

ARTESIA, 23

TURKEY TRACK N, 52

R - 28

E 2

Amoco Production Company State Lease E-7435

40 Ac.

40.65

D 2

40.75

Bass Enterprises State Lease E-4397

120.75 Ac.

BEPCo. Turkey Track 2 St. Com. #1

Bass 1-Merchant TD 11,350

Santa Fe Energy State Lease V-4438

160 Ac.

Bass 1-Palmto TD 11,250

T 19 S

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BEFORE THE OIL CONSERVATION DIVISION

Case No. 11336 Exhibit No. /

Submitted By:

BASS ENTERPRISES

Hearing Date: July 13, 1995

Bass Enterprises Production Co.

TURKEY TRACK 2 STATE COM WELL NO. 1

Eddy County, New Mexico

Proposed Unit 321.40 Acres

7/95

SCALE IN FT. 0 2000 4000

**TURKEY TRACT 2 STATE COM WELL NO. 1
 OWNERSHIP OF LEASEHOLD INTERESTS
 E/2 Section 2, T19S-R28E
 Eddy County, New Mexico**

<u>Description</u>	<u>Owner</u>		<u>Unit Interest</u>
SE/4	Santa Fe Energy Resources, Inc.	160 acres	49.782%
Lot 2 (NW/4 NE/4)	Amoco Production Company	40.65 acres	12.648%
Lot 1 (NE/4 NE/4) S/2 NE/4	Perry R. Bass, Trustee Sid R. Bass, Trustee Panther City Production Company	120.75 acres	37.570%
	Total	321.40 acres	100.00%

Note: All leases in the E/2 of Section 2 are State of New Mexico leases.

**BEFORE THE
 OIL CONSERVATION DIVISION**
 Case No. 11336 Exhibit No. 2
 Submitted By:
BASS ENTERPRISES
 Hearing Date: July 13, 1995

BASS ENTERPRISES PRODUCTION CO.

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

May 1, 1995

EXPRESS CERTIFIED/Return Receipt Requested

Santa Fe Energy Resources, Inc.
550 W. Texas, Suite 1330
Midland, Texas 79701

Attention: Mr. Curtis Smith

Re: Farmout Request
SE/4 Section 2, T19S-R28E
Turkey Track 2 St. Comm. Well No. 1
Palmillo Prospect
Eddy County, New Mexico

Gentlemen:

Attached please find an attached Authority for Expenditure for the drilling of a ± 11,200' Morrow test well in the NE/4 of Section 2, T19S-R28E. This proposal shall supersede and replace that certain letter from Bass dated April 28, 1995. In that regard, Bass Enterprises Production Co. hereby formally requests the acquisition of farmout rights affecting leasehold interest owned by Santa Fe within the E/2 of Section 2 representing the applicable 320 acre spacing unit, according to the following terms and conditions;

1. On or before August 1, 1995, Bass will commence or caused to be commenced the drilling of a test well to an approximate depth of 11,200' or a depth adequate to test the Morrow Formation, whichever is lesser, at a location 2,180' FNL, 660' FEL of Section 2, T19S-R28E, within a 320 acre spacing unit comprised of the E/2 of Section 2. The above location is subject to the approval of a drilling permit by the Bureau of Land Management.
2. In the event the proposed well is completed as a commercial producer, Santa Fe will assign to Bass 100% of its leasehold interest within the E/2 of Section 2, reserving a proportionately reduced overriding royalty of 25%, less existing lease burdens, with the option to convert said override to a proportionately reduced 25% working interest after payout.
3. In the event the above well does not reach the Morrow Formation due to mechanical complications or the above well is plugged and abandoned as a dry hole, Bass will have the right to drill a substitute well within one hundred eighty (180) days after final operations of the above well according to the above earning provisions.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11336 Exhibit No. 3
Submitted By:
BASS ENTERPRISES
Hearing Date: July 13, 1995

Letter to Santa Fe Energy
May 1, 1995
Page 2

4. The only penalty for Bass' failure to timely commence operations for the drilling of the proposed test well will be the forfeiture of all rights that might be earned by said operations.
5. In the event Bass and Santa Fe become joint working interest owners within the above described area, the parties will enter into a mutually acceptable 1982 AAPL Form 610 Model form Operating Agreement, governing all subsequent operations therein, naming Bass as Operator.

In the event Santa Fe is agreeable to the farmout of its interest as set forth hereinabove, please execute one (1) copy hereof in the space provided below and return same to the undersigned at your earliest convenience. If Santa Fe elects to participate in the drilling of the subject well, please return one (1) fully executed copy of the attached AFE to the undersigned as soon as possible whereupon Bass will prepare an Operating Agreement for your review. Thank you very much for your prompt consideration of the above proposal and should you have any questions or comments concerning same, please don't hesitate to contact the undersigned.

Sincerely,



Worth Carlin

WWC:ca

AGREED AND ACCEPTED this _____ day of _____, 1995.

SANTA FE ENERGY RESOURCES, INC.

By: _____

Its: _____

**BASS ENTERPRISES PRODUCTION COMPANY
AFE COST DETAIL**

WELL: TURKEY TRACK 2 ST COM NO.1
LOCATION: SEC 2 T19S-R23E

DEPTH: 11,200'
COUNTY: EDDY

DATE: 4/27/95
STATE: NEW MEXICO

JOINT INTEREST COST DISTRIBUTION

(ESTIMATED COSTS)

INTERESTS:
BASS BCP = 37.50%
BASS ACP = 37.50%
OTHER BCP = 62.50%
OTHER ACP = 62.50%
BASS APO = 37.50%
OTHER APO = 62.50%
UP FRONT = \$0.00

COMPLETED COST

	<u>TOTAL</u>	<u>JOINT OWNERS</u>	<u>BASS</u>	<u>ACTUAL</u>
<u>INTANGIBLE</u>				
DRILLING	367,000	229,375	137,825	
EVALUATION	52,000	32,500	19,500	
COMPLETION	293,000	183,125	109,375	
SUBTOTAL	712,000	445,000	267,000	
<u>TANGIBLE</u>				
DRILLING	47,000	29,375	17,825	
COMPLETION	135,000	84,375	50,625	
SUBTOTAL	182,000	113,750	68,450	
<u>LEASE EQUIPMENT</u>	64,000	40,000	24,000	
TOTAL	958,000	598,750	359,250	

DRY HOLE COST

	<u>TOTAL</u>	<u>JOINT OWNERS</u>	<u>BASS</u>	<u>ACTUAL</u>
<u>INTANGIBLE</u>				
DRILLING	367,000	229,375	137,825	
EVALUATION	52,000	32,500	19,500	
SUBTOTAL	419,000	261,875	157,125	
<u>TANGIBLE</u>				
DRILLING	47,000	29,375	17,825	
TOTAL	466,000	291,250	174,950	

JOINT OWNERS

AMOCO PRODUCTION COMPANY (12.50%)

Santa Fe Energy Resources, Inc. (50%)

By: _____

By: _____

AFE COST DETAIL

WELL: TURKEY TRACK 2 ST COM NO.1
 LOCATION: SEC 2 T19S-R28E

DEPTH: 11,200'
 COUNTY: EDDY

DATE: 4/21/95
 STATE: NEW MEXICO

COST CATEGORY		ESTIMATED	ACTUAL	DIFFERENCE
I. INTANGIBLE DRILLING COST				
A. SURFACE COST				
SURVEY LOCATION / DAMAGES / ROW		1,500	0	0
ARCH SURVEY / PERMITS		0	0	0
LOCATION/PITS/ROAD/MAINT/RESTORE		28,000	0	0
CONDUCTOR/MHRH SERVICES		0	0	0
PIT LINER		3,500	0	0
OTHER		0	0	0
B. DRILLING RIG				
FOOTAGE / TURNKEY \$17.00/FT		190,500	0	0
MOB/DE-MOB		0	0	0
DAYRATE W/DP		0	0	0
FUEL		0	0	0
OTHER		0	0	0
C. SURFACE CASING				
CASING CREW/LD MACHINE		0	0	0
FLOAT EQUIPMENT/CENTRALIZERS/ETC		1,000	0	0
CEMENT & SERVICES		3,000	0	0
BOPE TEST/NU CREW/FLUID CALIPER		0	0	0
INSPECTION/TRANSPORTATION		2,000	0	0
BITS / BHA / SHOCK SUB		0	0	0
OTHER		0	0	0
D. PROTECTIVE CASING				
CASING CREW/LD MACHINE		1ST 0	0	0
FLOAT EQUIPMENT/CENTRALIZERS/ETC		1ST 1,500	0	0
CEMENT & SERVICES		1ST 11,500	0	0
BOPE TEST/NU CREW/FLUID CALIPER		1ST 0	0	0
INSPECTION/TRANSPORTATION		1ST 3,000	0	0
BITS / BHA / SHOCK SUB		1ST 0	0	0
OTHER		1ST 0	0	0
CASING CREW/LD MACHINE		2ND 0	0	0
FLOAT EQUIPMENT/CENTRALIZERS/ETC		2ND 0	0	0
CEMENT & SERVICES		2ND 0	0	0
BOPE TEST/NU CREW/FLUID CALIPER		2ND 0	0	0
INSPECTION/TRANSPORTATION		2ND 0	0	0
BITS / BHA / SHOCK SUB		2ND 0	0	0
OTHER		2ND 0	0	0
E. PRODUCTION HOLE BITS / BHA / SHOCK SUB				
0		0	0	0
F. DRILLING FLUID				
MUD MATERIALS		80,000	0	0
WATER		20,000	0	0
DISPOSAL		2,000	0	0
OTHER		0	0	0
G. DIRECTIONAL SURVEYS / SERVICES				
0		0	0	0
H. GENERAL TRANSPORTATION				
0		0	0	0
I. SUPERVISION \$450/day				
3,600		0	0	0
J. RENTALS				
SUPER CHOKE/ PVT/ FLOW SENSOR		0	0	0
M-G SEPARATOR / FLARE STACK / IGNITION		0	0	0
SOLIDS CONTROL		8,000	0	0
TRAILER / WATER / TRASH / SEPTIC		2,500	0	0
WELDING / ROUSTABOUT / FORKLIFT / ETC		500	0	0
JARS / ROTATING HEAD / BHA INSPECTION		0	0	0
H2S SAFETY SERVICES & EQUIPMENT		0	0	0
COMMUNICATION		1,000	0	0
OTHER		0	0	0
OTHER		0	0	0
K. FISHING				
0		0	0	0
L. MISC. COST (INCLUDING P & A)				
3,900		0	0	0
TOTAL INTANGIBLE DRILLING COSTS		367,000	0	0

