NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 10, 1996

Bass Enterprises Production Company
6 Desta Drive, Suite 3700
Midland, Texas 79702

Attn: Mr. John R. Smitherman

Re: Omissions from Application for Authority to Inject,
Palladium '13' Federal Well No.1

Dear Mr. Smitherman:

Enclosed is the salt water disposal well permit for which you recently applied. While the application was processed and an order issued, we will need a water analysis on the water being disposed to include in the permit file.

Additionally, in the future, please submit a Division *Form C-108*, Application for Authority to Inject. This form is generally considered mandatory, but as all information was essentially complete, with the exception of the analysis, the Division processed the application to prevent possible delay of your operations.

I have included a copy of *Form C-108* for your convenience. Please make it available to anyone at your company who may apply for injection operations in the future. Also enclosed is a copy of the new *Administrative Application Coversheet* which should accompany all applications for administrative processing.

Very truly yours,

Benjamin E. Stone
P.E. Specialist

/BES

Enclosures

CHECKLIST for ADMINISTRATIVE INJECTION APPLICATIONS

Operator: BASS ENTER. PROD. CO. Well: PALLADIUM 'B' FED No. 1

Contact: KEITH BUCY Title: PROD. SUPER. Phone: (915) 683-2277

DATE IN 11-18-96 RELEASE DATE 12-3-96 DATE OUT 12-10-96

Proposed Injection Application is for: ___ **WATERFLOOD** ___ Expansion ___ Initial

Original Order: R- _____ ___ Secondary Recovery ___ Pressure Maintenance

SENSITIVE AREAS X **SALT WATER DISPOSAL** ___ Commercial Well

___ WIPP ___ Capitan Reef ___ Other _____

Data is complete for proposed well(s)? YES Additional Data Req'd _____

AREA of REVIEW WELLS

0 Total # of AOR ___ # of Plugged Wells

___ Tabulation Complete ___ Schematics of P & A's

___ Cement Tops Adequate ___ AOR Repair Required

INJECTION FORMATION

Injection Formation(s) DELAWARE

Source of Water or Injectate AREA PRODUCTION Compatible Analysis YES

PROOF of NOTICE

YES Copy of Legal Notice YES Information Printed Correctly

N/A Correct Operators N/A Copies of Certified Mail Receipts

___ Objection Received ___ Set to Hearing _____ Date

NOTES: _____

APPLICATION QUALIFIES FOR ADMINISTRATIVE APPROVAL? YES

COMMUNICATION WITH CONTACT PERSON:

1st Contact:	___ Telephoned	X Letter 12-10-96 Date	Nature of Discussion	LIKED WATER ANALYSIS
2nd Contact:	___ Telephoned	___ Letter _____ Date	Nature of Discussion	_____
3rd Contact:	___ Telephoned	___ Letter _____ Date	Nature of Discussion	_____

SWD 12/3/96
648

BASS ENTERPRISES PRODUCTION CO.
6 DESTA DRIVE, SUITE 3700
P.O. BOX 2760
MIDLAND, TEXAS 79702

FAX (915) 687-0329

(915) 683-2277

NOV 18 1996

November 11, 1996

Certified
P 460 132 314

Re: Notice of Application For
Authorization to Convert to SWD
Palladium 13 Federal #1
Poker Lake (Delaware) NW
Eddy County, New Mexico
FILE: 400-WF: 96AR13#1.APP

Mr. William J. LeMay
Director, Oil Conservation Division
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Dear Mr. LeMay:

Enclosed please find Bass Enterprises Production Co.'s Application for Authorization to Convert for disposal purposes only into the Palladium 13 Federal #1, located in Section 13, T24S-R30E, Eddy County, New Mexico.

