NOTIFY OCD SPUD & TIME TO WITNESS
WATER PRO[illegible]TION STRING

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

FORM APPROVED
Expires: February 28, 1995

c/SF

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. Lease Designation and Serial No.
NM-04473

6. If Indian, Allottee or Tribe Name
1786

7. Unit agreement name
James Ranch Unit

8. Farm or Lease Name, Well No.
James Ranch Unit #85

9. API Well No.
30-015-31767

10. Field and Pool, or Wildcat
Quahada Ridge (Delaware), SE

11. Sec., T., R., M., or Blk.
and Survey or Area
Sec 6, T23S, R31E

1a. TYPE OF WORK
DRILL [X] DEEPEN [ ]

b. TYPE OF WELL
Oil Well [XX] Gas Well [ ] Other Single Zone [X] Multiple Zone [ ]

2. Name of Operator
Bass Enterprises Production Co. 1801

3. Address and Telephone No.
P O Box 2760 Midland, Texas 79702-2760 (915) 683-2277

4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At Surface
2180' FSL & 185' FWL, Section 6, T23S, R31E
At proposed BHL
same
NSL
Lot 6

RECEIVED
MAY 2001
OCD - ARTESIA

14. Distance in miles and direction from nearest town or Post Office*
16 miles east of Loving, NM

12. County or Parish
Eddy

13. State
NM

15. Distance from proposed* Location to nearest Property or lease line, ft. (Also to nearest drlg. unit line, if any)
185'

16. No. of acres in Lease
280

17. No. of Acres assigned to this Well
40

18. Distance from proposed location* to nearest well, drilling, completed, or applied for, on this Lease, ft.
183'

19. Proposed Depth
7815'

20. Rotary or Cable Tools
Rotary

21. Elevations (Show whether DF, RT, GR, etc.)
3299' GR

22. Approx. date work will start*
Upon Approval

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"	WC40	42#	600'	320 sx Circ to surface.
11"	8-5/8"	WC50	28# & 32#	3,925'	815 sx Circ to surface.
7-7/8"	5-1/2"	K55	15.5# & 17#	7815'	1070 sx. Circ to surface.

WITNESS

Surface casing to be set +/- 100' above the top of the salt.
SECRETARY'S POTASH
R-111-P POTASH
Intermediate casing to be set in the top of the Lamar Lime. The proposed total depth is 100' below top of Bone Spring Lime or ± 7815' (est).
Drilling procedure, BOP Diagram, Anticipated Tops & Surface Plans attached.

This well is located inside the R-111 Potash Area. Attached is IMC Kalium's letter dated July 26, 2000 which indicates no objection to this well.

NOTE: The well was staked as far away from farmhouse as possible and will require an exception to statewide spacing.

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 W. R. Dannels Title Division Drilling Supt. Date 11-14-2000

(This space for Federal or State office use)

Permit No. _____ Approval Date _____

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS

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 5-1-01

*See Instruction 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 representatives as to any matter within its jurisdiction.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Form C-102
Revised March 17, 1999

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 (Delaware), SE

Property Code	Property Name	Well Number
	JAMES RANCH UNIT	85

OGRID No.	Operator Name	Elevation
001801	BASS ENTERPRISES PRODUCTION COMPANY	3299'

Surface Location

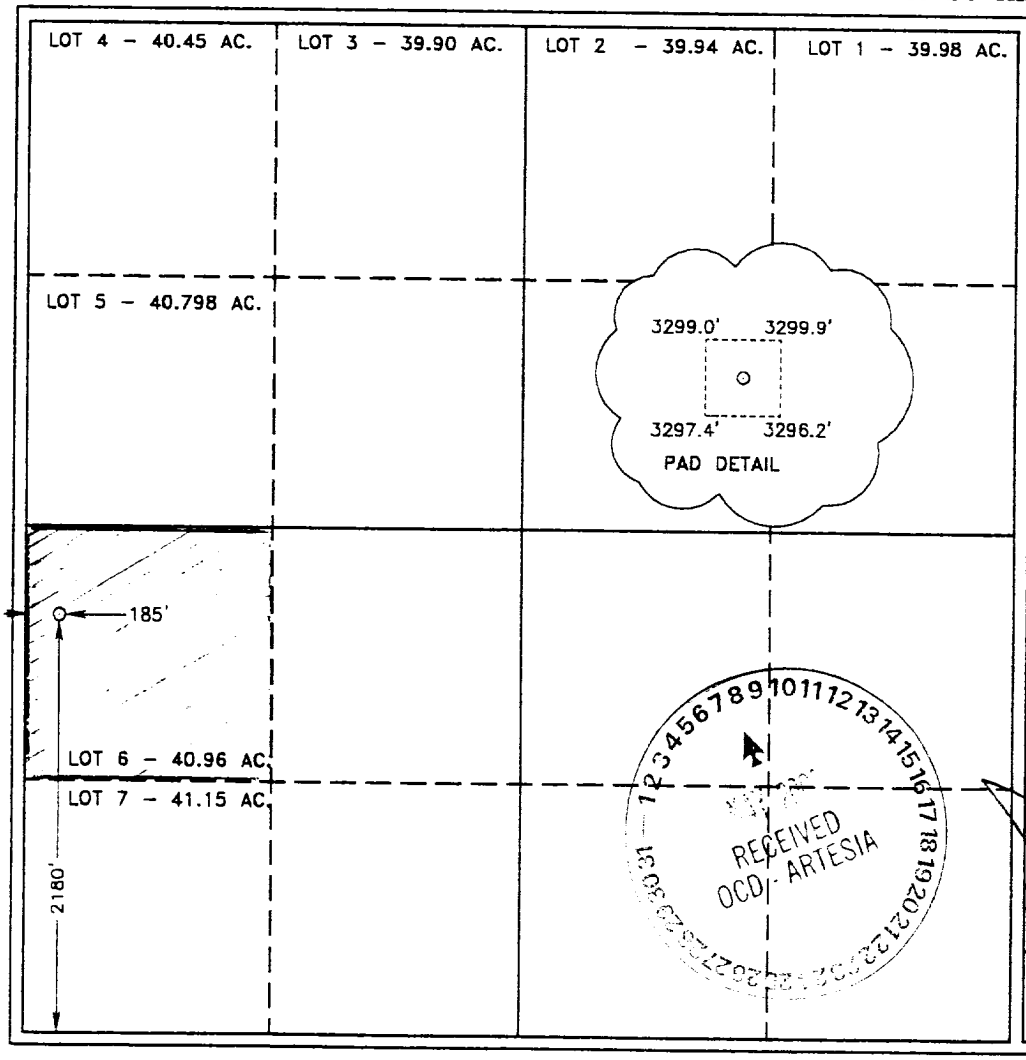
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 6	6	23 S	31 E		2180	SOUTH	185	WEST	EDDY

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	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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

William R. Dannels
Signature

W. R. Dannels
Printed Name

Division Drilling Supt.
Title

11-14-2000
Date

SURVEYOR CERTIFICATION

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 supervison, and that the same is true and correct to the best of my belief.

