

APPLICATION FOR PERMIT TO DRIVE FOR DEEREN

Multiple Zone ☐

**SUBJECT TO
LIKE APPROVAL
BY STATE**

ASAP

WITNESS
WITNESS

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

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
SPECIAL STIPULATIONS
ATTACHED**

Date 3-23-2000

Approval Date

JUN 19 2000

Date _____

APPROVED FOR: YEAR

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.



DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ 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		82
OGRID No.	Operator Name		Elevation
001801	BASS ENTERPRISES PRODUCTION COMPANY		3291'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	1	23 S	30 E		1200	SOUTH	760	EAST	EDDY

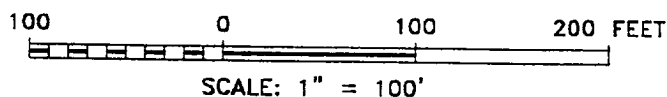
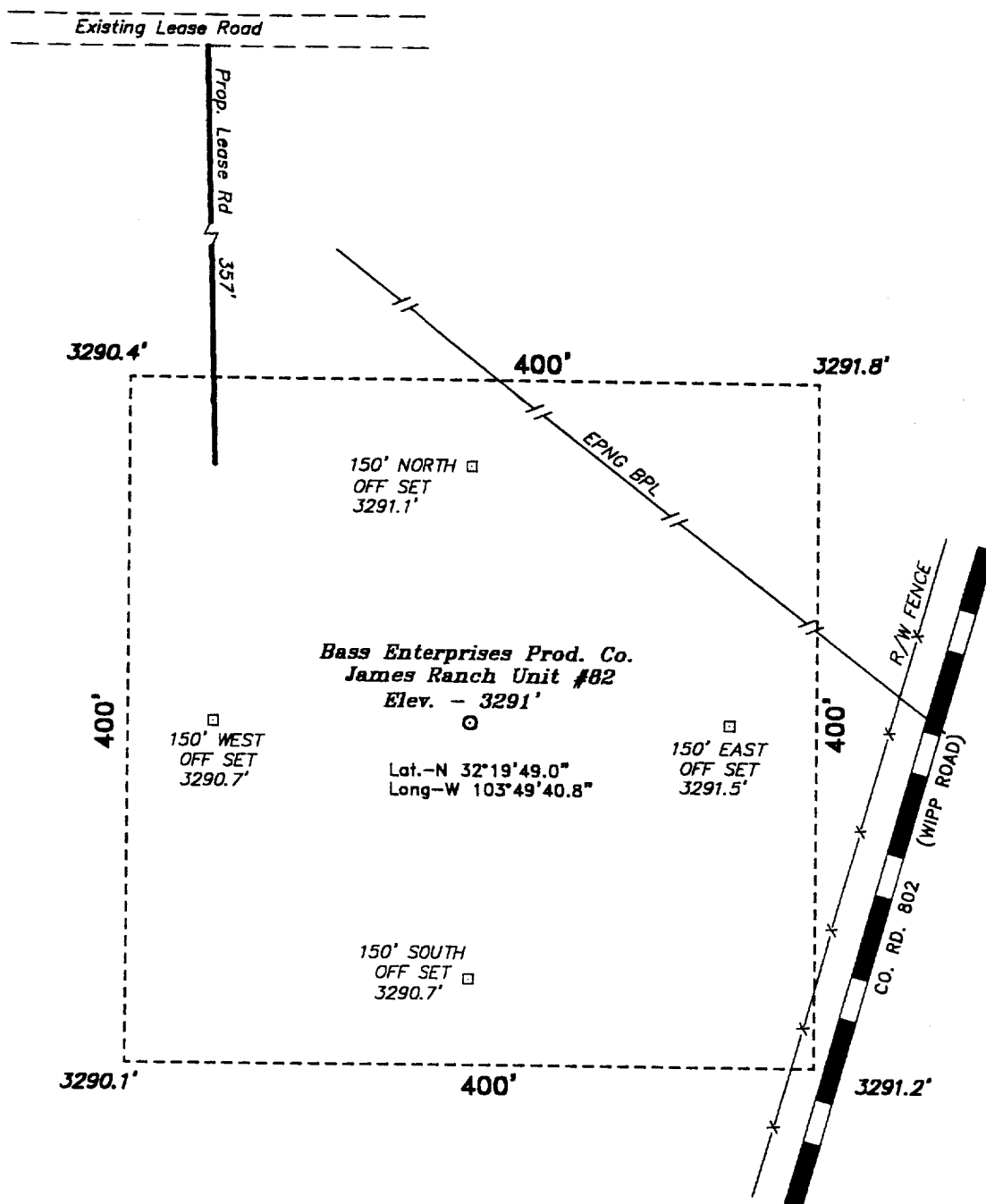
Bottom Hole Location If Different From Surface

