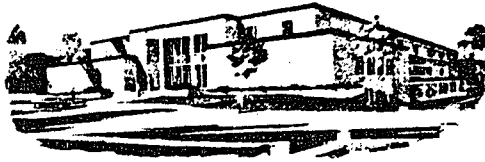


State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

SLO REF NO. OG-989

January 3, 1989

Bass Enterprises Production Co.
Attn: Jens Hansen
First City Bank Tower, 201 Main St
Fort Worth, Texas 76102

Re: 1989 Plan of Development
Poker Lake Unit
Eddy County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development.

Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

cc: OCD
BLM

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

SLO REF NO. OG-988

January 3, 1989

Bass Enterprises Production Co.
Attn: Mr. Louis W. Wilpitz
1st City Bank Tower, 201 Main St.
Fort Worth, Texas 76102

Re: 1st Amdmt to 1988 Plan of Development
Poker Lake Unit
Eddy County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development.

Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

cc: OCD
BLM

BASS ENTERPRISES PRODUCTION CO.

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

March 28, 1989

U. S. Department of the Interior
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201

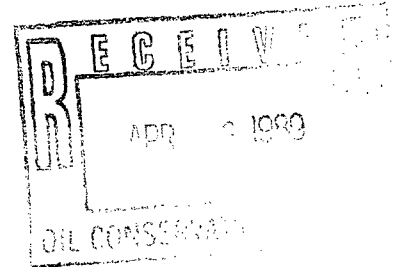
#366

Attention: Mr. Joe Lara

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

Attention: Mr. Floyd Prando

State of New Mexico
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504



Attention: Mr. Bill LeMay

Re: First Amendment 1989 Plan of Development
Poker Lake Unit
Eddy County, New Mexico

Gentlemen:

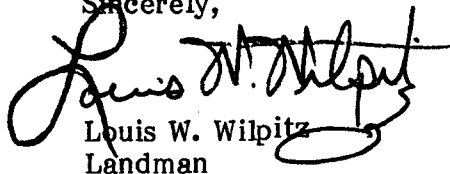
In accordance with the terms and provisions of Section 10 of the Poke Lake Unit Agreement dated March 18, 1952, which provides that the Plan of Development may be modified as necessary to meet changing conditions, we propose the following additional well to the 1989 Plan of Development for the Poker Lake Unit:

Poker Lake Unit Well No. 72 - This well is to be located in the NE/4 SE/4 of Section 28, T24S-R31E, N.M.P.M., Eddy County, New Mexico and its to be drilled to an approximate depth of 7,200' to test the Brushy Canyon formation. Charles B. Gillespie, Jr. of Midland, Texas will be operating this well as agent for Bass Enterprises Production Co.

March 28, 1989
Page 2

If this, the First Amendment to the 1989 Plan of Development to the Poker Lake Unit meets with your approval, please so indicate by signing in the appropriate space provided below one (1) original signed copy of this letter to Bass Enterprises Production Co. for its record.

Sincerely,


Louis W. Wilpitz
Landman

LWW:ca

ACCEPTED AND AGREED to this _____
day of _____, 1989

BUREAU OF LAND MANAGEMENT

By: _____

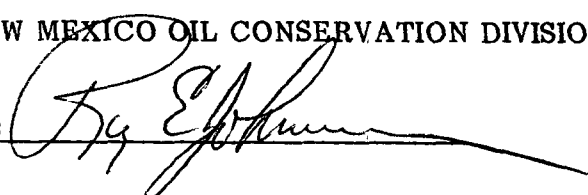
ACCEPTED AND AGREED to this _____
day of _____, 1989

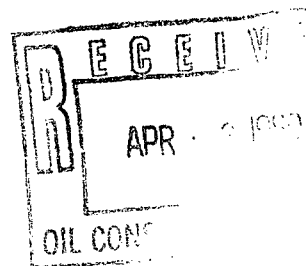
COMMISSIONER OF PUBLIC LANDS

By: _____

ACCEPTED AND AGREED to this 6th
day of April, 1989

NEW MEXICO OIL CONSERVATION DIVISION

By: 



BASS ENTERPRISES PRODUCTION CO.