September 20, 2000
Date Surveyed

Signature & Seal of Professional Surveyor

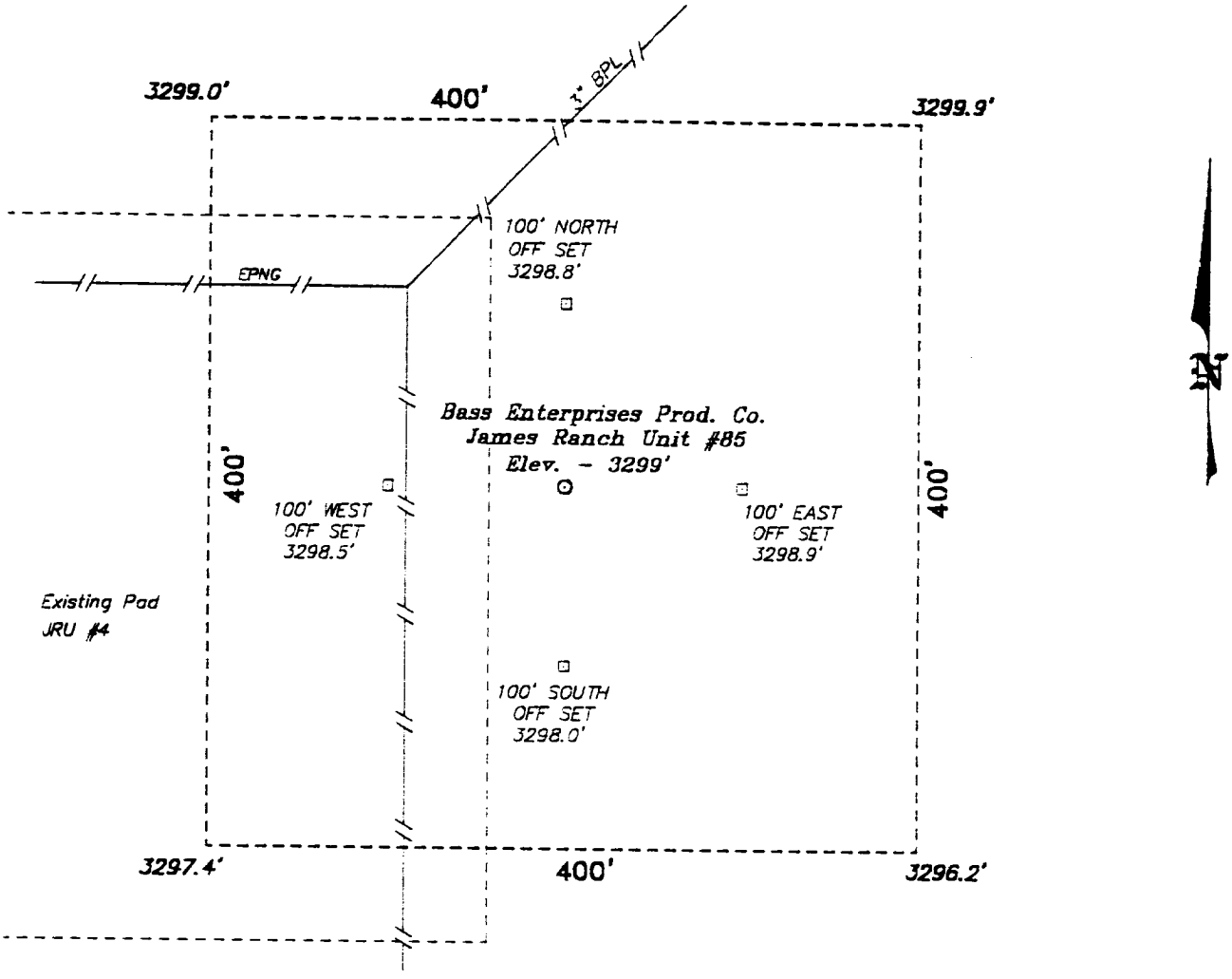
GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 00532

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 6, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, **NEW MEXICO.**



100 0 100 200 FEET

SCALE: 1" = 100'

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HIGHWAY 128 AND THE MPP ROAD (C-802), GO APPROX. 1/2 MILE NORTH AND EAST 0.1 MILES TO LOCATION.

