

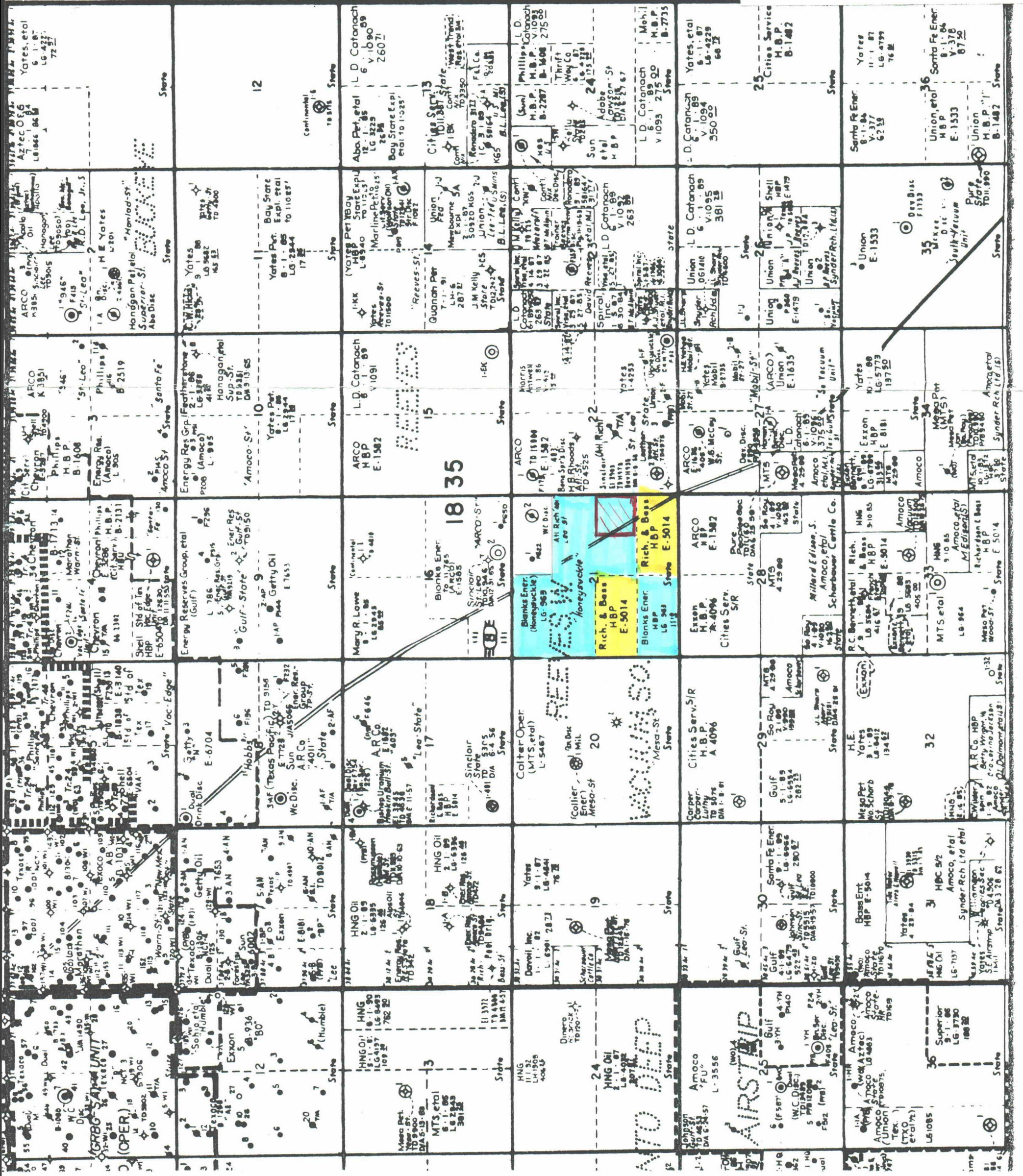
Exhibits 1 through 14
Complete set

BEFORE EXAMINER STOGNER
 Oil Conservation Division
 BASS Exhibit No. 1
 Case No. 9665

BASS ENTERPRISES PRODUCTION COMPANY
WEST TEXAS DIVISION

■ Bass Lease (100%)
■ Farmout Acreage
■ Proration Unit

Date _____ Inter. By _____ Scale _____
 Revised _____ Drafted By _____ Dept. _____



37%
Name
approved

PARTIES TO POOL, OBTAIN PARTICIPATION COMMITMENT OR FARMOUT
N/2 SE/4 Section 21, T18S, R35E, N.M.P.M.
Lea County, New Mexico

Parties	Ownership ¹
King Ranch Oil & Gas, Inc. Two Greenspoint Plaza, Suite 1460 16825 Northchase Houston, Texas 77060	15.00000000%
The Grayrock Corporation 2121 San Jacinto Street Suite 3000 Lock Box 85 Dallas, Texas 75201	7.50000000%
NCNB Texas National Bank, Trustee of Trust Nos. 1362, 1363 and 1364 P. O. Box 270 Midland, Texas 79702	7.50000000%
W. C. Blanks and wife, Violette Blanks 500 West Wall Street Suite 302 Midland, Texas 79701	6.00000000%
American Cometra, Inc. 500 Throckmorton Street Suite 2500 Fort Worth, Texas 76102	7.20000000%
Polaris Production Corp. P. O. Box 1749 Midland, Texas 79702	1.57500000%
H. Grady Payne, III 7100 Grapevine Highway Suite 204 Fort Worth, Texas 76118	.22500000%
Power-Can Resources, Inc. P.O. Box 91340 West Vancouver, BC Canada V7V3N9	3.75000000%
Producers Engineering Company 1300 Main Street Suite 1150 Houston, Texas 77002	5.62500000%

Georgetown Exploration, Inc.
707 Travis
Suite 1700
Houston, Texas 77002

5.62500000%

Yates Exploration, Inc.
P. O. Drawer 0
Albuquerque, New Mexico 87103

.48012000%

Cibola Energy Corporation
P. O. Box 1668
Albuquerque, New Mexico 87103

2.48792080%

62.96804080%

1. Operating Rights in the N/2 NE/4 Section 21, T18S, R35E, N.M.P.M., Lea County, New Mexico, from the surface of the earth to a depth of 11,915'.

BEFORE EXAMINER STOGNER
Oil Conservation Division
<u>BASS</u> Exhibit No. <u>2</u>
Case No. <u>9665</u>

Jens

BASS ENTERPRISES PRODUCTION CO.

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

August 25, 1988

BEFORE EXAMINER STOGNER
Oil Conservation Division
BASS Exhibit No. 3
Case No. 9665

Re: Farmout Agreement Proposal
Section 21, T18S-R35E
Lea County, New Mexico

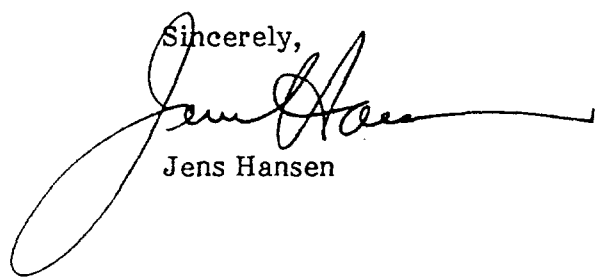
To all Working Interest Owners:

Under letter dated April 22, 1988, Bass Enterprises Production Co. proposed the drilling of a Bone Springs Test Well to be located in the referenced section and requested that you support this test well with a farmout of your interest in portions of Section 21, T18S-R35E, Lea County, New Mexico.

