

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE  
(Other instructions on  
reverse side)

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

95P  
up

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. TYPE OF WORK

DRILL ☒

DEEPEN ☐

2. TYPE OF WELL

OIL  
WELL ☒

GAS  
WELL ☐

OTHER

SINGLE ☒

MULTIPLE  
ZONE ☐

3. NAME OF OPERATOR

Bass Enterprises Production Co.

4. ADDRESS AND TELEPHONE NO.

P.O. Box 2760, Midland, TX 79702-2760

5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)

At surface

330' FNL & 430' FWL, Section 6, T23S, R31E

At proposed prod. zone

6. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

16 miles east of Loving, NM

7. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drg. unit line, if any)

330'

8. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

1450'

9. ELEVATIONS (Show whether DF, RT, GR, etc.)

3311' GR

10. NO. OF ACRES IN LEASE

165

11. NO. OF ACRES ASSIGNED

40

12. PROPOSED DEPTH

7850'

13. ROTARY OR CABLE TOOLS

Rotary

14. APPROX. DATE WORK WILL START\*

ASAP

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14-3/4"	11-3/4" WC-40	42#	310	310 sx Circ to surface
11"	8-5/8" WC-50	28# & 32#	875	875 sx Circ to surface
7-7/8"	5-1/2" K-55	15.5# & 17#	630	630 sx Tie back 300' inside int csg

CARLSBAD CONTROLLED WATER BASIN

Surface casing to be set +/- 100' above the top of the Salt.

Intermediate casing to be set in the top of the Lamar Lime.

Production casing cement to be tied 300' into the intermediate casing.

Drilling procedure, BOPE diagram, anticipated formation tops, and surface use plans attached.

Notify OCD at SPUD & TIME  
to witness cementing the  
casing.

This well is located inside the R-111 Potash Area. Attached is out potash notification letter dated March 3, 2000 along with IMC's response letter dated March 13, 2000 indicating "no objections".

R-111-P POTASH

SECRETARY'S POTASH

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

William R. Dannels

TITLE

William R. Dannels

Division Drilling Supt.

DATE

3-27-2000

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

(ORIG. SGD.) M. J. CHÁVEZ

TITLE

STATE DIRECTOR

DATE

5-23-00

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

P-419-424-005 WRP/MAC

RECEIVED  
MAR 29 00  
JLM  
ROSWELL, NM

1623 N. French Dr., Hobbs, NM 56240

DISTRICT II

811 South First, Artesia, NM 88210

### DISTRICT III

1000 Rio Brazos Rd., Artes, NM 87410

### DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico

**Energy, Minerals and Natural Resources Department**

Form C-102

Revised March 17, 1999

**Submit to Appropriate District Office**

State Lease - 4 Copies

For Lease - 3 Copies

# OIL CONSERVATION DIVISION

**2040 South Pacheco**

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
			Quahada Ridge, SE (Delaware)
Property Code	Property Name		Well Number
	JAMES RANCH UNIT		74
OGRID No.	Operator Name		Elevation
001801	BASS ENTERPRISES PRODUCTION COMPANY		3311'

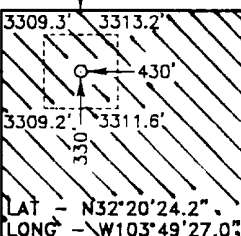
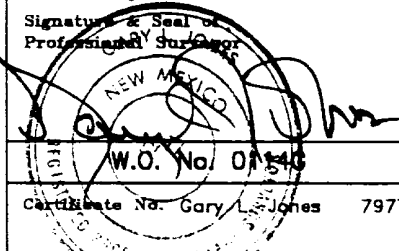
### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	6	23 S	31 E		330	NORTH	430	WEST	EDDY

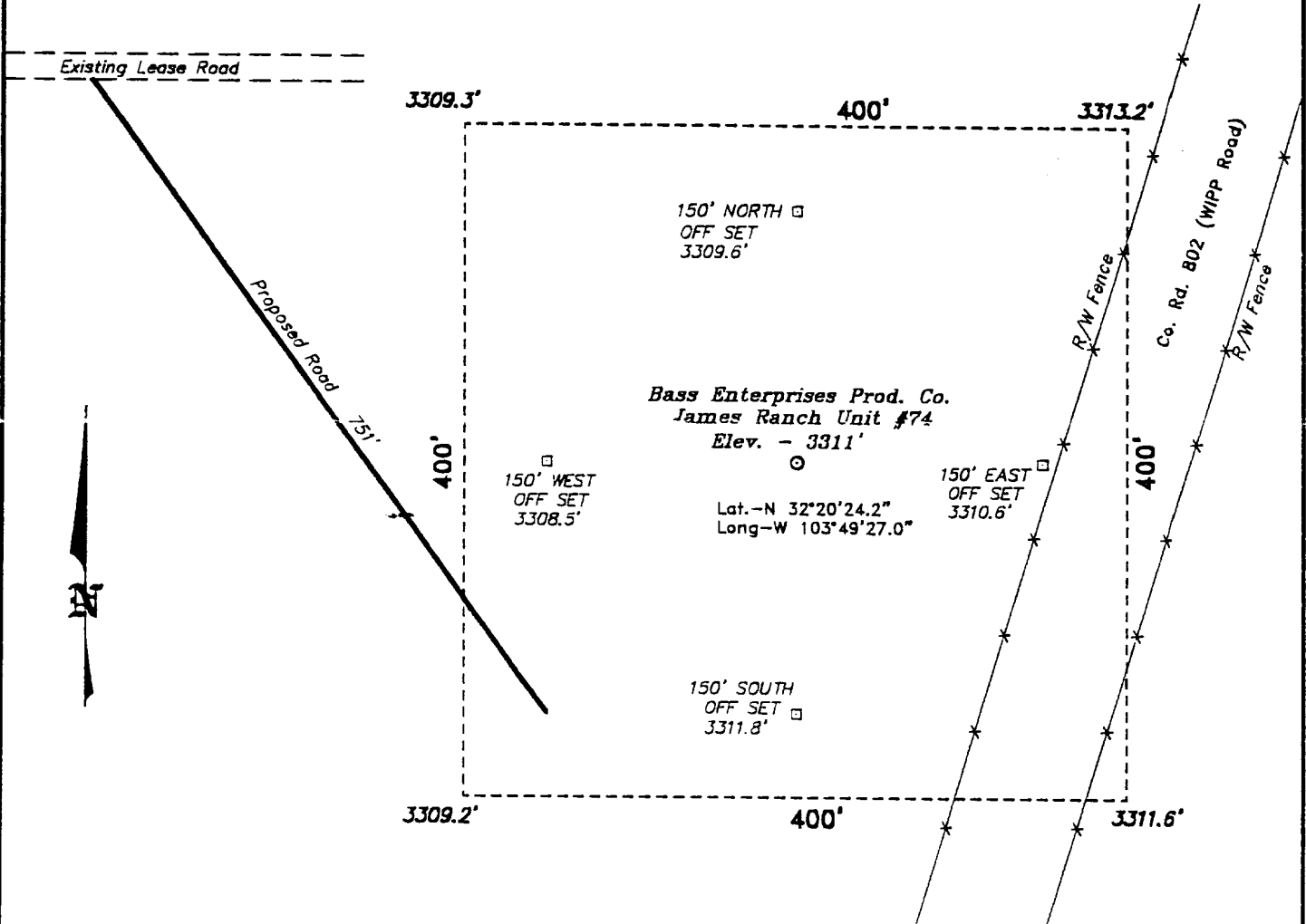
## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill N	Consolidation Code			Order No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