FIRST CITY BANK TOWER

201 MAIN ST.

FORT WORTH, TEXAS 76102

817/390-8400

December 15, 1988

BUREAU OF LAND MANAGEMENT
P.O. Box 1397
Roswell, New Mexico 88201

Attn: Mr. Armando Lopez

COMMISSIONER OF PUBLIC LANDS
State of New Mexico
Box 1148
Santa Fe, New Mexico 87504-1148

Attn: Mr. Floyd Prondo

NEW MEXICO OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Bill LeMay

Re: First Amendment to the 1988
Plan of Development for the
Poker Lake Unit
Eddy County, New Mexico

Gentlemen:

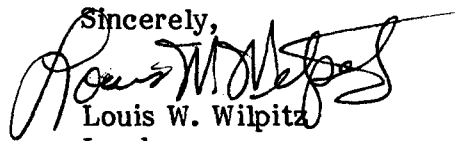
In accordance with the terms and provisions of Section 10 of the Poker Lake Unit Agreement dated March 18, 1952, which provides that the Plan of Development may be modified as necessary to meet changing conditions, we propose the following additional well to the 1988 Plan of Development:

Poker Lake Unit Well No. 70 - This well is to be located in the SE/4 SE/4 of Section 28, T24S-R31E, N.M.P.M., Eddy County, New Mexico, and is to be drilled to an approximate depth of 7,200' to test the Brushy Canyon Formation. Charles B. Gillespie, Jr. of Midland, Texas will be operating this well as agent for Bass Enterprises Production Co.

December 15, 1988

Page 2

It this, the First Amendment to the 1988 Plan of Development to the Poker Lake Unit, meets with your approval, please so indicate by signing in the appropriate space provided below and return one (1) original signed copy of this letter to Bass for its records.

Sincerely,

Louis W. Wilpita
Landman

LWW:lh

ACCEPTED AND AGREED to this _____
day of _____, 1988.

BUREAU OF LAND MANAGEMENT

By: _____

ACCEPTED AND AGREED to this _____
day of _____, 1988.

COMMISSIONER OF PUBLIC LANDS

By: _____

ACCEPTED AND AGREED to this 23rd
day of December, 1988.

NEW MEXICO OIL CONSERVATION DIVISION

By: 

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

April 5, 1989

Bass Enterprises Production Co.
First City Bank Tower
201 Main Street
Fort Worth, Texas 76102

ATTN: Louis W. Wilpitz

RE: 1989 Plan of Development
First Amendment
Poker Lake Unit
Eddy County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned amendment to the 1989 Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files. If we may be of further help, please do not hesitate to contact us.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

Charles B. Gillespie, Jr.

Oil Producer-Investor

P. O. Box Eight

Midland, Texas 79702

(915) 683-1765

December 11, 1989

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

Attention: Mr. Louis W. Wilpitz

LAND RECEIVED	
DEC 14 1989	
WAH _____	W. M. _____
JTW _____	JWB _____
JH _____	DDC _____
RAM _____	HBH _____
LWW _____	WRS _____
	SF _____

Re: Request for submittal of 40 acre Schedule of Unitized Land for the Poker Lake Unit Well No. 72, South Poker Lake Delaware Pool, NE/4 SE/4 Section 28, Being 40 acres more or less, Township 24 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Gentlemen:

Attached herewith please find a Schedule of Unitized Land regarded as being "reasonably proved productive of unitized substances in paying quantities" sufficient to warrant the formation of a "Participating Area" for the referenced well. Included therewith is a Worksheet for Commercial Determination and Participating Area in Federal Units for the Poker Lake Unit Well No. 72, which was drilled by Charles B. Gillespie, Jr. in accordance with the 1988 Plans of Development and Operation for the Poker Lake Unit, submitted by Bass Enterprises Production Company.

Your submittal of this 40 acre Schedule of Unitized Land is respectfully requested. Should you have any questions or require anything further, please advise.