Bass has decided to amend its drilling plans in the reference section by drilling a 4600' Queen Test at a legal location in the N/2 SE/4 of Section 21. We are requesting a farmout of your interest in State of New Mexico Lease #LG-963 insofar as the lease covers the N/2 SE/4, S/2 SW/4, S/2 NE/4 and NW/4 of Section 21. Bass has reached an agreement with several of the working interest owners under this lease to drill one or more wells under the same terms as set out below.

Acceptable terms of a farmout of your interest are for Bass to commence the drilling of its Queen Test at a legal location in the N/2 SE/4, Section 21 within 180 days from the date of an executed farmout agreement. Within 180 days from the completion date of the initial test well, Bass will have the option to continuously develop the above described lands by not allowing more than 180 days to elapse between the drilling of one well and the commencement of operations for the next well. In the event Bass drills and completes one or more wells in the farmout area as commercial producers, you will assign Bass a 75% net revenue interest, proporiately reduced, in the operating rights in each proration unit. Should you be interested in participating in the 4600' Queen Test, please advise us at your earliest opportunity and we will provide you with an AFE and Operating Agreement in the very near future for your participation. If you are not interested in participating in this well and likewise not interested in the proposed farmout agreement, it will be necessary to file a pooling application before the New Mexico Oil Conservation Division for the purpose of pooling your interest for the drilling of a Queen Test Well. A possible alternative is to sell Bass your interest in the lease.

Should you have any questions regarding this matter, please advise at your earliest opportunity by calling (817) 390-8568.

Sincerely,

Jens Hansen

JH:gb

10/14/88 JENS ADVISED THAT THIS LETTER WAS MAILED TO ALL OWNERS KOCH OIL COMPANY D/O FOR AMERICAN COMETA-HONEYSUCCUB No. 1

BASS ENTERPRISES PRODUCTION Co.

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

March 29, 1989

EXPRESS MAIL - B03512123W
Return Receipt Requested

Cibola Energy Corporation
P. O. Box 1668
Albuquerque, New Mexico 87103

BEFORE EXAMINER STOGNER

Oil Conservation Division

BASS Exhibit No. 5

Case No. 9665

Re: BEPCo-Reeves 21 State Well No. 3
1,980' FSL, 780' FEL
Section 21, T18S-R35E, N.M.P.M.
Lea County, New Mexico

Gentlemen:

Under letters of August 25, 1988, and December 5, 1988, Bass Enterprises Production Co. requested a farmout of your interest in the State of New Mexico Lease No. LG-963 insofar as the lease covers the N/2 SE/4, S/2 SW/4, S/2 NE/4 and the NW/4 of Section 21, T18S-R35E, Lea County, New Mexico. Bass requested a farmout of your interest in support of a proposed 4,600' Queen test to be drilled at a legal location in the N/2 SE/4 of Section 21, T18S-R35E, N.M.P.M., Lea County, New Mexico. At present, Bass has entered into farmout agreements with working interest owners representing approximately 40% of the working interest in the above described lands subject to the State of New Mexico Lease No. LG-963.

Under letter of January 3, 1989, Cibola Energy Corporation, Inc. advised that it was not interested in granting a option farmout on the terms requested by Bass. However, Cibola Energy Corporation advised that it would be interested in supporting the captioned well on some basis.

Bass is currently making plans to commence operations for the drilling of the captioned well within one hundred eighty (180) days. Bass is still interested in entering into a farmout agreement covering your interest in the above described lands subject to the State of New Mexico LG-963. Bass would be agreeable to the following farmout terms:

1. Bass would commence the drilling of a 4,600' Queen test well at a legal location in the N/2 of the SE/4, Section 21, T18S-R35E, N.M.P.M. at Lea County, New Mexico within one-hundred (180) days from the date of an executed farmout agreement.

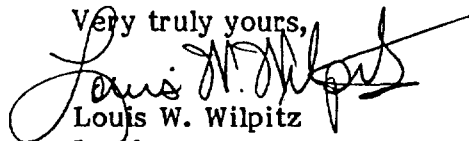
2. Bass would earn an assignment in the proration unit of the initial test well as to those depths from the surface of the earth to one-hundred feet (100') below the total depth drilled.
3. Bass would be assigned a 75% net revenue interest lease. Yates would retain a perpetuated overriding royalty interest in the proration unit of each unit equal to the difference between 25% of total lease burden.
4. Bass would continuously develop the above described lands subject the State of New Mexico Lease LG-963 by allowing no more than one hundred (180) days to elapsed from the completion of one well and the commencement of operations for the next well on the farmout premises.

Should you be interested in granting Bass a farmout on these terms, kindly advise and we will prepare the appropriate agreement reflecting the terms set forth above.

If, in the alternative, you are interested in participating in the drilling of the subject well, we have enclosed a proposed joint operating agreement and a cost estimate for the drilling of the captioned well. Bass proposes to drill the subject well at the referenced location as a 4,600' Queen test well. Estimated costs are \$120,000.00 for a dry hole and \$297,000.00 for a completed well. Should you desire to participate, please return one (1) executed set of signature pages to the Operating Agreement. We will prepare the Exhibit "A" to the Operating Agreement when elections have been made by the remaining working interest owners in the proration unit for the subject well.

Bass is making preparations to file a pooling application with the New Mexico Oil Conservation Division to pool those working interest owners who have failed to support the referenced well on some basis. We plan to file our application within the next two (2) weeks.

Should you have any questions regarding this matter, please advise me at your earliest opportunity by calling me (817) 390-8585.

Very truly yours,

Louis W. Wilpitz
Landman

LWW:ca



POST OFFICE
TO ADDRESSEE

803512123W



ORIGIN: _____

DATE: _____

TIME: _____

ACCOMPLISH: _____

REMARKS: _____

DESTINATION: _____

CLASS OF DELIVERY: _____

TIME OF DELIVERY: _____

SIGNATURE OF ADDRESSEE OR AGENT: _____

DELIVERY WAS ATTEMPTED: _____

DATE: _____

TIME: _____

WAIVER OF SIGNATURE

I wish delivery to be made without obtaining the signature of the addressee or the addressee's agent and I authorize the delivery employee to sign that the shipment was delivered and understand that the signature of the delivery employee will constitute valid proof of delivery.

SIGNED: _____

TO: Cibola Energy Corporation
 P.O. Box-B--
 P. O. Drawer 1668
 Albuquerque, New Mexico

Telephone Number: _____

MAILING LABEL
 Service Analysis & Proof of Delivery

Express Mail Corporate Account No.: _____

Federal Agency Control No.: _____

FROM: Louis W. Wilpitz
 BASS ENTERPRISES PRODUCTION CO
 201 MAIN ST SUITE 2700
 FT WORTH TX 76102-3131

Press Hard You
 Are Making 4 Copies

U.S.G.P.O.-1987-177-105

Label II-F (JULY 1987)

REMOVE TO EXPOSE ADHESIVE REMOVE TO EXPOSE ADHESIVE REMOVE TO EXPOSE ADHESIVE
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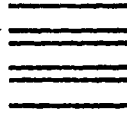
UNITED STATES POSTAL SERVICE

OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, 3, and 4 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.



