

DANIEL S. NUTTER

REGISTERED PETROLEUM ENGINEER

PETROLEUM CONSULTATION AND STATE AND FEDERAL REGULATORY SERVICES

105 EAST ALICANTE

SANTA FE, NEW MEXICO 87501

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July 10, 1984

RECEIVED

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OIL CONSERVATION DIVISION

Mr. Joe D. Ramey  
Division Director  
Oil Conservation Division  
New Mexico Energy and Minerals Department  
Post Office Box 2088  
Santa Fe, New Mexico 87501

*Case 8288*

Re: Application of Bass Enterprises  
Production Co. for Drilling  
Islands and Special Rules for a  
Defined "Contract Area", Eddy  
County, New Mexico

Dear Mr. Ramey:

Perry R. Bass, Trustee, and Bass Enterprises Production Co., a division of Bass Brothers Enterprises, Inc., hereinafter collectively referred to as "Bass", and Mississippi Chemical Corporation, hereinafter referred to as "MCC", recently entered into an agreement whereby Bass, as holder of interests in certain state and federal oil and gas leases, and MCC, as holder of certain state and federal potassium leases, have agreed to certain conditions and provisions governing the drilling of oil and gas wells by Bass in the lands covered by the agreement, said lands being known in the agreement as the "Contract Area", and comprising all or portions of Township 19 South, Range 30 East; Township 20 South, Ranges 30 and 31 East; Township 21 South, Ranges 29, 30, and 31 East; and Township 22 South, Ranges 30 and 31 East, NMPM, Eddy County, New Mexico.

Pursuant to the agreement, Bass and MCC have concurred to the establishment of 18 drilling islands from which Bass may drill vertical and directionally deviated "shallow" and "deep" wells. The agreement defines "shallow" wells as those wells which are not drilled below the base of the Strawn formation, and "deep" wells as wells drilled below the base of the Strawn.

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"Drilling Island(s)", as defined by the agreement, shall mean duly approved drilling locations by appropriate governmental authorities from which multiple wells can be drilled. Except for two specifically defined drilling islands, the islands shall be circular in form and shall have a radius of not more than 240 feet.

Drilling Island center point locations for "shallow" wells are as follows:

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM

Section 7:	330'	FSL,	400'	FEL
Section 8:	900'	FSL,	660'	FWL
Section 18:	660'	FNL,	660'	FEL
Section 26:	2970'	FNL,	330'	FEL
Section 27:	2280'	FNL,	1980'	FWL
Section 27:	1980'	FSL,	1680'	FWL
Section 27:	990'	FNL,	1980'	FEL

Drilling Island center point locations for "deep" wells are as follows:

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM

Section 19:	1500'	FNL,	1500'	FWL
Section 21:	2000'	FNL,	2000'	FEL
Section 30:	2000'	FSL,	3000'	FWL
Section 35:	660'	FSL,	660'	FEL

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM

Section 11:	660'	FNL,	660'	FWL
Section 24:	1320'	FNL,	660'	FEL

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM

Section 5:	250'	FNL,	1600'	FWL
Section 9:	1800'	FNL,	660'	FEL
Section 16:	1000'	FSL,	2000'	FWL

In addition, the agreement establishes the two following non-circular deep well drilling islands:

The western 4620 feet of Section 3, Township 21 South, Range 29 East, NMPM, and

The eastern 3780 feet of Section 2, Township 21 South, Range 30 East, NMPM.

Any well drilled from any of the above-described drilling islands would be drilled in a substantially vertical direction until the well has penetrated the Salado interval after which it could be deviated to the effect that the well bore would have completely penetrated the salt interval when the well bore exceeds the boundary of the drilling island, provided however, that any "shallow zone" well as defined by Division Order R-111-A, could be deviated prior to completely penetrating the Salado interval but would not be permitted to exceed the boundary of the drilling island prior to completely penetrating the salt interval.

The agreement provides for certain protective measures to be taken by Bass and MCC for the protection of potash resources as well as oil and gas resources to the benefit of the State of New Mexico, United States of America, and the parties to the agreement.