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

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 style="text-align: center; margin-top: 20px;"> LAT - N 32°19'49.0" LONG - W 103°49'40.8" </p>	<h3 style="text-align: center; margin-bottom: 10px;">OPERATOR CERTIFICATION</h3> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <hr/> <p style="font-size: 1.2em;"><i>William R. Dannels</i></p> <p>Signature</p> <hr/> <p>William R. Dannels</p> <p>Printed Name</p> <hr/> <p>Division Drlg. Supt.</p> <p>Title</p> <hr/> <p style="font-size: 1.2em;">3-23-2000</p> <p>Date</p> <hr/> <h3 style="text-align: center; margin-bottom: 10px;">SURVEYOR CERTIFICATION</h3> <p><i>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.</i></p> <p style="text-align: right; font-weight: bold; font-size: 1.1em;">March 5, 2000</p> <hr/> <p>Date Surveyed</p> <hr/> <p>GARY L. JONES Signature & Seal of Professional Surveyor</p> <hr/> <p style="text-align: center;">7977</p> <hr/> <p style="text-align: center;">W.O. No. 0114E</p> <hr/> <p>Certificate No. Gary L. Jones 7977</p> <p style="text-align: center; font-weight: bold;">BASIN SURVEYS</p>
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**SECTION 1, TOWNSHIP 23 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 802(WIPP ROAD) AND STATE HWY 128(JAL HWY), GO WEST ON STATE HWY 128 APPROX. 1500 FEET TO A LEASE ROAD; THENCE NORTH ON LEASE ROAD APPROX. 2000 FEET TO A LEASE ROAD; THENCE EAST ON LEASE ROAD APPROX. 1100 FEET TO A PROPOSED LEASE ROAD WHICH LIES 357 FEET FROM THE NORTHWEST CORNER OF THE PROPOSED WELL LOCATION.

BASS ENTERPRISES PRODUCTION CO.

REF: James Ranch Unit No. 82 / Well Pad Topo

THE JAMES RANCH UNIT No. 82 LOCATED 1200' FROM
THE SOUTH LINE AND 760' FROM THE EAST LINE OF
SECTION 1, TOWNSHIP 23 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 0114