 <p>             LAT - N32°20'24.2"              LONG - W103°49'27.0"           </p>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <h3 style="text-align: center;">OPERATOR CERTIFICATION</h3> <p style="text-align: center; font-size: small;">I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p style="text-align: center; font-family: cursive; font-size: large;">William R. Dannels</p> <p style="text-align: center; font-size: small;">Signature</p> <p style="text-align: center;">William R. Dannels</p> <p style="text-align: center; font-size: small;">Printed Name</p> <p style="text-align: center;">Division Drilling Supt.</p> <p style="text-align: center; font-size: small;">Title</p> <p style="text-align: center; font-size: large;">3-27-2000</p> <p style="text-align: center; font-size: small;">Date</p> </div> <div style="border: 1px solid black; padding: 5px;"> <h3 style="text-align: center;">SURVEYOR CERTIFICATION</h3> <p style="text-align: center; font-size: small;">I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p style="text-align: center; font-size: large; margin-top: 20px;">March 17, 2000</p> <p style="text-align: center; font-size: small;">Date Surveyed</p> <p style="text-align: center; font-size: small;">Signature &amp; Seal of Professional Surveyor</p> <div style="text-align: center;">  </div> <p style="text-align: center; font-size: small;">W.O. No. 01546</p> <p style="text-align: center; font-size: small;">Certificate No. Gary L. Jones 7977</p> <p style="text-align: center; font-size: small;">BASIN SURVEYS</p> </div>
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SECTION 6, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



**DIRECTIONS TO LOCATION:**

FROM JUNCTION CO. RD. 802(WPP ROAD) & STATE  
HWY 128(JAL HWY), GO NORTH ON WPP ROAD  
APPROX. 1.0 MILE TO A POINT ON THE PROPOSED  
WELL LOCATION.