AFE COST DETAIL

WELL: TURKEY TRACK 2 ST COM NO.1
 LOCATION: SEC 2 T19S-R28E

DEPTH: 11,200'
 COUNTY: EDDY

DATE: 4/21/95
 STATE: NEW MEXICO

COST CATEGORY	ESTIMATED	ACTUAL	DIFFERENCE
II. TANGIBLE DRILLING COST			
A. CONDUCTOR CASING	0	0	0
B. SURFACE CASING			
300' OF 11-3/4", 42#, WC-40 @ \$15.50/FT	4,700	0	0
	0	0	0
C. PROTECTIVE CASING			
3200' OF 8-5/8", 32#, WC-50 @ \$11.00/FT	35,500	0	0
	0	0	0
PROTECTIVE CASING / LINER			
1ST	0	0	0
	0	0	0
2ND	0	0	0
	0	0	0
D. SURFACE CASING HEAD WP, USED	2,000	0	0
13-5/8" 3M X 11-3/4" 3M	0	0	0
E. PROTECTIVE CASING HEAD(S)	3,500	0	0
11" 5M X 13-5/8" 3M	0	0	0
F. LINER HANGER	0	0	0
G. OTHER	0	0	0
	0	0	0
H. MISCELLANEOUS	1,300	0	0
TOTAL TANGIBLE DRILLING COST	47,000	0	0
III. EVALUATION			
A. LOGGING COST			
GR-CNL-LDT-DLL-MSFL (3200-SUR)	7,000	0	0
GR-CNL-LDT-DLL-MSFL (TD - 3200')	17,000	0	0
	0	0	0
B. DRILL STEM TEST COST			
DST SERVICES	0	0	0
SURFACE EQUIPMENT	0	0	0
C. ROTARY / SIDEWALL CORES	0	0	0
D. CONVENTIONAL CORING			
FOOTAGE CHARGE/SUPERVISION	0	0	0
BIT DAMAGE	0	0	0
E. SIDEWALL/CONVENTIONAL CORE ANALYSIS	0	0	0
	0	0	0
F. MUD LOGGING COST \$450/DAY	14,000	0	0
G. BASS SUPERVISION	2,000	0	0
H. DAILY SPREAD SHEET COST	0	0	0
\$7000 X 1-1/2 DAYS	10,500	0	0
I. OTHER	0	0	0
	0	0	0
J. MISCELLANEOUS COST	1,500	0	0
TOTAL EVALUATION COST	52,000	0	0

AFE COST DETAIL

WELL: TURKEY TRACK 2 ST COM NO.1
 LOCATION: SEC 2 T19S-R28E

DEPTH: 11,200'
 COUNTY: EDDY

DATE: 4/21/95
 STATE: NEW MEXICO

COST CATEGORY	ESTIMATED	ACTUAL	DIFFERENCE
IV. INTANGIBLE COMPLETION COST			
A. DAILY DRILLING SPREAD SHEET COST (2 days @ 7000/day)	14,000	0	0
B. COMPLETION RIG (14 days @ 1200/day)	16,800	0	0
C. PRODUCTION CASING			
CASING CREW/LD MACHINE	3,500	0	0
FLOAT EQUIPMENT/CENTRALIZERS/DV TOOL	1,500	0	0
TURBOLIZERS/SCRATCHERS/SEAL UNITS	5,000	0	0
CEMENT & SERVICES	17,000	0	0
INSPECTION/TRANSPORTATION	3,000	0	0
DRIFTING AND SANDBLASTING	1,500	0	0
OTHER	0	0	0
D. SUPERVISION			
DRILLING (2 days @ 450/day)	900	0	0
PRODUCTION (21 days @ 300/day)	6,300	0	0
E. LABOR			
CONTRACT	0	0	0
BASS	0	0	0
F. GENERAL TRANSPORTATION			
MIR & RU	0	0	0
TUBING AND RENTALS	1,000	0	0
G. PRODUCTION TUBING SERVICES			
PRESSURE TESTING / TORQUE MONITORING	2,000	0	0
MISCELLANEOUS (INTERNAL COAT, DOPE, SEAL RINGS)	0	0	0
OTHER	0	0	0
H. COMPLETION FLUID	7,000	0	0
DISPOSAL OF PROD. FLUID/COMPL. FLUID	0	0	0
I. RENTALS			
WORK STRING	15,000	0	0
DRILL COLLARS / SUBS / SCRAPERS	2,000	0	0
BOPE & TESTING	1,000	0	0
TANKS	5,000	0	0
REVERSE UNIT (4 days @ 1500/day)	6,000	0	0
MISCELLANEOUS (PKR & BP RENTALS, ETC)	5,000	0	0
OTHER	0	0	0
J. COMPLETION RIG ANCHORS	1,000	0	0
K. BITS	1,900	0	0
L. PRODUCTION LOGGING (BOND LOG, TRACER, ETC.)	20,000	0	0
	0	0	0
M. PERFORATING & DEPTH CONTROL	15,000	0	0
N. WIRELINE WORK			
ELECTRIC	0	0	0
SLICKLINE	0	0	0
BHP	2,000	0	0
O. TREATING ACID & FRAC SERVICES	110,000	0	0
EQUIPMENT RENTAL / ISOLATION TOOL	12,000	0	0
P. TESTING			
SWABBING	10,000	0	0
EQUIPMENT RENTAL / TEST UNIT	3,000	0	0
C. OTHER	0	0	0
	0	0	0
R. MISCELLANEOUS	4,600	0	0
TOTAL INTANGIBLE COMPLETION COSTS	293,000	0	0

AFE COST DETAIL

WELL: TURKEY TRACK 2 ST COM NO.1
 LOCATION: SEC 2 T19S-R23E

DEPTH: 11,200'
 COUNTY: EDDY

DATE: 4/21/95
 STATE: NEW MEXICO

COST CATEGORY	ESTIMATED	ACTUAL	DIFFERENCE
V. TANGIBLE COMPLETION COST			
A. PRODUCTION CASING/LINER			
11,200' OF 5.5", 17.0#, K-55/N-80 LTC	78,500	0	0
B. LINER HANGER	0	0	0
	0	0	0
C. TUBING HEAD	0	0	0
7-1/16 5M X 11 5M	5,000	0	0
D. PRODUCTION TUBING			
11,200', 2-3/8" 4.7# N-80 @ 3.10/FT.	35,100	0	0
E. CHRISTMAS TREE	15,000	0	0
(5000 psi/ Dbl Master)			
F. OTHER	0	0	0
	0	0	0
G. MISCELLANEOUS	1,400	0	0
	0	0	0
TOTAL TANGIBLE COMPLETION COST	135,000	0	0
VI. LEASE EQUIPMENT/INSTALLATION			
A. EQUIPMENT			
TANKS (2) 210 steel (1) 210 FG	15,000	0	0
HEATER / TREATER (USED/NEW)	0	0	0
SEPARATOR Stackpack	10,000	0	0
DEHYDRATOR	0	0	0
FLOWLINES / ROW	2,000	0	0
TOTAL FLOW AND METER RUN	6,000	0	0
ELECTRICAL EQUIPMENT / ROW	0	0	0
PUMPING UNIT	0	0	0
PUMPING UNIT BASE AND SET	0	0	0
PRIME MOVER	0	0	0
DOWNHOLE EQUIPMENT			
RODS	0	0	0
PUMP	0	0	0
TUBING ANCHOR	0	0	0
PACKER & SEAL ASSEMBLY	10,000	0	0
POLISH ROD LINER	0	0	0
WATER DISPOSAL EQUIPMENT	0	0	0
CONNECTIONS (safety/HP valves)	15,000	0	0
B. LABOR (5 days)	4,000	0	0
C. GAS LINE CONNECTION / ROW	0	0	0
	0	0	0
D. OTHER	0	0	0
E. MISCELLANEOUS	2,000	0	0
TOTAL LEASE EQUIPMENT	64,000	0	0

