

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

817/390-8400

August 12, 2004

FEDERAL EXPRESS

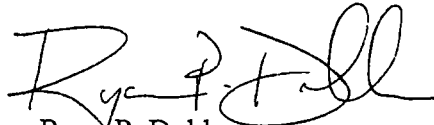
New Mexico Oil Conservation Division  
1301 W. Grand Aveue  
Artesia, New Mexico  
Attention: Bryan Arrant

Re: Application for Permit  
Bass- James Ranch Unit No. 93  
NE/4 NE/4 Section 7, T23S-R31E  
Eddy County, New Mexico

Gentlemen:

Please find attached hereto one (1) original and five (5) copies of the permit for the above well which is located on fee lands. Included in the package is a letter to IMC Potash Carlsbad, Inc. requesting its waiver for the drilling of the subject well. Please approve the attached permit at your earliest convenience. Should you have any questions or comments in the above regard, please don't hesitate to contact the undersigned at (817) 390-8568 or Bill Dannels at (432) 683-2277. Thank you very much.

Very truly yours,

  
Ryan P. Dobbs

RDP:mc

cc: Bill Dannels – Midland Office

BEFORE THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Case Nos. 13367 Exhibit No. 3

Submitted by:

Bass Enterprises Production Co.

Hearing Date: June 5, 2006

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
1220 S. St. Francis Dr.  
Santa Fe, NM 87505

Form C-101  
Revised March 17, 1999

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address Bass Enterprises Production Co. P.O. Box 2760, Midland, Texas 79702		<sup>2</sup> OGRID Number 001801
<sup>4</sup> Property Code 001786		<sup>3</sup> API Number 30 -
<sup>5</sup> Property Name James Ranch Unit		<sup>6</sup> Well No. 93

<sup>7</sup> Surface Location									
UL or lot no.	Section 7	Township 23S	Range 31E	Lot 1dn	Feet from the 660	North/South line North	Feet from the 660	East/West line East	County Eddy

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot 1dn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>9</sup> Proposed Pool 1 Morrow					<sup>10</sup> Proposed Pool 2 Atoka, Wolfcamp, Bone Spring, Delaware				

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code P	<sup>15</sup> Ground Level Elevation 3295'
<sup>16</sup> Multiple N	<sup>17</sup> Proposed Depth 14800	<sup>18</sup> Formation Morrow	<sup>19</sup> Contractor Unknown	<sup>20</sup> Spud Date 7/01/04

<sup>21</sup> Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	54.50	600'	565	Surface
12 1/4"	9 5/8"	40.0	4040'	1175	Surface
8 3/4"	7"	26.0	12000'	950	Surface
6 1/8"	4 1/2"	13.50	14800'	350	11700'

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

The proposed well will be the second producer in a already established N/2 proration unit. The well has not been staked at the time of APD Submittal; however, a certified land survey plat will be submitted under separate cover. 5000PSI BOP equipment as in diagram 1 will be the minimum requirement until the 7" is run and cemented. A 10,000PSI BOP/Choke manifold will be installed on the 7" casinghead as seen in diagram 2.

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Cindi Goodman</i> WMM		OIL CONSERVATION DIVISION	
Printed name: Cindi Goodman		Approved by:	
Title: Production Clerk		Title:	
Date: 04/14/04		Approval Date:	Expiration Date:
Phone: (432) 683-2277		Conditions of Approval: Attached <input type="checkbox"/>	

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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Pit or Below-Grade Tank Registration or Closure

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: <u>BASS Enterprises Prod. Co.</u> Telephone: <u>432/683-2277</u> e-mail address: <u>cdgoodman@bassprod.com</u>		
Address: <u>P.O. Box 2760, Midland, TX 79702</u>		
Facility or well name: <u>James Ranch Unit # 93</u> API #: _____ U/L or Qr/Qr <u>NE NE</u> Sec <u>7</u> T <u>23S</u> R <u>31E</u>		
County: <u>Eddy</u> Latitude <u>N 52° 19'</u> Longitude <u>W 103° 48'</u> Surface Owner Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input checked="" type="checkbox"/> Indian <input type="checkbox"/>		
28" 38.0"		
<b>Pit</b> Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>20</u> mil Clay <input type="checkbox"/> Volume _____ bbl	<b>Below-grade tank</b> Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) <u>webside not up</u>	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	100 feet or more	(0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes	(20 points)
	<u>No</u>	(0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	<u>1000 feet or more</u>	(0 points)
Ranking Score (Total Points)		