It should be pointed out that all casing and cementing operations for wells drilled from the drilling islands will be in conformance to the casing and cementing regulations promulgated by Division Order R-111-A, provided however, that the parties to the agreement have agreed that for purposes of the agreement, Article IV, DRILLING AND CASING PROGRAM, paragraph (2)(a), of Order R-111-A shall be amended by deleting therefrom the words "'Red Bed' section of the" and paragraph (4)(a) shall be amended to read in its entirety as follows:

"In the drilling of oil and gas exploratory test wells to the deep zone, the operator shall run an intermediate string of pipe."

A copy of the agreement is enclosed with this letter. However, the map referred to in the agreement as Exhibit A, on which the Contract Area is delineated by red markings, is not attached. This map will be submitted to the Commission at the hearing.

We believe that by execution of this agreement, Bass and MCC have reached a milestone in cooperative efforts to ensure the beneficial application of multiple use of public lands, and that by the disciplined performance of the parties to the agreement in compliance with the terms thereof, the public interest will be served, and New Mexico's potash resources and oil and gas resources will be properly protected to the benefit of all.

In view of the above, it is respectfully requested that a case be included on the August 1, 1984, Oil Conservation Commission Hearing Docket to consider the following:

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1. Approval of the above-described drilling islands.

2. A procedure whereby Bass could receive approval, without necessity for hearing, for the vertical and directional drilling of wells from orthodox and unorthodox surface locations in the drilling islands to orthodox and unorthodox bottomhole locations, as well as approval of such locations.

3. Approval for the above-described amendment (for purposes of drilling wells pursuant to the agreement only) of the language of paragraph (2)(a) and 4(a) of Article IV, CASING AND DRILLING PROGRAM, of Order R-111-A. (We believe that the interpretation placed on paragraphs (2)(a) and (4)(a) as described above is more restrictive than the language in said paragraphs as they exist, and only seek the Division's endorsement of the language, not the amendment of R-111-A per se.)

4/3. Approval for such other differences as you may perceive exist between the provisions of R-111-A and the Division's Rules and Regulations for the location, drilling, casing, cementing, and producing of oil and gas wells, and the provisions for conducting these activities as outlined in the agreement.

For further information concerning this application for hearing, or the agreement between Bass and MCC, please contact Mr. Jens Hansen, Bass Enterprises Production Company Division Landman, (817) 390-8400, Mr. Steve Rowland, Bass Enterprises Production Company Division Engineer, (915) 684-5723, or the undersigned.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Daniel S. Nutter", written over a horizontal line.

Daniel S. Nutter, P.E.

DSN:en

cc: next page

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cc: Mr. Tom C. Parry, President  
Mississippi Chemical Corporation  
Post Office Box 388  
Yazoo City, Mississippi 39194

Mr. Jim Gillham  
United States Bureau of Land Management  
Post Office Drawer 1857  
Roswell, New Mexico 88201

Mr. Jens Hansen, Division Landman  
Bass Enterprises Production Company  
First City Bank Tower  
201 Main Street  
Fort Worth, Texas 76102

Mr. Steve Rowland, Division Engineer  
Bass Enterprises Production Company  
Post Office Box 2760  
Midland, Texas 79702

Robert E. Jones, Esq.  
Mississippi Chemical Corporation  
Post Office Box 388  
Yazoo City, Mississippi 39194-0388

W. Thomas Kellahin, Esq.  
Kellahin and Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504

Pat Apodaca, Esq.  
Keleher and McLeod  
Post Office Drawer AA  
Albuquerque, New Mexico 87103

## A G R E E M E N T

THIS AGREEMENT, made and entered into this 27th day of February, 1984, among Mississippi Chemical Corporation (hereinafter referred to as "MCC") and Perry R. Bass, Trustee, and Bass Enterprises Production Co., a division of Bass Brothers Enterprises, Inc. (hereinafter collectively referred to as "Bass").