PENALTY FOR PRIVATE USE \$300

RETURN TO



BASS ENTERPRISES PRODUCTION CO.

FIRST CITY BANK TOWER

201 MAIN STREET
FORT WORTH, TEXAS 76102

Louis W. Wilpitz

(City, State, and ZIP Code)

REMOVE TO EXPOSE ADHESIVE REMOVE TO EXPOSE ADHESIVE REMOVE TO EXPOSE ADHESIVE
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PS Form 3811, July 1983

<p>SENDER: Complete items 1, 2, 3 and 4.</p> <p>Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.</p>	
1. <input type="checkbox"/> Show to whom, date and address of delivery.	
2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to: Cibola Energy Corporation P. O. Drawer 1668 Albuquerque, New Mexico 87103	
4. Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input checked="" type="checkbox"/> Express Mail	Article Number <u>EXPRESS MAIL</u> B03512123W
Always obtain signature of addressee or agent and <u>DATE DELIVERED.</u>	
5. Signature - Addressee X	
6. Signature - Agent X	
7. Date of Delivery	
8. Addressee's Address (<i>ONLY if requested and fee paid</i>)	

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- 1. Show to whom, date and address of delivery.
- 2. Restricted Delivery.

3. Article Addressed to:

Cibola Energy Corporation
 P. O. Drawer 1668
 Albuquerque, New Mexico 87103

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input checked="" type="checkbox"/> Express Mail	<u>EXPRESS MAIL</u> B03512123W

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee

Patricia J. Mares

6. Signature - Agent

7. Date of Delivery

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

DOMESTIC RETURN RECEIPT

ALBUQU

BASS ENTERPRISES PRODUCTION Co.

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

April 6, 1989

EXPRESS MAIL - B 03512113W
RETURN RECEIPT REQUESTED

Power-Can Resources, Inc.
P. O. Box 91340,
West Vancouver, BC Canada V7V3N9

BEFORE EXAMINER STOGNER

Oil Conservation Division

BASS Exhibit No. 6

Case No. 9665

Re: BEPCo - Reeves State Well No. 3
NE/4 SE/4 Section 21
T18S-R35E, N.M.P.M.
Lea County, New Mexico

Gentlemen:

Under letter of March 14, 1989, Bass Enterprises Production Co. set forth several proposals requesting your support or participation in the drilling of the subject well. This letter is to clarify certain aspects of the proposals outlined in the March 14, 1989, letter regarding the captioned well.

Regarding the location of the proposed referenced well, Bass believes that the location set forth in our earlier letter of 1,980' FSL, 780' FEL, Section 21, T18S-R35E, N.M.P.M., Lea County, New Mexico is the most preferred location. However, because of potential topographic complications or archaeological concerns which could arise, Bass wishes to clarify the intent of our earlier letter. We are hereby amending the March 14, 1989, letter to the extent that although Bass intends to drill the well at the above set forth location, Bass reserves the option to alter the well location to conform to a standard well location in accordance with the rules of the State of New Mexico, New Mexico Oil Conservation Division.

Bass also advised in the March 14, 1989, letter that due to farmout commitments we needed a prompt decision regarding your interest in the captioned well. It is our request that you kindly advise Bass of your reply to our letter of March 14, 1989, no later than April 14, 1989. It is our intention to file a pooling application for a May 10, 1989, docket before the New Mexico Oil Conservation Division.

Should you have any questions concerning this letter or our letter of March 14, 1989, please contract me at (817) 390-8585.

Very truly yours,


Louis W. Wilpitz

LWW:ca

BASS ENTERPRISES PRODUCTION Co.

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

April 10, 1989

EXPRESS MAIL - B03516028W
Return Receipt Requested

BEFORE EXAMINER STOGNER

Oil Conservation Division

BASS Exhibit No. 7

Case No. 9665

Cibola Energy Corporation
P. O. Box 1668
Albuquerque, New Mexico 87103

Re: BEPCo - Reeves State Well No. 3
NE/4 SE/4 Section 21
T18S-R35E, N.M.P.M.
Lea County, New Mexico

Gentlemen:

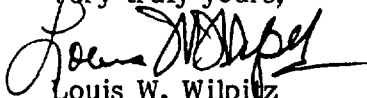
Under letter of March 29, 1989, Bass Enterprises Production Co. set forth several proposals requesting your support or participation in the drilling of the subject well. This letter is to clarify certain aspects of the proposals outlined in the March 29, 1989, letter regarding the captioned well.

Regarding the location of the proposed referenced well, Bass believes that the location set forth in our earlier letter of 1,980' FSL, 1,980' FEL, Section 21, T18S-R35E, N.M.P.M., Lea County, New Mexico is the most preferred location. However, because of potential topographic complications or archaeological concerns which could arise, Bass wishes to clarify the intent of our earlier letter. We are hereby amending the March 29, 1989, letter to the extent that although Bass intends to drill the well at the above set forth location, Bass reserves the option to alter the well location to conform to a standard well location in accordance with the rules of the State of New Mexico, New Mexico Oil Conservation Division.

Bass also advised in the March 29, 1989, letter that due to farmout commitments we needed a prompt decision regarding your interest in the captioned well. It is our request that you kindly advise Bass of your reply to our letter of March 29, 1989, no later than April 14, 1989. It is our intention to file a pooling application for a May 10, 1989, docket before the New Mexico Oil Conservation Division.

Should you have any questions concerning this letter or our letter of March 29, 1989, please contract me at (817) 390-8585.

Very truly yours,


Louis W. Wilpitz
Landman

LWW:ca

Is your RETURN ADDRESS completed on the reverse side?

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to: Cibola Energy Corp. P.O. Box 1668 Albuquerque, NM 87103	4. Article Number B03516028W
Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input checked="" type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT



OVERNIGHTER® ENVELOPE

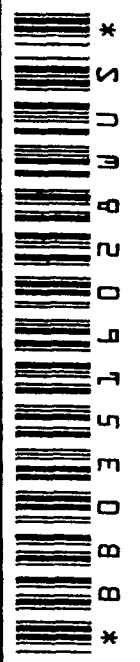


Thank you for using Return Receipt Service.

B03516028W



POST OFFICE TO ADDRESSEE



* B B 0 3 5 1 6 0 2 8 W U S *

Postage

POSTAL EMPLOYEE - REMOVE THIS STUB AT PERFORATION

DESTINATION	Date of Delivery	Time of Delivery
Signature of Addressee or Agent		
DELIVERY WAS ATTEMPTED	Date:	Time:
Signature of Delivery Person		
I wish delivery to be made without obtaining the signature of the addressee or the addressee's agent and I authorize the delivery employee to sign that the shipment was delivered and understand that the signature of the delivery employee will constitute valid proof of delivery.		
WAIVER OF SIGNATURE		SIGNED:

MAILING LABEL Service Analysis & Proof of Delivery

Express Mail Corporate Account No.:	Federal Agency Control No.:
FROM: L. Wilpitz	
BASS ENTERPRISES PRODUCTION CO 201 MAIN ST SUITE 2700 FT WORTH TX 76102-3131	
TO: Cibola Energy Corp. P.O. Box 1668 Albuquerque, NM 87103	Telephone Number:

For Customer Use

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.