BASS ENTERPRISES PRODUCTION COMPANY
AFE COST SUMMARY

WELL: TURKEY TRACK 2 ST COM NO.1	DEPTH: 11,200'	DATE: 4/21/95
LOCATION: SEC 2 T19S-R29E	COUNTY: EDDY	STATE: NEW MEXICO

COST CATEGORY	ESTIMATE
I. <u>INTANGIBLE DRILLING COST</u>	
A. SURFACE COST	33,000
B. DRILLING RIG	190,500
C. SURFACE CASING	6,000
D. PROTECTIVE CASING	18,000
E. PRODUCTION HOLE BITS / BHA / SHOCK SUB	0
F. DRILLING FLUID	102,000
G. DIRECTIONAL SURVEYS / SERVICES	0
H. GENERAL TRANSPORTATION	0
I. SUPERVISION	3,600
J. RENTALS	12,000
K. FISHING	0
L. MISCELLANEOUS COST (INCLUDING P&A)	3,900
TOTAL INTANGIBLE DRILLING COST	387,000
II. <u>TANGIBLE DRILLING COST</u>	
A. CONDUCTOR CASING	0
B. SURFACE CASING	4,700
C. PROTECTIVE CASING - 1ST	35,500
PROTECTIVE CASING - 2ND	0
D. SURFACE CASING HEAD	2,000
E. PROTECTIVE CASING HEAD (S)	3,500
F. LINER HANGER	0
G. OTHER	0
H. MISCELLANEOUS	1,300
TOTAL TANGIBLE DRILLING COST	47,000
III. <u>EVALUATION</u>	
A. LOGGING COST	24,000
B. DRILL STEM TEST COST	0
C. ROTARY / SIDEWALL CORES	0
D. CONVENTIONAL CORING	0
E. SIDEWALL / CONVENTIONAL CORE ANALYSIS	0
F. MUD LOGGING COST	14,000
G. BASS SUPERVISION	2,000
H. DAILY SPREAD SHEET COST	10,500
I. OTHER	0
J. MISCELLANEOUS COST	1,500
TOTAL EVALUATION COST	52,000

BASS ENTERPRISES PRODUCTION COMPANY
AFE COST SUMMARY

WELL: TURKEY TRACK 2 ST COM NO.1 DEPTH: 11,200' DATE: 4/21/95
LOCATION: SEC 2 T19S-R28E COUNTY: EDDY STATE: NEW MEXICO

COST CATEGORY

IV. INTANGIBLE COMPLETION COST

A. DAILY DRILLING SPREAD SHEET COST	14,000
B. COMPLETION RIG	16,300
C. PRODUCTION CASING	31,500
D. SUPERVISION	7,200
E. LABOR	0
F. GENERAL TRANSPORTATION	1,000
G. PRODUCTION TUBING SERVICES	2,300
H. COMPLETION FLUID	7,000
I. RENTALS	34,000
J. COMPLETION RIG ANCHORS	1,000
K. BITS	1,900
L. PRODUCTION LOGGING	20,000
M. PERFORATING & DEPTH CONTROL	15,000
N. WIRELINE WORK	2,000
O. TREATING - ACID & FRAC	122,000
P. TESTING	13,000
Q. OTHER	0
R. MISCELLANEOUS	4,600

TOTAL INTANGIBLE COMPLETION COSTS 293,000

V. TANGIBLE COMPLETION COST

A. PRODUCTION CASING/LINER	73,500
B. LINER HANGER	0
C. TUBING HEAD	5,000
D. PRODUCTION TUBING	35,100
E. CHRISTMAS TREE	15,000
F. OTHER	0
G. MISCELLANEOUS	1,400

TOTAL TANGIBLE COMPLETION COST 135,000

VI. LEASE EQUIPMENT/INSTALLATION

A. EQUIPMENT	53,000
B. LABOR	4,000
C. GAS LINE CONNECTION / ROW	0
D. OTHER	0
E. MISCELLANEOUS	2,000

TOTAL LEASE EQUIPMENT 64,000

GRAND TOTAL 958,000

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

SANTA FE ENERGY RESOURCES, INC.
550 West Texas, #1330
Midland, TX 79701

4a. Article Number

GB063957344

4b. Service Type

- Registered
- Insured
- Certified
- COD
- Express Mail
- Return Receipt for Merchandise

7. Date of Delivery

5-2-95

8. Addressee's Address (Only if requested and fee is paid)

Attn: Curtis Smith

5. Signature (Addressee)

6. Signature (Agent)

Is your RETURN ADDRESS completed on the reverse side

Thank you for using Return Receipt Service.

BASS ENTERPRISES PRODUCTION CO.

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

May 1, 1995

EXPRESS CERTIFIED/Return Receipt Requested

AMOCO Production Company
P. O. Box 3092
Houston, Texas 77253
Attention: Mr. William R. Dukes

Re: Farmout Request
NW/4 NE/4 Section 2, T19S-R28E
Turkey Track 2 St. Comm. Well No. 1
Palmillo Prospect
Eddy County, New Mexico

Gentlemen:

Attached please find an Authority for Expenditure for the drilling of a \pm 11,200' Morrow test well in the NE/4 of Section 2, T19S-R28E. This proposal shall supersede and replace that certain letter from Bass dated April 28, 1995. In that regard, Bass Enterprises Production Co. hereby formally requests the acquisition of farmout rights affecting leasehold interest owned by AMOCO within the E/2 of Section 2 representing the applicable 320 acre spacing unit, according to the following terms and conditions;

1. On or before August 1, 1995, Bass will commence or caused to be commenced the drilling of a test well to an approximate depth of 11,200' or a depth adequate to test the Morrow Formation, whichever is lesser, at a location 2,180' FNL, 660' FEL of Section 2, T19S-R28E, within a 320 acre spacing unit comprised of the E/2 of Section 2. The above location is subject to the approval of a drilling permit by the Bureau of Land Management.
2. In the event the proposed well is completed as a commercial producer, AMOCO will assign to Bass 100% of its leasehold interest within the E/2 of Section 2, reserving a proportionately reduced overriding royalty of 25%, less existing lease burdens, with the option to convert said override to a proportionately reduced 25% working interest after payout.
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BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11336 Exhibit No. 4
Submitted By:
BASS ENTERPRISES
Hearing Date: July 13, 1995

Letter to Amoco Production Company

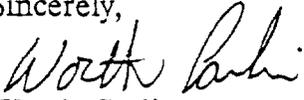
May 1, 1995

Page 2

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5. In the event Bass and AMOCO become joint working interest owners within the above described area, the parties will enter into a mutually acceptable 1982 AAPL Form 610 Model form Operating Agreement, governing all subsequent operations therein, naming Bass as Operator.

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Sincerely,



Worth Carlin

WWC:ca

AGREED AND ACCEPTED this _____ day of _____, 1995.

AMOCO PRODUCTION COMPANY

By: _____

Its: _____

BASS ENTERPRISES PRODUCTION COMPANY
AFE COST DETAIL

WELL: TURKEY TRACK 2 ST COM NO.1
LOCATION: SEC 2 T19S-R23E

DEPTH: 11,200'
COUNTY: EDDY

DATE: 4/21/95
STATE: NEW MEXICO

JOINT INTEREST COST DISTRIBUTION

(ESTIMATED COSTS)

INTERESTS:

BASS BCP =	37.50%
BASS ACP =	37.50%
OTHER BCP =	62.50%
OTHER ACP =	62.50%
BASS APO =	37.50%
OTHER APO =	62.50%
UP FRONT =	\$0.00

COMPLETED COST

		<u>TOTAL</u>	<u>JOINT OWNERS</u>	<u>BASS</u>	<u>ACTUAL</u>
<u>INTANGIBLE</u>					
	DRILLING	367,000	229,375	137,625	
	EVALUATION	52,000	32,500	19,500	
	COMPLETION	293,000	183,125	109,375	
	SUBTOTAL	712,000	445,000	267,000	
<u>TANGIBLE</u>					
	DRILLING	47,000	29,375	17,625	
	COMPLETION	135,000	84,375	50,625	
	SUBTOTAL	182,000	113,750	68,250	
	<u>LEASE EQUIPMENT</u>	64,000	40,000	24,000	
	TOTAL	958,000	598,750	359,250	

DRY HOLE COST

		<u>TOTAL</u>	<u>JOINT OWNERS</u>	<u>BASS</u>	<u>ACTUAL</u>
<u>INTANGIBLE</u>					
	DRILLING	367,000	229,375	137,625	
	EVALUATION	52,000	32,500	19,500	
	SUBTOTAL	419,000	261,875	157,125	
<u>TANGIBLE</u>					
	DRILLING	47,000	29,375	17,625	
	TOTAL	466,000	291,250	174,750	

JOINT OWNERS

AMOCO PRODUCTION COMPANY (12.50%)

Santa Fe Energy Resources, Inc. (50%)