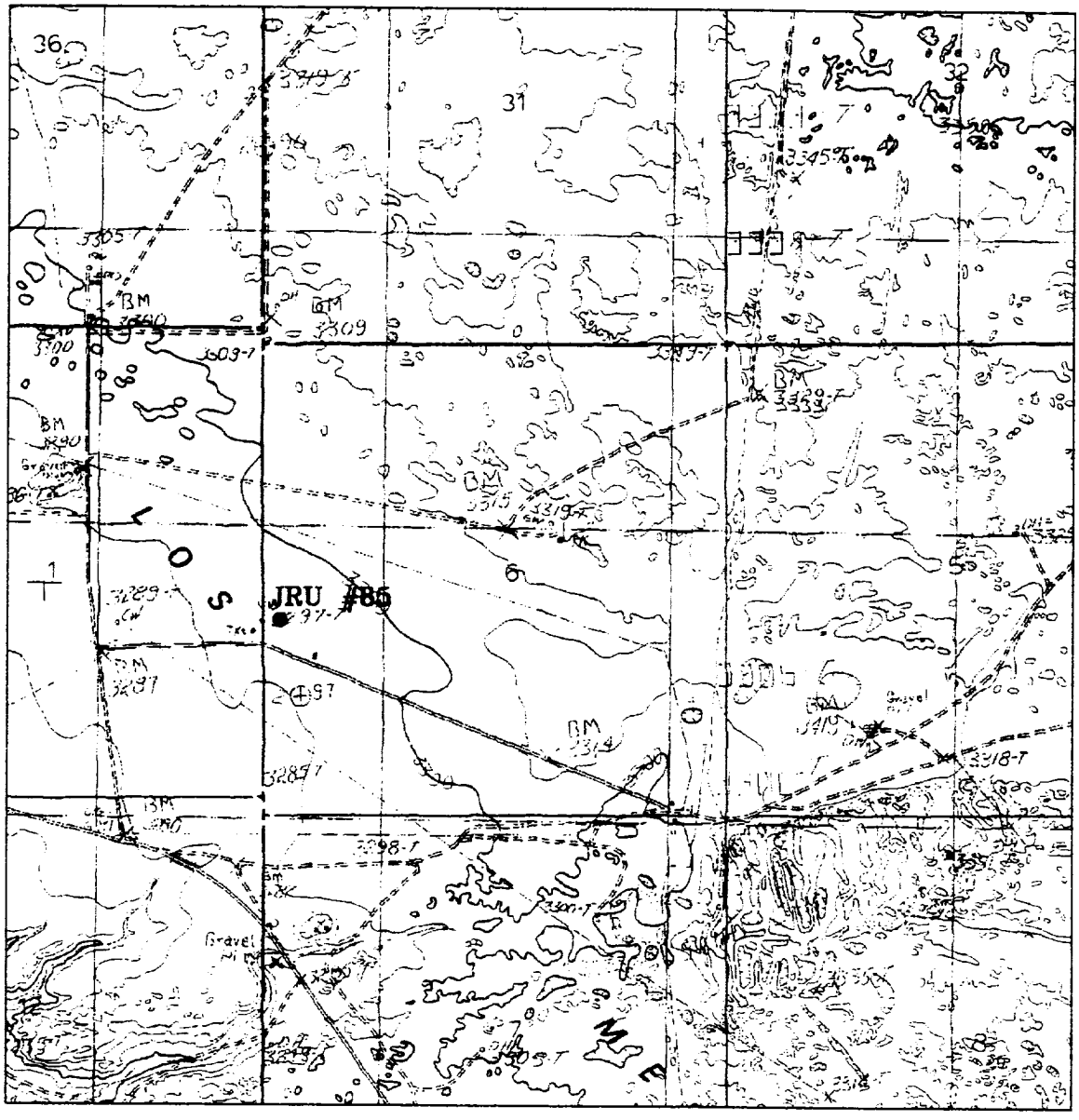
BASS ENTERPRISES PRODUCTION CO.

REF: James Ranch Unit #85 / Well Pad Topo

THE JAMES RANCH UNIT No. 85 LOCATED 2180' FROM THE SOUTH LINE AND 185' FROM THE WEST LINE OF SECTION 6, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 0359	Drawn By: K. GOAD		
Date: 09-25-2000	Disk: KJG #122 - 0532A.DWG	Survey Date: 09-21-2000	Sheet 1 of 1 Sheets



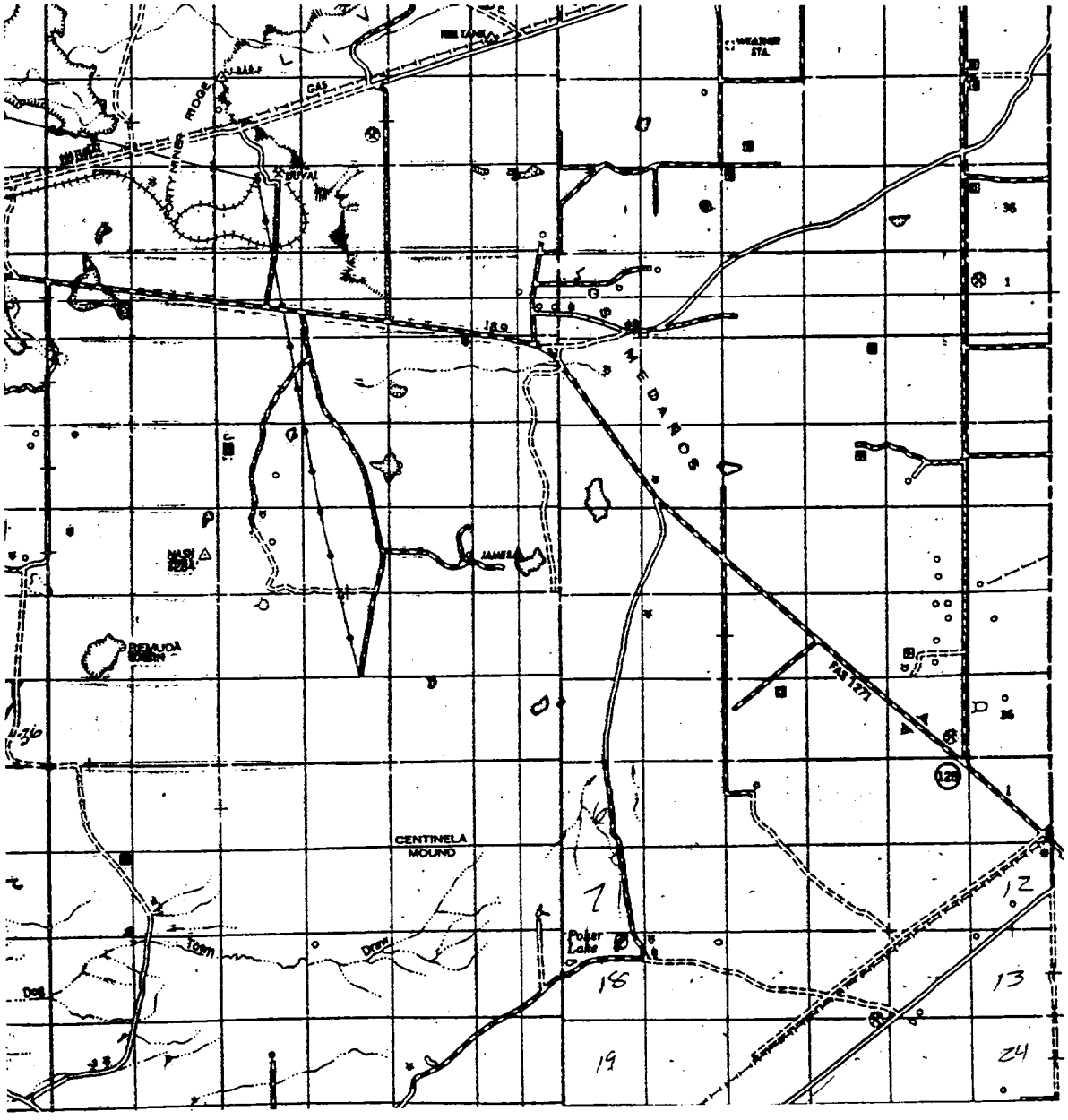
JAMES RANCH UNIT #85
Located at 2180' FSL and 185' FWL
Section 6, Township 23 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico.