Very truly yours,

David W. Hastings

David W. Hastings
Production Manager

DWH/vjc

Enclosures

Mailing List (Copies Enclosed)

Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88220
Attn: Ms. Cecelia Johnson

Oil Conservation Division
Drawer DD
811 South First Street
Artesia, New Mexico 88210
Attn: Mr. Mike Williams

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501
Attn: Mr. David Catanach

Office of the New Mexico Commissioner of Public Lands
Post Office Box 1148
Santa Fe, New Mexico 87504-1148
Attn: Mr. W. R. Humphries

Bass Enterprises Production Company
P. O. Box 2760
Midland, Texas 79702
Attn: Mr. Keith Bucy

Bass Enterprises Production Company
201 Main Street
First City Bank Tower
Fort Worth, Texas 76102
Attn: Mr. Truitt Mathews

Pauley Petroleum, Inc.
Post Office Box 2208
Roswell, New Mexico 88202
Attn: Mr. John Peterson

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253
Attn: Mr. V. P. Whitfield

Schedule of Unitized Land Poker Lake Unit No. 72
South Poker Lake Delaware Pool

<u>Unitized Tract</u>	<u>Percentage of Unitized Substances to be Allocated</u>
NE/4 SE/4 Section 28, Township 24 South, Range 31 East, N.M.P.M., Eddy County, New Mexico Containing 40 acres	100%

WORKSHEET FOR COMMERCIAL DETERMINATION AND PARTICIPATING AREA IN FEDERAL UNITS

WELL DATA

WELL Poker Lake Unit No. 72 FORMATION Delaware
 LOCATION I UNIT, 1980 FEET FROM S LINE & 810 FEET FROM E LINE,
 SECTION 28, RANGE 31E, TOWNSHIP 24S, COUNTY Eddy NEW MEXICO
 SPUD DATE 5-03-89 COMPLETION DATE 9-01-89 INIT. PROD. DATE 9-05-89
 PERFORATIONS 5832'-5868' (72 holes)

STIMULATION:

ACID 3800 gallons 7.5% NEFE acid and ball sealers

FRACTURE None

POTENTIAL Pumped 69 BOPD + 18 MCFG + 140 BW

(ATTACH COPY OF C-122. 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>23.25</u>	
Water saturation (S_w), %	<u>53.2</u>	
Net thickness (h) $> 15\% \phi$ & $< 60\% S_w$, ft	<u>36</u>	
Temperature (T), °F	<u>115°</u>	

(2)

Bottomhole pressure (P), psia 2900
Recovery factor (RF) 20%
Recoverable oil, bbls (See eq. below) 243,115
Recoverable oil, bbls = $(7,758)(\emptyset)(1-S_w)(A)(h)(RF)$

PERFORMANCE DATA

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

(Cumulative production to 12 / 1 /89 ; 3049 bbls.

Initial rate (qi), 1038 bbls/mo

Economic limit (ql), 76 bbls/mo

Decline rate, dy 2.41 %

Remaining oil (Q) = 106,150 bbls.

Ultimate recoverable oil 109,199 bbls.

Attach plat showing proration unit and participating area.

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

(1) performance recoverable oil if available

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

Participating area size based on ratio of production history and volumetrics

40 acres---minimum area is proration unit.

ECONOMIC

Well Cost \$ 361,311 (to the depth of formation completed)

Recompletion Cost \$

TOTAL COST \$ 361,311

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	---	---	---	1.0000	-361,311
1989	4,019	51,996	3,000	.95382	46,734
1990	10,200	134,603	9,180	.86711	108,756
1991	8,253	111,102	9,364	.78828	80,198
1992	6,929	94,363	9,551	.71662	60,778
1993	5,968	81,276	9,742	.65417	46,602
1994	5,246	71,443	9,937	.59225	36,427
Remainder	59,608	470,506	341,268	.53841	152,195

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

(. CBG Net Income - Operating Expense) discount factor = \$531,691

discounted cash flow. ECONOMICAL

ECONOMIC

CHARLES B. GILLESPIE, JR.