### W I T N E S S E T H:

WHEREAS, MCC is the holder of certain state and federal potassium leases covering potassium deposits underlying certain real property located in Eddy and Lea Counties, New Mexico; and

WHEREAS, Bass is the holder of interests in certain state and federal oil and gas leases covering hydrocarbons underlying certain real property located in Eddy and Lea Counties, New Mexico; and

WHEREAS, various disputes have arisen between the parties hereto concerning the rights of the parties under their respective leases, and concerning the rights of Bass, as a lessee and as operator of the Big Eddy Unit, to explore for and produce oil and gas in areas covered under this Agreement; and

WHEREAS, Bass and MCC mutually desire to resolve such disputes by entering into this Agreement on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual promises set forth herein, the parties hereby agree as follows:

### ARTICLE I - DEFINITIONS

Except where the context otherwise dictates another or different meaning or intent, the following words and terms as used herein shall be construed to have the meanings indicated:

1. "Bass Leases" shall mean all of the oil and gas leases embracing the "Contract Area" as herein defined, in which Bass, as of the date of this Agreement, has any interest, whether as

lessee, or other oil and gas interest holder, or as operator of the Big Eddy Unit, as hereinafter defined.

1.2 "Well(s)" shall mean an orifice in the ground made by drilling, boring or in any other manner, from which any oil or gas is obtained or is obtainable or which is being so made for the purpose of obtaining any oil or gas.

1.3 "Shallow Well(s)" shall mean a Well which is not drilled to a depth below the base of the Strawn Formation.

1.4 "Deep Well(s)" shall mean any Well drilled below the base of the Strawn Formation.

1.5 "Drilling Island(s)" shall mean duly approved drilling locations by appropriate governmental authorities from which multiple Wells can be drilled. Unless otherwise expressly herein provided, Drilling Islands shall be circular in form and shall have a radius of not more than 240'.

1.6 "Contract Area" shall mean the area identified and delineated in red markings on the map which is attached hereto as Exhibit A and made a part hereof.

1.7 "Big Eddy Unit" shall mean the areas within the Contract Area identified and described in that certain instrument filed for record in Book 59 at page 507 of the Oil and Gas records of Eddy County, New Mexico. The areas included in the Big Eddy Unit are further identified and delineated in green markings on the map attached hereto as Exhibit A.

1.8 The "Potash Area" is the area within the Contract Area currently designated by the U.S. Geological Survey on Exhibit A as "Measured Potash Reserves, Indicated Potash Reserves, Unevaluated Potash Areas, First Mined Areas and Second Mined Areas." The foregoing identification of the Potash Area shall not, for purposes of this Agreement, be subject to adjustment in accordance with future designations by the U.S. Geological Survey or any successor authority. The areas within the Contract Area but outside the Potash Area are identified and delineated in orange markings on the map attached hereto as Exhibit A.

1.9 "FNL" shall mean from north line.

1.10 "FSL" shall mean from south line.

1.11 "FEL" shall mean from east line.

1.12 "FWL" shall mean from west line.

1.13 "Regulation R-111-A" shall mean Regulation R-111-A as promulgated by the New Mexico Oil Conservation Commission as presently in effect.

## ARTICLE II - ESTABLISHMENT OF DRILLING ISLAND

2.1 During the term of this Agreement, MCC agrees not to oppose applications filed by Bass with the appropriate governmental and regulatory authorities to establish within the Contract Area Drilling Islands having a center point at the locations set forth below.

Drilling Island center point locations for Shallow Wells are as follows:

- (1) 2280' FNL and 1980' FWL Section 27, T20S-R31E;
- (2) 1980' FSL and 1680' FWL Section 27, T20S-R31E;
- (3) 400' FEL and 330' FSL Section 7, T20S-R31E; —
- (4) 660' FWL and 900' FSL Section 8, T20S-R31E; —
- (5) 330' FEL and 2970' FNL Section 26, T20S-R31E;
- (6) 660' FNL and 660' FEL Section 18, T20S-R31E; —
- (7) 1980' FEL and 990' FNL Section 27, T20S-R31E.