By: _____

By: _____

AFE COST DETAIL

WELL: TURKEY TRACK 2 ST COM NO.1
 LOCATION: SEC 2 T19S-R28E

DEPTH: 11,200'
 COUNTY: EDDY

DATE: 4/21/95
 STATE: NEW MEXICO

COST CATEGORY	ESTIMATED	ACTUAL	DIFFERENCE
I. INTANGIBLE DRILLING COST			
A. SURFACE COST			
SURVEY LOCATION / DAMAGES / ROW	1,500	0	0
ARCH SURVEY / PERMITS	0	0	0
LOCATION/PITS/ROAD/MAINT/RESTORE	28,000	0	0
CONDUCTOR/MHRH SERVICES	0	0	0
PIT LINER	3,500	0	0
OTHER	0	0	0
B. DRILLING RIG			
FOOTAGE / TURNKEY \$17.00/FT	190,500	0	0
MOB/DE-MOB	0	0	0
DAYRATE W/DP	0	0	0
FUEL	0	0	0
OTHER	0	0	0
C. SURFACE CASING			
CASING CREW/LD MACHINE	0	0	0
FLOAT EQUIPMENT/CENTRALIZERS/ETC	1,000	0	0
CEMENT & SERVICES	3,000	0	0
BOPE TEST/NU CREW/FLUID CALIPER	0	0	0
INSPECTION/TRANSPORTATION	2,000	0	0
BITS / BHA / SHOCK SUB	0	0	0
OTHER	0	0	0
D. PROTECTIVE CASING			
CASING CREW/LD MACHINE	1ST 0	0	0
FLOAT EQUIPMENT/CENTRALIZERS/ETC	1ST 1,500	0	0
CEMENT & SERVICES	1ST 11,500	0	0
BOPE TEST/NU CREW/FLUID CALIPER	1ST 0	0	0
INSPECTION/TRANSPORTATION	1ST 3,000	0	0
BITS / BHA / SHOCK SUB	1ST 0	0	0
OTHER	1ST 0	0	0
CASING CREW/LD MACHINE	2ND 0	0	0
FLOAT EQUIPMENT/CENTRALIZERS/ETC	2ND 0	0	0
CEMENT & SERVICES	2ND 0	0	0
BOPE TEST/NU CREW/FLUID CALIPER	2ND 0	0	0
INSPECTION/TRANSPORTATION	2ND 0	0	0
BITS / BHA / SHOCK SUB	2ND 0	0	0
OTHER	2ND 0	0	0
E. PRODUCTION HOLE BITS / BHA / SHOCK SUB			
	0	0	0
F. DRILLING FLUID			
MUD MATERIALS	80,000	0	0
WATER	20,000	0	0
DISPOSAL	2,000	0	0
OTHER	0	0	0
G. DIRECTIONAL SURVEYS / SERVICES			
	0	0	0
H. GENERAL TRANSPORTATION			
	0	0	0
I. SUPERVISION \$450/day			
	3,600	0	0
J. RENTALS			
SUPER CHOKE/ PVT/ FLOW SENSOR	0	0	0
M-G SEPARATOR / FLARE STACK / IGNITION	0	0	0
SOLIDS CONTROL	8,000	0	0
TRAILER / WATER / TRASH / SEPTIC	2,500	0	0
WELDING / ROUSTABOUT / FORKLIFT / ETC	500	0	0
JARS / ROTATING HEAD / BHA INSPECTION	0	0	0
H2S SAFETY SERVICES & EQUIPMENT	0	0	0
COMMUNICATION	1,000	0	0
OTHER	0	0	0
OTHER	0	0	0
K. FISHING			
	0	0	0
L. MISC. COST (INCLUDING P & A)			
	3,900	0	0
TOTAL INTANGIBLE DRILLING COSTS	367,000	0	0

AFE COST DETAIL

WELL: TURKEY TRACK 2 ST COM NO.1

DEPTH: 11,200'

DATE: 4/21/95

LOCATION: SEC 2 T19S-R28E

COUNTY: EDDY

STATE: NEW MEXICO

COST CATEGORY	ESTIMATED	ACTUAL	DIFFERENCE
II. TANGIBLE DRILLING COST			
A. CONDUCTOR CASING	0	0	0
B. SURFACE CASING			
300' OF 11-3/4", 42#, WC-40 @ \$15.50/FT	4,700	0	0
	0	0	0
C. PROTECTIVE CASING			
3200' OF 8-5/8", 32#, WC-50 @ \$11.00/FT	35,500	0	0
	0	0	0
PROTECTIVE CASING / LINER			
1ST	0	0	0
	0	0	0
2ND	0	0	0
	0	0	0
D. SURFACE CASING HEAD WP, USED	2,000	0	0
13-5/8" 3M X 11-3/4" 3M	0	0	0
E. PROTECTIVE CASING HEAD(S)	3,500	0	0
11" 5M X 13-5/8" 3M	0	0	0
F. LINER HANGER	0	0	0
G. OTHER	0	0	0
	0	0	0
H. MISCELLANEOUS	1,300	0	0
TOTAL TANGIBLE DRILLING COST	47,000	0	0
III. EVALUATION			
A. LOGGING COST			
GR-CNL-LDT-DLL-MSFL (3200-SUR)	7,000	0	0
GR-CNL-LDT-DLL-MSFL (TD - 3200')	17,000	0	0
	0	0	0
B. DRILL STEM TEST COST			
DST SERVICES	0	0	0
SURFACE EQUIPMENT	0	0	0
C. ROTARY / SIDEWALL CORES	0	0	0
D. CONVENTIONAL CORING			
FOOTAGE CHARGE/SUPERVISION	0	0	0
BIT DAMAGE	0	0	0
E. SIDEWALL/CONVENTIONAL CORE ANALYSIS	0	0	0
	0	0	0
F. MUD LOGGING COST \$450/DAY	14,000	0	0
G. BASS SUPERVISION	2,000	0	0
H. DAILY SPREAD SHEET COST	0	0	0
\$7000 X 1-1/2 DAYS	10,500	0	0
I. OTHER	0	0	0
	0	0	0
J. MISCELLANEOUS COST	1,500	0	0
TOTAL EVALUATION COST	52,000	0	0

AFE COST DETAIL

WELL: TURKEY TRACK 2 ST COM NO.1

DEPTH: 11,200'

DATE: 4/21/95

LOCATION: SEC 2 T19S-R28E

COUNTY: EDDY

STATE: NEW MEXICO

COST CATEGORY	ESTIMATED	ACTUAL	DIFFERENCE
IV. INTANGIBLE COMPLETION COST			
A. DAILY DRILLING SPREAD SHEET COST (2 days @ 7000/day)	14,000	0	0
B. COMPLETION RIG (14 days @ 1200/day)	16,800	0	0
C. PRODUCTION CASING			
CASING CREW/LD MACHINE	3,500	0	0
FLOAT EQUIPMENT/CENTRALIZERS/DV TOOL	1,500	0	0
TURBOLIZERS/SCRATCHERS/SEAL UNITS	5,000	0	0
CEMENT & SERVICES	17,000	0	0
INSPECTION/TRANSPORTATION	3,000	0	0
DRIFTING AND SANDBLASTING	1,500	0	0
OTHER	0	0	0
D. SUPERVISION			
DRILLING (2 days @ 450/day)	900	0	0
PRODUCTION (21 days @ 300/day)	6,300	0	0
E. LABOR			
CONTRACT	0	0	0
BASS	0	0	0
F. GENERAL TRANSPORTATION			
MIR & RU	0	0	0
TUBING AND RENTALS	1,000	0	0
G. PRODUCTION TUBING SERVICES			
PRESSURE TESTING / TORQUE MONITORING	2,000	0	0
MISCELLANEOUS (INTERNAL COAT, DOPE, SEAL RINGS)	0	0	0
OTHER	0	0	0
H. COMPLETION FLUID	7,000	0	0
DISPOSAL OF PROD. FLUID/COMPL. FLUID	0	0	0
I. RENTALS			
WORK STRING	15,000	0	0
DRILL COLLARS / SUBS / SCRAPERS	2,000	0	0
BOPE & TESTING	1,000	0	0
TANKS	5,000	0	0
REVERSE UNIT (4 days @ 1500/day)	6,000	0	0
MISCELLANEOUS (PKR & BP RENTALS, ETC)	5,000	0	0
OTHER	0	0	0
J. COMPLETION RIG ANCHORS	1,000	0	0
K. BITS	1,900	0	0
L. PRODUCTION LOGGING (BOND LOG, TRACER, ETC.)	20,000	0	0
	0	0	0
M. PERFORATING & DEPTH CONTROL	15,000	0	0
N. WIRELINE WORK			
ELECTRIC	0	0	0
SLICKLINE	0	0	0
BHP	2,000	0	0
O. TREATING ACID & FRAC			
SERVICES	110,000	0	0
EQUIPMENT RENTAL / ISOLATION TOOL	12,000	0	0
P. TESTING			
SWABBING	10,000	0	0
EQUIPMENT RENTAL / TEST UNIT	3,000	0	0
OTHER	0	0	0
	0	0	0
R. MISCELLANEOUS	4,600	0	0
TOTAL INTANGIBLE COMPLETION COSTS	293,000	0	0