LEASE - POKER LAKE 72
WELLS 1
INTEREST 0.74125

SECTION 28-245-31E
40 ACRES EDDY COUNTY, NM
AVE. DEPTH - 6000, DELAWARE

YEAR	OIL	GAS	NET OIL	NET GAS	\$OIL	\$MCF	REV OIL	REV GAS	REV TOT	TAXES	OP EXP	NET REV	CUMREV	10% DIS	CUM 10%
1989	4019		2979	0	19.00		56603	0	56603	4606	3000	48996	48996	46734	46734
1990	10200		7561	0	19.38		146527	0	146527	11924	9180	125423	174419	108756	155489
1991	8253		5118	0	19.77		120944	0	120944	9842	9364	101738	276157	80198	235687
1992	6929		5136	0	20.00		102722	0	102722	8359	9551	84812	360969	60778	296465
1993	5968		4424	0	20.00		88476	0	88476	7200	9742	71534	432503	46602	342067
1994	5246		3889	0	20.00		77772	0	77772	6329	9937	61506	494009	36427	379494
1995	4677		3467	0	20.00		69337	0	69337	5643	10135	53559	547568	28836	408351
1996	4221		3129	0	20.00		62576	0	62576	5092	10338	47146	594713	23076	431407
1997	3845		2850	0	20.00		57002	0	57002	4639	10545	41818	636532	18608	450015
1998	3528		2615	0	20.00		52303	0	52303	4256	10756	37290	673822	15084	465099
1999	3264		2419	0	20.00		48389	0	48389	3938	10971	33480	707302	12312	477411
2000	3036		2250	0	20.00		45009	0	45009	3663	11190	30156	737458	10081	487492
2001	2836		2102	0	20.00		42044	0	42044	3421	11414	27208	764666	8269	495761
2002	2662		1973	0	20.00		39464	0	39464	3212	11642	24610	789276	6800	502561
2003	2503		1855	0	20.00		37107	0	37107	3020	11875	22212	811488	5579	508140
2004	2370		1757	0	20.00		35135	0	35135	2859	12113	20163	831651	4604	512744
2005	2247		1666	0	20.00		33312	0	33312	2711	12355	18246	849897	3787	516531
2006	2136		1583	0	20.00		31666	0	31666	2577	12602	16487	866384	3111	519643
2007	2036		1509	0	20.00		30184	0	30184	2456	12854	14873	881257	2551	522194
2008	1943		1440	0	20.00		28805	0	28805	2344	13111	13350	894607	2082	524276
2009	1859		1378	0	20.00		27560	0	27560	2243	13374	11943	906550	1693	525969
2010	1782		1321	0	20.00		26418	0	26418	2150	13641	10627	917177	1370	527339
2011	1712		1269	0	20.00		25380	0	25380	2065	13914	9401	926579	1102	528441
2012	1647		1221	0	20.00		24417	0	24417	1987	14192	8238	934816	877	529318
2013	1586		1176	0	20.00		23512	0	23512	1913	14476	7123	941939	690	530008
2014	1531		1135	0	20.00		22697	0	22697	1847	14765	6085	948024	536	530544
2015	1470		1090	0	20.00		21793	0	21793	1773	15061	4959	952982	397	530940
2016	1430		1060	0	20.00		21200	0	21200	1725	15362	4113	957095	299	531240
2017	1384		1026	0	20.00		20518	0	20518	1670	15669	3179	960274	210	531450
2018	1340		993	0	20.00		19866	0	19866	1617	15983	2266	962540	136	531586
2019	1300		964	0	20.00		19273	0	19273	1568	16302	1402	963942	77	531663
2020	1263		936	0	20.00		18724	0	18724	1524	16628	572	964514	28	531691

POKER LAKE UNIT WELL NO. 72
PERFORATED SANDS

INTERVAL	h	ØN	Øh
5832-36'	4	21	84
36-38'	2	25	50
38-40'	2	20	40
40-43'	3	24	72
43-46'	3	21	63
46-50'	4	24	96
50-54'	4	25	100
54-56'	2	23	46
56-60'	4	26	104
60-62'	2	24	48
62-64'	2	22	44
64-66'	2	20	40
66-68'	2	25	50
	<u>36</u>		<u>837</u>
	TOTAL h		TOTAL Øh
	36		837

$$\text{AVERAGE } \phi = \frac{\text{TOTAL } \phi h}{\text{TOTAL } h} = \frac{837}{36} = 23.25\% \phi$$

There are no ØXP porosities because an open hole porosity log could not be run on this well. All porosities are from a Dual Spaced Neutron cased hole log.