1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

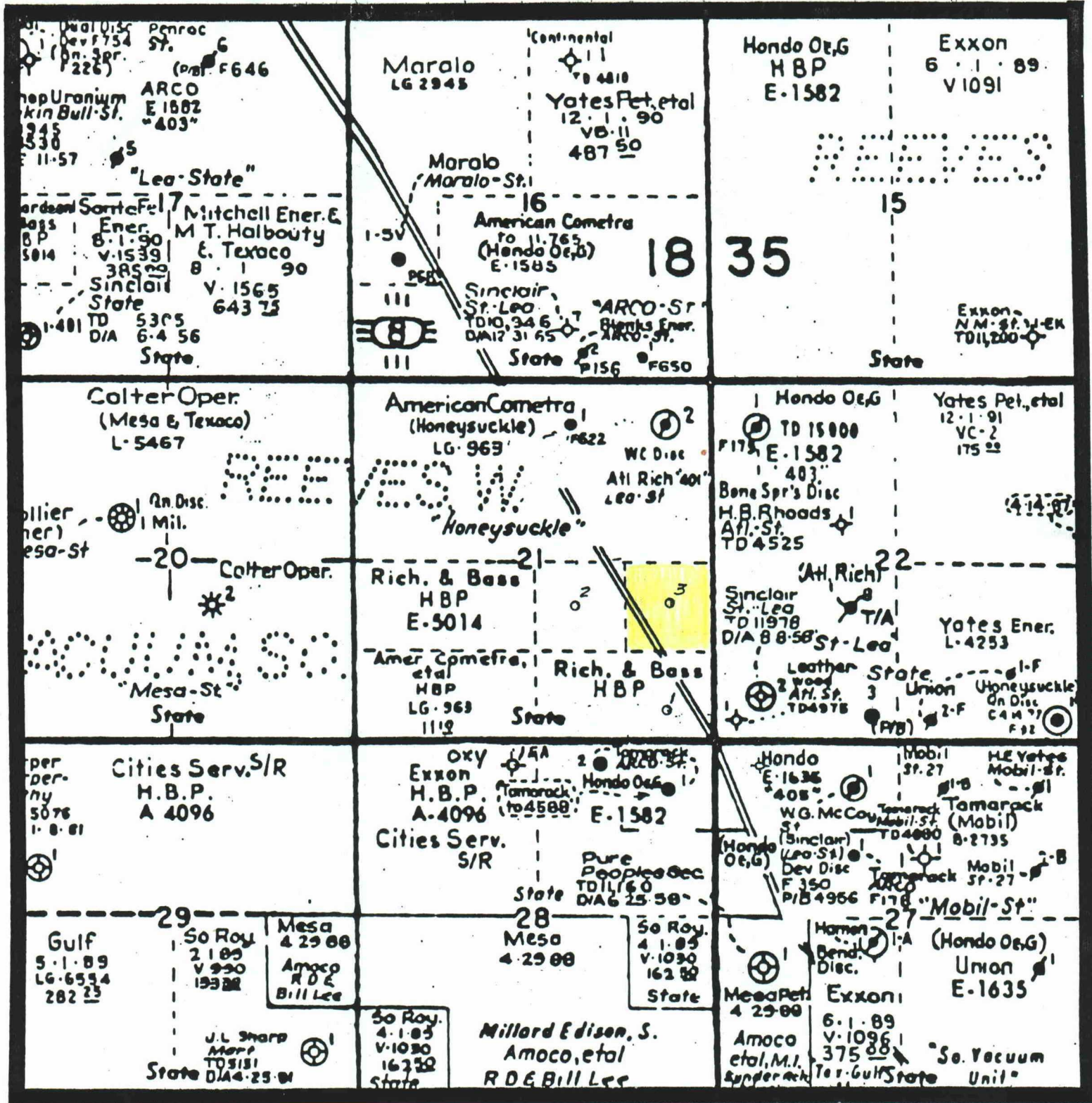
3. Article Addressed to:
 Cibola Energy Corp.
 P.O. Box 1668
 Albuquerque, NM 87103

4. Article Number
 B03516028W

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.
 8. Addressee's Address (ONLY if requested and fee paid)

5. Signature/Address	
X1	
6. Signature	
X	
7. Date of Delivery	



BASS ENTERPRISES PRODUCTION CO.

WEST TEXAS DIVISION

BEFORE EXAMINER STOGNER

Oil Conservation Division

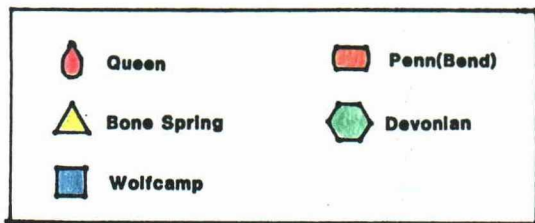
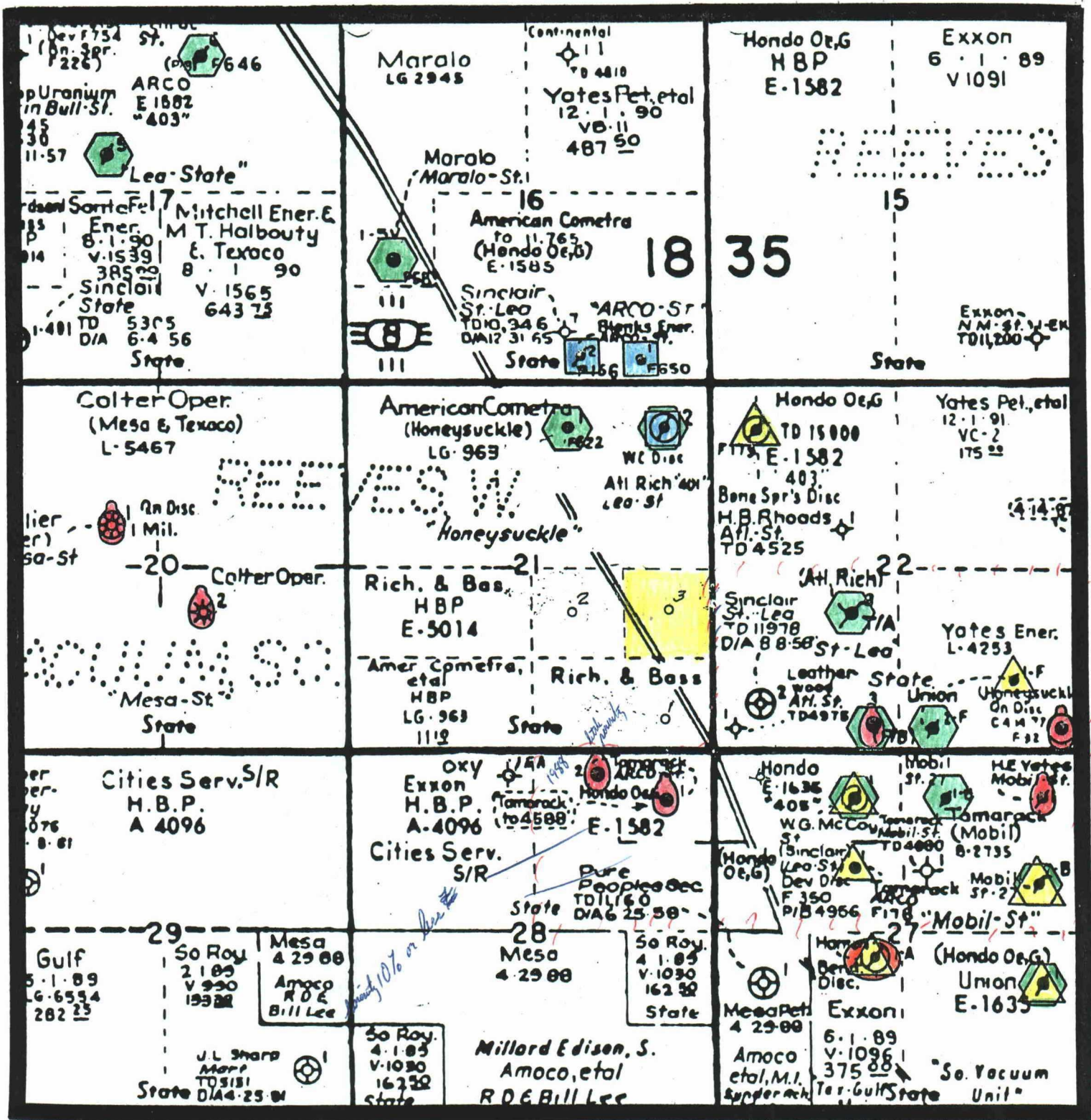
BASS Exhibit No. 8