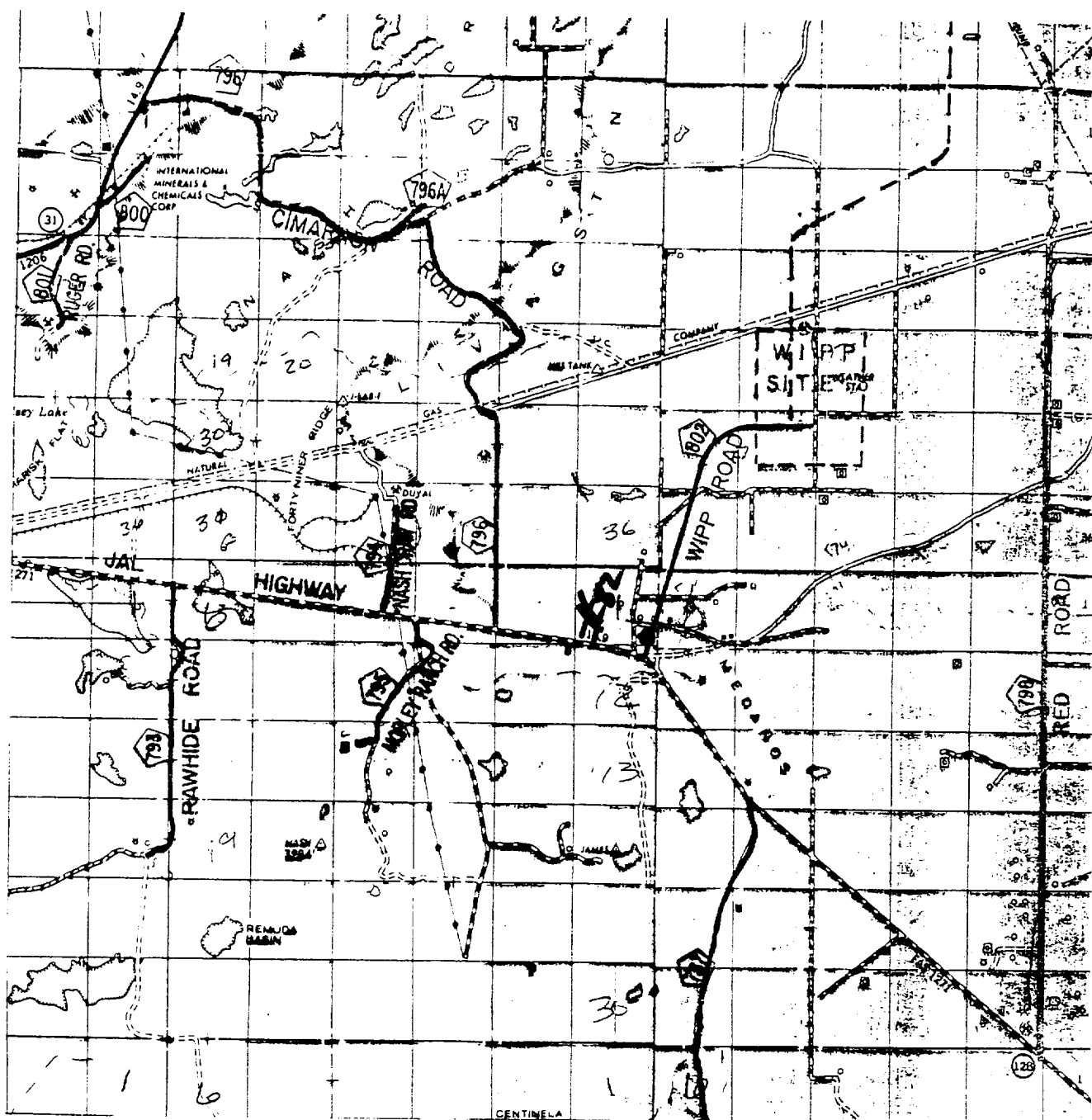
Drawn By: **K. GOAD**

Date: 03-06-2000

Disk: KJG #122 - 0114E.DWG

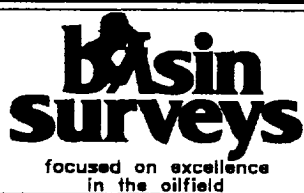
Survey Date: 03-04-2000

Sheet 1 of 1 Sheets



JAMES RANCH UNIT #82

Located at 1200' FSL and 760' FEL
 Section 1, Township 23 South, Range 30 East,
 N.M.P.M., Eddy County, New Mexico.



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: 0114EE - KJG #122

Survey Date: 03-04-2000

Scale: 1" = 2 MILES

Date: 03-06-2000

BASS ENTERPRISES
 PRODUCTION CO.