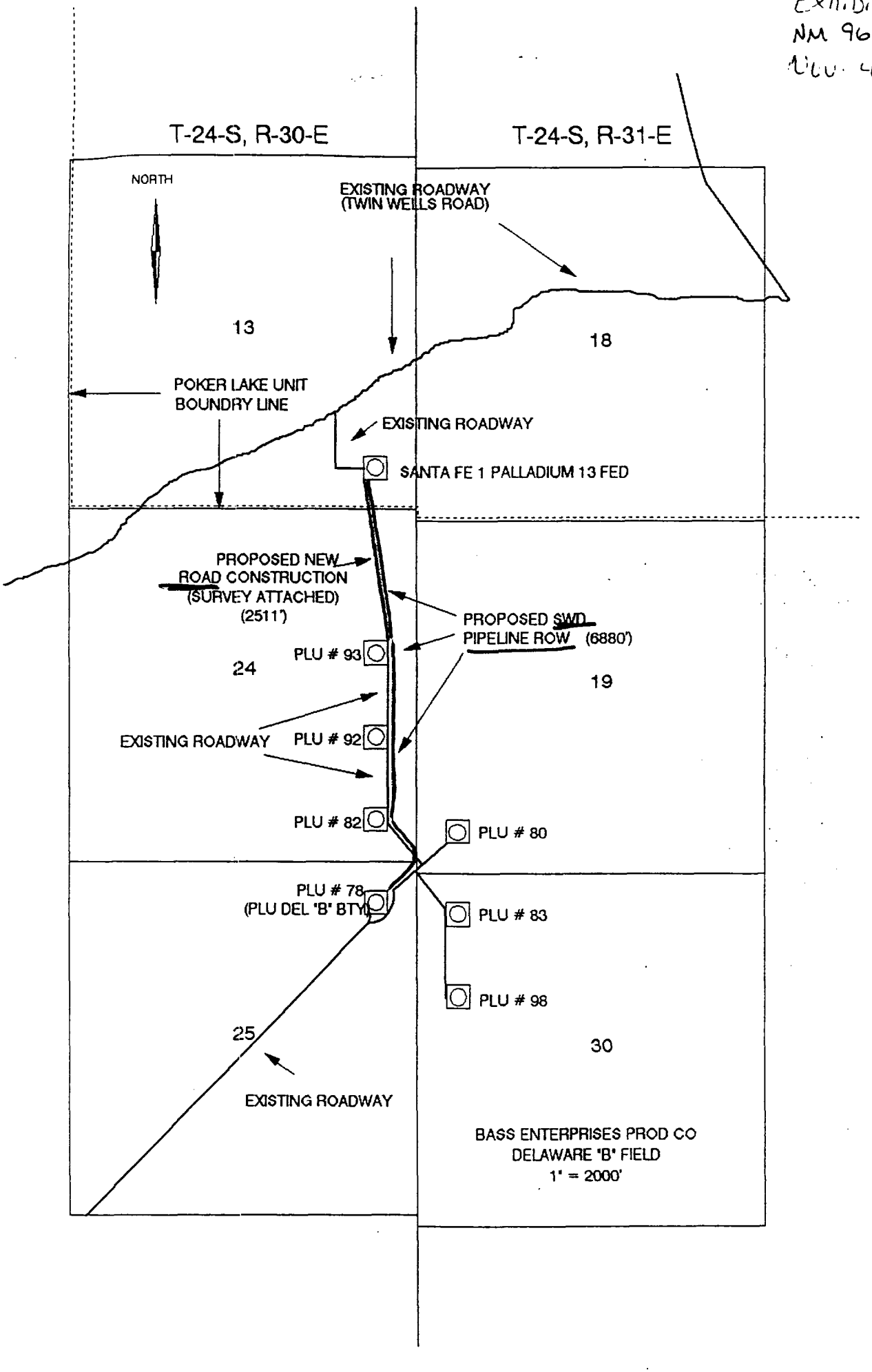
If additional information is required, please contact Mr. Keith Bucy, Division Production Superintendent at the letterhead address.

Sincerely,

John R. Smitherman
Division Production Manager

tlw
JRS:tlw

Exhibit D
NM 9665B
Nov. 4, 1996



PALLADIUM "13" FEDERAL NO. 1
Conversion to SWD Well

Job Summary: Remove all surface production facilities and pull production equipment out of the wellbore. P & A the current completion zone from 7976-8016' by setting a CIBP above and capping with 35 feet of Class "H" cement. Then perforate the Delaware Bell Canyon zone and complete with tubing and a packer, pressure testing annulus to 500 psig.

1. MIRUPU. POH with all production equipment and lay down. RU Computalog WL and set CIBP at 7960' and dump bail 35' of Class "H" cement on top.
2. Tie into Schlumberger's CN-LD-GR log dated 8/17/94 and perforate the following intervals with 2 JSPF and 120^0 phasing.