Case No. 9665

Reeves (Queen) Prospect
Lea County, New Mexico

LOCATION MAP

C.I. _____ Date June, 1988 Interp. by DIM
Scale: _____ Drwn. by DIM Dept. Prod.



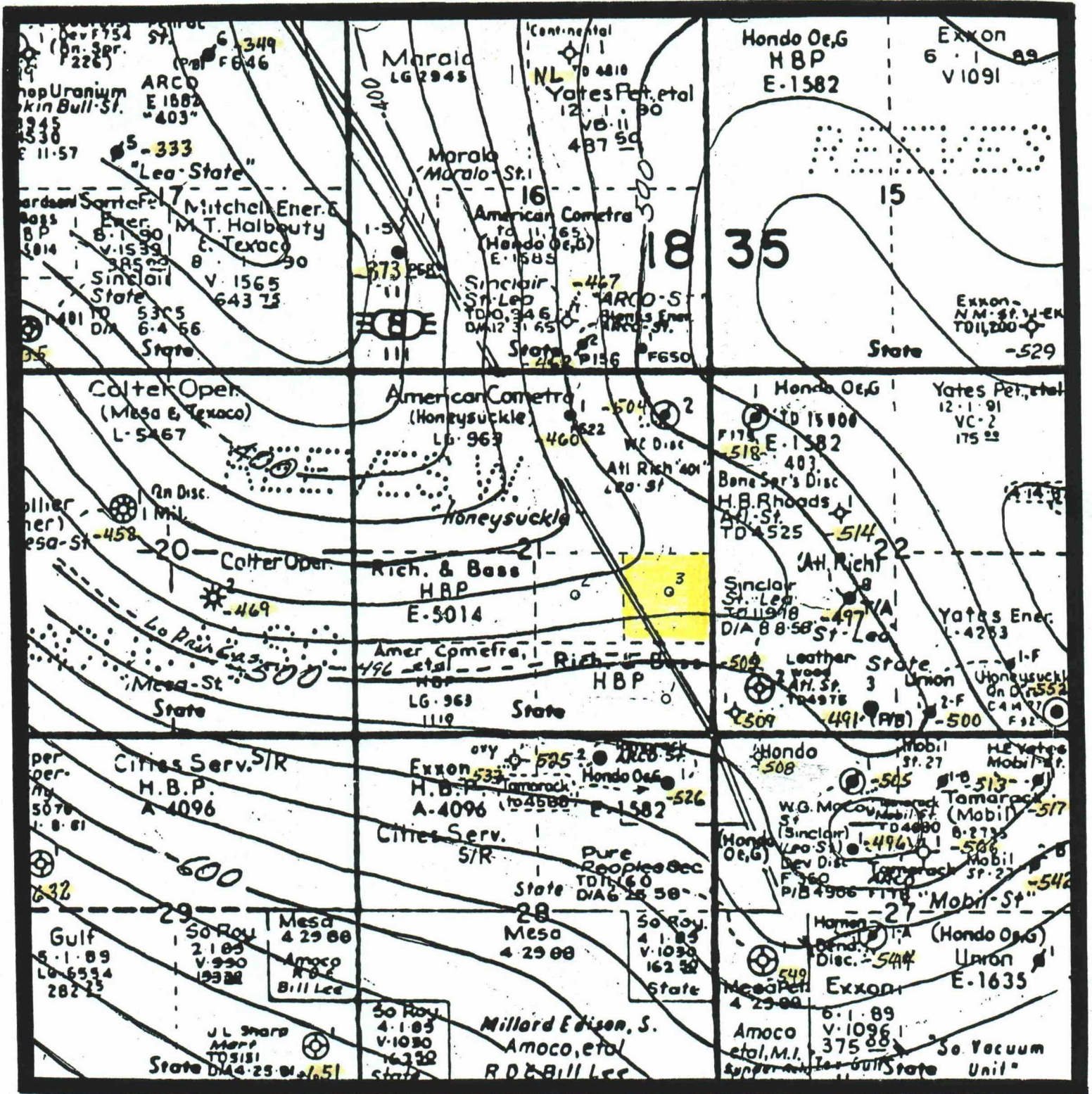
BASS ENTERPRISES PRODUCTION CO.

