

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

817/390-8400

March 13, 2007

FEDERAL EXPRESS

Mr. William Jones
New Mexico Oil Conservation Division
1220 St. Francis
Santa Fe, New Mexico 87505

Re: Initial Morrow 'M' Participating Area
Big Eddy Unit Area
Eddy County, New Mexico

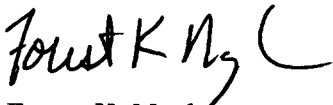
Dear Mr. Jones:

Please find the BLM approval for the above-referenced. I do not see where the OCD has approved this.

Can you please check on this and if it has been approved, can you send me a copy of the approval?

Thank you for your time and help.

Sincerely,

A handwritten signature in black ink, appearing to read "Forest K. Naylor", with a stylized flourish at the end.

Forest K. Naylor

2007 MAR 14 AM 9 30



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

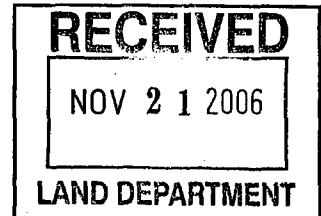
Roswell District Office
2909 West Second Street
Roswell, New Mexico 88201

IN REPLY REFER TO:
14-08-001-326
NMNM68294S
3180 (NM513)

NOV 17 2006

Bass Enterprises Production Co.
Attn: Forest K. Naylor
201 Main Street
Fort Worth, TX 76102-3131

Re: Initial Morrow 'M' Participating Area
Big Eddy Unit Area
Eddy County, New Mexico



Dear Mr. Naylor,

Your application of June 8, 2006 requesting approval of the Initial Morrow 'M' Participating Area, Big Eddy Unit, is hereby approved and is effective September 20, 2004, pursuant to Section 11 of the Big Eddy Unit Agreement, Eddy County, New Mexico,

The Initial Morrow 'M' Participating Area includes the following described lands:

T. 21 S., R. 28 E., NMPM, Eddy County, New Mexico
Section 33: S/2

The Initial Morrow 'M' Participating Area results in an initial participating area of 320.00 acres and is based upon the recompletion of the Big Eddy Unit #64 well, with the bottom hole located in the SE/4 SW/4, Section 33, T. 21 S., R. 28 E., Unit Tract No. 124, Federal Lease No. NMLC070061, as being a well capable of producing unitized substances in paying quantities.

Copies of the approved request are being distributed to the appropriate agencies and one copy is returned herewith. Please advise all interested parties of the establishment of the Initial Pennsylvanian Formation Participating Area and the effective date.

This participating area has been assigned AFS No. 891-000326-R for production and accounting reporting purposes.

If the subject well is producing, this approval requires the submission of a Payor Information Form MMS-4025 to the Minerals Management Service (MMS) within 30 days (30 CFR 210.41). Please notify the designated payor or payors as soon as possible regarding this requirement. Any producing royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504.

If you have any questions, please contact Alexis C. Swoboda, P.E. at 505-627-0228.

Sincerely,

Larry D. Bray
Assistant Field Manager
Lands and Minerals