

BASS ENTERPRISES PRODUCTION CO.

FIRST CITY BANK TOWER
201 MAIN ST.
FORT WORTH, TEXAS 76102
817/390-8400

December 15, 1987

BUREAU OF LAND MANAGEMENT
P. O. Box 1397
Roswell, New Mexico 88201

Attention: Mr. Joe Lara

COMMISSIONER OF PUBLIC LANDS
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Attention: Mr. Floyd Prando

NEW MEXICO OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Bill LeMay

RE: 1988 Plan of Development
Poker Lake Unit
Eddy County, New Mexico

Gentlemen:

In accordance with Section 10 of the Poker Lake Unit Agreement dated March 18, 1952, Bass Enterprises Production Co., operator of the referenced unit, hereby submits a Plan of Development for the Poker Lake Unit for the year 1988.

History of Past Development

We refer to our previous Plans of Development for a detailed description of the operations conducted in this unit in prior years.

1987 Activity

The following is the result of the well drilled during the year 1987:

Poker Lake Unit Well #68 - This well was drilled 760' FNL and 2080' FEL in Section 20, T24S, R31E, to a total depth of 4491'. The well was completed as an oil well in the Delaware formation.

Bureau of Land Management
Commissioner of Public Lands
New Mexico Oil Conservation Division
December 15, 1987
Page 2

Participating Areas

At such time as a sufficient production history can be obtained on the Poker Lake Unit Well No. 68, a commercial determination will be submitted along with a proposal for a participating area, if appropriate.

Future Development

Poker Lake Well No. 69 - (Specific well location will be provided at a later date) - Delaware Test

In March of 1983, the Bureau of Land Management, Commissioner of Public Lands and the New Mexico Oil Conservation Division granted the operator, who represents the other working interest owners in the unit, relief from drilling several wells previously approved under the 1983 Plan of Development due to the deteriorating gas market in the Southeastern New Mexico area.

Since 1983, the gas marketing problems in Southeastern New Mexico have grown progressively worse. During 1987, the five unit wells produced a total of 40.07 MM CFG feet of gas and 226 barrels of oil over a production period of 399 days. Each well produced at an average rate of 59.4 MCFGD, which will not even pay operating costs. This economic situation extends payout on our investments beyond an acceptable period.

As a result, operator's plans for 1988, in addition to drilling the Poker Lake Unit Well No. 69, are to continue evaluating seismic and other subsurface data for future drilling when gas prices, as well as the gas market, improve to provide adequate economic incentives for the investment of additional capital.

Offset Obligations

Appropriate and adequate measures will be taken to prevent drainage of unitized substances from the lands subject to the Poker Lake Unit Agreement or pursuant to applicable regulations.

Additional Development

This Plan of Development will constitute the activity to be conducted under the terms of the Poker Lake Unit Agreement for the period ending December 31, 1988. In the event economic conditions should change, resulting in the improvement of gas marketing and the price of oil and gas in this unit area, the operator will modify this Plan of Development to provide for additional activity.

Modifications

In accordance with the terms and provisions of the Poker Lake Unit Agreement, this Plan of Development may be modified from time to time as a result of changing conditions.

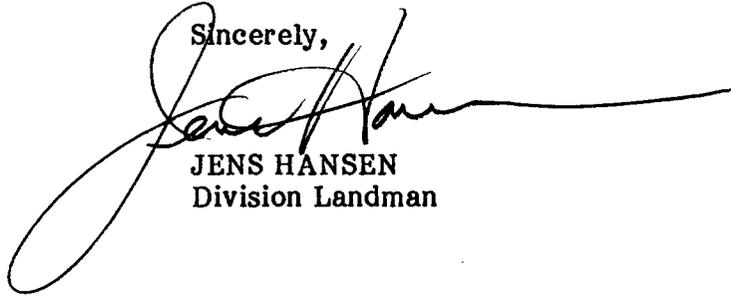
Bureau of Land Management
Commissioner of Public Lands
New Mexico Oil Conservation Division
December 15, 1987
Page 3

Effective Date

This Plan of Development shall be effective from January 1, 1988 to December 31, 1988.

If this Plan of Development meets with your approval, please so indicate by signing in the appropriate space provided below and return one signed signature letter to Bass for its records.

Sincerely,



JENS HANSEN
Division Landman

JH:jh

AGREED TO AND ACCEPTED this 18th day of Dec., 1988⁷.

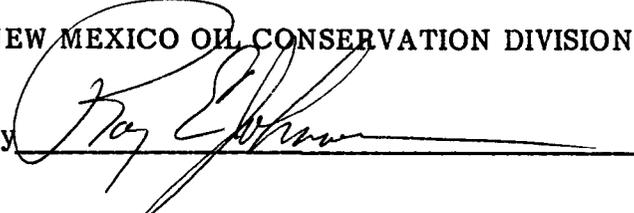
BUREAU OF LAND MANAGEMENT

By _____

COMMISSIONER OF PUBLIC LANDS

By _____

NEW MEXICO OIL CONSERVATION DIVISION

By  _____