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:	0352AA - KJG #122
Survey Date:	09-20-2000
Scale:	1" = 2000'
Date:	09-25-2000

BASS ENTERPRISES
PRODUCTION CO.



JAMES RANCH UNIT #85
Located at 2180' FSL and 185' FWL
Section 6, Township 23 South, Range 31 East,
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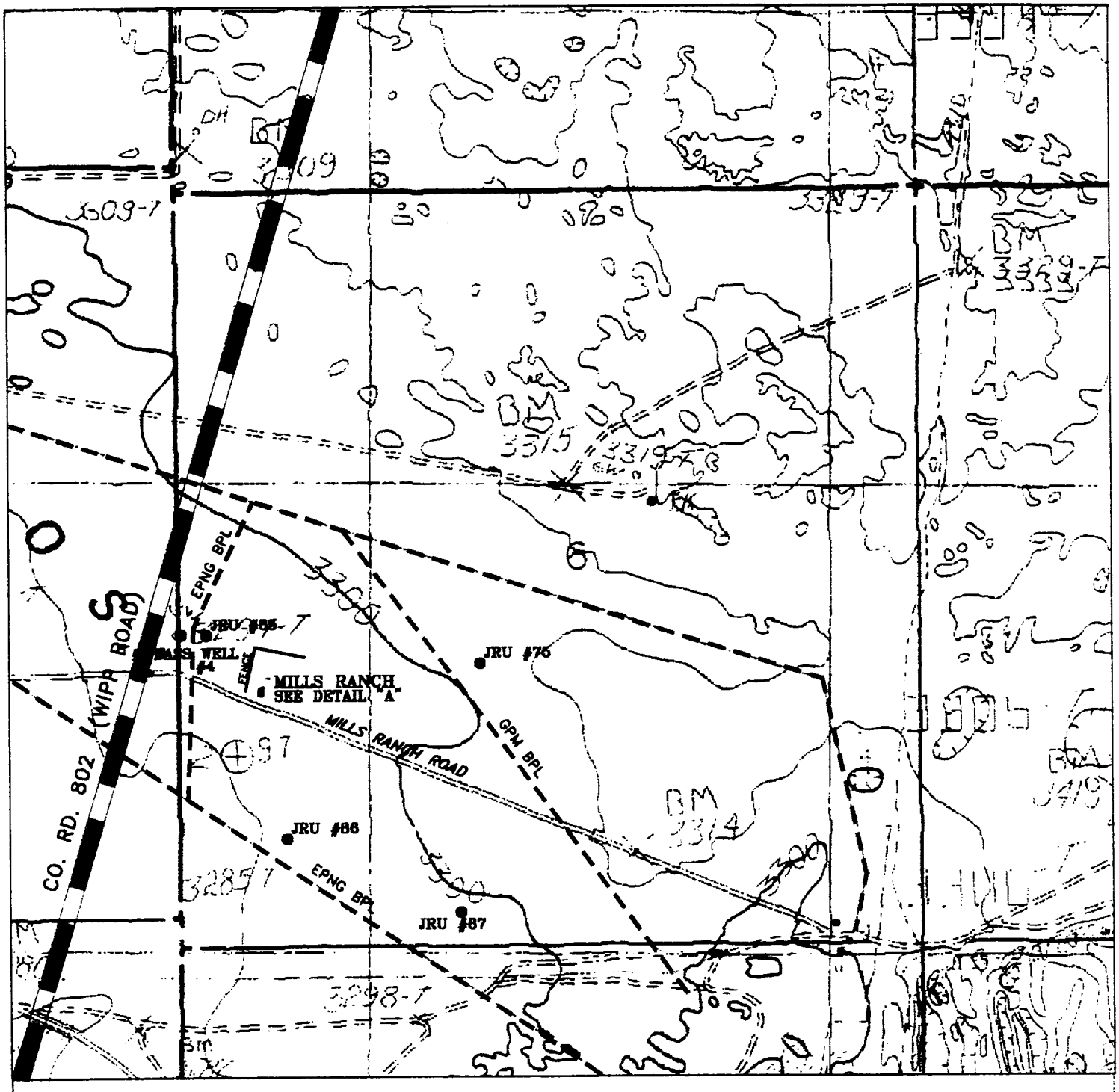
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	0352AA - KJG #122
Survey Date:	09-20-2000
Scale:	1" = 2 MILES
Date:	09-25-2000

BASS ENTERPRISES
PRODUCTION CO.