POKER LAKE UNIT WELL NO. 72
PERFORATED SANDS

INTERVAL	LLD	Rt	Sw
5832-36'	2.3	2.3	54.4
36-38'	1.9	1.9	50.3
38-40'	2.5	2.5	54.8
40-43'	2.1	2.1	49.8
43-46'	2.4	2.4	53.2
46-50'	1.8	1.8	53.8
50-54'	1.8	1.8	51.6
54-56'	2.0	2.0	53.2
56-60'	1.8	1.8	49.7
60-62'	1.8	1.8	53.8
62-64'	2.0	2.0	55.7
64-66'	2.1	2.1	59.8
66-68'	1.4	1.4	58.6

There are no accurate Rxo, LLs or Rt/R_{LLd} resistivities because of deep drilling mud invasion.

R_w = .03 for this perforated sand.

INTERVAL	Sw	ØN	h	Sw WEIGHTED
5832-36'	(.544)	(.21)	(4)	.45696
36-38'	(.503)	(.25)	(2)	.25150
38-40'	(.548)	(.20)	(2)	.21920
40-43'	(.498)	(.24)	(3)	.35856
43-46'	(.532)	(.21)	(3)	.33516
46-50'	(.538)	(.24)	(4)	.51648
50-54'	(.516)	(.25)	(4)	.51600
54-56'	(.532)	(.23)	(2)	.24472
56-60'	(.497)	(.26)	(4)	.51688
60-62'	(.538)	(.24)	(2)	.25824
62-64'	(.557)	(.22)	(2)	.24508
64-66'	(.598)	(.20)	(2)	.23920
66-68'	(.586)	(.25)	(2)	.29300

TOTAL Sw WEIGHTED 4.45098

$$\text{AVERAGE Sw} = \frac{(\text{Sw})(\text{ØN})(h)}{(\text{Avg. Ø})(\text{TOTAL } h)} = \frac{4.45098}{8.37} = 53.2\% \text{ Sw}$$

VOLUMETRIC CALCULATIONS
RECOVERABLE OIL

PERFORATED SANDS

$$\begin{aligned}\text{OIL CONTENT OF RESERVOIR, BBLS.} &= (7758)(A)(h)(\phi)(1-S_w) \\ &= (7758)(40)(36)(.2325)(1-.532) \\ &= 1,215,573\end{aligned}$$

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

$$\begin{aligned}\text{RECOVERABLE OIL, BBLS.} &= 1,215,573 \text{ (RF)} \\ &= 1,215,573 (.20) \\ &= 243,115\end{aligned}$$

