

BASS ENTERPRISES PRODUCTION CO.

6 DESTA DRIVE, SUITE 3700
P.O. BOX 2780
MIDLAND, TEXAS 79702

FAX (915) 687-0329

(915) 683-2277

June 3, 2003

VIA FEDERAL EXPRESS

Mr. Tim Gum
New Mexico Oil Conservation Division
1301 W. Grand Avenue
Artesia, New Mexico 88210

Re: Big Eddy Unit No. 145
W/2 Section 31, T21S-R28E
Big Eddy Unit No. 146
E/2 Section 31, T21S-R28E
Eddy County, New Mexico



Dear Mr. Gum:

As we discussed recently, Bass Enterprises Production Co. has filed drilling permits with the New Mexico Oil Conservation Division for both of the above wells in their respective proration units. Competing applications for these wells in the same proration units have been filed by MYCO Industries, Inc. According to the OCD's letter dated May 21, 2003, MYCO has been granted permits to drill.

This is to advise you that Bass has notified MYCO that both wells are within the boundary of the Big Eddy Unit and both wells have been assigned proration units containing leases owned by Bass dedicated to the Big Eddy Unit Agreement. Bass is the designated operator according to the Big Eddy Unit Agreement which provides as follows:

8. Rights and Obligations of Unit Operator: Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated and shall be exercised by the Unit Operator (Bass) as herein provided.

Thus, the Unit Operator (Bass) must operate any wells on lands committed to the unit, or lands pooled or committed therewith, unless proper steps are taken to transfer such authority. Until further notice, MYCO does not have the authority to operate such wells. Therefore, Bass requests that your office approve the Bass permits and that the MYCO permits should not be recognized by the NMOCDD. Thank you very much should you have any questions or comments, please don't hesitate to contact the undersigned at 432-683-2277.

Sincerely,

A handwritten signature in cursive script that reads "William R. Smitherman".

for John R. Smitherman
Division Production Manager

JRS/JWB:ca/gjr

cc: Wayne Bailey via fax

FAX COVER SHEET

OIL CONSERVATION DIVISION
1301 W. GRAND AVE
ARTESIA, NM 88210

PHONE (505-748-1283
FAX (505-748-9720

Date 6-5-03

TO: David Brooks

FROM: Bryan Arant

NUMBER OF PAGES 2 (INCLUDING COVER SHEET)

MESSAGE Fyl - Another letter from Bass you may
not have

BASS ENTERPRISES PRODUCTION Co.

6 DESTA DRIVE, SUITE 3700
P.O. BOX 2780
MIDLAND, TEXAS 79702

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(915) 683-2277

May 30, 2003

VIA FEDERAL EXPRESS

Mr. Tim Gum
New Mexico Oil Conservation Division
1301 W. Grand Avenue
Artesia, New Mexico 88210

Re: Big Eddy Unit No. 143
W/2 Section 19, T21S-R28E
Big Eddy Unit No. 144
W/2 Section 30, T21S-R28E

Dear Mr. Gum:



As we discussed recently, Bass Enterprises Production Co. has filed APD's with the Bureau of Land Management for both of the above wells in their respective proration units as set forth above. Competing applications for these wells have been filed by MYCO Industries, Inc. These applications are being processed simultaneously by the BLM as of this writing.

This is to advise you that Bass has notified MYCO, and all other interested parties in both proration units that Bass will drill and operate both wells at the locations set forth in the permits. Bass is the owner of 75% interest in the Big Eddy Unit No. 143 and 87.50% working interest Big Eddy Unit 144. Furthermore, Bass is the designated operator according to the Big Eddy Unit Agreement which provides as follows:

8. Rights and Obligations of Unit Operator: Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated and shall be exercised by the Unit Operator (Bass) as herein provided.

Thus, the Unit Operator (Bass) must operate any wells on lands committed to the unit unless proper steps are taken to transfer such authority. Until further notice, MYCO does not have the authority to operate such wells. Therefore, for the reasons stated above, Bass requests that your office approve the Bass permits upon your receipt of them from the BLM and that the MYCO permits should not be recognized by the NMOC. Thank you very much should you have any questions or comments, please don't hesitate to contact the undersigned at (817) 915-683-2277.

Very truly yours,


John R. Smitheman
Division Production Manager

JRS/JWB:ca/gjr