If this is a pit closure:

- (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks.
- (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility \_\_\_\_\_.
- (3) Attach a general description of remedial action taken including remediation start date and end date.
- (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results.
- (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been constructed or closed according to NMOCD guidelines.

Date: 4/14/04

Printed Name/Title William R. Dannels - Div. Only Supt Signature William R. Dannels

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: \_\_\_\_\_

Printed Name/Title \_\_\_\_\_ Signature \_\_\_\_\_

DISTRICT I  
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DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		MORROW
Property Code	Property Name	Well Number
001786	JAMES RANCH UNIT	93
OGRID No.	Operator Name	Elevation
001801	BASS ENTERPRISES PRODUCTION COMPANY	3295'

Surface Location

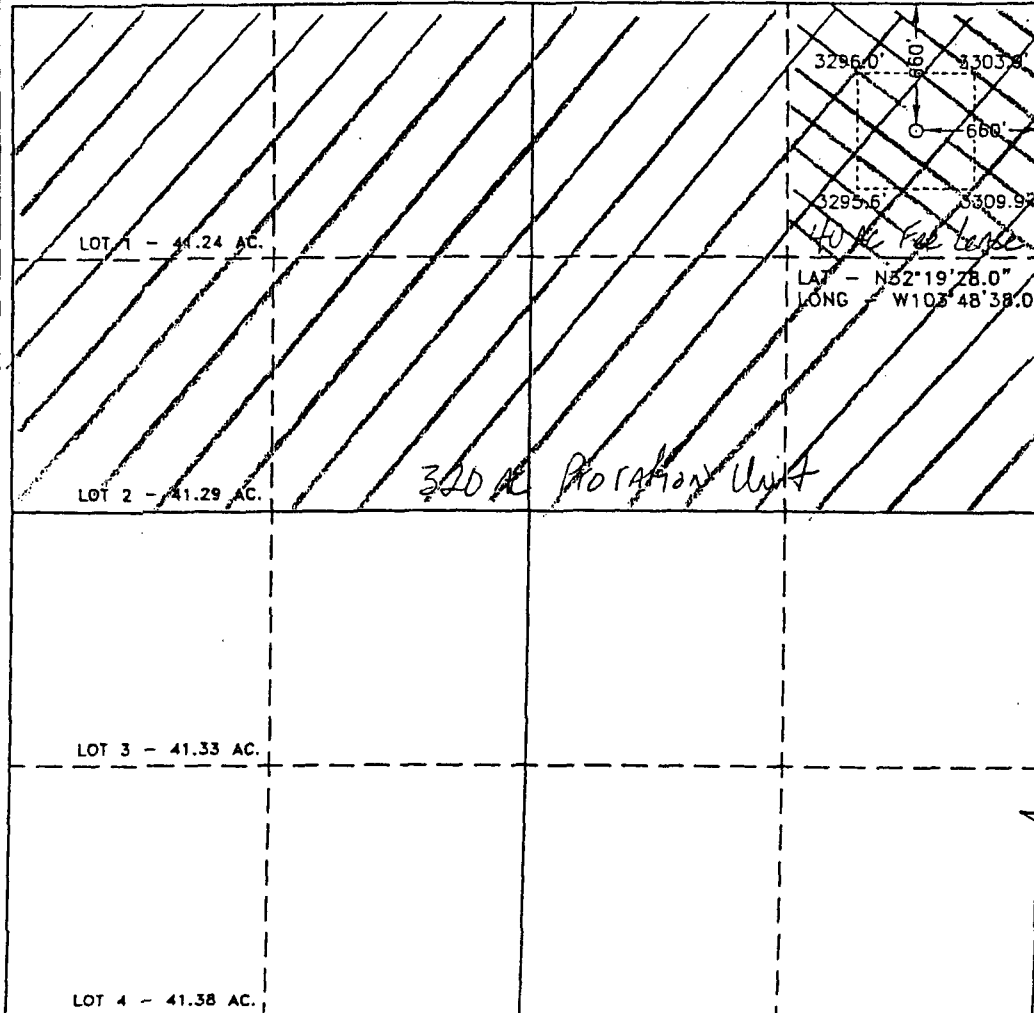
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	7	23 S	31 E		660	NORTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