   5007-13'
   4965-73'
   4628-42'
   4439-45'

   Stimulate as necessary.

3. TIH with packer and 2-3/8" IPC tubing. Swing packer at 4400' and circulate inhibited fluid to surface then set packer.
4. Pressure test annulus to 500 psig. Place well on injection.

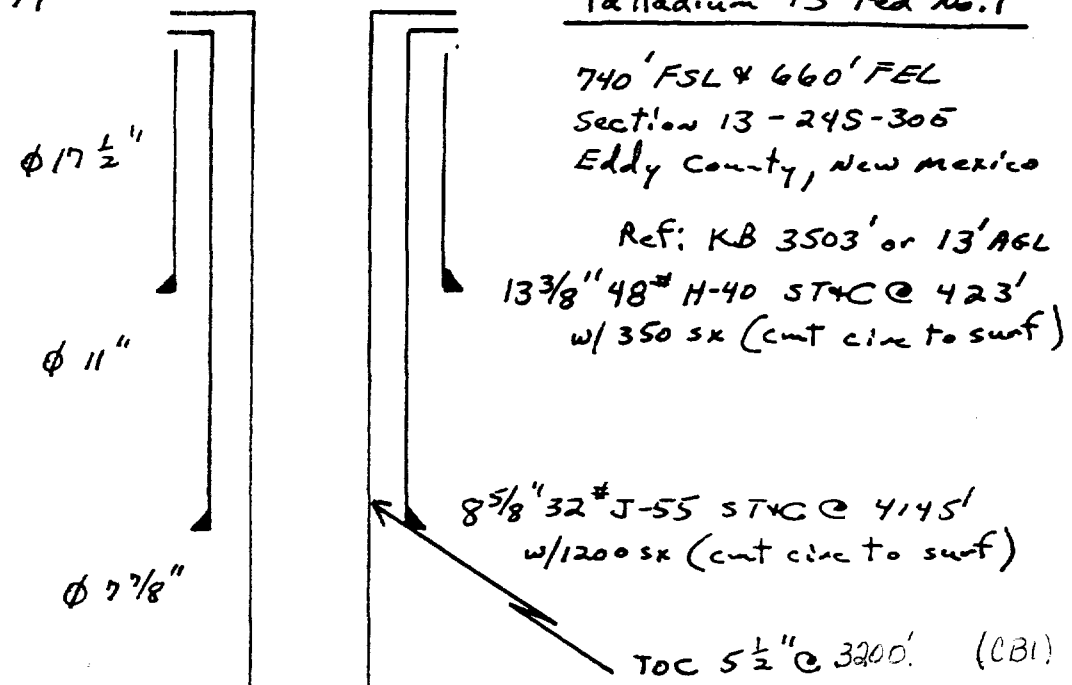
Current Configuration

Spud 8-7-94

Palladium 13 Fed No. 1

740' FSL & 660' FEL
Section 13 - 24S - 30E
Eddy County, New Mexico

Ref: KB 3503' or 13' AGL



Down csg.
Frac w/ 57,300 gal gel, 112,270# 16/30 Ottawa + 15,180# 16/30 RCS
30 BPM, flowback @ 1 BPM

7976
8016
40 holes. Acid.
Frac w/ 127 K#
POP
1 JSPF

5 ½" detail
0-6087' 15.5#
6087-8170' 17.0#

8107' WL

TD 8170'

5 ½" 15.5 x 17# J-55 x K-55 LTC
@ 8170' w/ 225 sx (442 ft³) C Lite
+ 325 sx (532 ft³) H Lite.