**BASIN SURVEYS** P.O. 30X 1786—HOBBS, NEW MEXICO

Drawn By: K. GOAD

Disk: KJG #122 - 0114G.DWG

**BASS ENTERPRISES PRODUCTION CO.**

REF: James Ranch Unit No. 74 / Well Pad Topo

THE JAMES RANCH UNIT No. 74 LOCATED 330' FROM

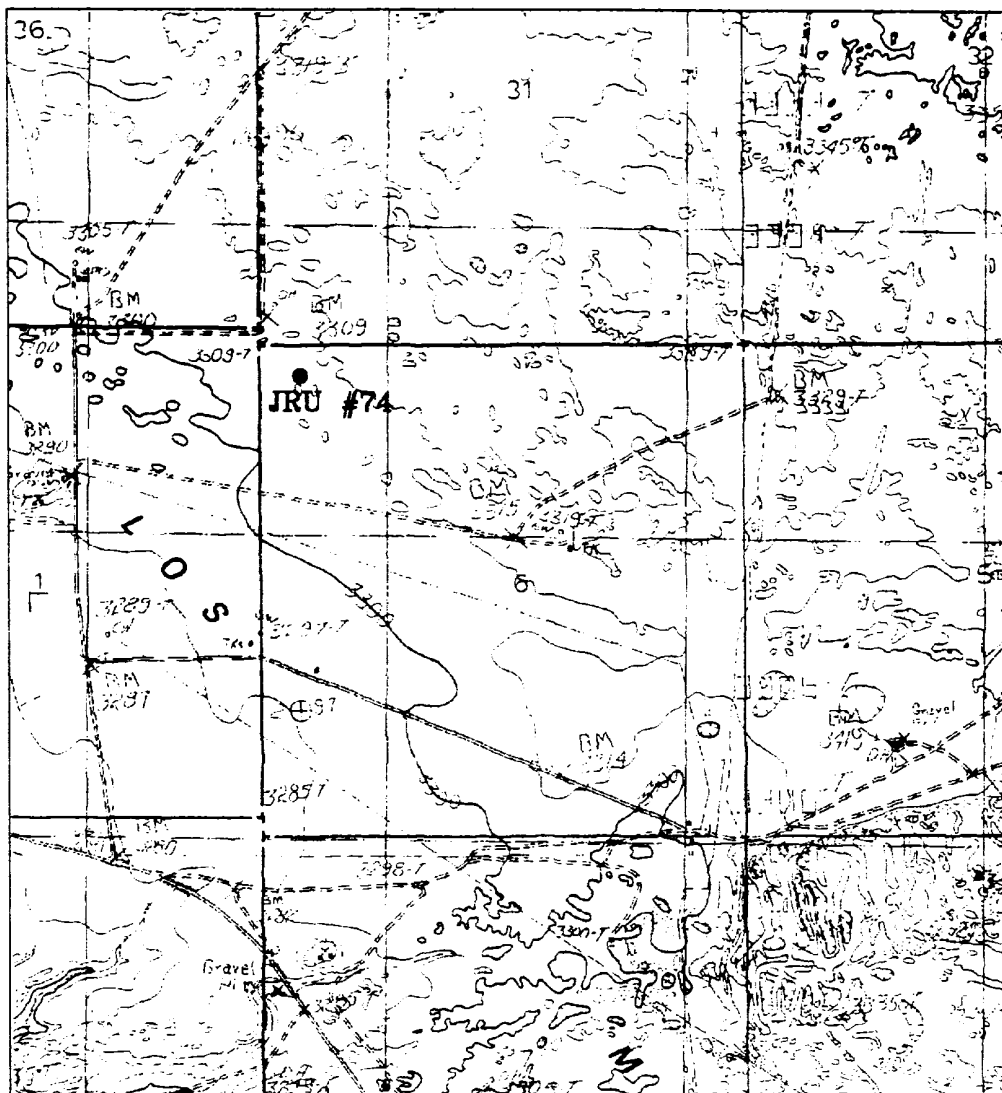
THE NORTH LINE AND 430' FROM THE WEST LINE OF

SECTION 6, TOWNSHIP 23 SOUTH, RANGE 31 EAST.

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Sheet 1 of 1 Sheets

Sheet 1 of 1 Sheets



### JAMES RANCH UNIT #74

Located at 330' FNL and 430' FWL  
 Section 6, Township 23 South, Range 31 East,  
 N.M.P.M., Eddy County, New Mexico.

**basin**  
**surveys**  
 focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
[basinsurveys.com](http://basinsurveys.com)

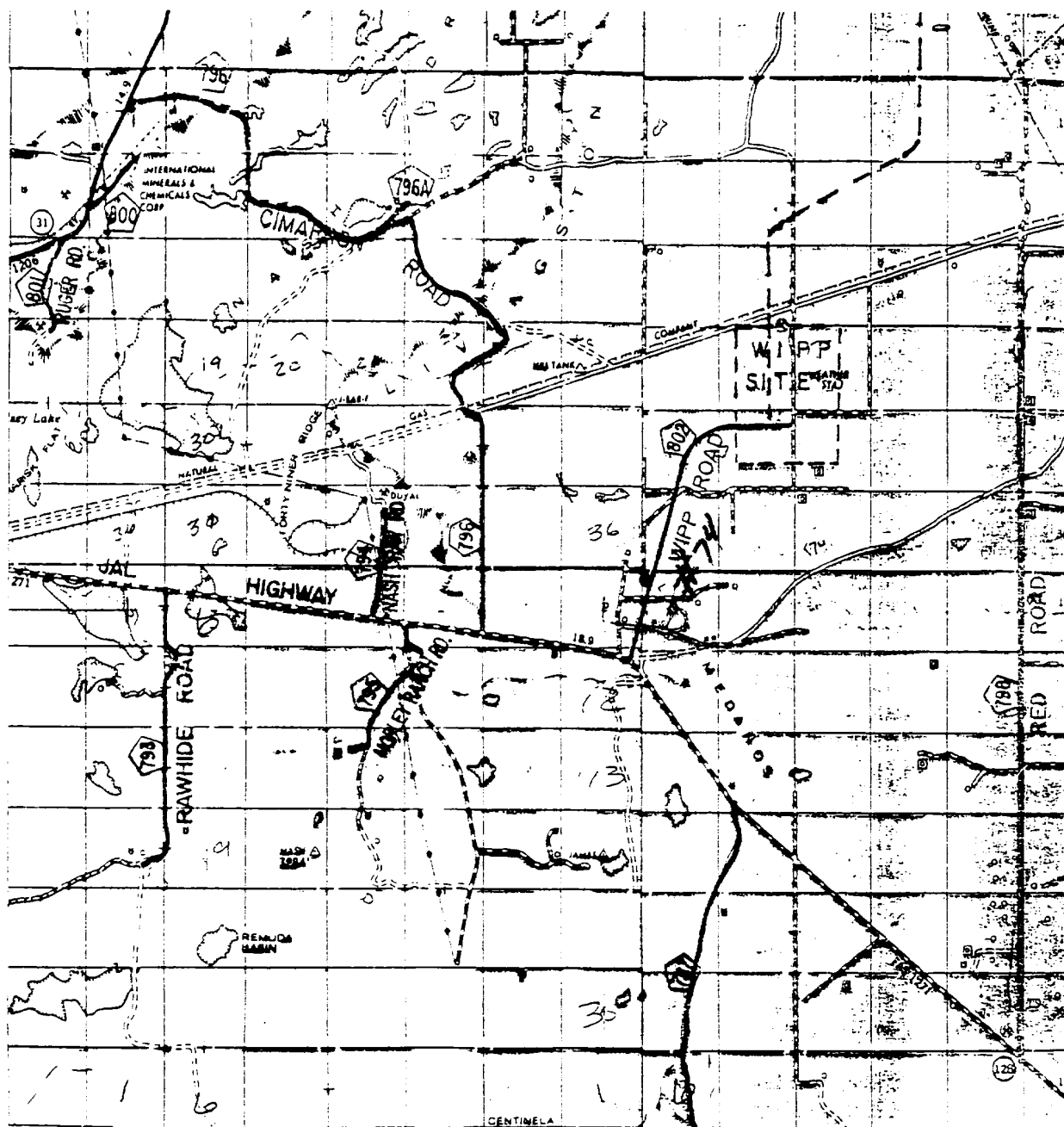
W.O. Number: 011466 - K.O. #122

Survey Date: 03-17-2000

Scale: 1" = 2000'