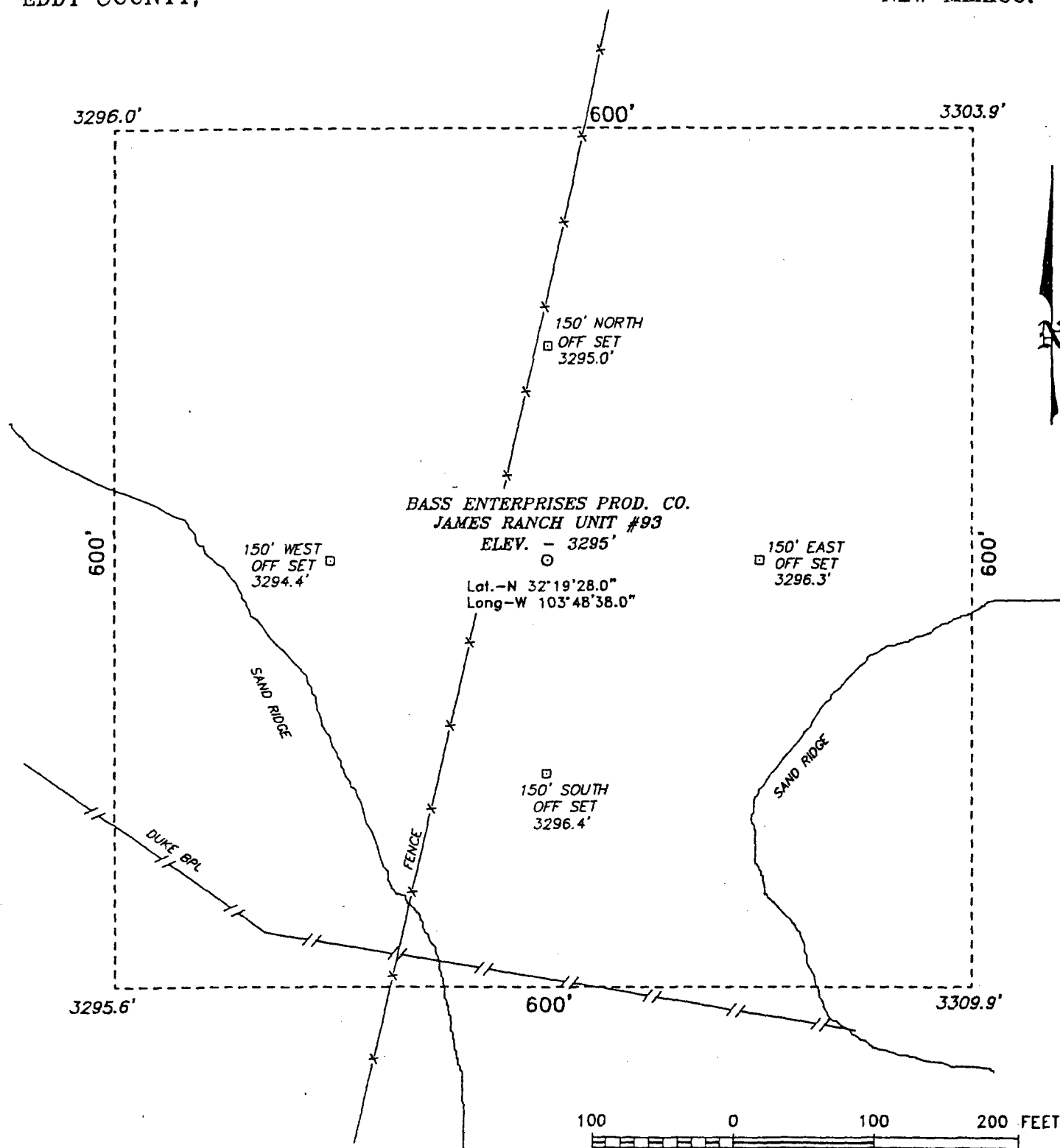
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320	Y		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