Drilling Island center point locations for Deep Wells are as follows:

- (8) 1500' FWL and 1500' FNL Section 19, T20S-R31E;
- (9) 660' FSL and 660' FEL Section 35, T20S-R31E; ✓
- (10) 3000' FWL and 2000' FSL Section 30, T20S-R31E; ✓
- (11) 2000' FEL and 2000' FNL Section 21, T20S-R31E;
- (12) West 4620' of Section 3, T21S-R29E;
- (13) 660' FNL and 660' FWL Section 11, T21S-R29E; ✓
- (14) 1320' FNL and 660' FEL Section 24, T21S-R29E; ✓
- (15) 2000' FWL and 1000' FSL Section 16, T21S-R30E;
- (16) 660' FEL and 1800' FNL Section 9, T21S-R30E; —
- (17) East 3780' of Section 2, T21S-R30E;
- (18) 1600' FWL and 250' FNL Section 5, T21S-R30E.



The above-specified Drilling Islands, with exceptions of Nos. 12 and 17, will be in the form of a circle the center of which will be the locations described above. The radius of Drilling Islands will not exceed 240'. Drilling Island No. 12 will consist of Section 3, save and except the most easterly 660', to the effect that a Well may not be drilled closer than 660' FEL of said Section 3. Drilling Island No. 17 will consist of the east 3780' of Section 2.

2.2 Bass shall promptly advise MCC in writing of any intention it has to drill any Well in the Contract Area and shall provide MCC with notice and copies of any applications to state or federal authorities concerning proposed oil and gas operations in the Contract Area. MCC will, upon the written request of Bass, provide Bass with a letter to be submitted with the Application to Drill, advising the appropriate authorities that it does not object to the establishment of Drilling Islands at the locations specified in Article 2.1 above.

2.3 In consideration of MCC's agreement and undertaking not to oppose the establishment of Drilling Islands at the locations specified and set forth in Article 2.1 above, Bass hereby agrees, subject to the provisions of 2.4 below, that during the term of this Agreement it will not apply for authority to drill nor will it drill any Well at any location within the Contract Area other than locations lying within the boundaries of the Drilling Islands identified in Article 2.1. Bass agrees that it will not assign or otherwise transfer to any third party any interest (including any farm-out areas) it may have in the Bass Leases unless it shall first obtain the written agreement of such third party to be bound by the terms and conditions of this Agreement. With respect to areas which lie within both the Contract Area and the Big Eddy Unit, Bass hereby represents that it is the authorized operator under the Big Eddy Unit and Unit Operating Agreement, and Bass further represents, warrants and guarantees that it will, at its sole expense, as unit operator to the full limits of its authority, oppose, resist and make all attempts to prevent

the drilling of any well(s) not lying within the boundaries of Drilling Islands identified in Article 2.1. In this regard, Bass will seek the assistance of the Department of Interior, if necessary, to prevent such drilling operations from occurring.

2.4 Bass shall be entitled to seek necessary governmental and regulatory approval to conduct oil and gas operations at locations within the Contract Area, but outside the bounds of the Potash Area (excluding areas outside the Potash Area as indicated in solid brown markings on Exhibit A hereto); provided, however, that Bass shall not drill any Well any closer to "Commercial Potassium Deposits" than a distance equal to the depth of the base of such deposits, plus ten percent (10%) of such depth. Commercial Potassium Deposits shall be areas reasonably demonstrated by MCC to contain deposits of potash of a thickness of at least 4' and a concentration of at least ten percent (10%) potassium oxide ( $K_2O$ ). If Bass determines that its interests are served by drilling a Well at a location inside the Contract Area, but outside the bounds of the Potash Area, and subject to the further restrictions of this Article 2.4, it shall notify MCC of its decision to conduct such drilling and shall enter into good-faith negotiations concerning the locations of such Wells.