Date: 03-20-2000

**BASS ENTERPRISES  
 PRODUCTION CO.**



# JAMES RANCH UNIT #74

Located at 330' FNL and 430' FWL

Section 6, Township 23 South, Range 31 East,  
N.M.P.M., Eddy County, New Mexico.

**basin**  
**surveys**

focused on excellence  
in the oilfield

P.O. Box 1786  
1120 N. West County Rd.  
Hobbs, New Mexico 88241  
(505) 393-7316 - Office  
(505) 392-3074 - Fax  
basinsurveys.com

W.O. Number: 01146G - KJG #122

Survey Date: 03-17-2000

Scale: 1" = 2 MILES

Date: 03-20-2000

BASS ENTERPRISES  
PRODUCTION CO.

**EIGHT POINT DRILLING PROGRAM  
BASS ENTERPRISES PRODUCTION CO.**

**NAME OF WELL: JAMES RANCH UNIT #74**

**LEGAL DESCRIPTION - SURFACE: 330' FNL & 430' FWL, Section 6, T-23-S, R-31-E, Eddy County, New Mexico.**

**POINT 1: ESTIMATED FORMATION TOPS**

(See No. 2 Below)

**POINT 2: WATER, OIL, GAS AND/OR MINERAL BEARING FORMATIONS**

Anticipated Formation Tops: KB 3326' (est)  
GL 3311'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	230'	+3096'	Barren
T/Salt	680'	+2646'	Barren
T/Lamar	3866'	- 540'	Barren
T/Delaware Mtn. Group	3926'	- 600'	Oil/Gas
T/Lwr Brushy Canyon 8A	7441'	- 4115'	Oil/Gas
T/Bone Spring	7721'	- 4395'	Oil/Gas
TD	7850'	- 4524'	

**POINT 3: CASING PROGRAM**

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
16"	0' - 40'	Conductor	Contractor Discretion
11-3/4", 42#, WC-40, STC	0' - 600'	Surface	New
8-5/8", 28# & 32#, WC-50, ST&C	0' - 3900'	Intermediate	New
5-1/2", 15.50# & 17#, K-55, LT&C	0' - 7850'	Production	New

**POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)**

A BOP equivalent to Diagram 1 will be nipped up on the surface casing head. The BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. will be hydro-tested to 70% of internal yield pressure of casing. In addition to the high pressure test, a low pressure (200 psi) test will be required. These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) Fifteen days after a previous test
- d) As required by well conditions

A function test to insure that the preventers are operating correctly will be performed on each trip.

**POINT 5: MUD PROGRAM**

DEPTH	MUD TYPE	WEIGHT	FV	PV	YP	FL	Ph
0' - 600'	FW Spud Mud	8.5 - 9.2	45-35	NC	NC	NC	NC
600' - 3900'	Brine	9.8 -10.0	29-30	NC	NC	NC	10
3900' - 6200'	FW	8.3 - 8.5	28-30	NC	NC	NC	9-9.5
6200' - 7500'	FW/Starch	8.4 - 8.6	28-30	NC	NC	<100 cc	9-9.5
7500' - TD	FW/Starch/Gel	8.4 - 8.8	36-42	6-10	8-10	<100 cc	9-9.5

*\*Will increase vis for logging purposes only.*

**POINT 6: TECHNICAL STAGES OF OPERATION****A) TESTING**

None anticipated.

**B) LOGGING**

GR-CNL-LDT-AIT from TD to 8-5/8" casing shoe.  
GR-CNL from base of 8-5/8" casing to surface.

**C) CONVENTIONAL CORING**

None anticipated.

**D) CEMENT**

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT <sup>3</sup> /SX
<b>SURFACE:</b>						
Lead 0 - 300' (100% excess circ to surface)	110	300	Interfill C + 1/4 pps Flocele + 2% CaCl <sub>2</sub>	14.35	11.9	2.49
Tail 300-600' (100% excess circ to surface)	200	300	Class C + 2% CaCl <sub>2</sub>	6.32	14.82	1.34
<b>INTERMEDIATE:</b>						
Lead 0 - 3600' (100% excess circ to surface)	735	3600	Interfill C + 2% CaCl <sub>2</sub>	14.35	11.9	2.49
Tail 3600-3900' (100% excess circ to surface)	140	300	Class C	6.32	14.80	1.34

PRODUCTION: A 2-stage cementing procedure with DV tool @ ±5600' will be required.

**2nd Stage**

Lead 3600'-5200' (50% excess Tie back to int csg)	175	1620	Interfill C	14.35	11.9	2.49
Tail 5600-5200 (50% excess to tie back to int csg)	75	400	Class C	6.32	14.8	1.34



## D) CEMENT – Cont'd...

<u>INTERVAL</u>	<u>AMOUNT SXS</u>	<u>FT OF FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT<sup>3</sup>/SX</u>
1st Stage						
5600'-7800'	380	2250	Super H + 0.3% CFR3 + 0.4% Halad 344 + 3#/sx Salt	9.01	13.0	1.70
(50% excess Tie back to int csg)						

## E) DIRECTIONAL DRILLING

No directional services anticipated.