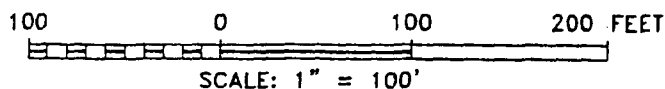
	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>William R. Dannels</i> Signature W.R. DANNELS Printed Name DIVISION DRILLING SUPT. Title 04/14/04 Date</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>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 belief.</p> <p>APRIL 06, 2004 Date Surveyed L. JONES Signature &amp; Seal of Professional Surveyor 7977 W.C. No. 41692 Certificate No. Gary Jones 7977 BASIN SURVEYS</p>
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SECTION 7, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



**DIRECTIONS TO LOCATION:**

FROM THE JUNCTION OF STATE HWY 12B AND CO. RD. 802, GO NORTHERLY ON CO. RD. 802 FOR APPROX. 0.5 MILE TO MILLS RANCH ROAD; THENCE EASTERLY ON MILLS RANCH ROAD FOR APPROX. 1.3 MILE TO A POINT APPROX. 600 FEET NORTH OF THE PROPOSED LOCATION.



**BASS ENTERPRISES PRODUCTION CO.**

REF: JAMES RANCH UNIT No. 93 / Well Pad Topo

THE JAMES RANCH UNIT No. 93 LOCATED 660' FROM  
THE NORTH LINE AND 660' FROM THE EAST LINE OF  
SECTION 7, TOWNSHIP 23 SOUTH, RANGE 31 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 4169

Drawn By: K. GOAD

Date: 04-08-2004 Disk: KIC CD#7 4169A.DWG

Survey Date: 04-07-2004 Sheet: 1 of 1



# EIGHT POINT DRILLING PROGRAM BASS ENTERPRISES PRODUCTION CO.

NAME OF WELL: JAMES RANCH UNIT #93

LEGAL DESCRIPTION - SURFACE: 660' FNL & 660' FEL, Section 7, T23S, R31E, Eddy County, New Mexico.

POINT 1: ESTIMATED FORMATION TOPS

(See No. 2 Below)

POINT 2: WATER, OIL, GAS AND/OR MINERAL BEARING FORMATIONS

Anticipated Formation Tops: KB 3320' (est)  
GL 3295'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUB SEA TOP</u>	<u>BEARING</u>
T/Rustler	338'	+2,982'	Barren
T/Salt	658'	+2,662'	Barren
T/Lamar Lime	4,020'	- 700'	Barren
T/Delaware Sands	4,060'	- 740'	Oil/Gas
T/Bone Spring	7,885'	- 4,565'	Oil/Gas
T/Wolfcamp	11,110'	- 7,790'	Oil/Gas
T/Strawn	12,632'	- 9,312'	Oil/Gas
T/Atoka	12,848'	- 9,528'	Oil/Gas
T/Atoka Sand	13,060'	- 9,740'	Oil/Gas
T/Atoka Bank	13,140'	- 9,820'	Oil/Gas
T/Morrow	13,680'	-10,360'	Oil/Gas
T/Middle Morrow	14,050'	-10,730'	Oil/Gas
T/Lower Morrow	14,410'	-11,090'	Oil/Gas
TD	14,800'	-11,480'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
20"	0' - 40'	Conductor	New
13-3/8", 54.5#, J-55, STC	0' - 600'	Surface	New
9-5/8", 40#, N-80, LTC	0' - 4,040'	Intermediate	New
7", 26#, HCP-110, LTC	0' - 12,000'	Intermediate	New
4-1/2", 13.50#, HCP-110, STL	12,700' - TD	Production Liner	New

**POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAMS)**

BOPE equivalent to Diagram 1(minimum requirement) will be nipped up on the surface and first intermediate casings. Bass requests a waiver on Onshore Order #2 which states the BOPs and associated equipment must be tested to the rated working pressure or 70% of the internal yield pressure. Our plans are to test the BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. hydrostatically to 1,000 psi on the surface installation and 5,000 psi on the first intermediate. A 10,000 psi BOPE equivalent to Diagram 2 will be nipped up on the second intermediate string. The annular will be tested to 2500 psi. In addition to the high pressure test, a low pressure (250 psi) test will be required. These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) Fifteen days after a previous test
- d) As required by well conditions

A function test to insure that the preventers are operating correctly will be performed on each trip. See attached Diagram 1 for the minimum criteria for the choke manifold.

**POINT 5: MUD PROGRAM**

<u>DEPTH</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>FV</u>	<u>PV</u>	<u>YP</u>	<u>FL</u>	<u>Ph</u>
0' - 600'	FW	8.5 - 9.2	45-35	NC	NC	NC	9.5
600' - 4,040'	CBW	9.8 - 10.0	28-30	NC	NC	NC	9.5
4,040' - 12,000'	FW	8.6 - 8.9	28-30	4	2	NC	9.5
12,000' - 12,700'	CBW	8.6 - 9.5	28-30	6	4	NC	9.5
12,700' - TD	CBW/Polymer	9.8 - 11.0	32-55	12-20	12-22	15-6	9.5 - 10.0

**POINT 6: TECHNICAL STAGES OF OPERATION****A) TESTING**

Dill stem test may be performed on significant shows in zones of interest, but none are anticipated.

**B) LOGGING**

Run #1:

GR-CNL-LDT-LLD run from 12,700' to 1<sup>st</sup> ICP, GR-CLN to surface. May run logging suite across Delaware prior to drilling below 8000' if mud log shows warrant.

Run #2:

GR-CNL-LDT-LLD run from Liner TD to second ICP.

**C) CORING**

No cores are anticipated.



## POINT 6: TECHNICAL STAGES OF OPERATION - Cont'd...

Page 3

## D) CEMENT:

<u>INTERVAL</u>	<u>AMOUNT</u> <u>SXS</u>	<u>FT OF</u> <u>FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT<sup>3</sup>/SX</u>
<b>SURFACE</b>						
Lead						
0'-300'	225	300	Permian Basin Critical	10.30	12.80	1.89
(100% excess)			Zone + 1/8#/sx Pol-e-flake			
Tail						
300'-600'	340	300	Premium Plus + 2% CaCl <sub>2</sub>	6.32	14.80	1.34
(100% excess)			+ 1/8#/sx Pol-e-flake			
<b>INTERMEDIATE</b>						
<u>INTERVAL</u>	<u>AMOUNT</u> <u>SXS</u>	<u>FT OF</u> <u>FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT<sup>3</sup>/SX</u>
Lead						
0'-3540'	925	3540	Interfill C + 1/8#/sx	14.10	11.90	2.45
(100% excess)			Pol-e-flake			
Tail						
3540'-4040'	250	500	Premium Plus + 2%	6.34	14.80	1.34
(100% excess)			CaCl <sub>2</sub>			
<b>PRODUCTION (Two stage w/DV tool @ 8000' and circulate cement to surface)</b>						
<u>INTERVAL</u>	<u>AMOUNT</u> <u>SXS</u>	<u>FT OF</u> <u>FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT<sup>3</sup>/SX</u>
<b>1<sup>st</sup> Stage</b>						
Lead						
8000'-10,000'	200	2000	Interfill H + 5 pps Gilsonite	13.61	11.90	2.46
(50% excess)			+ 0.5% Halad 9 + 1/8 pps			
Tail			Pol-e-flake			
10,000'-12,000'	270	2000	Super H + 0.5% Halad 344	8.20	13.00	1.67
(50% excess)			+ 0.4% CFR3 + 5 pps Gilsonite			
			+ 1 pps Salt + 0.2% HRT			
<b>2<sup>nd</sup> Stage</b>						
Lead						
0'-6000'	900	6000	Premium Plus + 2% Zone Seal	6.80	11.90	1.757
(50% excess)			N <sub>2</sub> rates range 318-633 scf/bbl		-9.0	-2.319
Tail						
6000'-8000'	270	2000	Super H + 0.5% Halad 344	8.20	13.00	1.67
(50% excess)			+ 0.4% CFR3 + 5 pps Gilsonite			
			+ 1 pps Salt + 0.2% HRT			
<b>PRODUCTION LINER</b>						
11,700'-14,800'	350	3100	Class H + 0.8% Halad 322	5.68	15.40	1.28
(25% excess 300' overlap)			+ 0.6% Halad 344 + 0.2%			
			HR-7 + 5 pps Microbond M			