JAMES RANCH UNIT #85

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

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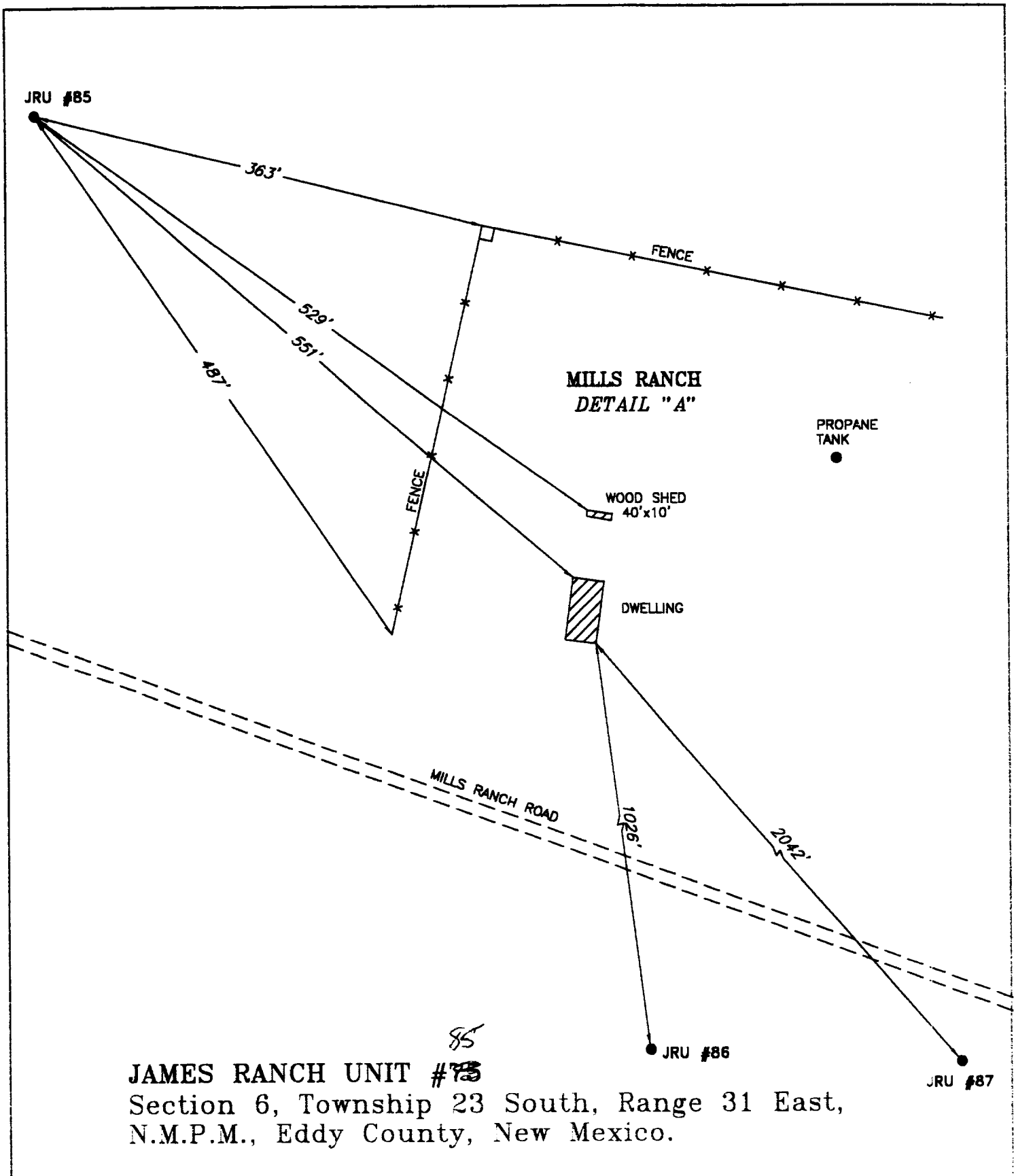
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: BASS531A - KJG #122	BASS ENTERPRISES PRODUCTION CO.
Survey Date: 09-20-2000	
Scale: 1" = 1000'	
Date: 09-25-2000	



85

JAMES RANCH UNIT #~~75~~

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: BASS05318 - KJG #122	
Survey Date: 09-20-2000	
Scale: NONE	
Date: 09-25-2000	

BASS ENTERPRISES PRODUCTION CO.

EIGHT POINT DRILLING PROGRAM
BASS ENTERPRISES PRODUCTION CO.

NAME OF WELL: JAMES RANCH UNIT #85

LEGAL DESCRIPTION - SURFACE: 2180' FSL & 185' 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 3314' (est)
GL 3299'

FORMATION	ESTIMATED TOP FROM KB	ESTIMATED SUBSEA TOP	BEARING
T/Rustler	214'	+3,100'	Barren
T/Salt	669'	+2,645'	Barren
T/Lamar	3,904'	- 590'	Barren
T/Delaware MTN Group	3,949'	- 635'	Oil/Gas
T/Shell Zone	6,744'	- 3,430'	Oil/Gas
T/Lwr Brushy Canyon 8A	7,432'	- 4,118'	Oil/Gas
T/Bone Spring	7,712'	- 4,398'	Oil/Gas
TD	7,812'	- 4,498'	

POINT 3: CASING PROGRAM

TYPE	INTERVALS	PURPOSE	CONDITION
16"	0 – 40'	Conductor	Contractor Discretion
11-3/4", 42#, WC-40, STC	0 – 600'	Surface	New
8-5/8", 28#, WC-50, LT&C	0 – 3,000'	Intermediate	New
8-5/8", 32#, WC-50, LT&C	3,000 – 3,925'	Intermediate	New
5-1/2", 15.50#, K-55, LT&C	0 – 6,500'	Production	New
5-1/2", 17#, K-55, LT&C	6,500 – 7,815'	Production	New

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOP equivalent to Diagram 1 will be nippled 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' - 3925'	Brine	9.8 -10.0	29-30	NC	NC	NC	10
3925' - 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^3/SX
SURFACE:	Circulate cement to surface					
Lead 0 - 300' (100% excess)	105	300	Interfill C + 1/4 pps Flocele + 2% $CaCl_2$	14.35	11.9	2.49
Tail 300-600' (100% excess)	215	300	Class C + 2% $CaCl_2$	6.32	14.82	1.34
INTERMEDIATE:	Circulate cement to surface					
Lead 0 - 3620' (100% excess)	680	3620	Interfill C + 2% $CaCl_2$	14.35	11.9	2.49
Tail 3620-3920' (100% excess)	135	300	Class C	6.32	14.80	1.34

PRODUCTION: A single stage cementing procedure using foam cement will be required. Cement circulated to surface.

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT^3/SX
2nd Stage Lead 0-5,200' (50% excess)	550	5200'	Premium Plus + 1.0% Zone Seal 2000 + Nitrogen (175-300 scf/bbl)	6.30	8.5-13.0	1.83-1.50

D) CEMENT – Cont'd...

INTERVAL	AMOUNT SXS	FT OF FILL	TYPE	GALS/SX	PPG	FT^3/SX
Tail						
5,200-7,812' (50% excess)	470	2612	Premium Plus	6.30	13.00	1.50
Cap (5-1/2" X 8-5/8" annulus)						
0-400'	50	400	Premium Plus + 1% $CaCl_2$	6.30	13.00	1.50

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout Delaware section. A BHP of 3534 psi (max) or MWE of 8.7 ppg is expected. Lost circulation may exist in the Delaware section from 3,949'-7,712'. No H_2S 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
November 13, 2000

MULTI-POINT SURFACE USE PLAN

NAME OF WELL: JAMES RANCH UNIT #85

LEGAL DESCRIPTION - SURFACE: 2180' FSL & 185' 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 0.4 mile north. Turn east and go 0.1 mile to the location.

C) Existing Road Maintenance or Improvement Plan:

See Exhibit "A".