**POINT 7: ANTICIPATED RESERVOIR CONDITIONS**

Normal pressures are anticipated throughout Delaware section. A BHP of 3551 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware section from 3926'-7721'. No H<sub>2</sub>S is anticipated.

Estimated BHT is 146° F.

**POINT 8: OTHER PERTINENT INFORMATION**

## A) Auxiliary Equipment

Upper and lower kelly cocks. Full opening stab in valve on the rig floor.

## B) Anticipated Starting Date

Upon approval

16 days drilling operations

10 days completion operations

BGH/mac  
March 27, 2000

## **MULTI-POINT SURFACE USE PLAN**

**NAME OF WELL: JAMES RANCH UNIT #74**

**LEGAL DESCRIPTION - SURFACE:** 330' FNL & 430' FWL, Section 6, T-23-S, R-31-E, Eddy County, New Mexico.

### **POINT 1: EXISTING ROADS**

A) Proposed Well Site Location:

See Exhibit "A".

B) Existing Roads:

Between mile markers 10 & 11 on Highway 128 turn north on WIPP road and go 0.8 mile. Turn west and go 0.2 mile. Turn north and go 0.4 miles, turn east and go 0.3 miles to location.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit "A".

### **POINT 2: NEW PLANNED ACCESS ROUTE**

A) Route Location:

See Exhibit "A". The new road will be 12' wide and approximately 750' long. The road will be constructed of watered and compacted caliche.

B) Width

Not applicable.

C) Maximum Grade

Not applicable.

D) Turnout Ditches

Spaced per BLM requirements.

E) Culverts, Cattle Guards, and Surfacing Equipment

None.

**POINT 3: LOCATION OF EXISTING WELLS**

Exhibit "B" indicates existing wells within the surrounding area.

**POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES**

A) Existing facilities owned or controlled by lessee/operator:

Bass' facilities located at JRU #36 (2700' SW of wellbore).

B) New Facilities in the Event of Production:

None required.

C) Rehabilitation of Disturbed Areas Unnecessary for Production:

Following flowline construction, those access areas required for continued production will be graded to provide drainage and minimize erosion. The areas unnecessary for use will be graded to blend in the surrounding topography - See Point 10.

**POINT 5: LOCATION AND TYPE OF WATER SUPPLY**

A) Location and Type of Water Supply

Fresh water will be hauled from Johnson Water Station 27 miles east of Carlsbad, New Mexico or Mills Ranch. Brine water will be hauled from Champion Brine Water Station, 3.5 miles east and 2.5 miles south of Carlsbad, New Mexico.

B) Water Transportation System

Water hauling to the location will be over the existing and proposed roads.

**POINT 6: SOURCE OF CONSTRUCTION MATERIALS**

A) Materials

If not found on location, caliche will be hauled from the nearest BLM approved source.

B) Land Ownership

Federally owned.

C) Materials Foreign to the Site

No construction materials foreign to this area are anticipated for this drill site.

D) Access Roads

See Exhibit "A".

## **POINT 7: METHODS FOR HANDLING WASTE MATERIAL**

### **A) Cuttings**

Cuttings will be contained in the reserve pit.

### **B) Drilling Fluids**

Drilling fluids will be contained in the reserve pit.

### **C) Produced Fluids**

Water production will be contained in the reserve pit.

Hydrocarbon fluid or other fluids that may be produced during testing will be retained in test tanks. Prior to cleanup operations, any hydrocarbon material in the reserve pit will be removed by skimming or burning as the situation would dictate.

### **D) Sewage**

Current laws and regulations pertaining to the disposal of human waste will be complied with.

### **E) Garbage**

Portable containers will be utilized for garbage disposal during the drilling of this well.

### **F) Cleanup of Well Site**

Upon release of the drilling rig, the surface of the drilling pad will be graded to accommodate a completion rig if electric log analysis indicate potential productive zones. The reserve pit will be fenced and bird netted and the fence maintained until the pit is backfilled. Reasonable cleanup will be performed prior to the final restoration of the site.

## **POINT 8: ANCILLARY FACILITIES**

None required.

## **POINT 9: WELL SITE LAYOUT**

### **A) Rig Orientation and Layout**

Exhibit "C" shows the dimensions of the well pad and reserve pits, and the location of major rig components. Only minor leveling of the well site will be required. No significant cuts or fills will be necessary.

### **B) Locations of Pits and Access Road**

See Exhibits "A" and "C".

C) Lining of the Pits

The reserve pit will be lined with plastic.

**POINT 10: PLANS FOR RESTORATION OF THE SURFACE**

A) Reserve Pit Cleanup

The pits will be fenced immediately after construction and shall be maintained until they are backfilled. Previous to backfill operations, any hydrocarbon material on the pits' surfaces shall be removed. The fluids and solids contained in the pits shall be backfilled with soil excavated from the site and soil adjacent to the reserve pits. The restored surface of the pits shall be contoured to prevent impoundment of surface water flow. Water-bars will be constructed as needed to prevent excessive erosion. Topsoil, as available, shall be placed over the restored surface in a uniform layer. The area will be seeded according to the Bureau of Land Management stipulations during the appropriate season following restoration.

B) Restoration Plans - Production Developed

The reserve pits will be backfilled and restored as described above under Item A. In addition, those areas not required for production will be graded to blend with the surrounding topography. Topsoil, as available, will be placed upon those areas and seeded. The portion of the site required for production will be graded to minimize erosion and provide access during inclement conditions. Following depletion and abandonment of the site, restoration procedures will be those that follow under Item C.

C) Restoration Plans - No Production Developed

The reserve pits will be restored as described above. With no production developed, the entire surface disturbed by construction of the well site will be restored. The site will be contoured to blend with the surrounding topography and provide drainage of surface water. The topsoil, as available, shall be replaced in a uniform layer and seeded according to the Bureau of Land Management's stipulations.