AFE COST DETAIL

WELL: TURKEY TRACK 2 ST COM NO.1
 LOCATION: SEC 2 T19S-R28E

DEPTH: 11,200'
 COUNTY: EDDY

DATE: 4/21/95
 STATE: NEW MEXICO

COST CATEGORY	ESTIMATED	ACTUAL	DIFFERENCE
V. TANGIBLE COMPLETION COST			
A. PRODUCTION CASING/LINER 11,200' OF 5.5", 17.0#, K-55/N-80 LTC	78,500	0	0
B. LINER HANGER	0	0	0
C. TUBING HEAD 7-1/16 5M X 11 5M	5,000	0	0
D. PRODUCTION TUBING 11,200', 2-3/8" 4.7# N-80 @ 3.10/FT.	35,100	0	0
E. CHRISTMAS TREE (5000 psi/ Dbi Master)	15,000	0	0
F. OTHER	0	0	0
G. MISCELLANEOUS	1,400	0	0
	0	0	0
TOTAL TANGIBLE COMPLETION COST	135,000	0	0
VI. LEASE EQUIPMENT/INSTALLATION			
A. EQUIPMENT			
TANKS (2) 210 steel (1) 210 FG	15,000	0	0
HEATER / TREATER (USED/NEW)	0	0	0
SEPARATOR Stackpack	10,000	0	0
DEHYDRATOR	0	0	0
FLOWLINES / ROW	2,000	0	0
TOTAL FLOW AND METER RUN	6,000	0	0
ELECTRICAL EQUIPMENT / ROW	0	0	0
PUMPING UNIT	0	0	0
PUMPING UNIT BASE AND SET	0	0	0
PRIME MOVER	0	0	0
DOWNHOLE EQUIPMENT			
RODS	0	0	0
PUMP	0	0	0
TUBING ANCHOR	0	0	0
PACKER & SEAL ASSEMBLY	10,000	0	0
POLISH ROD LINER	0	0	0
WATER DISPOSAL EQUIPMENT	0	0	0
CONNECTIONS (safety/HP valves)	15,000	0	0
B. LABOR (5 days)	4,000	0	0
C. GAS LINE CONNECTION / ROW	0	0	0
	0	0	0
D. OTHER	0	0	0
E. MISCELLANEOUS	2,000	0	0
TOTAL LEASE EQUIPMENT	64,000	0	0

BASS ENTERPRISES PRODUCTION COMPANY
AFE COST SUMMARY

WELL: TURKEY TRACK 2 ST COM NO.1	DEPTH: 11,200'	DATE: 4/21/95
LOCATION: SEC 2 T19S-R28E	COUNTY: EDDY	STATE: NEW MEXICO

COST CATEGORY	ESTIMATE
I. INTANGIBLE DRILLING COST	
A. SURFACE COST	33,000
B. DRILLING RIG	190,500
C. SURFACE CASING	6,000
D. PROTECTIVE CASING	16,000
E. PRODUCTION HOLE BITS / BHA / SHOCK SUB	0
F. DRILLING FLUID	102,000
G. DIRECTIONAL SURVEYS / SERVICES	0
H. GENERAL TRANSPORTATION	0
I. SUPERVISION	3,600
J. RENTALS	12,000
K. FISHING	0
L. MISCELLANEOUS COST (INCLUDING P&A)	3,900
TOTAL INTANGIBLE DRILLING COST	
	367,000
II. TANGIBLE DRILLING COST	
A. CONDUCTOR CASING	0
B. SURFACE CASING	4,700
C. PROTECTIVE CASING - 1ST	35,500
PROTECTIVE CASING - 2ND	0
D. SURFACE CASING HEAD	2,000
E. PROTECTIVE CASING HEAD (S)	3,500
F. LINER HANGER	0
G. OTHER	0
H. MISCELLANEOUS	1,300
TOTAL TANGIBLE DRILLING COST	
	47,000
III. EVALUATION	
A. LOGGING COST	24,000
B. DRILL STEM TEST COST	0
C. ROTARY / SIDEWALL CORES	0
D. CONVENTIONAL CORING	0
E. SIDEWALL / CONVENTIONAL CORE ANALYSIS	0
F. MUD LOGGING COST	14,000
G. BASS SUPERVISION	2,000
H. DAILY SPREAD SHEET COST	10,500
I. OTHER	0
J. MISCELLANEOUS COST	1,500
TOTAL EVALUATION COST	
	52,000

BASS ENTERPRISES PRODUCTION COMPANY
AFE COST SUMMARY

WELL: TURKEY TRACK 2 ST COM NO.1	DEPTH: 11,200'	DATE: 4/21/95
LOCATION: SEC 2 T19S-R28E	COUNTY: EDDY	STATE: NEW MEXICO

COST CATEGORY

IV. INTANGIBLE COMPLETION COST

A. DAILY DRILLING SPREAD SHEET COST	14,000
B. COMPLETION RIG	16,800
C. PRODUCTION CASING	31,500
D. SUPERVISION	7,200
E. LABOR	0
F. GENERAL TRANSPORTATION	1,000
G. PRODUCTION TUBING SERVICES	2,000
H. COMPLETION FLUID	7,000
I. RENTALS	34,000
J. COMPLETION RIG ANCHORS	1,000
K. BITS	1,900
L. PRODUCTION LOGGING	20,000
M. PERFORATING & DEPTH CONTROL	15,000
N. WIRELINE WORK	2,000
O. TREATING - ACID & FRAC	122,000
P. TESTING	13,000
Q. OTHER	0
R. MISCELLANEOUS	4,600

TOTAL INTANGIBLE COMPLETION COSTS	293,000
--	----------------

V. TANGIBLE COMPLETION COST

A. PRODUCTION CASING/LINER	78,500
B. LINER HANGER	0
C. TUBING HEAD	5,000
D. PRODUCTION TUBING	35,100
E. CHRISTMAS TREE	15,000
F. OTHER	0
G. MISCELLANEOUS	1,400

TOTAL TANGIBLE COMPLETION COST	135,000
---------------------------------------	----------------

VI. LEASE EQUIPMENT/INSTALLATION

A. EQUIPMENT	58,000
B. LABOR	4,000
C. GAS LINE CONNECTION / ROW	0
D. OTHER	0
E. MISCELLANEOUS	2,000

TOTAL LEASE EQUIPMENT	64,000
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GRAND TOTAL	958,000
--------------------	----------------

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/c- 2 for additional services.
- Complete items 3, and b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Amoco Production Co.
P.O. Box 3092
Houston, TX 77253

Attn: William R. Dukes

4a. Article Number

GB063957531

4b. Service Type

- Registered Insured
- Certified COD
- Express Mail Return Receipt for Merchandise

7. Date of Delivery

MAY 1 1995

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

Thank you for using Return Receipt Certified

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

817/390-8400

June 13, 1995

CERTIFIED EXPRESS MAIL

Santa Fe Energy Resources, Inc.
550 W. Texas, Suite 1330
Midland, Texas 79701

Attention: Curtis Smith

RE: Turkey Track "2" St. Comm. No. 1
Section 2, T19S-R28E
Palmillo Prospect
Eddy County, New Mexico

Gentlemen:

Please reference Bass' letter dated May 1, 1995 whereby Bass provided a cost estimate for the referenced well as a $\pm 11,200'$ Morrow Formation test at a location 2,180' FNL, 660' FEL of Section 2, T19S-R28E, within a 320 acre spacing unit comprised of the E/2 Section 2. This will verify that Bass has received a drilling permit for the proposed well and will file a Compulsory Pooling Application which will be distributed in the near future.

Inasmuch as a considerable period of time has transpired and Bass has not received a reply from Santa Fe regarding the above well proposal, Bass' offer to acquire farmout rights affecting Santa Fe's interest is hereby rescinded. Therefore, please advise Bass in the event Santa Fe elects to participate in the drilling of the above well as to its proportionate unit ownership. Bass is currently formulating its drilling plans for the above area, therefore your prompt reply is appreciated. In the event Santa Fe elects to participate, please execute one (1) copy of the previously furnished cost estimate and return to the undersigned for our files. Should you have any further questions or comments in the above regard, please advise. Awaiting your reply, I remain

Very truly yours,


J. Wayne Bailey

JWB:lah

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11336 Exhibit No. 5
Submitted By:
BASS ENTERPRISES
Hearing Date: July 13, 1995

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

CURTIS SMITH
 SANTA FE ENERGY RESOURCES
 550 W. TEXAS, SUITE 1330
 MIDLAND, TEXAS 79701

4a. Article Number

GB 063957619 US

4b. Service Type

- Registered
- Insured
- Certified
- COD

Express Mail Return Receipt for Merchandise

7. Date of Delivery

Jan 14 - 95

8. Addressee's Address (Only if requested and fee is paid)

b. Signature (Addressee)

c. Signature (Agent)

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1991 * U.S.G.P.O. : 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

817/390-8400

June 13, 1995

CERTIFIED EXPRESS MAIL

Amoco Production Company
P.O. Box 3092
Houston, Texas 77253

Attention: Jerry West

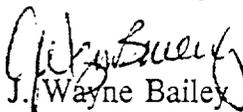
RE: Turkey Track "2" St. Comm. No. 1
Section 2, T19S-R28E
Palmillo Prospect
Eddy County, New Mexico

Gentlemen:

Please reference Bass' letter dated May 1, 1995 whereby Bass provided a cost estimate for the referenced well as a $\pm 11,200'$ Morrow Formation test at a location 2,180' FNL, 660' FEL of Section 2, T19S-R28E, within a 320 acre spacing unit comprised of the E/2 Section 2. This will verify that Bass has received a drilling permit for the proposed well and will file a Compulsory Pooling Application which will be distributed in the near future.