POINT 2: NEW PLANNED ACCESS ROUTE

A) Route Location:

See Exhibit "A". No new road construction will be required.

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 #17 (+/- 2000' northeast 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

Mills Ranch. A surface land damage agreement has been reached between the Operator and Mills Ranch.

C) Materials Foreign to the Site

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

POINT 6: SOURCE OF CONSTRUCTION MATERIALS – Cont'd...

D) Access Roads

See Exhibit "A" – none required.

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.

POINT 10: PLANS FOR RESTORATION OF THE SURFACE – Cont'd...

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 (0.1 miles east of this location).

G) Residences and Buildings

J. C. Mills Ranch House is located 0.1 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.

POINT 11: OTHER INFORMATION – Cont'd...

J) Surface Ownership

The well site and new access road is on land owned by the J.C. & Francis Mills Family Partnership. A damage agreement has been negotiated between the operator and surface land owners.

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

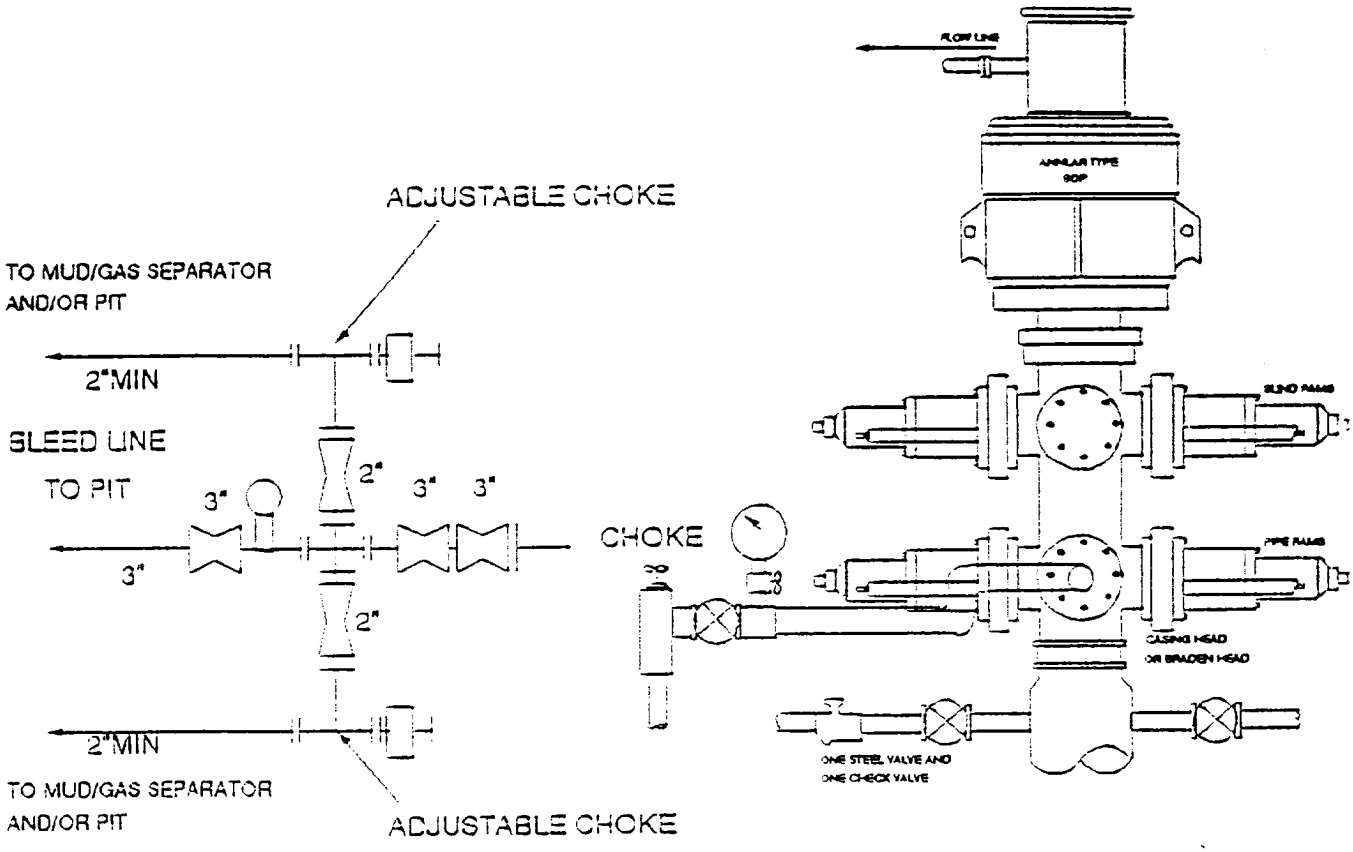
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated 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.

11-14-2006
Date

William R. Dannels
William R. Dannels

WRD/BGH:mac

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.