D) Rehabilitation's Timetable

Upon completion of drilling operations, the initial cleanup of the site will be performed as soon as weather and site conditions allow economic execution of the work.

**POINT 11: OTHER INFORMATION**

A) Terrain

Relatively flat.

B) Soil

Caliche and sand.

C) Vegetation

Sparse, primarily grasses and mesquite with very little grass.

D) Surface Use

Primarily grazing.

E) Surface Water

There are no ponds, lakes, streams or rivers within several miles of the wellsite.

F) Water Wells

One water well is located on Mills Ranch (1/2 mile south of this location).

G) Residences and Buildings

J. C. Mills Ranch House is located 1/2 mile south of this location.

H) Historical Sites

None observed.

I) Archeological Resources

An archeological survey will be obtained for this area. Before any construction begins, a full and complete archeological survey will be submitted to the Bureau of Land Management. Any location or construction conflicts will be resolved before construction begins.

J) Surface Ownership

The well site and new access road is on federally owned land.

K) Well signs will be posted at the drilling site.

L) Open Pits

All pits containing liquid or mud will be fenced and bird-netted.

**POINT 12: OPERATOR'S FIELD REPRESENTATIVE**

(Field personnel responsible for compliance with development plan for surface use).

**DRILLING**

William R. Dannels  
Box 2760  
Midland, Texas 79702  
(915) 683-2277

**PRODUCTION**

Mike Waygood  
3104 East Green Street  
Carlsbad, New Mexico 88220  
(505) 887-7329

Keith E. Bucy  
Box 2760  
Midland, Texas 79702  
(915) 683-2277

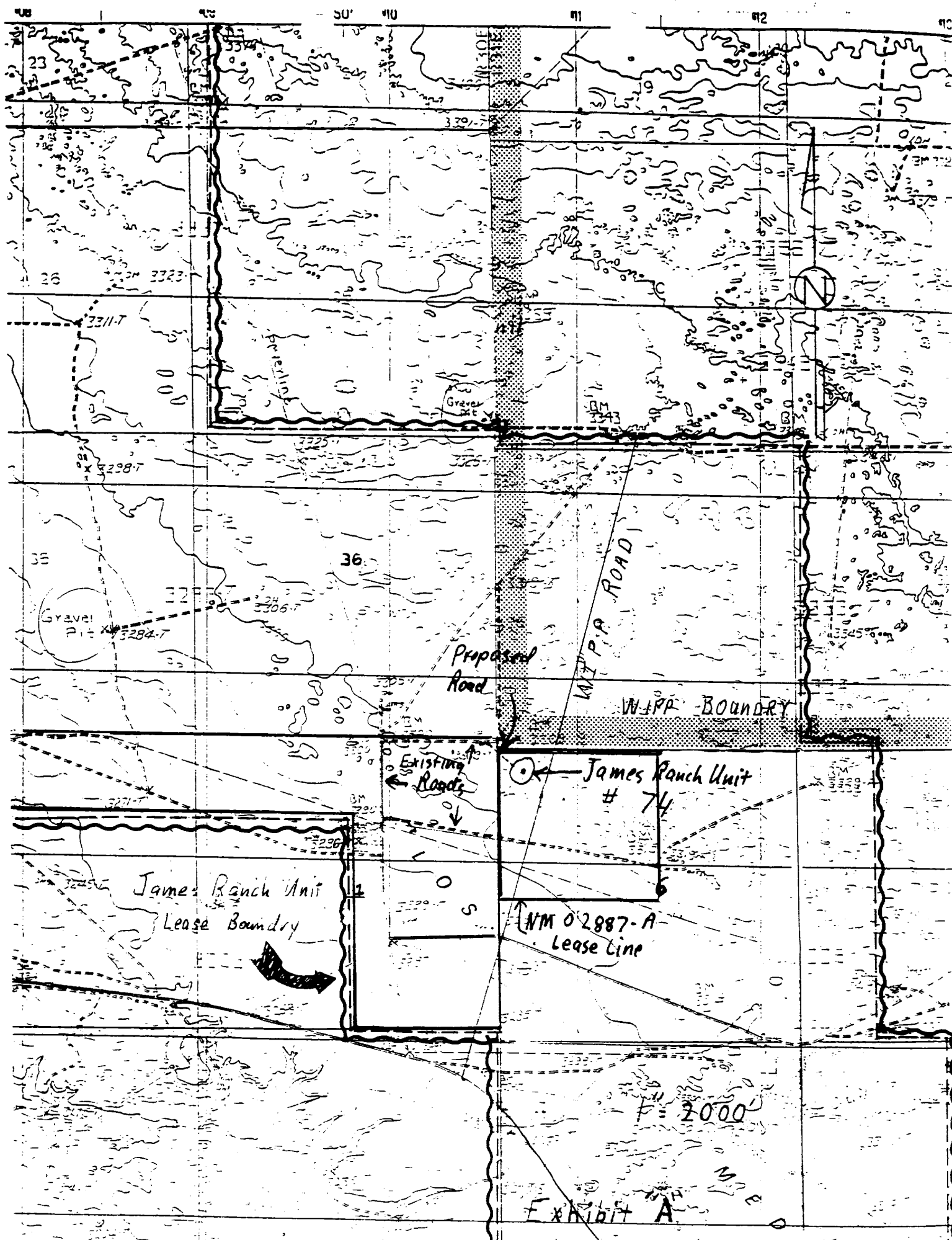
**POINT 13: CERTIFICATION**

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Bass Enterprises Production Co. and it's contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

3-27-2000  
Date

William R. Dannels  
William R. Dannels

WRD/BGH:mac





25

30

29

WASTE ISOLATION PILOT PLANT AREA  
Revised 2-12-92

22S/31E

32

Condemned fr. Surf. down to 6000'

5

JAMES RANCH UNIT OUTLINE

12

23S/30E

23S/31E

JOA-78-0

LEGEND



Drilling Permit Locations

Bass Enterprises Production Co.