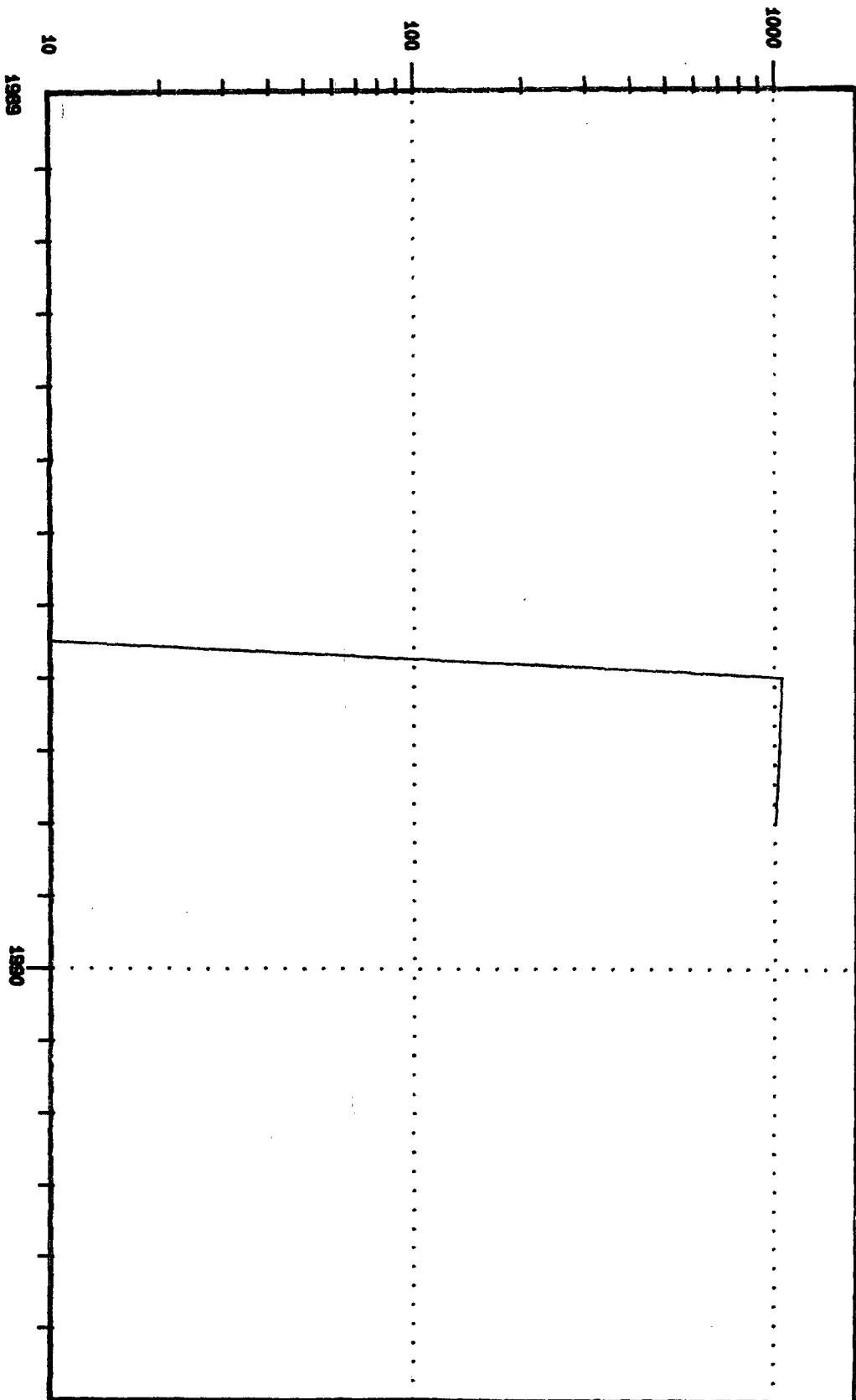
Remaining Oil Forecast

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 #72 Oil Production Rate vs Time BBL/MO vs Months 5832 - 5868 For the Period 09/1989 to 11/1989
--