WEST TEXAS DIVISION

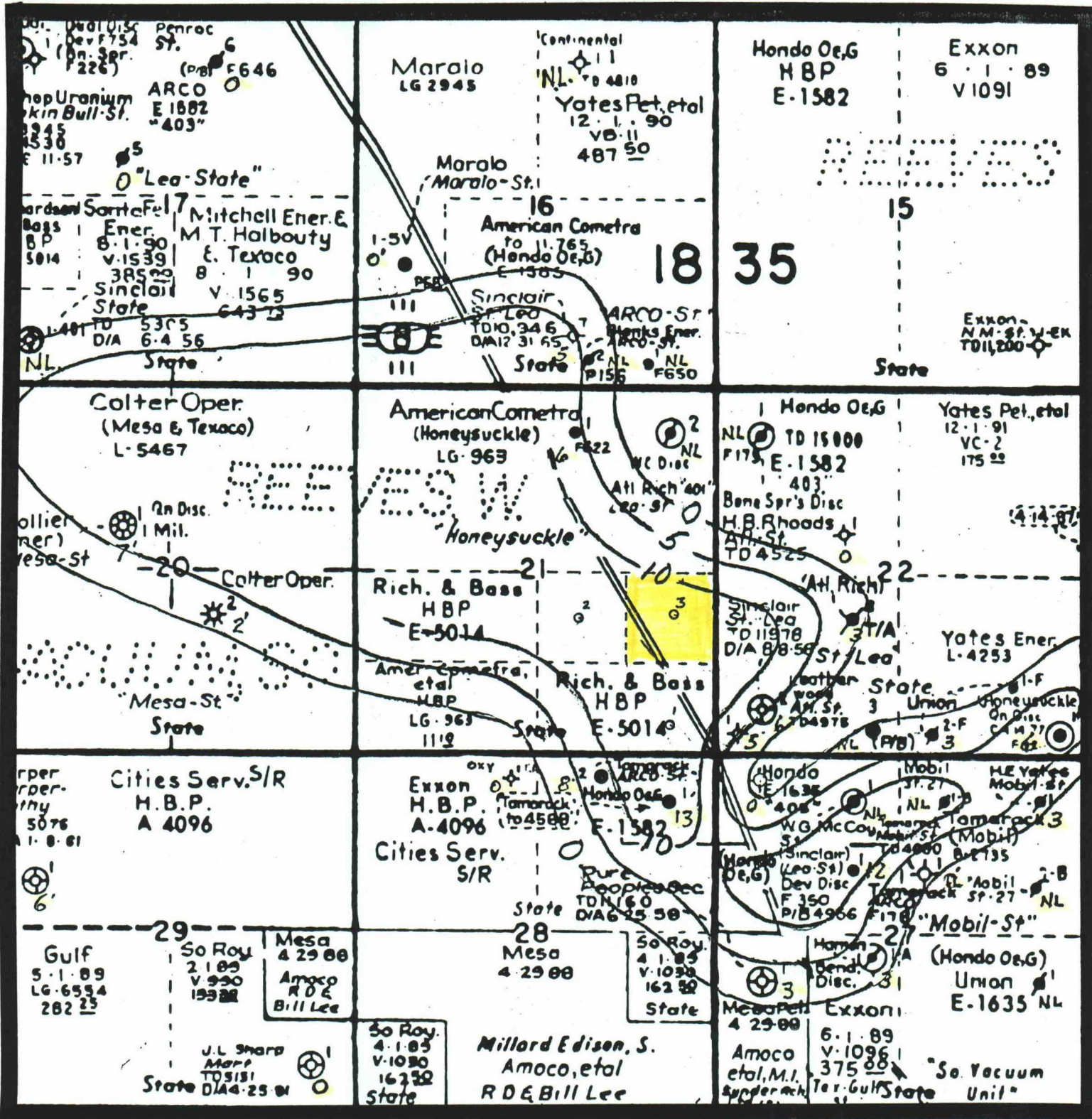
**Reeves (Queen) Prospect
Lea County, New Mexico**

COMPLETION ZONE MAP

C.I. _____ Date June, 1988 Interp. by DIM
 Scale: _____ Drwn. by DIM Dept. Prod.



BASS ENTERPRISES PRODUCTION CO.	
BEFORE EXAMINER SIGNATURE	WEST TEXAS DIVISION
Oil Conservation Division	Reeves (Queen) Prospect
<u>BASS</u> Exhibit No. <u>10</u>	Lea County, New Mexico
Case No. <u>9665</u>	STRUCTURE MAP
	Top of Queen Sand
C.I. <u>20'</u>	Date <u>June, 1988</u> Interp. by <u>DIM</u>
Scale: <u>1"-2000'</u>	Drwn. by <u>DIM</u> Dept. <u>Prod.</u>



BASS ENTERPRISES PRODUCTION CO.

WEST TEXAS DIVISION

**Reeves (Queen) Prospect
Lea County, New Mexico
NET EFFECTIVE PAY MAP
Queen Sand
Porosity ≥ 10%**

C.I. 5' Date June, 1988 Interp. by DIM
Scale: 1"=2000' Drwn. by DIM Dept. Prod.

BEFORE EXAMINER STOGNER

Oil Conservation Division

BASS Exhibit No. 11

Case No. 9665

NMOCD Case No. 9665

Application of Bass Enterprises
Production Co. for Compulsory
Pooling of the NE/4 SE/4 of
Section 21, Township 18 South,
Range 35 East, Lea County, N.M.

BEFORE EXAMINER STOGNER

Oil Conservation Division ¹²

G.M. Exhibit No. 9665-12

Case No. 9665

ESTIMATED WELL COSTS

	Dry Hole	Completed Producer
<u>Intangible Well Costs</u>		
Surface Costs	11500	11500
Drilling Rig Costs	50600	50600
Completion Rig Costs		4000
Completion Rig Anchors		750
Surface Casing Services	7250	7250
Production Casing Services		10550
Drilling Fluid	13000	13000
Completion Fluid		1000
Supervision	3750	5550
Rentals	500	4250
Bits		250
Zone Evaluation	21000	21000
Miscellaneous	3400	5800
Production Logging		1500
Perforating		2000
Treating		30000
	-----	-----
Total Intangibles	111000	169000
<u>Tangibles</u>		
Surface Casing	5425	5425
Surface Casing Head	1700	1700
Production Casing		32200
Production Tubing		11730
Production Tubing Head		1000
Downhole Equipment		9275
Miscellaneous Equipment	1875	3670
	-----	-----
Total Tangible Well Costs	9000	65000
<u>Lease Equipment</u>		
Equipment		56400
Labor		5500
Miscellaneous		1100

Total Lease Equipment		63000
	-----	-----
Total Costs Dry Hole	120000	

Total Costs Producing Well		297000

NMOCD Case No. 9665

Application of Bass Enterprises
Production Co. for Compulsory
Pooling of the NE/4 SE/4 of
Section 21, Township 18 South,
Range 35 East, Lea County, N.M.

BEFORE EXAMINER STOGNER
Oil Conservation Division
Copy Exhibit No. 13
Case No. 9665

INCREMENTAL COSTS ASSOCIATED WITH A HIGH PRESSURE WATER FLOW

INCREMENTAL COSTS REQUIRED FOR THE OPTION OF A CONTINGENT INTERMEDIATE STRING

INCREMENTAL COST OF 1680' OF 11-3/4" SURFACE PIPE @ 20.75/FT	\$29,435
INCREMENTAL SURFACE AND INTERMEDIATE HOLE COSTS (LARGER HOLE)	\$3,800
INCREMENTAL SURFACE CASING CEMENT AND EQUIPMENT COSTS	\$4,000
INCREMENTAL SURFACE CASING BCI AND TRANSPORTATION	\$2,765
SUB-TOTAL	\$40,000

INCREMENTAL COSTS REQUIRED FOR AN INTERMEDIATE STRING

COST OF 3000' OF 8-5/8" INTERMEDIATE PIPE @ 10.85/FT	\$32,550
CMTG & EQUIPMENT COSTS FOR THE INTERMEDIATE STRING	\$12,000
2 RIG DAYS FOR RUNNING, CMTG, & NU INTERMEDIATE STRING	\$7,600
INTERMEDIATE PIPE BCI AND TRANSPOTATION	\$4,000
INCREMENTAL MUD COSTS	\$3,100
2 DAYS OF SUPER. FOR RUNNING, CMTG, & NU INTERMEDIATE STRING	\$750
SUB-TOTAL	\$60,000
GRAND TOTAL INCREMENTAL WELL COSTS	\$100,000

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

IN THE MATTER OF THE APPLICATION
OF BASS ENTERPRISES PRODUCTION COMPANY
FOR A COMPULSORY POOLING
LEA COUNTY, NEW MEXICO

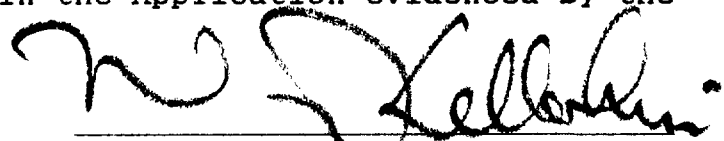
CASE NO. 9665

CERTIFICATE OF MAILING

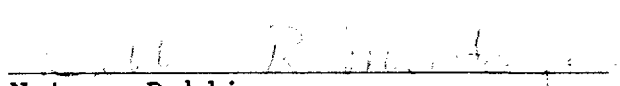
AND

COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on April 17, 1989, I caused to be mailed by regular mail, a notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for May 10, 1989 to the parties shown in the Application evidenced by the attached Exhibit A.