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

NAME OF WELL: JAMES RANCH UNIT #82

LEGAL DESCRIPTION - SURFACE: 1200' FSL & 760' FEL, Section 1, T-23-S, R-30-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 3306' (est)
GL 3291'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	206'	+3100'	Barren
T/Salt	650'	+2656'	Barren
T/Lamar	3907'	- 601'	Barren
T/Delaware MTN Group	3946'	- 640'	Oil/Gas
T/Lwr Brushy Canyon 8A	7407'	- 4101'	Oil/Gas
T/Bone Spring	7697'	- 4391'	Oil/Gas
TD	8000'	- 4694'	

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' - 575'	Surface	New
8-5/8", 28# & 32#, WC-50, ST&C	0' - 3920'	Intermediate	New
5-1/2", 15.50# & 17#, K-55, LT&C	0' - 8000'	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

<u>DEPTH</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>FV</u>	<u>PV</u>	<u>YP</u>	<u>FL</u>	<u>Ph</u>
0' - 575'	FW Spud Mud	8.5 - 9.2	45-35	NC	NC	NC	NC
575' - 3920'	Brine	9.8 -10.0	29-30	NC	NC	NC	10
3920' - 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

<u>INTERVAL</u>	<u>AMOUNT SXS</u>	<u>FT OF FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>
SURFACE:						
Lead 0 - 275' (100% excess circ to surface)	100	275	Interfill C + 1/4 pps Flocele + 2% CaCl ₂	14.35	11.9	2.49
Tail 275-575' (100% excess circ to surface)	240	300	Class C + 2% CaCl ₂	6.32	14.82	1.34
INTERMEDIATE:						
Lead 0 - 3620' (100% excess circ to surface)	670	3620	Interfill C + 2% CaCl ₂	14.35	11.9	2.49
Tail 3620-3920' (100% excess circ to surface)	135	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 3620-5200' (50% excess Tie back to int csg)	170	1580	Interfill C	14.35	11.9	2.49
Tail 5200-5600' (50% excess Tie back to int csg)	75	400	Class C	6.32	14.80	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>FT³/SX</u>
1 st Stage 5600-8000' (50% excess Tie back to int csg)	400	2400	Super H + 0.3% CFR3 + 0.4% Halad 344 + 3#/sx Salt	9.01	13.0	1.70

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3619 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware section from 3946-7697'. No H₂S 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 21, 2000

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: JAMES RANCH UNIT #82

LEGAL DESCRIPTION - SURFACE: 1200' FSL & 760' FEL, Section 1, T-23-S, R-30-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 south \pm 360' 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 360' 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 (2411' NE 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

Exhibit "A" shows location of caliche 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 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 (0.3 miles East of this location).

G) Residences and Buildings

J. C. Mills Ranch House is located 0.3 miles East 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 its 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.