2.5 All proposed drilling activity by Bass outside the Contract Area but within 1500' of the boundaries of the Contract Area shall be subject to MCC's prior review and approval, which shall not be unreasonably withheld. Approval shall be deemed reasonably withheld if such proposed drilling operations will occur closer to "Commercial Potassium Deposits," as defined in 2.4 hereof, than a distance equal to the depth of the base of such deposits, plus ten percent (10%) of such depth or if, in MCC's sole reasonable judgment, such proposed activities will otherwise adversely impact MCC's properties or its proposed operations. The restrictions of this Article 2.5 shall not apply to areas outside the Contract Area and within 1500' of the boundaries of the Contract Area lying in Section 4, T20S, R31E; Section 5, T20S, R31E; Section 9, T20S, R31E; Section 16, T20S,

R31E; Section 22 (except the SW $\frac{1}{4}$  of the SW $\frac{1}{4}$  of said Section), T20S, R31E; Section 23, T20S, R31E; Section 24, T20S, R31E; Section 25 (except the SW $\frac{1}{4}$  of the SW $\frac{1}{4}$  of said Section), T20S, R31E; and Section 26, T20S, R31E.

ARTICLE III - WELL CASING AND ABANDONMENT REQUIREMENTS

3.1 Well Requirements. All oil and/or gas drilling operations from duly approved Drilling Islands shall be conducted by Bass in accordance with the following:

(a) Each Deep Well shall be drilled substantially vertical until it has completely penetrated the Salado interval after which it may be deviated to the effect that the Well bore will have completely penetrated the salt interval when the Well bore exceeds the boundary of any Drilling Island. A sufficient number of deviation surveys shall be conducted to assure substantially vertical penetration through the Salado interval.

(b) A sufficient number of directional surveys shall be conducted to prove the hole location throughout the salt interval and such surveys shall be provided to MCC.

(c) A test or observation well will be drilled between any Well and open-mine workings if such Well (i) is drilled below the Strawn Formation; (ii) is completed as a gas well; and (iii) is located within one-half mile of open-mine workings existing at the time of Well completion. The test and observation well(s) will be drilled into the top of salt and cased and cemented to surface. The test and observation well will then be drilled through the bottom potash ore zone, cored through the potash ore horizons, and left open as an observation well. The locations of test and observation wells shall be at locations determined by MCC within 100' of the Well closest to open-mine workings in each Drilling Island. MCC will drill such test and observation wells on a competitive bid basis, with Bass to pay actual drilling costs. Bass shall not be responsible for monitoring the observation well nor shall Bass be responsible for the cost of more than one test or observation well per Drilling Island.

3.2 Casing Requirements. All casing with respect to each Well shall be in accordance with applicable rules and regulations of authorities having jurisdiction thereof. Casing and cementing of a Well shall be in accordance with Regulation R-111-A. In addition to the foregoing, Bass hereby undertakes to perform the following additional tasks with respect to the casing of all Wells drilled within the Contract Area.

(a) Bass will set a stage cementing tool in the production casing string of Deep Wells at a point below the depth of the intermediate casing and cement the production-intermediate casing annulus up to a depth near the setting depth of the salt protection string.

(b) Bass agrees to run tests or surveys on all strings of casing to determine the height of cement in the annulus and to report the results of such tests to MCC.

(c) Bass agrees to utilize drill pipe protection rubbers on every other joint of drill pipe.

(d) Bass will evaluate the intermediate casing string to determine whether or not it has sufficient strength to withstand surface pressures exerted by Morrow formation pressures under gas column conditions.

(e) Bass agrees to use an epoxy seal at or near the shoe of the salt protection casing string.

(f) The parties agree that for purposes of this Agreement Article IV, DRILLING AND CASING PROGRAM, paragraph (2)(a), of Regulation R-111-A shall be amended by deleting therefrom the words "'Red Bed' section of the."

(g) The parties agree that for purposes of this Agreement Article IV, DRILLING AND CASING PROGRAM, paragraph (4)(a), of Regulation R-111-A shall be amended to read in its entirety as follows:

"In the drilling of oil and gas exploratory test wells to the deep zone, the operator shall run an intermediate string of pipe."