JAMES RANCH UNIT  
Eddy County, New Mexico

*This has been reduced*

DATE: 2-21-00 SCALE: 1" = 2000'  
SHEET: Geology SHEET: SJM SHEET: Well Permits 15 Locating SHEET: 15. 0112

Exhibit "B"

13

# JAMES RANCH UNIT No. 74

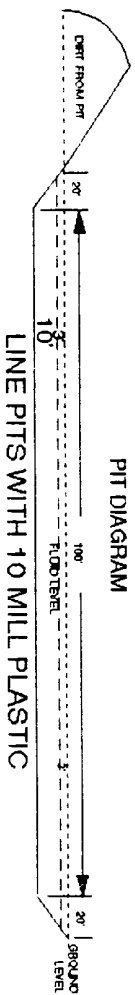
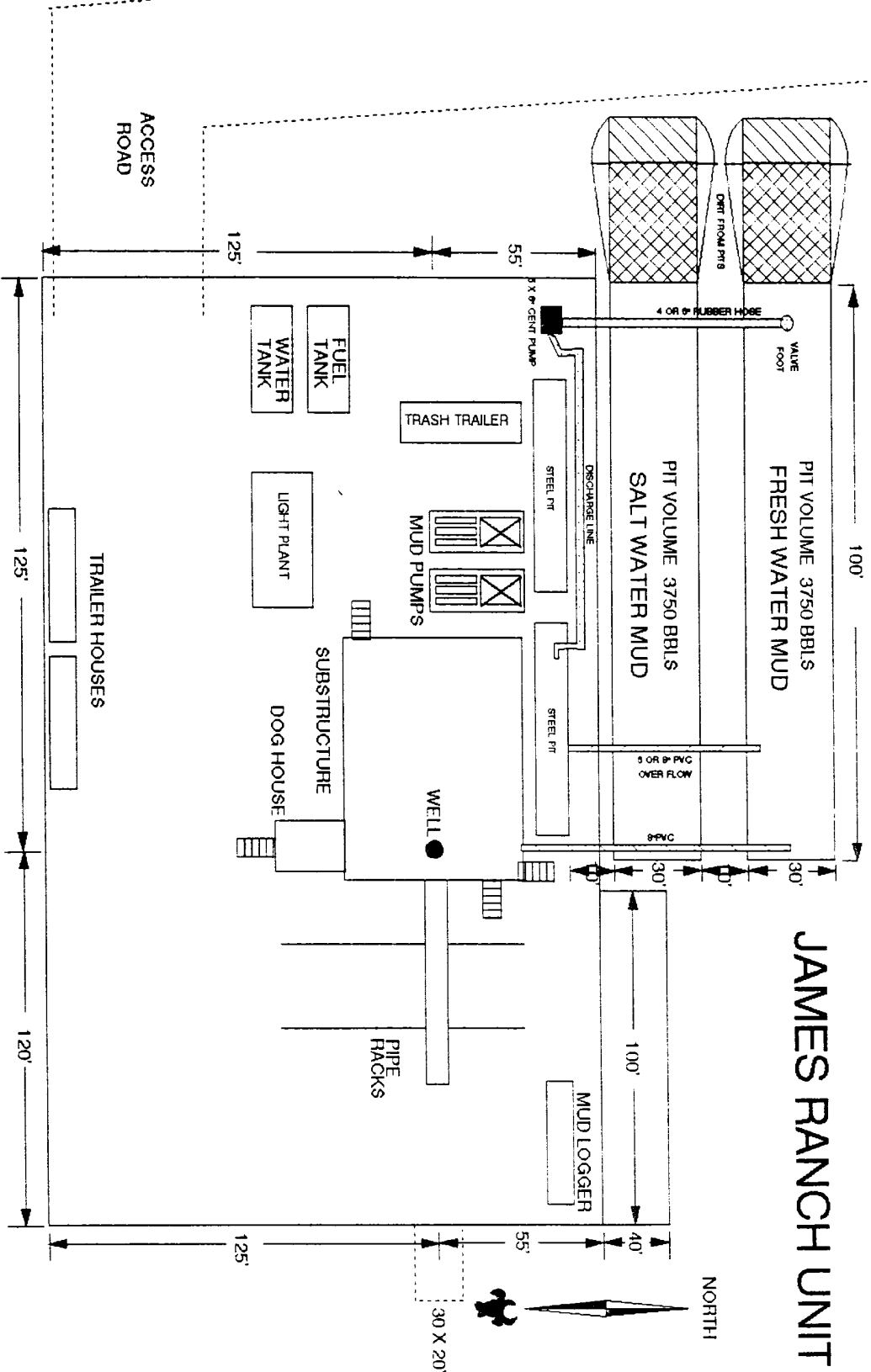


EXHIBIT "C"

## BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

517/380-9400

March 3, 2000

U.S. MAIL & VIA FACSIMILE (505) 887-0589

MC Kalium Carlsbad Potash Company  
P. O. Box 71  
Carlsbad, New Mexico 88221-0071

Attn: Mr. John Purcell

Re: Proposed Wells in James Ranch Federal Unit  
Section 36, T22S-R30E (State Lease No. E-5229)  
Section 1, T23S-R30E (Fed. Lease No. NM 02884, LC 0543280)  
Section 6, T23S-R31E (Fed. Lease No. NM 02887, LC 071988)  
James Ranch Unit Well Nos. 33, 34, 35, 62, 66, 68, 74, 75, 81, 82,  
Hudson "1" Federal Well Nos. 2, 3, 4, 5, 6  
Eddy County, New Mexico

Dear Mr. Purcell:

Bass Enterprises Production Co. has plans to drill fifteen (15) wells within the James Ranch Federal Unit area in the Eddy County, New Mexico. Provided below are the well names, locations, and projected depths for these vertical wells.