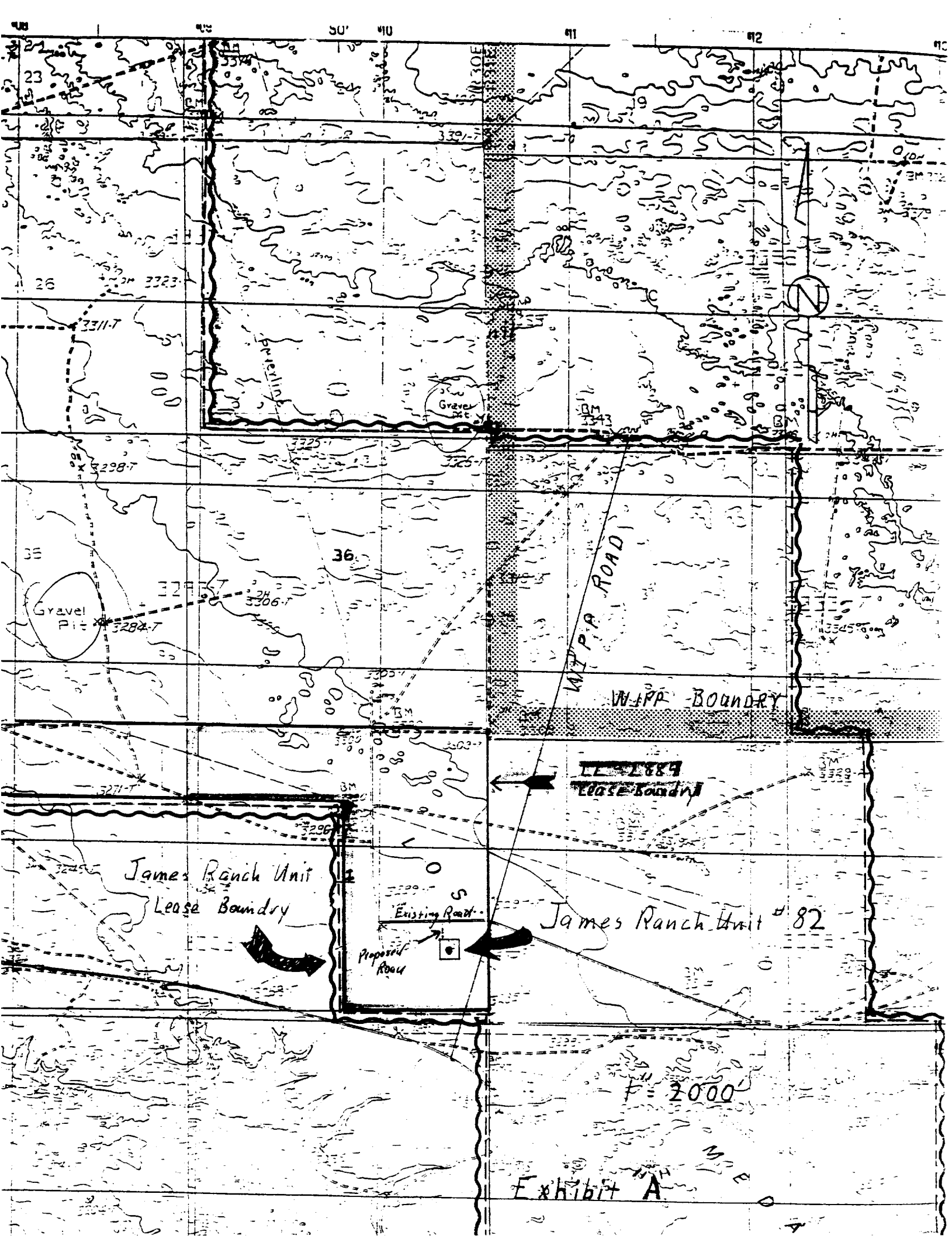
3-23-2000

Date

William R. Dannels

William R. Dannels

WRD/BGH:mac



James Ranch Unit
Lease Boundry

Existing Road

Proposed Road

James Ranch Unit #82

F = 2000

Exhibit A

25

30

29

WASTE ISOLATION PILOT PLANT AREA

Revised 2-12-92

22S/31E

MITCHELL
APACHE 25 FED10 2
1457580 71
ENRON
JAMES RANCH 11250ENRON
JAMES RANCH11
BEPKO
JAMES RANCH 14600
31 18
14530 11250BEPKO
JAMES RANCH

7850

BEPKO
JAMES RANCH

7850

32

Condemned fr. Surf. down to 6000'

67

81

63

33

35

ENRON
HUDSON FED

14325

ENRON
JAMES RANCH

36

BELCO
JAMES RANCH

10

7820 TB

14335

BELCO
JAMES RANCH

3

38

15585

82

73

ENRON
JRU

11331

65

79

11332

BEPKO
JAMES RANCH

76

ENRON
JAMES RANCH

1250

17

11300

CONOCO
JAMES RANCH

14580

BELCO
JAMES RANCH

4

14380

6

ENRON
JAMES RANCH

30

11305

GRACE
CABIN BABY FED

4150

5

JAMES RANCH UNIT OUTLINE

12

23S/30E

23S/31E

JOA-78-0

LEGEND

BELCO
JAMES RANCH

Bass Enterprises Production Co.

