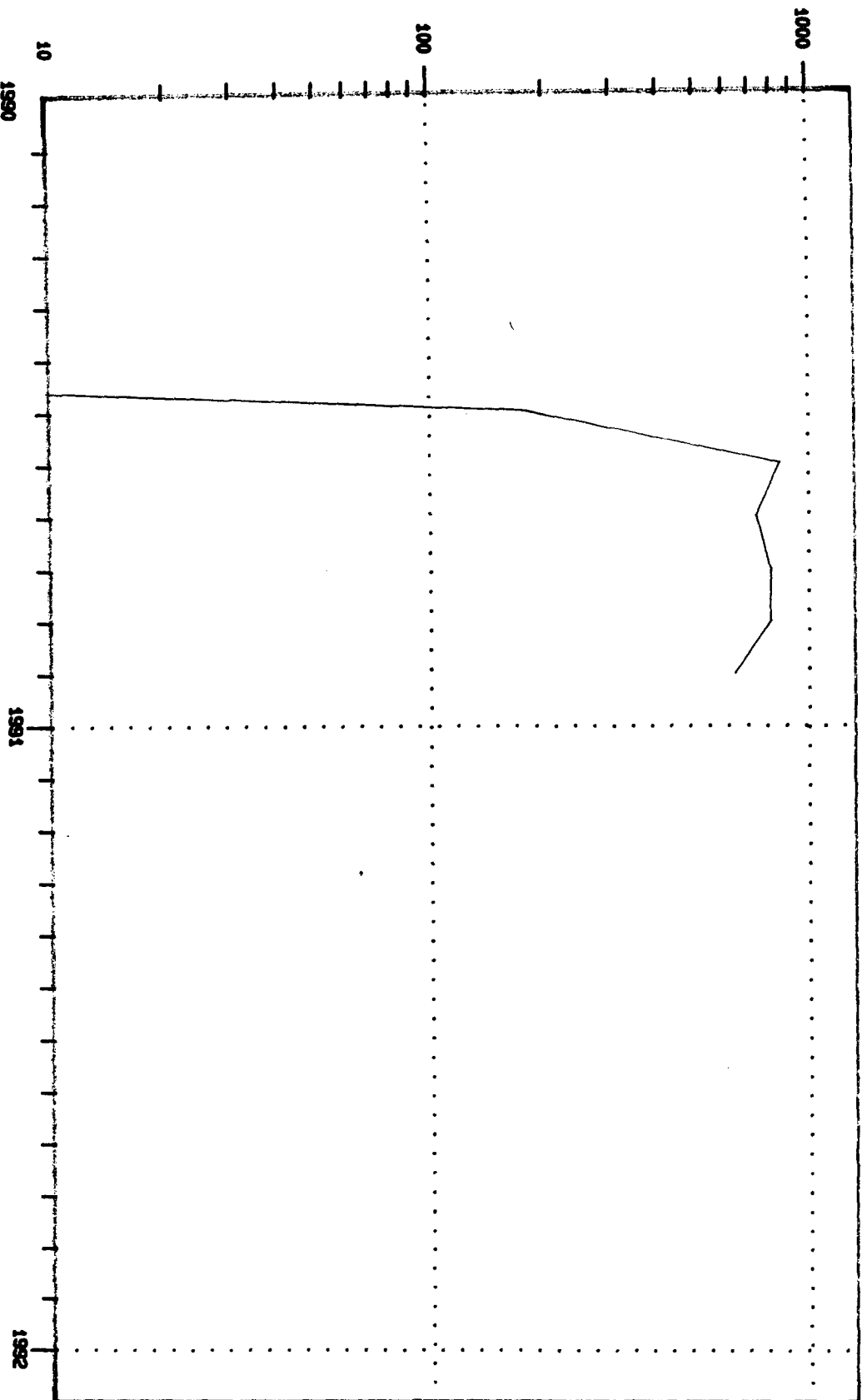
PRODUCTION DATA REPORT Reported Monthly Production Totals Poker Lake Unit

