

**BASS ENTERPRISES PRODUCTION Co.**

6 DESTA DRIVE, SUITE 3700  
P.O. BOX 2760  
MIDLAND, TEXAS 79702

NOV - 6 2000

FAX (915) 687-0329

November 1, 2000

(915) 683-2277

Re: James Ranch Unit #79  
Eddy County, New Mexico  
File: 400-WF: 00BAJR79.COM

David Catanach  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505

Dear Mr. Catanach:

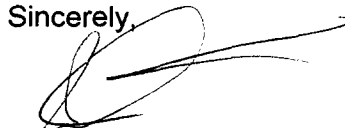
This letter is in regards to your letter dated 10/23/00 to furnish more information as to the method chosen to allocate production between the Bone spring and the Wolfcamp in the James Ranch Unit #79 in Eddy County, New Mexico. An allocation based on the percentage of porosity feet in each zone was chosen for the following reasons:

1. In order to significantly reduce the cost of the completion, the Bone Spring and the Wolfcamp were fracture stimulated together with a limited entry design. The proppant was tagged with radioactive tracer and an after frac log was run. The after frac log showed that the two fractures grew together and production entering the wellbore would likely be commingled in the fracture.
2. Even if the zones were completed separately, after frac logs have indicated that sufficient fracture height develops that would allow the second frac to communicate with the initial frac thus rendering individual zone testing suspect.
3. The method of allocating based on the proportionate share of porosity-feet is believed to be the best method of allocation because it bases the ultimate recovery from each zone on the original volumes of hydrocarbons in place. Previous experience with the Bone Spring and Wolfcamp have established that the reservoir parameters and production characteristics for each zone are similar enough to allow this method to reflect each zone's true potential.

All interest ownership between the zones to be commingled are common throughout, this includes all working, royalty and overriding royalty interest.

If you should have any questions, please contact Kent Adams at the above letterhead address.

Sincerely,



John R. Smitherman  
Division Production Manager

JRS:tlw