JAMES RANCH UNIT
Eddy County, New Mexico

Drilling Permit Locations

DATE: 2-21-00 SCALE: 1" = 2000'

DATE: 2-21-00 SCALE: 1" = 2000'

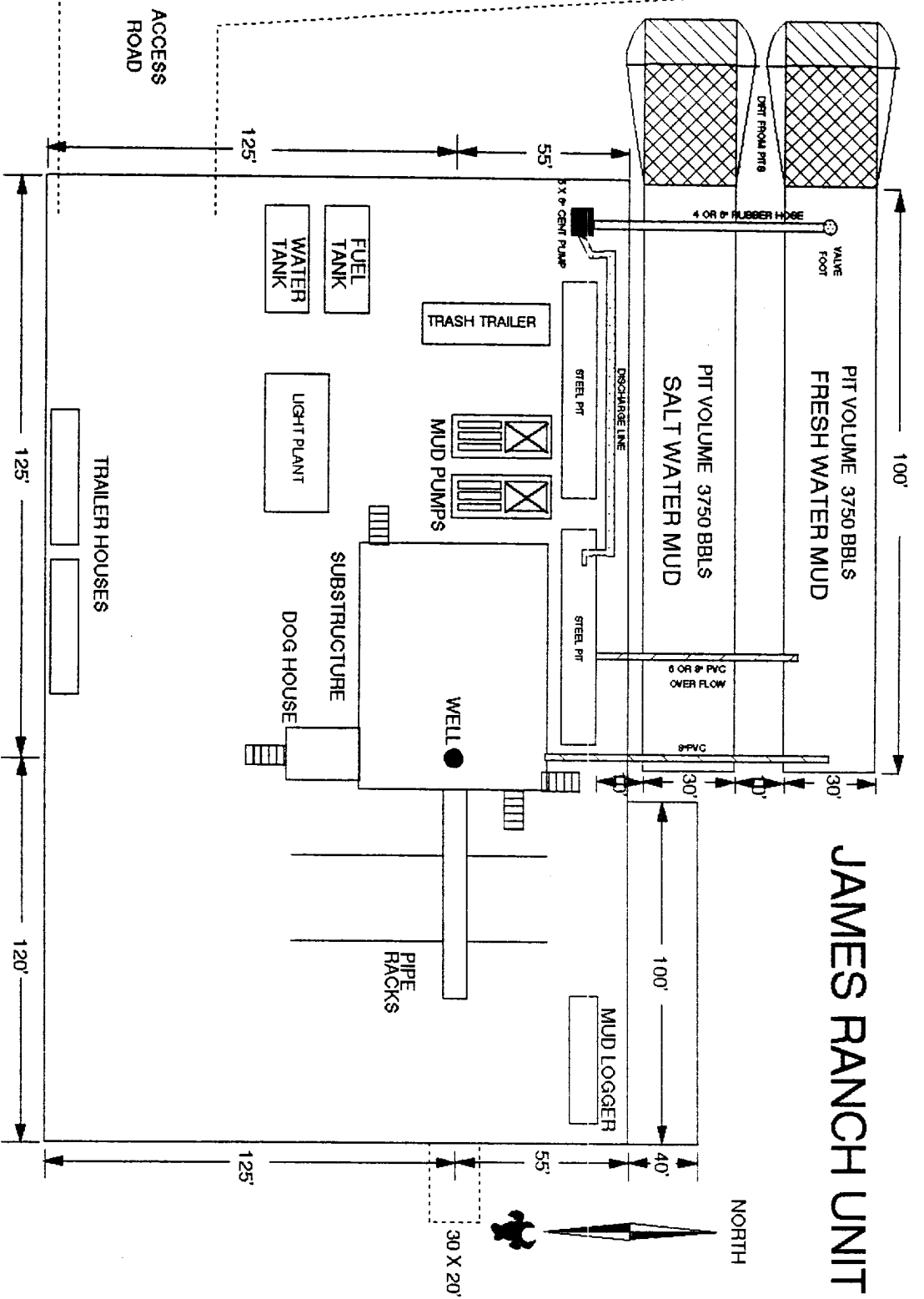
DATE: 2-21-00 SCALE: 1" = 2000'

DATE: 2-21-00 SCALE: 1" = 2000'

Exhibit "B"