## E) DIRECTIONAL DRILLING

No directional services anticipated.

#### POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout the Delaware and Bone Spring. The Lower Wolfcamp may be slightly abnormally pressured with a BHP of 5200 psi or an equivalent mud weight of 9.0 ppg. The Atoka may be abnormally pressured with expected BHP of 6100 psi (max) or an equivalent mud weight of 9.0 ppg. The Morrow expected BHP is 7280 (max) or an equivalent mud weight of 10.0 ppg @ the base of the zone. Due to the tight nature of the reservoir rock (high pressure, low volume), the well will be drilled under balanced utilizing a rotating head. No H<sub>2</sub>S is anticipated.

#### POINT 8: OTHER PERTINENT INFORMATION

A) Auxiliary Equipment

Upper and lower kelly cocks. Full opening stab in valve on the rig floor.

B) Anticipated Starting Date

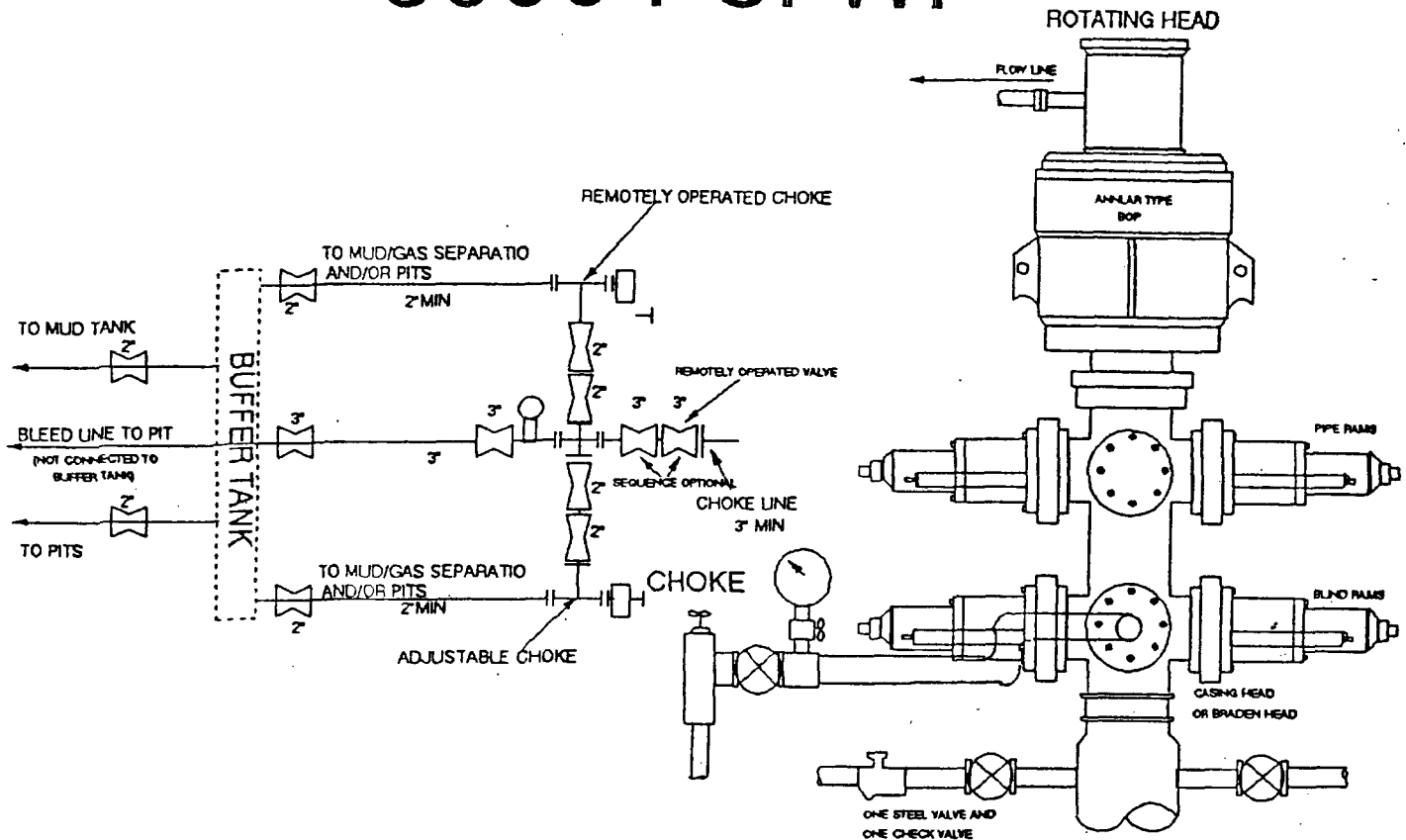
Upon approval

60 days drilling operations