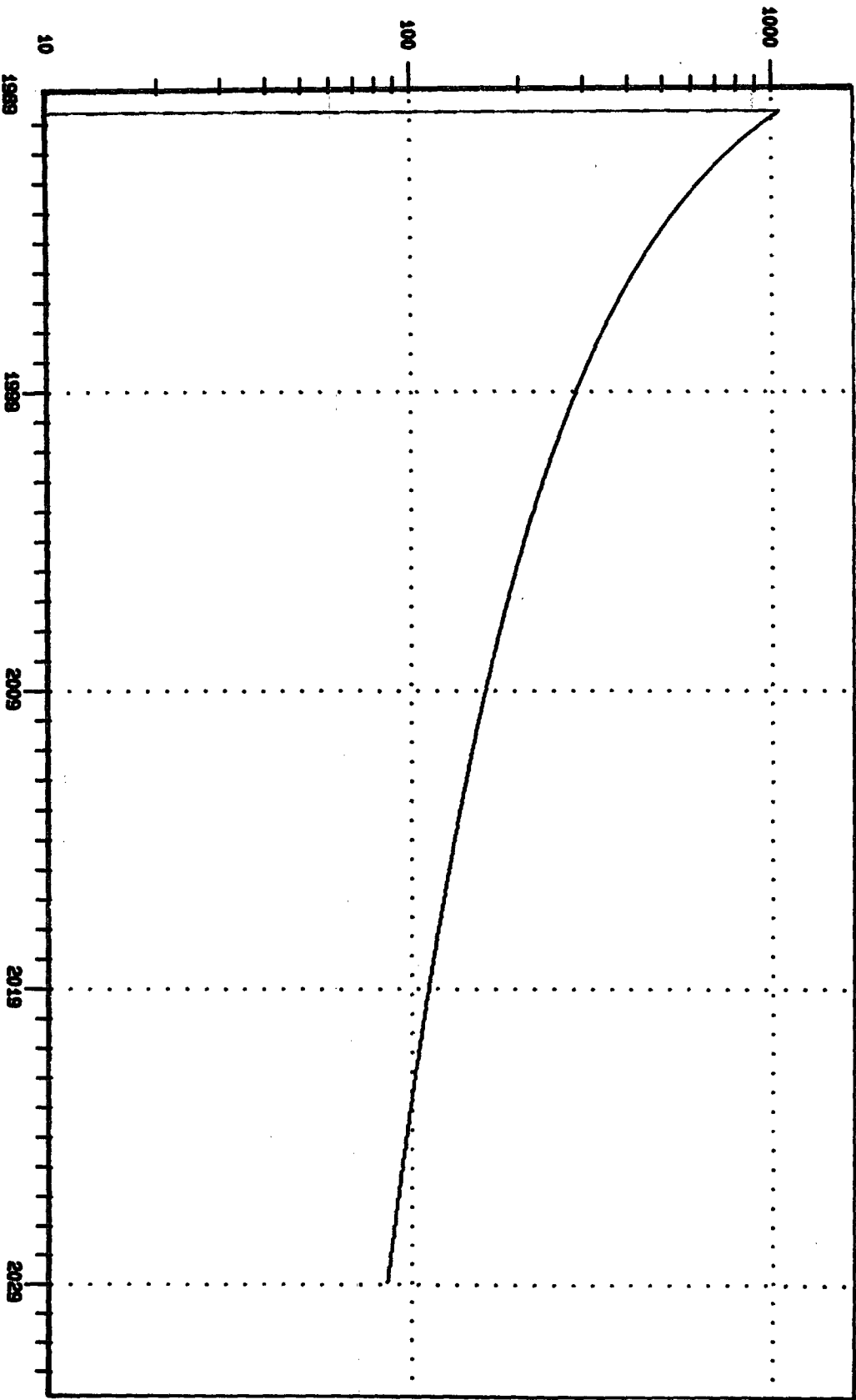
Production	
Oil	---
Gas	---
Water	---



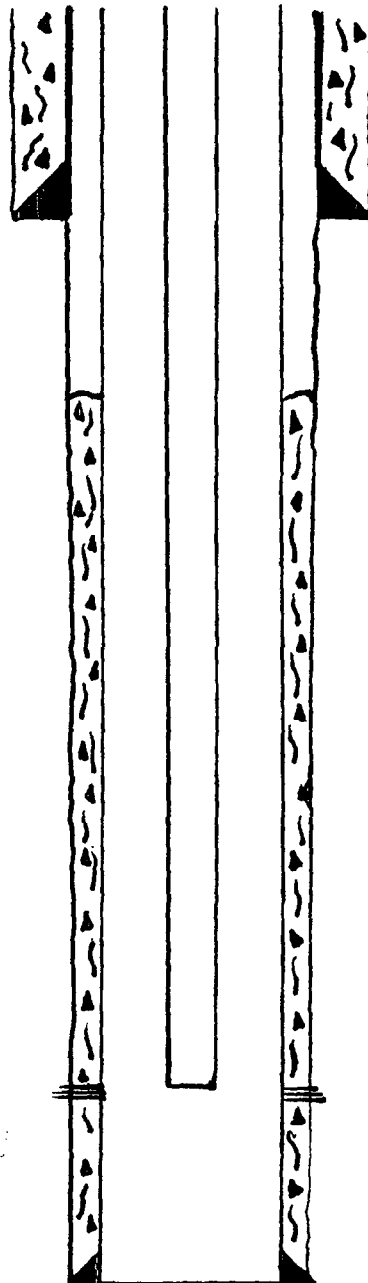
Calculated	
Oil	—
Gas	—
Water	—

POKER LAKE UNIT	
011 Production Rate vs Time	
BBL/MO vs Months	
POKER LAKE UNIT #72	
For the Period 09/1989 to 12/2028	

Production	
Oil	—
Gas	—
Water	—



Charles B. Gillespie, Jr.
Poker Lake Unit #72
1980' FSL & 810' FEL
Section 28-T24S-R31E
Eddy County, New Mexico