13

JAMES RANCH UNIT No.82

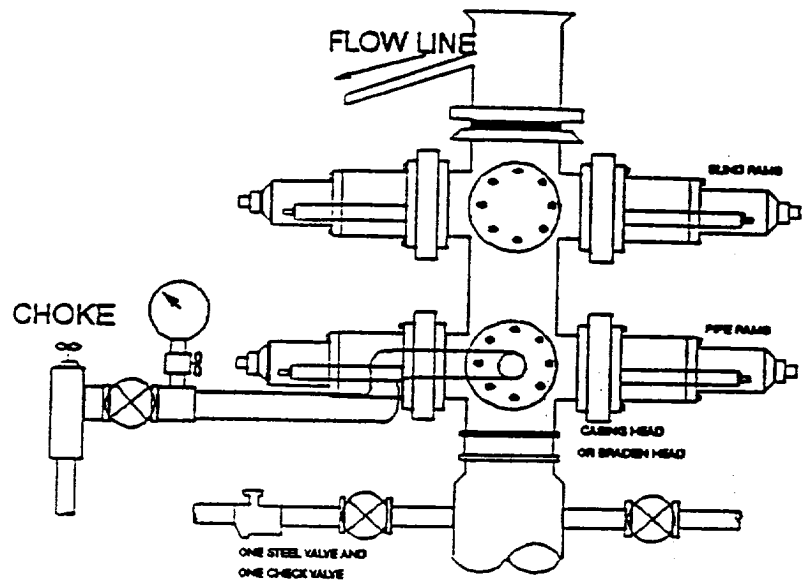
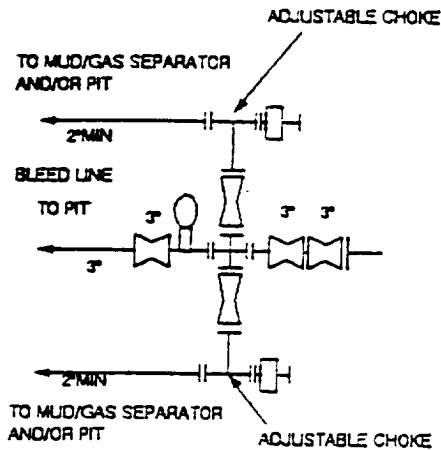


PTT DIAGRAM

03-13-00 BGH

EXHIBIT "C"

3000 PSI WP



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- A. One double gate blowout preventer with lower rams for pipe and upper rams blind, all hydraulically controlled.
- B. Opening on preventers between rams to be flanged, studded or clamped and at least two inches in diameter.
- C. All connections from operating manifold to preventers to be all steel hose or tube a minimum of one inch in diameter.
- D. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate (close, open, and re-close) the preventers.
- E. All connections to and from preventers to have a pressure rating equivalent to that of the BOP's.
- F. Manual controls to be installed before drilling cement plug.
- G. Valve to control flow through drill pipe to be located on rig floor.
- H. All chokes will be adjustable. Choke spool may be used between rams.

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.
FORT WORTH, TEXAS 76102-3131
817/386-8400

March 3, 2000

U.S. MAIL & VIA FACSIMILE (505) 387-0589

IMC 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, 1,830' FEL, Section 1, T23S-R30E
JRU No. 34	7,840' (Delaware)	660' FSL, 660' FEL, Section 36, T22S-R30E
JRU No. 35	7,830' (Delaware)	660' FNL, 660' FEL, Section 1, T23S-R30E
JRU No. 62	7,830' (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	7,860' (Delaware)	330' FNL, 660' FWL, Section 6, T23S-R31E
JRU No. 75	7,920' (Delaware)	1,980' FSL, 1,650' FWL, Section 6, T23S-31E
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. 82	7,840' (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	7,800' (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 Kallium

IMC Kallium 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 Kallium Carlsbad Potash Company has received your notice that Bass Enterprises Production Company intends to the above referenced wells. IMC Kallium 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 Kallium 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 Kallium submits this letter in lieu of the forms requested.

Sincerely,

John Purcell
Chief Mine Engineer

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