25 days completion operations

WRD/mac  
March 29, 2004

# 5000 PSI WP



## THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

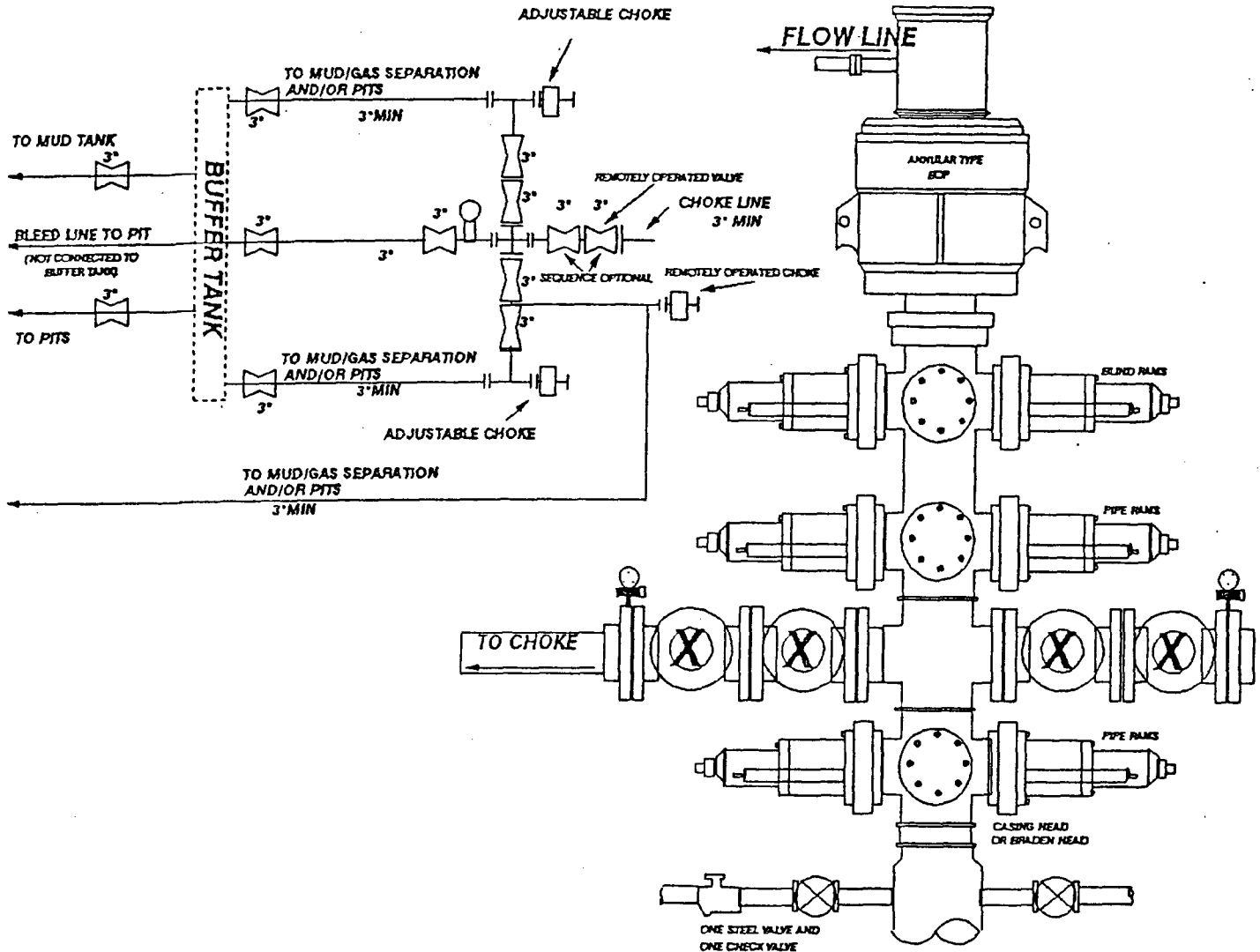
- A. One double gate blowout preventer with lower rams for pipe and upper rams blind, all hydraulically controlled.
- B. Opening on preventers between rams to be flanged, studded or clamped and at least two inches in diameter.
- C. All connections from operating manifold to preventers to be all steel hose or tube a minimum of one inch in diameter.
- D. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate (close, open, and re-close) the preventers.
- E. All connections to and from preventers to have a pressure rating equivalent to that of the BOP's.
- F. Manual controls to be installed before drilling cement plug.
- G. Valve to control flow through drill pipe to be located on rig floor.
- H. All chokes will be adjustable. Choke spool may be used between rams.