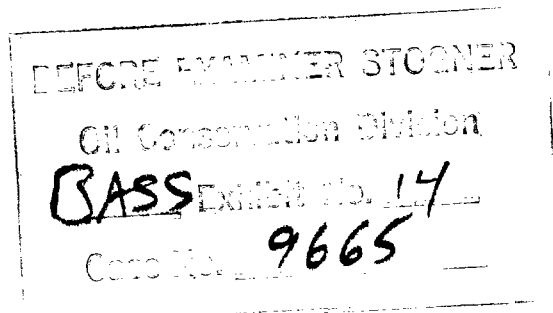

W. Thomas Kellahin

SUBSCRIBED AND SWORN TO before me this 9 day of May, 1989 by W. Thomas Kellahin, attorney for the applicant.


Notary Public

My Commission Expires:

July 1, 1991



PARTIES TO POOL, OBTAIN PARTICIPATION COMMITMENT OR FARMOUT
 N/2 SE/4 Section 21, T18S, R35E, N.M.P.M.
 Lea County, New Mexico

Parties	Ownership ¹
King Ranch Oil & Gas, Inc. Two Greenspoint Plaza, Suite 1460 16825 Northchase Houston, Texas 77060	15.00000000%
The Grayrock Corporation 2121 San Jacinto Street Suite 3000 Lock Box 85 Dallas, Texas 75201	7.50000000%
NCNB Texas National Bank, Trustee of Trust Nos. 1362, 1363 and 1364 P. O. Box 270 Midland, Texas 79702	7.50000000%
W. C. Blanks and wife, Violette Blanks 500 West Wall Street Suite 302 Midland, Texas 79701	6.00000000%
American Cometra, Inc. 500 Throckmorton Street Suite 2500 Fort Worth, Texas 76102	7.20000000%
Polaris Production Corp. P. O. Box 1749 Midland, Texas 79702	1.57500000%
H. Grady Payne, III 7100 Grapevine Highway Suite 204 Fort Worth, Texas 76118	.22500000%
Power-Can Resources, Inc. P.O. Box 91340 West Vancouver, BC Canada V7V3N9	3.75000000%
Producers Engineering Company 1300 Main Street Suite 1150 Houston, Texas 77002	5.62500000%

Georgetown Exploration, Inc. 5.62500000%
707 Travis
Suite 1700
Houston, Texas 77002

Yates Exploration, Inc. .48012000%
P. O. Drawer 0
Albuquerque, New Mexico 87103

Cibola Energy Corporation 2.48792080%
P. O. Box 1668
Albuquerque, New Mexico 87103

62.96804080%

1. Operating Rights in the N/2 NE/4 Section 21, T18S, R35E, N.M.P.M., Lea County, New Mexico, from the surface of the earth to a depth of 11,915'.

KELLAHIN, KELLAHIN and AUBREY
Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265
April 17, 1989

APR 17 1989

OIL CONSERVATION DIVISION

Mr. William J. LeMay
Director
Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

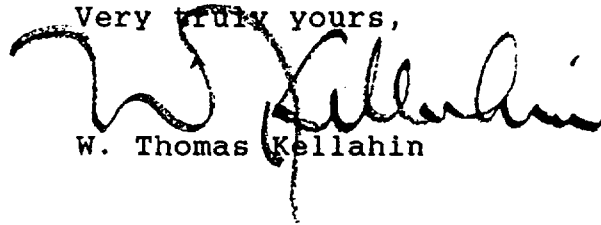
Re: Application of Bass Enterprises
Production Company for Compulsory
Pooling Well Name: Reeves 21 State
Well No. 3 NE/4 SE/4 Section 21
Township 18 South, Range 35 East
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Bass Enterprises Production Company, please find enclosed our Application for Compulsory Pooling which we would request be set for hearing on the next available Examiner's docket now scheduled for May 10, 1989.

By copy of this letter to all parties to be pooled, we are notifying them by certified mail-return receipt, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application. Those parties are directed to contact the Division or the applicant's attorney to determine what additional rights they may have. In addition, they are advised that the entry of a Compulsory Pooling Order will affect their right to share in the production from the subject well.

Very truly yours,



W. Thomas Kellahin

WTK/rs

Encl.

cc: Jens Hansen - Bass Enterprises Production Company

Certified Mail-Return Receipt
to all parties listed on Exhibit A
of the Application, w/encl.

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to: **AC**
Georgetown Exploration Co.
707 Travis
Suite 1700
Houston, TX 77002

4. Article Number: P 484 051 607

Type of Service: Registered Insured
 Certified COD
 Express-Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

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

5. Signature - Address: X
6. Signature - Agent: X
7. Date of Delivery: **APR 19 1989**

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

WTRK/Bass/Reeves #3

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
Cibola Energy Corp
P.O. Box 1668
Albuquerque, NM 87103

4. Article Number: P 484 051 609

Type of Service: Registered Insured
 Certified COD
 Express-Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

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

5. Signature - Address: X
6. Signature - Agent: X
7. Date of Delivery: **APR 19 1989**

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
Yates Exploration Inc.
P.O. Drawer 0
Albuquerque, NM 87103

4. Article Number: P 484 051 608

Type of Service: Registered Insured
 Certified COD
 Express-Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

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

5. Signature - Address: X
6. Signature - Agent: X
7. Date of Delivery: **APR 19 1989**

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to: American Cometra Inc.
500 Throckmorton Street
Suite 2500
Fort Worth, TX 76102

4. Article Number: P 484 057 487

Type of Service: Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address: X

8. Addressee's Address (ONLY if requested and fee paid): *same*

6. Signature - Agent: X *Stuti Ridgeway*

7. Date of Delivery: APR 20 1989

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

WTK/Bass/Reeves #3

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to: Polaris Prod. Corp.
P.O. Box 1749
Midland, TX 79702

4. Article Number: P 484 057 488

Type of Service: Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address: X

8. Addressee's Address (ONLY if requested and fee paid): *BY 17 K9*

6. Signature - Agent: X *[Signature]*

7. Date of Delivery: APR 20 1989

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to: Mr. H. Grady Payne, III
7100 Grapevine Hwy
Suite 204
Ft. Worth, TX 76118