9-4-96/AJW

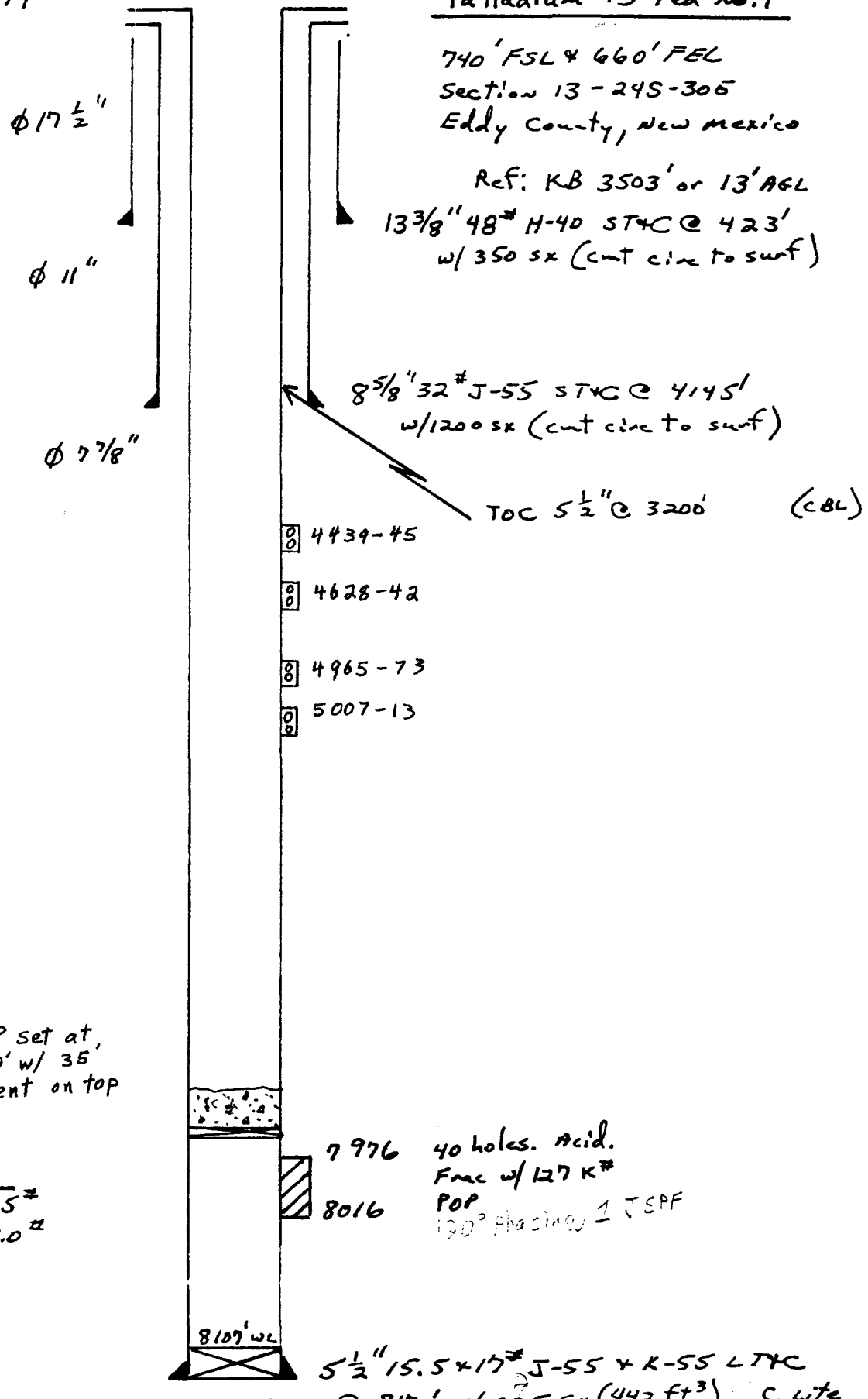
Proposed Configuration

Spud 8-7-94

Palladium 13 Fed No. 1

740' FSL & 660' FEL
Section 13 - 24S - 30E
Eddy County, New Mexico

Ref: KB 3503' or 13' AGL



5 ½" detail
0-6087' 15.5#
6087-8170' 17.0#

9-4-96/AJW

WELL DATA SHEET

Bass Enterprises Production Co.			Palladium 13 Federal	
Operator			Lease	
1	740' FSL & 660" FEL	Section 13	24S	30E
Well No.	Footage Location	Section	Township	Range

Schematic

Tubular Data

Surface Casing

Size 13-3/8 " Cemented with 350 sx
TOC Surface feet determined by circulated
Hole Size 17-1/2 ".

Intermediate Casing

Size 8-5/8 " Cemented with 1200 sx
TOC Surface feet determined by circulated
Hole Size 11 ".