3.3 Abandonment Procedures. All abandonment and plugging procedures shall be conducted in accordance with Regulation R-111-A.

3.4 Right of Inspection. MCC or MCC's representatives shall have the right to inspect the progress of the drilling, casing and abandonment of any Well at all reasonable times during the performance of such work. Bass agrees to provide MCC or its designated representative at least 48 hours' prior notice of all crucial operations, including but not limited to the following:

- (a) The staking of each Well location.
- (b) The spudding of any Well.
- (c) The running, cementing, and testing of all casing strings. Such test results shall be provided to MCC.
- (d) The running of all directional surveys to prove hole location with respect to any Well. Copies of such surveys shall be provided to MCC.
- (e) The running of bond log and temperature surveys or such other tests utilized to prove the location of cement behind the pipe.
- (f) Conduct of log runs through the base of the salt interval. Copies shall be provided to MCC.
- (g) Completion and testing operations, including logging, perforation, stimulation and acidizing.
- (h) The conduct of any electronic inspections of casings. Copies of all such reports shall be provided to MCC. The submission of daily drilling

reports shall suffice as notice of the conduct of electronic inspections of casings.

3.5 No inspection by MCC, or any failure to inspect, shall relieve Bass of any responsibility with respect to any Well.

3.6 Bass's obligations hereunder shall include the obligation to conduct all aspects of its operations in good faith in accordance with prudent oil and gas practices as utilized in the Permian Basin so as to provide optimum levels of safety and Well integrity.

3.7 Bass further agrees, with respect to each and every Well drilled in the Contract Area, to promptly notify MCC of any detectable abnormality or hazard encountered in down-hole conditions which Bass reasonably deems as a potential danger to other operations in the area, including but not limited to lost circulation, stuck drill pipe, and suspension of normal drilling due to high pressures.

#### ARTICLE IV

4.1 MCC and Bass believe that no authority for approval of this Agreement is required from any governmental entity or any agency thereof and no authority or approval will be sought. The parties further believe that this Agreement is consistent with current laws, regulations and policies regarding mineral development within the Contract Area and the Potash Area. In the event that any governmental authority or other third party attempts to prevent the parties hereto from fully performing their obligations hereunder, then the parties hereto will oppose such action

by all legal means available to either or both of them. If such opposition involves or requires the retention of outside counsel or the acquisition of other outside services, the costs thereof shall be borne by the party whose interests are adversely affected by such third-party attempt to prevent the operation of this Agreement.

4.2 The parties hereto do hereby express their intention to be fully bound by the terms of this Agreement notwithstanding any change in current law, regulations or policy concerning mineral development in the areas affected by this Agreement.

4.3 If any clause, sentence, or other provision of the terms, conditions, covenants, and restrictions of this Agreement become illegal, null, or void for any reason, or be held by any governmental agency or any court of competent jurisdiction to be so, the remaining portions will remain in full force and effect.

#### ARTICLE V - TERM

5.1 This Agreement shall be effective as of the date hereof and shall remain in full force and effect for a term of fifteen (15) years. The parties hereby agree that upon the expiration of eight (8) years from the date of this Agreement, they will enter into good-faith negotiations to determine what, if any, additional Drilling Islands can be established within the Contract Area.

ARTICLE VI - COVENANTS TO RUN WITH LAND

6.1 The covenants and agreements herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this Agreement terminates, and any grant, transfer, or conveyance of any land or leases or interest in same subject hereto shall be and hereby is conditioned upon the assumption of all rights and obligations hereunder by the grantee, transferee or other successor in interest.

ARTICLE VII - REMEDIES

7.1 All parties to this Agreement have the right to protect and enforce its rights either by suit in equity and/or by action at law, or by other appropriate proceedings. In the event litigation is resorted to by one of the parties, the successful litigant shall be entitled to receive a reasonable attorney fee from the unsuccessful litigant as determined by the court or agency assuming jurisdiction.