4. Article Number: P 784 194 425

Type of Service: Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address: X

8. Addressee's Address (ONLY if requested and fee paid): *[Signature]*

6. Signature - Agent: X *Stuti Ridgeway*

7. Date of Delivery: APR 20 1989

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

WTK/Bass/Reeves #3

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to: Producers Engineering CO.
1300 Main Street
Suite 1150
Houston, TX 77002

4. Article Number: P484 051 606

Type of Service: Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address: X

8. Addressee's Address (ONLY if requested and fee paid): *[Signature]*

6. Signature - Agent: X *[Signature]*

7. Date of Delivery: 4-19

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes) for additional service(s) requested.
 1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
 King Ranch Oil & Gas, Inc.
 16825 Northchase
 Houston, TX 77060

4. Article Number
 P 484 057 486

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

8. Addressee's Address (ONLY if requested and fee paid)
 16825 Northchase
 Houston TX 77060

5. Signature - Address
 X

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery
 4-19-89

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

WTK/Bass/Reeves #3

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes) for additional service(s) requested.
 1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
 GreYROCK CORP
 2121 Sanjacinto Street
 Suite 3000
 Dallas, TX 75201

4. Article Number
 P 784 194 435

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

8. Addressee's Address (ONLY if requested and fee paid)
 2121 San Jacinto
 Dallas, TX 75201
 Route #146

5. Signature - Address
 X

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery
 APR 20 1989

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes) for additional service(s) requested.
 1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
 NCNB Texas Nat'l Bank
 P.O. Box 270
 Midland, Texas 79702
 Trustee of No. 1362, 63, 64

4. Article Number
 P 784 194 436

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

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

5. Signature - Address
 X

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery
 APR 21 1989

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

WTK/Bass/Reeves #3

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes) for additional service(s) requested.
 1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
 Mr & Mrs W.C. Blanks
 500 W. Wall St.
 Suite 302
 Midland, TX 79701

4. Article Number
 P 784 194 437

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

8. Addressee's Address (ONLY if requested and fee paid)
 500 W Wall
 #816

5. Signature - Address
 X *[Signature]*

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery
 4-21

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

FEDERAL EXPRESS

AIRBILL

USE THIS AIRBILL FOR DOMESTIC SHIPMENTS WITHIN THE CONTINENTAL U.S.A., ALASKA AND HAWAII
USE THE INTERNATIONAL AIRWAYBILL FOR SHIPMENTS TO PUERTO RICO.
QUESTIONS? CALL 800-236-5355 TOLL FREE.

PACKAGE TRACKING NUMBER

1748089490

1748089490

SENDER'S COPY

Sender's Federal Express Account Number 1002-0934-9		Date 04/20/89	
From (Your Name) Please Print Karen Aubrev		Your Phone Number (Very Important) (305) 982-423	
Company KELLANIN KELLANIN & ASSKEY		Department/Floor No.	
Street Address 117 SUADALUPE			
City SANTA FE, NM		State NM	
ZIP Required 87501			
To (Recipient's Name) Please Print Power-Can Resources		Recipient's Phone Number (Very Important) (604) 687-7169	
Company c/o Oregon Resources Corp		Department/Floor No.	
Exact Street Address (We Cannot Deliver to P.O. Boxes or P.O. Zip Codes.) 355 Burrard St., Suite 935			
City Vancouver, BC CANADA		State BC	
ZIP Required V5C2G8			

YOUR BILLING REFERENCE INFORMATION (FIRST 24 CHARACTERS WILL APPEAR ON INVOICE.) Bass Reeves No. 2&3		IF HOLD FOR PICK-UP, Print FEDEX Address Here Street Address	
PAYMENT <input checked="" type="checkbox"/> Bill Sender <input type="checkbox"/> Bill Recipient's FedEx Acct. No. <input type="checkbox"/> Bill 3rd Party FedEx Acct. No. <input type="checkbox"/> Bill Credit Card <input type="checkbox"/> Cash		City State ZIP Required	

SERVICES		DELIVERY AND SPECIAL HANDLING		PACKAGES	WEIGHT	YOUR DECLARED VALUE (See right)	OVER SIZE
1 <input checked="" type="checkbox"/> PRIORITY 1 Overnight Delivery	6 <input checked="" type="checkbox"/> OVERNIGHT LETTER*	1 <input type="checkbox"/> HOLD FOR PICK-UP (Fill in Box 14)			1.00		
2 <input type="checkbox"/> COURIER-PAK OVERNIGHT ENVELOPE*	7 <input type="checkbox"/>	2 <input type="checkbox"/> DELIVER WEEKDAY			1.00		
3 <input type="checkbox"/> OVERNIGHT BOX	8 <input type="checkbox"/>	3 <input type="checkbox"/> DELIVER SATURDAY (Extra charge)			1.00		
4 <input type="checkbox"/> OVERNIGHT TUBE	9 <input type="checkbox"/>	4 <input type="checkbox"/> DANGEROUS GOODS (Extra charge)			1.00		
5 <input type="checkbox"/> STANDARD AIR Delivery not later than second business day	10 <input type="checkbox"/>	5 <input type="checkbox"/> CONSTANT SURVEILLANCE SERVICE (CSS) (Extra charge) (Release Signature Not Applicable)		Total	Total	Total	
*Declared Value Limit \$100.		6 <input type="checkbox"/> DRY ICE _____ Lbs.		Received At 1 <input type="checkbox"/> Regular Stop 2 <input type="checkbox"/> On-Call Stop 3 <input type="checkbox"/> Drop Box 4 <input type="checkbox"/> B.S.C. 5 <input type="checkbox"/> Station			
		7 <input type="checkbox"/> OTHER SPECIAL SERVICE _____		FEDEX Corp. Employee No. _____			
		8 <input type="checkbox"/>		Date/Time for FEDEX Use _____			
		9 <input type="checkbox"/> SATURDAY PICK-UP (Extra charge)		SERVICE CONDITIONS, DECLARED VALUE AND LIMIT OF LIABILITY Use of this airbill constitutes your agreement to the service conditions in our current Service Guide which is available upon request. See back of sender's copy of this airbill for further information. We will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay or non-delivery, unless you specify a higher amount in the space to the left, pay 40¢ per additional \$100 specified and document your actual loss in the event of a claim. Maximum amount limitations found in the current Federal Express Service Guide apply. Your rights to recover from Federal Express for loss of the intrinsic value of the package, as well as for loss of sales, income, interest, profit, attorneys fees, costs and any other form of damage whether direct, incidental, consequential or special is limited to the greater of \$100 or the declared value specified to the left. In no event shall your recovery exceed your actual loss. In the event of untimely delivery, Federal Express will at your request and with some limitations, refund all transportation charges paid. See Service Guide for further information. Sender authorizes Federal Express to deliver this shipment without obtaining a delivery signature and shall indemnify and hold harmless Federal Express from any claims resulting therefrom. Release Signature: _____			
		10 <input type="checkbox"/>					
		11 <input type="checkbox"/>					
		12 <input type="checkbox"/> HOLIDAY DELIVERY (if othered) (Extra charge)					

Federal Express Use	
Base Charges	
Declared Value Charge	
Other 1	
Other 2	
Total Charges	

PART #111800
REVISION DATE 7/88
PRINTED IN U.S.A. FXEM

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