Long String

Size 5-1/2 " Cemented with 550 sx
TOC 3200' feet determined by CBL
Hole Size 7-7/8 ".

Total Depth 8170'

Disposal Interval

4439 feet to 5013 feet (perforated)
(perforated or open-hole, indicate which)

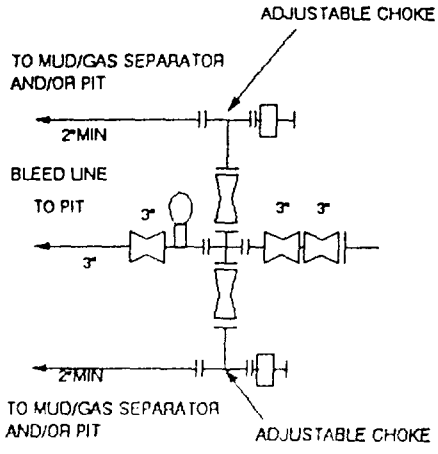
Perforations: 4439-5013"

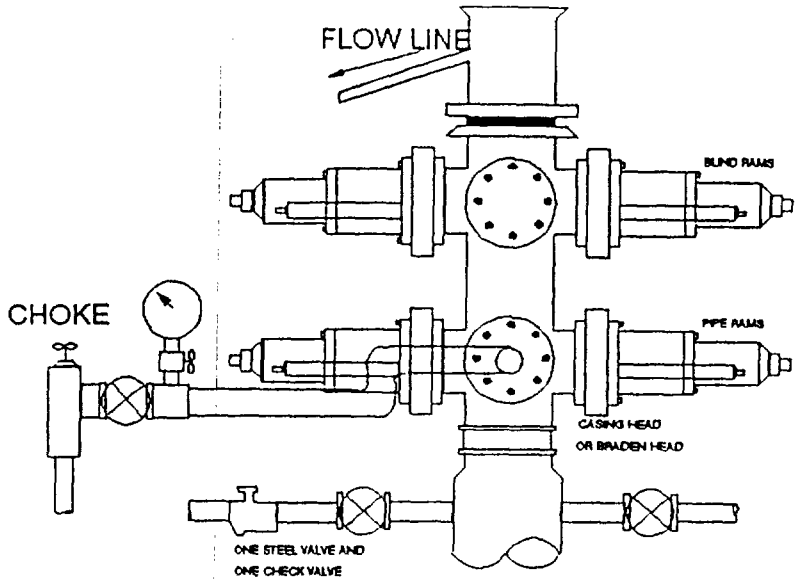
Tubing Size 2-3/8" IPC tubing set in a packer at 4400 feet.

Other Data

1. Name of the disposal formation Delaware
2. Name of Field or Pool (if applicable) Poker Lake (Delaware) NW
3. Is this a new well drilled for disposal? ____ Yes X No
   If no, for what purpose was the well originally drilled? Oil Producer
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail (sacks of cement or bridge plug(s) used. 7976-8016'. CIBP set at 7960' with 35' Class H cement on top. (proposed)
5. Give the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area. Poker Lake (Delaware) SW @ +/- 6300'

3000 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

BASS ENTERPRISES PRODUCTION CO.
6 DESTA DRIVE, SUITE 3700
P.O. BOX 2760
MIDLAND, TEXAS 79702

FAX (915) 687-0329

(915) 683-2277

October 18, 1996

Re: Notice of Application For
Authorization to Convert to SWD
Palladium 13 Federal #1
Poker Lake (Delaware) NW
Eddy County, New Mexico
FILE: 400-WF: 96AR13#1.APP

Carlsbad Current Argus
P. O. Box 1629
Carlsbad, New Mexico 88220

Gentlemen:

Enclosed for publication is a legal advertisement. Bass Enterprises Production Company requests this be published for three consecutive days. Bass Enterprises Production Company is required by the New Mexico Oil Conservation Division to furnish them with a copy of this advertisement, from your newspaper, giving the dates of publication.

Can you please provide us with this item, please send to the attention of Tami Wilber at the letterhead address. Send any billing information to the letterhead address also.

Sincerely,

for John R. Smitherman
Division Production Manager

JRS:tlw

NOTICE OF APPLICATION FOR SALT WATER DISPOSAL WELL PERMIT

Bass Enterprises Production Company has applied to the New Mexico Oil Conservation Division for a permit to dispose of produced salt water or other oil and gas waste into a porous formation productive of oil or gas.