ARTICLE VIII - CONFIDENTIALITY

8.1 The parties each agree that each such party shall use its best lawful efforts to hold in strict confidence all data and information obtained from any party to this Agreement or otherwise, except to the extent such data is required to be revealed by law.



ARTICLE IX - GOVERNING LAW

9.1 This Agreement shall be interpreted in accordance with the laws of the State of New Mexico.

ARTICLE X - NOTICES

10.1 Notices required under Article III hereof shall be by telephone communication, confirmed in writing, to MCC or its designated representative. All other notices and communications hereunder shall be in writing and may be given by telegram, telex or TWX; postage prepaid by certified mail, return receipt requested; or by personal delivery. All notices shall be effective upon mailing to the following addresses, or, if given by telegram, telex or TWX, when dispatched to the following addresses, provided that such telegram, telex or TWX shall be confirmed in writing and mailed on the day of such dispatch:

Mississippi Chemical Corporation  
Attention: Corporate Secretary  
Post Office Box 388  
Yazoo City, Mississippi 39194

Bass Enterprises Production Co.  
Attention: Jens Hansen  
First City Bank Tower  
201 Main  
Fort Worth, Texas 76102

ARTICLE XI - MISCELLANEOUS

11.1 No waiver by either party hereto of any default of the other party under this Agreement shall operate as a waiver of any subsequent default, whether of alike or different character.

ARTICLE XII - HEADINGS

12.1 The headings contained in this Agreement are solely for convenience and do not constitute a part of the Agreement between the parties hereto and should not be used to aid in any manner in construing this Agreement. This Agreement, together with any other legal instruments executed contemporaneously herewith, constitute the entire agreement between the parties hereto, superseding and nullifying all prior representations and understandings, whether oral or written, signed between the parties on the subject matter hereof.

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

ATTEST:

MISSISSIPPI CHEMICAL CORPORATION

By: *Sue Tatum*  
Sue Tatum, Secretary  
(SEAL)

By: *Tom C. Parry*  
Tom C. Parry, President

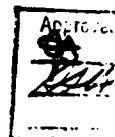
WITNESS:

PERRY R. BASS, TRUSTEE

By: *Janet R. Hibler*  
Signature  
Janet R. Hibler  
Typed Name

*Perry R. Bass*

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



ATTEST:

BASS ENTERPRISES PRODUCTION CO.,  
A Division of Bass Brothers  
Enterprises, Inc.

By: *James M. Deacon, Jr.*  
Signature  
James M. Deacon, Jr.  
Typed Name

By: *Wm. Arthur Hamilton*  
Signature  
Wm. Arthur Hamilton  
Typed Name

Title: Assistant Secretary

Title: Vice President

STATE OF MISSISSIPPI  
COUNTY OF YAZOO

I, the undersigned notary public in and for said County and State, hereby certify that Tom C. Parry and Sue Tatum, whose names as President and Secretary, respectively, of Mississippi Chemical Corporation, a corporation, are signed to the foregoing Agreement and who are known to me, acknowledge before me on this day that, being informed of the contents of said Agreement, they, as such officers and with full authority, executed the same voluntarily for and as the act of said corporation on the date and year therein set forth.

Given under my hand this the 27<sup>th</sup> day of February, 1984.

Lynne D. Montgomery  
Notary Public

My Commission Expires:

My Commission Expires January 15, 1987

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STATE OF TEXAS

COUNTY OF TARRANT

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared PERRY R. BASS, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL of office, this the 5<sup>th</sup> day of March, 1984.

Emily J. Price  
Notary Public in and for Tarrant County, Texas

My commission expires:

11-5-85

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STATE OF TEXAS

COUNTY OF TARRANT

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Wm. Arthur Hamilton, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said BASS ENTERPRISES PRODUCTION CO., a division of Bass Brothers Enterprises, Inc., a Texas corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 5<sup>th</sup> day of March, 1984.

Emily J. Price  
Notary Public in and for Tarrant County, Texas

My commission expires:

11-5-85