

NEW EXICO ENERGY, M. ERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary

March 15, 2001

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Lori Wrotenbery Director Oil Conservation Division

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Bass Enterprises Production Company c/o Ernest L. Carroll P. O. Box 1720 Artesia, New Mexico 88210

Telefax No. (505) 746-6316

Administrative Order NSL-4563(BHL)

Dear Mr. Carroll:

Reference is made to the following: (i) your application on behalf of the operator, Bass Enterprises Production Company ("Bass") dated February 15, 2001; (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe; and (iii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division on Thursday, February 15, 2001: all concerning Bass's request for a non-standard subsurface gas producing area/bottomhole gas well location, as defined by Division Rule 111.A (7), within a project area [see Division Rule 111.A (9)] comprising the E/2 of Section 15, Township 21 South, Range 29 East, NMPM, Eddy County, New Mexico, being a standard 320-acre stand-up gas spacing and proration unit for the Strawn formation.

This application has been duly filed under the provisions of Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and 111.C (2).

It is our understanding from Division records that the **Big Eucy Chit Welt Not & (API No.** 30-015-22544), located 1980, more or less, feet from the South line and 1990 feet, more or less, from the West line (Unit K) of Section 15, was originally drilled at a standard gas well location by Perry R. Bass in 1978 to a total depth of 13,170 feet in order to evaluate the Morrow formation for gas production within the W/2 of Section 15. The Morrow interval tested dry however and was subsequently plugged and abandoned.

Per your application, Bass, at this time, intends to re-enter the wellbore, which is to be redesignated the Big Eddy Unit Well No. 61-A, clean out to a depth of 9,100 feet, kick-off in a southeasterly direction and continue drilling to a depth of 12,657 feet (MD) or 11,600 (TVD) within the Strawn formation at a targeted point that is unorthodox 330 feet from the South line and 1650 feet from the East line (Unit O) of Section 15.

The geologic interpretation submitted therein indicates that a well drilled at the proposed