DIAGRAM 1

# 10-M. WP BOPE WITH 5-M WP ANNULAR

10 M CHOKE MANIFOLD EQUIPMENT-CONFIGURATION MAY VARY

ROTATING HEAD



## THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS:

- A. Opening between the ram to be flanged, studded, or clamped.
- B. All connections from operating manifolds to preventers to be all steel hose or tube a minimum of one inch diameter.
- C. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate (close, open, and re-close) the preventers.
- D. ALL connections to and from preventer to have a pressure rating equivalent to that of the BOPs.
- E. Manual controls to be installed before drilling cement plug.
- F. Kelly cock to be installed on kelly.
- G. Inside blowout preventer to be available on rig floor.
- H. Dual operating controls: one located by drillers position and the other located a safe distance from the rig floor.
- I. All chokes will be adjustable.

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

817/390-8400

August 16, 2004

EXPRESS MAIL/Return Receipt Requested

IMC Potash Carlsbad Inc.  
P. O. Box 71  
1361 Potash Mines Rd.  
Carlsbad, New Mexico 88221-0071  
Attn: Mr. Dan Morehouse

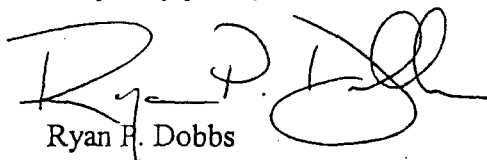
Re: Proposed James Ranch Unit No. 93  
NE/4 NE/4 Section 7, T23S-R31E  
660' FNL and 660' FEL  
Eddy County, New Mexico

Dear Mr. Morehouse:

Please find attached a copy of the application which Bass Enterprises Production Co. has filed with the NMOCD to drill the James Ranch No. 93 Well at the above location to a total depth of 14,610' to the Lower Morrow Formation.

Bass requests a waiver of any objection IMC may have for the drilling of the above described well. Please evidence such waiver by signing this letter in the space provided below and returning one (1) executed original to the undersigned at your earliest convenience. Thank you very and should you have any questions or comments in the above regard, please don't hesitate to contact the undersigned at (817) 390-8568.

Very truly yours,

  
Ryan R. Dobbs

RDP:mc

AGREED and ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

IMC POTASH CARLSBAD INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_