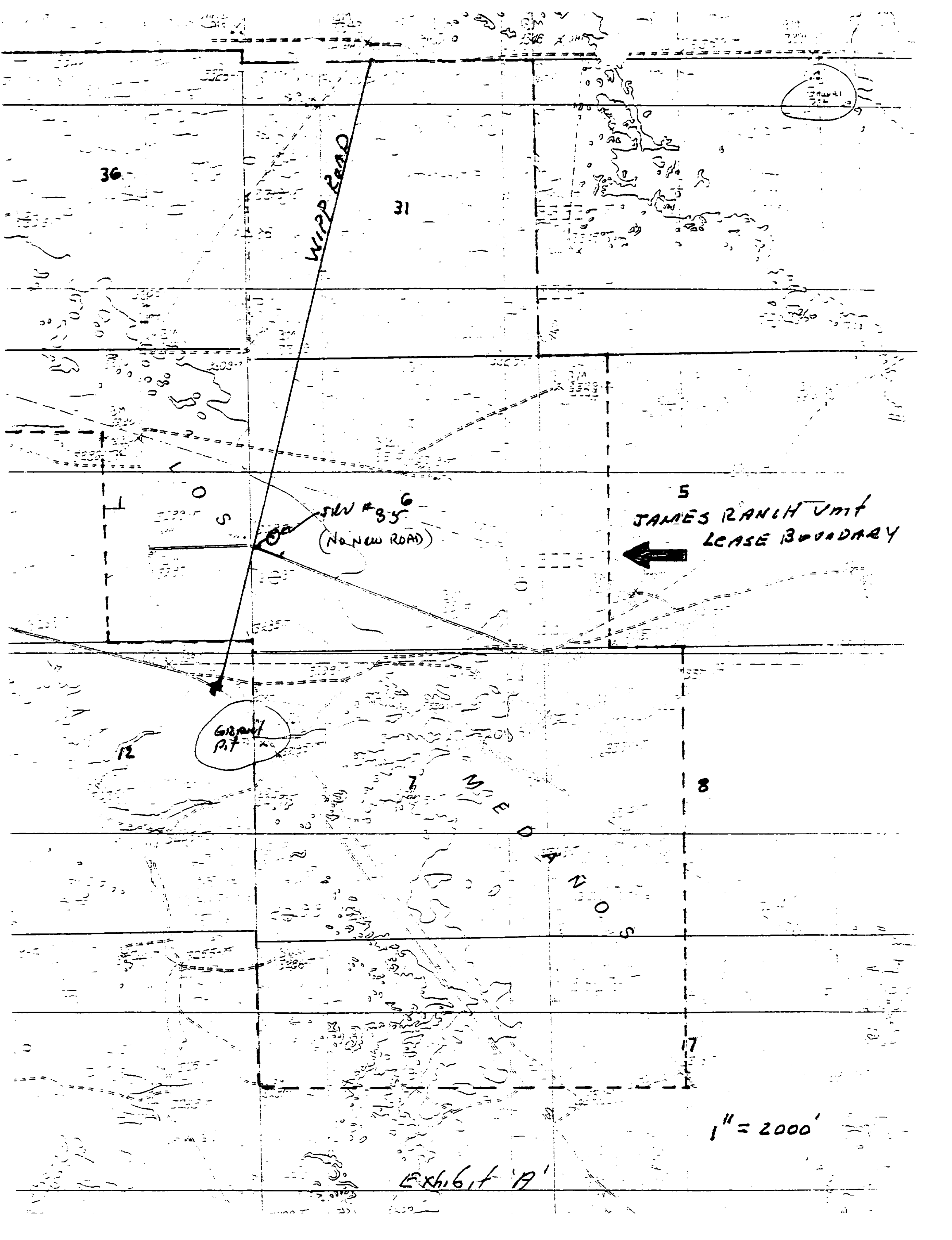
E. All connections to and from preventers to have a pressure rating equivalent to that of the BOP's.

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.

DIAGRAM 1


36
31
WIPP ROAD
LOS MEDANOS
6
5
SW #85
(NO NEW ROAD)
JAMES RANCH Unit
LEASE BOUNDARY
Gravel Pit
12
7
8
17
1" = 2000'
Exhibit 'A'