12 1/4" hole

8 5/8" csg. set @ 600' w/400 sx.
cmt. Cmt. circ. to surface

7 7/8" hole

2 7/8" tubing set @ 5778'

Perforations 5832-5868'
72 holes - Delaware

5 1/2" csg. set @ 6850' w/1000 sx.
cmt. TOC @ 4500'

TD 6850'

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
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, JR			Lease POKER LAKE UNIT		Well No. 72
Unit Letter I	Section 28	Township 24 SOUTH	Range 31 EAST	County NMPM	EDDY
Actual Footage Location of Well: 810 feet from the EAST line and 1980 feet from the SOUTH line					
Ground level Elev. 3482.4'	Producing Formation Delaware		Pool Undesignated Delaware		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. <i>William R. Crow</i> Signature William R. Crow Printed Name Exploration Manager Position Charles B. Gillespie, Jr Company 3/27/89 Date	
				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 March 24, 1989	
				Signature & Seal of Professional Surveyor JOHN W. REST RONALD J. EDSON 876 3239	
				Scale: 0 330 660 990 1320 1650 1980 2310 2640 2000 1000 1500 500 0	

BASS ENTERPRISES PRODUCTION CO.

FIRST CITY BANK TOWER

201 MAIN ST.

FORT WORTH, TEXAS 76102

817/390-8400

#366

December 11, 1989

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

Attn: Mr. Joe Lara

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

Attn: Mr. Floyd Prando

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

Attn: Mr. Bill LeMay

Re: 1990 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 1990.

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.

1989 ACTIVITY

Poker Lake Unit Well No. 70 -

This well was drilled to a total depth of 7238' and completed on February 5, 1989, as a producing oil well in the Brushy Canyon Formation 810' FSL and 810' FEL in Section 28, T24S-R31E, Eddy County, New Mexico. This well was drilled by Charles B. Gillespie, Jr. as designated agent for Bass.

Poker Lake Unit Well No. 71 -

This well was drilled to a total depth of 14,882' in the N/2 of Section 33, T23S-R30E, Eddy County, New Mexico by Bettis Brothers, Inc., as designated agent for Bass. Completion

operations are currently being conducted in the Bone Springs Formation. Results will be reported in the 1991 Plan of Development.

Poker Lake Unit Well No. 72 -

This well was drilled to a total depth of 6850' and successfully completed on September 5, 1989, as an oil well in the Delaware Formation 1980' FSL and 810' FEL in Section 28, T24S-R31E, Eddy Co., New Mexico. The well was drilled by Charles B. Gillespie, Jr. as designated agent for Bass.

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 determinations and participating areas. In the event you have not received commercial determinations for all of our wells drilled to date, as well as proposed participating areas when appropriate, please advise us at your convenience and we will submit same to you.

FUTURE DEVELOPMENT

Poker Lake Unit Well No. 73 -

This well will be drilled to a sufficient depth to test the Delaware Formation on unitized lands. A specific location will be given during 1990.

OFFSET OBLIGATIONS

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

ADDITIONAL DEVELOPMENT

This Plan of Development will constitute the activity to be conducted under the terms of the Poker Lake Unit Agreement for the period ending December 31, 1990. In the event economic conditions should change, resulting in the improvement of marketing oil and gas from this unit area, the Operator will modify this plan of development to provide for additional activity. Presently, three (3) gas wells are shut-in in the Poker Lake Unit due to the poor gas market. Gas sales will resume from these wells when prices will justify additional development.

Bureau of Land Management
Commissioner of Public Lands
New Mexico Oil Conservation Division
December 11, 1989
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, 1990, to December 31, 1990.

If this Plan of Development meets with your approval, please so indicate by signing in the appropriate space provided below and return one signed copy of the letter to Bass for its records.

Very truly yours,


Jens Hansen

RAM/JH/tlo

ACCEPTED TO AND AGREED this 26 day of Dec, 1989.

BUREAU OF LAND MANAGEMENT

By: _____

COMMISSIONER OF PUBLIC LANDS

By: _____

NEW MEXICO OIL CONSERVATION DIVISION

By:  _____