Inasmuch as a considerable period of time has transpired and Bass has not received a reply from Amoco Production Company regarding the above well proposal, Bass' offer to acquire farmout rights affecting Amoco's interest is hereby rescinded. Therefore, please advise Bass in the event Amoco elects to participate in the drilling of the above well as to its proportionate unit ownership. Bass is currently formulating its drilling plans for the above area, therefore your prompt reply is appreciated. In the event Amoco elects to participate, please execute one (1) copy of the previously furnished cost estimate and return to the undersigned for our files. Should you have any further questions or comments in the above regard, please advise. Awaiting your reply, I remain

Very truly yours,


J. Wayne Bailey

JWB:lah

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11336 Exhibit No. 6
Submitted By:
BASS ENTERPRISES
Hearing Date: July 13, 1995

your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

JERRY WEST
 AMOCO PRODUCTION CO.
 P.O. BOX 3092
 HOUSTON, TEXAS 77253

4a. Article Number

CB 063957300 US

4b. Service Type

- Registered Insured
- Certified COD
- Express Mail Return Receipt for Merchandise

7. Date of Delivery

6-15-95

5. Signature (Addressee)

Jerry West

6. Signature (Agent)

|||||

8. Addressee's Address (Only if requested and fee is paid)

|||||

Thank you for using Return Receipt Service.

DOMESTIC RETURN RECEIPT SERVICE



Jerry D. West
Staff Land Negotiator
(713) 366-3588
(713) 366-7590 FAX

Amoco Exploration and Production
U.S.A. Operations Group

Permian Basin Business Unit

501 WestLake Park Boulevard
Post Office Box 4891
Houston, Texas 77210

June 21, 1995

Certified Express Mail

Re: Submittal #95058
Farmout Request
Turkey Track 2 St. Com. #1
Palmillo Prospect
Eddy County, New Mexico

Bass Enterprises Production Co.
First City Bank Tower
201 Main Street
Fort Worth, Texas 76102

Attention: Mr. J. Wayne Bailey

Gentlemen:

Please reference Bass' letter dated May 1, 1995, whereby Bass provided an AFE for the referenced well as a 11,200' ± Morrow test at a location 2,180' FNL x 660' FEL of Section 2, T-19-S, R-28-E, with a E/2 Section 2 spacing unit. Your letter additionally requested a farmout of Amoco's leasehold interest based on a 75% net revenue interest with Amoco having the option to convert its reserved ORI to a proportionate 25% working interest at payout.

Bass' letter dated June 13, 1995, advised that Bass had received a drilling permit for the proposed well and that a Compulsory Pooled Application would be filed in the near future. This same letter rescinded Bass' earlier request to farmout Amoco's interest. Personally, I thought Bass' rescission to be unusual, especially while at the same time feeling a need to initiate Compulsory Pooling Hearings for the purpose of obtaining commitments for the acreage within the proposed spacing unit.

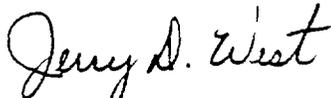
Be that as it may, Amoco has now evaluated your well proposal and our management has elected not to participate in the drilling of your well.

Notwithstanding your letter of June 13, 1995, in support of your well, Amoco is willing to grant Bass a Term Assignment of Amoco's interest in the NW/4 NE/4 of Section 2, T-19-S, R-28-E, subject to the following basic terms:

1. Bonus consideration of \$300 per acre for a total of \$12,195 (\$300 x 40.65) for a 75% net revenue assignment. (This is based on the Santa Fe Energy State of New Mexico lease in the SE/4 of Section 2, for which they paid \$351.72 per acre).
2. Term Assignment to be for a two (2) year term.
3. Acreage to be included in the Term Assignment is NW/4 NE/4 (Lot 2) of Section 2, T-19-S, R-28-E, Eddy County, New Mexico, which shall be limited to cover only rights from the surface to the base of the Morrow formation.
4. Amoco does not warrant title.
5. Amoco will retain call on all production.
6. Amoco will retain a preferential right to purchase lease acreage.
7. Bass will provide Amoco with the information set forth in Amoco's usual Exhibit "A", Geological Requirement Letter.
8. This offer will remain open until Thursday, July 13, 1995 at 5:00 p.m., CDT.

If the above terms are acceptable to Bass, please so indicate by signing, dating and returning one copy of this letter to the undersigned. It is agreed by both parties, however, that this is a basic preliminary letter of understanding and intent that shall not create any legally binding obligations between Amoco and Bass until a Term Assignment is executed by both parties.

Sincerely,


Jerry D. West

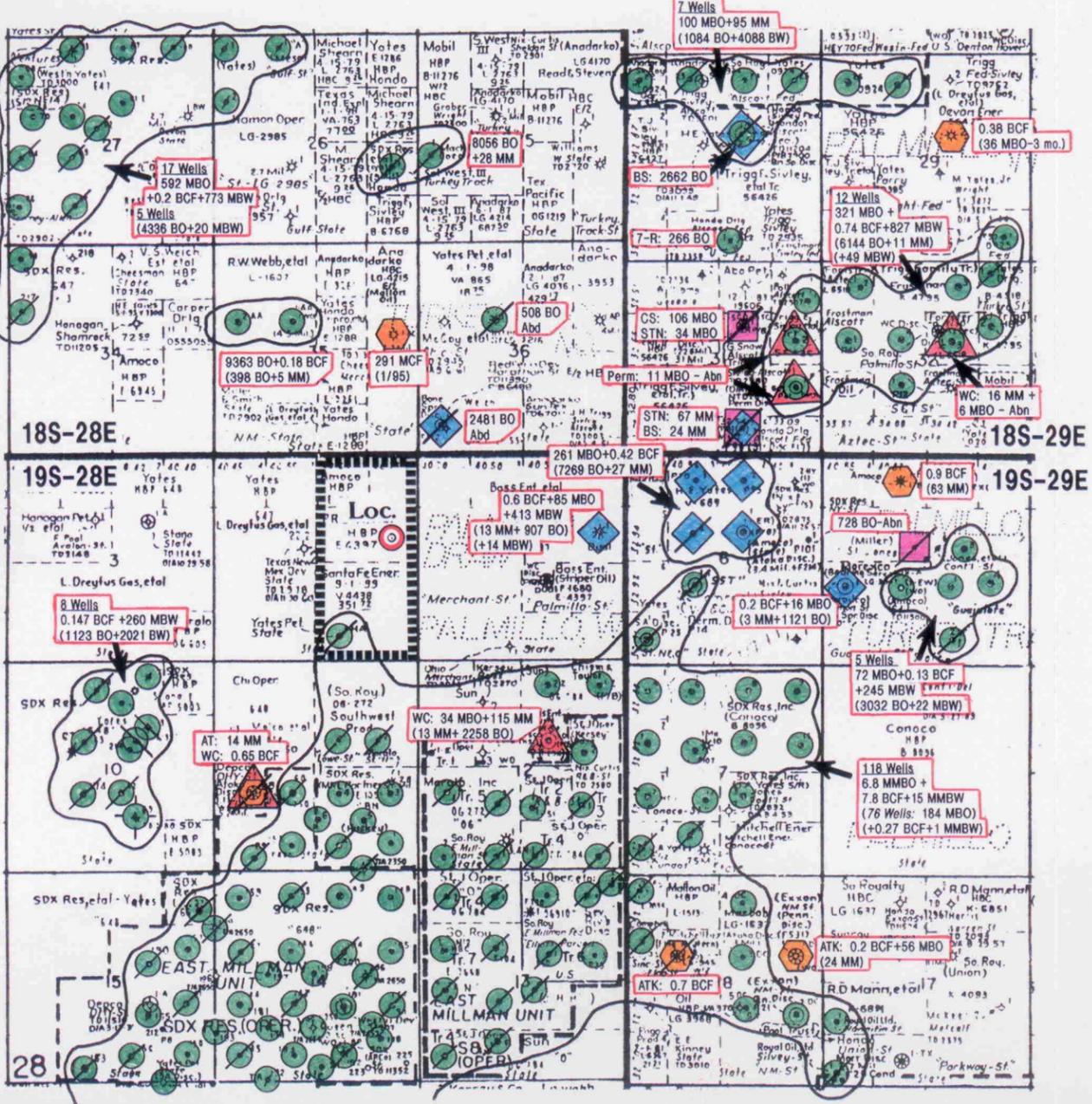
AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 1995.

BASS ENTERPRISES PRODUCTION CO.