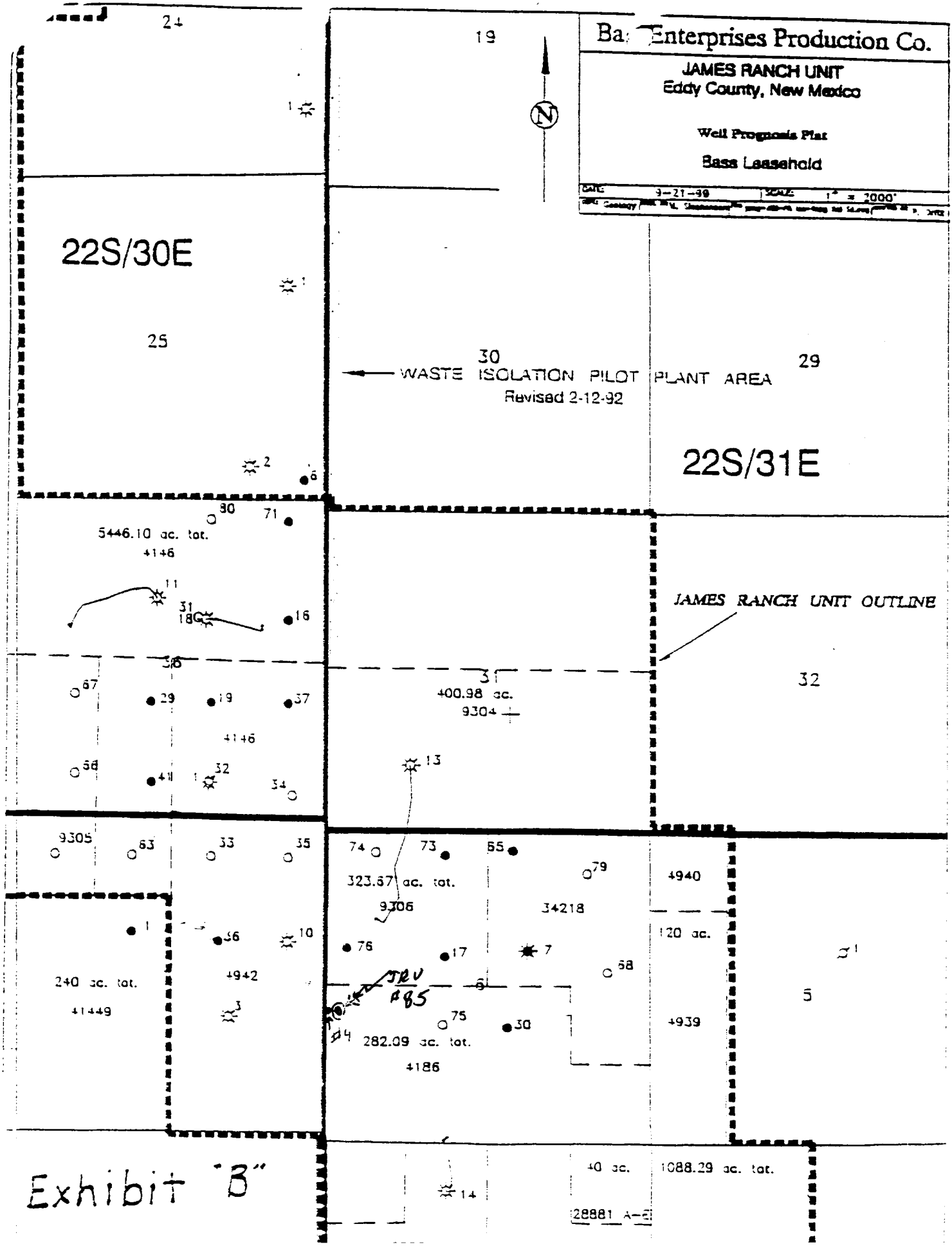
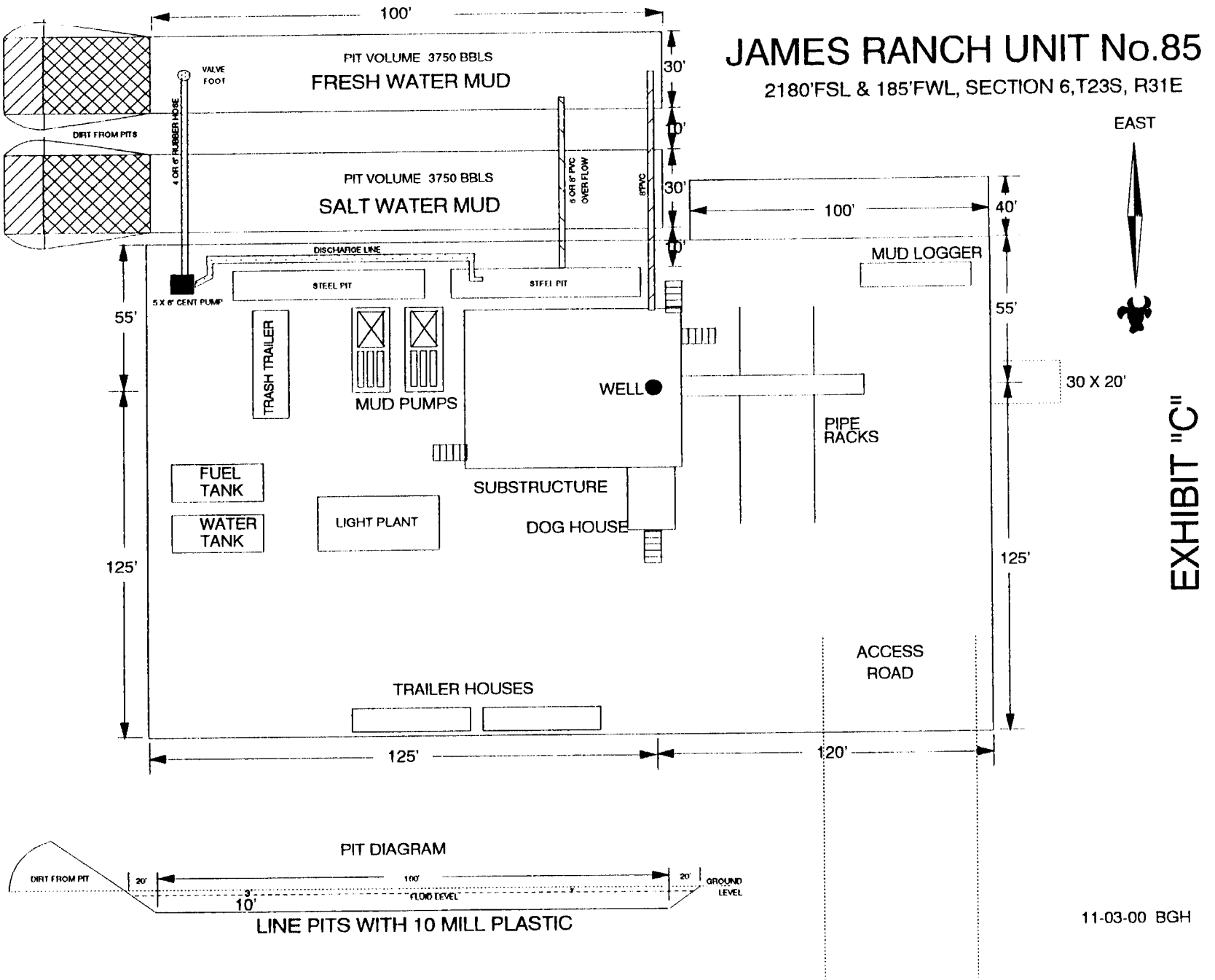

Ba: Enterprises Production Co.
JAMES RANCH UNIT
Eddy County, New Mexico
Well Prognosis Plat
Bass Leasehold
DATE: 9-21-99
SCALE: 1" = 2000'
24
19
1
22S/30E
25
1
30
29
WASTE ISOLATION PILOT PLANT AREA
Revised 2-12-92
22S/31E
2
6
80
71
5446.10 ac. tot.
4146
11
31
18
16
JAMES RANCH UNIT OUTLINE
36
67
29
19
37
4146
68
41
32
34
31
400.98 ac.
9304
32
13
9305
63
33
35
74
73
55
79
323.67 ac. tot.
9306
34218
4940
120 ac.
1
56
10
76
17
7
68
240 ac. tot.
41449
4942
3
JRV
ABS
6
5
4
75
30
4939
282.09 ac. tot.
4186
40 ac.
1088.29 ac. tot.
14
28881 A-8

Exhibit "B"

JAMES RANCH UNIT No.85

2180'FSL & 185'FWL, SECTION 6,T23S, R31E

EXHIBIT "C"



PIT DIAGRAM

LINE PITS WITH 10 MILL PLASTIC

11-03-00 BGH

IMC Kalium

IMC Kalium Carlsbad Potash Company
P. O. Box 71
1361 Potash Mines Road
Carlsbad, New Mexico 88221-0071
505.887.2871
505.887.0539 Fax

July 26, 2000

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

RE: Proposed Wells in James Ranch Federal Unit
Section 1, T23S-R30E (Fed Lease No. NM 02384, LC 054328O)
Section 6, T23S-R31E (Fed. Lease No. NM 02887, LC 071988)
Sections 3 & 17, T23S-R31E (Fed. Lease No. LC 071988-B)
Hudson "1" Federal Well No. 7
JRU Nos. 33, 34, 35, 36, 37, 38, 39, 90
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, and Hudson "1" Fed. #7 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. 36, JRU Well No.37, JRU Well No.38, JRU Well No.39, and JRU No. 90. The location given for JRU Well No. 39 is inside our Life of Mine Reserve (LMR). The locations given for JRU Wells Nos. 36, 38, and 90, with a projected final depths in the Delaware formation , are within ¼ mile of where we expect to mine in the future. The location given for JRU Well No. 37, with a projected final depth in the Wolfcamp formation is also within 1/4 mile of where we expect to mine. Drilled at the proposed locations; these wells 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 Wrotenbery
Dan Morehouse Tim O'Brien Craig Cranston