<u>Well Name</u>	<u>Proposed Depth</u>	<u>Proposed Location</u>
JRU No. 33	7,810' (Delaware)	660' FNL, 1,880' FEL, Section 1, T23S-R30E
JRU No. 34	7,840' (Delaware)	660' FSL, 660' FEL, Section 36, T22S-R30E
JRU No. 35	7,330' (Delaware)	660' FNL, 660' FEL, Section 1, T23S-R30E
JRU No. 62	7,330' (Delaware)	1,200' FSL, 2,080' FEL, Section 1, T23S-R30E
JRU No. 66	7,775' (Delaware)	660' FSL, 990' FWL, Section 36, T22S-R30E
JRU No. 68	11,380' (Wolfcamp)	1,980' FNL, 660' FEL, Section 6, T23S-R31E
JRU No. 74	7,360' (Delaware)	330' FNL, 660' FWL, Section 6, T23S-R31E
JRU No. 75	7,920' (Delaware)	1,980' FSL, 1,650' FWL, Section 6, T23S-R31E
JRU No. 81	7,780' (Delaware)	560' FNL, 990' FWL, Section 1, T23S-R30E

<u>Well Name</u>	<u>Proposed Depth</u>	<u>Proposed Location</u>
JRU No. 32	7,340' (Delaware)	1,200' FSL, 760' FEL, Section 1, T23S-R30E
Hudson "1" Fed. #2	7,805' (Delaware)	2,310' FSL, 1,980' FWL, Section 1, T23S-R30E
Hudson "1" Fed #3	7,780' (Delaware)	1,980' FNL, 850' FWL, Section 1, T23S-R30E
Hudson "1" Fed # 4	7,785' (Delaware)	1,980' FSL, 660' FWL, Section 1, T23S-R30E
Hudson "1" Fed #5	7,780' (Delaware)	990' FSL, 660' FWL, Section 1, T23S-R30E
Hudson "1" Fed. # 6	7,300' (Delaware)	1,200' FSL, 1,650' FWL, Section 1, T23S-R30E

Bass hereby request a waiver of any objection IMC Kalium may have for the drilling of the above described wells. In the event IMC Kalium is agreeable to providing such waiver, please sign in the space provided and return one (1) executed original to the undersigned at your earliest convenience. Thank you very much and should you have any questions or comments or require additional information, please don't hesitate to contact the undersigned at (817) 390-8568.

Sincerely,



Worth Carlin

WWC:ca

AGREED and ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

IMC KALIUM CARLSBAD POTASH COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_



**IMC Kalium**

IMC Kalium Carlsbad Potash Company  
P. O. Box 71  
1361 Potash Mines Road  
Carlsbad, New Mexico 88221-0071  
505.887.2871  
505.887.0589 Fax

March 13, 2000

Mr. Worth Carlin  
Bass Enterprises Production Co.  
201 Main St.  
Fort Worth, Texas 76102-3131

**RECEIVED**

MAR 15 2000

**LAND DEPARTMENT**

RE: Proposed Wells in James Ranch Federal Unit  
Section 36, T23S-R30E (State Lease No. E-5229)  
Section 1, T23S-R30E (Fed Lease No. NM 02884, LC 0543280)  
Section 6, T23S-R31E (Fed. Lease No. NM 02887, LC 071988)  
JRU Nos. 33, 34, 35, 62, 66, 68, 74, 75, 81, and 82.  
Hudson "1" Federal Well Nos. 2, 3, 4, 5, and 6.  
Eddy County, New Mexico

Dear Mr. Carlin:

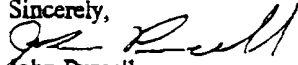
IMC Kalium Carlsbad Potash Company has received your notice that Bass Enterprises Production Company intends to the above referenced wells. IMC Kalium has no objections to Bass drilling wells JRU Well No. 33, JRU Well No. 34, JRU Well No. 35, JRU Well No. 62, JRU Well No. 66, JRU Well No. 74, JRU Well No. 75, JRU Well No. 81, JRU Well No. 82, Hudson "1" Fed. #2, Hudson "1" Fed. #3, and Hudson "1" Fed. #4 to depths no deeper than the base of the Delaware formation at the stated locations. Based on the best available information, the locations of the fore mentioned wells will not interfere with the development of our potash resources.

IMC Kalium does object to the proposed locations for JRU Well No. 68, Hudson "1" Fed. #5, and Hudson "1" Fed. #6. The locations given for Hudson "1" Fed. #5 and Hudson "1" Fed. #6, with a projected final depths in the Delaware formation, are within 1/4 mile of where we expect to mine in the future. If Hudson "1" Fed. #5 well could be moved at least 80 feet to the North and Hudson "1" Fed. #6 well could be moved at least 45 feet to the North; the impact on potash recovery would be greatly diminished. The location given for JRU Well No. 68, with a projected final depth in the Wolfcamp formation is within 1/4 mile of where we expect to mine. Drilled at the proposed location; this well would interfere with the development of potash reserves.

The above considerations are based on the best available information at this time; as more information becomes available our estimates of the extent of the potash resources in the area may change. Therefore, please consider the "objections offered" and "no objection offered" to the well locations to be valid for one year only. If you are still considering a well location that a potash operator has or has not objected to, more than one year prior, notify us again at that time so we can make the decision based on current information.

IMC Kalium submits this letter in lieu of the forms requested.

Sincerely,

  
John Purcell  
Chief Mine Engineer

cc: Don Purvis Charlie High Leslie Theiss Lori Wrotenecery  
Dan Morehouse Tim O'Brien Craig Cranston