BY: _____

TITLE: _____

Bass Enterprises Production Co.
Turkey Track "2" State Com #1
Eddy County, New Mexico



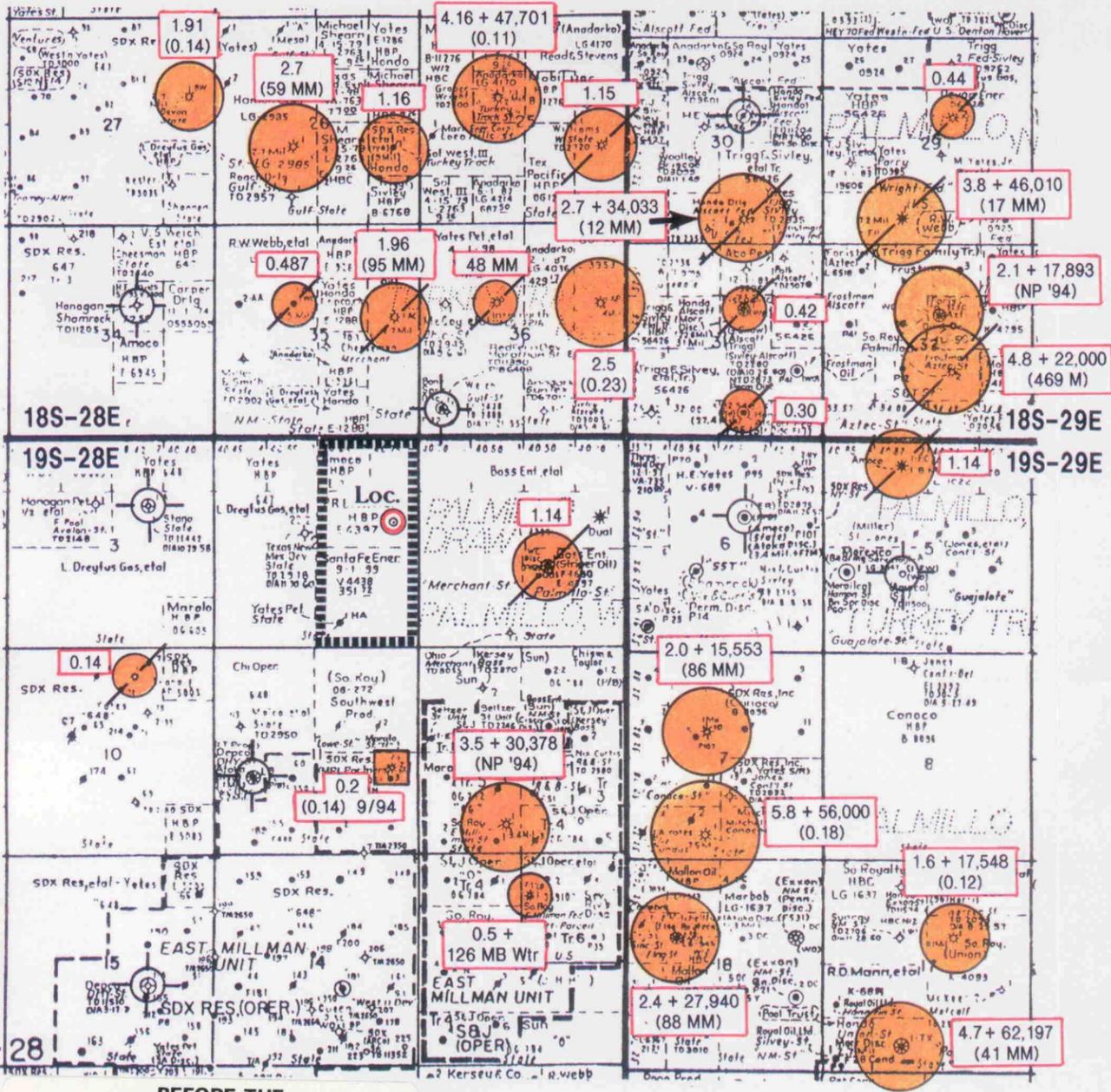
Palmillo Production

- Queen/Grayburg/San Andres
- ◆ Bone Spring
- ▲ Permian/Wolfcamp
- Penn./Cisco/Strawn
- ◊ Atoka

Cum to 2/95
(1994 Prod)

..... Proposed Unit

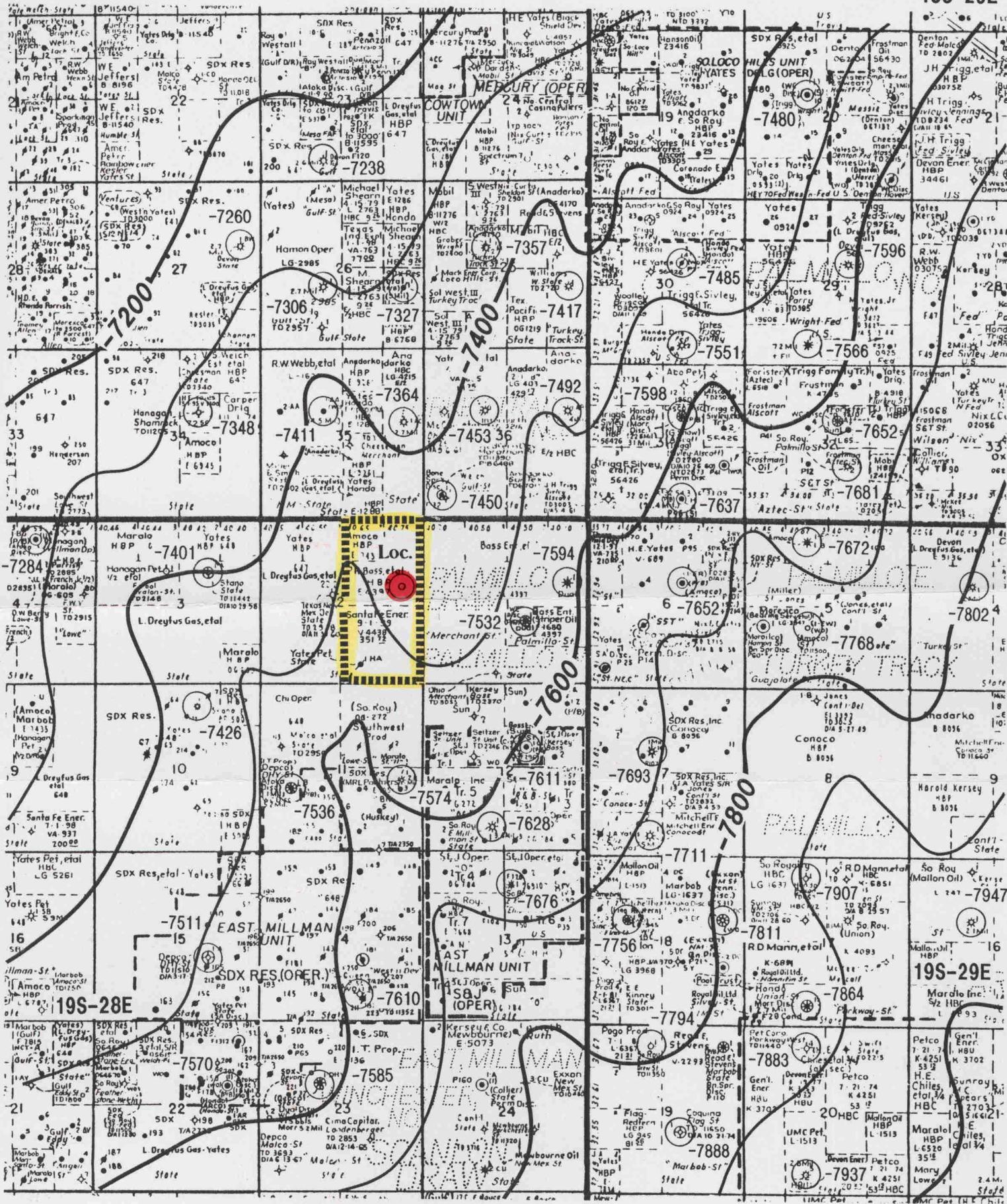
Scale: 1" = 4000'



Morrow Production

- < 1 BCF
- 1-2 BCF
- 2-5 BCF
- > 5 BCF

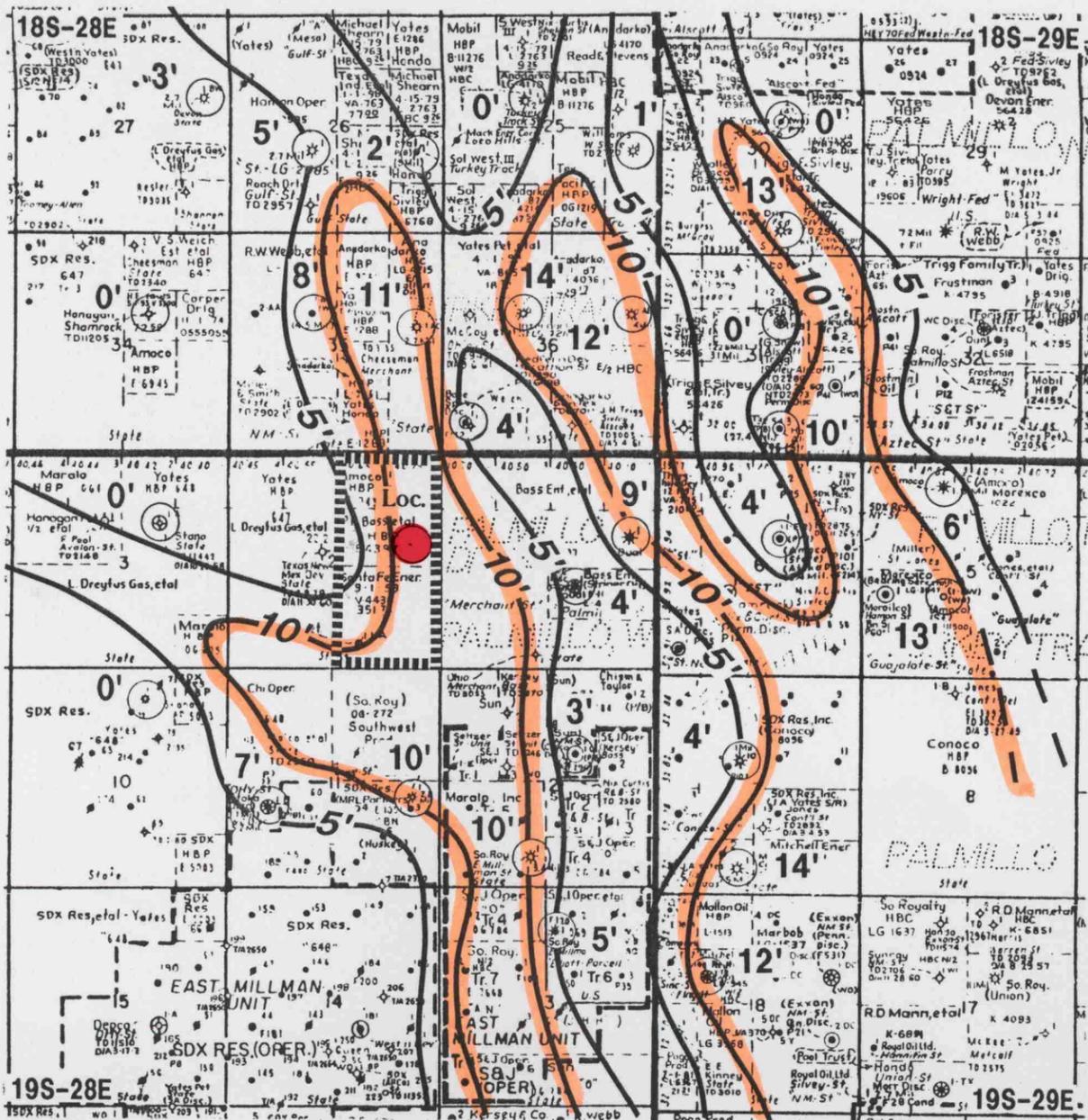
Cum to 2/95
(1994 Prod)



