

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

817/386-8400

March 20, 1996

Enron Oil & Gas Company
P.O. Box 2267
Midland, Texas 79702

BASS & No. 1

Attention: Patrick Tower

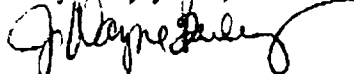
Re: Drilling Proposal
Bell Lake Unit 7 Well No. 1
E/2 Section 7, T24S-R34E
Bell Lake Unit
Lea County, New Mexico

Dear Mr. Tower:

Please reference Enron's proposal to drill the above well and application for compulsory pooling dated February 28, 1996. In that regard, this will verify that Bass Enterprises Production Co. and related Bass entities will participate in the drilling of the above well for their aggregate 11.15457% WI subject to our review and execution of a mutually acceptable Operating Agreement.

Also, it should be noted that Bass and Kaiser Francis Oil Company are parties to the existing Bell Lake Unit Agreement and Unit Operating Agreement; and Kaiser Francis has not yet made an election to participate in the above well. If Kaiser Francis does not participate, Bass has the option, but not the obligation, to participate with the additional interest owned by Kaiser Francis. If Kaiser Francis elects to participate in the subject well, Bass reserves the right to support Kaiser Francis as Operator. Upon the determination of Bass' level of participation, you will be advised accordingly. Thank you very much and should you have any further questions or comments in the above regard, please advise.

Very truly yours,



J. Wayne Bailey

JWB:sd

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cc: Tom Kellahin
117 North Guadalupe
Santa Fe, New Mexico 87504-2265

William F. Carr
Campbell, Carr & Berge
110 North Guadalupe
Santa Fe, New Mexico 87504-2208

Kaiser Francis Oil Company
6733 South Yale
Tulsa, Oklahoma 74121-1468
Attention: Mr. Wayne Fields

Statement by Bass Enterprises Production Co.-March 21, 1996 Hearing

Bass Enterprises Production Co. requests that the attached letter from Bass to Enron Oil & Gas Company be entered into the record for the subject case to reflect Bass' intent to participate in the drilling of the Bell Lake Unit 7 Well No. 1, subject to an acceptable operating agreement. However, inasmuch as this well proposal and compulsory pooling application have been on the "fast track" and several issues remain unresolved (as set forth in the attached letter), Bass requests that, if the OCD grants compulsory pooling to Enron, the order will require the following:

- 1) Enron will use its best efforts to pursue voluntary agreements with other owners,
- 2) If voluntary agreements are not obtained, actual drilling operations must be commenced within 90 days,
- 3) If voluntary agreements are not obtained, all well information will be provided to all parties subject to the order within 30 days after acquisition.