Year: 1990	Cumulative Liquid: 0			Gas: 0	Water: 0		
Month	Liquid (Bbls)	Gas (Mcf)	Water (Bbls)	Allowable	Num. Oil	Wells Gas	Days On
Jan	0	0	0	0	0	0	0
Feb	0	0	0	0	0	0	0
Mar	0	0	0	0	0	0	0
Apr	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0
Jul	179	120	1352	0	0	0	8
Aug	838	465	3409	0	0	0	31
Sep	724	420	1889	0	0	0	28
Oct	792	360	1705	0	0	0	24
Nov	789	405	1585	0	0	0	27
Dec	634	435	1333	0	0	0	29
TOTAL	3956	2205	11273				

Calculated	
011	-
Gas	-
Water	-

POKER LAKE UNIT
011 Production Rate vs Time
BBL/MO vs Months
Poker Lake Unit #73
For the Period 07/1990 to 01/1991

Production	
011	-
Gas	-
Water	-



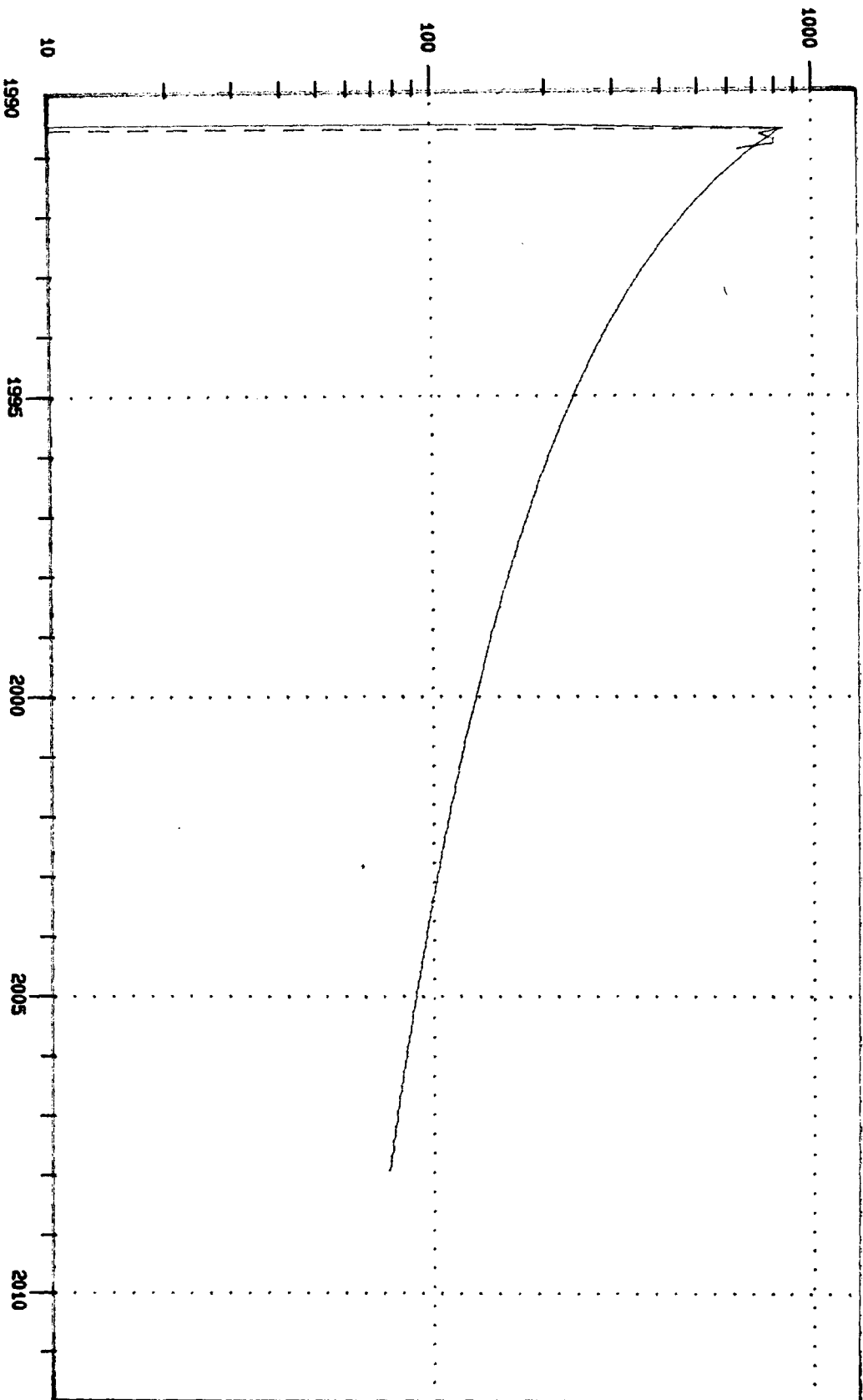
Remaining Oil Forecast

Computer Generated forecast is based on the conventional rate-time equations set forth in J. J. Arps, "Analysis of Decline Curves", Petroleum Technology, T. P. 1758 (September, 1944)

Calculated	
Oil	—
Gas	—
Water	—

POKER LAKE UNIT	
Oil Production Rate vs Time	
BBL/MO vs Months	
Poker Lake Unit #73	
For the Period 01/1990 to 12/2009	

Production	
Oil	—
Gas	—
Water	—



OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT II

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator CHARLES B. GILLESPIE		Lease Poker Lake Unit		Well No. 73	
Unit Letter A	Section 33	Township 24 South	Range 31 East	County Eddy	NMPM
Actual Footage Location of Well: 660 feet from the North line and 660 feet from the East line					
Ground level Elev. 3469.9	Producing Formation Delaware	Pool Poker Lake Delaware, South		Dedicated Acreage: 40 Acres	
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? <input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)</p> <p>No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>					
				OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <i>David W. Hastings</i> Printed Name: David W. Hastings Position: Production Manager Company: Charles B. Gillespie, Jr. Date: May 15, 1990	
				SURVEYOR CERTIFICATION 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 knowledge and belief. Date Surveyed: May 10, 1990 Signature & Seal of Professional Surveyor: <i>John W. West</i> Certificate No. JOHN W. WEST, 676 RONALD J. EIDSON, 3239	

ECONOMICS

CHARLES B. GILLESPIE, JR.

LEASE - POKER LAKE UNIT
WELL NO. 73
INTEREST 0.76206

UNIT A. 40 ACRES
SECTION 33-T24S-R31E
EDDY CO., N.W.
AVE DEPTH - 6000', DELAWARE

YEAR	OIL	NET OIL	OIL PRICE	OIL REVENUE	OIL TAXES	OPER EXPENSE	NET REVENUE	CUM REVENUE	10% DISCOUNT	CUM 10% DISCOUNT
1990	3956	3015	29.16	87909	5952	11040	70917	70917	67642	67642
1991	6663	5078	20.00	101552	7014	9000	85539	156456	74171	141814
1992	4791	3651	20.00	73021	5144	9450	58427	214883	46057	187870
1993	3743	2852	20.00	57048	4099	9923	43026	257909	30834	218704
1994	3072	2341	21.00	49162	3603	10419	35140	293049	22893	241597
1995	2607	1987	22.05	43807	3275	10940	29592	322642	17526	259123
1996	2262	1724	23.15	39910	3043	11487	25380	348022	13665	272788
1997	2001	1525	24.31	37070	2883	12061	22126	370148	10630	283618
1998	1792	1366	25.00	34140	2708	12664	18768	388916	8951	291969
1999	1626	1239	25.00	30978	2507	13297	15174	404090	6138	298107
2000	1484	1131	25.00	28272	2334	13962	11977	416067	4404	302511
2001	1365	1040	25.00	26005	2189	14660	9156	425223	3061	305572
2002	1265	964	25.00	24100	2070	15393	6638	431861	2017	307589
2003	1178	898	25.00	22443	1966	16163	4314	436175	1192	308761
2004	1104	841	25.00	21033	1879	16971	2183	438358	548	309330
2005	1036	789	25.00	19737	1799	17819	119	438477	27	309357
2006	977	745	25.00	18613	1730	18710	-1827	436650	-379	308978
2007	926	706	25.00	17642	1673	19646	-3677	432973	-694	308284

BASS ENTERPRISES PRODUCTION CO.