Bass Enterprises Production Co.
Turkey Track "2" State Com #1
Eddy County, New Mexico
TOP LOWER MORROW
 C.I. = 100' Scale: 1" = 4000'
 Proposed Unit

BEFORE THE
 OIL CONSERVATION DIVISION
 Case No. 11336 Exhibit No. 9
 Submitted By:
BASS ENTERPRISES
 Hearing Date: July 13, 1995

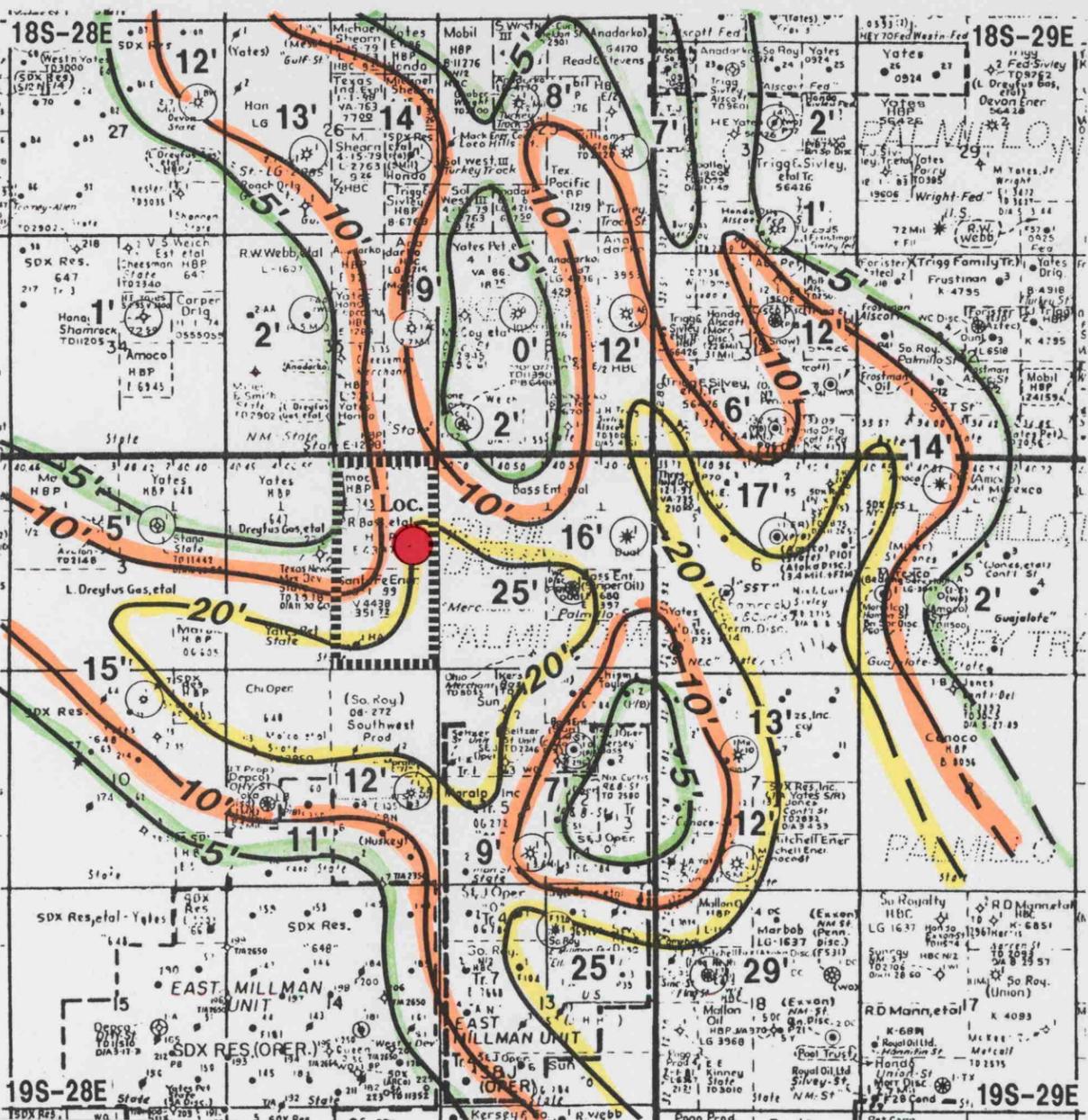
Bass Enterprises Production Co.
Turkey Track "2" State Com #1
Eddy County, New Mexico



Net Clean Sand
MIDDLE MORROW

Scale: 1" = 4000'

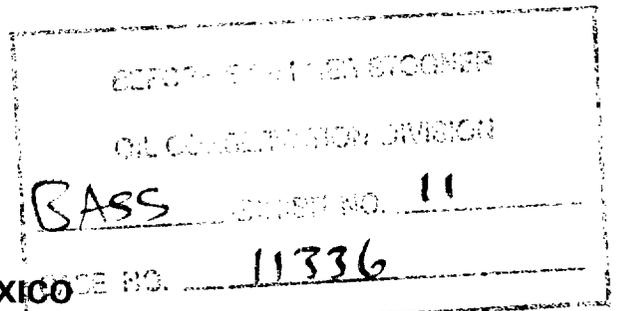
Proposed Unit



Net Clean Sand
LOWER MORROW

Scale: 1" = 4000'

Proposed Unit



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

In the matter of the hearing called
by the Oil Conservation Division
for the purpose of considering:

CASE No. 11336

Application of Bass Enterprises
Production Company
for Compulsory Pooling,
Eddy County, New Mexico.

CERTIFICATE OF MAILING AND COMPLIANCE WITH ORDER R-8054

W. Thomas Kellahin, attorney in fact and authorized representative of Bass Enterprises Production Company states that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on the 20th day of June, 1995 I caused to be sent, by certified mail return receipt requested, notice of this hearing and a copy of the application for the referenced case along with the cover letter, at least twenty days prior to the hearing set for July 13, 1995, to the parties shown in the application as evidenced by the attached copies of receipt cards, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.

W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me on this 12th day of July, 1995.

Notary Public

My Commission Expires: June 15th, 1998

Is your RETURN ADDRESS completed on the reverse side?

SENDER:
 • Complete items 1 and/or 2 for additional services.
 • Complete items 3, and 4a & b.
 • Print return address of this form on that we can
 • Attach return address on that we can
 • Write on the back of the envelope
 • The return address must be legible.

Bass/Turkey Track(071395)
June 20, 1995

I also wish to receive the following services (for an extra fee):
 1. Addressee's Address
 2. Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
Amoco Production Company
POB 3092
Houston, TX 77253

4a. Article Number
194 406 576

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
June 20, 1995

5. Signature (Addressee)

6. Signature (Agent)
[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ☆U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

2 194 406 576

Receipt for Certified Mail
 No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

93 Sent to
Amoco Production Company
POB 3092
Houston, TX 77253

PS Form

Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom Date and Addressee's Address	
TOTAL Postage & Fees	\$

Is your RETURN ADDRESS completed on the reverse side?

SENDER:
 • Complete items 1 and/or 2 for additional services.
 • Complete items 3, and 4a & b.
 • Print return address of this form on that we can
 • Attach return address on that we can
 • Write on the back of the envelope
 • The return address must be legible.

Bass/Turkey Track(071395)
June 20, 1995

I also wish to receive the following services (for an extra fee):
 1. Addressee's Address
 2. Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
Santa Fe Energy Resources Inc
550 W. Texas
Ste 1330
Midland, Texas 79701
Attn: Curtis Smith

4a. Article Number
194 406 577

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
6/22

5. Signature (Addressee)

6. Signature (Agent)
[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ☆U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

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Bass/Turkey Track(071395)
June 20, 1995