The applicant proposes to dispose of produced water or other oil and gas waste into the Palladium 13 Federal #1 (Delaware formation). The proposed disposal well is located 35 miles southeast of Carlsbad, New Mexico in Section 13, T24S-R30E, Eddy County, New Mexico. The produced salt water will be disposed at a subsurface depth of 4100-5000'.

Any questions concerning this application should be directed to Bass Enterprises Production Company, Attention: Mr. John Smitherman, Division Production Manager, P. O. Box 2760, Midland, Texas 79702-2760.

Interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504-2088 within 15 days.

Affidavit of Publication

№ 17332

State of New Mexico,
County of Eddy, ss.

Amy McKay,
being first duly sworn, on oath says:

That she is Business Manager of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the state wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

October 31, 1996
November 1, 1996
November 2, 1996
, 19
, 19
, 19

That the cost of publication is $74.07, and that payment thereof has been made and will be assessed as court costs.

Amy McKay

Subscribed and sworn to before me this 6th day of November, 1996

Donna Crump

My commission expires 08/01/98
Notary Public

October 31, 1996
November 1, 2, 1996

NOTICE OF APPLICATION FOR SALT WATER DISPOSAL WELL PERMIT

Bass Enterprises Production Company has applied to the New Mexico Oil Conservation Division for a permit to dispose of produced salt water or other oil and gas waste into a porous formation productive of oil or gas.

The applicant proposes to dispose of produced water or other oil and gas waste into the Palladium 13 Federal #1 (Delaware formation). The proposed disposal well is located 35 miles southeast of Carlsbad, New Mexico in Section 13, T24S-R30E, Eddy County, New Mexico. The produced salt water will be disposed at a subsurface depth of 4100-5000'.

Any questions concerning this application should be directed to Bass Enterprises Production Company, Attention: Mr. John Smitherman, Division Production Manager, P.O. Box 2760, Midland, Texas 79702-2760.

Interested parties must file objections or request for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico 87504-2088 within 15 days.

P. O. BOX 1468
MONAHANS, TEXAS 79756
PH. 943-3234 OR 563-1040

Martin Water Laboratories, Inc.

709 W. INDIANA
MIDLAND, TEXAS 79701
PHONE 683-4521

RESULT OF WATER ANALYSES

LABORATORY NO. 594156 (Corrected Copy)
SAMPLE RECEIVED 4-25-94
RESULTS REPORTED 5-24-94 (9-30-94)

TO: Mr. John Smitherman
P. O. Box 2760, Midland, TX 79702

COMPANY Bass Enterprises Production Company LEASE Poker Lake Unit
FIELD OR POOL Poker Lake
SECTION ____ BLOCK ____ SURVEY ____ COUNTY Eddy STATE NM
SOURCE OF SAMPLE AND DATE TAKEN:
NO. 1 Produced water - taken from Poker Lake Unit #83. 4-17-94
NO. 2 Perfs 7956'-66', 8038'-48' (LBC)
NO. 3
NO. 4
REMARKS: Lower Brushy Canyon - 8,000'

CHEMICAL AND PHYSICAL PROPERTIES	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.1966			
pH When Sampled				
pH When Received	6.22			
Bicarbonate as HCO_3	10			
Supersaturation as $CaCO_3$				
Undersaturation as $CaCO_3$				
Total Hardness as $CaCO_3$	72,000			
Calcium as Ca	24,000			
Magnesium as Mg	2,916			
Sodium and/or Potassium	85,765			
Sulfate as SO_4	82			
Chloride as Cl	183,229			
Iron as Fe	69.7			
Barium as Ba	0			
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	296,002			
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen.				
Hydrogen Sulfide	0.0			
Resistivity, ohms/m at 77° F.	0.046			
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				
Resisitivity, ohms/m @ 77°F. - measured	0.057			

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks: In comparing the above with the water from this well reported on laboratory #194123 (1-17-94), we see a decided change. The water now correlates well with what we would expect from a natural Delaware. We do note that our measured resistivity is higher than the calculated by about 20 percent.

Form No. 3

By W. C. Martin
Waylan C. Martin, M.A.