

**BASS ENTERPRISES PRODUCTION CO.**6 DESTA DRIVE, SUITE 3700  
P.O. BOX 2780  
MIDLAND, TEXAS 79702

FAX (915) 687-0329

June 3, 2003

(915) 683-2277

**VIA FEDERAL EXPRESS**Mr. Tim Gum  
New Mexico Oil Conservation Division  
1301 W. Grand Avenue  
Artesia, New Mexico 88210Re: Big Eddy Unit No. 145  
W/2 Section 31, T21S-R28E  
Big Eddy Unit No. 146  
E/2 Section 31, T21S-R28E  
Eddy County, New Mexico

Dear Mr. Gum:

As we discussed recently, Bass Enterprises Production Co. has filed drilling permits with the New Mexico Oil Conservation Division for both of the above wells in their respective proration units. Competing applications for these wells in the same proration units have been filed by MYCO Industries, Inc. According to the OCD's letter dated May 21, 2003, MYCO has been granted permits to drill.

This is to advise you that Bass has notified MYCO that both wells are within the boundary of the Big Eddy Unit and both wells have been assigned proration units containing leases owned by Bass dedicated to the Big Eddy Unit Agreement. Bass is the designated operator according to the Big Eddy Unit Agreement which provides as follows:

8. Rights and Obligations of Unit Operator: Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated and shall be exercised by the Unit Operator (Bass) as herein provided.

Thus, the Unit Operator (Bass) must operate any wells on lands committed to the unit, or lands pooled or committed therewith, unless proper steps are taken to transfer such authority. Until further notice, MYCO does not have the authority to operate such wells. Therefore, Bass requests that your office approve the Bass permits and that the MYCO permits should not be recognized by the NMOCDD. Thank you very much should you have any questions or comments, please don't hesitate to contact the undersigned at 432-683-2277.

Sincerely,

Handwritten signature of William R. Dannel.

for John R. Smitherman  
Division Production ManagerJRS/JWB:ca/gjr  
cc: Wayne Bailey via fax

# FAX COVER SHEET

OIL CONSERVATION DIVISON  
1301 W. GRAND AVE  
ARTESIA, NM 88210

PHONE (505-748-1283)  
FAX (505-748-9720)

Date 6-5-03

TO: David Brooks

FROM: Began Account

NUMBER OF PAGES 2 (INCLUDING COVER SHEET)

MESSAGE Fyl - another letter from Bass you may  
not have

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**BASS ENTERPRISES PRODUCTION CO.**6 DESTA DRIVE, SUITE 3700  
P.O. BOX 2760  
MIDLAND, TEXAS 79702

FAX (915) 687-0329

(915) 683-2277

May 30, 2003

**VIA FEDERAL EXPRESS**Mr. Tim Gum  
New Mexico Oil Conservation Division  
1301 W. Grand Avenue  
Artesia, New Mexico 88210Re: Big Eddy Unit No. 143  
W/2 Section 19, T21S-R28E  
Big Eddy Unit No. 144  
W/2 Section 30, T21S-R28E

Dear Mr. Gum:

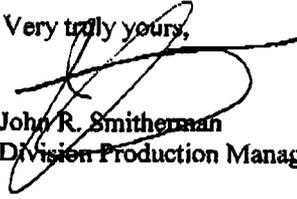
As we discussed recently, Bass Enterprises Production Co. has filed APD's with the Bureau of Land Management for both of the above wells in their respective proration units as set forth above. Competing applications for these wells have been filed by MYCO Industries, Inc. These applications are being processed simultaneously by the BLM as of this writing.

This is to advise you that Bass has notified MYCO, and all other interested parties in both proration units that Bass will drill and operate both wells at the locations set forth in the permits. Bass is the owner of 75% interest in the Big Eddy Unit No. 143 and 87.50% working interest Big Eddy Unit 144. Furthermore, Bass is the designated operator according to the Big Eddy Unit Agreement which provides as follows:

8. Rights and Obligations of Unit Operator: Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated and shall be exercised by the Unit Operator (Bass) as herein provided.

Thus, the Unit Operator (Bass) must operate any wells on lands committed to the unit unless proper steps are taken to transfer such authority. Until further notice, MYCO does not have the authority to operate such wells. Therefore, for the reasons stated above, Bass requests that your office approve the Bass permits upon your receipt of them from the BLM and that the MYCO permits should not be recognized by the NMOCD. Thank you very much should you have any questions or comments, please don't hesitate to contact the undersigned at (817) 915-683-2277.

Very truly yours,

  
John R. Smitheman  
Division Production Manager

JRS/JWB:ca/gjr