FIRST CITY BANK TOWER

201 MAIN ST.

FORT WORTH, TEXAS 76102

817/390-8400

December 23, 1991

Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201

Attention: Mr. Armando Lopez

Commissioner of Public Lands
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Attention: Mr. Jim Baca

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico

Attention: Mr. William LeMay

Re: 1992 Plan of Development
Poker Lake Unit
Eddy County, New Mexico

Gentlemen:

In accordance with Section 10 of the Poker Lake Unit Agreement dated March 18, 1952, Bass Enterprises Production Co., Operator of the referenced unit, hereby submits a Plan of Development for the Poker Lake Unit for the year 1992.

HISTORY OF PAST DEVELOPMENT

We refer to our previous Plans of Development for a detailed description of the operations conducted in this Unit in prior years.

December 23, 1991

Page 2

1991 ACTIVITY

Poker Lake Unit Well No. 58 - Under the 1991 Plan of Development, Bass planned to deepen this well to test the Atoka and Morrow Formations. However, due to depressed gas prices, the operation has been deemed uneconomical at this time. When Gas prices will justify the expenditures necessary for this operations, same will be resubmitted under a future plan.

Poker Lake Unit Well No. 74 - This well was drilled at a location 1,060' FSL and 1,980' FEL in Section 24, T24S-R29E and drilled to a total depth of 14,100' to test the Morrow formation. Due to the absence of the hydrocarbons, the well was plugged and abandoned on July 1, 1991.

Poker Lake Unit Well No. 75 - This well was drilled in the NW/4 NE/4 of Section 33, T24S-R31E, to a total depth of 6,125', and completed in the Delaware formation as an oil well. This well will be submitted during the calendar year 1992, for commercial determination.

Poker Lake Unit Well No. 76 - This well was drilled 490' FNL and 660' FWL in Section 34, T24S-R31E, to a total depth of 6,125', and completed in the Delaware formation as an oil well in the interval 5,972'-6,010'. This well will be submitted for commercial determination when the production data becomes available

PARTICIPATING AREAS

According to our records, Bass Enterprises Production Co. has submitted all wells drilled to date where adequate production information is available for commercial determination and participating areas. In the event you have not received commercial determinations for all of our wells drilled to date (excluding the above described wells), and proposed participating areas when appropriate, please advise us at your convenience and we will submit same to you.

FUTURE DEVELOPMENT

We plan to drill the following test wells during the year 1992:

Poker Lake Unit No. 77 - This well will be located within the unit boundary, and be drilled to a depth sufficient to test unitized substances.

OFFSET OBLIGATIONS

Appropriate and adequate measures will be taken to prevent drainage of unitized substances from lands subject to Poker Lake Unit Agreement or pursuant to applicable regulations.

December 23, 1991
Page 3

MODIFICATIONS

In accordance with the terms and provisions of the Poker Lake Unit Agreement, this Plan of Development may be modified from time to time as a result of changing conditions.

EFFECTIVE DATE

This Plan of Development shall be effective from January 1, 1992 to December 31, 1992.

If this Plan of Development meets with your approval, please so indicate by signing in the appropriate space provided below and return one (1) signed original to us for our records.

Sincerely,

Jens Hansen
Division Landman

JH:lah

ACCEPTED AND AGREED this 30 day of Dec., 1991.

BUREAU OF LAND MANAGEMENT

By: _____

COMMISSIONER OF PUBLIC LANDS

By: _____

NEW MEXICO OIL CONSERVATION DIVISION

By:  _____